Agile Resilient Stronger

ASOS PLC Annual Report and Accounts 2020

About us

We are an online retailer for fashion-loving 20-somethings around the world. Our purpose is to give our customers the confidence to be whoever they want to be. Through our market-leading app and web experience, ASOS customers can shop a curated edit of c.85,000 products, sourced from 850+ of the best global and local third-party brands, alongside our mix of fashion-led in-house labels including ASOS DESIGN, ASOS EDITION, ASOS 4505 and Collusion. We aim to deliver a truly frictionless experience for our customers, with an ever-greater number of payment methods and hundreds of local delivery and returns options, dispatched from state-of-the-art fulfilment centres in the UK, US and Germany.

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Highlights

Revenue
2019: £2,733.5m
2018: £2,417.3m
£3,263.5m

A statement from our Chairman, Adam Crozier
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Diluted EPS[1]
2019: 29.4p
2018: 98.0p
125.6p

Cash generation[2]
2019: (£133.2m)
2018: (£117.6m)
£258.6m

Gross margin
2019: 48.8%
2018: 51.2%
47.4%

Our performance by market
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Profit before tax[1]
2019: £33.1m
2018: £102.0m
£142.1m

EBITDA margin[1]
2019: 3.9%
2018: 6.5%
8.2%

1 FY20 figures include the transition to IFRS 16 'Leases'
2 FY20 figure is excluding the net equity raise proceeds of £239.4m

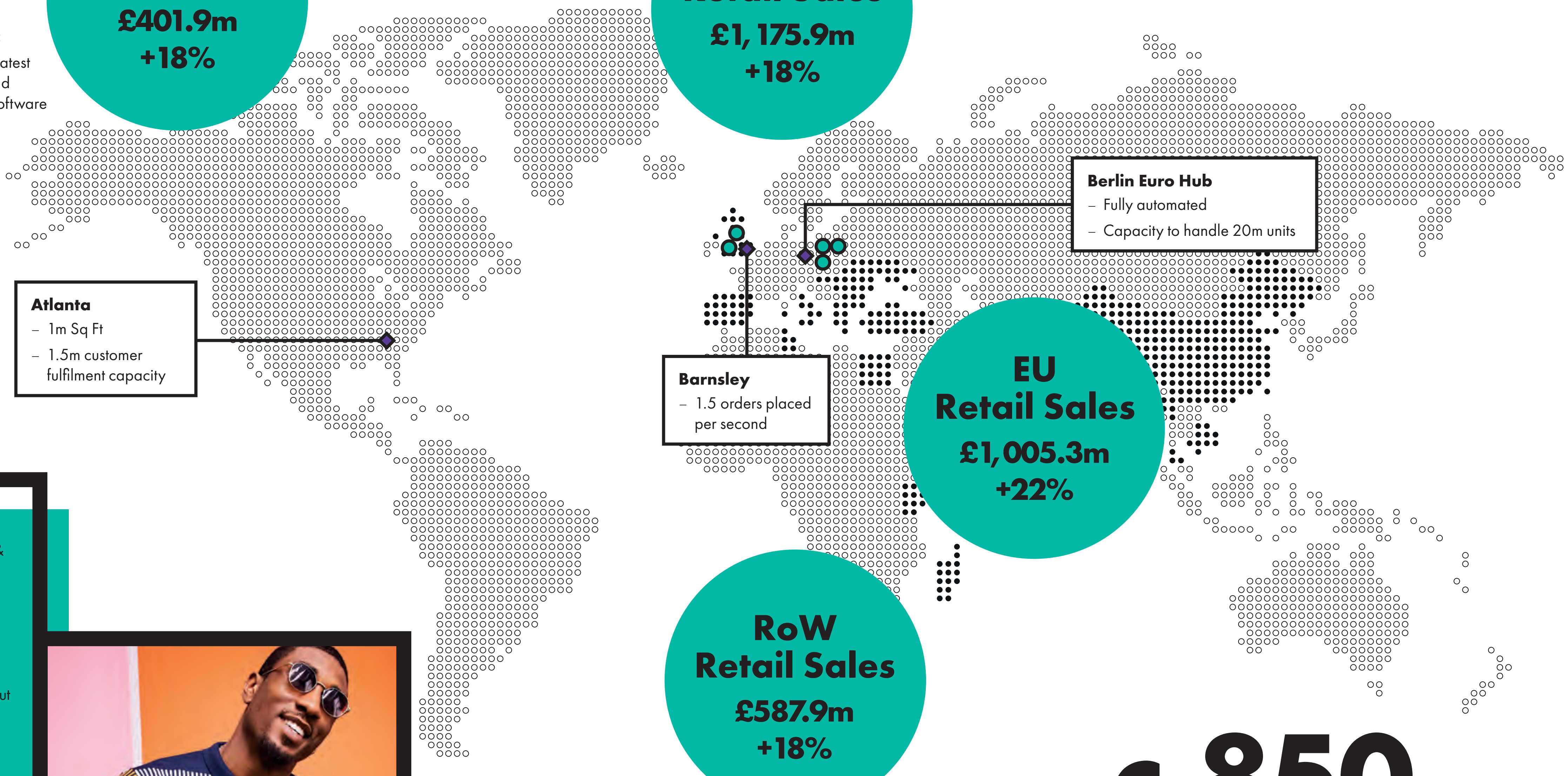
A truly global retail leader

From almost any country in the world, you can shop over 85,000 products from ASOS' own collections and other global brands.

Our mission is to be the world's number one fashion destination for fashion-loving 20-somethings. We believe in a world where you have the freedom to explore and express yourself without judgement, no matter who you are or where you're from. That is why our purpose is to give fashion-loving 20-somethings the confidence to be whoever they want to be. We give our customers confidence by creating and curating products and experiences to inspire them. Our market-leading app and website now boast more localised and personalised shopping features than ever before, and customers can now shop on 12 fully localised sites, in 10 languages and 19 currencies. Our global network of fulfilment and returns centres use the latest automation to improve availability and stock efficiency, while smart carrier software and best-in-class propositions make rapid and convenient deliveries and returns possible in more countries.

85K+ products on site

23 million active customers



c.850 third-party brands

New brands and collaborations

Our brand offering is more desirable than ever, with ASOS seen as the one-stop shop for fashion-loving 20-somethings. We added over 100 brands to our offering during the year, including fashion giant Topshop and cult beauty labels Urban Decay and Charlotte Tilbury. We captured attention with sought after collaborations including POLO Ralph Lauren X ASOS, a perfect mix of classic heritage design and throwback 90s style. We celebrated Pride with our fourth ASOS X GLAAD& drop and are proud to have given 100% of the net profits of this rainbow pastel collection to GLAAD (Gay and Lesbian Alliance Against Defamation). We had stellar results from product collaborations and style edits with carefully selected influencers throughout the year. Highlights include a second collection with Ovie Soko and edits with Delilah Bell and Emily Shak. Our influencer content garnered huge engagement, with wide-reaching organic impressions and large uplifts on the associated product.

Chairman's statement

Robust and resilient operations have enabled ASOS to successfully navigate an unprecedented year.

It's been a year like no other for ASOS, just as it has been for the wider world. The Coronavirus-19 pandemic ('COVID-19') has posed significant unforeseen challenges for all businesses, including ASOS; however, the transformative organisational changes that we put into action more than 12 months ago, and the resilience that we built into the business, have enabled us to navigate the uncertainty with confidence and rigour. Our strengthened Boardroom and Executive team have demonstrated expert leadership, and for this I wish to extend my gratitude. Thanks to their commitment and the effort of the entire ASOS team to deliver the objectives we set out last year, we are ready to emerge from the current situation as a nimble, fast-growing business, with a more robust balance sheet, and with the tools and capabilities we need to achieve our global ambitions.

A tough but necessary transformation journey

Undoubtedly, our 2019 financial year was a challenging one for ASOS. As I wrote then, while we had made significant progress with our transition to an expanded international warehouse network, we had underestimated the complexity of these changes, highlighting where gaps in our experience and capabilities existed within the business. Coming out of that period we defined 2020 as a pivotal year for ASOS. We entered it with the intention of using it both as a reset period for us to get back on track, and also as a priming phase for our next stage of growth, towards delivering world-class, lean and frictionless operations internationally.

Regaining our momentum meant taking a critical look at our internal operations and our deployment of spend across the business, and refocusing on the core elements of what we do and what differentiates ASOS. We're really proud of our work developing ASOS DESIGN, which is deserving of the position it occupies at the front and centre of our offering. We continue to augment our leading own-brand labels with the best, most relevant fashion from the most desirable 20-something brands around the world, who continue to see ASOS as a strategic partner of choice to support their products and marketing.

Alongside our curated product range, we have focused on constant engagement with our customers through our social channels, and delivering compelling content at scale. These strategic priorities and focus areas will help us continue to build market share as the shift to online retail accelerates.

Navigating our way through an unprecedented year

We started our 2020 financial year with a strong first half performance, before the outbreak of COVID-19. Of course, the pandemic had significant repercussions, not just for ASOS, but for the entire world, and for our customers, too.

Throughout the global pandemic, our first priority was to protect the health, safety and wellbeing of our people. As we went into lockdown, we quickly redesigned how our fulfilment centres operate, reducing their capacity and headcount to make them COVID-secure and compliant with social distancing guidelines, and we moved all of our office staff to working from home wherever possible, even when that meant significantly changing the way we shoot our product – with models asked to photograph themselves at home instead of using our studio space.

We also took significant steps to protect the business financially. In April we announced additional financing to strengthen our balance sheet and position us for long-term growth. This included a non-pre-emptive placing of ordinary shares, which raised £246.6m (gross). With c.95% of these new shares allocated to our existing shareholders, I wish to extend heartfelt thanks to these investors for their continued confidence in the future of our business.

To further protect ASOS, we also made appropriate use of government support, including payment deferrals and job retention programmes. However, we did so with the intention always to do the right thing and not take advantage of funding support which we did not require. As a result, following our strong results in our P3 Trading Statement in July, we announced that we would be returning the funds received under the government's furlough scheme and, later, the Bank of England's Covid Corporate Financing Facility.

> **"The organisation has been able to adapt at speed and continue to focus on delivering against the commitments we made last year**

We were able to make that decision because of the strong financial results achieved by the business. In spite of the initial impact on sales and customer demand caused by COVID-19, and the continued uncertain outlook into the future, the organisation has been able to adapt at speed and continue to focus on delivering against the commitments we made last year. These commitments, combined with rigorous business and cost management, have ensured that we delivered a strong performance in these most difficult of circumstances. This would not have been possible without the terrific response from our partners and the commitment of everyone at ASOS.

It would also not have been possible without the expert leadership and judgement shown by our Executive team, who have been able to adapt at speed during this critical time. Their quick and commendable decision-making has impressed me, and I am sure they will emerge from this experience having learned many valuable lessons for the future.

The past year has been one of significant challenges, but we have emerged a better business for it. With our internal capabilities aligned to our global growth ambitions, we are ready for whatever the future may hold.

Looking towards a sustainable future of continued growth

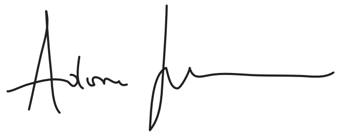
Across our markets, ASOS continues to be an important part of consumers' lives. Our longstanding commitment to our Fashion with Integrity programme, and to acting as a responsible business, is at the heart of everything we do. Purpose-led brands continue to trailblaze, so it is vital that moving into 2021 we focus on operating in the right way. Even in these difficult times, we must never lose sight of the big picture. Alongside improving fiscal performance, we need to drive a transparent, responsible and inclusive approach to business to transform the impact of fashion on people, communities, animals and our shared planet.

This year, we have proven the resilience of our model and the strength of our customer engagement. Looking ahead to our priorities for 2021, we will continue our progress towards becoming a global leader in online fashion, and we are positioned to capitalise on the accelerated shift in demand for shopping online. The full implications of COVID-19 on consumer demand and the wider economy remain to be seen, but we are in a strong position to face any challenges that come our way.

As we finish this period with a solid set of results, I want to take this opportunity to thank you all for your unwavering resolve during the most turbulent of times. The superb response from everyone at ASOS, at every level, as well as all of our business partners, has ensured that we have come through this stronger together. Your talent, passion and enthusiasm is what drives our success.

I would also like to express my regret that we are unable to gather together for our Annual General Meeting (AGM). As per government guidance on preventing the spread of COVID-19, we will be holding a closed meeting this year. Meeting face-to-face to discuss the Group's annual performance and strategy is an important part of the governance process, but protecting the health and safety of everyone is paramount. We look forward to welcoming you to the AGM in 2021.

Until we meet again, look after yourselves and your families.



Adam Crozier
Chairman

Operational & financial review

We are pleased by the improvements we have made this year but there is still lots more for us to do to continue our progress.

"After a record first half which saw us make progress in addressing the performance issues of the previous financial year, the second half will always be defined by our response to COVID-19. I am proud of the way ASOS met this challenge head on, putting our duty to act as a responsible business at the heart of our approach and working to balance our performance in that context. As well as protecting staff, suppliers and customers, we've driven efficiency and emerged a stronger and more agile business whilst delivering strong profit and cash generation.

Whilst life for our 20-something customers is unlikely to return to normal for quite some time, ASOS will continue to engage, respond and adapt as one of the few truly global leaders in online fashion retail.

Overview

ASOS delivered a strong performance across the year as we navigated the unprecedented challenges that arose as a result of COVID-19. Total sales grew by 19% to £3,263.5m and profit before tax increased to £142.1m, an increase of £109.0m on the previous year. We entered this financial year with a clear focus on rebuilding momentum and executing consistently. Last October, we set out the key priorities to help us achieve this; restoring the strength of our customer facing offer and ensuring we had the right internal capabilities and financial strength to continue pursuing our global growth ambitions. Notwithstanding the backdrop, we made solid progress against each of the priorities which has strengthened the foundations of our business. There is still a lot more work for us to do but we are pleased with the improvements we have made this year.

This progress, combined with an increased operational grip and more rigorous performance management, enabled us to steer the business through the challenges caused by the pandemic. The business showed great agility, adapting to significant operational change, disruption across our supply chain, a dramatic shift in consumer demand and an uncertain and fast changing landscape. From our perspective, COVID-19 initially presented itself as a challenge to product supply as suppliers managed lockdown constraints and freight was disrupted. As we moved into April, the challenge we faced shifted to uncertain demand. Whilst demand for certain types of product, particularly occasion and formal-wear, remained constrained we saw strong growth in casualwear and other lockdown relevant products. However, this polarisation in demand in turn drove further supply constraints exacerbated by the reduction in product produced globally this year given the restrictions most businesses are operating under.

Throughout this period, our primary focus was on continuing to do the right thing – ensuring the health and safety of people across our operations, our customers and our wider supply chain. Initially we had to restrict our business to protect our people and give us the space to reshape every element of how we work to ensure that we were able to slowly increase our capacity in a COVID-19 secure manner. The amount of change we undertook to reshape every element of our business was unprecedented – we learnt much and many of the processes we developed are and will remain the way we do business. As we progressed we were increasingly able to capitalise on opportunities for customer acquisition and growth as they arose.

As our results demonstrate, we have emerged from this financial year as a stronger, more resilient and agile business, having progressed with our priorities as planned, but also having taken many learnings from the challenges and disruption the pandemic has presented. This positions us well as we consider the uncertain landscape ahead. We continue to foresee headwinds to consumer demand, which will not abate until lifestyles and financial stability normalise for our 20-something customer and we expect the disruption to global product supply will be felt into 2021. However, we have built greater diversity into our product mix and have proven how operationally flexible our business can be. This gives us confidence that we will be able to navigate the year ahead and continue to progress as one of the few truly global leaders in fashion retail. To help us achieve our ambition to be a truly global fashion retailer, we have set out our clear focus on continuing to develop the three key strategic pillars of our model: the ASOS brands, the ASOS platform and the ASOS customer experience. All of which will be underpinned by an increasingly efficient, effective and sustainable operating model.

Financial performance

The business has delivered an exceptionally strong financial performance this year including record levels of profit and cash generation. EBIT increased £116.0m to £151.1m and equated to a margin of 4.6%, up 330bps year on year. Whilst this strong growth in profit was assisted by unusually low customer returns rates through lockdown, a strong operational grip, greater discipline around investment, the removal of non-strategic cost and leverage from the transformational investments we have made are driving sustainable underlying profit growth.

COVID-19 had a substantial impact on the shape of the P&L this financial year. We experienced material incremental costs from disruption; however the mitigating action taken across the business, combined with the significant reduction in returns rates, generated a profit tailwind for the business this year of c.£45m.

The incremental COVID-19 costs we incurred were primarily driven by: the increased safety measures we implemented in our warehouse operations (which increased support costs and reduced efficiencies); higher airfreight rates; and additional customer facing investment to stimulate demand on 'going out' product. However, these were more than offset by two main cost benefits that we would not expect to repeat. Warehouse and distribution costs benefited from a significant reduction in returns rates, as customers mixed into lower returns rate categories and exhibited more deliberate purchasing behaviour, which drove lower processing costs through our network. Secondly, we reduced our marketing spend significantly in P3 to avoid stimulating demand we could not service as we managed capacity restrictions in our warehouses, implemented for social distancing purposes.

Beyond this, we made good progress in removing non-strategic costs across the business and saw substantial improvements in efficiency from the transformational investments we have made in automation, more detail of which can be found in this statement under our corresponding key priorities.

We closed the financial year in a strong net cash position of £407.5m, up from a net debt position of £90.5m at the start of the year. This inflow has been driven by a combination of the proactive capital raise we undertook in April (net cash proceeds of £239.4m), a significant increase in EBITDA and improved working capital discipline. In addition, the year end position has been enhanced by a later than usual stock build for peak trading due to COVID-19, which is phased into the first half of FY21. Excluding this tailwind of c.£89m, we expect to be cash generative in the year ahead.

Capital expenditure of £115.6m was invested this year across our technology platforms and warehouse infrastructure. This was lower than our initial expectations as we delayed implementation of our Truly Global Retail (TGR) programme due to lockdown restrictions, which will be rephased into FY21. We plan to invest £170m - £180m in capital expenditure in FY21. This includes the conclusion of the £5m investment we made to ensure our warehouses go well beyond government guidelines with respect to COVID-19 secure sites. We will also commence investment into our fourth fulfilment centre. Leveraging learnings from the recent investments we have made, investment work will begin this year to allow for a gradual ramp up ahead of the capacity requirements for peak in FY23. This incremental capacity will be situated in the UK and will support the continuing high growth we have seen in our home market and also allows for maximum flexibility and resilience to service demand across our global network. We have learnt a lot from our recent investment programme and are confident that the implementation timeframe, as well as our ability to bring the centre on-stream in a measured way to enhance the capacity we already have around the Group, should help in the implementation of this project.

Augmented reality – collab with Zeekit

This year, we accelerated our use of augmented reality (AR) technology, using it to simulate real-life model photography as part of our response to the pandemic. The technology, powered by Israeli-based start-up Zeekit, meant we could offer our customers a simulated view of up to 500 products each week on six real-life models, without the need to shoot product in a studio. By digitally mapping each product onto the model in a realistic way, taking account of the size, cut and fit of each garment, the technology ensured product presentation remained as realistic and engaging as possible, while supporting social distancing.

Financial overview

	UK £m	EU £m	US £m	RoW £m	Total £m
	Year to 31 August 2020				
Retail sales	1,175.9	1,005.3	401.9	587.9	3,171.0
Delivery receipts	32.1	24.9	13.3	16.0	86.3
Third-party revenues	6.1	–	0.1	–	6.2
Total revenue	**1,214.1**	**1,030.2**	**415.3**	**603.9**	**3,263.5**
Cost of sales					(1,716.1)
Gross profit					**1,547.4**
Distribution expenses					(444.6)
Administrative expenses					(951.7)
Operating profit					**151.1**
Finance expense					(9.0)
Profit before tax					**142.1**

	Year to 31 August 2020	Year to 31 August 2019	Change
Active customers[1] (m)	**23.4**	20.3	*15%*
Average basket value (including VAT)	**£71.92**	£71.29	*1%*
Average units per basket	**3.18**	3.05	*4%*
Average selling price per unit (including VAT)	**£22.63**	£23.34	*(3%)*
Average order frequency[2]	**3.43**	3.56	*(4%)*
Total orders (m)	**80.2**	72.3	*11%*
Total visits (m)	**2,691.2**	2,266.5	*19%*
Conversion[3]	**3.0%**	3.2%	*-20bps*
Mobile device visits	**85.5%**	81.9%	*+360bps*
Net Promoter Score[4]	**-2**	-4	

1 Defined as having shopped in the last 12 months as at 31 August
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 and this represents the movement in the average score in the 12-month period ended 31 August

Retail sales grew 19% on the previous year as we navigated the many ways COVID-19 impacted the business. Following a strong first half we saw a strong initial impact from the pandemic and associated lockdown restrictions, but as we progressed through the second half, and despite a sharp drop-off in demand as countries entered into lockdown, we saw improvements in underlying demand, as well as the continuation of a beneficial returns profile.

This changing dynamic is perhaps best reflected in the relationship between visits and orders. Visits grew 19% on the previous year whilst orders increased 11% to 80.2m, reflecting a shift to more deliberate purchasing through COVID-19 lockdown, which impacted conversion on-site but had a lower associated returns profile. Whilst ABV improved 1% on the year, ABV declined in the second half as customers mixed into lower ASP product categories such as loungewear. The reduction in ABV in the second half was partially mitigated by changes in delivery thresholds following significant increases in airfreight costs following COVID-19.

Our active customer base grew by 3.1m to 23.4m active customers, up 15% from the previous year. We saw particularly strong growth in the EU as we focused on rebuilding customer momentum following disruption in the prior year. Equally as pleasing, ROW active customer base grew by 18% on the year, underpinned by strong growth in key markets Russia and Australia, as well as strong new customer growth.

Profit before tax increased by 329% to £142.1m. A significant proportion of this increase is due, as previously mentioned, to the focus on removing non-strategic costs from the business. This was the single biggest underlying driver of improved profitability on the year. Alongside this we have annualised efficiency benefits from Euro Hub automation, reversing a significant proportion of the transition costs experienced in prior years, partially offset by a full year of fixed costs and manual operations in Atlanta.

To truly understand our profit delivery, particularly in H2, two more impacts are especially relevant. Firstly, without remedial action, both a reduction in sales volume post lockdown as well as new incremental costs as a result of COVID-19, would have significantly impacted profitability in the second half. We pivoted quickly to mitigate potential profit drags and realised savings in occupancy, payroll costs and through our supply chain. Secondly, it is more efficient to deliver sales growth from fewer orders and fewer associated returns as we saw during the pandemic. Where we saw intentional purchasing post lockdown, the impact this had on the profile of returns and sales provided a one-off profit benefit which more than offset other one-off COVID-19 cost drags resulting in a net positive impact of c.£45m. Although returns rates trended back towards expectation at the end of the period, the impact on the second half of the year was significant.

Gross margin

Gross margin reduced by 140bps in the year driven by three principal factors: increased freight and duty costs reflecting the go-live in our US warehouse impacting the first part of the year (which is largely offset by savings in delivery costs), changes in product mix as customer demand shifted away from occasion wear into more casual product categories during lockdown and finally our planned investment into promotional activity to stimulate demand for occasion product during lockdown. These were partially offset by a significant improvement in our underlying buying margin.

Operating expenses

£m	Year to 31 August 2020	% of sales	Year to 31 August 2019	% of sales	Change
Distribution costs	**(444.6)**	***13.6%***	(415.6)	*15.2%*	*(7%)*
Warehousing	**(313.5)**	***9.6%***	(301.4)	*11.0%*	*(4%)*
Marketing	**(119.4)**	***3.7%***	(121.8)	*4.4%*	*2%*
Other operating costs	**(401.4)**	***12.3%***	(389.1)	*14.3%*	*(3%)*
Depreciation and amortisation	**(117.4)**	***3.6%***	(71.3)	*2.6%*	*(65%)*
Total operating costs	**(1,396.3)**	**42.8%**	(1,299.2)	*47.5%*	*(7%)*

IFRS 16 impact

£m	Year to 31 August 2020 (incl IFRS 16)	% of sales	IFRS 16 impact	Year to 31 August 2020 (excl IFRS 16)	% of sales	Change
Warehousing	(313.5)	9.6%	14.1	(327.6)	*10.0%*	*40bps*
Other operating costs	(401.4)	12.3%	13.5	(414.9)	*12.7%*	*40bps*
Depreciation and amortisation	(117.4)	3.6%	(25.0)	(92.4)	*2.8%*	*(80bps)*
Finance expense	(9.0)	0.2%	(5.0)	(4.0)	*0.2%*	*(0bps)*
PBT	**142.1**	**4.4%**	**(2.4)**	**144.5**	**4.4%**	***(0bps)***
Taxation	(28.8)		0.5	(29.3)		
Profit after tax	**113.3**		**(1.9)**	**115.2**		
Diluted EPS	**125.6p**		**(2.2p)**	**127.8p**		

Operating expenses increased 7% to £1.4bn and total operating costs decreased by 470bps as a percentage of sales. The year on year reduction in distribution costs was principally driven by the change to local fulfilment for the US market from our US warehouse and the benefit from lower returns rates driving lower return parcel volumes. The improvement in warehousing costs was driven by a reduction in returned items to be processed as well as increasing efficiency from Euro Hub automation and the IFRS 16 transition. These were partly offset by inefficiency due to capacity restrictions implemented during the lockdown period. Our US warehouse also continues to represent a cost drag year on year, with US orders now being processed on a manual basis from this facility rather than our automated UK warehouse. Payroll costs, within other operating costs, improved materially as a percentage of sales driven by ongoing work to improve the efficiency of our operational structure. Marketing costs also decreased by 70bps as a percentage of sales as we drove greater efficiency during the first half and reduced performance marketing spend in the third quarter to ensure we weren't stimulating demand we couldn't effectively service whilst our warehouses worked at reduced capacity due to social distancing. This decrease was partially offset by higher depreciation costs following the cycle of elevated capital investment in transformation over the last three years and the transition to IFRS 16.

Interest

Interest costs rose to £9.0m in the year as we transitioned to IFRS 16 and also incurred costs from drawing down on our credit facility which supported our working capital cycle and capital investment in the period.

IFRS 16 impact

During the year we implemented IFRS 16, as required by International Financial Reporting Standards. As we adopted the simplified transition approach we have not restated any comparatives. To enable a year on year comparison we have demonstrated above the impact that this has on our current year profit. Although it has no impact on the FY20 PBT margin, it has decreased warehousing costs (mainly warehousing leases) by 40bps, other operating costs (mainly office leases) by 40bps, whilst increasing depreciation by 80bps and keeping net finance expense flat.

Taxation

The effective tax rate reduced by 540bps to 20.3% (2019: 25.7%). This is due to the absence of the one-off adjusting factors which arose in FY19. Going forward, ASOS expects the effective tax rate to continue 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 increased by 330% to 126.3p and by 327% to 125.6p respectively (2019: 29.4p and 29.4p). This was driven by the increase in profit before tax during the year.

Cash flow

There was a £498.0m increase in net cash (cash and cash equivalents less borrowings) in the year, including the cash proceeds associated with the equity placing in April 2020 of £239.4m. This compares with a £133.2m increase in net debt in the previous year. The cash inflow in the year, excluding the equity raise, was driven by EBITDA of £268.5m and an improvement in working capital of £140.3m. Of this working capital inflow we benefited from COVID-19 related supply chain impacts causing the peak stock build to be later than usual. Capital expenditure of £115.6m is seen in cash capital expenditure of £116.6m and a capital creditor decrease of £1.0m associated with our FY20 investment.

Nick Beighton
Chief Executive Officer

Mat Dunn
Chief Financial Officer

Performance by market

UK

Retail sales grew by 18% to £1,175.9m during the year as we continued to take share in our home market. The customer facing improvements we made in product and customer engagement have resonated well and proven the appeal of the ASOS proposition. We now have over 7m active customers in the UK and saw growth of over 30% in Premier subscriptions this year. UK customers showed a pronounced shift towards more deliberate purchasing during lockdown, and when adjusting for this change in underlying returns rate, we delivered consistent sales growth across this year despite the reduction in demand for the 'going out' product we are best known for.

UK performance

UK KPIs	Year to 31 August 2020
Retail sales	+18%
Visits	+17%
Orders	+10%
Conversion	-30bps
ABV	Flat
Active customers	7.1m (+11%)

UK retail sales grew 18% in the year, particularly pleasing in light of the prolonged COVID-19 demand impact, demonstrating the resilience of our model, appeal of our proposition and ability to pivot in response to changing demand. Our performance was supported by improvements in product, presentation and social media engagement which were key focus areas this year. We have grown the total UK customer base to over 7m, up 11% on the year.

ABV remained flat on the year, with the pronounced skew towards lower ASP lockdown category mix in the second half offsetting the ABV growth achieved in the first half.

EU

We delivered a consistently strong performance across the course of the year as we rebuilt customer momentum following disruption from the go-live of our Euro Hub warehouse automation last year. Retail sales growth for the year was 22% as our active customer base grew 18%. This year our EU customers saw a much improved stock pool with greater choice and availability and benefited from a more dynamic trading stance. The enhancements to delivery proposition unlocked by automation have also supported performance in this region, as we have rolled out later cut off times across standard and next day delivery in France and in Germany where our delivery proposition is now industry-leading. France performed particularly well during lockdown with lower relative online penetration generating further opportunity for customer acquisition during the year.

Our model is resonating well with fashion focused 20-somethings in Europe, and we have taken share through the year. We are targeting further improvements to continue enhancing our competitive positioning and customer proposition including investment into localised pricing on ASOS DESIGN.

EU performance

EU KPIs	Year to 31 August 2020
Retail sales	+22% (22% CC)
Visits	+20%
Orders	+14%
Conversion	-20bps
ABV	(1%)
Active customers	9.2m (+18%)

EU retail sales grew 22% (22% in constant currency) and represented a consistent improvement in performance following last year's warehouse disruption and stock availability issues. The improved delivery proposition and a more dynamic trading stance unlocked by automation supported this strong sales performance. EU also saw a less pronounced lockdown impact on customer behaviour and purchasing behaviour began to return to more normal levels ahead of the UK and US.

Active customer growth of 18%, with 1.4m customers added to the base, demonstrates the progress made in rebuilding customer momentum. New customer acquisition was particularly strong in the second half, notably across territories with lower levels of online penetration including Italy and France, with 'Lockdown' product a particular appeal for these new customers. Traffic growth was strong at +20% and ahead of orders growth of 14% as conversion stepped back 20bps due to a greater mix of mobile web visitors with lower initial conversion.

US

Performance in the US started the year well and reflected the improvements we made to the stock profile in our Atlanta warehouse. We added 0.3m customers in the first half and sales growth of 25% was supported by better conversion and strong order growth.

Performance in the second half slowed as this region experienced the most severe disruption from COVID-19. We saw a significant reduction in consumer demand, and recovery did not come through at the same speed as we saw in other markets. This has been driven by a combination of market and ASOS specific factors. The US 20-something consumer has not benefited from the same support measures for financial security as European consumers, and the degree to which consumer lifestyles have normalised also remains behind Europe. In addition to this, we have also experienced challenges with our stock pool in the US. The reduction in commercial flights inhibited our ability to airfreight product into the US at a time when this developing stock pool still requires distribution from our other facilities. Whilst our product offer is much enhanced, we still have further opportunity to build out our localised stock offer, branded relationships and in country sourcing, which will continue to be a focus in FY21.

US performance

US KPIs	Year to 31 August 2020
Retail sales	+18% (16% CC)
Visits	+19%
Orders	+9%
Conversion	-20bps
ABV	(2%)
Active customers	3.2m (+14%)

US retail sales grew by 18% (16% in constant currency). We made a strong start to the year in the first half, with growth of 25% supported by better stock availability driving stronger order growth and conversion. Performance slowed in the second half as we experienced significant disruption from COVID-19. This was reflective of a divergent approach to lockdown restrictions in the US and the higher mix of occasion wear ASOS has in this market. The reduction in available airfreight also disrupted stock availability in the US in the second half.

Despite the challenges experienced, the US total active customer base grew at 14% in the year to 3.2m, with particularly strong new customer growth. Traffic growth of 19% was particularly pleasing, with the growth rate improving into the second half driven in part by increased performance marketing spend and a positive customer response to the launch of customer acquisition initiatives including increased student discount activity.

Rest of World

Retail sales in our ROW territory grew 18% in the year. This region is still fulfilled from our UK Hub in Barnsley and the global restrictions on airfreight caused significant disruption to our proposition for these countries. We managed the impact through changes to delivery thresholds to ensure we balanced basket profitability with the customer experience. The changes we made to thresholds supported growth in our ABV in the region through an increase in items per basket. Australia pleasingly grew at over 20% this year despite the disruption from bush fires and the challenges we experienced with fulfilment owing to airfreight restrictions. The MENA region continued to perform extremely well during the year, with Saudi Arabia the standout country growing over 50%. Growth was supported by a more locally relevant promotional calendar as well as strong activity through Ramadan which resonated well. Within Russia, performance was more constrained driven by a challenging promotional environment. However, our core proposition continues to resonate and we grew our active customer base by 28%, which was ahead of our sales growth.

ROW performance

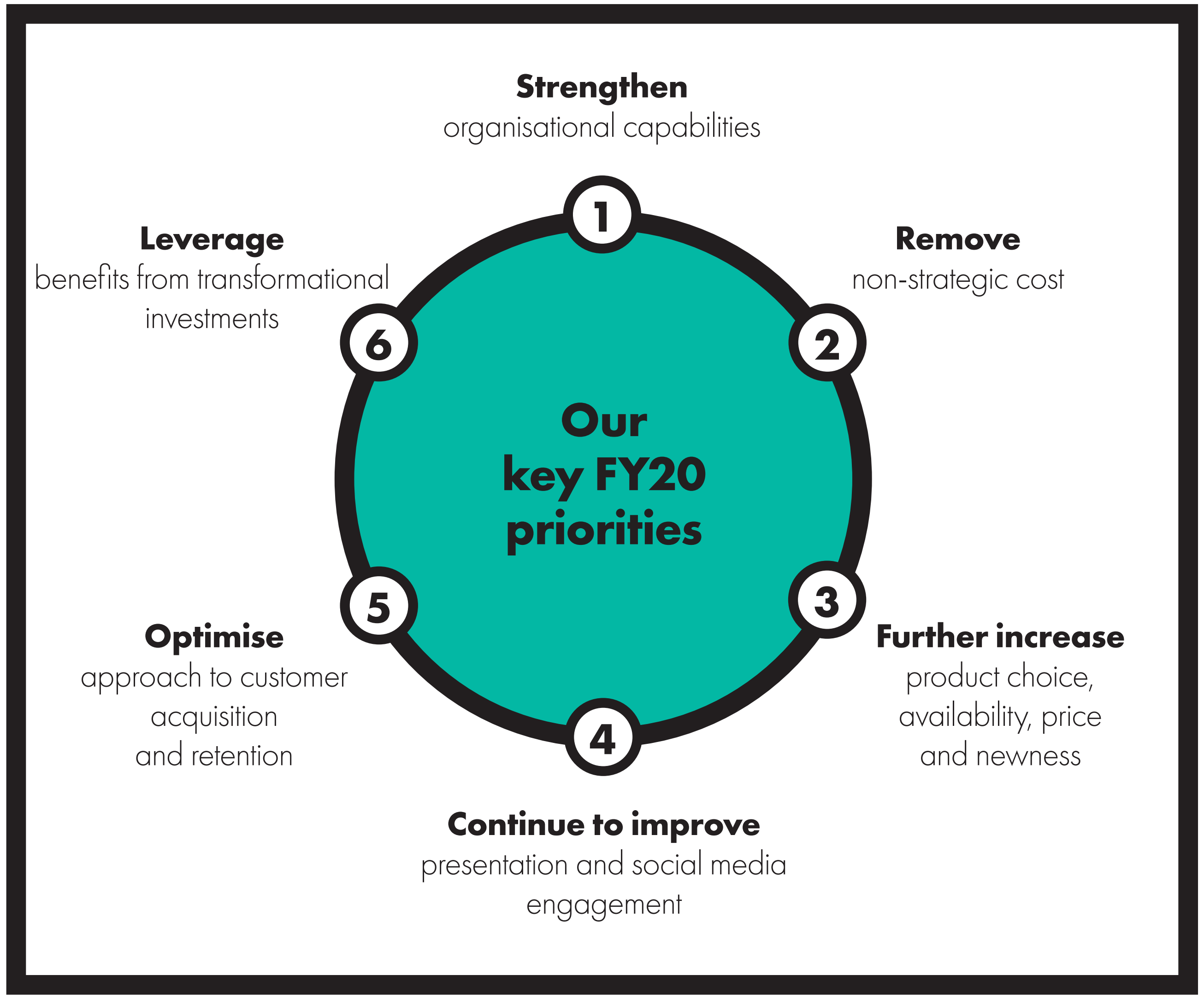
ROW KPIs	Year to 31 August 2020
Retail sales	+18% (18% CC)
Visits	+19%
Orders	+5%
Conversion	-20bps
ABV	+12%
Active customers	3.9m (+18%)

ROW retail sales grew by 18% (18% in constant currency) with particularly strong growth in Russia, Australia and the Middle East. Performance was underpinned by a positive response to changes in the rhythm of the trading calendar, more targeted promotional activity and a quicker return towards a more normalised product mix in the wake of COVID-19. Increased participation in Black Friday year on year and a great response to Ramadan events in the Middle East were particularly pleasing.

ABV increased 12% driven mainly by action taken to protect basket economics in response to a significant increase in airfreight costs, which drove a notable increase in items per basket. This also drove the reduction in conversion as customers placed larger more considered orders. Active customer growth of 18% was pleasing, driven by strong new customer acquisition.

Strengthened foundations for growth

Delivery against six key priorities in FY20 has strengthened foundations for our next stage of growth.



1 Strengthening organisational capabilities

We have made good progress this year in building out the breadth and depth of experience in our Executive team. During the year, three new executives have joined the business, Robert Birge as Chief Growth Officer, Jo Butler as Chief People Officer and Patrik Silén as Chief Strategy Officer. We will announce our fourth and final appointment to our new Executive team shortly. The Chief Commercial Officer will take end-to-end ownership of product, from design and buying through to presentation. This new Executive team will allow us to drive greater end to end ownership and accountability of product and customers as well as ensuring we have the right capabilities as ASOS continues to grow in terms of scale and complexity. We have also reshaped our organisation beyond the Executive team building new structures, processes and ways of working. This has enabled us to improve our operational execution, whilst managing significant organisational change and building out our strategic framework to support our future growth ambitions. As we look forward there is still much for us to do to improve our organisation but we have made significant progress this year and have set the foundations for the future.

2 Removing non-strategic cost

As we set out this year, we had identified a multi-year opportunity to drive greater efficiency across our business allowing us to maximise the benefit of our investment whilst making sure we do that at minimum cost. This opportunity is apparent in many areas across the business, from the way we invest into the customer experience and the return generated from marketing, to the way our teams are structured and our commercial partner agreements. Whilst the opportunity is potentially significant, this has been a new challenge for us and we were rightly cautious about how long it would take to capture this opportunity. However, our progress in removing c.£50m of non-strategic costs has exceeded our initial expectations this year, owing to the tenacity and adaptability of our people, alongside the greater rigour instilled in our financial discipline and operational performance management processes. We further leveraged the opportunity presented by the disruption and operational change required by COVID-19 to test and further understand the return associated with spend in a number of areas and took action accordingly. Looking forward, there is further opportunity but having taken these large initial steps it will be more challenging to access the next set of efficiencies. We are clear what they are and what it will take, but remain cautious about our rate and speed of progress. However, we are confident that this opportunity will support continuing improvements in profitability, as well as allowing for disciplined reinvestment into the business.

3 Further increasing product choice, availability, price and newness

We started the year well, backing our first half trading plan with good availability and a 13% year on year increase in newness. This resonated well with customers and was reflected in our strong first half sales performance. The shape of customer demand, and hence what resonated as the most relevant product, shifted dramatically from March onwards as COVID-19 related lockdowns impacted customers' lifestyles and shopping habits. Product designed for 'going out', especially dresses, have always been central to our product offer and a point of customer differentiation. Whilst demand for 'going out' product has been severely impacted by lifestyle restrictions, the strength of our brand here remains a strategic advantage for us in the medium term and we have maintained our resource levels in this area. We have adapted our product mix to match this shift in 20-something lifestyles, increasing our mix of casualwear, activewear and Face + Body, but will not lose focus on our core 20-something fashion audience and the 'going out' product customers love ASOS for.

This year, we have continued to build momentum with our 13 strong family of ASOS brands, a business that delivered sales of over £1bn in the year. Collusion and ASOS 4505 both delivered great growth this year, supported by how well the product resonated with customers through lockdown. ASOS 4505 grew 89%, whilst Collusion grew 44% and firmly established itself as a top 10 brand on site.

ASOS Luxe and Dark Future were launched as we developed further choice for our 'glam girl' and 'alpha male' customer segments. Both brands had good success with initial launch ranges, but we have taken the opportunity over the summer to further develop customer engagement, increasing choice in the range and backing the brands with influencer led campaigns.

This September saw us launch our 'ASOS Must Haves', key trend pieces of the season at market leading price points to ensure we are competitively positioned with our younger customers. The initial collection resonated well, with a focus on logos, pastels, utility and checks, and two further collections will launch in the coming months.

Social media

Our inspirational product presentation and relatable content remain at the heart of how we appeal to our 20-something customers, ensuring strong levels of engagement across all social media channels. A highlight of this year has been surpassing 10m followers on Instagram. We also demonstrated our ability to resonate in key trading moments over the Black Friday period, when we generated 1.2bn potential organic impressions, landing ahead of many of our peers. From 7am on the Thursday before Black Friday #ASOSBlackFriday was trending worldwide. Our success was driven by a surprise and delight activation that got customers talking about their bargain purchases, increasing impressions of our product.

Face + Body and activewear are two strategic categories that we have entered in a meaningful way within the last few years. Both of these categories have seen extremely strong customer demand through lockdown and we have capitalised on the opportunity to accelerate our ambitions in these categories.

We have approached our Face + Body category through a different lens and in a way that resonates with our 20-something customer, differentiating our positioning and authority within the market. We have consistently grown our offering of the most relevant brands over the last two years, highlights from the brands added this year include Charlotte Tilbury and Urban Decay. Whilst Face + Body compliments our core fashion offering well, customer shopping behaviour and expectations from this category differ and we have therefore built out a team of specialists to support our plans to triple our sales over the next three years.

Sportswear is a huge market globally, and we see clear opportunity to continue increasing our share in this category. Growth has been particularly strong this year driven by lockdown, up c.50%, and we believe our focus on curating and presenting the best edit of sports lifestyle and activewear product for our 20-something customer, from the most globally relevant sports brands, will further support our penetration in this category.

4 Continue improving presentation and social media engagement

This year we made consistent progress on further improving our product presentation and social media engagement, with a particular focus on developing video content that feels native and organic to app channels. The year had started well ahead of peak trading and we maintained this momentum through the second half by successfully pivoting our content to reflect the realities of lockdown lifestyles for our customers. This translated into over 79m engagements across social channels during the year, with over 200m video views and over 275m story views.

We have continued to experiment with different social media channels this year, developing the most engaging content and ensuring our presence is strong on the platforms most relevant to our customers. Our first major TikTok campaign, "AySauceChallenge", used a combination of ASOS and creator commissioned content to drive ASOS brand recognition and awareness to great success. The challenge hashtag generated over 1.6bn views, and made ASOS the only European fashion brand to break a billion views over the campaign period in 2020. We have also begun to experiment with content on Twitch, the live streaming platform for gamers, and are excited by the prospects for reaching our target customers on new and different channels.

Highlights from our influencer collaborations this year have included Lottie Tomlinson and Wes Nelson fronting the first drop of our 'ASOS Must Haves' collection, a campaign which generated engaging content for multiple channels and saw over 8.7m video views. Sarah Ashcroft and Luke Trotman acted as ambassadors for our latest ASOS Luxe and Dark Future collections. The content produced here resonated extremely well with the influencer led activity generating over 10m engagements with a social reach of almost 34m.

5 Optimising approach to customer acquisition and retention

We built strong customer momentum through the year increasing our active customer base by 3.1m to 23.4m. This momentum has been supported by the improvements we have made in restoring our compelling customer proposition across our product, presentation, social media content and dynamic trading stance, but it has been amplified by progress in refining our approach to the allocation of consumer-facing investment.

We have deployed a more scientific approach to testing to deepen our understanding of customer behaviour and to ensure we are driving the right return from all investment. During the year we have experimented with geo-targeting, prospecting, retargeting, new social media channels and deepened our understanding of Pay Per Click (PPC). This drove efficiency through our marketing spend, and a clearer understanding of the incrementality generated by investment through different channels, allowing us to redirect our investment as appropriate. We continue to view our promotional calendar and activations as an effective mechanism for customer acquisition, retention and to maximise the frequency with which customers engage with ASOS. We adopted a more dynamic approach this year – with shorter, sharper, more targeted events. This has allowed us to improve the return on these events, drive incremental traffic from our existing consumers, as well as increased levels of customer acquisition.

Looking forward, we will continue with further experimentation and a data-led approach to ensure we are continually optimising and building greater agility into the way we deploy spend.

adidas X IVY PARK launch

In January, we dropped Beyoncé's long-awaited adidas X IVY PARK collaboration. This gender-neutral capsule collection comprised of sporty shapes, high-tech materials, cute co-ords and oversized outerwear. Working closely with adidas on the launch of this collection, our collaborative marketing efforts included an ASOS homepage takeover, out-of-home advertising in London and New York, and social assets featuring Queen B herself. The initial product range sold out within a few hours, which makes us even more excited for the drops we have coming up over the next few months.

6 Leveraging benefits from transformational investments

Logistics

COVID-19 caused significant disruption to operations and efficiency across our network as we re-engineered our processes and made structural changes to ensure our warehouses were compliant with best practice social distancing requirements. Perspex shielding was built to separate the 680 pack benches across our facilities, additional sheltered space was created outside to facilitate break times, sanitation and temperature checking equipment was installed as well as regulating the way staff entered, exited and moved during their shift across site. This was delivered whilst continuing to keep our warehouses operational, although it did require a significant reduction in capacity as we implemented this magnitude of change. We have nearly concluded an incremental £5m of investment this year to ensure that our warehouses are compliant with best practice social distancing on a permanent basis. This includes improving ventilation, increasing turnstiles and structural changes to support the one way systems in place.

On an underlying basis we have driven a significant step change in warehouse efficiency, most notably through the pick and pack KPIs in Euro Hub following implementation of automation last year. Pick units per man hour improved by 57% whilst pack improved by 14%. We also saw further efficiency in both our UK and US hubs which drove improvements in our network wide KPIs. This efficiency has enabled us to keep investing into our delivery proposition. Next day delivery is now available to over 99% of US customers and we reduced our Canadian standard delivery proposition from 14 to 6 days. Evening next day delivery is available with a midnight cut off across urban Germany and we were able to support the addition of many other customer delivery options including further pick up drop off points and more specific delivery windows.

This year will see commencement of investment into our fourth fulfilment centre, based in the UK to further support growth in our home market, but also provide flexibility for fulfilment globally. This facility will be operational in the next financial year but allows for a gradual ramp up and testing ahead of the capacity requirement for peak trade in 2023.

Tech

Investment in our technology platforms has been central to delivery of an ever improving ASOS customer experience. Whilst we delayed implementation of our TGR programme to FY21, to ensure we were not taking undue execution risk through lockdown, progress has continued across all our platforms despite the disruption and uncertainty in outlook COVID-19 created.

Multiple releases across the year supported in driving and enhancing efficiency through our outbound delivery and returns operations. Highlights include rollout of paperless online returns to the UK, US and Germany, logic and functionality to support parcel consolidation, and development of flexible fulfilment across our network of warehouses. Flexible fulfilment unlocks the ability to service customers with brands and product from across our warehouse network if not available in the regional warehouse.

This October saw the release of customer product reviews on site, which should support in customer engagement and also unlocks greater potential for strategic growth in Face + Body. Further payment methods have been rolled out across the UK, US, Germany and Australia and we have made changes to optimise our payment acquiring, improving our transaction costs and our local acceptance rates. We have also delivered further domain consolidation to enhance our SEO and improved our page speed downloads across the core customer journey to help support conversion.

Key Performance Indicators

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

Financial objectives

Our key financial measures give us a clear indication of the overall 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 to cross-reference to the corresponding statutory measure.

Revenue has grown by 19% and profit before tax[1] by 329%. Our EBITDA margin[1] grew by 430bps and our cash generation[2] increased by 294%.

Key financial measures

Measure	2020	2019	Change
Revenue Retail sales, delivery receipts and third-party revenues from continuing operations	£3, 263.5m	£2,733.5m	19%
Gross margin Gross profit as a percentage of revenue	47.4%	48.8%	140bps
EBITDA margin[1] Profit before interest, tax, depreciation and amortisation as a percentage of revenue	8.2%[1]	3.9%	430bps
EBIT margin[1] Operating profit as a percentage of revenue	4.6%	1.3%	330bps
Profit before tax[1]	£142.1m	£33.1m	329%
Diluted EPS Profit after tax divided by the weighted average number of shares in issue during the period, adjusted for the effects of potentially dilutive share options	125.6p	29.4p	327%
Cash generation[2] The movement between opening and closing net cash/(debt) position where net cash/(debt) is the cash and cash equivalents less borrowings	£258.6m[2]	(£132.2m)	294%

Strategic objectives

We are really pleased with the progress of almost all of our key strategic measures Active customers increased 15% to 23.4m. Orders and visits are up 11% and 19% respectively, and the trend to access our site through mobile devices continues. Our Net Promoter Score stepped back by two points from last year.

Key strategic measures

Measure	2020	2019	Change
Active customers Number of customers having shopped in the last 12 months as at 31 August	23.4m	20.3m	15%
Total orders Total orders placed	80.2m	72.3m	11%
Total visits Number of visits to ASOS.com via any device	2,691.2m	2,266.5m	19%
Average order frequency Last 12 months' total orders divided by active customers	3.43	3.56	4%
ABV Average basket value, being total order value before returns and discounts, including VAT, divided by total orders	£71.92	£71.29	1%
Mobile device visits Number of visits to ASOS.com on any mobile device divided by total visits	85.5%	81.9%	360bps
Group conversion Percentage of visits that convert to an order	3.0%	3.2%	20bps
NPS Net Promoter Score based on a customer pulse survey and this represents the movement in the average score in the 12-month period to 31 August	57	59	2

1 FY20 figures include the transition to IFRS 16 'Leases'. The EBITDA margin excluding IFRS 16 would have been 7.4%; +350bps year on year

2 FY20 figure excludes the net equity raise proceeds of £239.4m

Looking to the future

Strategic focus and execution

Our vision is to become the number one destination for fashion-loving 20-somethings worldwide and we began our journey towards becoming a truly global retailer some years ago. Initially this was through building a strong product portfolio for global markets. More recently we have deployed fulfilment centres in the US and Europe, to enhance our proposition and set the physical foundations for the next stage of the journey. We have made good progress and have learnt a lot. This year we needed to build on our physical infrastructure to ensure we had the right processes and ways of working appropriate for a business of global scale and complexity. The focus on our six key priorities in this financial year has allowed us to do this and ensure we have the right capabilities and financial strength for us to begin the next phase of our growth.

We know that to make our vision a reality we need to meet all the fashion needs of 20-somethings in a way that inspires, excites and engages. The next stage of our journey will require us to continue building towards becoming a truly global retailer supported by three key strategic pillars:

- Further develop the range of unique design only we offer to grow the ASOS brands which are already a £1bn business
- Develop the ASOS platform, enhancing our category breadth and flexibility to ensure we have more of the products 20-somethings want whenever they want it
- Improve the ASOS customer experience to make it more inspiring, exciting, personalised and friction free

These will be enabled by an efficient, effective and sustainable model.

These pillars and priorities will serve us well for the next stage of growth, providing the strategic framework as our initiatives evolve each year.

In the current fiscal year, we will take a further leap forward in becoming a truly global retailer with the deployment of our TGR programme – which will give us the enhanced buying, merchandising, planning and stock management capabilities we need to underpin our global growth aspirations. These capabilities will enable our retail teams to deliver a more consistent product experience to our consumers across the globe.

Within the ASOS brands, our focus for the year will be to continue to enhance the range of our core ASOS DESIGN product whilst we further develop our ranges in Dark Future, ASOS Luxe, Collusion and ASOS 4505. We will also launch a new brand, AsYou, at a typically lower price point which will stay true to our ethos and design-led approach. This will take time to build out but will broaden our appeal to a wider range of consumers and meet a gap in our portfolio for lower-priced fashion-forward product.

The priorities for the ASOS platform will be to further enhance the customer offer broadening its appeal in the strategic growth categories of activewear and Face + Body. We made much progress in FY20 but there is much more opportunity for us to build these categories. We will also start to use a more flexible approach to fulfilment, increasing both range and availability by giving consumers access to product from across the ASOS warehouse network. We will begin this, starting in the US, in the first half of the year. This will start to enhance our offering and we will work with key brand partners to build the capability to deliver to our consumers directly from their warehouses in the coming years.

In terms of the ASOS customer experience we will continue to improve the range and flexibility of our customer offer, giving them a compelling reason to shop with us more frequently by making our offer more differentiated by geography and consumer type. We will also enhance our on-site experience, with the recently introduced customer reviews capability being the first enhancement. We will also continue to develop our payment and delivery propositions, particularly in Europe and the US. As part of this we will look to leverage the warehouse investments we have already made, looking to push cut-off times later as we build scale and increasing the range of ways consumers can receive and return products.

With the top team now in place and much work done to develop our core processes and ways of working, our focus will shift to building out the depth of our organisational capabilities whilst looking for further efficiencies across our business. This will involve a particular focus on enhancing our geographical capabilities, building out our category teams and improving our sourcing capabilities, whilst enhancing our consumer interaction by a broader range of marketing skills. Results will not be immediate, but we are confident that we will continue to evolve our model to make it more global and with a greater range and depth of subject matter expertise.

This level of change will require a more robust model for delivering strategic change at ASOS and we are building a newly formed cross-functional team to co-ordinate change and projects across the business. This will support in driving alignment and momentum on the many initiatives we have in-flight and to support our next stage of growth.

Outlook

Looking ahead, we remain well positioned to capture the global opportunity through the continued development of the ASOS brands, the ASOS platform and the ASOS customer experience. We have demonstrated and enhanced our operational flexibility this year, and are emerging a stronger, more resilient and agile business.

However, whilst we are well positioned for peak trading and the year ahead, we are cautious on the outlook for consumer demand, and will remain so until lifestyles and financial stability for our 20-something customers start to normalise. Timelines for containment of the virus and a vaccine still look uncertain and a number of our major territories are facing into the prospect of a second wave of cases and increasing lockdown measures. It is clear that a normal pattern of social events is not going to resume in the short term so whilst we have confidence in our ability to continue growing our market share globally, we are cognisant of the economic impact this crisis is having on our 20-something customers and the pressure on their disposable incomes.

The rigorous performance management and operational grip demonstrated over the last 12 months gives us confidence in our ability to navigate the uncertain year ahead. Excluding the favourable COVID-19 related cost and cash impacts experienced this year, we expect to continue to grow our profitability whilst sustaining positive cash generation. However, we remain conscious of the potential financial consequences associated with Brexit, and whilst we are comfortable with our business readiness and the precautions taken, the scale and nature of the impact remains outside of our control. Despite the uncertainty ahead, the operational rigour and flexibility proven in our model and the strong customer momentum we have built will support our progression as one of the few truly global leaders in fashion retail.

Nick Beighton
Chief Executive Officer

Mat Dunn
Chief Financial Officer

Our five strategic priorities for the future

Our strategic pillars provide the framework for our global business model...

1. **Truly global retailer for fashion-loving 20-somethings**

2. **The ASOS brands**

3. **The ASOS platform**

4. **The ASOS customer experience**

5. **Effective, efficient and sustainable model**

...and are underpinned by our corresponding strategic priorities

1.

Expand our global reach and local scale by accelerating growth in key markets

2.

Grow our unique ASOS brands by launching new brands and improving on both speed to market and price

3.

Enhance our flexible and multi-brand platform by growing high potential categories, implementing flexible fulfilment and improving proposition

4.

Improve our personalised customer experience through the application of data science and experimentation to deliver the most engaging experience

5.

Develop our effective, efficient and sustainable model by transforming our organisation including upgrading talent and capabilities, improving cross-functional ways of working and further driving responsibility for everything we do

Stakeholder engagement

Strong engagement with our stakeholders helps us to build a better business for the future.

The Board understands the importance of engaging with our stakeholders and ensuring that they are an important part of the Board's discussions and decision-making.

The following pages comprise our section 172 statement, outlining how the Directors have, in performing their duties over the course of the year, had regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006.

Our key stakeholders...	Why they are important...	How we engaged...
Our Customers	Our goal is to create and curate products and experiences to inspire fashion-loving 20-somethings. To stay relevant to our 20-something audience, it is essential that we never lose touch with what matters to them, whoever and wherever they are. It's vital that we engage frequently with our customers to ensure we can provide them with what they want, when they want it. The rapid shift in customer habits during COVID-19 demonstrates why it is so important for us to be in constant contact with our customers and to be able to pivot our content to stay relevant to our customers. Ensuring we stay relevant to our customers is key to the long-term success of the business.	– At the beginning of the year, the Board set out the Company's priorities for FY20, to ensure we restored the strength of our customer facing offer, rebuilding momentum and executing our strategy consistently. – Throughout the year, the Board has prioritised discussions on the Company's strategy, to ensure we continue advancing our mission to be the number one destination for fashion-loving 20-somethings globally. – Our curated selection of fashion and Face+Body products are desirable and relevant to our 20-something customers and our distinctively designed and sustainably sourced own brand offer gives our customers a unique reason to shop with us. – We provide inspirational and engaging content to our customers, through our inclusive social media channels and our carefully presented product imagery. We now have 10.6m followers on Instagram and a recent TikTok campaign surpassed 1.6bn views. We are constantly looking for new and innovative ways to engage with our customers. – The investments we make in technology, operations and people reflect the needs of our target customers. Our app and website create a friction-free and user-friendly experience for our customers and our dedicated Customer Care Team aim to deliver exceptional levels of customer service to our customers. – During COVID-19, our strategy was to provide engagement, support, reassurance, confidence and optimism to our customers through our social media channels. We remained relevant to our customers' needs by pivoting our product mix during COVID-19 to respond to customers' shifting lifestyles.
Our ASOSers	Our ASOSers are the people behind the brand. Our purpose is "to give you the confidence to be whoever you want to be" and we want to ensure we allow our employees to do just that. We are committed to ensuring our employees work in an innovative, entrepreneurial and enjoyable working environment, with a diverse and inclusive workforce, where every voice is heard throughout the Group. Having motivated and engaged ASOSers will drive us to achieve our strategy and ultimately our long-term success.	– The Board has appointed Karen Geary as our Designated Non-executive Director for employee engagement. During the year, Karen met with the Chairs of our employee forum, InTouch, to discuss employee sentiment, the key challenges facing employees, how to further elevate InTouch within the business and the Company's response to COVID-19. The outcomes of the meeting were fed back to the Board and with the support of our Chief People Officer, work is underway to elevate the role of InTouch further within the business. Our Chairman, Adam Crozier, also attended an InTouch forum during the year. – The Executive Committee engage with employees through ASOS Voices, a monthly, all company town hall, which provides the Executive Committee the opportunity to update employees on recent activities and performance, and provides an opportunity for ASOSers to ask questions. – Throughout the COVID-19 pandemic, our senior leaders dialled up their live events and drop-in sessions to keep ASOSers informed and engaged. – During COVID-19, the Board's priority was the health and wellbeing of our ASOSers. We transformed our ways of working in response to COVID-19 and created our 'RE-Assembles' programme to bring our employees back to our COVID-secure workplace when the time was right. – All ASOSers were invited to complete a wellbeing survey during the lockdown in the UK to understand concerns and overall sentiment, the results of which were fed back to the Executive Committee and Board.

Our key stakeholders...	Why they are important...	How we engaged...
Our Shareholders	A key objective of the Board is to create value for shareholders and our purpose, values and strategy strive to deliver long-term, sustainable growth.	– The Board receives regular updates on shareholder and analyst sentiment and peer analysis. – Throughout the year our Investor Relations team regularly engaged with our larger shareholders. – Our CEO, CFO and Director of Investor Relations held a roadshow after our FY19 results announcement and will hold a virtual roadshow following our FY20 results announcement. – The Chair, Senior Independent Director and Committee Chairs are all available to meet with shareholders, where requested. During the year, Karen Geary, Chair of the Remuneration Committee, engaged in consultation exercises with our largest shareholders to discuss our approach to remuneration. – Our AGM is usually a key way for shareholders to meet face-to-face to discuss the our annual performance and strategy. As per government guidance on preventing the spread of COVID-19, we will be holding a closed meeting this year, but we look forward to welcoming shareholders at the AGM in 2021.
Our Suppliers	Maintaining close working relationships and open dialogue with our suppliers and brands is key to ensuring that we continue to create and curate the most relevant product range for fashion-loving 20-somethings around the globe, which is key to the long-term success of the Group.	– The Board is committed to ensuring that ASOS continues to operate responsibly in everything that we do as part of our Fashion with Integrity programme, including the way we manage our supply chain. The Board receives regular briefings from management in respect of our supply chain, particularly during COVID-19. – During COVID-19, we committed to paying for all own-brand made product and ensuring we upheld our standard payment terms, in order to protect our suppliers and workers in our global supply chain. We have continued to place new orders with our suppliers, and we have worked closely with them to agree appropriate supporting measures to ensure the health and safety of workers. – We have a dedicated ethical trade team who manage our Ethical Trade programme and work with third-party auditors in key product regions to understand country-specific issues, ensuring ethical standards are being upheld and regularly engage with local and international stakeholders. – During the year, we published our fifth in-depth Modern Slavery Statement and continue to add depth to our human rights due diligence processes.
Our Community	Operating responsibly in everything we do is of great importance to us. From the way we manage our supply chain to how we serve and speak to our customers: it all matters. We also want to go further to find solutions to the challenges that we, our industry, and our customers face. As we continue to grow, it is imperative for the long-term success of the Group that we continue to manage our impact on universal issues such as climate change and plastic waste.	– Our Fashion with Integrity programme underpins our business model and ensures that we are a part of finding solutions to shared global challenges and putting these into action across all aspects of the business. – In 2020, we became signatories of the Ellen MacArthur Foundation's New Plastic Economy Global Commitment, demonstrating our committed approach to our packaging and reducing our contributions to global plastic pollution. We are constantly striving to decarbonise our operations, for example by prioritising sea, road and rail freight, and working collaboratively with our supply chain partners to advance low-carbon innovations. – The ASOS Foundation partners with charities to provide infrastructure, training and support to enable disadvantaged young people to reach their potential. Work is carried out in the UK, Kenya and India, which has become even more critical as young people face the new and difficult challenges caused by COVID-19. During the year, the Board approved a charitable donation of £500k to the ASOS Foundation for FY21. – During COVID-19, it was more important than ever for ASOS to support our local communities through the pandemic. The Board supported the donation of over 4,000 care packages to eight of our local NHS hospitals, and the creation of charity fundraising products to raise over £500k for important causes.

Key Board decisions during FY20

A key consideration of the Board in making its decisions is to balance the sometimes conflicting needs of our stakeholders to ensure that they are all treated consistently and fairly. This was demonstrated through the following key decisions made by the Board during FY20:

Placing of shares

When considering the non-pre-emptive placing of ordinary shares that was successfully completed in April 2020, the Directors unanimously agreed that the equity raise would be in the best interests of all stakeholders, taking into consideration, among other things: the impact on our ASOSers, suppliers and shareholders if we did not take action to provide sufficient liquidity and flexibility to manage the business through and beyond the period of disruption caused by COVID-19; the protection of the long-term growth of the Company for all of our stakeholders and our shareholders; our long-standing supplier base and how to work supportively with them to mutual advantage as the industry continued to recover from the impacts of the pandemic; the ability to avoid decisions being made for short-term liquidity or cash management reasons that may cause detriment to ASOS' long-term prospects; and the maintenance of our Fashion with Integrity programme to enable the Company to continue to operate responsibly and in the most sustainable way for the benefit of our communities.

ASOS Foundation donation

During the year, the Board approved a £500k donation to the ASOS Foundation for FY21. The Directors unanimously agreed that it would be in the best interests of all stakeholders, taking into consideration, among other things: the impact to the ASOS Foundation's long-standing partnerships, which provide infrastructure, training and support to disadvantaged young people in the UK, Kenya and India; and the value the ASOS Foundation creates in the eyes of our customers and our ASOSers.

The people behind the brand

Over the last year we've continued to evolve how we support our people, focusing on positive wellbeing, resilience, building community and inspiring growth and learning.

Our focus on wellbeing

Wellbeing is embedded in our culture. Unexpectedly, we faced unprecedented times with the COVID-19 global pandemic, and it was even more important for us to check in regularly with our people, put minds at ease and help them feel safe, both physically and mentally.

During the pandemic, we switched our all-employee communication sessions 'ASOS Voices' to virtual sessions and our senior leaders dialled up their live events and drop-in sessions, keeping our people informed and engaged, and providing transparency and encouraging open dialogue.

A bespoke edit of virtual wellbeing events and activities were delivered between March and June, offering something for everyone, from yoga classes, DJ sets and baking, to mindfulness webinars and art classes, which complemented more targeted workshops to help our people to adapt to the new ways of working, managing their teams remotely and making the best use of technology. Sessions enabled ASOSers to dial in at a time that suited them best, with new working patterns to assist those with caring responsibilities.

We know that high levels of employee engagement lead to lower levels of attrition, higher levels of productivity and a more enjoyable work environment, where people thrive. We have worked hard at building employee engagement, and 70% of ASOSers reported that they felt supported by leaders and connected to the business throughout lockdown.

When the time was right, and with new safety measures in place, we led the way in bringing our people back to our COVID-19 secure workplace, through our 'RE-Assembles' programme. As part of this programme 13 interactive live events were organised and watched by over 1,500 ASOSers.

We know a focus on positive wellbeing is not just important during crisis points. Our priority remains to support wellbeing as a whole, whether it be physical, mental, financial or social, and through a suite of resources we have:

- Supported Mental Health Awareness week with 20 live events designed to inspire and educate – over 1,000 ASOSers tuned in.
- Launched 'Unmind' our Mental Health App, enabling our people to proactively manage their health 'all of the time' – 42% of our workforce utilise this tool.
- Supported those affected by organisation changes, with career transition workshops, CV building skills, interview techniques and helping them to build their LinkedIn profiles.
- Continued to deliver existing resources such as our employee assistance programme (EAP), Mental Health First Aider programme, new healthcare benefits, and family and financial wellbeing hubs.
- Our active network of employee representatives – ASOS InTouch – have supported ASOSers throughout this year, ensuring employees' voices are heard and that important business decisions are informed by employee feedback.

Our standout moments from 2019/20

- Launching four new apprenticeship programmes, increasing the number of apprentices by over 200%
- Launching our first anti-racism toolkit, designed to educate ASOSers through digital resources, external articles, videos and discussion points
- Creating the 'RE-Assembles' brand and transforming our ways of working in response to COVID-19

157,000
external applications managed through our career site – 24% increase from the previous year

15%
increase in women hired into leadership roles

Attracting amazing talent

ASOS remains a destination of choice for external job seekers, with our employer brand attracting c.157,000 external applications through our careers site in the past year. Our LinkedIn following has grown by 25%, reaching over 440,000 globally. Our focus remained on attracting amazing talent, with Diversity & Inclusion (D&I) at the heart of our resourcing initiatives, reaching diverse talent pools and removing barriers to entry.

We strengthened our Executive team with the appointment of a new Chief People Officer, Chief Strategy Officer, Chief Growth Officer and Chief Commercial Officer. And at leadership level, 47% of our hires were females, in comparison to 32% in the previous year – a 15% increase. We also saw an increase in hiring women into STEM roles, with 35% of all technology hires being women, up 5% from the previous year.

In addition to external hiring, we also placed a greater emphasis on internal mobility, talent management and succession planning, increasing internal hiring by 8%.

Building our foundations by developing talent

Whilst key dates for emerging talent, such as Graduate Fashion Week, were paused, we held a series of online presentations and workshops with universities and colleges to connect with students. We also contributed to a project run by the Centre for Sustainable Fashion on the future skills required in Sustainable Fashion Design in higher education.

For the third year in a row we were awarded Graduate Employer of Choice for Buying and Purchasing at the Times Graduate Recruitment Awards 2020, and we have seen a record number of applications for opportunities to join our buying teams.

During the year, we continued to proudly support our partnerships and invest in specialist training with:

- Ada – the National College for Digital Skills in Tottenham
- University College London (UCL) – Global Leaders in Computer Sciences and Artificial Intelligence
- Imperial College London and University of Oxford – Global Leaders in Modern Statistics and Statistical Machine Learning
- Microsoft – Azure and 'Kubernauts' Next Gen Compute programme

These partnerships yielded world-class AI research in topics such as experimentation, demand forecasting, computer vision and natural language processing which have been applied to our business. It has also connected Tech ASOSers to the best thinking and development of new skills, to create experiences on our technology platforms that delight our customers.

In terms of wider initiatives, business specific development programmes were designed and delivered. An example of this was 'Finance Develops', whereby the ASOS Academy and Finance development ambassadors shared knowledge, delivered technical training, created digital learning, enabled personal development and best practice ways of working in a virtual environment.

A significant focus for us going forward, across all parts of our business, will be continuing to invest in apprenticeships, becoming a dedicated employer of choice, growing our talent from within, whilst maximising utilisation of the levy pot.

Our commitment to diversity and removing bias

We have seen a 9% increase in the number of senior leadership roles held by female leaders. We continue to close the gender pay gap which stands at 26.6% down from 29.7%. We have taken further steps to address the gap, maintaining our generous family friendly policies, a review of our talent attraction strategy and by emphasising gender inclusivity through diversity training.

The Black Lives Matter movement shone a spotlight and gave the BAME community at ASOS a much louder voice on the inequities and prejudices that are evident in our every day lives. A BAME Colleague Forum was set up, providing a rich source of feedback in order to take some demonstrable actions internally, following on from our 'We Are Anti-Racist' social media post. A new home for D&I was created with the appointment of a D&I partner and soon to be appointed Head of Belonging & Engagement who will take the lead on this important agenda to create change, transparency and momentum.

In addition, we signed the BITC Race at Work Charter, demonstrating our public commitment to not only being anti-racist, but also to bring about positive change.

Since signing the Charter, we have:

- Appointed an Executive Sponsor for Race who will chair the 'Race at Work' Committee, which is made up of elected representatives from the BAME Colleague Forum, and will provide visible leadership on race and ethnicity at ASOS. Our Executive Sponsor will drive key actions such as setting targets for ethnic minority representation and supporting mentoring and sponsorship programmes.
- Created a BAME Reverse Mentor programme for our Executive team.
- Introduced D&I indicators into our resourcing systems, enabling us to capture and report on ethnicity and other D&I indicators of job applicants.
- Held a D&I focused week on anti-racism with interactive events.
- Held a Stand By Me allyship workshop that was attended by 120 ASOSers, with a week of thought-provoking talks and webinars from leading BAME influencers on subjects such as Black Minds Matter, Black entrepreneurs and Dope Black Moms and Dads, supporting black parents in the workplace.
- Launched our Anti-Racism Toolkit.
- Demonstrated our commitment to support ethnic minority career progression with the introduction of the ILM Level 5 in Coaching and Mentoring for all BAME ASOSers taking on the role of Reverse Mentors to a member of the Executive team.
- Committed to launching a fast track leadership programme for BAME Talent in FY21.
- Committed at ASOS Plc Board Level to a zero-tolerance policy on harassment and bullying in a new policy statement on anti-racism, with all instances of discrimination escalated to the Board.

Fashion with Integrity

The turbulent events of the past year have highlighted how important it is for ASOS to continue to operate responsibly in everything we do, from the way we manage our supply chain to how we serve and speak to our customers. It has also made it clear that we must go further to find solutions to the challenges that we, our industry and our customers face.

In September 2019, millions around the world marched for climate action, underlining the need for us to continue to strive for environmental sustainability in the way our products are made and the way our business operates. Nearly nine months later, the tragic death of George Floyd inspired a global wave of support for the Black Lives Matter movement and showed that there is much we can do to scrutinise and improve our own efforts in this area. In the midst of these events, and as we have written elsewhere in this report, the COVID-19 pandemic has also encouraged us to work even more closely with our local communities and charities, and shown the role we can play in being there for our customers and working together with our supply chain partners, whose continued support is critical to our success.

Much has changed in the past 12 months but the need to work together to find solutions to our shared global challenges has never been greater. Our Fashion with Integrity programme ensures that we are a part of finding these solutions, putting them into action across all aspects of the business.

Our work within Fashion with Integrity is divided into four key pillars: our products, our business, our customers and our communities.

Ethical trade

Our Ethical Trade programme holds us to account when it comes to human rights impacts associated with producing our garments. We share factory information with our customers and other stakeholders such as IndustriALL Global Union through an interactive supply chain map and factory list, which are updated every two months. In the last 12 months, we have conducted 690 unannounced factory audits against our Supplier Ethical Code with expert third-party auditors. Our audit programme has started to expand to include tier 2 (see above) in all regions. More detail on our Ethical Trade programme is available at asosplc.com.

Our products

We work hard to produce and sell great products that are also responsibly produced and sustainably sourced. We focus on three main areas: ethical trade, sustainable sourcing and engaging with third-party brands.

We're committed to using our growing global reach to respect people, animals and the planet, with great products that our customers can trust. With approximately 896 factories and 173 suppliers in 24 countries, tracking the journey of an ASOS garment – and reducing exposure to environmental and social risks along the way – is critical to our business. So far, we've fully mapped tiers 1, 2 and 3 of our supply chain and partially mapped tiers 4 and 5.

Tier	Definition	Example	Status
Tier 1	Main production sites	Factory which cuts, sews, finishes ASOS Brands product and ships to ASOS	Fully mapped
Tier 2	Process integral to production	Provider of one or more processes, e.g. stitching, cutting, packing, quality control, warehouses	Fully mapped
Tier 3	Enhancements to product	Provider of one or more processes, e.g. printing, dyeing, laundry, embroidery	Fully mapped
Tier 4	Fabric and components	Fabric mills, tanneries, hardware and trims	Partially mapped
Tier 5	Raw materials	Textile fibres, natural and man-made materials	Partially mapped

Case study: 'Preventing modern slavery in Mauritius'

In 2019, ASOS joined Anti-Slavery International, IndustriALL Global Union and local organisations from Bangladesh and Madagascar in a project to tackle modern slavery risks in global supply chains in Mauritius. Bringing together NGOs, trade unions and corporate partners, the project uses innovative technological solutions to tackle risks facing migrant workers in or travelling to Mauritius, backed by funding from the UK Home Office under its Modern Slavery Innovation Fund.

Responding to COVID-19

Garment workers in the global supply chain face significant economic risk as a result of unpaid wages due to COVID-19. We have supported these workers by committing to pay for all own-brand orders, and by ensuring our standard payment terms – which are aligned with the ACT Purchasing Practices guidelines – have not been changed or extended as a result of the pandemic. Additionally, we have continued to place new orders with our suppliers, ensuring they can continue to do business, provide employment and pay wages, and have been in constant dialogue with them to ensure that adequate health and safety measures are in place to protect workers. The pandemic has illustrated the need for long-term sector-wide improvements in order to protect workers, and to achieve this, we are committed to continuing to collaborate with our suppliers, partners, NGOs and the wider industry to achieve real and lasting change.

Sustainable sourcing

More sustainable fibres

40% of all our textiles are now produced through more sustainable farming practices or using recycled materials. 85% of the cotton we use is verified sustainably sourced – keeping us on track to meet our 2025 commitment to source 100% more sustainable cotton in the next five years.

All of our more sustainable products come from verified supply chains, using third-party certification standards that cover farming practices, organic, recycled, and better fibre manufacturing processes.

Responsible Edit

In June 2019, ASOS launched our Responsible Edit, providing customers with easy access to our range of environmentally-conscious fashion. It allows customers to filter products by whether they are recycled (made from, or partially made from, recycled materials) or use sustainable materials, which includes organic and responsibly sourced fabrics, fibres and other materials.

For our ASOS brands such as ASOS DESIGN, we require these products to contain a minimum of 50% recycled or sustainable fibres, except for recycled cotton where we require a minimum of 20%, and for suppliers to provide us with relevant validations or certifications to confirm compliance with our responsible edit criteria.

Each product description includes sustainability information to help consumers understand the credentials and raise awareness of sustainable materials.

Circular fashion

We continue to increase the recycled fibre content in our products, with an emphasis on synthetic fibres like polyester and nylon, as well as recycled cotton. We have trained 100% of our designers on circular design principles, which have now been translated into a fully circular collection, with the ASOS look and feel, minimum use of materials and waste generation. Jointly with the Centre for Sustainable Fashion, part of the London College of Fashion, we have now finalised a set of circular design guides that will be shared with partners and peers as part of a collective effort to close the loop in affordable fashion.

In early 2020, we also launched a YouTube series dedicated to product aftercare, that works with talent to educate our audience on ways to update existing fashion items in their wardrobe.

Improving processes in our supply chain

To identify environmental risks in our supply chain, we use the Higg Index. This helps us improve our purchasing decisions and reward those suppliers with high environmental standards, as well as address risks in our supply chain. Currently 43% of the ASOS DESIGN product on our site has been produced by a supplier that has completed the Higg Index within the last two years and we continue to work with our supplier base to increase this to 100%.

Worker welfare

Worker rights: As part of the implementation of our Global Framework Agreement with IndustriALL Global Union in our Turkish supply chain, in 2018 we launched an app which allows workers to instantly and anonymously report rights violations to an independent complaints handler employed by IndustriALL Global Union. As of December 2019, the app has been downloaded 3,348 times and we continue to work in collaboration with our partners on the ground to remediate any grievances raised.

Purchasing practices and living wage: As an active participant in the Action, Collaboration, Transformation (ACT) initiative, we assessed our purchasing practices within the ACT framework and became the first ACT brand to survey our suppliers against ACT's Supplier Purchasing Practices Assessment.

Modern slavery: We published our fifth in-depth Modern Slavery Statement and continued our critical friend partnership with Anti-Slavery International, which supports us with our human rights due diligence processes.

Child labour: We continue to work closely with our NGO partners KADAV in Turkey and CCR CSR in China to remediate incidences of child labour we've previously identified in both countries. We've now discovered and remediated 15 cases of child labour since 2016. No cases were identified in the last year, but we remain vigilant and alert to possible risks worldwide.

Supplier engagement: In the last reporting period, we conducted modern slavery training in collaboration with the Ethical Trading Initiative in China. Three webinar sessions were held for 62 factories and 29 suppliers, enhancing suppliers' knowledge on modern slavery. In the UK, all suppliers and factories are required to attend a face-to-face or online Fast Forward training session. Training provides information for employers on how to embed good management systems for legal and ethical compliance and includes a session on modern slavery.

We are also signatories to the Sustainable Clothing Action Plan and in our 2019 report we demonstrated a reduction in our water footprint of 10%, our carbon footprint of 20% and 4% waste reduction for every tonne of clothing sold in the UK (against a 2012 baseline).

Engaging with third-party brands

Our Third-Party Brands Programme allows us to extend our ethical trading practices and sustainable sourcing principles to the 850+ brands on the ASOS site, with the aim of influencing their approach in these areas and encouraging collaboration to transform the industry.

Self-assessments give us a clear picture of the ethical and sustainable practices of the overwhelming majority of our third-party brands. With our Minimum Requirements acting as the core of our Programme, we've issued training materials on key topics and have hosted ethical trade workshops to support non-compliant brands in meeting our expectations. We're also committed to encouraging brands to move beyond compliance by engaging them through events to promote knowledge-sharing and create opportunities for collaboration.

In August 2020, we took our Third-Party Brands Programme one step further, and asked our partner brands that manufacture in the UK to sign up to four commitments, including signing the Transparency Pledge – requiring them to regularly and publicly disclose their supply chains – and joining the Fast Forward auditing programme, which we co-founded with other UK retailers in 2014 in order to tackle ethical trade and modern slavery issues in the UK fashion supply chain. We co-hosted a workshop with the Fast Forward organisation in September 2020 and we will continue to support our brand partners further in meeting these new commitments over the coming months.

Sustainable packaging

In 2020 we became signatories of the Ellen MacArthur Foundation's New Plastic Economy Global Commitment, demonstrating our commitment to improving the environmental performance of our packaging and reducing our contribution to global plastic pollution. As signatories we are committed to the following goals:

Commitment	Progress
By 2025, we aim to have removed at least 50% of the range of our own-brand packaging when compared to a 2018 baseline	To date we have reduced the range of own-brand packaging we use by 40%
100% of plastic packaging to be reusable, recyclable, or compostable by 2025	Our packaging is recyclable in principle, however we continue to work to improve the level of packaging successfully recycled
At least 30% post-consumer recycled content and 100% recycled/renewable content used in plastic packaging by 2025	ASOS garment bags currently contain 90% recycled content, and ASOS outer mailing bags currently contain 80% recycled content, with post-consumer recycled content, returned from ASOS customers, making up at least 10% of this figure in both
Take action to move from single-use towards reuse models where relevant by 2025	We have developed a prototype reusable mailbag and have started preliminary trials

As we continue to grow as a company, we recognise the role that we can play in mitigating our impact on global issues such as climate change and plastic pollution. We are committed to sustainable operations and doing business the right way, by finding solutions to the global challenges that we face.

Carbon 2020

This year saw the end of our long-term carbon emission reduction strategy: Carbon 2020. Announced in 2015, this strategy set the goal of reducing our operational carbon emissions every year until 2020. The programme was a success: we've reduced our emissions every year and cut our emissions intensity (tCO_2e/customer order) by 30% in this time. This is the equivalent of avoiding 110,000 tonnes of carbon emissions.

We are constantly striving to decarbonise our operations, for example by prioritising sea, road and rail freight, and working collaboratively with our supply chain partners to advance low-carbon innovations. These range from using electric vehicles for delivery, to the implementation of 100% renewable energy throughout our office portfolio and maximising the amount of recycled content in our packaging.

With Carbon 2020 now coming to a close, we're in the process of setting even more ambitious, long-term targets to reduce ASOS' carbon footprint, which we'll be announcing soon.

Our customers

Our purpose is to give young people the confidence to be whoever they want to be, and this is something we're always striving to achieve. We aim to reflect the needs and expectations of our customers by ensuring that our products and communications are responsible, inclusive and celebrate diversity.

Case study: Low emission deliveries

With a significant share of our operational emissions originating from deliveries and returns, we work closely with our wide network of international carriers to support and foster sustainable or low-carbon innovations. These include alternative fuel vehicles, switching from higher carbon vehicles to those with a reduced intensity such as electric bikes, route optimisation and increased vehicle efficacy, all of which result in carbon savings.

One project we've been working on this year is a new fleet of electric vehicles from one of our German carrier partners, Liefery. Since the project launched in March 2020, Liefery has driven more than 15,000km and delivered over 2,000 ASOS orders in zero emissions vans, saving three tonnes of carbon in a few short months. These savings will only increase as the partnership continues.

Supporting at home

Throughout the COVID-19 pandemic many of our customers went through experiences that were completely new to them, required to stay home and miss loved ones. We wanted to support our customers throughout this period and we used our social media channels to reach out and engage with them. Our collaboration with charity Ditch the Label sought to help our customers by providing inspiration and ideas for how to manage their days positively and perhaps try something new in an effort to support them and their mental health. We also launched a new franchise called At Home With ASOS where we shared tips for mindfulness, yoga sessions and other things to engage our followers and customers going through a strange time during lockdown.

Our communities

We invest time and resources to make a real difference to our local communities. We do this directly as a brand but also through our charity, the ASOS Foundation.

COVID-19 pandemic

It's been more important than ever during this year to support our local communities through the pandemic, and to be there for the people who have been most affected by it. In March and April it became clear the stress that many of our local hospitals were under and the incredible work that NHS staff across the UK were doing. We understood that many key workers would benefit from care packages and basics such as sweatshirts, underwear, moisturiser, and tote bags to carry their PPE in. In total we sent out over 4,000 of these packages to eight of our local NHS hospitals in an effort to support those who were working so hard to protect us.

Community partnerships

We donated £10k to our charity partner FAD to fund their 2020 Fashion Futures project. The charity aims to diversify the fashion industry by campaigning for change and supporting underrepresented young people who want to access creative industries. The Fashion Futures programme upskills these young people by providing fashion-focused programmes that equip them with the technical and professional skills needed for a career in fashion.

Additionally, we created charity fundraising products such as our Heroes range and our collaboration with Help Refugees on our Choose Our NHS and Carers products to raise money for important causes. We have also partnered with Oxfam to donate £1 from every pack of ASOS face coverings sold to their Coronavirus Emergency Relief Fund. In total we have donated over £500,000 to local NHS Trusts and front line charities through this activity.

ASOS Foundation

We open doors, we remove barriers. We help young people change their lives for the better.

This is the purpose of the ASOS Foundation and our partnerships in the UK, Kenya and India are critical as young people face the new and difficult challenges caused by COVID-19. With support from ASOS, our suppliers, colleagues and customers, we partner with charities to provide infrastructure, training and support to enable disadvantaged young people to reach their potential.

UK: We work with Centrepoint to support young people at risk of homelessness. The ASOS Foundation is the headline funder of the Centrepoint Helpline which has now reached more than 15,000 vulnerable young people, providing them with the information and support they need to help reduce the risk of homelessness. The Helpline has seen a 50% increase in call volume as a result of COVID-19 and its work to help young people newly at risk of becoming homeless continues to be vital.

The ASOS Foundation tackles barriers to employment through our partnership with The Prince's Trust and its work to support young people into training and employment has never been more important. Workplace programmes funded by the ASOS Foundation give young people the skills and confidence they need to help them move into work, further education or training. Over 600 young people have completed an ASOS programme in Retail, Technology and Customer Care since 2009, and 44 graduates have been offered permanent roles since the partnership began. This year we have developed our first ever online training course for Customer Care, delivered remotely, enabling young people to gain new skills and experience whilst complying with social distancing requirements.

Kenya: The SOKO Community Trust was established in 2013 with the goal of providing local people with the practical skills needed to see sustainable improvements in their lives and lift themselves out of poverty. Together we launched Stitching Academy Kenya in 2014, delivering a two-month course teaching advanced, expert-standard tailoring skills. Since opening, 183 graduates have passed through the Academy with two-thirds subsequently moving into permanent employment. 20 graduates now work within the main SOKO factory (20% of the workforce) which produces the ASOS Made In Kenya range. Funding also supports the Kujuwa Initiative, which works with schools to provide education and washable, reusable sanitary pads, produced by the SOKO factory, to local students.

India: In partnership with Udayan Care, we're enabling orphaned and abandoned children to grow up in a safe and stable family environment. Since 2009, we've sponsored family homes for over 70 children, along with access to high quality education and vocational training. The ASOS Foundation also funds the construction of bespoke properties for the charity and in 2019 launched its third home.

Managing risk at ASOS

Everything we do at ASOS revolves around our purpose and mission – we are mission led, purpose driven – and that purpose and mission can only truly be secured through effective risk management.

Our Risk Management Framework applies to every part of our business in the manner needed to be effective within our own unique culture. It empowers us to identify and determine what our key risks and opportunities are and how to manage them appropriately. This in turn enables us to meet our day-to-day objectives and our strategic objectives which underpin the sustainable growth and long-term viability of our business.

Our approach to risk

Identifying risks and opportunities is a continual process which plays an integral part in our decision-making and day-to-day operations. Sometimes without risk there is no reward, so a proactive approach is taken to risk management in accordance with our risk appetite. Creating a culture that is risk aware while opportunity driven enables us to continue to move at the pace that we do.

We recognise that failure to quickly identify risks before they crystallise could stop us from achieving our mission, to be the world's number one online destination for fashion-loving 20-somethings.

Our risk management process

Risks are owned, managed and officially reviewed across ASOS using the following process:

Risk Management

Identify

- Risks are identified across all business areas and in relation to our business objectives and strategic plans.
- The ASOS Executive Committee and leadership team are engaged to provide their views and perceptions of risk within their business area and collectively across ASOS as a whole.
- 'Horizon scanning' takes place, as it provides a forward-facing view enabling the identification of emerging risks and focus areas.
- Every formal risk review facilitated by the Business Assurance team has an exercise which seeks to trigger fresh and instinctive thinking about risk.

Assess

- Risks are assessed and monitored through our risk assessment methodology, which includes rating the likelihood and impact of the risk materialising.
- Controls, and the effectiveness of those controls, are regularly reviewed.
- The status of ongoing mitigations is evaluated, as well as assessing the need for new mitigations.
- Deeper dives take place on our key principal risks.
- Risks are categorised by tolerance which shows us how acceptable the risk is, with current controls and mitigation efforts in place.

Manage and Monitor

- Risk assessments assist in identifying controls to reduce material risk.
- Mitigation and action plans are the main focus for us to proactively manage the risk so that we can prevent it from crystallising.
- Risk owners and mitigation owners are appointed.
- The status of risk mitigations, including any target dates for implementation, are regularly reviewed, and developments and movements in risks are monitored.
- Risk development and movement is monitored.

Embed

- Ongoing and proactive conversations about risk help promote a positive risk culture.
- Continuity and consistency in our risk framework and our approach to risk helps to create a risk aware culture within ASOS and to embed risk management into the day-to-day operations of the business.

Report

- Regular dialogue with our Executive Committee and PLC Board on how effectively the risks are being managed.
- A comprehensive risk review is prepared for and reported to the Audit Committee every six months, highlighting key and emerging risks along with any significant changes to existing risks.

Assurance and oversight of our risks and opportunities

Top-Down Review

Macroeconomic and business risks and opportunities associated with our operating environment and our strategic plans are assessed by the Executive Committee, Operating Board, Audit Committee and ASOS Plc Board to ensure there is the appropriate level of oversight.

Top-Down Approach

- ASOS Plc Board
- Audit Committee
- Executive Committee
- Operating Board

Third Line of Defence

- Internal and External Audit

Bottom-Up Review

Day-to-day operational risks that influence daily decision-making and strategic objectives are assessed across the business. Risks are escalated in accordance with our risk assessment framework.

Bottom-Up Approach

- Business area risk workshops and risk reviews
- Project risk reviews
- Group-wide business risk register review

Risk responsibility

The ASOS Plc Board has overall responsibility for risk management and application of controls. This includes reviewing the robustness of our risk management and internal controls framework so that they remain fit for purpose and evolve in our dynamic business. Responsibility for reviewing specific risks and controls is delegated to the Audit Committee, while the Executive Committee, Operating Board and senior leadership are responsible for implementing processes, mitigations and controls on the ground.

The General Counsel & Company Secretary has executive responsibility for risk management. The Business Assurance team facilitate the day-to-day and strategic application of our risk management framework and process by providing a rigorous assessment of risk, while ensuring that the approach is dynamic and engaging to influence our ASOSers. While continuity in our risk management approach is valuable to ensure a consistent assessment of risk year on year, the Risk Management Framework and the processes that underpin it are reviewed regularly by Business Assurance to ensure it appropriately evolves in line with business change.

Assurance and oversight of our risks and opportunities

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

First Line: Practical Assurance

- day-to-day risk management within ASOS, engaging the breadth of ASOS leadership, including defined accountability through ownership and application of controls and mitigation.

Second Line: Management Oversight

- Business Assurance facilitate the risk management process by providing oversight, guidance and challenge. The Operating Board, Executive Committee and Audit Committee also support the second line, ultimately reporting to the ASOS Plc Board.

Third Line: Independent Assurance

- internal and external audit provide independent assurance on our risk management activities and internal controls.

Principal risks and opportunities

Like all businesses ASOS faces a variety of risks, many of which will equally unlock opportunities. As we operate globally, we recognise that our principal and emerging risks can be dynamic and influenced by the macroeconomic environment.

Strategic risks

Macroeconomic Trends

Risk movement
Increased risk

Risk owner
CFO

What's the risk?
Specific macroeconomic and geopolitical factors and changes due to geopolitical uncertainty can influence our business, ability to trade across borders and customer behaviours and lead to operational disruptions, diminished customer proposition and impact our overall financial performance.

How do we manage the risk?
We continue to monitor the shift in macroeconomic risks linked to geopolitical uncertainties around COVID-19 and Brexit to put in place mitigating measures to help prepare for any further volatility, including:

- The Executive Committee, Operating Board and cross-functional Brexit and COVID-19 Steering Committees continue to monitor, model and assess the potential outcomes and supply and demand implications of COVID-19 and Brexit, enabling changes or adaptations to be made to our business operations to address and mitigate perceived risks.
- We have a knowledgeable Tax and Customs team who engage with authorities and regulators in key markets to keep abreast of local changes or developments globally and recommend changes or adaptations to our business operations to mitigate the impact.
- We have a diverse, multifaceted sourcing and supply chain involving multiple suppliers in multiple locations. This helps to minimise an over-reliance on an individual country and/or supplier or brand, and allows us to utilise our extensive network in the event of capacity or capability changes.

Shift In E-commerce Market Dynamics

Risk movement
Stable

Risk owner
Chief Strategy Officer (CSO)

What's the risk?
Customers for whom ASOS was always front of mind are now exposed to an increasingly global and competitive e-commerce environment. Failure to evolve our business model, enhance our proposition, and be top of mind for our audience in an increasingly competitive environment, could result in ASOS losing opportunity and market share. We need to stay ahead of the game and relevant despite customers having more choice in front of them. Customers being swayed by the propositions of competitors with more nimble and agile business models could impact our longer-term growth and profitability.

How do we manage the risk?

- Evolving our business model is fundamental to achieving our 10 year vision and 3 Year Plan, and to maintaining our growth trajectory. We need to strengthen our core offering, expand into adjacent growth areas, and improve profitability to unlock a greater catalogue of customers and to ensure we are delivering our mission to be the number one destination for fashion-loving 20-somethings worldwide.
- We continue to drive the uniqueness of our product offering via unique ranges only available on ASOS.com such as ASOS DESIGN, ASOS EDITION, ASOS 4505,Collusion and style edits and exclusive products from brands on site. This is alongside our expanding diverse and inclusive product offering with sustainable and modest ranges.
- We continue to develop our marketing and studio production strategies to make sure that our product and customer communications look amazing.
- We invest significantly in logistics, fulfilment, delivery, marketing, brand and customer experience to ensure our offer is compelling – to keep our existing customers loyal, to re-activate customers and to attract new customers most effectively.
- We are using technology and data to optimise and be more targeted and strategic in how we drive acquisition of new customers and maximise the loyalty and lifetime value of existing customers.
- We continue to work with brands in promoting products that are only exclusively available to buy on ASOS.com, leveraging our scale and first mover advantage to curate a broad and diverse fast-moving product offering, with newness at its heart.

Risk movement key

Increased risk
Stable
Reduced risk
New risk

Operational risks

Pandemic Second Wave

Risk movement
New risk

Risk owners
CEO, General Counsel

What's the risk?
The risk of a second and deeper COVID-19 wave causing a longer, stricter and/or more sustained lockdown. Particularly in the UK, USA and Germany (where we have our Fulfilment Centres), our other key trading territories, but also at a global scale.

We are seeing signs of potential local lockdowns which could impact ASOS, but in a worst-case scenario, a second wave could be deeper and longer than the first one, meaning a stricter and longer lockdown in the UK and/or other key territories.

We continue to closely monitor and respond to the situation as the health, safety and welfare of our ASOSers, colleagues and customers remains our number one priority.

How do we manage the risk?

- Our cross-functional business response teams continue to closely monitor the situation and respond dynamically to the rapidly changing situation.
- We have evolved our current Business Continuity Plans (BCPs) and developed new, COVID-19 specific response plans.
- We have carried out a thorough lessons learned process following the first pandemic peak between March and June, and captured key lessons learnt and areas for improvement from our three response teams – Strategic, Tactical and Operational.
- We have conducted a third-party review of our response processes, pandemic BCPs and emergency plans to ensure that we are aligned with best practice and prepared to manage a second wave in the best way possible.

Stock Shortage

Risk movement
Increased risk

Risk owners
Retail Directors

What's the risk?
The current uncertainties around COVID-19 could cause operational disruptions in our supply chain and our suppliers' supply chains, leading to an inability or reluctance from our suppliers to invest in future orders, as well as financial distress that could lead to supplier insolvency. This increases the risk of the business not having enough stock of either in-house or third-party brands.

How do we manage the risk?

- We maintain close working relationships with suppliers and brands to ensure that we are aware of their specific circumstances and can react quickly should we need to support them or pivot to alternatives.
- We continue to closely monitor the situation for risks, as well as potential opportunities.

Foreign Exchange Rate Exposure

Risk movement
Stable

Risk owner
CFO

What's the risk?
We are a UK-based global retailer and sell products to customers across the world in many different currencies, whilst recognising revenues in our Financial Accounts in pounds sterling. Global growth and the increasing proportion of customers shopping with us from international markets will continue to drive greater foreign exchange exposure. This could lead to lost opportunities and any potential exposure to volatility in foreign exchange rates creates increased risk on our profitability.

How do we manage the risk?

- We have evolved our hedging policy to ensure it remains robust while we continue to increase our business operating model complexity and share of international customers.
- We continue to perform horizon scanning and monitor the implications of emerging macroeconomic risks to help prepare for any volatility in foreign exchange movements.
- We have increased the level of rigour in our financial planning, including strengthening our lead indicators, which helps build contingency and sensitivity against any adverse movements in foreign exchange rates.
- We continue to drive profitability through natural hedging in local fulfilment currencies.

Key Technical Third-Party Supplier or Service Provider Disruptions

Risk movement
Decreased risk

Risk owner
Chief Information Officer (CIO)

What's the risk?
We are reliant on multiple third-party suppliers and service providers throughout the customer journey, from website to fulfilment, to the product itself. This means that if there is a failure on their part, we may suffer from a disruption to our operations and overall business.

Any failure in day-to-day operations risks negatively impacting our ability to process or fulfil customer orders, resulting in reduced customer proposition, lost opportunity and a loss of customer confidence.

How do we manage the risk?

- As our internal tech and cyber resiliency continues to mature, focus has increasingly shifted towards assurance on our key third-party suppliers and service providers, with tactical and strategic audits and, if necessary, mitigation or remediation plans in place with those service providers deemed as 'higher risk' (be that due to over-reliance or concerns over the security of their systems, or risk of business failure).
- The use of a diverse, multifaceted sourcing and supply chain involving many different suppliers across multiple jurisdictions helps spread the risk and make us less dependent on exporting from specific countries and/or over-reliance on key suppliers/brands. This is continuously monitored.
- We have continued to enhance ASOS' Business Continuity capabilities in ASOS' head office, customer care operations and supply chain, including our fulfilment centres. This includes greater assurance on incident notification, escalation, and incident and crisis management.
- All new suppliers go through a rigorous selection and on-boarding process and our Procurement team monitor supplier performance on an ongoing basis.

Operational risks – continued

Transformation Project Delays or Failure to Deliver

Risk movement
Stable

Risk owner
CIO, CSO, Chief Operating Officer (COO)

What's the risk?

Continuously adapting and evolving our infrastructure, capacity and capability is critical if ASOS is to achieve its mission of being the world's number one fashion destination for 20-somethings. New technology, systems and processes enable ASOS to keep evolving at pace with the growth of the business. However, transformation is complex and creates dependencies and execution issues that can cause programme delays and risk projects failing to deliver the required outcome. This can lead to business disruption and impact on customer proposition, increased costs and inability to capitalise on efficiencies, and lost opportunities.

How do we manage the risk?

- Governance boards such as the Change Board, Transformation & Investment Board, and Design Authority work alongside ASOS' Transformation Office to support and monitor transformation programmes, including managing transformation risks.
- Each programme is supported by a cross-functional Steering Committee, including at least one Executive Sponsor, that meets regularly to review the status of the project, including progress, risks, dependencies and impacts.
- Internal and/or external assurance review exercises are used to validate progress and project readiness.
- The delayed implementation of our Retail transformation project, Truly Global Retail, which is being rephased into FY21, has provided additional time to prepare and parallel run systems in advance of cut-over to test and provide confidence that the new system is stable and capable of running as expected.
- Regular updates on progress and key issues and risks for the major programmes are provided to the ASOS Plc Board and Audit Committee.

Cyber Security Threat

Risk movement
Stable

Risk owners
CIO, Chief Information Security Officer (CISO)

What's the risk?

The cyber security landscape is continuously evolving, with threats becoming more sophisticated, aggressive and continuing to increase in frequency. During this financial year, our Cyber Security team have continued to enhance our security policies, procedures and security capabilities to reduce the risks associated with confidential data loss, prolonged disruption to our service and ransomware.

How do we manage the risk?

- We have increased the size of our internal Cyber Security team, led by our CISO, and enhanced our monitoring of both internal and external cyber threats.
- Invested in new security tooling that has improved the effectiveness and efficiency of our security and fraud operations.
- Continue to seek out and work with independent third-party security specialists that we rely on for periodic penetration and red team tests.
- Multi factor authentication (MFA) across ASOS increases our protection against phishing and malware attacks, while cyber awareness campaigns continue to positively engage ASOSers on the topic of cyber security.

Data Protection Requirements

Risk movement
Stable

Risk owners
CIO, CISO and Data Protection Officer (DPO)

What's the risk?

As a pure play online retailer, ASOS uses data for a diverse number of reasons, including to process orders, receive payment and effectively engage with our customers on a regular basis. With more than 23m active customers worldwide, we work with a variety of third-party suppliers, and employ thousands of ASOSers – with that comes a lot of responsibility to protect the integrity of data being used and processed, and it means that we will always be a target for cyber threats.

Deliberate or accidental loss of data – either from external attack or an internal control weakness – could lead to reputational damage, regulatory and compliance issues, and a loss of employee or customer confidence.

How do we manage the risk?

- Our DPO is an independent role and can audit any information store used by ASOS or its contracted third parties.
- The Data Protection team actively engage across ASOS teams to ensure we have visibility of the collection, use and reuse of data and any new projects that require customer or employee data, while ensuring the right training and awareness is in place. A data breach response plan is in place for use in a major incident.
- Our CISO and DPO work collaboratively to ensure cross-functional alignment on key issues and to share intelligence on risk areas and opportunities.
- Security controls and processes are assessed and updated continuously. The Cyber Security team continuously monitor for any internal or external signs of confidential data loss.
- Data and security requirements are embedded within our Procurement and Legal processes.

Operational risks – continued

Ethical Trade Issues

Risk movement
Stable

Risk owner
Retail & Sourcing Directors

What's the risk?

Ultimately ASOS' success is defined by the products it sells. Having an engaging, exciting customer experience and first-class proposition can only get us so far if the products we sell fall short of our customers' expectations. We know that our customers care about integrity and want to be confident about where their clothes come from and the standards under which they are produced, with the assurance that workers and the environment are not exploited in the process. Regulatory scrutiny is also increasing in this area across the globe driving us to be even more diligent when monitoring risks in our supply chain.

How do we manage the risk?

- We continue to make substantial progress mitigating our ethical trade and sourcing risks by developing our expertise around product quality and ethical trading standards, led by our Sourcing Director and with ultimate responsibility resting with our Retail Directors.
- We continue to deliver an audit programme in line with our Fashion with Integrity (FWI) programme. FWI is actively championed by our CEO and cascaded through the business, which helps to push forward the agenda internally and drive focus on our ethical standards and corporate responsibility commitments.
- Improved technical capacity in our Garment Technology teams, overseen by our product Technical Director, to provide increased surety that the products that we receive from our suppliers meet our product quality standards and expectations before they go on our website.
- We have implemented in-country compliance testing and quality control facilities, with enhanced testing and reporting capabilities and to identify issues at source.

Brexit

Risk movement
Increased risk

Risk owner
Brexit Steering Committee, Operating Board

What's the risk?

The Operating Board and cross-functional Brexit Steering Committee continue to review the implications of Brexit, and while there is still an element of uncertainty, risks and impacts are being assessed for a range of possible scenarios, including a Hard Brexit which is viewed as the most likely outcome.

The following key risks have been identified:

- Increase of duty levels exposure with our own manufactured products and product delivered by third-party brands;
- Citizenship implications on workforce, particularly within our UK fulfilment and returns centres, and within our carrier network. It is worth noting that this will be an industry-wide challenge; and
- Potential disruption caused by congestion at European ports which could impact our inbound carrier network.

How do we manage the risk?

- While we are a UK based business, we have a global logistics footprint and our fulfilment centre in Berlin in particular removes the requirement for our UK fulfilment centre to service our EU customers. This not only helps insulate us against trading risks in the EU, but is also designed to minimise EU proposition impact in the event of a Hard Brexit.
- The Brexit Steering Committee continues to monitor and assess the outcome of the ongoing negotiations, whilst simultaneously preparing for a Hard Brexit and other outcomes. Mitigation and contingency plans are being put in place to address the key risks in preparation for 31 December 2020, regardless of the outcome.

Emerging risks

Sustainability and Climate Change

Risk movement
Stable

Risk owner
CFO, CSO, COO, Retail Directors

What's the risk?

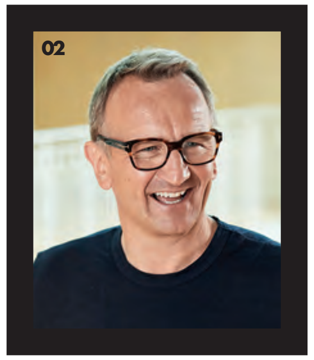
The topic of sustainability and the impact our operations have on the environment is shifting more and more into the spotlight. Our Fashion with Integrity programme has been central to how ASOS operates for many years now. However, we know that there is always more that we need to do in this area to meet our own expectations and those of our stakeholders in order to ensure the long-term viability of ASOS.

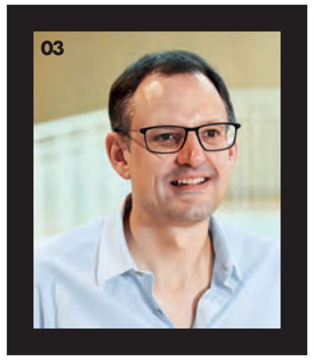
How do we manage the risk?

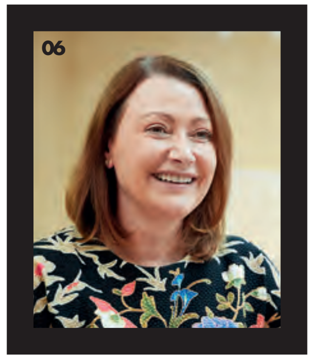
- Sustainability at ASOS focuses on both our products – how we make them and what materials we use – and our business operations – how we get our products to our customers and how we run our Head Office and supply chain network. We consider the entire lifecycle of our products, our use of plastic and packaging, energy usage and procurement, logistics and our wider carbon footprint.
- Some of our sourcing regions, and our dependence on natural commodities to produce our products, are particularly vulnerable to the impacts of climate change. By building greater transparency and securing supply routes for more sustainable materials we increase our resilience. Continuous engagement with our supply base encourages a proactive approach to building resilience, for example in addressing waste and energy management. When we look at new sourcing regions, environmental risk is a key consideration.

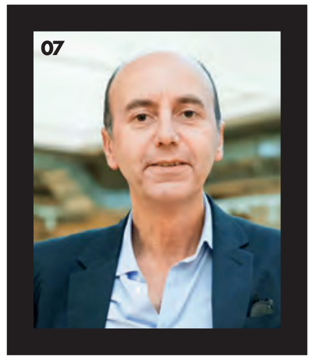
Board of Directors

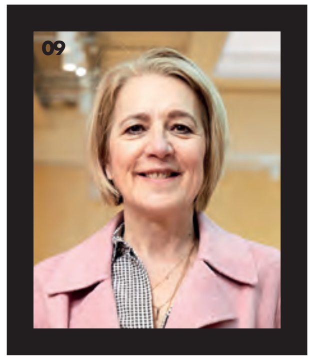
Key
- (A) Audit Committee
- (N) Nomination Committee
- (R) Remuneration Committee











01 Adam Crozier (N)
Chairman

Appointed November 2018

External Appointments Chair of Kantar and Whitbread plc, non-executive director of Sony Corporation

Experience Adam was previously chairman of Vue International and previous non-executive directorships include Stage Entertainment BV, G4S plc, Debenhams plc and Camelot Group plc.

Adam has had over 20 years' experience as a chief executive officer across four different industries, most recently as the chief executive officer of ITV plc from April 2010 to June 2017. Over that time he has built a strong track record in turning around troubled organisations and for his ability to build and lead successful management teams. Under Adam's leadership, ITV was transformed into one of the most successful and dynamic media and content companies in the world and its financial performance improved dramatically.

Before joining ITV, Adam was chief executive of Royal Mail, where over seven years he led its modernisation and transformed it from a heavily loss-making position to profitability. Prior to Royal Mail he was chief executive officer of The Football Association between 2000 and 2002 and joint chief executive officer of Saatchi & Saatchi from 1995 to 2000.

02 Nick Beighton
Chief Executive Officer

Appointed Chief Financial Officer in April 2009 and Chief Executive Officer in September 2015

External Appointments None

Experience Nick is a chartered accountant, who qualified at KPMG and has been Chief Executive Officer 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. During his tenure, ASOS has grown both in the UK and around the world. Today, ASOS is one of the leading fashion destinations for 20-somethings globally, trading in almost every country in the world.

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 eCommerce Task Force and the Future Fifty Programme Advisory Panel. Nick is also a member of the Retail Sector Council and is a trustee of the ASOS Foundation.

03 Mat Dunn
Chief Financial Officer

Appointed April 2019

External Appointments None

Experience Mat is a chartered management accountant with over 15 years of post-qualification experience. He has significant international experience in both developed and developing markets, as well as experience leading major commercial and functional improvement and transformation programmes.

Before ASOS, Mat held various financial planning, management and leadership positions at SABMiller plc from 2002, before joining EMI Music Limited as chief financial officer of their Global Catalogue division in 2009. He returned to SABMiller plc in 2010, where he held the role of chief financial officer of Asia until 2014 before becoming chief financial officer of South African Breweries Limited from 2014 until 2015. In 2015, Mat joined the board of Britvic plc as chief financial officer.

04 Ian Dyson (A) (N) (R)
Senior Independent Director and Chair of the Audit Committee

Appointed October 2013

External Appointments Non-executive director of Flutter Entertainment plc (formerly Paddy Power Betfair plc) and chair of the audit committees of Intercontinental Hotels Group plc and SSP Group plc

Experience He has more than 20 years of experience in the public market arena and has held both executive and non-executive directorships at FTSE 100 and FTSE 250 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.

05 Mai Fyfield (A) (R)
Independent Non-executive Director

Appointed November 2019

External Appointments
Non-executive director of Roku, a US listed entity, Nationwide Building Society and BBC Commercial Holdings

Experience Mai was chief strategy and commercial officer at Sky plc until October 2018, responsible for leading strategy and Sky's commercial partnerships across the Sky Group. During her time at Sky, she was a key player in the growth and diversification of the business and has extensive international and digital experience. Prior to joining Sky in 1999, Mai spent eight years working as an economic advisor to blue-chip companies in a number of different industries, both in the UK and the US.

06 Karen Geary (A) (N) (R)
Independent Non-executive Director and Chair of the Remuneration Committee

Appointed October 2019

External Appointments
Non-executive director of National Express Group plc

Experience Karen is a former FTSE 100 HR director with an extensive track record in the technology industry. Between 1998 and 2013, Karen was with The Sage Group plc, where she built the HR function and was a member of the executive committee from 2004. Between 2014 and 2016, Karen was chief people officer at Wandisco, Inc., based in the US. She was most recently with Micro Focus International, the FTSE 100 software company, as chief human resources officer, having initially joined the business as a non-executive director and chair of the remuneration committee in 2016.

Karen brings over 20 years of executive leadership experience across start-up and listed blue-chip organisations, as well as international HR and business transformation experience across a variety of industries, particularly in Europe and the US.

07 **Luke Jensen**
Independent Non-executive Director

Appointed November 2019

External Appointments Executive director of Ocado Group plc, chief executive officer of Ocado Solutions Limited and non-executive director of Hana Group

Experience Luke is currently chief executive officer of Ocado Solutions, a position he has held since 2017 and joined the Board of Ocado Group plc, the FTSE 100 listed online grocer and technology company, in 2018. Prior to this, Luke was a senior advisor at Boston Consulting Group between 2015 and 2017, and between 2008 and 2014, Luke held various roles at J Sainsbury plc, including group development director, where he was responsible for online and all customer-facing digital activities. Luke has extensive experience in logistics, strategy and technology in the retail sector, on an international scale.

08 **Nick Robertson**
Founder and Non-executive Director

Appointed Co-founded ASOS.com Ltd in 2000, and served as its Chief Executive Officer until September 2015, when he became a Non-executive Director

External Appointments: None

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 is 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.

09 **Eugenia Ulasewicz**
Independent Non-executive Director

Appointed April 2020

External Appointments Non-executive director of Signet Jewelers Limited, Vince Holding Group and Hudson Limited

Experience After holding a number of senior retail positions with Bloomingdale's, Galeries Lafayette and Saks Fifth Avenue, Eugenia joined Burberry Group plc and was President of Burberry, Americas, one of three global regions of Burberry Group plc which includes North and Latin Americas, from 1998 to 2013. After leaving Burberry in 2013, Eugenia took on a number of board engagements and serves as a non-executive director for Signet Jewelers, Hudson Limited and Vince Holding Group. She was a non-executive director on Bunzl plc, a global distribution and outsourcing group based in the UK with substantial operations in the US and continental Europe, until April 2020. Eugenia has extensive experience in brand management, technology, digital and social media marketing and general management, particularly in the US and the broader Americas.

Anna Suchopar
General Counsel & Company Secretary

Appointed June 2019

Changes during the year

Hilary Riva
Non-executive Director

(Stepped down from the Board on 31 March 2020)

Rita Clifton
Non-executive Director

(Stepped down from the Board on 31 March 2020)

Corporate Governance Report

Chairman's Governance Statement

Dear Shareholder,

I'm pleased to present this year's Corporate Governance Report. For ASOS Plc 'Doing the Right Thing' underpins every part of our business model, and the Board is committed to maintaining the highest levels of corporate governance to support the creation of long-term sustainable value for our shareholders, employees, suppliers and other key stakeholders.

The Board started the year focused on ensuring that the business got back on track, following a challenging prior year, and continued to deliver against the commitments we made last year. ASOS had a solid start to the financial year, but in the second half of the year, the impact of the COVID-19 pandemic meant that the Board's focus shifted to ensuring the health, safety and wellbeing of our people, while also taking steps to protect the business financially and adapt at speed to the changing landscape. Although the outlook is uncertain, these steps, combined with the rigorous cost management and organisational changes we have put in place, mean that we have been able to deliver a strong performance in difficult circumstances. The Board is confident that we have emerged from this year a stronger, more agile and resilient business.

Board and Executive Committee strengthening

To help position the Group for its future growth aspirations, we welcomed four new Non-executive Directors during the year: Karen Geary, Luke Jensen, Mai Fyfield and Eugenia Ulasewicz. These additions have strengthened the Board, and have brought a wealth of knowledge from across retail, technology, logistics, international markets and people management to the Board. Full biographies can be found on pages 37 to 38.

Hilary Riva and Rita Clifton stepped down from the Board in March 2020. Both made extremely valuable contributions to ASOS and I would like to thank them both on behalf of the Board for their work and wish them every success in the future.

In addition to our Board changes, we also significantly strengthened our senior management team during the year with the appointment of a Chief Growth Officer, Chief People Officer, Chief Strategy Officer and Chief Commercial Officer to our Executive Committee. Each appointment has further strengthened our leadership team and internal capabilities to support our global ambitions and set us up for our next stage of growth.

Stakeholder engagement

The Board understands the importance of engaging with our key stakeholders and we have continued to keep their interests at the forefront of our decision-making throughout the year. As part of this effort, Karen Geary replaced Rita Clifton as our Designated Non-executive Director for employee engagement. During the year Karen met with the Chairs of our employee forum, InTouch, providing feedback to the Board on employee sentiment. More information on how the Board engages with stakeholders can be found on page 22.

Governance

Maintaining appropriate standards of corporate governance is essential for good management of the business. As a Board, we recognise the need for ensuring an effective corporate governance framework is in place to give our stakeholders the confidence that the business is being run effectively.

The 2018 UK Corporate Governance Code (the Code) became applicable to ASOS from 1 September 2019. During the year, we have applied the principles of, and complied with the provisions of, the Code, with the exception of Provisions 36 and 38, post-employment shareholding requirements and aligning executive director pension contributions with the workforce. After a review of post cessation shareholdings for Executive Directors, the Remuneration Committee and the Board concluded that sufficiently robust retention measures exist under the current plan rules to ensure a significant number of shares are held post cessation and therefore it was not recommended to introduce a formal policy (this is discussed in more detail in the Remuneration Report on page 63). An explanation of how we will comply with Provision 38 in the future is set out on page 53 in the Directors' Remuneration Report. A full version of the Code is available from the Financial Reporting Council website at www.frc.org.uk.

Adam Crozier
Chair
13 October 2020

Corporate governance framework

Board structure

The table below sets out our governance framework and outlines the division of responsibilities between the Chair and the CEO, as agreed by the Board, along with a summary of the roles of the Senior Independent Director, the Executive Directors and the Non-executive Directors, and our Committees.

The Board

The Board is responsible for the long-term sustainable success of the Company, by ensuring that ASOS, its subsidiaries and all its businesses (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. It sets the Group's purpose, strategy and values and is accountable to shareholders for ensuring that the Group is appropriately managed and achieves its objectives in a way that is supported by the right culture and behaviours. The Board sets the Group's risk appetite, and reviews the controls applied to operate the business in line with that appetite. It determines, monitors and oversees risk management processes, financial controls and audit processes to ensure ASOS operates effectively and sustainably n the long term.

Chair

- Responsible for running the business of the Board
- Ensures the effectiveness of the Board and appropriate strategic focus and direction
- Promotes high standards of corporate governance
- Encourages open debate between the Executive and Non-executive Directors

Chief Executive

- Responsible for proposing the strategic focus to the Board
- Implementation and execution of strategy
- Leading the engagement of ASOS through the Executive Committee

Senior Independent Director

- Trusted intermediary for other Non-executive Directors
- Supports the Chair
- Appraises the Chair's performance
- Available to shareholders where concerns arise

Non-executive Directors

- Scrutinise and constructively challenge the performance of management in the execution of our strategy
- Provide sound independent judgement to Board discussions
- Protect long-term shareholder value

The Board has delegated specific responsibilities to the Board Committees: Audit, Nomination and Remuneration. The duties of each Committee are set out in the Committees' Terms of Reference, which are available at www.asosplc.com. Details of each of the Committee's activities during the year are set out in the Committee reports on pages 45 to 70. The minutes of Committee meetings are shared with all Directors and each Committee Chair provides a verbal report on Committee activities to the Board following each Committee meeting. Each Committee has access, at the cost of the Group, to the resources, information and advice that it deems necessary to enable the Committee to discharge its duties.

Audit Committee

More information on the composition, responsibilities and activities of the Audit Committee are set out in the separate Audit Committee Report on pages 45 to 48.

Nomination Committee

More information on the composition, responsibilities and activities of the Nomination Committee are set out in the separate Nomination Committee Report on pages 49 to 50.

Remuneration Committee

The composition, responsibilities and activities of the Remuneration Committee are set out in the Directors' Remuneration Report on pages 51 to 70, along with our Remuneration Policy and details of how that policy was implemented during the year to 31 August 2020.

Disclosure Committee

To verify the accuracy and oversee the timeliness of Group disclosures and material information as per the regulatory framework.

Executive Committee The Board delegates responsibility for the day-to-day management of the Group to the Executive Committee. Led by the CEO, the Executive Committee is collectively responsible for developing and implementing the strategy, operational plans and budgets; monitoring overall operational and financial performance; overseeing key risks; and management development. The Executive Committee meets formally on a monthly basis.

Operating Board The Executive Committee delegates authority to the Operating Board to manage short-term activities related to trading, retail performance, customer acquisition and operational execution, to drive profitability and the ASOS vision. The Operating Board meets on a weekly basis.

	Plc Board meetings		Committee meetings: Audit		Remuneration		Nomination	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Adam Crozier	9	9	–	–	–	–	2	2
Nick Beighton	9	9	–	–	–	–	–	–
Mat Dunn	9	9	–	–	–	–	–	–
Ian Dyson	9	9	4	4	5	5	2	2
Mai Fyfield[1]	6	6	3	3	3	3	–	–
Karen Geary[2]	7	6	4	4	4	4	1	1
Luke Jensen[3]	6	6	3	3	–	–	1	1
Nick Robertson	8	8	–	–	–	–	–	–
Eugenia Ulasewicz[4]	2	2	1	1	–	–	1	1
Rita Clifton[5]	5	5	2	2	4	4	1	1
Hilary Riva[5]	5	5	2	2	4	4	1	1

1 Mai Fyfield was appointed as Non-executive Director on 1 November 2019.
2 Karen Geary was appointed as Non-executive Director on 1 October 2019. Karen was unable to attend the Board Meeting on 25 February 2020 due to a pre-existing commitment agreed before joining the Board.
3 Luke Jensen was appointed as Non-executive Director on 1 November 2019.
4 Eugenia Ulasewicz was appointed as Non-executive Director on 16 April 2020.
5 Rita Clifton and Hilary Riva stepped down as Non-executive Directors on 31 March 2020.

Our purpose, culture and strategy

The Board has overall responsibility for establishing the Group's purpose, culture and strategy to deliver the long-term growth of the Group and generate value for shareholders.

The Board is committed to the delivery of our clear strategy and mission to be the number one online destination globally for fashion-loving 20-somethings. At ASOS we recognise the importance of effective corporate governance in supporting the long-term success and growth of the Group. Good corporate governance facilitates clear delegation of authority from the Board through to our Executive Committee and Operating Board, and beyond, to promote clear disciplined decision-making and ensure the effective execution of our strategic priorities. During the year, the Board was focused on the delivery of six key priorities to reset the business and prime us for our next stage of global growth (see page 12). The Board has overseen the strengthening of our organisational capabilities and enhanced governance framework with the development of our Executive Committee through the appointments of a Chief Growth Officer, Chief People Officer, Chief Strategy Officer and Chief Commercial Officer. These appointments have ensured that the Group has the right capabilities in terms of scale and complexity, as we continue to grow. Another focus has been on removing non-strategic cost from the business, in order to drive greater efficiencies across the business. Our progress on this priority exceeded our expectations, leveraged by the greater rigour instilled in our financial discipline and operational governance. Our next stage of our growth will seek to build our global scale, particularly in the US and Europe, driven by five key strategic pillars (see page 20). Over the next year, the Board will be focused on ensuring we deliver on the strategic priorities that underpin our five strategic pillars.

The Board acknowledges that it is accountable to stakeholders for ensuring that the Group is appropriately managed and achieves its objectives in a way that is supported by the right culture and behaviours. The Board is responsible for ensuring that its activities reflect the culture of the Group, set the tone from the top and drive the right behaviours with our ASOSers. Our ASOS behaviours are recognised by all ASOSers and support our culture and ensure that every ASOSer lives our purpose. During the year, Karen Geary took on the role of Designated Non-executive Director for employee engagement and met with the Chairs of our employee forum, InTouch. More information on this can be found on page 22. Our Chairman, Adam Crozier, also attended an InTouch Forum during the year, giving InTouch members the opportunity to ask him questions.

Board meetings

The Board held eight scheduled meetings during the year. The Chairman and the Senior Independent Director held an additional meeting with the CEO and CFO to discuss the stress tests that had been conducted on cash flow in response to COVID-19, as well as a wider update on the business and business continuity proposals. Directors are expected to attend all scheduled Board and relevant Committee meetings. The table above sets out attendance at all Board and Committee meetings held during the year to 31 August 2020.

The Board and its Committees receive appropriate and timely information before each meeting, a formal agenda is produced for each meeting, and Board and Committee papers are distributed several days before meetings take place allowing all Board members to contribute, even if they cannot attend. In response to the COVID-19 pandemic, the Board were provided with information on the Group's response in terms of business continuity, trading, our supply chain, logistics, fulfilment centres and delivery solutions, as well as how we ensured the health, safety and wellbeing of our employees during lockdown, and continued to provide relevant and engaging content with our customers. 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 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. The appointment and removal of the Company Secretary is a matter reserved for the Board as a whole. Individual Directors are also able to take independent legal and financial advice at the Group's expense when necessary to support the performance of their duties as directors. During the year, the Chair met with the Non-executive Directors without the Executive Directors being present.

Throughout their period in office, the Directors are also updated on the Group's business areas 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.

In addition, a Directors' and Officers' Liability insurance policy is maintained for all Directors.

Key Board actions during the year

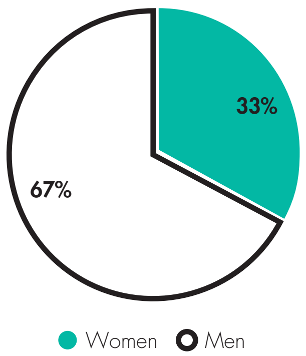
- C-Suite recruitment
- Monitored progress with TGR
- Group's response to COVID-19
- The placing of non-pre-emptive shares in April 2020
- Repayment of funds received from UK Government's furlough scheme and the Bank of England's Covid Corporate Financing Facility
- Approved Three-Year Strategy & Plan
- Approved ASOS Foundation funding

Board composition

The Board is currently composed of the Chair, two Executive Directors (the CEO & CFO) and six Non-executive Directors, five of whom are considered to be independent. There were some changes to the composition of the Board of Directors during the year with the appointment of four Non-executive Directors, who joined us throughout FY20. Biographies for the Directors that are appointed as at the date of this report are set out on pages 37 to 38. The Board is satisfied that all Non-executive Directors have sufficient time to commit to their role on the Board.

The Board is satisfied that its Directors have an appropriate balance of skills and experience, and there is a suitable balance between independence of character and judgement, and knowledge of the Group, 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 have effective procedures in place to monitor and deal with conflicts of interest. Any changes to the time commitments and interests of its Directors are reported to and, where appropriate, agreed with the rest of the Board.

Board diversity



ASOS recognises the importance of diversity across the organisation and see it as a key driver of business success. We are an organisation that is committed to creating an inclusive culture where our people reflect the diversity of the customers we serve. We are passionate about creating an environment where every ASOS employee is given the opportunity to contribute and use their talents, skills and experiences to participate in making ASOS the number one online destination for fashion-loving 20-somethings. We believe that a diverse Board, with a broad range of skills, backgrounds, knowledge and experience, is an essential element to maintain Board effectiveness and competitive advantage. Diversity of skills, background, knowledge and gender are all taken into consideration when making new appointments to the Board. All appointments are made on merit, taking into account suitability for the role, composition and balance of the Board, to ensure that the Group has the right mix of skills, experience, independence and knowledge to perform effectively and drive our next stage of growth. The Board consider suitably qualified applicants from as wide a range as possible, with no restrictions on age, gender, religion or ethnic background and the Group will only engage with executive search firms who have signed up to the voluntary Code of Conduct on gender diversity and best practice to ensure that the pool of candidates is as wide and diverse as possible. We endeavour to maintain a level of at least 30% female Directors on the ASOS Plc Board over the short to medium term. The Board ensures that procedures are in place to underpin this policy on diversity, including in its succession planning for senior management.

Board appointments

The Board, on the recommendation of the Nomination Committee, makes decisions regarding the appointment and removal of Directors and there is a formal, rigorous and transparent procedure for appointments. To facilitate their understanding of ASOS and provide an insight into the experience of an ASOS employee, all new Directors receive a comprehensive, formal induction tailored to their needs, including site visits, briefings from senior managers on key areas of the business and meetings with external advisers. In accordance with the UK Corporate Governance Code, all of our Directors stand for re-election annually at every AGM. The Board unanimously believes that the contributions of each Director standing for re-election continue to be effective. We therefore encourage shareholders to support their re-election and, in the case of Eugenia Ulasewicz, election at the AGM on 26 November 2020.

Board effectiveness review

An effective Board is vital to the success of ASOS and, in order to ensure that the Board continues to operate as efficiently as possible, and that each Director is sufficiently committed to their role, the Board conducts regular evaluations of its performance, as well as that of its Committees and individual Directors, usually annually and led by the Chair.

Given the changes in the composition of the Board during the year, the decision was made to conduct this year's Board effectiveness review internally, by way of an online questionnaire. The Chair and the General Counsel & Company Secretary agreed the approach and the specific topics that would be covered, and the Directors were invited to comment anonymously on Board composition and succession, performance of the Chair, Senior Independent Director and the Committees, risk management and stakeholder engagement, as well as the culture of the Board.

The results of the questionnaire were collated, and recommended actions were presented to the Board for discussion. The Board agreed that it was satisfied with the overall performance of the Board during the year, that the Directors had worked well together and that the Board and its Committees had discharged their duties effectively. The review identified some opportunities for the Board and some of the areas of focus for the year ahead include continuing to enhance the engagement between Board members and senior leadership, increase the Board's engagement with how the business evaluates and monitors its culture, and continue to develop the operation of the Nomination Committee and its focus on succession planning, diversity and inclusion. The recently appointed Chief People Officer will play an integral role in facilitating the latter two areas of focus.

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

Month	Conference name	Where
October 2019	Full Year Results Roadshow	London, Boston, New York
November 2019	JP Morgan Best of British Conference	London
	Berenberg West Coast Consumer Conference	California
	Morgan Stanley Global TMT Conference	Barcelona
January 2020	Berenberg Benelux Roadshow	Amsterdam, Rotterdam, Brussels
	Exane Retail Store Tour	London
April 2020	Virtual Half Year Results & Placement Roadshow	Global
May 2020	Exane Frankfurt IR Virtual Roadshow	Frankfurt
June 2020	Wells Fargo Bricks to Clicks Virtual Conference	New York

Relations with shareholders

ASOS is committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood. During the year, numerous activities were undertaken to engage with our shareholders. More information about our engagement with shareholders can be found on page 22.

Results and routine announcements

We communicate with shareholders through our full-year and half-year announcements and trading updates. We invite institutional shareholders and analysts to attend presentations either in person or virtually, following our full-year and half-year announcements. The presentation slides and webcasts of the presentations are made available at www.asosplc.com.

Shareholder meetings

The AGM is the principal forum for dialogue with private shareholders. The AGM was held on Wednesday 27 November 2019 at our head office in London. The Chair and the Chair of each Committee, as well as all other Directors, attended the AGM and were available to answer questions raised by shareholders. Shareholders vote on each resolution by way of a poll, and the results of voting were published on our website www.asosplc.com.

This year's AGM will be held at 12 noon on Thursday 26 November 2020 at our head office in London. We are continuing to monitor developments relating to the outbreak of COVID-19, including the related public health guidance and legislation issued by the UK Government. In light of the continuously changing developments with respect to the COVID-19 pandemic and, in particular, the UK Government's response (including the use of local lockdowns and guidance on working from home and gatherings), the Board has concluded that the interests of all our stakeholders would be best served by running this year's AGM as a closed meeting. Shareholders will therefore not be able to attend in person. Full details are included in the Notice of Meeting, which is sent to shareholders at least 21 days before the meeting.

Website and shareholder communications

Our website www.asosplc.com provides a range of corporate information on our business, results and financial performance, including copies of our Annual Report and Accounts, announcements and presentations.

Meetings, roadshows and conferences

The Directors actively seek to build a mutual understanding of objectives with institutional shareholders. Shareholder relations are managed primarily by the CEO, CFO and Director of Investor Relations, supported by our Chair as appropriate. A calendar of events is set out above. In addition, we review analysts' notes and brokers' briefings to achieve a wide understanding of investors' views. The Board is kept informed of the views and concerns of major shareholders through briefings from the Director of Investor Relations, and investment reports from analysts. The Non-executive Directors, including the Senior Independent Director, are available to meet with major shareholders whenever required to discuss issues as they arise.

Financial controls

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

- The Board is responsible for reviewing and approving overall Group 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.
- 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.

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 below and remain consistent with the previous financial year in order to provide important continuity across our fast-moving business.

Appropriate standards and policies: the Board is committed to maintaining appropriate standards for all 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; our Fashion with Integrity programme; and the ASOS Supplier Standards.

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' 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. The Business Assurance function has primary responsibility for the Risk Register. It has deep links with the Executive Directors and Executive 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 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 with links into the Business Assurance function, and with input from the CFO. The internal audit plan for each year is compiled after consultation with the Executive Committee members, approved by the Audit Committee and the reports and recommendations from each audit are reviewed by the relevant business department, the Executive Committee, Audit Committee and Business Assurance.

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 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 is through our independent, third-party whistleblowing service, Spot, which anyone connected to ASOS can contact through a website portal to share concerns about the business. The Audit Committee is advised of any significant concerns raised through this service and subsequent investigations, while the Board has oversight of investigations of serious wrongdoing and is responsible for reviewing and approving our Whistleblowing Policy and processes. We seek to ensure that all ASOSers, new and long-serving, know of these feedback channels and encourage their use across ASOS.

Audit Committee Report

Committee Chair
Ian Dyson

Members
Mai Fyfield, Karen Geary, Luke Jensen, Eugenia Ulasewicz

Responsibilities
The Committee's principal responsibilities are to:
- Monitor the integrity of ASOS' financial statements in relation to the Group's financial performance.
- Review the effectiveness of the internal and external audit processes.
- Review the effectiveness of the Group's financial and internal controls, including the process for the evaluation, assessment and management of risk.

Terms of reference
The full Terms of Reference for the Committee are available on our corporate website, www.asosplc.com. They were last reviewed on 8 October 2020.

Committee attendance

Committee member	Role	Attendance record
Ian Dyson	Committee Chair	●●●● 4/4
Mai Fyfield[1]	Non-executive Director	●●● 3/3
Karen Geary	Non-executive Director	●●●● 4/4
Luke Jensen[1]	Non-executive Director	●●● 3/3
Eugenia Ulasewicz[2]	Non-executive Director	● 1/1
Rita Clifton[3]	Non-executive Director	●● 2/2
Hilary Riva[3]	Non-executive Director	●● 2/2

1 Mai Fyfield and Luke Jensen were appointed as Non-executive Directors and joined the Audit Committee on 1 November 2019.
2 Eugenia Ulasewicz was appointed as Non-executive Director and joined the Audit Committee on 16 April 2020.
3 Rita Clifton and Hilary Riva stepped down from the Audit Committee and as Non-executive Directors on 31 March 2020.

Audit Committee Chair's statement

During the year, the Committee has continued to assist the Board in fulfilling its oversight responsibilities by monitoring and reviewing the integrity of the Group's financial reporting and the effectiveness of the Internal and External Audit functions, risk management framework and cyber security. As well as the 'business as usual' items, the Committee was particularly focused on the impact of the COVID-19 pandemic on the business, in terms of financial performance, new and emerging risks, and crisis management, business continuity and resilience.

The Committee's priorities for the next financial year will be to consider the ongoing impact of COVID-19 on the Group in terms of future planning and the evolution of Group-wide business continuity arrangements, monitor the implementation of the business strategy and its impact on the Group's internal control and risk management processes, and continue to ensure appropriate focus is given to the critical topics of cyber security and the controls programme for ASOS' sourcing supply chain.

Committee membership and activities

The members of the Committee are independent Non-executive Directors who possess the necessary depth of financial and commercial expertise to fulfil their role. Detailed information on the experience, skills and qualifications of all Committee members can be found on pages 37 to 38. The Board is satisfied that the Committee Chair, Ian Dyson, has recent and relevant financial experience.

Although not members of the Audit Committee, our Company Chair, CEO, CFO and General Counsel & Company Secretary are also invited to attend meetings, unless they have a conflict of interest. Other senior members of the business are invited to attend meetings as appropriate. The Audit Committee met four times for scheduled meetings during the year.

Key activities during the year

Financial reporting	– Reviewed the Annual Report and Accounts, including whether they were fair, balanced and understandable, the material judgements and estimates, going concern and viability statements. – Considered the external auditor's report on the full- and half-year audits. – Reviewed the full- and half-year results announcements.
External audit	– Appraised the effectiveness and performance of our external auditors, assessed their independence and objectivity, and recommended their reappointment. – Considered the external audit fees and terms of engagement. – Reviewed the non-audit services and fees of the external auditor.
Risk and internal controls	– Monitored the Group's Risk Register, including the completeness of the process to identify the Group's principal and emerging risks and movements in such exposures, particularly in relation to new and emerging risks connected to the COVID-19 pandemic. – Reviewed the effectiveness of the Group's risk management and internal control systems. – Received updates on material litigation and whistleblowing matters. – Considered reports on the Group's Gifts & Hospitality Policy.
Internal audit	– Monitored and reviewed the effectiveness and independence of the internal audit function. – Reviewed internal audit reports and monitored the implementation of internal audit recommendations.
Other matters	– Approved revised Terms of Reference for the Committee. – Received updates on tax matters and approved the Group's Tax Strategy. – Reviewed progress with Business Continuity planning. – Reviewed the robustness of the cyber security processes and systems, the work of the Cyber Security team and the ASOS Security Strategy for the next three years.

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 LLP (PwC) act as external auditors to ASOS and Deloitte LLP act as our internal auditors. The Audit Committee Chair and members regularly meet with both the external and internal auditors, without the Executive Directors or members of the Finance team being present. ASOS also receives advice as needed from KPMG, EY and Slaughter and May LLP on tax and legal issues relating to corporate matters.

Financial reporting

The Committee's primary responsibility in relation to the Group's financial reporting is to review, with management and the external auditor, the quality and appropriateness of the annual and half-yearly financial statements. The Committee focuses on the quality of accounting policies and practices, the appropriateness of underlying assumptions, judgements and estimates made by management, key audit matters identified by the external auditor, the clarity of the disclosures and compliance with financial reporting standards, an assessment of whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, and advising the Board on the form and basis underlying the long-term Viability Statement. The Committee received reports from management in relation to the identification of critical accounting judgements, significant accounting policies and the adoption of IFRS 16 during the current financial year.

The Board has discussed areas of risk with the auditors and agreed for the following areas of heightened risk to be reviewed and assessed in the audit of ASOS' performance in the financial year to 31 August 2020:

- Capitalisation of costs may not be appropriate: given the high level of internal development of software there is a risk that staff costs are inappropriately capitalised.
- Revenue may not be correctly recorded: as revenue is recognised on despatch and the returns provision is based on estimates there is a risk that revenue may not be accurately recorded.
- Inventory not recorded correctly: having regard to the significant level of inventory holdings in both the UK and 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.
- Consideration of the impact of COVID-19: given the significance of the impact of COVID-19 on the global economy, customer behaviours and associated cash flows, the carrying amount of assets and projected future cash flows in the context of going concern and impairment assessments.

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 80.

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 2020 were £420,325 (2019: £374,161). 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 Committee.

The Board is satisfied that the Group 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 from ASOS. Periodic rotation of key audit partners is also required. Current PwC audit partner Andrew Latham first started overseeing ASOS' external audit with effect from the financial year ended 31 August 2017. A new audit partner will need to be appointed for financial year ended 31 August 2022.

The Board has a formal policy on the Group'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 2020 AGM.

Risk management and internal controls

The Board has delegated responsibility for overseeing the effectiveness of the Group's internal controls and risk management systems to the Audit Committee. The Committee has a policy of continuous identification and review of principal business risks and considers how those risks may affect the achievement of business objectives and determines appropriate mitigation, taking into account the Group's risk appetite.

The Executive Committee implements the internal controls and processes to put the Committee'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 Group risk management process is managed and co-ordinated by the General Counsel & Company Secretary, supported by the Business Assurance team, to ensure there is a more integrated, deeper focus on applying and evolving risk management and internal controls throughout the business.

Our Business Risk Register is formally reviewed every six months using a consistent process to identify the likelihood and business impact of any material or emerging risk, as well as any mitigating factors or controls, and a robust assessment of the principal and emerging risks facing the Group has been carried out during the year. Progress and key themes coming out of the ongoing Risk Register review are reported to the Executive Committee and the Audit Committee. More details on our risk management processes and Risk Register can be found in the Risk Report on pages 30 to 35.

COVID-19 caused us to re-evaluate systems of risk management and internal control. The business quickly had to adapt to new ways of working during the pandemic, switching the majority of our workforce to remote working, including our Customer Care centre. This brought new risks with it and, at the same time, mitigated others, and whilst we have a number of systems controls which are unaffected by location of work, we performed a full review of what additional risks might exist. This risk review involved cross-functional information gathering, with input from specialists across the business, which was discussed and refined by our Operating Board. In addition to the bi-annual business risk review, a COVID-19 specific risk register was established to capture these risks but also changes or movement in existing risks due to the pandemic. The COVID-19 risk register is reviewed by the Executive Committee on a quarterly basis and reported to the Audit Committee as part of the bi-annual risk review.

Our business continuity response teams have been monitoring the development of the pandemic since the onset in January to allow for a swift response to any changes or new guidance. Our Business Continuity Plans ('BCP') were updated to include the specific scenario of a forced office, website or fulfilment centre closure for an extended period. Whilst COVID-19 has been a serious test of the Group's resilience and limits, the Group has maintained operations throughout and much has been learnt with regards to business continuity. These learnings have been captured and incorporated into updated and new BCP for a full operational shutdown of the Group's fulfilment centres and website, and the ASOS Studios, and the rigour and resilience of both of these BCP are being assessed and tested pursuant to the Group's Internal

Audit Plan for FY21. Beyond COVID-19, the focus for the next financial year will be on reviewing and refreshing the full suite of Group BCP to improve resilience and robustness, as well as to incorporate COVID-19 learnings, and improve scenario-specific plans. An annual BCP management cycle will also be embedded, to better track, review and evolve BCP.

During the year, the Committee continued to monitor the progress being made to further strengthen and develop the Group's cyber security measures, including a review of ASOS' Security Strategy for the next three years. ASOS' approach to cyber security, and the level of security controls and processes that have been put in place over the last few years, continues to be essential to our fast-moving high-growth business, and has been particularly necessary as the Group adopted to the change in security threats caused by the COVID-19 pandemic.

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 2020 and up to and including the date of this report.

Internal audit

Our internal audit function provides independent assurance as to the adequacy and effectiveness of the Group's internal controls and risk management systems. Our internal audit function is outsourced to Deloitte LLP, who report on their ongoing reviews at each Committee meeting. The Executive Committee has responsibility for ensuring the timely implementation of any recommendations and actions resulting from the completion of an audit. The Committee continues to monitor the effectiveness of the internal audit function.

Prior to the start of the financial year, the Committee reviewed and approved the schedule of planned internal audits to be undertaken during the year, which focused on providing re-assurance over core processes and risks relating to ASOS' largest change programmes. In response to the COVID-19 pandemic, and the significant logistical, organisational and decision-making challenges this presented, Internal Audit reassessed the existing plan for FY20 and amended the timings for the majority of the audits that were due to be completed in this financial year, including deferring a number of audits to FY21. The following key internal audits were completed during the year: TGR Assurance, Business Continuity and Disaster Recovery, Data Security incidents, Treasury, Digital Marketing and Data Protection Key Controls and the Committee will monitor the timely implementation of any resulting actions required by management. A revised schedule of internal audit review projects for the financial year to 31 August 2021 was approved by the Audit Committee in October 2020.

Ian Dyson
Audit Committee Chair

13 October 2020

Nomination Committee Report

Committee Chair
Adam Crozier

Members
Ian Dyson, Karen Geary, Luke Jensen, Eugenia Ulasewicz

Responsibilities
The Committee's principal responsibilities are to:
- Monitor the structure, size and composition of the Board and its Committees.
- Identify the balance of skills, knowledge, diversity and experience on the Board and recommend new Board and/or Committee members to the Board as appropriate.
- Review the time commitment and independence of the Non-executive Directors, including potential conflicts of interest.
- Oversee talent and succession plans for senior management.
- Ensure that an appropriate and tailored induction is undertaken by all new Board members and that training and development is available to existing Board members.

Terms of reference
The full Terms of Reference for the Committee are available on our corporate website, www.asosplc.com.

Committee attendance

Committee member	Role	Attendance record
Adam Crozier	Committee Chair	1/1
Ian Dyson	Non-executive Director	1/1
Hilary Riva[1]	Non-executive Director	1/1
Rita Clifton[1]	Non-executive Director	1/1
Karen Geary[2]	Non-executive Director	Not applicable
Luke Jensen[2]	Non-executive Director	Not applicable
Eugenia Ulasewicz[2]	Non-executive Director	Not applicable

1 Rita Clifton and Hilary Riva stepped down from the Nomination Committee and as Non-executive Directors on 31 March 2020.
2 A Nomination Committee meeting was not held during the year following the appointment of Karen Geary, Luke Jensen and Eugenia Ulasewicz to the Committee.

During the year, the main focus of the Committee has been on the induction of the new Non-executive Directors, the strengthening of the Executive Committee, with key appointments made during the year, succession planning for the Executive Committee and senior management, and the further development of the Group's approach to diversity and inclusion.

We welcomed Karen Geary, Mai Fyfield, Luke Jensen and Eugenia Ulasewicz to the Board as Non-executive Directors during the year. These appointments ensure that we have the world-class experience, skills and expertise necessary to guide ASOS through its next stage of global growth. The new Non-executive Directors were provided with a comprehensive induction programme to ensure that they were sufficiently and efficiently onboarded to begin to perform their duties as quickly and successfully as possible. The induction programme included one-to-one meetings with the Executive Committee, other key members of the leadership team and external advisors, a full suite of documents including company information, confirmation of their duties as directors, and rules, regulations and guidance. They were also provided with a tour of our UK Fulfilment Centre, led by our Supply Chain Directors.

The new Non-executive Directors have already made an impact on the effectiveness of the Board and Committees and we are now confident that we have the appropriate balance of skills, knowledge, experience and diversity on the Board, capable of driving the Group forward successfully to achieve its strategic goals. The Committee considers all of the Non-executive Directors, with the exception of Nick Robertson, to be independent in accordance with UK requirements and they continue to make effective contributions and effectively challenge management.

We have also made progress with strengthening the Executive Committee, following the appointment of Robert Birge as Chief Growth Officer, Jo Butler as Chief People Officer and Patrik Silén as Chief Strategy Officer during the year. They sit alongside our existing CEO, CFO, CIO and COO and have been charged with developing strategy and continuing to scale the business at pace, to create a more diverse and global team. The Executive Committee has hit the ground running and are working together effectively and forming solid relationships. We have also appointed a Chief Commercial Officer, who will play a pivotal role in leading and transforming our retail structure, to meet our three year ambitions. In the coming year, the Committee will turn its focus to ensuring that there is a robust succession plan in place for the Executive Committee and the wider senior leadership team, in particular developing cross-functional leaders of the future and specialist subject matter experts.

The Committee believes that diversity and an inclusive culture is a key driver of business success and is committed to having a diverse leadership team, which provides a range of perspectives, insights and the challenge needed to support good decision-making. The Committee is pleased that the Board has exceeded the target recommended in the Hampton-Alexander Review and, as at the date of this report, 33% of the Board is female. Following the recent changes to the Executive Committee, one position is currently held by a woman (12.5%), while 37.5% of senior leadership roles are currently held by women (2019: 28.5%). The Committee is committed to improving the diversity in senior leadership roles and in leading the way in developing the pipeline of BAME candidates within ASOS and this will be a key focus of FY21. More information on ASOS' diversity initiatives can be found on page 25.

Adam Crozier
Nomination Committee Chair
13 October 2020

Directors' Remuneration Report

Committee Chair
Karen Geary

Members
Ian Dyson Mai Fyfield

Activities during the year
- Considered the alignment of executive remuneration with the strategy of ASOS and the effectiveness of the current policy.
- Reviewed and confirmed the outcome of the 2020 annual bonus and the 2018 three-year ASOS Long-Term Incentive Scheme (ALTIS) awards for Executive Directors and senior management.
- Undertook the 2021 salary review for Executive Directors and senior management, having regard to a wide array of internal and external factors.
- Reviewed and revised the TSR comparator group for 2021.
- Set targets and performance measures for the 2021 annual bonus and ALTIS awards for Executive Directors and senior management.
- Reviewed and approved the levels and structure of remuneration for the appointment of three Executive Committee members during the year.
- Considered the relationship between executive pay and wider workforce pay.
- Considered corporate governance developments and market practice relating to executive and wider workforce pay.

Terms of reference
The full Terms of Reference for the Committee, which are reviewed and approved annually, are available on our corporate website, www.asosplc.com. These were last updated on 17 September 2020.

Committee attendance

Committee member	Role	Attendance record
Karen Geary[1]	Committee Chair	●●●● 4/4
Mai Fyfield[2]	Non-executive Director	●●● 3/3
Ian Dyson	Non-executive Director	●●●●● 5/5
Hilary Riva[3]	Non-executive Director	●●● 3/3
Rita Clifton[3]	Non-executive Director	●●● 3/3

1 Karen Geary was appointed to the Remuneration Committee on 1 October 2019 and was appointed Chair of the Committee on 1 December 2019.
2 Mai Fyfield was appointed to the Remuneration Committee on 1 November 2019.
3 Hilary Riva stepped down as Chair of the Remuneration Committee on 1 December 2019 and, along with Rita Clifton, stepped down from the Remuneration Committee and the ASOS Plc Board on 31 March 2020.

Remuneration Committee Chair's statement

Dear Shareholder,

On behalf of the Board, I am pleased to present the Remuneration Committee's report for the year to 31 August 2020. This was my first year as Chair and I would like to thank my predecessor, Hilary Riva, for her support and guidance during the transition.

This has undoubtedly been a very challenging year for many UK companies. With the outbreak of COVID-19 in January, ASOS' main priority has been to protect the health and wellbeing of our people and our customers, as shown in our strict social distancing protocols implemented and adhered to across our business.

In spite of the challenging economic environment and uncertain landscape, ASOS continued to deliver a strong operational performance and year on year improvements in profitability this financial year, requiring significant operational change. We maintained a focus on trading dynamically and managing the business rigorously to deliver final year performance well ahead of expectations at the start of the year. Revenue grew 19% year on year and a record level of PBT of £142.1m was achieved. PBT performance includes a one-off positive benefit of c.£45m from COVID-19 (resulting from a beneficial returns profile offset by additional cost).

Given our strong performance, the Board decided it was appropriate to repay in full the support we received from the UK Government Coronavirus Job Retention Scheme, as well as to repay early the total amount drawn down from the Covid Corporate Financing Facility (CCFF). The CEO has also taken the initiative to personally make charitable donations as part of his own response to the pandemic.

Remuneration for the year ended 31 August 2020

Following a review of the performance measures last year, the annual bonus for 2019/20 was based 30% on revenue, 30% on PBT, 15% on free cash flow and 25% on strategic performance objectives. Maximum performance was achieved against the revenue, PBT and free cash flow measures. In respect of performance against the strategic and personal objectives, an overall strong set of results was delivered. Net promoter score (NPS) performance was at on-target levels, EU revenue growth performance exceeded the maximum target and US revenue growth performance was between threshold and target. For the personal objectives, the CEO's performance against a number of people measures was judged to be between target and maximum, while the CFO achieved maximum performance relative to cost management targets. This resulted in an overall bonus of 93.7% and 96.5% of maximum for the CEO and CFO. Full details are provided on page 65.

ASOS Long-Term Incentive Scheme (ALTIS) awards granted in 2017 were subject to performance measured from 1 September 2017 to 31 August 2020. Performance was measured based 30% on sales growth, 30% on EPS growth, 30% on relative total shareholder return (TSR) and 10% on NPS targets. The three-year annual compound growth in EPS and sales was 17.9% and 19.3% respectively demonstrating the strong recovery performance delivered, particularly over the last year. EPS and sales growth performance resulted in 14.1% and 17.1% vesting. TSR performance was below median and NPS was 57, which was below threshold, therefore neither the TSR nor the NPS portions of the award vested. This resulted in an overall vesting level of 31.2% of maximum for this award for the CEO. The Group's performance for these four metrics and the vesting calculation were audited and approved by our auditors, PwC. The CFO joined in 2019 and did not participate in this award. Full details are provided on page 66.

The Committee carefully considered whether incentive outcomes fairly reflected the underlying performance of the business as well as the experience of shareholders and stakeholders during the period. During the year, we developed a discretion framework to support the year-end decision-making process to determine whether any discretion should be exercised.

In relation to the annual bonus, the Committee was mindful that the annual bonus outcomes were close to maximum, in a year that has been very challenging formany people.

When determining bonus outcomes we considered overall company performance over the period and particularly the impact of COVID-19 on our business and the broader market. The Committee noted the excellent revenue, PBT and free cash flow performance delivered over 2019/20 which was significantly above market expectations at the start of the year, and commended the commitment and focus of the senior team on trading dynamically and managing business performance rigorously to deliver these results in very challenging circumstances. The Committee noted that even if the c.£45m one-off benefit from COVID-19 was removed PBT performance would still have significantly exceeded the maximum target. The Committee also noted that the share price has more than doubled over the course of the last year. Overall, therefore, the Committee's view was that the bonus outcome was fair and no discretion was exercised on the bonus outcome.

A similar exercise was carried out for the ALTIS awards granted in 2017. The Committee considers that the ALTIS vesting outcome of 31.2% of maximum fairly reflects performance delivered over the three-year period, and therefore no discretion was exercised on the ALTIS outcome either.

Remuneration for the year ending 31 August 2021

This year, the Committee further reviewed the executive remuneration framework, particularly in the context of the evolving economic environment, and the significant increase in the size, scale and complexity of the business. Our underpinning philosophy is that the remuneration framework should support the execution of our ambitious growth strategy and the creation of value for shareholders and other stakeholders in a way that is consistent with ASOS' culture and values.

As part of this process the Committee reviewed market data prepared by Deloitte (our independent advisors) to understand the positioning of Executive Director pay compared to other companies of a similar size and complexity. This was the first such exercise the Committee had carried out for a number of years during which time the financial size, international reach and complexity of the organisation increased significantly. The market data showed that the CEO's base salary and total remuneration opportunity was positioned in the lower quartile compared to similar sized companies. Similarly the CFO's total remuneration opportunity was positioned between lower quartile and median. The Committee was mindful of the potential ratchetting effect of an over-reliance on pay benchmarking. However, given the current positioning is significantly behind market the Committee and Board believe that a failure now to better align pay with the remuneration arrangements at other companies of a comparable size and complexity for considerably improved performance could present challenges around retention of the current Executive team and the ability to recruit high quality executives in the future.

The review of remuneration arrangements was carried out with proper consideration for the external business and social environment. In view of this, we determined it was prudent not to make any changes to our overall framework at this time, although this remains under review and the Committee will be considering further whether our reward structure is appropriate during the forthcoming year.

Taking into account a range of factors, the Committee recommended to the Board, and the Board approved, the following changes to Executive Directors' remuneration for 2021, as follows:

- **CEO salary** The CEO's salary will increase from £573,000 to £620,000 (an increase of 8.2%) effective 1 December 2020. Since his appointment in September 2015, the business has grown significantly in terms of revenue, profitability, international presence and complexity. Revenue for 2019/20 increased by 186% compared to 2014/15, and PBT by 206% over the same period. In 2014/15, ASOS was a predominantly UK-based business and today we are an increasingly complex international business managing trade and infrastructure on a global basis.

  Prior to the review this year, the CEO's salary has increased by only c.4% since 2015. Last year the Committee decided against re-positioning the CEO's salary in light of the prior year business performance, despite the CEO's remuneration remaining at the lower end of the market. For reasons of retention, incentive, and to recognise the significant improvements in the last year, the Committee considers that this position now needs to be addressed in the context of the CEO's contribution to the strong recovery in performance, the increased complexity of the business, and a reward package that lags the market. The Committee is also mindful that, in a distressed retail market with digital retailing skills being hugely in demand, ASOS talent is highly sought after.

  Following the increase outlined above, the salary for the CEO position will continue to be towards the lower end of market practice compared to similar sized companies. It is the Committee's intention to position the salary for the role of CEO more in line with market practice and continue to make above average increases in order to achieve this in future years. Given the current environment, it is felt that it is better to do this in a phased way rather than in one single move. The Committee will therefore keep the salary under review and look to make further increases over time subject to continued strong performance and contribution from the CEO combined with sustainable Group performance.
- **CFO salary** The Chief Financial Officer's salary will increase from £431,000 to £461,000 (an increase of 7.0%) effective 1 December 2020. He joined ASOS last year and has made a strong start. During the year the scope and responsibility of his role has broadened, encompassing the current programme of transformation and driving key operational improvements. These initiatives have directly translated into enhanced margin and profitability. The Committee therefore considered it appropriate to increase the CFO's salary to recognise the expanded scope of his role.
- **Pension** In line with the UK Corporate Governance Code, which ASOS has chosen to adopt, pension contributions for incumbent Directors will be reduced to be in-line with the wider workforce rate of 5% of salary. From 1 December 2021, contributions will reduce from 15% to 10% of salary for the CEO and from 12.5% to 10% of salary for the CFO. From 1 December 2022, they will be further reduced to 5% of salary for both Directors.
- **Bonus opportunity** Currently the CEO is entitled to a maximum bonus of 150% of salary and the CFO is entitled to a maximum bonus of 100% of salary. The CFO's bonus opportunity will increase to 150% of salary. Given the significant increase in the operational scope and responsibilities of the CFO role previously described, the Committee considers it appropriate that the CFO receives the same bonus opportunity as the CEO. There will be no change to the CEO's bonus. Bonuses will continue to be based 30% on revenue, 30% on PBT, 15% on free cash flow and 25% on strategic performance objectives.
- **ALTIS (ASOS Long Term Incentive Scheme)** The ALTIS opportunity for the CEO and CFO will increase from 200% to 250% of salary. The Committee and the rest of the Board are delighted that ASOS has continued to deliver strong results in spite of the economic uncertainty caused by COVID-19. It is important that our incentive plans continue to offer the opportunity and the motivation to the senior team to drive exceptional growth over the coming years. There will be no change to the performance measures with awards continuing to be based 30% on relative TSR, 35% on EPS growth and 35% on revenue growth. The stretch of the EPS and Revenue targets have been increased to reflect the increase in the award level and to reflect feedback from shareholders. The next 12 months are likely to be challenging with the continuing market and economic disruption related to the COVID-19 pandemic as well as the significant uncertainty around the impact of Brexit. However, we remain confident that in the long term our strategy, business model and operations position us strongly to exploit future growth opportunities and targets have been set in this context. For EPS, threshold vesting will be achieved for FY23 EPS of 138.6p and maximum vesting will be achieved for FY23 EPS of 179.9p (14.3% p.a. and 24.7% p.a. growth compared to EPS excluding the one-off COVID-19 benefit for FY20). For revenue threshold, vesting will be delivered for growth of 10% p.a. and maximum vesting for growth of 20% p.a. For both measures, significant outperformance of FY23 consensus is required to achieve maximum vesting. When setting targets the Committee also considered expected growth rates at our competitors and believes these targets are positioned strongly in that context. The relative TSR vesting schedule is unchanged; however, following feedback from a number of our large shareholders, we have refreshed the TSR comparator group this year to include additional online and fashion competitors in Europe and the US to ensure we are measuring our performance relative to key global peers. We have also refined the UK comparators within the group to provide an increased focus on fashion retailers, particularly those with an established or growing online presence. The new group is shown on page 59.

The Committee and I are extremely mindful of the current market sentiment regarding executive pay levels and the expectation that remuneration committees should exercise restraint. We believe that this proposal balances the need for prudence whilst recognising the changes that ASOS has undergone.

Annual remuneration votes 2019

Total votes cast	**74,217,325**
Votes for	63,419,733
Votes against	10,795,497
Votes withheld (abstentions)	2,095

Historic annual remuneration votes

CEO pay ratios

This is the first year in which the Group is publishing its CEO pay ratios, comparing the Group Chief Executive's total remuneration with that of our UK employees whose full time equivalent remuneration ranks them at the 25th, 50th and 75th percentile of UK employee pay. These ratios are, respectively, 73:1,38:1 and 24:1. Following careful consideration, the Committee is satisfied that the median pay ratio is consistent with the Group's pay, reward and progression policies. When setting the CEO's pay, the Committee has regard to the same fundamental considerations as those taken into account by the UK management team when setting pay for all other UK employees. These include the Group's policy to pay market rates of pay that reward employees fairly for work done and have due regard to individual performance and Group performance where the individual has the ability to influence wider Group performance. The CEO has ultimate responsibility for, and the greatest ability to influence, the Group's performance and returns to shareholders. To reflect this, the CEO's remuneration package has a higher weighting on performance related pay (including the annual bonus and ALTIS) compared with the majority of the workforce. This means the pay ratios are likely to fluctuate depending on the outcomes of incentive plans in each year.

Corporate governance developments

In 2020, we considered the Principles and Provisions of the 2018 Code and we kept market practice in response to them and other executive pay developments under review. The Directors' Remuneration Report explains how the Principles and Provisions of the 2018 Code relating to remuneration have been applied and complied with, save for those areas where non-compliance has been explained. The Group has remained wholly compliant with its remuneration policy summarised in the 2019 Directors' Remuneration Report.

Committee composition and effectiveness

As noted on page 51, during the year I assumed chairmanship of the Committee and Mai Fyfield also joined the Committee. Details of our respective experience can be found on pages 37 and 38. The Committee's membership was and remains fully compliant with the 2018 Code. The outcome of the Committee's performance evaluation, undertaken as part of the Group's internal evaluation of the effectiveness of the Board and its Committees, was very positive and highlighted as a particular strength the open and transparent approach of the Chair and the effective management of Committee meetings.

Shareholder engagement

As an AIM-listed company, we voluntarily seek 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, 85% of shareholders voted in favour of the Directors' Remuneration Report. While shareholder support for our arrangements remained good, the Committee is mindful that the level of support was lower than in recent years.

Prior to the AGM in November 2019, my predecessor and I engaged in a consultation exercise with our largest shareholders. I sought to explain the approach taken to our remuneration arrangements and to understand shareholder feedback. I found the process to be very useful to understand shareholders' views on our remuneration structure in general and the decisions made in respect of 2018/19. From the engagement, it was clear that our investors held different views rather than a single common concern. During 2019/20, the Committee reflected considerably on the feedback received, including comments from some of our largest shareholders on the adoption of alternative structures, and this was taken into account during the remuneration review. The Committee will continue to consider whether an alternative structure would be appropriate for ASOS.

A further shareholder consultation exercise was carried out in September 2020 to obtain feedback on the changes I have outlined and I want to thank our shareholders for the time they have taken to engage with us. Our shareholders continue to hold a range of views in relation to our remuneration framework and we shall take these views into account as we further review remuneration arrangements over the next 12 months.

The Committee and I are always pleased to discuss our approach with our shareholders and welcome your feedback throughout the year. We look forward to receiving your support for the arrangements described in this report at the upcoming AGM on 26 November 2020.

Karen Geary
Chair of the Remuneration Committee
13 October 2020

Remuneration Policy

The Remuneration Committee determines ASOS' 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;
- enable the Group to achieve its strategic objectives and create sustainable shareholder value;
- make sure high performance is required to access high rewards; and
- ensure that the total reward cost to ASOS is affordable and sustainable.

Our Remuneration Policy must 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. Our Remuneration Policy must also be communicated in a way that is simple, effective and clearly understood.

Over the past few months, the Committee has been undertaking a review of the executive remuneration framework at ASOS. As the economic environment continues to evolve, the Committee wishes to ensure that the structure of pay remains fit for purpose, incentivises Executive Directors and continues to be aligned with the overall strategy of the business. This work has been done with proper consideration for the external business and social environment.

As part of this review we considered a range of potential approaches. Given the current external environment, the Committee determined that it was prudent not to make any changes to our overall framework at this time. The Committee will continue to keep the current framework under review as our strategy and the market continue to evolve, including giving consideration to whether an alternative structure would be appropriate for ASOS.

In determining the practical application of the Policy, the Remuneration Committee considers a range of internal and external factors to ensure that remuneration is appropriate and proportionate. 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 remains satisfied that this Policy aligns the interests of Executive Directors, senior managers and other employees with the long-term interests of shareholders; however, as noted above we will continue to keep our approach under review. 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.

The Committee followed a detailed decision-making process which included discussions on the proposals for the Policy at a number of Remuneration Committee meetings. Where changes to elements of the package were discussed, the Committee considered multiple approaches before reaching a decision. During this time the Committee considered input from management and its independent advisers, and sought the views of ASOS' major shareholders to ensure that various perspectives were considered. To avoid any conflicts of interest, no Directors were involved in conversations relating to their own pay.

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 Group's strategy in order to create long-term value for shareholders. The following provides a summary of each element of the Remuneration Policy, along with details of how the Policy will be implemented for the year ending 31 August 2021.

Fixed remuneration elements

Element	Purpose	How it operates	Maximum opportunity	Performance-related framework	Approach to implementation in FY21
Base salary	Reflects an individual's responsibilities, experience and performance in their role.	Reviewed annually. Salaries are normally paid monthly. When determining salary levels the Committee takes into account: – Responsibilities, abilities, experience and performance of an individual – The performance of the individual in the period since the last review – The Group's salary and pay structures and general workforce salary increases Periodically the Committee reviews market data for FTSE-listed, AIM-listed and other retail and internet/ technology-based companies to ensure salaries remain appropriate in this context.	There is no prescribed maximum annual base salary or salary increase. 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. In addition, if salaries are set at a discount to a market rate on appointment, it may be appropriate to provide one or more increases at a higher rate than the broader employee population based on an individual's performance and experience and/or take account of relevant market movements.	When reviewing salaries, we consider the performance of the individual in the period since the last review.	Our annual salary review date is 1 December 2020. The CEO's salary will be increased by 8.2% to £620,000 on 1 December 2020. This increase is to reflect the significant increase in the sales, profitability, international reach and complexity since his appointment in 2015 and to bring his salary more in line with market practice for other companies of a similar size and complexity. The CFO's salary will be increased by 7.0% to £461,000 on 1 December 2020. This increase is to reflect a broadening of the scope and responsibility of his role since joining.
Pension	To contribute financially post retirement.	Defined contribution arrangement or salary supplement. Only base salary is pensionable. ASOS' contribution depends on the employee's seniority and may be matched to the level of contributions the employee chooses to make.	Currently 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). A cash allowance may also be paid in lieu of a pension contribution. The Committee has discretion to amend the contribution level should market conditions change. For any new Executive Director appointed to the Board, the pension opportunity will be in line with the rate available for the majority of the workforce.	Not applicable.	In order to reflect best practice and to comply with the Code, pension contributions for the current Executive Directors will reduce to 10% of salary from 1 December 2021 and 5% of salary from 1 December 2022, at which point they will align with the rate available for the majority of the workforce.
Other benefits	To support the personal health and wellbeing of employees. To reflect and support ASOS culture.	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. Other benefits include private medical insurance and life assurance. Other benefits may be added to the package where appropriate.	There is no 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. The CEO and CFO receive a flexible benefits allowance of £12,500 per annum.	Not applicable.	A flex allowance was introduced for the CEO for FY20 to align with the approach for the wider workforce.

Variable remuneration elements

Element	Purpose	How it operates	Maximum opportunity	Performance-related framework	Approach to implementation in FY21
Annual bonus	Provides a link between remuneration and both short-term Group and individual performance.	The annual bonus is earned based on performance against targets set by the Committee. Targets are reviewed annually. Bonus payments are normally awarded in cash and are not pensionable. The Committee will retain the discretion to adjust bonus payouts if it considers that the outcome does not reflect the underlying performance of the business or participants during the year, including the Company's performance against set metrics, or that the payout is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set.	150% of base salary for the CEO and 100% of base salary for other Executive Directors. 60% of that maximum is payable for on-target performance.	Normally measured over a one-year performance period, based on a mix of financial targets (e.g. profit), non-financial/ strategic performance and personal objectives relevant to the year, which are set taking into account the Group's strategic objectives over that period.	The maximum opportunity will continue to be 150% of salary for the CEO. The CFO's opportunity will be increased from 100% of salary to 150% of salary to reflect his broader role. There are no changes to the performance measures for FY21. The Bonus will be based on the following: – 30% revenue – 30% PBT – 15% free cash flow – 25% strategic objectives For FY21 the strategic objectives are: CEO and CFO: – US revenue growth – EU revenue growth – NPS – Execute year one of three-year stratgeic plan: successful delivery of TGR programme; and successful trial of virtual fulfilment. CEO only: – Continue to lead and build effective senior leadership team, develop leadership capability and diversity at the Lead level. – Continued progress against Fashion with Integrity goals CFO only: – Cost management

GOVERNANCE REPORT

Variable remuneration elements (continued)

Element	Purpose	How it operates	Maximum opportunity	Performance-related framework	Approach to implementation in FY21
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' long-term financial performance and the interests of shareholders.	Annual awards of shares to selected employees, which vest after three years subject to the achievement of performance conditions. Clawback and malus provisions allow awards to be recouped in certain circumstances. The Committee retains the discretion to adjust the vesting level if it considers that the vesting outcome does not reflect the underlying performance of the business or participants during the year, including the Group's performance against customer metrics, or that the payout is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. The Committee continues to believe that a post-vesting holding period should not apply to ALTIS awards, given this is not common practice in AIM-listed businesses.	250% of base salary (300% in exceptional circumstances) in any financial year. The value of any dividends paid by ASOS over the vesting period will be payable on vesting, to the extent that awards vest.	Subject to three-year performance conditions linked to the business strategy and ensuring strong alignment with the long-term interests of shareholders.	The normal maximum opportunity will increase from 200% of salary to 250% of salary to incentivise superior performance. Performance measures for FY21 awards will be unchanged from last year: – 30% based on relative TSR – 35% based on EPS growth – 35% based on revenue growth TSR will be measured against a bespoke group of UK and international online and apparel retail peers. Targets for awards to be granted in 2020/21 are set out on page 60. The maximum target has been increased to reflect the increase in award levels.
Share ownership guidelines	Increases alignment between the Board and shareholders. Shows a clear commitment by all Executive Directors to creating value for shareholders in the long term.	The shareholding guideline for the CEO and other Executive Directors is 500% and 200% of salary respectively. 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.	Not applicable.	Not applicable.	No change.

Variable remuneration elements (continued)

Element	Purpose	How it operates	Maximum opportunity	Performance-related framework	Approach to implementation in FY21
All-employee share plans	Increase alignment between employees and shareholders in a tax-efficient manner. Supports retention of employees.	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. Other all-employee plans may be introduced if appropriate.	Consistent with prevailing HMRC limits.	Not applicable.	No change.
Non-executive Directors	Provide fees appropriate to time commitments and responsibilities of each role.	Cash fee normally paid on a monthly basis. Fee levels are set taking into account the responsibilities of the additional roles, for example Committee Chairs and the SID. The Chair receives a consolidated fee. Fees are reviewed periodically. In addition, reasonable business expenses (together with any tax thereon) may be reimbursed.	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.	Not applicable.	There was no increase in fees with effect from 1 September 2020. Non-executive fees therefore remain as follows: Non-executive Chair – £350,000 Non-executive Director base – £55,000 SID and Audit Committee Chair – £70,000 Remuneration Committee Chair – £65,000

The TSR comparator group has been updated for 2020 awards to reflect feedback from shareholders and is focused on fashion retailers including those with established and growing presence online. It includes the following companies: Boohoo Group, Boozt, Brown Group, Farfetch, Global Fashion Group, H&M, Inditex, JD Sports Fashion, Joules Group, Marks and Spencer, Next, Revolve Group, THG Holdings, Zalando.

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' 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 during the financial year 195 employees received an award under the ALTIS.

ASOS operates a Save As You Earn scheme for all employees. More information about the Scheme is given above. We encourage a strong culture of ownership across the organisation and encourage all ASOSers to behave and think like owners.

For FY20, the general salary increase across the workforce was 1.5%. For FY21, salary increases for all employees will be based on a budget of 1.5% with the ability, as in FY20, for higher performing employees to receive increases of more than 1.5%.

Pay gap reporting

During the year, the Committee reviewed the latest UK gender pay gap report which was published in April 2020. It shows that we continue to close the gender pay gap which stands at 26.6% (mean) down from 29.7% (mean). We remain of the view that the UK gender pay gap is not a symptom of unequal pay for equal work among men and women, but rather there being more men than women in senior roles across the relevant UK businesses.

In addition, ASOS carries out an annual equal pay audit, checking the pay of men and women doing the same or similar roles. Our audits continue to show that our pay policies and practices pay men and women equally for equivalent roles. Our pay range system ensures ASOSers are paid fairly based on their skills, qualifications, experience and performance.

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. Our incentive awards are designed to align with ASOS' strong performance culture, driving outcomes that benefit our shareholders, customers and ASOSers.

The Committee reviews metrics each year to ensure they remain appropriate and reflect the strategic direction of ASOS. The measures used in the FY21 annual bonus are unchanged from last year and reflect ASOS' KPIs for the year. They are based on:

- Revenue achieved
- PBT
- Free cash flow
- Strategic objectives: US and EU revenue performance, to ensure reward is aligned with our strategic priority to deliver growth in these areas, and Net Promoter Score (NPS) to ensure that we continue to reflect our customer experience. Completion of the strategy refresh and the execution of year one of the three-year plan, including the successful delivery of the Truly Global Retail programme and the successful trial of virtual fulfilment. In addition, the CEO's performance will be assessed in relation to progress in continuing to lead and build an effective senior leadership team, developing leadership capability and diversity at the Lead level to ensure that it is fit for ASOS' future, and continued progress against our Fashion with Integrity goals. The CFO will be measured against our cost management objectives, building on the progress made during the year to continue to reduce our cost base.

Revenue and PBT continue to be key measures of success for the business, while a free cash flow reflects the Group's ongoing focus on maintaining a cash-positive position to enable further growth and expansion. The strategic objectives reflect our evolving areas of business focus and through NPS, reflect our continued focus on customers.

Long-term performance targets for FY21 are based on a combination of absolute and relative performance:

- TSR provides strong alignment with shareholders and will be measured against a bespoke group of online and retail competitors in Europe and the US (companies are set out on page 59) as this provides a robust and relevant benchmark. Following feedback from various stakeholders, the TSR comparator group for the FY21 award was reviewed to ensure it comprises companies of a reasonable size and similar to ASOS in terms of business operations and activities. The group comprises a balance of UK, US and European companies who would broadly speaking be seen to be relevant peers by our shareholders.
- EPS is considered an objective and well accepted measure of Group 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.

ALTIS targets for awards due to be granted in October 2020 are as follows:

	Threshold performance (25% vesting)	Maximum performance (100% vesting)
EPS (FY23)	138.6p	179.9p
Revenue growth (FY23 compared to FY20)	10% per annum	20% per annum
Relative TSR	Median	Upper quartile

There will be straight-line vesting in between each point.

Targets for each performance measure are set by the Committee with consideration of an extensive set of reference points including internal plans and budgets, forecasts for the sector, relevant sector benchmarks and external expectations. Given the increase in ALTIS opportunity for the Executive Directors in FY21, the stretch of the maximum EPS and Revenue targets set has been increased. The next 12 months are likely to be challenging with the continuing market and economic disruption related to the COVID-19 pandemic as well as the significant uncertainty around the impact of Brexit. However, we remain confident that in the long-term our strategy, business model and operations position us strongly to exploit future growth opportunities and targets have been set in this context.

For EPS threshold and maximum targets represent 14.3% p.a. and 24.7% p.a. growth compared to EPS for FY20 (excluding the one-off COVID-19 benefit). The revenue target represent an increase from 15% p.a. growth to 20% p.a. growth. For both measures, significant outperformance of FY23 consensus is required to achieve maximum vesting. When setting targets the Committee also considered expected growth rates at our competitors and believes these targets are positioned strongly in that context. Performance is measured on a sliding scale, so that incentive payouts increase pro rata for levels of performance between the threshold and maximum performance targets.

Committee discretion

The Committee operates under the powers it has been delegated by the Board. In addition, it complies with rules that are either subject to shareholder approval or by approval from the Board. These rules provide the Committee with certain discretions which serve to ensure that the implementation of the Remuneration Policy is fair, both to the individual Director and to the shareholders. The Committee also has discretions to vary the level of the various components of remuneration. This, together with malus and clawback provisions, enables the Committee to better manage risks. The extent of such discretions is set out in the relevant rules, and the maximum opportunity for performance metrics is set out in the Policy table on pages 56 to 59. To ensure the efficient administration of the variable incentive plans outlined, the Committee will apply certain operational discretions.

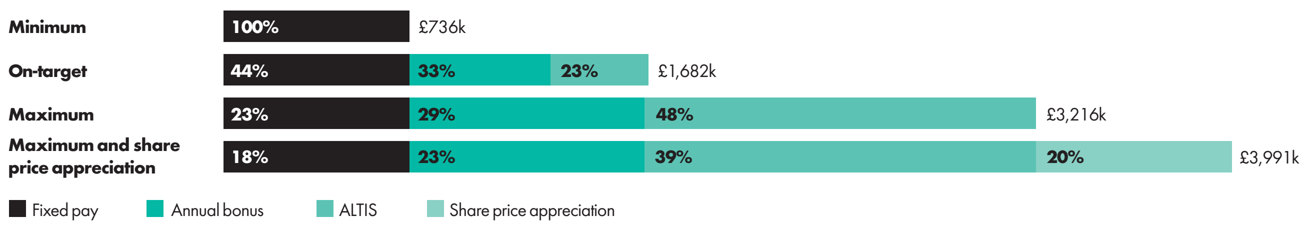
These include the following:

- Selecting the participants in the plans on an annual basis.
- Determining the timing of grants of awards and/or payments.
- Determining the quantum of awards and/or payments (within the limits set out in the Policy table).
- Determining the extent of vesting based on the assessment of performance as well as taking into account the experience of shareholders and other stakeholders over the vesting period.
- Determining whether malus or clawback shall be applied to any award in the relevant circumstances and, if so, the extent to which it shall be applied.
- Making the appropriate adjustments required in certain circumstances, for instance for changes in capital structure, or to take into account exceptional items.
- Determining 'good leaver' status for incentive plan purposes and applying the appropriate treatment.
- Undertaking the annual review of weighting of performance measures and setting targets for the annual bonus plan and other incentive schemes, where applicable, from year to year.

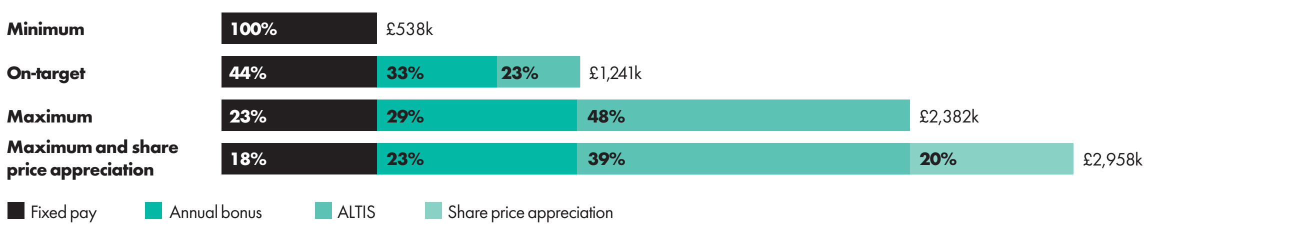
If an event occurs which results in the annual bonus plan or ALTIS performance conditions and/or targets being deemed no longer appropriate (e.g. material acquisition or divestment), the Committee will have the ability to amend the performance conditions and/or targets, provided that the revised conditions are not materially less challenging than the original conditions. Any use of the above discretion would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Group's major shareholders.

Total potential remuneration for Executive Directors in the 2021 financial year

Nick Beighton



Mat Dunn



The chart above shows the potential remuneration at different levels of performance for the CEO and CFO in the 2021 financial year from the remuneration opportunity granted to them by ASOS' Remuneration Policy.

Basis of calculation:

- Minimum – fixed pay only (salary + benefits + pension or pension allowance). Salary and pension are those effective from 1 December 2020 and benefits are based on actual figures for 2019/20.
- Target – fixed pay, plus target bonus opportunity of 90% of salary, plus 25% of the face value of the ALTIS award on grant (i.e. 62.5% of salary).
- Maximum – fixed pay, plus maximum bonus opportunity of 150% of salary, plus the full face value of the ALTIS award on grant (i.e. 250% of salary).
- Maximum plus 50% share price growth – as per the maximum scenario outlined above including an assumed 50% share price growth for the ALTIS award.

Recruiting new Executive Directors and 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 on pages 56 to 59. 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 only considered where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment. In these circumstances the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate, taking into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such "buyout", the guiding principle would be that awards would generally be on a "like-for-like" basis unless this is considered by the Committee not to be practical or appropriate. 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.

Consideration of shareholder and broader stakeholder views

The Remuneration Committee is committed to open dialogue with shareholders and our approach is to engage directly with them and their representative bodies when considering any significant changes to Executive Director remuneration arrangements. The Committee considers shareholder feedback received following the AGM as well as any additional feedback and guidance received from time to time, and this is taken into account when developing the Group's remuneration framework and practices. Assisted by its independent adviser, the Committee also actively monitors developments in corporate governance and market practice to ensure the structure of executive remuneration remains appropriate.

The employee forum is used to capture feedback from ASOSers and the proactive dialogue that exists with suppliers and customers means that there are channels of communication with all stakeholders.

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	'Good' leaver
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

ASOS also retains flexibility to pay reasonable legal fees and other costs incurred by the individual that are associated with the termination (including the settlement of claims brought against ASOS) and to provide outplacement services. In circumstances in which a departing Director may be entitled to pursue a legal claim, ASOS may negotiate settlement terms and, with the approval of the Remuneration Committee on the remuneration elements therein, enter into a settlement agreement accordingly. In addition, ASOS would honour any legal entitlements, such as statutory redundancy payments or awards made by any tribunal or court, which executives may have on, or in respect of, termination.

The individual is expected to take reasonable steps to seek alternative income to mitigate the payments.

Post-employment shareholdings

The Committee believes that the leaver provisions currently in place ensure the alignment of the interests of our Executive Directors and our shareholders post-cessation of employment. The Committee will keep this approach under review.

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.

Annual Report on Remuneration

Details of how ASOS' Remuneration Policy has been applied in the year to 31 August 2020 are set out below. The Committee considers that the Policy operated as intended in the year. Certain information within this section has been audited as highlighted.

Directors' remuneration table (audited)

The remuneration of the Directors for the year to 31 August 2020 and the year to 31 August 2019 is set out in the tables below.

		Fixed remuneration				Variable remuneration				Total remuneration
Executive Director		Base salary £	Benefits £	Pensions £	Total fixed £	Bonus £	LTIP[2] £	Buy out award £	Total variable £	£
Nick Beighton[1]	**2020**	**571,000**	**23,036**	**73,828**	**667,864**	**802,255**	**219,563**	**–**	**1,021,818**	**1,689,682**
	2019	565,000	7,957	73,049	646,006	–	202,481	–	202,481	848,487
Mat Dunn	**2020**	**429,500**	**19,383**	**53,687**	**502,570**	**414,468**	**–**	**–**	**414,468**	**917,038**
	2019	151,326	4,610	18,916	174,852	–	–	400,000	400,000	574,852
Total	**2020**	**1,000,500**	**42,419**	**127,515**	**1,170,434**	**1,216,723**	**219,563**	**–**	**1,436,286**	**2,606,720**
	2019	716,326	12,567	91,965	820,858	–	202,481	400,000	602,481	1,423,339

Non-executive Director		Base fee £	Additional fee £	Taxable expenses[3] £	Total remuneration £	Basis for additional fee
Adam Crozier	**2020**	**350,000**	**–**	**36**	**350,036**	
	2019	265,152	–	385	265,537	
Ian Dyson	**2020**	**55,000**	**15,000**	**36**	**70,036**	**SID and Audit Committee Chair**
	2019	55,000	15,000	474	70,474	**SID and Audit Committee Chair**
Karen Geary[4]	**2020**	**50,417**	**7,500**	**36**	**57,953**	**Remuneration Committee Chair**
Luke Jensen[5]	**2020**	**45,833**	**–**	**36**	**45,869**	
Mai Fyfield[5]	**2020**	**45,833**	**–**	**36**	**45,869**	
Eugenia Ulasewicz[6]	**2020**	**20,625**	**–**	**36**	**20,661**	
Hilary Riva[7]	**2020**	**32,083**	**2,500**	**36**	**34,619**	**Remuneration Committee Chair until 1 December 2019**
	2019	55,000	10,000	201	65,201	**Remuneration Committee Chair**
Rita Clifton[7]	**2020**	**32,083**	**–**	**365**	**32,448**	
	2019	55,000	–	2,010	57,010	
Nick Robertson[8]	**2020**	**55,000**	**–**	**36**	**55,036**	
	2019	55,000	–	1,041	56,041	
Total	**2020**	**686,874**	**25,000**	**653**	**712,527**	
	2019	485,152	25,000	4,111	514,263	

1 The CEO has also taken the initiative to personally make charitable donations as part of his own response to the pandemic.
2 For 2020, this includes the FY18 ALTIS award as detailed on page 66. Based on a share price of £37.2015, being the average share price for the last quarter of the financial year, from 1 June to 31 August 2020. The share price depreciated during the vesting period and therefore no portion of the award relates to share price gain. The figures for 2019 are the adjusted figures to show the actual share price of £35.30 at the vesting date on 31 October 2019 (previously £150,915).
3 The taxable expenses include travel and other expenses related to their role and have been grossed up for tax, where applicable.
4 Karen Geary was appointed as Non-executive Director on 1 October 2019 and Chair of the Remuneration Committee on 1 December 2019.
5 Luke Jensen and Mai Fyfield were appointed as Non-executive Directors on 1 November 2019.
6 Eugenia Ulasewicz was appointed as Non-executive Director on 16 April 2020.
7 Hilary Riva and Rita Clifton stepped down as Non-executive Directors on 31 March 2020.
8 Nick Robertson donated all of his base service fee to the ASOS Foundation.

Payments to past Directors

During the year to 31 August 2020, no payments were made to any past Directors.

Payments for loss of office

During the year to 31 August 2020, no payments were made for loss of office.

Annual bonus for the year ended 31 August 2020

For Nick Beighton and Mat Dunn, the annual bonus plan for the year ended 31 August 2020 was based on the following metrics:

	Weighting	Target	Maximum	Performance achieved	Outcome
Profit Before Tax (PBT)	30%	£60.1m	£75.2m	£142.1m	Maximum
Revenue growth	30%	£3,075m	£3,144m	£3,264m	Maximum
Free cash flow	15%	£9.1m	£24.1m	£258.6m	Maximum
Strategic objectives	25%	US revenue performance	25%	18%	Between threshold and target
		EU revenue performance	17%	22%	Maximum
		Net Promoter Score	59	57	Target
		Developing strength and depth in the senior leadership team (CEO only)			Between target and maximum
		Cost management (CFO only)			Maximum

The Committee reviewed performance against the strategic objectives. The Committee noted that excellent progress had been achieved in growth revenue in the EU and solid performance has been delivered in the US, while NSP performance was at target. The CEO had achieved strong progress in enhancing the strength and depth in the senior leadership team and the CFO exceeded his cost management objectives. Overall the Committee determined that the CEO should be awarded 18.7% of maximum and that the CFO should be awarded 21.5% of maximum.

The maximum bonus opportunity for the CEO was 150% of base salary and for the CFO 100% of base salary. Based on the outcomes shown above, a bonus of 93.7% of maximum was paid to the CEO and 96.5% of maximum was paid to the CFO, with a value of £802,255 for the CEO and £414,468 for the CFO.

When determining bonus outcomes the Committee considered overall Group performance over the period and particularly the impact of COVID-19 on the business and the broader market. The Committee noted the excellent revenue and PBT performance delivered over FY20 which was significantly above market expectations at the start of the year, and commended the commitment and focus of the senior team on trading dynamically and managing business performance rigorously to deliver these results in very challenging circumstances. The Committee noted that even if the c.£45m one-off benefit from COVID-19 was removed, PBT performance would still have significantly exceeded the maximum target. The Committee also noted that the share price had more than doubled over the course of the last year. Overall the Committee's view was that the bonus outcome was fair and no discretion was exercised on the bonus outcome.

FY18 ALTIS awards vesting for performance to 31 August 2020

The ALTIS awards with a performance period ending on 31 August 2020 are due to vest on 31 October 2020. These awards were based on sales growth, EPS, relative TSR versus the FTSE All-Share General Retailers Index and NPS over the three-year performance period from 1 September 2017 to 31 August 2020. The performance targets and level of achievement against those targets were as follows:

Measures	Weighting	Targets	Percentage vesting	Actual achievement	Vesting
Sales growth	30%	Below 15% 15% Between 15% and 25% 25% or more	0% 25% Between 25% and 100%* 100%	19.3% p.a.	17.1%
Compound annual fully diluted EPS growth	30%	Below 15% 15% Between 15% and 25% 25% or more	0% 25% Between 25% and 100%* 100%	17.9% p.a.	14.1%
TSR versus FTSE All-Share General Retailers Index	30%	Below median Median Between median and upper quartile Upper quartile or above	0% 25% Between 25% and 100%* 100%	Bottom quartile	0%
NPS	10%	Below 67 67 Between 67 and 69 69 or more	0% 25% Between 25% and 100%* 100%	57	0%

*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	18,899	5,902	31.10.2020	£219,563

1 Based on a share price of £37.2015, being the average share price for the last quarter of the financial year, from 1 June to 31 August 2020, as is normal practice.

The CFO joined in 2019 and as such did not receive an FY18 award.

The Committee considers that the ALTIS vesting outcome of 31.2% of maximum fairly reflects performance delivered over the three-year period, and therefore no discretion was exercised on the ALTIS outcome.

ALTIS awards granted in the year

In the year under review, ALTIS awards were granted to the CEO and CFO on 20 November 2019. The CEO's award was reduced from 200% to 175% of salary in light of the fall in share price since FY19's awards were granted. The CFO's award was not reduced given he had only recently joined the Group at the time of grant. Details of the awards are as follows:

Executive Director	Basis of award	Number of shares granted	Face value of award[1]	% vesting for target performance	Performance period
Nick Beighton	175% of salary	31,609	£988,730	25%	1 September 2019 to 31 August 2022
Mat Dunn	200% of salary	27,173	£849,971	25%	1 September 2019 to 31 August 2022

1 Based on the five-day average share price of £31.28 as at 19 November 2019.

The performance conditions for these awards are in the table below, with performance measured over the three-year period from 1 September 2019 to 31 August 2022, and vesting on 31 October 2022:

Measures	Weighting	Targets	Percentage vesting
Revenue growth (FY22 compared to FY19)	35%	Below 10% p.a. 10% p.a. Between 10% and 15% p.a. 15% p.a. or above	0% 25% Between 25% and 100%* 100%
Diluted EPS for FY22	35%	Below 71.0p 71.0p Between 71.0p and 121.8p 121.8p or above	0% 25% Between 25% and 100%* 100%
Relative TSR	30%	Below median Median Between median and upper quartile Upper quartile or above	0% 25% Between 25% and 100%* 100%

*Straight-line interpolation between points in the range

Directors' interests in share plans (audited)

Director	Share option scheme	Date of grant	31 August 2019 (no. of shares)	Granted during the year to 31 August 2020 (no. of shares)	Lapsed during the year to 31 August 2020 (no. of shares)	Exercised during the year to 31 August 2020 (no. of shares)	31 August 2020 (no. of shares)	Exercise price (pence)	Exercise date/period
Nick Beighton	SAYE	08.06.17	369	–	–	–	369	4,869.0	01.08.20-31.01.21
	ALTIS	16.12.16	21,245	–	15,509	5,736	–	–	31.10.19
	ALTIS[1]	11.10.17	18,899	–	–	–	18,899	–	31.10.20
	ALTIS[1]	24.10.18	21,027	–	–	–	21,027	–	31.10.21
	ALTIS[1]	20.11.19	–	31,609	–	–	31,609	–	31.10.22
Mat Dunn	ALTIS[1]	28.06.19	22,216	–	–	–	22,216	–	31.10.21
	Buy-out	30.08.19	17,236	–	–	17,236	–	–	16.12.19
	ALTIS[1]	20.11.19	–	27,173	–	–	27,173	–	31.10.22

1 Performance conditions for these awards are set out on page 66.

Directors' shareholdings

The Directors who held office at 31 August 2020 had the following interests, including family interests, in the shares of ASOS Plc. A shareholding guideline is in place for the Executive Directors; this is 500% of salary for the CEO and 200% of salary for the CFO.

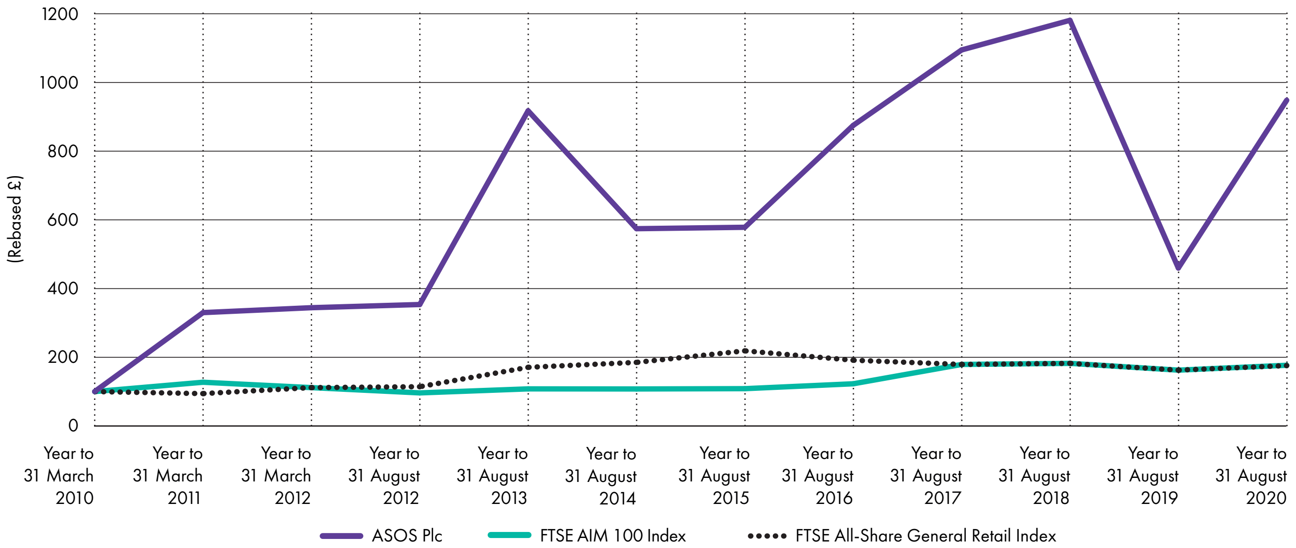
Director	Beneficially owned as at 31 August 2019 (no. of shares)	Beneficially owned as at 31 August 2020 (no. of shares)	Outstanding share options (SAYE/ALTIS) (no. of shares)	Shareholding guideline met
Adam Crozier	7,950	20,770	–	N/A
Nick Beighton	169,903	180,538	71,535	Yes
Mat Dunn	994	12,002	49,389	No
Ian Dyson	–	1,500	–	N/A
Karen Geary	–	641	–	N/A
Luke Jensen	–	9,800	–	N/A
Mai Fyfield	–	2,000	–	N/A
Nick Robertson	4,636,414	3,636,414	–	N/A
Eugenia Ulasewicz	–	–	–	N/A

GOVERNANCE REPORT

Performance and CEO remuneration comparison

The market price of ordinary shares at 31 August 2020 was £49.09 (31 August 2019: £23.80) and the range during the year to 31 August 2020 was from £10.50 to £50.64 (year to 31 August 2019: £21.07 to £62.22).

This graph shows the value, by 31 August 2020, 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.



CEO remuneration history*

The table below sets out the remuneration data for Directors undertaking the role of CEO during each of the past ten financial 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	Year to 31 August 2018	Year to 31 August 2019	Year to 31 August 2020
Total remuneration (£)[1]	2,084,510	1,740,821	55,210,388	803,843	337,193	81,280	1,199,520	3,072,259	2,904,614	848,487	1,689,682
Annual bonus %[2]	–	–	60%	60%	–	–	70%	65%	–	–	140.5%
Long-term incentive %[3]	–	–	100%	–	–	–	–	99.1%	100%	27.0%	31.2%

1 Gains made under the long-term incentive plans are recognised above in the financial year of the performance period to which they relate. The value for the FY17 award was calculated using a share price of £56.84, being the actual share price at the vesting date on 31 October 2017. The value for the FY18 award was calculated using a share price of £54.48, being the actual share price at the vesting date on 31 October 2018. The value shown for the FY19 award was calculated using a share price of £35.30, being the actual share price on 31 October 2019. The value shown for the year to 31 August 2020 is based on the average share price for the last quarter of the financial year to 31 August 2020. This will be adjusted to reflect the share price at the point of vesting on 31 October 2020.
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 CEO 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 CEO's annual remuneration.

Percentage change in Directors' remuneration

The table below shows the percentage change in the Directors' salary/fees, benefits and annual bonus between the financial years ended 31 August 2020 and 31 August 2019, compared with all employees of ASOS.

	2019 to 2020		
% change	**Salary/Fees**	**Benefits**	**Bonus[3]**
All employees	+7.1%	+13.2%	+100%
Executive Directors			
Nick Beighton	+1%	+19.6%[1]	+100%
Mat Dunn	+1%[2]	+9.1%[2]	+100%
Non-executive Directors			
Adam Crozier[4]	0%	-91%[5]	–
Ian Dyson	0%	-92%[5]	–
Karen Geary	N/A	–	–
Luke Jensen	N/A	–	–
Mai Fyfield	N/A	–	–
Nick Robertson	0%	-97%[5]	–
Eugenia Ulasewicz	N/A	–	–

1 Nick Beighton was given a flexible benefits allowance of £12.5k in FY20.
2 Mat Dunn was appointed to the Board part way through FY19 on 23 April 2019, therefore his salary and benefits have been pro-rated for FY19 for the purpose of this calculation.
3 Nick Beighton and Mat Dunn did not receive a bonus in FY19.
4 Adam Crozier was appointed to the Board part way through FY19 on 29 November 2018, therefore his fee has been pro-rated for FY19 for the purpose of this calculation.
5 Reduction in benefits is due to a reduction in expenses claimed during the year.

CEO pay ratio

The table below shows the ratio of the CEO's total remuneration for 2019/20 against the upper quartile, median and lower quartile full-time equivalent remuneration of ASOS' UK employees. This is the first year we have provided a pay ratio and as such, no prior year comparator data is shown.

Executive Director	Method	P25	P50	P75
2019/20	Option C	73:1	38:1	24:1

The Company has chosen Option C as it enabled the use of readily available data that was current to ASOS' year end. The employees at P25, P50 and P75 were identified based on salaries at 31 August 2020, and their total remuneration was calculated, including salary, benefits, flex allowance and pension as at that date plus 2019/20 bonus outturns (all three employees are outside the ALTIS population). No omissions, estimates or adjustments were included in the calculation.

The total remuneration of these individuals and a small number of others positioned around each quartile were compared to determine whether the employees at P25, P50 and P75 were most representative of pay levels at these quartiles. The remuneration of the individual at P25 was determined to be representative of that quartile; however, the individual at P50 was furloughed during the year and the individual at P75 was not in the business for the full year, and so in both cases the employee one place away from them in the rankings was chosen as the most representative of those quartiles.

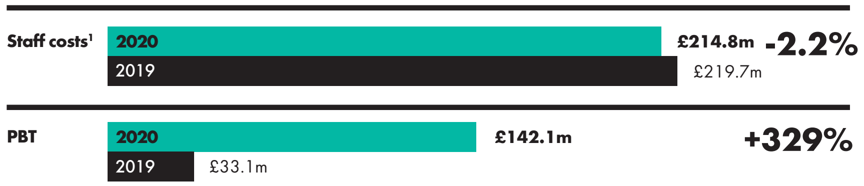
The base salary and total remuneration for the employees used in the above calculations are as follows:

	P25	P50	P75
Base salary	£21,017	£32,360	£54,595
Total remuneration	£23,320	£44,795	£70,559

The Committee is satisfied that the ratio is consistent with the Group's wider policies on employee pay, reward and progression. Executive Directors receive a greater proportion of their remuneration in elements tied to performance, including participation in the ALTIS which operates at the most senior levels, and this is reflected in the ratio.

Relative importance of spend on pay

The following table shows ASOS' actual spend on pay (for all employees) relative to dividends and retained profit. To date, no dividend has been paid by ASOS Plc and there is no intention to pay a dividend at this stage as all monies are being retained in the business for future investment.



1 The above includes capitalised staff costs.

Remuneration governance

Composition of the Remuneration Committee

The Remuneration Committee currently comprises three independent Non-executive Directors: Karen Geary (Chair), Ian Dyson and Mai Fyfield. 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.

The remuneration of Non-executive Directors, other than the Chair, is determined by the Chair of the Board and the Executive Directors.

Committee's responsibilities

The Committee's principal responsibilities are to:

- Determine and recommend to the Board the Group's overall remuneration policy, and monitor the ongoing effectiveness of that policy.
- Determine and recommend to the Board the remuneration of Executive Directors, the Chair and the other members of the Executive Committee.
- 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 Committee.
- Review and approve any material termination payment.

Advisers to the Remuneration Committee

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

- During the year, Deloitte LLP provided advice on all remuneration matters considered by the Committee. For that advice, Deloitte LLP received fees totalling £150,630 in the financial year to 31 August 2020. Deloitte LLP are signatories to the Remuneration Consultants' Code of Conduct, and the Committee is satisfied that the advice that it receives is objective and independent. The Deloitte LLP engagement partner and advisory team that provide remuneration advice to the Committee do not have any connections with the Group or individual Directors that may impair their independence. Separately, other parts of Deloitte also advised the Group during the year in relation to internal audit services and financial modelling support as part of business planning and analysis.
- When required, ASOS also receives advice relating to remuneration matters from Lewis Silkin LLP, 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 Chief People Officer, Reward Director, our General Counsel & Company Secretary, our CEO and our CFO.

Key areas of focus for the year ahead

- Engaging with shareholders in relation to our approach to remuneration for 2021/22.
- Review and approve any salary increases for the Executive Committee.
- Determine 2020/21 annual bonus outcome and FY19 ALTIS awards vesting.
- Approve 2021/22 ALTIS targets and awards, and 2021/22 annual bonus.
- Continue to monitor regulatory and legislative developments.

Directors' Report

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 2006 or, where provided elsewhere, an appropriate cross-reference is given. The Corporate Governance Report approved by the Board is provided on pages 36 to 70 and incorporated by reference into this Directors' Report.

Subsidiaries

The Group has 21 subsidiaries; a complete list is provided at Note 8 of the parent company financial statements on pages 116 to 117.

Dividends

As last year, the Directors do not recommend the payment of a dividend (2019: £nil).

Strategic Report

This is set out on the pages 2 to 35 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 material events affecting the Group since 1 September 2020.

Risk management and principal risks

A description of the principal risks facing the business, and the Group's approach to managing those risks, is on pages 30 to 35.

Directors and their interests

Details of the Directors as at the date of this report and any changes to the Directors during the year are set out on pages 37 to 38.

The interests of the Directors and their closely associated persons in the share capital of the Company as at 31 August 2020, along with details of Directors' share options and awards, are contained in the Directors' Remuneration Report on page 67. 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 Group 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' Articles of Association can only be amended by special resolution and are available at www.asosplc.com. It is being proposed at the 2020 AGM that the Company adopt new Articles of Association to reflect developments in market practice since the Company's Articles of Association were last amended in September 2009. Due to the nature of the changes, the Company is proposing the adoption of new Articles of Association rather than making amendments to the current Articles of Association. The principal changes being proposed in the new Articles of Association can be found in the Appendix of the Notice of Annual General Meeting which is available at: www.asosplc.com/investors.

Share capital

The issued share capital of the Company at 31 August 2020 was 99,764,802 ordinary shares of 3.5p. Full details of the issued share capital, together with the details of shares issued during the year to 31 August 2020, are shown in Note 18 to the financial statements on page 98 to 99.

As far as the Company is aware, there are no restrictions on the voting rights attaching to the Company's ordinary shares and the Company is not aware of any agreements which may result in restrictions in the transfer of securities or voting rights. No securities carry any special rights.

Powers for the allotment and acquisiton of the Company's own shares

The Company was authorised by shareholders at the 2019 AGM to purchase in the market up to 4,193,613, being 5% of the issued ordinary share capital. No shares were bought back under this authority during the year ended 31 August 2020. This is a standard authority which is renewable annually and the Directors will be seeking to renew this authority at the 2020 AGM.

At the 2019 AGM, the Directors were also granted authority to allot ordinary shares in the Company up to an aggregate amount of £564,470. This authority will expire at the 2020 AGM, at which the Directors will be seeking to renew this authority.

For informtation, on 8 April 2020, the Company announced the successful completion of the non-pre-emptive placing of a total of 15,805,943 new ordinary shares (Placing) and the subscription by certain Directors, members of the Executive Committee and their close associates for a total of 42,537 new ordinary shares (Subscription) at a price of 1,560 pence per ordinary share (Placing Price). The aggregate new ordinary shares issues under the Placing and the Subscription represented approximately 18.8% of the Company's issued ordinary share capital prior to the Placing. The Placing Price represented a slight premium to the closing share price of 1,559.5 pence on 7 April 2020.

The Placing and the Subscription raised net proceeds of £239.4m which provided sufficient liquidity and flexibility to manage the Group through and beyond this period of unexpected and continuing disruption resulting from the COVID-19 pandemic, put the Group in a stronger financial position to continue to invest in the growth of the business and work supportively with its long-standing supplier base to mutual advantage, and to preserve the Group's flexibility to restructure the business in the case of a prolonged downturn. In the circumstances, and given the need to act quickly, the Placing was conducted on a soft pre-emptive basis, with consultation between the Company and its major institutional shareholders ahead of the announcement of the Placing. The Board concluded that the Placing was in the best interests of shareholders and wider stakeholders and would promote the success of the Group, a conclusion which was endorsed by the consultation with major institutional shareholders. Over the three-year period preceding the Placing, the Company has only issued shares for the purpose of fulfilling its obligations under employee share schemes. Details of shares alloted during the period are shown in Note 18 to the financial statements on page 98.

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 Link Trust (LT) to satisfy awards granted under its Save As You Earn 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 Save As You Earn scheme (or their close relations in the event of their death). The trustee of the EBT is Apex Financial Services (Trust Company) 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 LT 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 Link Asset Services Limited, an independent professional trustee company based in the United Kingdom. Under the terms of the Trust Deed, ASOS funds the LT to buy the shares on the open market and retain those shares on behalf of the underlying beneficiaries.

Substantial shareholders

As at 1 October 2020, the Company was aware of the following interests in 3% or more of its ordinary share capital:

Major shareholder	Holding	As a % of issued shares
Aktieselskabet af 5.5.2010	26,346,819	26.41%
T. Rowe Price Group	10,953,397	10.97%
The Capital Group Companies, Inc	9,745,597	9.77%
Jupiter Fund Management	5,515,021	5.53%
Baillie Gifford & Co	5,398,786	5.41%
Camelot Capital Partners	5,190,613	5.20%
Allianz Global Investors	4,057,046	4.06%
Nick Robertson	3,636,414	3.64%
Goldman Sachs International UK	3,581,222	3.59%
American Century Investment Mgmt	3,162,328	3.17%

As at 31 August 2020, the EBT and LT (combined) held 245,567 shares in ASOS Plc (2019: 271,468 shares). The total value in reserves was a credit balance of £2.0m (2019: credit balance of £1.3m). The EBT and LT 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 82.

Viability statement

The Directors have also assessed the Group's prospects and viability over a three-year period to 31 August 2023. 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 performed a number of stress tests and scenario analysis to determine the Group's viability. Within the stress testing, the Directors assessed both how long the business could operate with a sustained reduction in demand, in line with the worst impacts seen in the first wave of COVID-19 and in a zero revenue scenario. Directors also assessed a more likely scenario of prolonged macroeconomic impact. In all scenarios modelled and tested the directors concluded that ASOS not only remains a viable entity, but is well positioned to capture growth from the channel shift to online.

On top of this, the cadence of assessment outside of annual processes is performed quarterly and monthly as part of central forecasting and reporting processes. Short- and long-term forecasts for both cash and profitability are maintained and any threats to future performance is mitigated, and any opportunities assessed are captured, at speed.

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 due during the period up to 31 August 2023.

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 2 to 35. In addition, details of the Group's objectives and policies on financial risk management are set out in Note 19 to the financial statements on pages 99 to 102.

The Group ended the year with net cash position of £407.5m at 31 August 2020. The Group has a £350m revolving credit facility which is available until July 2023 (with a one-year extension to July 2024 applicable subject to the agreement of all parties).

During the year, the Group also issued commercial paper to the value of £100.0m, as part of the government-backed Covid Corporate Financing Facility (CCFF). This was fully repaid on 28 August 2020. 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's financial statements. The Directors have therefore continued to adopt the going concern basis in preparing the Group's financial statements.

Statement on disclosure of information to auditors

The Directors confirm that, so far as each is aware, there is 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.

Employee engagement

Information relating to how the Group engages with its workforce can be found on pages 22 to 25.

Energy and carbon emission reporting

	Unit of measurement	UK portion	Total global
Energy consumption used to calculate emissions – for gas, electricity and transport emissions	kWh	24,679,429	50,451,739
Scope 1 – emissions from combustion of gas	tCO_2e	1,359	2,955
Scope 2 – emissions from purchased electricity - location based	tCO_2e	4,026	11,084
Scope 3 – emissions from staff vehicles used for business purposes	tCO_2e	23	23
Total gross emissions	tCO_2e	5,408	14,062
Intensity ratio – tCO_2e/£m revenue – location based	tCO_2e/£m revenue		4.31
Market based emissions	**Unit of measurement**	**UK portion**	**Total global**
Scope 2 – emissions from purchased electricity – market based	tCO_2e	1,703	5,046
Intensity ratio – tCO_2e/£m revenue – market based	tCO_2e/£m revenue		2.46

Quantification and reporting methodology: We have followed the 2020 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard (Operational Control boundary), Ofgem environmental impact measurements for fuel sources, and have used the 2020 UK Government's Conversion Factors for Company Reporting. Other intensity factors acquired through EIA and EEA for US and German markets. Energy data is obtained from a hierarchy of HH data, meter readings, invoices and finally estimates if necessary. Only 1% of total energy data presented is estimated. Data for emissions from staff vehicles used for business purposes are accurate to the Global level but currently difficult to separate based on location; the same figure for the UK portion has therefore been used.

Energy Management Statement: This year we have onboarded our first ever dedicated energy management and procurement partner, Amber Energy, and have worked closely with them to improve energy data availability, energy performance analysis and renewable electricity procurement. Together we have launched a company-wide energy data management platform, Fabriq, and have increased the level of energy performance reporting to key stakeholders. We continue to improve the data quality on this platform and are using the analysis to identify ways energy consumption can be reduced. We have also worked closely with Amber Energy to consolidate our energy procurement at all key assets and during the year transitioned to 75% renewable electricity across our operations. We aim to achieve 100% renewable electricity across all sites by 2025 and increase our own renewable energy generation capacity.

Employees with disabilities

ASOS gives full and fair consideration to applicants with a disability or long-term health condition. We work with external partners, including charities such as Leonard Cheshire, to promote job opportunities to candidates with disabilities. We are committed to providing equal opportunities and continue to demonstrate our commitment by interviewing candidates who meet the minimum criteria.

To support learning for our employees with a disability or long-term health condition, we deliver training in accessible spaces and make reasonable adjustments to the content and approach. As an example, we use technology to caption video content, work with third party psychometric providers to make sure all employees can complete these fairly and will always offer 1:1 or bespoke support when a need is identified. We are committed to giving all employees access to the same learning and development as one another.

Stakeholder engagement

Information relating to how the Group engages with its stakeholders can be found on pages 22 to 23.

Political donations

No political donations have been made during this financial year (2019: £Nil).

Authority will be sought to authorise the Company to make political donations up to the value of £100,000 at the 2020 AGM. The Group's policy is that is does not, directly or through a subsidiary, make political donations; however, this resolution has been proposed to ensure the Group and its subsidiaries do not, because of the wide reaching definition in the Companies Act 2006, unintentionally make a breach of the Act.

Annual General Meeting

The Annual General Meeting of the Company will be held at 12 noon on 26 November 2020. We are continuing to monitor developments relating to the outbreak of COVID-19, including the related public health guidance and legislation issued by the UK Government. In light of the continuously changing developments with respect to the COVID-19 pandemic and, in particular, the UK Government's response (including the use of local lockdowns and guidance on working from home and gatherings), the Board has concluded that the interests of all our stakeholders would be best served by running this year's AGM as a closed meeting. Shareholders will therefore not be able to attend in person. The Notice of Meeting will be available to view on www.asosplc.com, sufficiently in advance of that meeting.

By order of the Board

Anna Suchopar
Company Secretary
13 October 2020

Statement of Directors' Responsibility

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 parent Company and of the profit or loss of the Group and parent Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and IFRSs as adopted by the European Union have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

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 parent Company's position and performance, business model and strategy.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and parent Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and parent Company's auditors are aware of that information.

Anna Suchopar
Company Secretary
13 October 2020

Financial Statements

Independent Auditors' Report to the Members of ASOS Plc

Report on the Audit of the Financial Statements

Opinion

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

– give a true and fair view of the state of the group's and of the company's affairs as at 31 August 2020 and of the group's profit and the group's and the company's cash flows for the year then ended;

– have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the 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 and Accounts 2020 (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 August 2020; the Consolidated Statement of Total Comprehensive Income, the Consolidated and Company Statements of Cash Flows, and the Consolidated and 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

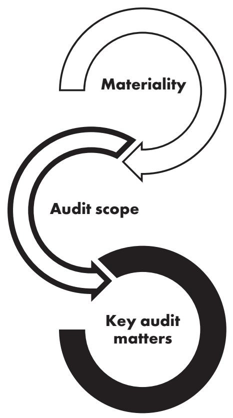
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit 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: £7,000,000 (2019: £4,500,000), based on approximately 1% of total revenue with regard to profit before tax.
– Overall company materiality: £350,000 (2019: £250,000), based on 1% of total assets, capped at an allocation of group materiality.

– Full scope audit of:
  – ASOS Plc – The parent entity holding investments throughout the group.
  – ASOS.com Limited – The trading entity that generates 99% of group revenue.

– Capitalisation of internal staff costs (group)
– Fraud in revenue recognition (group)
– Valuation of inventory (group)
– Consideration of the impact of COVID-19 (group and company)

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.

Key audit matter	How our audit addressed the key audit matter
Capitalisation of internal staff costs Refer to pages 85 (Note 1) and 110 (Accounting Policies) The group continued to invest in its operational infrastructure spending £30.2m on property, plant and equipment as set out in note 12, and £85.4m on intangible assets as set out in note 11. We focussed on this area due to the size of the costs capitalised and 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. We further assessed whether costs were appropriately moved out of assets under construction and appropriately amortised/depreciated from the point at which they came into operational use.	We have gained an understanding through walkthroughs performed and discussion with management of the process in place for evaluating capital approval for staff time capitalised in relation to capital projects. We tested management's operational control in relation to capital funding request forms which evidenced that the appropriate capitalisation criteria had been considered and the funding was appropriately authorised. We were able to place reliance on these controls for the purpose of our audit. Our testing approach covered capitalisation of employee time for internal staff and external contractors. We obtained an understanding of various selected capitalised projects, tested time charged back to timesheet 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 material costs that had been inappropriately capitalised. For a number of projects which became operational in the year we validated that the costs previously capitalised relating to these projects were moved out of assets under construction at the point that the associated assets became operational. We further confirmed that depreciation or amortisation commenced on these projects at rates consistent with the group's accounting policies once the respective projects became operational. We performed additional procedures over furloughed staff to confirm that staff time was not incorrectly capitalised. Nothing was identified from any of the work performed to suggest a material error in relation to capitalisation of internal staff costs.
Fraud in revenue recognition Refer to pages 88 (Note 3) and 107 (Accounting Policies) The group has one main source of revenue which relates to sales made through the ASOS.com entity and its website. Sales of goods sold via the website are recognised on dispatch from the warehouse with customers having the right to return the goods, should they so choose. Should customers return any goods, the group will typically refund the associated revenue relating to the returned goods. We deem the risk of fraud in revenue to be specific to journal postings and judgemental adjustments. Regarding adjustments, the nature of the group's revenue and revenue recognition policies generated two specific heightened areas of focus for our audit: Firstly, regarding revenue cut off, we assessed whether the policy of recognising revenue on dispatch is appropriate and 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 noting the requirement in IFRS 15 that revenue from sales with rights of return should only be recognised if it is highly probable that it will not reverse.	We discussed the revenue recognition policy with management and performed a walkthrough to reconfirm our understanding of the revenue recognition process. In order to get substantive comfort over the occurrence of revenue, we have taken the total revenue figure recognised in the trial balance at the year-end, and reconciled this figure to the cash received: a "Sales to Cash reconciliation", with any differences in excess of materiality being investigated, leaving an immaterial untested balance. We have also performed additional testing over the classification of cash receipts, to ensure that cash receipts for non-revenue items are not erroneously attributed to revenue transactions in the sales to cash reconciliation, and that these cash receipts do in fact relate to real revenue transactions. We performed testing to identify unusual journals impacting revenue which did not follow expected business processes. We tested and gained evidence over the commercial rationale of a targeted sample of the journals identified. Regarding cut off, we performed testing over a number of contracts with couriers to assess the appropriateness of the assumption that transfer of control passed on despatch. We have also assessed the financial impact of recognising revenue on despatch rather than on receipt by customers. We determined that there is contractual evidence supporting the revenue recognition policy applied and in addition that the sales and profit impact for the year of recognising revenue on dispatch as against delivery was not material. We understood the methodology used to calculate the returns provision and determined the policy has not significantly changed. We tested the inputs to the calculation through to source data and assessed the key assumptions, driving the calculation, being the historical returns rates for appropriateness. This included considering the impact of Covid-19 on current return rates. We also compared the provision to actual returns of sales made pre year end, which were processed in the period post year end. We also considered the disclosures in respect of this given the heightened level of uncertainty and volatility in returns rates due to the impact of the pandemic. No evidence arose from our work that the provision for returns was materially misstated.

Key audit matter	How our audit addressed the key audit matter
Valuation of inventory The group held a significant amount (£532m) of inventory as at 31 August 2020. The nature of the group's business model is to service demand in a dynamic and fast moving fashion market which also inherently means there is a risk of inventory falling out of fashion and proving difficult to sell above cost. The impact of the pandemic also provided an environment which added further complexity and potential risk in achieving sales values for certain elements of inventory in excess of their carrying values. The group's provisioning policy is primarily based on the net realisable value of inventory lines, with provisions being recognised against inventory that management expect to be discounted and sold below their average weighted cost. Specific provisions for slow moving and fragmented items of inventory are recognised where there is a view that the net sales price achievable will be lower than cost. The quantum of the total inventory balance, its relative increase year on year, along with the level of judgement involved to ensure that individual line items are stated at the lower of cost and net realisable value made this an area of focus.	We have reviewed and understood management's provisioning policy, compared it to the prior year and assessed its appropriateness given our knowledge of the group and the particular market dynamics in play as at the balance sheet date. In particular we challenged management over the rationale for the year on year increase in the provision obtaining a granular breakdown of the constituent parts of the provision and assessing the appropriateness of all significant elements. As part of our work around this area we tested the inventory quantity and value inputs into various elements making up the overall inventory provision. For a sample of inventory items we performed a recalculation of the average weighted cost. No exceptions were noted. In an additional sample, we tested to supporting evidence that the net realisable value of inventory items was appropriate. We tested the appropriateness of the data used as the basis for management's inventory provision calculation, with no issues noted. We have obtained and reviewed the post year-end level of stock write offs and did not identify any significant unprovided amounts.
Consideration of the impact of COVID-19 As with all businesses ASOS has not been immune to the impact of the pandemic on its business. Given the significance of the impact of the virus on the global economy, customer behaviours and associated cash flows we considered this an important area to consider in terms of a wider range of judgments impacting the business, most notably the carrying amounts of assets and projected future cash flows in the context of going concern and impairment assessments. Management's assessment of the impact on the group going concern conclusion was made by modelling severe but plausible downside scenarios, utilising the knowledge obtained through trading since March. Management has concluded that the group expect to trade solvently under these scenarios for at least twelve months from the date of this report. The directors have therefore prepared the group financial statements on a going concern basis, with no material uncertainty. Management also considered the impact of COVID-19 on the group's financial statements and concluded that there was no material impact on the financial statements, including in respect of the impairment of certain assets, or on provisions or estimates made.	Regarding going concern, we evaluated management's forecasts, which included the consideration of the potential impact of the pandemic on the business, along with their severe but plausible downside scenario. Based on the information available at the time of the approval of the Annual Report and Accounts, we consider the scenarios run to be appropriate as a means to form a view over going concern. We challenged management on the key assumptions included within the scenarios modelled. We have considered the potential impact of COVID-19 on the balance sheet, specifically around the valuation of inventory, potential impairment of tangible and intangible assets, the provisioning for future returns and recoverability of receivables and concluded that there were no indicators of a material error on amounts included in the group financial statements. We reviewed management's disclosures in relation to the potential impact of COVID-19 and concluded they are appropriate given our audit work and knowledge. Our conclusions relating to going concern are set out in the 'Conclusions related to going concern' section below.

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

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 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 being the parent entity holding investments throughout the group, and ASOS.com Limited which generates more than 99% of the group revenue through sales via the world-wide ASOS websites.

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	£7,000,000 (2019: £4,500,000).	£350,000 (2019: £250,000).
How we determined it	1% of total revenue with regard to profit before tax.	1% of total assets, capped at an allocation of group materiality.
Rationale for benchmark applied	Within the group there is a focus on driving sales given the group's focus 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, £7m was viewed as an appropriate level to set materiality.	The 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 £350,000 and £6,650,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £350,000 (group audit) (2019: £250,000) and £17,500 (Company audit) (2019: £10,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and 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, the Companies Act 2006 (CA06) and ISAs (UK) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and 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. (CA06)

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

As a result of the directors' reporting on how they have applied the UK Corporate Governance Code (the "Code"), we are required to report to you if we have anything material to add or draw attention to regarding:

- The directors' confirmation on pages 32 to 35 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 72 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report in respect of this responsibility.

Other Code Provisions

As a result of the directors' reporting on how they have applied the Code, we are required to report to you if, in our opinion:

- The statement given by the directors, on page 46, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company obtained in the course of performing our audit.
- The section of the Annual Report on page 47 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have nothing to report in respect of this responsibility.

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 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 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 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 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other voluntary reporting

Directors' remuneration

The company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the Companies Act 2006. The directors requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited as if the company were a quoted company.

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
13 October 2020

Consolidated Statement of Total Comprehensive Income

For the year to 31 August 2020

	Note	**Year to 31 August 2020 £m**	Year to 31 August 2019 £m
Revenue	3	**3,263.5**	2,733.5
Cost of sales		**(1,716.1)**	(1,399.2)
Gross profit		**1,547.4**	1,334.3
Distribution expenses		**(444.6)**	(415.6)
Administrative expenses		**(951.7)**	(883.6)
Operating profit	4	**151.1**	35.1
Finance income	6	**0.5**	–
Finance expense	7	**(9.5)**	(2.0)
Profit before tax		**142.1**	33.1
Income tax expense	8	**(28.8)**	(8.5)
Profit for the year		**113.3**	24.6
Profit for the year attributable to owners of the parent company		**113.3**	24.6
Net translation movements offset in reserves		**0.1**	(0.8)
Net fair value loss on derivative financial instruments	19	**(13.9)**	(14.9)
Income tax relating to these items	8	**2.9**	2.8
Other comprehensive loss for the year[1]		**(10.9)**	(12.9)
Total comprehensive income for the year attributable to owners of the parent company		**102.4**	11.7
Earnings per share attributable to the owners of the parent company during the year			
Basic per share	9	**126.3p**	29.4p
Diluted per share	9	**125.6p**	29.4p

1 All items of other comprehensive loss will subsequently be reclassified to profit or loss.

Consolidated Statement of Changes in Equity

For the year to 31 August 2020

	Note	Called up share capital £m	Share premium £m	Retained earnings[1] £m	Employee Benefit Trust reserve[2] £m	Hedging reserve £m	Translation reserve £m	Total equity £m
At 1 September 2019		**2.9**	**6.9**	**449.5**	**1.3**	**(4.8)**	**(2.2)**	**453.6**
Profit for the year		**–**	**–**	**113.3**	**–**	**–**	**–**	**113.3**
Other comprehensive (loss)/income		**–**	**–**	**–**	**–**	**(11.0)**	**0.1**	**(10.9)**
Total comprehensive income/(loss) for the year		**–**	**–**	**113.3**	**–**	**(11.0)**	**0.1**	**102.4**
Proceeds from share issue, net of transaction costs	**18**	**0.6**	**238.8**	**–**	**–**	**–**	**–**	**239.4**
Net cash received on exercise of shares from Employee Benefit Trust	**18**	**–**	**–**	**–**	**0.7**	**–**	**–**	**0.7**
Share-based payments charge	**20**	**–**	**–**	**12.9**	**–**	**–**	**–**	**12.9**
Tax relating to share option scheme	**8**	**–**	**–**	**1.3**	**–**	**–**	**–**	**1.3**
Balance as at 31 August 2020		**3.5**	**245.7**	**577.0**	**2.0**	**(15.8)**	**(2.1)**	**810.3**
At 1 September 2018		2.9	6.9	422.1	1.0	7.5	(1.6)	438.8
Profit for the year		–	–	24.6	–	–	–	24.6
Other comprehensive loss for the year			–	–	–	(12.3)	0.6	(12.9)
Total comprehensive income/(loss) for the year				82.4	–	(12.3)	0.6	11.7
Net cash received on exercise of shares from Employee Benefit Trust	18	–		–	0.3	–	–	0.3
Share-based payments charge	20	–	–	3.4	–	–	–	3.4
Tax relating to share option scheme	8	–	–	(0.6)	–	–	–	(0.6)
Balance as at 31 August 2019		2.9	6.9	449.5	1.3	(4.8)	(2.2)	453.6

1 Retained earnings includes the share-based payments reserve.
2 Employee Benefit Trust and Link Trust.

Consolidated Statement of Financial Position

As at 31 August 2020

	Note	At 31 August 2020 £m	At 31 August 2019 £m
Non-current assets			
Goodwill	10	**1.1**	1.1
Other intangible assets	11	**346.9**	325.1
Property, plant and equipment	12	**616.8**	296.0
Derivative financial asset	19	**4.8**	0.1
		969.6	622.3
Current assets			
Inventories		**532.4**	536.8
Trade and other receivables	13	**60.3**	72.8
Derivative financial asset	19	**19.6**	11.0
Cash and cash equivalents	14	**407.5**	–
Current tax asset		**–**	2.6
		1,019.8	623.2
Current liabilities			
Trade and other payables	15	**(806.1)**	(669.0)
Bank overdraft	14	**–**	(15.5)
Borrowings	14	**–**	(75.0)
Lease liabilities	16	**(22.3)**	–
Derivative financial liability	19	**(25.4)**	(12.7)
Current tax liability		**(0.3)**	–
		(854.1)	(772.2)
Net current assets/(liabilities)		**165.7**	(149.0)
Non-current liabilities			
Lease liabilities	16	**(290.8)**	
Deferred tax liability	17	**(11.4)**	(12.6)
Derivative financial liability	19	**(22.8)**	(7.1)
		(325.0)	(19.7)
Net assets		**810.3**	453.6
Equity attributable to owners of the parent			
Called up share capital	18	**3.5**	2.9
Share premium		**245.7**	6.9
Employee Benefit Trust reserve		**2.0**	1.3
Hedging reserve		**(15.8)**	(4.8)
Translation reserve		**(2.1)**	(2.2)
Retained earnings		**577.0**	449.5
Total equity		**810.3**	453.6

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

The consolidated financial statements of ASOS Plc, registered number 4006623, on pages 81 to 110, were approved by the Board of Directors and authorised for issue on 13 October 2020 and were signed on its behalf by:

Mathew Dunn
Chief Financial Officer

Consolidated Statement of Cash Flows

For the year to 31 August 2020

	Note	Year to 31 August 2020 £m	Year to 31 August 2019 £m
Operating profit		**151.1**	35.1
Adjusted for:			
Depreciation of property, plant and equipment	4	**57.4**	25.3
Amortisation of other intangible assets	4	**60.0**	46.0
Impairment of assets	4	**4.1**	1.4
Decrease/(increase) in inventories		**4.4**	(129.2)
Decrease/(increase) in trade and other receivables		**6.5**	(30.2)
Increase in trade and other payables		**129.4**	143.3
Share-based payments charge	20	**10.9**	2.5
Other non-cash items		**–**	0.7
Income tax paid		**(20.5)**	(5.2)
Net cash generated from operating activities		**403.3**	89.7
Investing activities			
Payments to acquire intangible assets		**(88.4)**	(124.9)
Payments to acquire property, plant and equipment		**(28.2)**	(96.7)
Finance income		**0.5**	–
Net cash used in investing activities		**(116.1)**	(221.6)
Financing activities			
Proceeds from share issue, net of transaction costs		**239.4**	–
(Repayment of)/proceeds from borrowings	14	**(75.0)**	75.0
Principal portion of lease liabilities	16	**(21.4)**	–
Net cash inflow relating to Employee Benefit Trust		**0.7**	0.3
Finance expense		**(8.0)**	(1.4)
Net cash generated from financing activities		**135.7**	73.9
Net increase/(decrease) in cash and cash equivalents		**422.9**	(58.0)
Opening cash and cash equivalents		**(15.5)**	42.7
Effect of exchange rates on cash and cash equivalents		**0.1**	(0.2)
Closing cash and cash equivalents	14	**407.5**	(15.5)

Notes to the Financial Statements

For the year to 31 August 2020

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 45 to 48.

The estimates and judgements 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 £36.5m at 31 August 2020 (2019: £11.3m), an overall charge to the statement of comprehensive income of £25.2m was recognised during the year.

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. Despite the increased uncertainty associated with COVID-19, management do not believe that the difference between the accrual estimate and actual returns will be material. The accrual for net refunds totalled £62.5m at 31 August 2020 (2019: £62.9m).

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. As Domains have indefinite useful lives they are not amortised. 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 94 and 95.

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 94 and 95.

Accounting judgements

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.

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.

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 20 on pages 103 to 105.

2 CHANGES TO ACCOUNTING POLICIES

Standards, amendments and interpretations to standards that are effective and have been adopted by the Group and/or Company

The group has adopted IFRS 16, "Leases", effective for accounting periods commencing 1 January 2019 and applied the simplified transition approach with the practical expedients for short term and low value asset leases. Comparatives have not been restated and opening retained earnings have not been impacted, as a result of the transition approach.

The Group enters into leases for property, plant and equipment. The Group's lease portfolio is principally comprised of property leases of land and buildings in relation to ASOS fulfilment centres and office space. The leases typically run for terms between 7 and 20 years and may include break clauses or options to renew beyond the non-cancellable periods. The majority of the Group's lease payments are subject to market review, usually every 5-6 years, and some lease agreements include rental payments contingent on turnover or economic indices. These contingent lease payments are excluded from the calculation of lease liabilities under IFRS 16.

The right-of-use assets have been measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position immediately before the date of initial application. The value of the lease liabilities represents the total cash commitments under each of the operating leases. The present value of the lease liabilities is discounted at ASOS' potential borrowing cost for a long-term liability and will be reviewed periodically.

The lease liability brought onto the balance sheet at transition is £339.3m, and the right of use asset is £352.1m. A £36.2m dilapidation provision has also been recognised separately, discounted using the same discount rate as the lease liability. There was an existing dilapidations provision of £5.4m held on the balance sheet for the year ended 31 August 2019, hence a £30.8m movement has been included in the table below showing the impact across the opening Statement of Financial Position:

	1 September 2019 £m
Non-current assets	
Right-of-use assets – property, plant & equipment	352.1
Current assets	
Prepayments	(5.0)
Current liabilities	
Financial liabilities – lease liabilities	(22.1)
Accruals	23.0
Non-current liabilities	
Financial liabilities – lease liabilities	(317.2)
Dilapidation provision	(30.8)
Total movement in retained earnings at 1 September 2019	–

Reconciliation of the lease liabilities at 1 September 2019 to the operating lease commitments at 31 August 2019:	**£m**
Operating lease commitments disclosed at 31 August 2019 under IAS17	388.9
Adjustments as a result of changes in management assumptions on exercising an option to terminate a lease and reflecting individual components of a contract	(12.7)
Discounted using the group's incremental borrowing rate at the date of initial application	(36.4)
Short-term leases excluded from lease liability	(0.5)
Lease liability recognised as at 1 September 2019	**339.3**

2 CHANGES TO ACCOUNTING POLICIES continued

The effect of these changes has resulted in EBITDA increasing by £27.6m and depreciation increasing by £25.0m; therefore EBIT has increased by £2.6m for the year ended 31 August 2020. Net finance costs have increased by £5.0m and therefore profit before tax reduced by £2.4m.

Within the cash flow statement, while there is no additional impact on cash flows, there are changes in the classification of cash flows, with £21.4m of lease payments classified as financing cash flows and £5.0m as interest payments.

From 1 September 2019 the Group's lease policy is summarised as follows:

A right-of-use asset and lease liability is recognised at the lease commencement date. The right-of-use asset is initially recognised at cost, comprising the initial amount of the lease liability plus any initial direct cost incurred. An adjustment is made for the reclassification of prepaid lease expenses, dilapidation accruals less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

The lease liability is initially measured as the present value of the lease payments at the commencement date, discounted using the incremental borrowing rate of 1.43%. The lease liability is measured at amortised cost using the effective interest method and a subsequent finance charge recognised on the finance lease liability. A finance charge on the dilapidation provision is also recognised using the same effective borrowing rate. The finance lease liability is re-measured when there is a change in future lease payments arising from a change in an index or a rate or a change in the Group's assessment of whether it will exercise an extension or termination option. When the lease liability is re-measured, a corresponding adjustment is made to the right-of-use asset.

ASOS' activities as a lessor are not currently material.

All other accounting policies applied are consistent with those adopted and disclosed in the Group financial statements for the year to 31 August 2019.

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

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group and/or Company

There have been no changes to standards published that are applicable to the Group or Company.

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 Committee which receives 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 KPIs reflecting territory and customer performance.

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

	Year to 31 August 2020				
	UK £m	**EU £m**	**US £m**	**RoW[1] £m**	**Total £m**
Retail sales	**1,175.9**	**1,005.3**	**401.9**	**587.9**	**3,171.0**
Delivery receipts	**32.1**	**24.9**	**13.3**	**16.0**	**86.3**
Third-party revenues	**6.1**	**–**	**0.1**	**–**	**6.2**
Total revenues	**1,214.1**	**1,030.2**	**415.3**	**603.9**	**3,263.5**
Cost of sales					**(1,716.1)**
Gross profit					**1,547.4**
Distribution expenses					**(444.6)**
Administrative expenses					**(951.7)**
Operating profit					**151.1**
Finance income					**0.5**
Finance expense					**(9.5)**
Profit before tax					**142.1**

1 Rest of World

	Year to 31 August 2019				
	UK £m	EU £m	US £m	RoW[1] £m	Total £m
Retail sales	993.4	825.7	341.2	497.4	2,657.7
Delivery receipts	27.4	17.5	12.1	9.4	66.4
Third-party revenues	9.0	0.3	0.1	–	9.4
Total revenues	1,029.8	843.5	353.4	506.8	2,733.5
Cost of sales					(1,399.2)
Gross profit					1,334.3
Distribution expenses					(415.6)
Administrative expenses					(883.6)
Operating profit					35.1
Finance income					–
Finance expense					(2.0)
Profit before tax					33.1

1 Rest of World

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. No measure of segmental assets or liabilities is therefore disclosed in this note.

The total amount of non-current assets located in the UK is £679.6m (2019: £463.4m), EU: £204.0m (2019: £113.0m), US: £80.1m (2019: £44.7m), and RoW: £nil (2019: £nil).

4 OPERATING PROFIT

	Year to 31 August 2020 £m	Year to 31 August 2019 £m
a) Operating profit is stated after charging		
Depreciation of property, plant and equipment	**57.4**	25.3
Amortisation of other intangible assets	**60.0**	46.0
Impairment of assets	**4.1**	1.4
Cost of inventory recognised as an expense	**1,677.8**	1,378.5
Adjustment of inventories to net realisable value	**23.3**	5.4
Net foreign exchange losses	**5.5**	4.5
Operating leases	**2.5**	24.0
b) Auditors' remuneration:		
Audit and audit-related services:		
Statutory audit of parent company and consolidated financial statements	**0.3**	0.1
Statutory audit of the Company's subsidiaries pursuant to legislation	**0.1**	0.2
Total	**0.4**	0.3

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 45 to 48. Costs related to non-audit services provided by the Group's auditors were less than £0.1m (2019: less than £0.1m).

No exceptional items were identified for the year to 31 August 2020 (2019: £nil).

5 STAFF COSTS INCLUDING DIRECTORS' REMUNERATION

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

	Year to 31 August 2020	Year to 31 August 2019
By activity:		
Fashion	**1,063**	1,070
Operations	**1,969**	2,900
Technology	**792**	785
	3,824	4,755

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

	Year to 31 August 2020 £m	Year to 31 August 2019 £m
Wages and salaries	**189.0**	192.4
Social security costs	**18.5**	19.9
Other pension costs	**7.3**	7.4
Share-based payments charge (Note 20)	**12.9**	3.4
Gross total	**227.7**	223.1
Less: staff costs capitalised in relation to capital projects	**(44.5)**	(43.1)
	183.2	180.0

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 Committee of ASOS.com Limited, was as follows:

	Year to 31 August 2020 £m	Year to 31 August 2019 £m
Short-term employee benefits	**7.0**	3.7
Post-employment benefits	**0.3**	0.4
Share-based payments charge/(credit)	**3.5**	(0.4)
	10.8	3.7

The highest-paid director exercised 5,736 share options during the year (2019: 36,194); all other components of the highest-paid director's remuneration are detailed in the directors' remuneration table on page 64.

Directors' aggregate emoluments and pension payments are detailed in the Directors' Remuneration Report on pages 51 to 63, along with directors' interests in issued shares and share options on page 67.

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 2020 £m	Year to 31 August 2019 £m
Interest receivable on cash and cash equivalents	**0.5**	–

7 FINANCE EXPENSE

Finance expense payable on cash and cash equivalents, including short-term borrowings, is recognised in the Statement of Total Comprehensive Income in the period to which it relates.

	Year to 31 August 2020 £m	Year to 31 August 2019 £m
Interest payable on cash and cash equivalents	**4.5**	2.0
IFRS 16 lease interest	**5.0**	–
	9.5	2.0

8 INCOME TAX EXPENSE

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

	Year to 31 August 2020 £m	Year to 31 August 2019 £m
Tax on profit	**25.5**	4.0
Adjustment in respect of prior year corporation tax	**0.2**	(0.5)
Total current tax charge	**25.7**	3.5
Deferred tax		
– Origination and reversal of temporary differences	**3.1**	5.0
Total deferred tax charge	**3.1**	5.0
Tax on profit	**28.8**	8.5
Effective tax rate	**20.3%**	*25.7%*

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 2020 £m	Year to 31 August 2019 £m
Profit before tax	**142.1**	33.1
Tax on profit at standard rate of UK corporation tax of 19% (2019: 19%)	**27.0**	6.3
Effects of:		
Expenses not deductible for taxation purposes	**(0.6)**	2.2
Rate differences: overseas tax	**0.1**	0.1
Rate differences: UK tax	**1.9**	(0.4)
Tax adjustments on share-based payments	**0.2**	0.8
Adjustment in respect of prior years	**0.2**	(0.5)
Tax on profit	**28.8**	8.5

8 INCOME TAX EXPENSE continued

Tax recognised in other comprehensive income

	Year to 31 August 2020 £m	Year to 31 August 2019 £m
Deferred tax credit on net translation movements offset in reserves	**0.1**	0.2
Deferred tax credit on movement of derivative financial instruments	**2.8**	2.6
	2.9	2.8

Tax recognised in the statement of changes in equity

	Year to 31 August 2020 £m	Year to 31 August 2019 £m
Deferred tax credit on movement in tax base of share options	**1.3**	1.4
Current tax charge on exercise of share options	**–**	(2.0)
	1.3	(0.6)

Amounts which have been recognised in equity are included in the Consolidated Statement of Changes in Equity on page 82.

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 Link 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 year, adjusted for the effects of potentially dilutive share options.

	Year to 31 August 2020 £m	Year to 31 August 2019 £m
Weighted average share capital		
Weighted average shares in issue for basic earnings per share (no. of shares)	**89,697,034**	83,565,283
Weighted average effect of dilutive options (no. of shares)	**443,417**	159,117
Weighted average shares in issue for diluted earnings per share (no. of shares)	**90,140,451**	83,724,400
Earnings (£m)		
Earnings attributable to owners of the parent company	**113.3**	24.6
Basic earnings per share	**126.3p**	29.4p
Diluted earnings per share	**125.6p**	29.4p

10 GOODWILL

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

	Total £m
Cost	
At 1 September 2018, 31 August 2019 and 31 August 2020	**1.4**
Accumulated impairment losses	
At 1 September 2018, 31 August 2019 and 31 August 2020	**(0.3)**
Carrying value	
At 31 August 2020	**1.1**
At 31 August 2019	**1.1**

Goodwill is not amortised, but tested annually for impairment with the recoverable amount being determined from value-in-use calculations. The goodwill balance relates to the historic acquisition of ASOS.com Limited, a 100% subsidiary of the Group.

Goodwill has been allocated for impairment testing purposes to cash-generating units (CGUs); 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.

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 2018	0.2	281.3	73.3	354.8
Additions	–	85.9	29.7	115.6
Transfers	–	18.4	(18.4)	–
Disposals	–	(8.7)	–	(8.7)
Impairments	–	(1.8)	–	(1.8)
At 31 August 2019	0.2	375.1	84.6	459.9
Additions	**–**	**62.1**	**23.3**	**85.4**
Transfers	**–**	**14.6**	**(14.6)**	**–**
Disposals	**–**	**(4.1)**	**–**	**(4.1)**
Impairments	**–**	**(4.5)**	**–**	**(4.5)**
At 31 August 2020	**0.2**	**443.2**	**93.3**	**536.7**
Accumulated amortisation				
At 1 September 2018	–	97.9	–	97.9
Charge for the year	–	46.0	–	46.0
Disposals	–	(8.7)	–	(8.7)
Impairments	–	(0.4)	–	(0.4)
At 31 August 2019	–	134.8	–	134.8
Charge for the year	**–**	**60.0**	**–**	**60.0**
Disposals	**–**	**(4.1)**	**–**	**(4.1)**
Impairments	**–**	**(0.9)**	**–**	**(0.9)**
At 31 August 2020	**–**	**189.8**	**–**	**189.8**
Net book amount				
At 31 August 2020	**0.2**	**253.4**	**93.3**	**346.9**
At 31 August 2019	0.2	240.3	84.6	325.1

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 (2019: £nil).

Software and assets under construction as at 31 August 2020 relate to internal and external costs incurred for the development of software, mainly the Truly Global Retail (TGR) system for internal use. The majority of assets under construction are expected to go live by end of January 2021.

Total additions arising from internal development projects were £69.0m (2019: £97.8m).

12 PROPERTY, PLANT AND EQUIPMENT

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

	Leasehold land & buildings £m	Fixtures, fittings, plant and machinery £m	Computer equipment £m	Assets under construction £m	Total £m
Cost					
At 1 September 2018	–	161.4	16.2	116.8	294.4
Additions	–	3.3	0.6	75.8	79.7
Transfers	–	150.7	9.4	(160.1)	–
Disposals	–	(7.1)	(0.5)	–	(7.6)
At 31 August 2019	–	308.3	25.7	32.5	366.5
Transition on adoption of IFRS 16 (Note 2)	**352.1**	**–**	**–**	**–**	**352.1**
FX	**(4.0)**	**–**	**–**	**–**	**(4.0)**
Additions	**–**	**25.6**	**3.8**	**0.8**	**30.2**
Transfers	**–**	**30.1**	**2.9**	**(33.0)**	**–**
Disposals	**–**	**(2.3)**	**(2.0)**	**–**	**(4.3)**
Impairments	**–**	**(0.5)**	**–**	**–**	**(0.5)**
At 31 August 2020	**348.1**	**361.2**	**30.4**	**0.3**	**740.0**
Accumulated depreciation					
At 1 September 2018	–	46.8	6.0	–	52.8
Charge for the year	–	20.2	5.1	–	25.3
Disposals	–	(7.1)	(0.5)	–	(7.6)
At 31 August 2019	–	59.9	10.6	–	70.5
Charge for the year	**25.0**	**26.2**	**6.2**	**–**	**57.4**
FX	**(0.4)**	**–**	**–**	**–**	**(0.4)**
Disposals	**–**	**(2.3)**	**(2.0)**	**–**	**(4.3)**
At 31 August 2020	**24.6**	**83.8**	**14.8**	**–**	**123.2**
Net book amount					
At 31 August 2020	**323.5**	**277.4**	**15.6**	**0.3**	**616.8**
At 31 August 2019	–	248.4	15.1	32.5	296.0

There were no significant assets under construction as at 31 August 2020 (2019: final phase of Euro Hub automation, and development of office space at Leavesden and Greater London House.)

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13 TRADE AND OTHER RECEIVABLES

Trade receivables are non-interest bearing and are initially recognised at fair value and subsequently measured at amortised cost less an allowance for expected credit losses. Such allowances are based on an individual assessment of each receivable, which is informed by past experience, and are recognised at amounts equal to the losses expected to result from all possible default events over the life of each financial asset. The Group also performs analysis on a case by case basis for particular trade receivables with irregular payment patterns or history.

	31 August 2020 £m	31 August 2019 £m
Trade receivables	21.2	19.1
Provision for doubtful debts	(0.1)	(0.1)
Trade receivables net of provision for doubtful debts	21.1	19.0
Prepayments	10.1	21.6
Other receivables	29.1	32.2
	60.3	72.8

The other receivables balance includes £13.0m of UK VAT receivables (2019: £25.7m). 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 2020, the provision for impairment was £0.1m (2019: £0.1m).

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

	Year to 31 August 2020 £m	Year to 31 August 2019 £m
At start of year	(0.1)	–
(Provided)/released during the year	–	(0.1)
At end of year	(0.1)	(0.1)

As at 31 August 2020, trade receivables of £2.1m (2019: £0.8m) 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

(a) Cash and cash equivalents

	31 August 2020 £m	31 August 2019 £m
Net movement in cash and cash equivalents	422.9	(58.0)
Opening cash and cash equivalents	(15.5)	42.7
Effect of exchange rates on cash and cash equivalents	0.1	(0.2)
Closing cash and cash equivalents	407.5	(15.5)

Cash and cash equivalents comprise highly liquid funds which the Group can access without restriction.

(b) Borrowings

The Group has in place a £350m Revolving Credit Facility (RCF) available until July 2023. At 31 August 2020 the Group had drawn down £nil (2019: £75.0m) of the RCF.

During the year, the Group also issued commercial paper to the value of £100.0m, as part of the government-backed Covid Corporate Financing Facility (CCFF). This was fully repaid on 28 August 2020.

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 2020 £m	31 August 2019 £m
Trade payables and accruals	353.2	285.4
Taxation and social security	11.7	9.1
Non-trade accruals	304.1	270.3
Other payables	137.1	104.2
	806.1	669.0

Trade payables and accruals includes trade payables and goods received not invoiced, freight and duty accruals. The fair value of trade, other payables and accruals is not materially different from their carrying value.

16 LEASE LIABILITIES

See Note 24 for the Group's accounting policy on lease liabilities. The following amounts are included in the Group's consolidated financial statements in respect of its leases:

	31 August 2020 £m	31 August 2019 £m
Depreciation charge for right-of-use assets (excluding impairment) (see Note 12)	(25.0)	–
Interest expense on lease liabilities	(5.0)	–
Expense relating to short-term leases	(2.3)	–
Expense relating to leases of low value assets that are not shown above as short-term leases	(0.1)	–
Total cash outflow for leases comprising interest and capital payments	(26.4)	–
Lease liabilities		
The minimum lease payments under finance leases fall due as follows:		
Within one year	(26.1)	–
Within two to five years	(129.1)	–
Within five to ten years	(121.3)	–
In more than ten years	(67.3)	–
	(343.8)	–
Future finance charge on lease liabilities	30.7	–
Present value of future leases	(313.1)	–
Balance sheet lease liabilities		
Current	(22.3)	–
Non-current	(290.8)	–
	(313.1)	–

16 LEASE LIABILITIES continued

Prior to 1 September 2019, the Group recognised operating leases in line with IAS 17. Leases where the Group does not retain substantially all the risks and rewards of ownership of the asset were classified as operating leases. Operating lease rental payments were recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. From 1 September 2019, the Group no longer recognises operating leases in line with IAS 17 and instead recognises right-of-use assets and lease liabilities in line with IFRS 16. Therefore, the future aggregate minimum lease payments payable under non-cancellable operating leases as at 1 September 2019 are deemed to be £nil.

Operating lease commitments	31 August 2020 £m	31 August 2019 £m
The minimum lease payments under non-cancellable operating leases fall due as follows:		26.8
Within one year	–	107.9
Within two to five years	–	254.2
In more than five years	–	388.9
Total	**–**	2.9

17 DEFERRED TAX ASSET/(LIABILITY)

	Accelerated capital allowances £m	Share-based payments £m	Derivatives £m	Other £m	Total £m
At 1 September 2018	(6.7)	5.0	(1.2)	(5.3)	(8.2)
(Charge)/credit to the Statement of Total Comprehensive Income	(1.3)	(2.6)	2.6	(1.1)	(2.4)
Credit to equity (see Note 8)	–	(2.0)	–	–	(2.0)
At 31 August 2019	(8.0)	0.4	1.4	(6.4)	(12.6)
(Charge)/credit to the Statement of Total Comprehensive Income	(2.3)	0.9	2.9	(1.6)	(0.1)
Charge to equity (see Note 8)	–	1.3	–	–	1.3
At 31 August 2020	**(10.3)**	**2.6**	**4.3**	**(8.0)**	**(11.4)**

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

The deferred tax asset on share-based payments is created by the temporary difference between the carrying value of outstanding share-based payment options in 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 2020.

At 31 August 2019 it was expected that the corporation tax rate would reduce to 17% from 1 April 2020 and deferred tax in respect of amounts which were expected to unwind after this date was recognised at 17%. Earlier this year it was announced that the corporation tax rate would remain at 19% and this was substantively enacted on 17 March. As a result, a rate change adjustment has arisen in respect of brought forward balances which were not recognised at 19% and all current year movements and closing balances have been recognised at 19%.

18 CALLED UP SHARE CAPITAL

	31 August 2020 £m	31 August 2019 £m
Authorised:		
100,000,000 (2018: 100,000,000) ordinary shares of 3.5p each	**3.5**	3.5
Allotted, issued and fully paid:		
83,872,275 (2018: 83,629,761) ordinary shares of 3.5p each	**3.5**	2.9

	No. of shares
Ordinary Shares (Issued)	
As at 1 September 2019	83,872,275
New ordinary shares issued for cash – share placing	**15,805,943**
Employee share scheme issues	**86,584**
As at 31 August 2020	**99,764,802**

18 CALLED UP SHARE CAPITAL continued

In April 2020, ASOS announced a share placing issuing 15,805,943 new ordinary shares in ASOS plc with an offer price of £15.60 per share. This resulted in the raising of £246.6m in gross proceeds. Directly attributable share issuance fees deducted from share premium totalled £7.2m, resulting in net proceeds from the share issue of £239.4m.

During the year, 86,584 (2019: 242,514) ordinary shares of 3.5 pence each were issued as a result of the exercise of various employee share options. Total consideration received in respect of the exercise of the employee share options was £nil (2019: £nil). No shares were issued to the Chairman (2019: 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 Link 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 and are not material.

During the year to 31 August 2020, 25,901 shares (2019: 12,006 shares) were transferred from the Trusts to employees in settlement of share options and awards in exchange for cash consideration of £0.7m (2019: £0.3m). Nil shares (2019: nil) were purchased by the Trusts to satisfy future options and awards, at a cost of £nil (2019: £nil). The Trusts have waived the right to receive dividends on these shares.

At 31 August 2020, 245,567 shares were held by the Trusts (2019: 271,468 shares). The total value in reserves was a credit balance of £2.0m (2019: a credit balance of £1.3m).

19 FINANCIAL INSTRUMENTS

Categories of financial instruments

	31 August 2020 £m	31 August 2019 £m
Financial assets		
Derivative assets used for hedging at fair value	**24.4**	11.1
Amortised cost	**457.7**	51.2
Financial liabilities		
Derivative liabilities used for hedging at fair value	**(48.2)**	(19.8)
Lease liabilities	**(313.1)**	–
Amortised cost	**(794.4)**	(750.4)

Financial assets at amortised cost include trade and other receivables and cash, and exclude prepayments. Included in financial liabilities at amortised cost are trade payables, overdrafts, borrowings, 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 management

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.

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 2020, the Group had a revolving credit facility of £350.0m that is available until July 2023, of which £350.0m was not drawn down at the year end. Borrowings under the revolving 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.

19 FINANCIAL INSTRUMENTS continued

Surplus cash is invested on deposit with relationship banks and money market funds to balance return on cash balances with business liquidity requirements and counterparty risk. The Group's financial liabilities at amortised cost as at 31 August 2020 and 31 August 2019 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, financial derivatives, and cash and cash equivalents. The Group's credit risk is primarily attributable to its trade and other receivables and financial counterparties. 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 long-standing relationships, 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 facility to the extent that this is utilised. At 31 August 2020, £nil was drawn down from this facility (2019: £75.0m) and therefore the Group has not entered any 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,Australian dollars and Russian Rubles. The Group's presentational currency is pound 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 primary use of forward exchange contracts for sales per the Group's hedging policy is to layer hedges over a 36-month period, with up to 100% coverage of the net unmatched exposure for the first 12 months and coverage increasing from 20% to 95% between months 13 and 36. Hedges are currently protecting foreign exchange risk on 12 currencies. These forward foreign exchange contracts are classified as Level 2 derivative financial instruments under IFRS 13, 'Fair Value Measurement'.

Hedge effectiveness is determined at inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The derivatives have been fair valued at 31 August 2020 with reference to forward exchange rates that are quoted in an active market, with the resulting value discounted back to present value. The Group's forward foreign exchange contracts are entered into under International Swaps and Derivatives Association (ISDA) master netting arrangements. In certain circumstances, such as when a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and in general only a single net amount is payable in settlement of all transactions. See Note 24 for further details on foreign exchange.

19 FINANCIAL INSTRUMENTS continued

	31 August 2020 £m	31 August 2019 £m
Fair value of derivative financial instruments		
Non-current assets		
Fair value of derivatives	**4.8**	0.1
Current assets		
Fair value of derivatives	**19.6**	11.0
Current liabilities		
Fair value of derivatives	**(25.4)**	(12.7)
Non-current liabilities		
Fair value of derivatives	**(22.8)**	(7.1)
	(23.8)	(8.7)

	31 August 2020 £m	31 August 2019 £m
Hedging risk strategy	**Cash flow hedges**	Cash flow hedges
Carrying amount	**(21.2)**	(7.3)
Notional amount	**1,199**	890.1
Maturity date	**To Jul 2023**	To Mar 2021
Hedge ratio	**1:1**	1:1
Change in fair value of outstanding hedging instruments since inception of the hedge	**(21.2)**	(7.3)

The foreign currency forwards are denominated in the same currency as the highly probable forecast cash flows, therefore the hedge ratio is 1:1.

The Group's forward foreign exchange contracts were assessed to be highly effective at 31 August 2020, and the net fair value of outstanding contracts was a £21.2m liability (2019: £7.3m 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 2020 £m	31 August 2019 £m
Cash flows relating to forward contracts:		
Within six months	**(3.8)**	(0.9)
Between six months and one year	**0.6**	0.6
Between one and three years	**(18.0)**	(7.0)
	(21.2)	(7.3)

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

	31 August 2020 £m	31 August 2019 £m
Gains/(losses) arising during the year on currency forward contracts:		
Gains previously in OCI, reclassified to revenue	**1.7**	5.4
Gains previously in OCI, reclassified to property, plant and equipment	**–**	0.2
Net unrealised loss during the year	**(15.6)**	(20.5)
	(13.9)	(14.9)

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19 FINANCIAL INSTRUMENTS continued

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 36 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 Statement of Financial Position.

Maturity

The table below analyses the Group's gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	31 August 2020 £m	31 August 2019 £m
Forward foreign currency contracts – cash flow hedges		
Outflows within one year	**(22.0)**	(12.7)
Outflows between one and three years	**(18.8)**	(7.1)
	(40.8)	(19.8)

Financial instrument sensitivities

Foreign currency sensitivity

The Group's principal financial instrument foreign currency exposures are to US dollars, euros and Australian dollars. The following table 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	
	2020 £m	2019 £m	2020 £m	2019 £m
Sterling strengthens by 10% against:				
US dollar	**11.7**	0.2	**11.1**	0.8
Euro	**6.6**	0.6	**6.2**	(0.3)
Australian dollar	**0.3**	(0.1)	**(0.5)**	(0.3)
Sterling weakens by 10% against:				
US dollar	**(11.7)**	(0.2)	**(11.1)**	(0.8)
Euro	**(6.6)**	(0.6)	**(6.2)**	0.3
Australian dollar	**(0.3)**	0.1	**0.5**	0.3

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 2020 and 31 August 2019 there was no significant sensitivity to changes in market interest rates.

20 SHARE-BASED PAYMENTS

See Note 24 for the Group's accounting policy on share-based payments.

The Group recognised a charge of £12.9m (2019: £3.4m) and capitalised £2.0m (2019: £0.9m) related to share-based payments during the year to 31 August 2020, all of which relates to equity-settled schemes.

Summary of movements in awards

	Save As You Earn scheme (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 2018	357,987	6,844	837,134	1,201,965	1,325
Granted during the year	–	–	429,798	429,798	–
Lapsed during the year	(161,159)	–	(137,308)	(298,467)	2,537
Exercised during the year	(9,940)	(1,632)	(242,514)	(254,086)	130
Outstanding at 31 August 2019	186,888	5,212	887,110	1,079,210	743
Exercisable at 31 August 2020	60,222	5,212	–	65,434	2,901
Outstanding at 1 September 2019	**186,888**	**5,212**	**887,110**	**1,079,210**	**743**
Granted during the year	**195,798**	**–**	**313,773**	**509,571**	**1,105**
Lapsed during the year	**(143,643)**	**–**	**(313,664)**	**(457,307)**	**1,215**
Exercised during the year	**(24,774)**	**(1,561)**	**(69,169)**	**(95,504)**	**756**
Outstanding at 31 August 2020	**214,269**	**3,651**	**818,050**	**1,035,970**	**712**
Exercisable at 31 August 2020	**28,340**	**3,651**	**–**	**31,991**	**4,869**

The weighted average share price at date of exercise of shares exercised during the year was 3,560 pence (2019: 5,472 pence). The weighted average remaining contractual life of outstanding options at the end of the year was 1.4 years (2019: 1.3 years). The aggregate fair value of options granted in the year was £11.4m (2019: £20.5m).

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 2019 (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 2020 (no. of shares)	Exercise price (pence)	Exercise period
06.06.16	60,222	**–**	**(35,595)**	**(24,627)**	**–**	2,901	01.07.19 – 31.12.19
08.06.17	58,766	**–**	**(30,279)**	**(147)**	**28,340**	4,869	01.08.20 – 31.01.21
15.12.17	184	**–**	**(184)**	**–**	**–**	4,869	01.08.20 – 31.01.21
08.06.18	67,716	**–**	**(37,535)**	**–**	**30,181**	5,028	01.08.21 – 31.01.22
20.11.19	–	**195,798**	**(40,050)**	**–**	**155,748**	2,876	01.01.23 – 30.06.23
	186,888	**195,798**	**(143,643)**	**(24,774)**	**214,269**		

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20 SHARE-BASED PAYMENTS continued

The fair value of SAYE options granted during the current year (2019: no options granted) was calculated using the Black-Scholes model, assuming the following inputs:

	Year to 30 August 2020
Share price (pence)	**3,120**
Exercise price (pence)	**2,876**
Expected volatility (%)	**52.0**
Expected life (years)	**3.0**
Risk-free rate (%)	**0.51**
Dividend yield	**–**
Weighted average fair value of options (pence)	**1,183**

Volatility has been estimated by taking the historical volatility in the Company's share price over a three-year period.

Share Incentive Plan (SIP)

Under the terms of the SIP, the Board granted 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 Link Trust.

Date of grant	1 September 2019 (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 2020 (no. of shares)	Exercise price (pence)	Exercise period
28.12.12	2,740	**–**	**–**	**(823)**	**1,917**	nil	Post 28.12.2015
15.11.13	2,472	**–**	**–**	**(738)**	**1,734**	nil	Post 15.11.2017
	5,212	**–**	**–**	**(1,561)**	**3,651**		

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 64, 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 2019 (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 2020 (no. of shares)	Exercise price (pence)	Exercise period
16.12.16	224,478	**–**	**(165,090)**	**(59,388)**	**–**	nil	31.10.19
01.03.17	29,043	**–**	**(21,198)**	**(7,845)**	**–**	nil	31.10.19
07.06.17	6,313	**–**	**(4,789)**	**(1,524)**	**–**	nil	31.10.19
14.09.17	1,524	**–**	**(1,112)**	**(412)**	**–**	nil	31.10.19
11.10.17	239,959	**–**	**(34,178)**	**–**	**205,781**	nil	31.10.20
01.03.18	19,968	**–**	**(1,655)**	**–**	**18,313**	nil	31.10.20
22.05.18	9,436	**–**	**(1,857)**	**–**	**7,579**	nil	31.10.20
24.10.18	306,515	**–**	**(59,651)**	**–**	**246,864**	nil	31.10.21
26.02.19	14,118	**–**	**(2,379)**	**–**	**11,739**	nil	31.10.21
28.06.19	35,757	**–**	**(470)**	**–**	**35,287**	nil	31.10.21
20.11.19	–	**297,357**	**(21,285)**	**–**	**276,072**	nil	31.10.22
27.02.20	–	**16,416**	**–**	**–**	**16,416**	nil	31.10.22
	887,111	**313,773**	**(313,664)**	**(69,169)**	**818,051**		

20 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:

	2020		2019		
	Grant 1	Grant 2	Grant 1	Grant 2	Grant 3
Share price (pence)	**3,120**	**3,073**	5,782	3,085	2,550
Exercise price (pence)	**–**	**–**	–	–	–
Expected volatility (%)	**52.2**	**55.2**	34.3	46.6	49.3
Expected life (years)	**2.9**	**2.7**	3.0	2.7	2.3
Risk-free rate (%)	**0.51**	**0.38**	0.83	0.78	0.58
Dividend yield	**–**	**–**	–	–	–
Weighted average fair value of options for EPS performance condition (pence)	**3,120**	**3,073**	5,782	3,085	2,550
Weighted average fair value of options for TSR performance condition (pence)[1, 2]	**2,368**	**2,332**	3,510	1,873	1,548

1 Inputs to the Monte Carlo model for both grants from 2020 were as follows: share price of 3,120 pence, exercise price of nil, expected volatility of 30.0%, expected life of 3.0 years, risk-free rate of 0.517% and dividend yield of nil.

2 Inputs to the Monte Carlo model for all three grants from 2019 were as follows: share price of 5,782 pence, exercise price of nil, expected volatility of 30.0%, expected life of 3.0 years, risk-free rate of 0.753% and dividend yield of nil.

21 CAPITAL COMMITMENTS

Capital expenditure committed at the reporting date but not yet incurred is as follows:

	31 August 2020 £m	31 August 2019 £m
Fixtures and fittings	**12.1**	21.4
Intangible assets	**24.7**	33.9
	36.8	55.3

22 CONTINGENT LIABILITIES

From time to time, the Group is subject to various legal proceedings and claims that arise in the ordinary course of business which, due to the fast-growing nature of the Group and its 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 2020, the Group had contingent liabilities of £21.6m (2019: £21.6m) in relation to supplier standby letters of credit, rent deposit, deeds and other bank guarantees. On 10 September 2020 the Group extended a supplier standby letter of credit by £8.9m bringing the total to £30.5m. The likelihood of cash outflow in relation to these contingent liabilities is considered to be low.

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 2019 and the year to 31 August 2020 other than remuneration disclosed in Note 5.

Transactions with ASOS.com Limited Employee Benefit Trust and Link Trust (the Trusts)

During the year, £0.7m (2019: £0.3m) 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, net of VAT, totalling £55.6m (2019: £47.7m) from Aktieselskabet af 5.5.2010, a company which has a significant shareholding in the Group. At 31 August 2020, the amount due to Aktieselskabet af 5.5.2010 was £15.8m (2019: £8.5m).

FINANCIAL STATEMENTS

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, Sweden, the Netherlands, Denmark, Poland 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.

COVID-19 impact

COVID-19 has impacted all aspects of the Group's business. The Group has considered the additional costs and revenues incurred as a result of the pandemic and has determined that COVID-19 impacts should not be treated as an exceptional item. The Group will continue to monitor closely the impact of the COVID-19 outbreak, and apply guidance issued by the World Health Organization and local governments appropriately. As always, the safety of our customers and colleagues remains paramount.

Going concern and viability assessment

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 page 72. The directors have also assessed the prospects of the Company and the Group over a three-year period to 31 August 2023, and have a reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period under review.

The Group has conducted extensive stress-testing given the impacts of COVID-19 on customer demand and behaviours, none of which have resulted in a change to the assessment of the Group as a going concern. The Directors have therefore continued to adopt the going concern basis in preparing the Group's financial statements.

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.

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 Link 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 on page 117. 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.

24 ACCOUNTING POLICIES continued

(ii) Employee Benefit Trust and Link Trust
The Employee Benefit Trust and Link 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.

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 and sales taxes. Retail sales and delivery receipts are recognised on 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 is measured at the fair value of the consideration received or receivable, net of value added tax, and is recognised 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 year. 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 operates internationally and is therefore exposed to foreign currency transaction risk, primarily on sales denominated in Euros, US dollars, Australian Dollars and Russian Roubles. To manage this exposure the Group hedge a proportion of sales based on the assessed net currency exposure. The Group's presentational currency is pound 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 up to 100% of foreign currency transactions in the same currency, taking into account a proportion of sales approach. For capital expenditure, the Group's policy is to hedge pre-approved foreign currency expenditure. 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. Derivatives are initially recognised at fair value at the trade date and subsequently remeasured at fair value. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). At inception of the designated hedging relationships, the risk management objective and strategy for undertaking the hedge is documented alongside the economic relationship between the item being hedged and the hedging instrument.

For hedges of sales, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the hedging reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in Statement of Comprehensive Income, within other gains/(losses). Amounts accumulated in equity are reclassified in the periods when the hedged item affects the Statement of Comprehensive Income. The foreign currency forwards are denominated in the same currency as the highly probable forecast foreign cash flows, therefore the hedge ratio is assumed to be 1:1 based on the risk management strategy. The primary use of forward exchange contracts for sales per the Group's policy is to layer hedges over a 36-month period, with up to 100% coverage of the net unmatched exposure for the first 12 months and coverage increasing from 20% to 95% between month 13 and 36, 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'. Hedge effectiveness is determined at inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. In these hedge relationships ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, change in quantity or if there are changes in the credit risk of the Group or the derivative counterparty. There was no ineffectiveness in the year ending 31 August 2020 (2019: no ineffectiveness). The derivatives have been fair valued at 31 August 2020 with reference to forward exchange rates that are quoted in an active market, with the resulting value discounted back to present value.

24 ACCOUNTING POLICIES continued

Derivatives are initially recognised at fair value on the date a derivative contract is entered 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 recycled when cash flows from the hedged items impact the accounts. Changes in the fair value of foreign currency derivatives which are ineffective or do not meet the criteria for hedge accounting in accordance with IFRS 9 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) 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.

e) 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.

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

The Group currently hold leases for their fulfilment centres and office space. ASOS adopted IFRS 16 "Leases" from 1 September 2019.

The Group recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially recognised at cost, comprising the initial amount of the lease liability plus any initial direct cost incurred. An adjustment is made for the reclassification of prepaid lease expenses, dilapidation accruals less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

Lease liabilities are initially measured as the present value of the lease payments at the commencement date, discounted using the incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method and a subsequent finance charge recognised on the finance lease liability. A finance charge on the dilapidation provision is also recognised using the same effective borrowing rate. The finance lease liability is re-measured when there is a change in future lease payments arising from a change in an index or a rate or a change in the Group's assessment of whether it will exercise an extension or termination option. When the lease liability is re-measured, a corresponding adjustment is made to the right-of-use asset.

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.

24 ACCOUNTING POLICIES continued

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 and seven years, except for major technical infrastructure projects which have an expected economic life of ten years. 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 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.

Right-of-use assets are initially measured at cost, which is an amount equal to the corresponding lease liabilities (present value of future lease payments) adjusted for any lease payment made at or before the commencement date, less any lease incentives received. See section (h) for the lease liabilities accounting policy.

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:

- **Leasehold land and buildings:** depreciated over seven to twenty years depending on lease term
- **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 2020

	Called up share capital £m	Share premium £m	Retained earnings[1] £m	Total equity £m
At 1 September 2019	**2.9**	**6.9**	**25.8**	**35.6**
Shares allotted	**0.6**	**238.8**	**–**	**239.4**
Loss for the year and total comprehensive loss	**–**	**–**	**(1.5)**	**(1.5)**
Share-based payments contribution	**–**	**–**	**12.9**	**12.9**
At 31 August 2020	**3.5**	**245.7**	**37.2**	**286.4**
At 1 September 2018	2.9	6.9	23.3	33.1
Loss for the year and total comprehensive loss	–	–	(0.9)	(0.9)
Share-based payments contribution	–	–	3.4	3.4
At 31 August 2019	2.9	6.9	25.8	35.6

1 Retained earnings includes the share-based payments reserve.

Company Statement of Financial Position

As at 31 August 2020

	Note	31 August 2020 £m	31 August 2019 £m
Non-current assets			
Investments	8	**49.3**	36.4
Current assets			
Other receivables	3	**237.1**	0.9
Current liabilities			
Other payables	4	**–**	(1.7)
Net current assets/(liabilities)		**237.1**	(0.8)
Net assets		**286.5**	35.6
Equity			
Called up share capital	6	**3.5**	2.9
Share premium		**245.7**	6.9
Retained earnings		**37.2**	25.8
Total equity		**286.4**	35.6

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 £1.5m (2019: loss of £0.9m).

The financial statements of ASOS Plc, registered number 4006623, on pages 111 to 119, were approved by the Board of Directors and authorised for issue on 13 October 2020 and were signed on its behalf by:

Mathew Dunn
Chief Financial Officer

Company Statement of Cash Flows

For the year to 31 August 2020

	Year to 31 August 2020 £m	Year to 31 August 2019 £m
Operating loss	**(1.2)**	(0.9)
Adjusted for:		
Increase in other receivables	**(236.2)**	(0.1)
(Decrease)/increase in payables	**(1.7)**	1.0
Proceeds from issue of ordinary shares	**239.4**	–
Interest paid	**(0.3)**	–
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 2020

1 ACCOUNTING POLICIES

Basis of preparation

The separate financial statements of the Company are drawn up in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and with the Companies Act 2006.

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 £1.5m (2019: loss of £0.9m).

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 2020 £m	31 August 2019 £m
Amounts due from subsidiary undertakings	237.1	0.9

The fair value of other receivables is not materially different to their carrying value.

As at 31 August 2020, receivables from subsidiary undertakings of £237.2m (2019: £0.9m) 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 2020, receivables of £237.2m (2019: £0.9m) 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 2020 £m	31 August 2019 £m
More than six months	0.9	0.98

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 2020 £m	31 August 2019 £m
Amounts due to subsidiary undertakings	–	1.7

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 2020 £m	31 August 2019 £m
Financial assets		
Amortised cost	237.2	0.9
Financial liabilities		
Amortised accruals	–	(1.7)

6 CALLED UP SHARE CAPITAL

	31 August 2020 £m	31 August 2019 £m
Authorised:		
100,000,000 (2019: 100,000,000) ordinary shares of 3.5p each	3.5	3.5
Allotted, issued and fully paid:		
99,764,802 (2019: 83,872,275) ordinary shares of 3.5p each	3.5	2.9

Ordinary Shares (Issued)	No. of shares
As at 1 September 2019	83,872,275
New ordinary shares issued for cash – share placing	15,805,943
Employee share scheme issues	86,584
As at 31 August 2020	99,764,802

In April 2020, ASOS announced a share placing issuing 15,805,943 new ordinary shares in ASOS plc with an offer price of £15.60 per share. This resulted in the raising of £246.6m in gross proceeds. Directly attributable share issuance fees deducted from share premium totalled £7.2m, resulting in net proceeds from share issue of £239.4m.

During the year, 86,584 (2019: 242,514) ordinary shares of 3.5 pence each were issued as a result of the exercise of various employee share options. Total consideration received in respect of the exercise of the employee share options was £nil (2019: £nil). No shares were issued to the chairman (2019: 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 2020 £m	Year to 31 August 2019 £m
Costs recharged by subsidiary undertakings	1.2	1.0

For transactions with directors and key management of ASOS Plc, see Note 23 to the consolidated financial statements on page 105.

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 2020, ASOS.com Limited recognised a charge of £12.9m (2019: £3.4m) in respect of share-based payment arrangements. Accordingly, this is shown as an increase (2019: 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 2018	1.7	31.3	33.0
Additions	–	3.4	3.4
At 31 August 2019	1.7	34.7	36.4
Additions	**–**	**12.9**	**12.9**
At 31 August 2020	**1.7**	**47.6**	**49.3**

The directors believe the carrying value of investments is supported by their underlying net assets.

8 INVESTMENTS continued

At 31 August 2020, 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
Eight Paw Projects Limited	UK	100%	Brand management 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%	Holding company
ASOS Transaction Services France SAS	France	100%	Payment processing company
ASOS Australia Pty Limited	Australia	100%	Holding company
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[3]	UK	100%	Holding company
ASOS (Shanghai) Commerce Co. Limited	China	100%	Discontinued internet retailer

1 ASOS.com Limited has a 7.2% interest in Needle and Thread Design Holdings Limited.
2 ASOS Projects Limited has a 3.4% interest in Action Artificial Intelligence Limited.
3 ASOS Ventures Limited has a 9.5% interest in Trackonomics 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: 12 Timber Creek Lane, Newark, DE 19711, US
ASOS Germany GmbH: An der Anhalter Bahn 6, 14979 Grossbeeren, Germany
ASOS France SAS: TMF France SAS, 3-5 Rue Saint Georges, 75009 Paris, France
ASOS Transaction Services France SAS: TMF France SAS, 3-5 Rue Saint Georges, 75009 Paris, France
ASOS Australia Pty Limited: Company Matters Pty Limited, Level 12, 680 George Street, Sydney NSW 2000, Australia
ASOS Canada Services Limited: 777 Dunsmuir Street, Suite 1700, Vancouver, BC V7Y 1K4, Canada
ASOS Transaction Service Australia Pty Limited: c/o Company Matters Pty Limited, Tower 4, 727 Collins Street, Docklands, VIC 3008, Australia
ASOS US Sales LLC: 12 Timber Creek Lane, Newark, DE 19711, US
ASOS (Shanghai) Commerce Co. Limited: 587 Langao Road, Putuo District, 200333 Shanghai, China

Five-Year Financial Summary (unaudited)

Consolidated Statement of Comprehensive Income

	Year to 31 August 2016 £m	Year to 31 August 2017 £m	Year to 31 August 2018 £m	Year to 31 August 2019 £m	**Year to 31 August 2020 £m**
Revenue	1,444.9	1,923.6	2,417.3	2,733.5	**3,263.5**
Cost of sales	(722.7)	(965.3)	(1,180.2)	(1,399.2)	**(1,716.1)**
Gross profit	722.2	958.3	1,237.1	1,334.3	**1,547.4**
Distribution costs	(216.0)	(299.2)	(380.8)	(415.6)	**(444.6)**
Administrative expenses	(443.2)	(579.5)	(754.4)	(883.6)	**(951.7)**
Operating profit before exceptional items	63.0	79.6	101.9	35.1	**151.1**
Exceptional items	(20.9)	–	–	–	**–**
Operating profit after exceptional items	42.1	79.6	101.9	35.1	**151.1**
Finance income	0.7	0.4	0.3	–	**0.5**
Finance expense	–	–	(0.2)	(2.0)	**(9.5)**
Profit before tax	42.8	80.0	102.0	33.1	**142.1**
Income tax expense	(8.1)	(15.9)	(19.6)	(8.5)	**(28.8)**
Profit from continuing operations	34.7	64.1	82.4	24.6	**113.3**
Discontinued operations					
Loss from discontinued operations before tax	(10.1)	–	–	–	**–**
Tax from discontinued operations	(0.2)	–	–	–	**–**
Loss from discontinued operations after tax	(10.3)	–	–	–	**–**
Profit for the year attributable to owners of the parent company	24.4	64.1	82.4	24.6	**113.3**
Net translation movements offset in reserves	(1.4)	(0.3)	0.3	(0.8)	**0.1**
Net fair value (losses)/gains on derivative financial instruments	(82.3)	15.8	67.7	(14.9)	**(13.9)**
Income tax relating to these items	16.2	(3.3)	(12.8)	2.8	**2.9**
Other comprehensive income/(loss) for the year	(67.5)	12.2	55.2	(12.9)	**(10.9)**
Profit attributable to:					
Owners of the parent company	24.4	64.1	82.4	24.6	**113.3**
Non-controlling interest	–	–	–	–	**–**
	24.4	64.1	82.4	24.6	**113.3**
Total comprehensive income/(loss) attributable to:					
Owners of the parent company	(43.1)	76.3	137.6	11.7	**102.4**
Non-controlling interest	–	–	–	–	**–**
	(43.1)	76.3	137.6	11.7	**102.4**
Underlying earnings per share[1]					
Basic	61.9p	77.2p	98.9p	29.4p	**126.3p**
Diluted	61.8p	76.6p	98.0p	29.4p	**125.6p**
Earnings per share					
Basic	29.4p	77.2p	98.9p	29.4p	**126.3p**
Diluted	29.3p	76.6p	98.0p	29.4p	**125.6p**

1 Underlying EPS is calculated using profit after tax before exceptional items and discontinued operations.

Consolidated Statement of Financial Position

	As at 31 August 2016 £m	As at 31 August 2017 £m	As at 31 August 2018 £m	As at 31 August 2019 £m	**As at 31 August 2020 £m**
Non-current assets	204.0	325.9	503.4	622.3	**969.6**
Current assets	446.0	514.5	503.6	623.2	**1,019.8**
Total assets	650.0	840.4	1,007.0	1,245.5	**1,989.4**
Equity attributable to owners of the parent company	200.4	287.1	438.8	453.6	**810.3**
Current liabilities	428.6	544.2	558.0	772.2	**854.1**
Non-current liabilities	21.0	9.1	10.2	19.7	**325.0**
Total liabilities, capital and reserves	650.0	840.4	1,007.0	1,245.5	**1,989.4**

Consolidated Statement of Cash Flows

	Year to 31 August 2016 £m	Year to 31 August 2017 £m	Year to 31 August 2018 £m	Year to 31 August 2019 £m	**Year to 31 August 2020 £m**
Net cash generated from operating activities after exceptional items	130.7	145.9	93.9	89.7	**403.3**
Net cash used in investing activities	(78.4)	(161.0)	(212.7)	(221.6)	**(116.1)**
Net cash generated from financing activities	0.6	1.8	1.5	73.9	**135.7**
Net movement in cash and cash equivalents	52.9	(13.3)	(117.3)	(58.0)	**422.9**
Opening cash and cash equivalents	119.2	173.3	160.3	42.7	**(15.5)**
Effect of exchange rates on cash and cash equivalents	1.2	0.3	(0.3)	(0.2)	**0.1**
Closing cash and cash equivalents	173.3	160.3	42.7	(15.5)	**407.5**

Company Information

Annual General Meeting

The AGM will be held at 12.00 noon on Thursday 26 November 2020 at Greater London House, Hampstead Road, London NW1 7FB. We are continuing to monitor developments relating to the outbreak of COVID-19, including the related public health guidance and legislation issued by the UK Government. In light of the continuously changing developments with respect to the COVID-19 pandemic and, in particular, the UK Government's response (including the use of local lockdowns and guidance on working from home and gatherings), the Board has concluded that the interests of all our stakeholders would be best served by running this year's AGM as a closed meeting. Shareholders will therefore not be able to attend in person. The Notice of Meeting is available on our website setting out the business to be transacted.

Directors

Adam Crozier (Chair)
Nick Beighton
Mat Dunn
Ian Dyson
Mai Fyfield
Karen Geary
Luke Jensen
Nick Robertson
Eugenia Ulasewicz

Company Secretary

Anna Suchopar

Registered office

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Hampstead Road
London NW1 7FB

Registered in England
Company Number 4006623

Shareholder helpline

0871 664 0300

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Chartered Accountants and Statutory Auditors
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London WC2N 6RH

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London EC1Y 8YY

Financial adviser, nominated adviser and joint broker

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London E14 5JP

Joint broker

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