


asos

ASOS Plc Annual Report and Accounts 2022



asos is a destination for fashion-loving 20-somethings around the world, with a purpose to give its customers the confidence to be whoever they want to be.

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ASOS highlights



Revenue ↑ 2%¹
£3,936.5m
 2021: £3,910.5m

Topshop brands

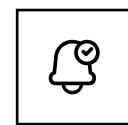
105%

YoY sales growth

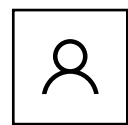
Operating loss ↓ 105%
(£9.8m)
 2021: £190.1m

Adjusted profit before tax² ↓ 89%
£22.0m
 2021: £193.6m

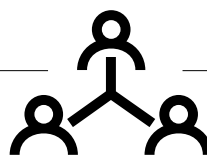
Reported loss before tax ↓ 118%
(£31.9m)
 2021: £177.1m



Premier subscribers
12% YoY growth



Active customers
26.4 million



45%
 Female representation at combined leadership level³



- 1 On a constant currency basis.
- 2 Adjusted profit before tax excludes items recognised in reported profit or loss before tax which, if included, could distort comparability between periods. In determining which items to exclude, the Group considers items which are significant either by virtue of their size and/or nature, or that are non-recurring.
- 3 Defined as Head of and above.
- 4 At ASOS, we collect information on ethnicity using the same fields and classifications as the Office of National Statistics to align reporting to benchmarks. We currently use the term 'ethnic minority'.

Chair's statement



“We are confident we are on the right path and that our unique business model, combined with the strength of our brand, our offer and our people, means ASOS is well-positioned to succeed and to create long-term shareholder value.”

There is no doubt that 2022 has been a challenging year for ASOS. As well as navigating an incredibly turbulent external environment, it has also been a year of significant change within our business. I would therefore like to start by thanking our dedicated and hardworking ASOSers, as well as our shareholders and partners, for their continued strong support.

ASOS has a powerful business model, which enables customers to shop for the very best fashion – choosing from our ASOS brands or from a curated choice of the world's best leading third-party brands. This unique combination remains central to our strategy, providing our customers with all their fashion needs in one place. And it is this global platform and scalability which provides us with a solid foundation to deliver our ambition to become the go-to destination for fashion-loving 20-somethings.

But, as we continue to face a highly uncertain economic and geopolitical environment, it is clear we must sharpen our focus on improving operations, performance, flexibility and relevance, as well as capitalising on our core strengths – the strong ASOS brand and compelling customer offer. There is much for us to do, but together, the Board and management are confident that, by becoming less complex and more agile, ASOS will overcome the continued economic challenges ahead.

New leadership

José Antonio Ramos Calamonte's appointment as Chief Executive Officer was announced alongside my appointment as Chair in June 2022. José brings a wealth of experience as a multichannel, international retailer and a track record of driving innovation. In his previous role as ASOS' Chief Commercial Officer, a role he held since January 2021, José took responsibility for driving our product and trading strategy globally, encompassing design, sourcing, garment technology, buying and merchandising, global trading, ASOS Studios and creative.



José has a clear set of priorities. He is taking firm action now to build upon our core strengths and accelerate the changes needed to strengthen the business based on four key principles: simplicity; speed to market; operational excellence; and flexibility and resilience.

Together, we have been working closely to identify the necessary actions to ensure we tackle our self-imposed operational issues and emerge from this period of economic uncertainty as a stronger business. Under his leadership, we will ensure that ASOS has the necessary discipline with regards to capital allocation and returns. By executing against our clearly-stated priorities, we will return to delivering the kind of sustainable growth on which we can continue to build.

The Board looks forward to working with José and his Executive team, as it is strengthened, to support and challenge them as the Company delivers on its customer proposition and value creation strategy.

Board changes

After nearly nine years of service – latterly as Chair – Ian Dyson stepped down from the Board this year. Ian made a great contribution to ASOS during his tenure. I would like to take this opportunity to thank Ian and wish him well for in his future endeavours.

Mat Dunn will step down from his roles as Chief Operating Officer and Chief Financial Officer at the end of October, as part of the restructuring of our Executive team. I would like to reiterate my thanks to Mat, who has made an enormous contribution to ASOS over the past three years, and also during his time as interim CEO.

Karen Geary steps down as a Non-executive Director on 1 December 2022. I would like to thank Karen for her significant contribution to ASOS, particularly in her role as Remuneration Committee Chair and as the Board’s designated representative for employee engagement. My thanks also go to Eugenia Ulasewicz and Luke Jensen, Non-executive Directors, who have decided not to seek re-election at the Company’s next Annual General Meeting (AGM). Luke will step down from the Board on 31 October 2022 and Eugenia will step down at the close of the AGM.

Finally, I am delighted that Patrick Kennedy joined the Board as Senior Independent Director in January 2022. His wise counsel has been invaluable during a period of uncertainty and change.

Outlook

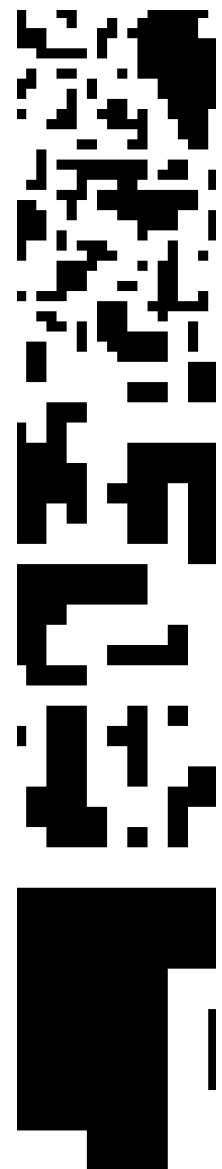
I have been clear here about the unprecedented geopolitical and macroeconomic challenges we face and what we need to do to change ASOS for the better. As a Board, we recognise that the value creation over the period has been disappointing.

We are taking all the right actions to deliver a better and more resilient business and to deal with what is likely to be a lengthy period of continued uncertainty. As we progress, we will continue to be guided by ASOS’ purpose, to give our customers the confidence to be whoever they want to be, and by our Fashion with Integrity strategy, which underpins our drive to be a responsible company that delivers benefits for people and minimises our impact on the planet.

We are confident that we are now on the right path and that our unique business model, combined with the strength of our brand, our offer and our people, means ASOS is well-positioned to succeed and to create long-term shareholder value.

I am optimistic about our prospects and would like to take this opportunity to thank again all our colleagues, suppliers, brand partners, loyal customers and you, our investors.

Jørgen Lindemann
Chair



Chief Executive Officer's statement



“We go into this new year with our eyes firmly on our vision – to become the go-to global destination for fashion-loving 20-somethings and to deliver sustainable long-term growth in the interests of our customers, ASOSers, investors and all our other stakeholders.”

This is a critical time for all retailers. Customers are feeling increasingly squeezed by the economy and are thinking incredibly carefully about what they buy – and, crucially, where they shop.

For ASOS, this means that we cannot stand still. Since taking over as ASOS' CEO in June, I have made it my priority to connect with all of our stakeholders – our customers, ASOSers, suppliers, partners and our investors – to really understand what makes them tick and use this knowledge to power our business through the challenging times ahead, and to form a clear view of what ASOS will need to do differently to succeed through the turbulent times ahead.

Against the backdrop of an incredibly challenging climate, the strength of our brand and our compelling customer offer has enabled our business to deliver a resilient performance this year. But I know we can, and should, be achieving far more. To truly rise to this challenge, we must unleash ASOS' full potential.

As I reflect on what we have delivered this past year, it is important to start by thinking about the power of ASOS' purpose – to give our customers the confidence to be whoever they want to be. This underpins everything we do and, along with our Fashion with Integrity strategy, has guided how we do business as we drive to be a responsible company, delivering positive benefits for people, whilst minimising our impact on the planet.

These are amazing things to stand for as a company. In addition, we have a brand which is highly relevant, and a close connection with our customers. This year, we have been the partner of choice for many of the world's biggest brands, delivering innovative collaborations that give our customers a reason to keep choosing ASOS. Highlights have included:

- Following a successful pilot with Adidas and Reebok in the UK, our Partner Fulfil programme expanded into our key territories in Europe.



- We have continued to collaborate with our brand partners on new collections. Within sportswear, we leveraged our in-house talent to collaborate with Nike on a campaign that highlighted the best of Nike footwear styled with a curated edit of ASOS Design, Topshop and COLLUSION clothing.
- Our Adicolor 70s collection with Adidas gave our customers a megamix of retro-inspired styles, drawing on archive Adidas colours and the iconic Trefoil. The campaign was the biggest ASOS Media Group shoot to date, showcasing a 60+ piece collection which launched in the UK, EMEA and the US.

We have also shown what is possible when we challenge ourselves to innovate within our own brands and customer experience:

- The launch of the next chapter for Topshop and Topman, including the first collection conceived and created entirely under ASOS' ownership. This year, Topshop more than doubled its sales in line with our ambitions when we acquired the brand back in February 21.
- In March, we launched a successful collaboration of a different kind – COLLUSION with ASOS Marketplace – which saw three independent ASOS Marketplace boutiques collaborate with COLLUSION to rework samples into a capsule wardrobe. The project offered one-off pieces and helped promote ASOS Marketplace while upcycling clothing that otherwise would not have been sold. One hundred percent of the profits were kept by the boutiques.
- We have also seen 12% growth in our global Premier customer base, with Premier customers shopping 3.5x more than an average ASOS customer. Our Premier offer is key to driving loyalty and engagement among our customer base as well as increasing our average customer value over time.

All of this shows us that ASOS is a strong and creative business. But it is also clear that we have not done enough to harness our strengths, or to cement our position in key markets outside the UK. Indeed, the lack of meaningful growth and scale in our key international markets – the US, France and Germany – has been one of our main challenges, so we must rethink how we can better leverage our leading position in the UK to reignite our international operations.

Over the next 12 months, it is therefore my mission to implement a clear change agenda that will create a stronger ASOS. It will see us take decisive action in four priority areas to reorient our business towards the future: simplicity; speed to market; operational excellence; and flexibility and resilience.

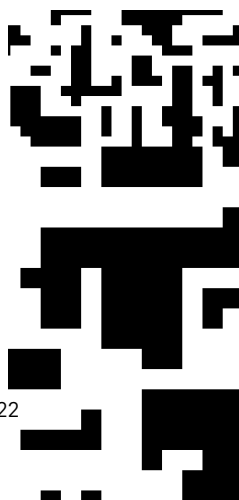
With our short-term focus being firmly on building resilience, our longer-term priority is to ensure ASOS generates sustainable growth. In parallel to these actions, we have therefore launched a comprehensive review of our capital and resource allocation across markets, of our customer acquisition channels and of our end-to-end operations. To support this change agenda, we have renewed our commercial model and are improving our inventory management, we have proactively secured additional financial flexibility with our banks – and will also make a non-cash stock write-off to reduce cost and complexity in FY23 (more information can be found on page 153).

Fashion with Integrity must also remain a key part of our DNA as we build ASOS' future – this has been bought into even sharper focus this year by the Competition and Markets Authority (CMA) investigation that followed the publication of the Green Claims Code. As we continue to co-operate with the CMA in their important work, we are steadfast in our commitment to provide clear and accurate information about our products – as well as to offering our customers products that don't compromise the ethics and values that we share with them.

We know the external market will continue to be tough but getting this right will make sure we offer every one of our fashion-loving customers a compelling experience and forward-looking style inspiration. We cannot achieve any of this without the hard work of our ASOSers, who continue to bring their all to our business to provide the best experience for our c.26 million customers every day. There is much for us to do together – and I am excited for the potential ahead.

As we enter the new financial year, I want to say a big 'thank you' to our customers for their loyalty. Every decision we make is to ensure we give them the very best fashion, shopping experience and style inspiration. We go into this new year with our eyes firmly on our vision – to become the go-to global destination for fashion-loving 20-somethings and to deliver sustainable long-term growth in the interests of our customers, ASOSers, investors and all our other stakeholders.

José Antonio Ramos Calamonte
Chief Executive Officer



Our values

We are mission-led, purpose-driven and guided by our values. Our mission is to be the world's number one 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's why our purpose is to give fashion-loving 20-somethings the confidence to be whoever they want to be.

We are guided by our **values**



Authentic

We celebrate what makes us unique and stay true to ourselves.

Our business is built on an inclusive culture which encourages passion, enthusiasm and development, so our ASOSers can bring their best selves to work. We recognise that it's our differences which make us stand out from the crowd, giving our ASOSers and customers the confidence to be whoever they want to be.

Brave

We've been bold and ambitious from the start – it's in our DNA.

We're empowered to try something different with the freedom to fail, turning left when others turn right. We use our voice to drive us forward, speaking up on the things our people and customers care about and challenging the status quo.



We have a curious and adventurous spirit – it's who we are and runs through everything we do.

We balance leadership with learning by being comfortable as an innovator and when following in the footsteps of others. Our products and platform are fuelled by creative passion and a deep understanding of our customers, allowing us to empower millions of people around the world.

Creative

Disciplined

Great work doesn't happen by chance.

We need to take time in our pursuit of excellence, honing our skills, perfecting our craft, executing our plans, being comfortable with the uncomfortable and bridging the gap between goals and accomplishments. It's a strategy that allows us to create an ASOS that's built for future success.



Our brands



ASOS

D E S I G N

The biggest brand in the ASOS portfolio, which caters for all moments of a 20-something's life, covering all of our consumer types and occasions.

ASOS

L U X E

Serving elevated glam for every day and night across both daywear and occasion wear.

ASOS

E D I T I O N

Offers unique occasion and day wear designed for the most memorable moments of a 20-something's life.

ASOS

4 5 0 5

Performance activewear across both menswear and womenswear, including indoor training, outdoor activity, ski and rest-days.



actual.

Inspired by classic sportswear shapes, varsity and collegiate styles, with a logo print focus.



The go-to womenswear brand for off-duty glam leisurewear pieces with a logo print focus.



CROOKED TONGUES

A London-born, bold leisure menswear and unisex brand that takes its inspiration from pop culture and the skate scene.



A logo-based skate label for menswear, targeted at the younger end of the 20-something customer age range.



Influenced by old-school street brands and style icons, Reclaimed Vintage serves up fresh, vintage-inspired menswear, womenswear and unisex collections.

COLLUSION*

A menswear, womenswear and unisex brand for the next generation coming of age, with a fresh, versatile street aesthetic.

As YOU

A glam brand for GenZ.

©Dark Future™

The menswear trend leisure label for go-to easy everyday updates with a twist, including minimalist, laid-back styles and a strong logo aesthetic.

HIIT

A sports lifestyle brand, providing accessible activewear made to workout or hang out.

TOPMAN

A UK menswear brand with an established smart to casual aesthetic and a unique London spirit, helping customers shop for every moment from modern essentials to formal wear.

TOPSHOP

An iconic UK brand with an established fashion authority and a unique London spirit. Championing the very best of its heritage, while embracing the new and celebrating its iconic styles.



A feminine womenswear brand with a girly, playful look, taking her from day to night.

Our people



The people behind the brand

We want the experience of our people to be like no other – an experience that ASOSers love, where they learn, collaborate, embrace change and can be authentic, brave, creative and disciplined in everything they do.

Understanding our people

It's more important than ever to listen to our people and understand how they're feeling. We launched the ASOS Vibe in January 2021, giving us another tool alongside our employee forum, the Voices Network, to get feedback from employees and managers. This way we know how our people really feel about working at ASOS, so we can then focus action on the areas that matter most.

A record 2,747 people (86%) gave their feedback in our most recent pulse survey – six percentage points above the global benchmark. Our overall engagement score has increased by two points since August 2021, and although this is a great move in the right direction, we know we still have work to do.

We continue to work with the Voices Network, our employee forum that brings together and amplifies ASOSer voices, so we can help shape and create an experience like no other. From gathering ideas and insights, to championing Group-wide campaigns, the Voices Reps make sure ASOSer views are a big part of all decisions. They have been massively important in shaping our approach to 'Dynamic Working' and employee wellbeing.

Our designated Non-executive Director for employee engagement, Karen Geary, has also continued to meet with the Voices Reps and other ASOSers, making sure feedback is considered by the ASOS Plc Board.



10%

of the combined Leadership team identify as an ethnic minority*

22%

of ASOS overall identify as an ethnic minority*

3,351

ASOSers

(as at 31 August 2022)

*At ASOS, we collect information on ethnicity using the same fields and classifications as the Office of National Statistics to align reporting to benchmarks. We currently use the term 'ethnic minority'.

Supporting our people

The health and wellbeing of our people is a huge priority for us. We have continued to run an ongoing campaign of events to raise awareness of the support we offer and break down the stigma that sadly still exists around various health and wellbeing challenges. Some of the things we have done this year include: a series of panel events featuring our ASOSers sharing their stories about mental health for Mental Health Awareness Week, bringing in guest speakers to debunk myths, rebranding our Employee Assistance Programme so our people know what support is available to them and to make the service more visible and appealing. We have also run five sessions for managers to give them the confidence and competence to proactively manage their team's wellbeing, plus the tools to positively intervene at the right times.

Most recently, we've trained 106 ASOSers across the world to be Mental Health Aware with Mental Health First Aid England. Our 'Reach Out Reps' are now on hand to lend a listening ear, and provide first line support, however our ASOSers are feeling and signpost colleagues to professional help.

Added to the mental health support we offer, this year we were proud to launch a new package of policies to provide crucial support to colleagues of all genders and circumstances going through health-related life events. These new policies provide support to any ASOSer experiencing pregnancy loss, fertility treatment, the menopause, and wider health-related life events that require paid leave, such as cancer treatment or gender reassignment surgery.

This framework helps ASOSers to take any time away from work they need, while also recognising the impact of such common life events, and breaking down taboos around these issues. The policies are gender-neutral, and apply to everyone, whoever they are and whatever their circumstances.

We know all of us face unexpected challenges in life and through launching these new policies, we have reassured our ASOSers that they will be supported, personally and financially, throughout any difficult times.

Attracting and retaining amazing people

This year we have invested in a leading-edge 'cloud-based' recruitment technology (SmartRecruiters) to revolutionise the way we hire. This technology will transform the way we interact and engage with our ASOSers, helping us to better understand the talent we have and enabling greater internal mobility. It will also enable us to proactively identify external communities of talent, including from under-represented groups, such as women, ethnic minorities, and those with a disability.

A key part of our attraction and retention strategy has been engaging and attracting diverse, international talent through the launch of our new Employee Value Proposition – 'Be whoever you want to be at ASOS' – powering our employer brand. Alongside this, we're building a brand new careers website, which will feature many of our existing ASOSers and will help to showcase the variety of great career opportunities that we offer. We are also developing a specific Tech Value Proposition (TVP) to create powerful reasons for people to take Tech roles at ASOS. The new TVP is currently in development and has diversity and inclusion at its heart. It will power our Tech employer brand and help us become the Tech employer of choice.

Apprenticeships

Our market is more and more competitive and candidate-driven, where the skills we need now and in the future are in high demand. That is why we believe in the power of apprenticeships and why they are so important for our Learning and Development team. We know they can unlock potential, build future capabilities and develop the next generation of leaders. We use the apprenticeship levy to create incredible development opportunities that allow workplace application, alongside achieving recognised qualifications.

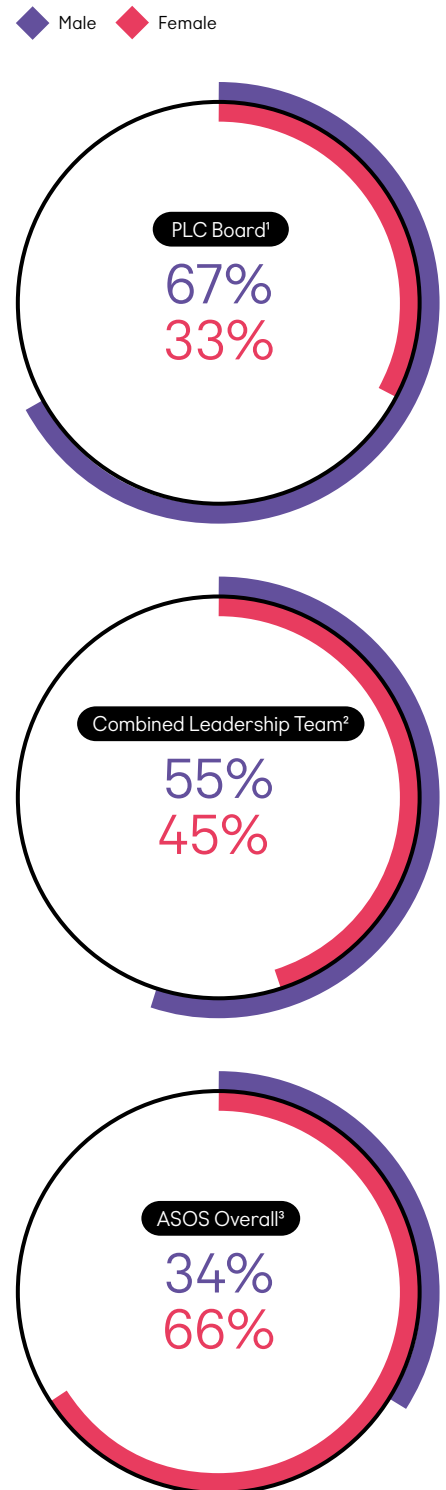
This year, we've made a big investment in our apprenticeship delivery team to deliver a best-in-class experience, and we have huge growth ambitions for the next 12 months.

- We now have 198 ASOSers enrolled across 18 apprenticeship standards, from level 3 programmes (equivalent to A levels) through to level 7 (equivalent to a Masters degree).
- 71 apprentices have successfully completed and graduated from their programme since 2017.

We're using our apprenticeship levy to build a diverse pipeline of leaders for the future. For example, our Future Leaders programme launched last year and prioritised mid-level ethnic minority females, giving them an opportunity to get a Level 5 management qualification and setting them up for success in their next career move. 80% of this group's ASOSers have now completed the programme and the remaining 20% will complete by December 2022.

The apprenticeship levy also gives ASOSers the chance to develop 21st Century data skills through our partnership with Multiverse, the EdTech start-up on a mission to build an alternative to university, to extend its Data Academy and develop data skills across its business. 73 ASOSers are enrolled in the Data Academy so far. Nationally, only 18% of today's data science roles are occupied by women and 11% of data teams don't have any women in them at all (Women in Data: Driving Change as a Data Coach, Team Multiverse, March 2021), which is why we're massively proud that 63% of our group are female and more than 12% identify as an ethnic minority.

NUMBER OF WOMEN HOLDING LEADERSHIP POSITIONS AS AT 31 AUGUST 2022



- 1 There were three women and six men on the ASOS Plc Board as at 31 August 2022.
- 2 Percentage of women in our 238 Leadership roles (defined as Head of and above).
- 3 Percentage of women employed by ASOS as at 31 August 2022.

Our people continued

Our efforts in this area mean, in June 2022, we were ranked number 84 in the Top 100 Apprenticeship Employers by the National Apprenticeship Service and Department for Education. This is the first time we have appeared in these rankings and shows our continued investment and success in this space. Over 500 employers applied for a place on the list, with only 100 being shortlisted. We are the only online fashion retailer to make the list.

Developing our people

In March 2022 we launched a new Group-wide learning offer empowering ASOSers in their own careers. This can be accessed via the Learning Hub which is 'always on', giving ASOSers the chance to level-up their knowledge, skills and behaviours through face-to-face and virtual workshops, as well as 16,000+ online courses powered by LinkedIn Learning.

A continued focus on Diversity, Equity & Inclusion

This year Diversity, Equity & Inclusion (DEI) has been a key focus area for ASOS. We have offered unconscious bias training for years in various forms. However, we know this kind of training only goes some way to changing behaviour and creating a truly inclusive place to work. That's why we have designed and launched a best-in-class learning programme that goes beyond the protected characteristics and traditional DEI training, and instead encourages self-reflection and supports every ASOSer to become a DEI advocate.

The programme is not guaranteed to make every ASOSer inclusive, and doesn't contain an exhaustive list of things ASOSers can say or not say when it comes to DEI; instead, we aim to challenge thinking and behaviour and encourage people to do things differently. We want every ASOSer to use their everyday influence for positive, inclusive cultural change.

The programme is seven chapters long, each consisting of a bitesize film and a piece of learning content. The programme features our own ASOSers sharing their lived experiences and shows the power of getting comfortable with being uncomfortable, promotes active listening and drives empathy. The film for our first chapter won the Gold award in the Attitudinal Training category at the 2022 New York Festivals TV & Film Awards.

As well as the main chapters, all ASOS Leaders have gone through an experiential and immersive event to provoke vulnerability and empower them to truly engage in the DEI conversation and take proactive accountability for leading inclusively. From September 2022 this will be rolled out to all line managers.

Alongside this programme, we have continued to run a series of events to encourage conversation and raise awareness across all notions of identity. We're driving inclusion for all our people through our employee networks, of which we now have five, focusing on Race Equality, Women In Tech, LGBTQ+, Parents & Families and Disability. Our 'All IN' events series feature changemakers, innovators and collaborators, who touch on all aspects of DEI – from race equality and intersectionality, to celebrating different cultures and perspectives. This year was particularly special for our LGBTQ+ network who marched in three Pride parades (London, Berlin and Belfast), celebrating safe spaces for self-expression.

Rewarding our efforts in this area, this year we were ranked number 8 on The Inclusive Top 50 UK Employers list, a definitive list of UK-based organisations that promote inclusion across all protected characteristics, throughout each level of employment within their organisation, and we won the D&I award at The Rewards 2021.

Celebrating our people

Every single ASOSer plays an important part in helping us become the world's number-one fashion destination for fashion-loving 20-somethings.

That's why this year, as a direct result of our people's feedback in the Vibe survey, we launched the ASOS Aces recognition platform. With this, ASOSers can send e-cards based on our values to shine a light on the great work that happens across ASOS every day. What's more, to round up the year, we hosted the ASOS Aces awards. Nominated by peers, and anonymously judged by our Voices Reps and Executive team, these awards recognised the eight people and one team that have truly shone this year. The winners received travel vouchers of £2,000 to treat themselves to a trip of a lifetime.

Finally, we also launched ASOS Celebrates: a fun, new, in-person monthly events series, which has involved new product launches, marking milestones and anniversaries, and celebrating our people. It's designed to help our ASOSers come together and celebrate the things that make ASOS what it is.



75%

of the apprentices

who completed between 1 September 2021 and 31 August 2022 continue to be employed by ASOS

6%

of ASOSers are

apprentices



62

learning & development workshops held

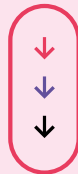


588

ASOSers have attended a workshop



Diversity



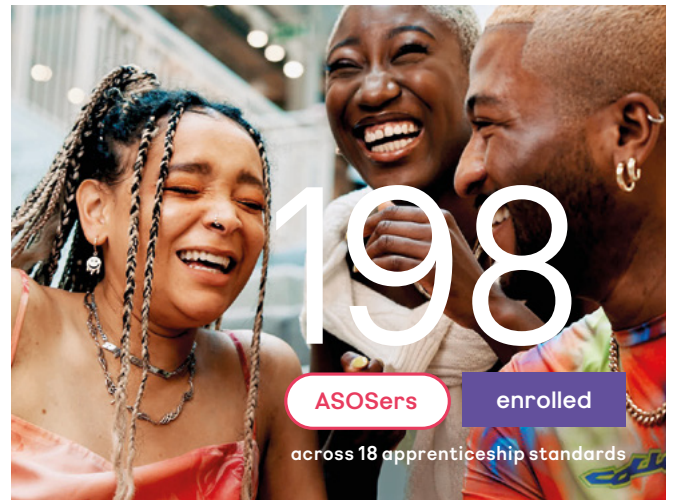
Of new apprentices

Female 74%

Ethnic minority¹ 44%

Declared learning difficulty or disability 7%

¹ Ethnic minority as defined on page 10.



198

ASOSers

enrolled

across 18 apprenticeship standards

new apprenticeship starts in the last academic year



112

Key performance indicators

Our key performance indicators help us measure both the financial value we create for our shareholders, and our strategic value as we grow our business and deliver our purpose.

Key financial measures

Group revenue

Retail sales, delivery receipts and other revenues from continuing operations

+2%¹

+4%² 



Gross margin

Gross profit as a percentage of revenue

-180bps





Adjusted EBIT²

Adjusted profit before interest, tax, depreciation and amortisation

-79%





Adjusted EBIT margin²

Adjusted profit before interest, tax, depreciation and amortisation as a percentage of revenue

-420bps





Key strategic measures

Active customers

Number of customers having shopped in the last 12 months as at 31 August

0%

+2%⁴ 



Total orders

Total orders placed

+5%

+6%⁴ 



Total visits

Number of visits to ASOS.com via any device

-2%

+1%⁴ 



Average order frequency

Last 12 months' total orders divided by active customers

+5%

+5%⁴ 

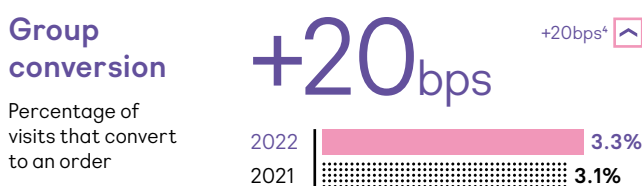
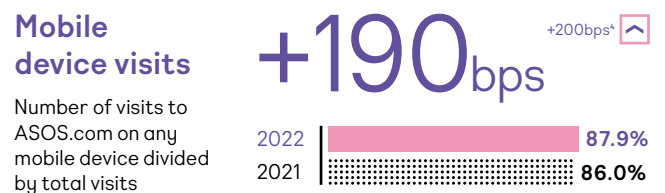
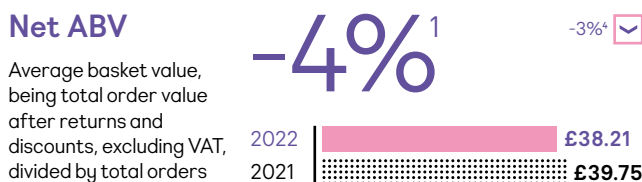
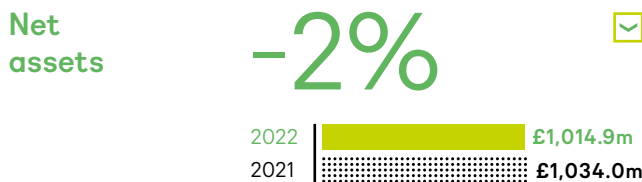
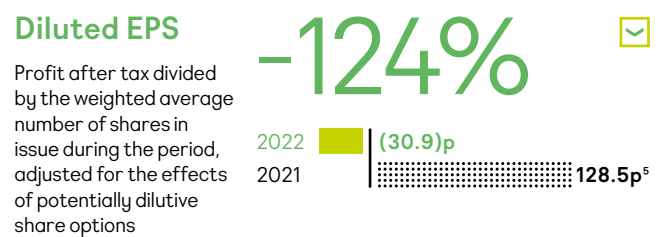
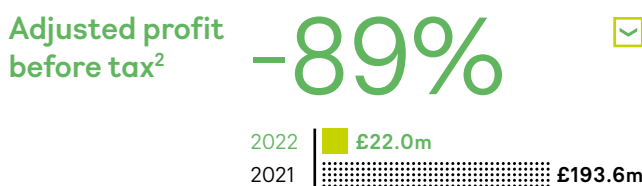


Our key financial measures have been chosen to show the Group's growth (group revenue) and profitability (gross margin, Adjusted EBIT and profit before tax, and Diluted EPS). Together these KPIs provide a view of how effectively the Group is balancing each of these priorities in generating a return for shareholders.

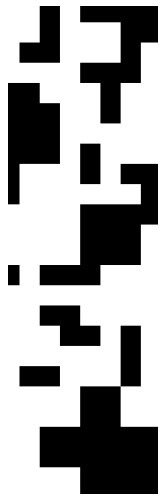
Our key strategic measures have been chosen to provide insight on the Group's customers for the reporting period, allowing users of the accounts to determine historic and future trends. Orders, visits (incl. mobile device visits), average order frequency, and conversion all help to show how engaged customers have been with ASOS' proposition during the period, whilst the number of active customers provides a view of how effectively the group has driven customer acquisition and managed churn during the period.

Net ABV is a function of average selling price (ASP) and average basket size (ABS) and gives a view of order value before taking into account operating costs.

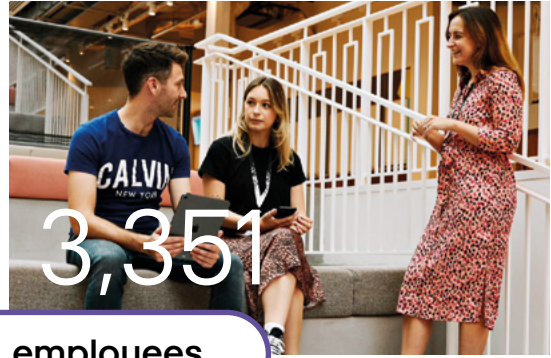
NPS has been removed from the key performance indicators as this is no longer used as a target for ASOS' incentive schemes and therefore, whilst still tracked by the business, is no longer a key KPI. A new KPI has been added for Average Order Frequency as this helps to measure how engaged our customers are with the ASOS offering.



- 1 On a constant currency basis.
- 2 Defined and reconciled to the closest IFRS measure on page 130 of the Annual Report.
- 3 On a constant currency ex-Russia basis.
- 4 KPI is quoted on an ex-Russia basis.
- 5 2021 figure restated, please refer to Note 9 on page 136 for more information.
- 6 2021 figure restated, previously reported at 3,091.8m.



A year in review



3,351

employees

across

8 sites in 6 countries

£3,936.5m

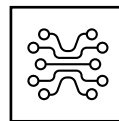
Revenue

£22.0m

adjusted profit before tax

£(31.9)m

reported loss before tax



Northern Ireland Tech Hub

In September, we announced our first Assured Skills Academy and new Tech Hub in Belfast, which opened in March, and will create more than 180 roles over three years.



Ethnicity Pay Gap

In October, we published our Ethnicity Pay Gap Data for the first time, showing median pay for ethnic minority employees is now 5.9% higher compared to their white counterparts, a 21.2% improvement in the overall median ethnicity pay gap since 2020.



First drop of ASOS clothing hit Nordstrom stores

November saw the first drop of ASOS clothing hit Nordstrom stores in the US, building on our strategic partnership with the leading US retailer. The edit covered everything from casual to dressy and was curated to give Nordstrom customers the best ASOS has to offer across key collections including ASOS Design, ASOS Edition and ASOS Luxe.

1.2m

Orders per month

Lichfield

Our fourth fulfilment centre in Lichfield was also formally opened in November – the site can now process 1.2 million orders per month.



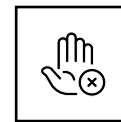
Health-related life events policies

We launched a new package of policies to provide crucial support to colleagues of all genders and circumstances going through health-related and life events including pregnancy loss, the menopause, cancer treatment, gender reassignment surgery or domestic violence, enabling ASOSers to take the time away from work that they need, while also increasing awareness of the impact of such common life events, and breaking down the taboos around these issues.



Anti-Slavery International

In January, we signed a new three-year partnership to 2025 with Anti-Slavery International, the world's oldest human rights organisation, to support ASOS in delivering its ambitious Fashion with Integrity programme. Anti-Slavery International has acted as ASOS' 'critical friend' since 2017, providing advice, guidance and critique on ethical trade and tackling modern slavery.



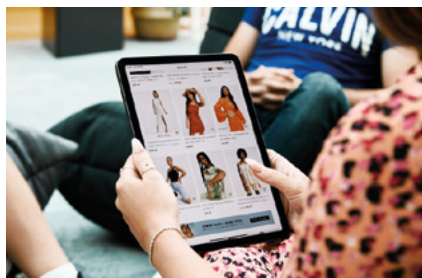
Microsoft Cloud

February saw us sign a new cloud agreement with Microsoft to use the Microsoft Cloud as our preferred cloud platform for the next five years. Harnessing Microsoft Azure and its AI capabilities enables us to unlock new experiences and tech capabilities, such as ASOS' Partner Fulfill programme, expanding the range and availability of products, and maximising demand conversion, customer choice and stock availability.



Customer resale trial with Thrift+

June also saw us launch a trial with Thrift+, making 30,000 bags available to customers so their clothes can get a second lease of life through resale, while receiving credit to donate to charity, purchase second-hand fashion on Thrift+ or redeem as ASOS vouchers.



Extending our Data Academy with Multiverse

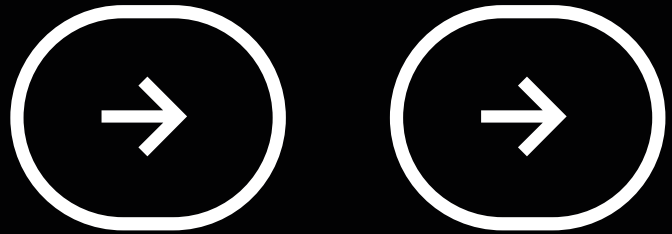
In July we partnered with Multiverse, the EdTech startup on a mission to build an alternative to university and corporate training, to extend our Data Academy and further develop data skills across the business. Funded through the apprenticeship levy, 73 ASOSers have been enrolled in the Data Academy so far, which gives participants the opportunity to develop data skills across three different programmes.



Our new CEO* and Chair**

In June, we announced the appointment of José Antonio Ramos Calamonte as Chief Executive Officer and Jørgen Lindemann as Chair of ASOS Plc.

Our business model



Doing
20-something
fashion
better than
anybody else



Leverage our platform and capabilities

To drive greater product choice and evolve our capabilities to ensure greater executional ability.

01



Double down on our winning offer

Continuing to evolve and improve and not stand still in the market.

02



Truly localise our offer and invest in marketing to win in our most important markets

To drive the next phase of our growth.

03



...underpinned by our corresponding strategic priorities.



Stakeholder engagement

We are committed to actively engaging with our stakeholders.



S.172(1) statement and stakeholder engagement

The Board is accountable to its stakeholders and understands the importance of incorporating stakeholder considerations into the Board discussions and decision-making.

The Directors continue to ensure they act in a way which is in good faith and most likely to promote the success of the Group over the long term for the benefit of shareholders, and in doing so, also having regard for the Group's key stakeholders and other matters set out in section 172(1) (a) to (f) of the Companies Act 2006, being:

- the likely consequences of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Directors have identified the Group's key stakeholders to be: customers, shareholders, employees, suppliers and the community. Each stakeholder group has their own individual priorities, of which the Directors are aware and have regard to. These priorities are considered, where appropriate, in the Board's decision-making. This is not only the right thing to do but is also vital in achieving the Group's long-term objectives.

—
How the Board considered key stakeholders within its discussions and decision-making can be found on [page 67](#).

Our mission is to be the world's number one destination for fashion-loving 20-somethings.

Our key stakeholders play a fundamental role in helping us achieve this mission, and therefore strong stakeholder engagement is pivotal in achieving our long-term objectives and driving long-term value creation.

—
How the Board considered our key stakeholders in their decision-making during the year can be found on [page 67](#).





Our Customers

Why they are important...

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 we never lose touch with what matters to them, whoever and wherever they are. It's vital we engage frequently with our customers to ensure we can provide them with what they want, when they want it. Being in regular contact with our customers helps us to tailor our product offering and content to stay relevant to our customers, which is key to our long-term success.

How ASOS engaged during the year

- Held a series of events and competitions specifically targeted at our Student customers, such as on-campus events, to increase our level of engagement with them.
- Launched exclusive events for Premier customers, such as 'Premier Party' – a Premier exclusive 25% off code, as well as Premier-only competitions.
- To improve product relevancy to customers, we have further improved the penetration of our personalised product results pages and further localised our catalogue selection, as well as creating more entry points for customers to discover products.
- To support our Live Chat strategy, we launched Virtual Assistants across our major markets. These are helping our customers resolve queries without the need to speak to anyone.
- Deployed a market-specific contact strategy for English speaking markets through Customer Care, giving us market specialisms and improved performance across those markets.
- Introduced a Transactional Net Promoter Score survey system called InMoment, delivering emails requesting scoring and feedback from customers following an interaction with Customer Care. This has given us scores by market and verbatim feedback which we have been able to build improvement plans against.

How the Board engaged during the year

- The Board reviewed an update on the Company's customer experience strategy, discussing how ASOS can best enhance customer experience to strengthen our competitive advantage and brand differentiation, creating distinction and relevancy in the global market to promote the long-term success of the business.



Our ASOSers

Why they are important...

We're determined to create an employee experience like no other, where our ASOSers can be whoever they want to be. An experience that ASOSers love, where they learn, collaborate, embrace change, and can be authentic, brave, creative and disciplined in everything they do. Where ASOSers can push boundaries, challenge expectations and help drive our journey to becoming the world's number one destination for fashion-loving 20-somethings and, ultimately, our long-term success.

How ASOS engaged during the year

- Our employee engagement survey, ASOS Vibe, helped us to find out how engaged our ASOSers are and where we need to focus our improvements.
- Our employee forum, the Voices Network, continued to be a key internal driver of employee engagement, removing barriers to two-way conversations, building a positive social partnership between ASOSers and Leaders and amplifying all voices to help shape the current and future ASOS experience.
- We launched two new internal communication channels – Yammer and The Buzz – to keep ASOSers updated on news from across the business and enable them to join in conversations.

- Monthly ASOS Celebrates events to celebrate the amazing things happening across ASOS.
- Hosted our ASOS Aces awards recognising our teams' amazing work.
- Hosted the ASOS Party – an event to reward and re-engage our people.
- Regular Townhalls hosted by members of the Executive Committee, to connect ASOSers with our strategy, and 'CEO Insider' comms sharing the latest news from our CEO.
- Our new Learning Hub went live, a tool to support the career development of our ambitious ASOSers.

How the Board engaged during the year

- Karen Geary, designated Non-executive Director for employee engagement, engaged with ASOSer representatives during the year to discuss matters such as cost-of-living, executive remuneration, the ASOS Vibe and our Diversity, Equity & Inclusion strategy. Key views and sentiment were fed back to the Board.
- Ian Dyson attended a Townhall during the year while he was Chair, giving ASOSers a chance to ask questions directly to the Board.
- The results of the ASOS Vibe survey were reviewed and discussed by the Nomination Committee and key information was fed back to the Board.

More information on ASOSer engagement can be found on [pages 10 to 13](#).

Stakeholder engagement continued



Our Shareholders

Why they are important...

A key objective for the Board is to create value for shareholders. Our mission, purpose, values and strategy strive to deliver long-term, sustainable growth for our shareholders.

How ASOS engaged during the year

- Throughout the year our Investor Relations team regularly engaged with our larger shareholders.
- Our Chair, CEO, CO&FO and Director of Investor Relations held a number of virtual and in-person roadshows following key announcements including our Full-Year Results, Capital Markets Day, Main Market Listing, Half-Year Results and following the CEO and Chair appointments.
- In November 2021, we held a Capital Markets Day to set out to shareholders how we will deliver our medium-term targets.
- The Chair, Senior Independent Director and Committee Chairs are all available to meet with shareholders, where requested.
- Our Annual General Meeting (AGM) is a key way for shareholders to meet face-to-face to discuss our annual performance and strategy, and we look forward to welcoming shareholders at the next AGM.

How the Board engaged during the year

- The Board receives regular updates on shareholder and analyst sentiment and peer analysis.
- During the year, Karen Geary, Chair of the Remuneration Committee, engaged in a consultation exercise with our largest shareholders to discuss executive remuneration and our approach to remuneration for FY23.
- The Company's broker was invited to present an update on shareholder insights, providing the Board with an external overview of shareholder views and priorities for consideration within their decision-making.

More information on our engagement with our shareholders can be found on [pages 67 to 68](#).



Our Suppliers

Why they are important...

Maintaining close working relationships and open dialogue with our suppliers and brands is key to creating and curating the most relevant product range for fashion-loving 20-somethings.

How ASOS engaged during the year

- We have a dedicated Ethical Trade team that manages our Ethical Trade programme and works with third-party auditors in key product regions to understand country-specific issues, ensuring ethical standards are being upheld and regularly engaging with local and international stakeholders.
- In June 2022, we held a supplier and factory workshop in Bulgaria to provide a refresh on our ethical standards and policies, sourcing strategy, and sustainability requirements.
- We funded the Fashion-Workers Advice Bureau (FAB-L) along with seven other brands, to provide garment workers in Leicester with free support and advice, and we continue to promote the activities of the team.
- Formally launched the Just Good Work (JGW) Mauritius app, funded by ASOS. The app informs migrant workers on their rights and responsibilities throughout the recruitment process and during their stay in Mauritius.

- We are an early signatory to the International Accord for Health & Safety and are looking forward to exploring the expansion of its standard and success to other countries, to create a safer and sustainable working environment.
- Following the outbreak of the war in Ukraine, we sent a statement to our European suppliers and third-party branded partners about our expectations on the employment of refugees in our supply chain, and have shared guidance to respond to the risk of exploitation of this group.
- Launched a Global Modern Slavery Handbook, developed by Anti-Slavery International, to support our partner brands in understanding what modern slavery is, what can be done to help prevent it and how to meaningfully report on the actions taken, following current legal requirements and best practice.
- Published the ASOS Third-party Brands Ethical Policy to set out the standards and responsibilities that brands are required to follow and implement throughout their supply chain, and the minimum standards that their products supplied to us must meet.

How the Board engaged during the year

- The Board is committed to ensuring that we continue to operate responsibly in everything 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.



Our Community

Why they are important...

Operating responsibly in everything we do is not just incredibly important to our business and our people, it is also key to driving positive outcomes for the communities in which we operate. From the way we manage our supply chain, to how we address environmental challenges such as plastic waste, it all matters. We want to be a force for good, so we can support the people who support us. That's why we've continued to actively engage with local communities, charities and government – helping drive positive change.

How ASOS engaged during the year

- We have engaged with national government on a range of policy issues, including responding to consultations on the case for an Online Sales Tax and the future regulation of the Buy Now, Pay Later sector.
- Strengthened relationships with local government and regional stakeholders, including welcoming the local MP, council leader, and local business organisations to our new Lichfield fulfilment centre to celebrate its formal opening.
- Published our first economic contribution report to highlight our contribution to the economy and society in the UK and around the world.
- Promoted our international growth and investment by hosting a visit to our Atlanta fulfilment centre by the UK Minister of Exports.
- The ASOS Foundation has continued to partner with charities to provide infrastructure, training and support to enable disadvantaged young people to reach their potential in the UK, Kenya and India.
- We've also continued to support our local community in Barnsley, home to our main UK fulfilment centre, through the ASOS Foundation's funding of the first corporate sponsor for OnSide's state-of-the-art Barnsley Youth Zone.

How the Board engaged during the year

- The Board approved a donation from ASOS.com Limited to ASOS Foundation.
- Board members attended the ASOS Foundation's fundraising golf and Gala dinner events.



Chief Executive Officer's operational review



ASOS is a business with c.26 million customers, c.£4bn revenue, a market-leading position in the UK and enormous potential. In the UK, ASOS is a strong business with a high contribution margin, supported by a fully automated and efficient warehouse footprint. Brand awareness is strong, and we have built a highly relevant and locally tailored product offer that resonates strongly with our 8.9 million UK consumers, of which 1.9 million are Premier customers. On average, our UK customers shop every second month on the ASOS platform, with Premier customers shopping more than double that frequency.

Outside the UK, however, I see a significant need to improve the way we operate to unlock the opportunity of our global reach. In recent years, the quest for growth has resulted in ASOS becoming excessively capital intensive, too complex and overstretched globally, which has resulted in a lack of meaningful growth and scale in its key international markets of the US, France and Germany. While the international business makes a positive contribution and there are pockets of strength in key territories, we are disappointed in our performance, given the extent of our historical capital investment, particularly in the US. This investment in a large, multi-region supply chain network has increased cost and complexity, not fully offset by delivery incomes. With this in mind, we will revisit our approach to resource and capital allocation to ensure a focused approach.

We have historically underinvested in marketing relative to peers, with allocation across markets not effectively prioritised or managed effectively to ensure a return on investment, and more than 80% of marketing investment focused on performance marketing, leaving insufficient spend focused on driving longer-term brand awareness. As a result of this, customer acquisition slowed in FY22, whilst the cost to acquire a new customer increased. We have also become increasingly reliant on the use of markdown and promotions as a tool to attract customers, resulting in reduced newness for customers which has contributed to the erosion of gross margin in recent years. The implementation of the new commercial model and structure will enable us to operate a shorter buying cycle, enhancing speed to market and improving curation, and result in a change in stockholding requirements going forward.

In this tough economic environment, we will continue to build on our core strengths – the ASOS brand, the carefully curated range of Partner Brands on offer, our strong fashion credibility and market-leading position in the UK. ASOS is a fashion destination, and we will double down on our commitment to fashion to succeed in the current environment.

We are taking firm action now to accelerate the changes needed to address these issues and will take the opportunity to develop a stronger organisation, built on four key principles: simplicity; speed to market; operational excellence; and flexibility and resilience. In doing so, we will emerge well-positioned to drive profitable growth over the longer term.

Over the next 12 months, we are focused on delivering key operational improvements and disciplined capital allocation through four key actions:

- **Renewed commercial model:** Following the completion of the commercial reorganisation in FY22, changes in our approach to merchandising and buying will be accelerated in support of a more competitive proposition and tighter stock cover. This will result in:
 - A shorter buying cycle with enhanced speed to market that enables a more relevant and better curated customer offer.
 - A more flexible approach to stock that utilises ASOS' Partner Fulfill capability to reduce stock held in our fulfilment centres and ensure more near-shore sourcing using a 'Test and React' model.
 - A differentiated approach to stock clearance, introducing more off-site routes to clear product earlier in its lifecycle which will, in turn, reduce markdown and increase the proportion of full-price sales.
- **Stronger order economics and a lighter cost profile:** After years of high growth, the operating model has become inefficient. We will take action to improve order economics and ensure a sustainable level of profitability in all markets, whilst focusing efforts on key markets. We will co-ordinate this effort with a clear focus on optimising our cost base, improving supply chain efficiencies, and eliminating excess costs through increased controls.
- **Robust, flexible balance sheet:** Our future investment will be aligned with capacity requirements to ensure a more efficient allocation of capital, while planned strategic investment in technology will be maintained in support of an improved customer experience. In addition, we have sufficient headroom on our facilities, ensuring flexibility in the short term.
- **Enabled by a reinforced leadership team and refreshed culture:** Simplifying decision-making processes to encourage a culture of innovation and creativity across the business, while reinforcing the senior leadership team with strategic key hires.

Progress against these changes will be evidenced by gross margin expansion, increased stock turn, faster speed to market and more effective capital deployment.

In parallel, we are focused on creating a business capable of generating long-term sustainable growth for investors and there is a comprehensive review underway of our capital allocation. This includes a review of our operating model, marketing investment, capital and resource allocation and its deployment across geographies, customer acquisition channels and digital and data capabilities.

We will do all of this whilst remaining committed to Fashion with Integrity and to providing the best possible experience for our customers, but with the knowledge that these commitments are best delivered by a sustainable, profitable business with the ability to invest accordingly.

Operational highlights

Despite a highly volatile and difficult macroeconomic backdrop in the second half of the year, we have made progress in key operational areas which will underpin performance in the medium term. These areas of progress are outlined as follows:

1. Gaining flexibility through Partner Fulfils

In support of future margin expansion, we have successfully launched Partner Fulfils in the UK in partnership with Adidas and Reebok, now accounting for 11% of Adidas total UK sales and 10% of Reebok total UK sales through the ASOS platform. This programme now consists of both a 'depth model', whereby product that is out of stock at one of our fulfilment centres is fulfilled directly to our consumers via Adidas or Reebok, and a 'width model', whereby product that is incremental to the current range offered by us is fulfilled directly by the partner brands. In September 2022, Partner Fulfils was further expanded to Europe in partnership with Adidas and Reebok across Germany, France, Spain and Italy.

2. Further development of the Premier programme, the platform to grow loyal consumers

We set out the importance of our Premier offer in driving increased customer loyalty and improved customer economics at our Capital Markets Day (CMD) in November 2021. We optimised pricing in 10 markets outside the UK to offer a more tailored local Premier proposition, which supported 12% growth in the global Premier customer base, with average order frequency of Premier customers c.3.5x more than an average ASOS customer. This is key to driving increased customer loyalty and engagement.

3. Accelerating our data infrastructure and capabilities

A key inhibitor to our progress is the need for a stronger data organisation and improved data science capability. In the first half, we completed a full data strategy plan, focused on: developing a larger data product team; improving data governance to drive more value, enhancing the data architecture for future scalability, and growing our data science capability. Whilst we have made some progress in the second half, by expanding the data science and engineering teams and evolving our data architecture to support future growth and complexity, there remains more to be done in this space to truly transform ASOS into a digital organisation.

4. Topshop growth shows the potential of our own brands

Within the ASOS brands portfolio, the Topshop brands have contributed to both revenue growth and gross margin expansion across all key territories 18 months on from the acquisition. Topshop brands posted strong sales growth of 105% year-on-year in FY22, with growth of more than 200% in the US supported by the wholesale partnership with Nordstrom. Topshop and Topman are now available online and in store in more than 100 locations in the US and Canada, also as a result of the Nordstrom partnership. At the Group level, Topshop jeans are now the leading womenswear jeans brand on site, and the Topshop brands have also exhibited strong growth in the dresses category.

On 29 September 2022, we launched the next chapter for Topshop and Topman. The new product collection marks the first season conceived and created entirely under ASOS ownership. To ensure a future-facing approach, we have introduced the following: (i) a digital-first approach with a dedicated storefront, a first for ASOS; (ii) greater inclusivity through the launch of Topshop Curve, the first time the brand will be available from sizes 16 to 28; and (iii) a global approach through the continuation of the partnership with Nordstrom.

5. Our collaborations show the value of its platform to Partner Brands

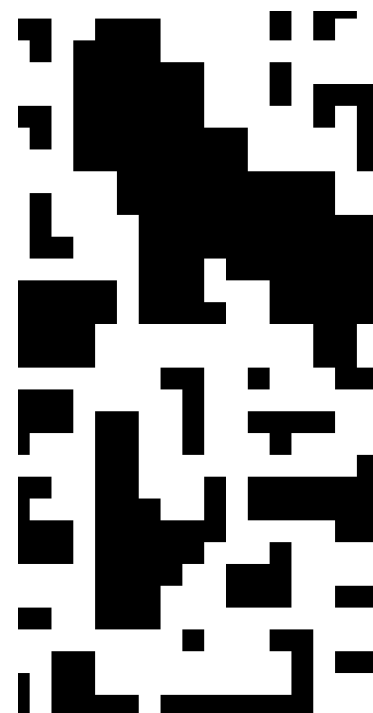
We continue to offer a unique proposition to partner brands, enabling them to access new consumers and occasions. In the second half, we have continued to partner in new ways to showcase relevant products to consumers. We partnered with Netflix to deliver Reclaimed Vintage x Stranger Things, which launched on site to coincide with the release of season four of the hit Netflix series. The range was searched over 50,000 times and was a sell-out with 10,000 units sold. It resonated particularly strongly with our female customers, who made up 87% of purchases with nearly half of those under the age of 25.

Within the sportswear category, we collaborated with Nike to create a campaign highlighting best-in-class Nike footwear styled with a curated edit of ASOS Design, Topshop and COLLUSION clothing. This leveraged our in-house creative and studio functions along with the ASOS Media Group to elevate the product through fashion-led campaigns, demonstrating our unique offer to our partner brands. This campaign led to an uplift in Nike campaign line sales by 124% in the first week.

6. ASOS X Nordstrom, a new growth formula for US

In July 2021, we announced our strategic partnership with Nordstrom, aimed primarily at building brand awareness and engagement in North America. ASOS Design has now launched in 14 stores in the US, with an expanded collection available on Nordstrom.com, alongside the launch of a Click & Collect option in Nordstrom stores for orders placed on ASOS.com. This was further supported by the launch of two retail concept stores earlier in the year at The Grove in Los Angeles, featuring the Nordstrom | ASOS Glass Box and the Nordstrom | ASOS Pop Up at The Grove aimed at building awareness for the ASOS brand.

José Antonio Ramos Calamonte
Chief Executive Officer



Performance by market

UK performance

UK KPIs	Year to 31 August 2022
Total Sales	+7%
Visits	+7%
Orders	+10%
Conversion	20bps
ABV	-3%
Active Customers	8.9m (+5%)

In the UK, revenue growth in the first half, despite a period of tough prior year comparatives, continued into the second half with strong seasonal demand for summer products in the early part of the Spring/Summer season. Consumer behaviour, however, underwent a marked change from April 2022 when consumers faced accelerating inflation and pressure on disposable incomes and reduced demand for transitional product at the start of the Autumn/Winter season. This effect on consumer behaviour became most apparent via the impact on return rates, as these increased from May 2022 to levels close to pre-pandemic.

Despite this, the UK delivered good revenue growth for the year of 7% to £1,762.8m and the performance of the Topshop brands remained strong throughout the year, delivering strong sales growth year-on-year, despite annualising the acquisition in February 2021, reflecting the resonance of the brand with our customers. Whilst overall online penetration stepped back year-on-year, we continued to grow our share of the adult online apparel market by 140bps to 10.1% in FY22. Demand also shifted into occasion wear, supporting average selling price (ASP) growth. We delivered growth in active customers to 8.9 million, an increase of 5% versus FY21, whilst Premier customers also grew 6%, driven in part by successful Premier Days held in October 2021 and February 2022. This has supported increased order frequency in the UK by 5% which, along with increased visits, orders, and conversion, continues to show our ability to attract, retain, and engage customers in our home market. However, average basket value (ABV) and average units per basket (ABS) declined in the period, reflecting both the clearance activity carried out in H1 to sell-through late arriving Spring/Summer '21 stock and investments in promotion in H2, and the higher return rate, which was driven by the shift out of lockdown categories and back into occasion wear.

EU performance

EU KPIs	Year to 31 August 2022
Total Sales	-1% (+2% CCY)
Visits	+2%
Orders	+7%
Conversion	10bps
ABV	-7%
ABV (CCY) ¹	-4%
Active Customers	10.9m (+5%)

The EU delivered sales growth of 2% in Europe to £1,170.0m as the region became increasingly exposed to higher energy costs and inflationary pressures. Growth did, however, accelerate in P4 to 9% as the Company cycled a period of softer comparatives.

On a territory basis, trading in Germany and France was impacted by territory-specific factors, which weighed on consumer demand and spending power. In Germany, the impact of the energy crisis and government measures to address this appear to have impacted consumer confidence in H2, whilst in France the shift from online back to the high-street has been stronger than in other territories. Despite this, our visits share has remained relatively consistent in these territories, whilst sales performance was stronger in other EU markets.

Active customers continued to grow by 5%, despite the deterioration in consumer confidence and spending power, while Premier customer numbers also increased by 33%, following the re-launch of the proposition in key EU territories in late-summer 2021.

ABV declined by 4% on the year (CCY (-7% on a reported basis)), which reflected higher markdown in H1 and the step up in return rates from April to above pre-pandemic levels, as Northern European territories increasingly leveraged Buy Now Pay Later payment methods and country mix shifted in favour of territories with higher return rates. This was partly offset by customers mixing into higher priced items and pricing increases which drove up ASPs.

We observed a step back in ABV and ABS resulting from the step up in return rates, but delivered growth in orders, visits, conversion, average order frequency and ASP in the region.

US performance

US KPIs	Year to 31 August 2022
Total Sales	+14% (+10% CCY)
Visits	-8%
Orders	-1%
Conversion	20bps
ABV	+8%
ABV (CCY) ¹	+4%
Active Customers	3.4m (-1%)

Our total US sales grew by 10% year-on-year to £531.4m, supported by triple-digit Topshop and Topman growth, the expansion of wholesale and a more locally relevant offer. The US saw increased demand for occasion wear, supported by the exclusive range of ASOS Design dresses designed for the US consumer. These factors combined to drive a 4% increase in ABV versus FY21 (CCY (+8% on a reported basis)), as customers shopped higher price point items, whilst return rates remained well below pre-pandemic levels.

Conversion increased 20bps year-on-year, despite both orders and visits falling, while Premier customers increased by 19%. Customer acquisition slowed in the US in the second half as we paused our broad reach marketing campaign in response to current economic conditions and visits growth stepped back year-on-year. However, the number of Premier customers grew by 19%, driven by the optimisation of the Premier offer, as the proposition remains central to increasing customer engagement and driving loyalty.

A shift into dresses supported growth in ASP and ABV, and we also observed a 20bps uplift in conversion. However, orders and ABS stepped back.

¹ ABV (CCY) is calculated as constant currency net retail sales/shipped orders.

² Calculation of metrics, or movements in metrics, on an ex-Russia basis involves the removal of Russia from H2 FY21 performance.

This adjustment allows year-on-year comparisons to be made on a like-for-like basis following the decision to suspend trade in Russia on 2 March 2022.

Rest of World (RoW) performance

RoW KPIs	Year to 31 August 2022 excluding Russia ²	Year to 31 August 2022 including Russia
Total Sales	-11% (-9% CCY)	-22% (-20% CCY)
Visits	-6%	-23%
Orders	-8%	-22%
Conversion	Flat	Flat
ABV	-3%	-2%
ABV (CCY) ¹	-1%	+1%
Active Customers	2.5m (-14%)	3.2m (-20%)

RoW sales declined by 9% to £472.3m (CCY excluding Russia (-20% CCY including Russia)). This reflects a slight improvement in the second half as delivery propositions improved post-pandemic. To assess year-on-year performance on a like-for-like basis, the KPIs quoted in this section all exclude Russia (calculated by removing Russia from the comparatives for H2 FY21).

On a territory basis, performance in Australia improved in H2, and particularly in P4, as Premier was reactivated and the delivery proposition returned to normal after the pandemic. There were also more positive signs in Saudi Arabia with both new customers and visits increasing in P4.

Active customers declined by 14% year-on-year as new customer acquisition remained challenging with a less competitive proposition relative to local players, as well as lower targeted investment in RoW. We observed growth in ASP alongside flat conversion; however, ABV, ABS, active customers, orders and visits stepped back (on an excluding Russia basis).



Financial review

Overview¹

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

Adjusted Performance Measures⁴

Operating loss	(9.8)
Adjusting items ⁵	53.9
Adjusted EBIT	44.1
Net finance expense	(22.1)
Adjusted profit before tax	22.0

KPIs excluding Russia ⁶	Year to 31 August 2022	Year to 31 August 2021	Change	KPIs including Russia	Year to 31 August 2022	Year to 31 August 2021	Change
	Active customers ⁷ (m)	25.7			25.3	2%	
Average basket value ⁸	£37.85	£39.52	(4%)	Average basket value ⁸	£37.85	£39.75	(5%)
Average basket value CCY ⁹	£38.22	£39.52	(3%)	Average basket value CC ⁹	£38.21	£39.75	(4%)
Average order frequency ¹⁰	3.88	3.70	5%	Average order frequency ¹⁰	3.78	3.61	5%
Total shipped orders (m)	99.7	93.7	6%	Total shipped orders (m)	99.7	95.2	5%
Total visits (m)	3,019.8	2,976.3	1%	Total visits ¹² (m)	3,030.5	3,102.7	(2%)
Conversion ¹¹	3.3%	3.1%	20bps	Conversion ¹¹	3.3%	3.1%	20bps
Mobile device visits	87.9%	85.9%	200bps	Mobile device visits ¹³	87.9%	86.0%	190bps

1 All revenue growth figures are stated at constant currency unless otherwise indicated.

2 Retail sales are internet sales recorded net of an appropriate deduction for actual and expected returns, relevant vouchers and sales taxes.

3 Income from other services comprises of delivery receipt payments, marketing services, commission on partner-fulfilled sales and revenue from wholesale sales.

4 The adjusted performance measures used by ASOS are defined and explained on page 161.

5 Adjusting items for the year to 31 August 2022 are shown on page 130. Further detail on these items is on pages 130-131.

6 Calculation of metrics, or movements in metrics, on an ex-Russia basis involves the removal of Russia from H2 FY21 performance. This adjustment allows year-on-year comparisons to be made on a like-for-like basis following the decision to suspend trade in Russia on 2 March 2022. The exception to this is visits, where we have also excluded any visits from Russia in H2 FY22, in addition to H2 FY21.

7 Defined as having shopped in the last 12 months as at 31 August.

8 Average basket value is defined as net retail sales divided by shipped orders.

9 Average basket value is defined as net retail sales divided by shipped orders, calculated on a constant currency basis.

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

11 Calculated as total shipped orders divided by total visits.

12 FY21 restated visits, previously reported at 3,091.8m.

13 FY21 restated mobile device visits, previously reported at 83.2%.

We delivered total sales growth of 4%¹ (1% on a reported revenue basis²) with an adjusted profit before tax (PBT) of £22.0m (adjusted PBT margin of 0.6%), in line with guidance. The reported loss before tax of £31.9m is stated after £53.9m of adjusting items. Adjusted earnings before interest and tax (EBIT) were £44.1m, representing an adjusted EBIT margin of 1.1%, a 420bps decline year-on-year.

The second half of the year proved more challenging than we expected. While we had expected an acceleration in revenue growth against weaker comparatives, inflationary pressures on consumers increased markedly as the year progressed, and impacted consumers' confidence and discretionary income. As a result, growth in the second half was lower than had been anticipated. We also saw an increase in return rates through the year, rising above pre-pandemic levels from May onwards. Together, these led to higher inventory levels across all fulfilment centres, further exacerbated by our immediate withdrawal from Russia on 2 March 2022.

We delivered revenue growth in the UK and US of 7% and 10% respectively. Growth in Europe of 2%, while Rest of World (RoW) declined by 9%³. Active customers⁴ have grown by 2% from 25.3 million at the end of FY21 to 25.7 million at the end of FY22, however, growth in active customers slowed in the second half as customer acquisition became more challenging.

Gross margin reduced by 180bps, in line with guidance. The reduction reflected the anticipated contractually higher sea freight rates year-on-year, along with the full-year impact of increased promotional activity. This was partially offset by lower markdown costs in the second half year-on-year, along with improvements in buying margins and the benefit of mid-single digit price increases across ASOS brands for both Spring/Summer and Autumn/Winter collections.

We increased our UK and RoW capacity during the year, bringing the Lichfield fulfilment centre online in August 2021. This gave rise to an anticipated increase in shipping and warehouse costs, given the ensuing manual fulfilment costs and split orders. Furthermore, FY22 was marked by significant inflationary pressures across labour, freight and delivery costs, with the impact on profitability exacerbated by elevated inventory levels and an increase in return rates across the year. We were able to partially mitigate these cost headwinds by reducing planned marketing investment, in addition to securing continued cost and operational efficiencies. As a result of these actions, we delivered c.£120m in cost mitigation to largely offset cost escalations through Lean programme efficiencies, payment optimisation and returns process optimisation.

Cash outflow of £339.8m reflects primarily the working capital outflow associated with an increase in inventory driven by: (i) a marked slowdown in demand driven by global economic uncertainty; (ii) the timing impact of FY21 stock that was only received in FY22 as a result of supply chain delays; (iii) the impact of increased returns; and (iv) the early receipt of FY23 stock in FY22. Capital expenditure totalled £182.9m in support of the planned automation programmes at Lichfield and Atlanta; technology investments into digital platforms, business systems and infrastructure in support of the development of the marketplace integration platform required for Partner Fulfill; continued optimisation of the customer experience in support of new features and improvement in conversion; and investments in support of progress against our data strategy.

Total sales grew 4%⁵, against a challenging backdrop in FY22. Since our last update in June 2022, trading weakened in August as customers faced increased cost-of-living challenges and delayed spend on Autumn/Winter categories. We delivered sales growth of 7% in the UK, reflecting good performance against a challenging backdrop. The US grew by 10% supported by the expansion of wholesale, which annualised in P3, and a more locally relevant consumer offer. The EU grew by 2%, with stronger growth in P4 (+9%) as we cycled a period of weaker comparatives, however, overall performance for the year remained muted as return rates trended higher than pre-pandemic levels in some territories. RoW declined by 9%³ as it continued to be impacted by poor delivery propositions in the first half and increased local competition, however ASOS noted an improvement in H2 as delivery disruptions eased and ASOS was able to return to more normalised delivery propositions.

Active customers grew by 2%⁴, reflecting a slowdown in customer acquisition in the second half. Visits increased by 1%⁶ and the increase in orders and frequency was reflective of increased consumer engagement and more intentional purchasing. ABV stepped back by 3%⁷ as return rate increases year-on-year were only partly offset by increased prices and a mix back into higher price point product categories.

Gross margin reduced by 180bps, in line with guidance. The reduction reflected the anticipated contractually higher sea freight rates year-on-year, along with the full-year impact of increased promotional activity. This was partially offset by lower markdown costs in the second half year-on-year, along with improvements in buying margins and the benefit of mid-single digit price increases across ASOS brands for both Spring/Summer and Autumn/Winter collections.

We delivered adjusted profit before tax of £22.0m, in line with the lower end of guidance, a reduction of 89% year-on-year. Adjusting items for the year totalled £53.9m and comprised of: (i) £25.4m costs incurred in relation to accelerating the ASOS strategy through the change programme, (ii) £5.7m relating to our transition to a Main Market listing, (iii) £18.5m for a non-cash impairment charge relating to the right-of-use asset and associated fixtures and fittings at our Leavesden office because of the decision to vacate and sublet unused space to third parties, (iv) (£6.4m) relating to the release of a provision for costs relating to the Topshop acquisition, (v) £10.7m relating to the amortisation of acquired intangible assets. Taking these adjusting items into account, we delivered a reported loss before tax of £31.9m.

Also included within adjusted profit before tax for the year is the net impact of Russia, which had an estimated negative £14m impact on profit versus our original expectations for the year. This impact arose due to the immediate decision to suspend sales on 2 March 2022, amounting to c.2% of sales, and from additional costs incurred to clear through the resulting excess stock and fulfilment centre inefficiencies. Also included in the net loss of £14m was a gain of £19.3m, recognised as other operating income, from closing out Russian Roubles hedges no longer required.

Gross margin

Gross margin was down 180bps year-on-year, mainly driven by increased markdown and elevated freight costs.

The increase in markdown was primarily concentrated in H1, as the clearance activity which started in P4 FY21 to sell-through late arriving Spring/Summer '21 stock continued into the Autumn/Winter season and investments were made during peak in response to competitors' offers. This improved in H2 as a period of heavier discounting in the prior year was cycled, generating a small improvement year-on-year. Freight and duty costs were elevated throughout the year with an adverse impact of 180bps, driven by higher rates in the market due to reduced supply and our decision to use air freight to accelerate intake for peak. This improved in H2 as our contracted ocean freight rates were favourable against those available in the market, albeit higher year-on-year. This allowed greater control of costs in H2, as well as the ability to allocate volume in a more cost-efficient way across intake lanes.

- 1 Total revenue growth CCY excluding Russia of 4% (+2% CCY including Russia).
- 2 1% reported revenue growth including Russia.
- 3 RoW declined by 9% CCY excluding Russia and by 20% CCY including Russia.
- 4 Active customers grew by 0.4m year-on-year to 25.7 million excluding Russian active customers (flat at 26.4m including Russian active customers).
- 5 Total sales grew 4% CCY excluding Russia, 2% CCY including Russia and 1% on a reported basis including Russia.
- 6 Group visits increased by 1% excluding Russia in FY22 and declined 2% including Russia.
- 7 Group ABV declined 3% on a constant currency basis excluding Russia and declined 4% on a constant currency basis including Russia.

Financial review continued

These increases were partially offset by mid-single digit price increases across ASOS brands, as well as improvements in buying margin and the growth of Topshop (which has a higher retail gross margin) as an in-house brand for the whole year. Whilst helping to offset the cost pressure in gross margin, action on pricing was also taken to mitigate the inflation seen elsewhere in the P&L.

Gross profit also benefitted from favourable breakage rates on historic gift cards and gift vouchers issued for out of policy returns. Updated redemption rates of these vouchers have shown that these are being redeemed in lower quantities than initially expected, and this has therefore led to a benefit of £7.5m being recognised as revenue in FY22.

Operating expenses

£m	Year to 31 August 2022	% of sales	Year to 31 August 2021	% of sales	Change
Distribution costs	(523.7)	13.3%	(509.5)	13.0%	(3%)
Warehousing	(427.0)	10.8%	(356.4)	9.1%	(20%)
Marketing	(223.5)	5.7%	(200.9)	5.1%	(11%)
Other operating costs	(380.7)	9.7%	(376.6)	9.6%	(1%)
Depreciation and amortisation	(139.1)	3.5%	(129.5)	3.3%	(7%)
Total operating costs (excl. adjusting items)	(1,694.0)	43.0%	(1,572.9)	40.2%	(8%)
Adjusting items	(53.9)	1.4%	(13.4)	0.4%	(302%)
Total operating costs	(1,747.9)	44.4%	(1,586.3)	40.6%	(10%)

Operating costs excluding adjusting items increased 8% year-on-year and by 280bps as a percentage of sales, reflecting inflationary pressures, adverse return rates and investment in marketing.

Distribution costs have increased by 30bps year-on-year, largely due to the increased return rate but partially mitigated by successful supplier negotiations and the continuation of a flexible carrier strategy which has reduced the use of higher cost lanes. A further impact on distribution costs has arisen from the launch of the Lichfield fulfilment centre and an increase in 'split-orders', where a parcel is shipped from both Lichfield and Barnsley to fulfil a single order. Whilst benefitting the customer proposition by ensuring maximum stock availability, it has increased the costs required to fulfil such orders.

Warehouse costs have increased due to increased labour inflation across all sites. This is expected to be a structural change within the market. Further adverse impacts on warehouse costs during the year have been driven by the launch of Lichfield as a manual facility and higher stock levels. The impact from Lichfield arises because some units that were previously despatched from Barnsley, which is highly automated, are now fulfilled from Lichfield at a lower level of efficiency. We have continued to take action to mitigate inflationary pressures through

improvement and simplification of the supply chain network in FY22, notably the closure of Swiebodzin to enhance the efficiency of the EU returns network, as well as savings realised under the Lean programme which has been deployed across the fulfilment centres.

At the start of the year, it was anticipated that marketing costs would rise by 100bps for FY22. The actual increase of 60bps, to 5.7%, reflects initial investments being made in broad reach and product marketing, which were deployed on a test and learn basis during the year. Further investment was initially planned for H2 but was postponed as the economic environment worsened and consumer sentiment deteriorated. Spend on performance marketing was also slightly up year-on-year, as investments were made to capture demand; however, the impact of this overall increase was limited by allocation of spend to more efficient channels.

Other operating costs, excluding adjusting items, were broadly flat year-on-year due to increased operating leverage, as well as benefits derived from operational excellence initiatives across areas such as customer care, payments and returns.

Depreciation and amortisation costs as a percentage of sales were up 20bps year-on-year, excluding the amortisation on acquired intangibles. This was driven by the annualisation of depreciation relating to the Truly Global Retail system, which went live in March 2021, and the launch of the Lichfield fulfilment centre in August 2021. This increase was partially offset by a revision of the useful economic lives of automation and technology assets to bring these into line with our business plans and industry standards, which reduced the charge for the year by £11.5m.

Other operating income

Other operating income was £20.6m for the year, up from £nil in FY21. This includes £1.2m of income received following the decision during the year to sublet part of our site at Leavesden, and a £19.3m gain from closing out Russian Roubles hedges, which were no longer required following the decision to suspend trade in Russia on 2 March 2022.

Interest

Net interest costs were £22.1m in the period, an increase of £9.1m year-on-year mainly driven by interest costs incurred on the convertible bond issued in April 2021, as well as the annualisation of interest due on the loan from Nordstrom, which started accruing from July 2021.

Taxation

The reported effective tax rate (ETR) is 3.4%, based on the reported loss before tax of £31.9m. The rate has moved from the prior year comparative of 27.5%, which was based on a profit before tax of £177.1m, and from the HY forecast of 22.0%, based on a forecasted profit. The movement from profitability to making a relatively small loss, means the expected adjustments have had a greater absolute impact, and reduced rather than increased the ETR. The impact of the enacted April 2023 rate change on fixed asset movements, together with a higher adjustment for share-based payments due to the fall in share price during the year, have been the other drivers of the ETR movement.

Earnings per share

Both basic and diluted loss per share were (30.9p), falling by 124% versus last year (FY21: basic and diluted earnings per share of 128.9p and 128.5p¹). This was driven by a reported loss before tax of £31.9m, down from reported profit before tax of £177.1m last year. The potentially convertible shares related to both the convertible bond and employee share schemes have been excluded from the calculation of diluted loss per share as they are anti-dilutive for the year ended 31 August 2022.

Cash flow

There was a cash outflow for the year of £339.8m, and we ended the year with a net debt position of £152.9m. This was mainly driven by a working capital outflow of £272.7m and CAPEX investment of £182.9m, offsetting EBITDA of £140.0m.

The working capital outflow reflects the higher year-on-year inventory position as we ended the year with stock of £1,078.4m (FY21: £807.1m) resulting from: (i) a marked slowdown in demand driven by global economic uncertainty; (ii) the timing impact of FY21 stock that was only received in FY22 as a result of supply chain delays; (iii) the impact of increased returns; and (iv) the early receipt of FY23 stock in FY22.

Capital expenditure totalled £182.9m in support of the planned automation programmes at Lichfield and Atlanta; technology investments into digital platforms, business systems and infrastructure in support of the development of the marketplace integration platform required for Partner Fulfils; continued optimisation of the customer experience in support of new features and improvement in conversion; and investments in support of ASOS' progress against our data strategy.

Mat Dunn

Chief Operating Officer and Chief Financial Officer

¹ Diluted earnings per share for the year to 31 August 2021 has been restated. The previously disclosed number was 125.5p, and further information on the change can be found in Note 9, page 136 of the Financial Statements.

Outlook

Trading has remained volatile into the start of FY23, with September 2022 trading showing a slight improvement relative to August 2022. Against the backdrop of significant volatility in the macroeconomic environment, it is very difficult to predict consumer demand patterns for the upcoming year. Within the UK, we expect a decline in the apparel market over the next 12 months but remain confident in our ability to take share against that backdrop.

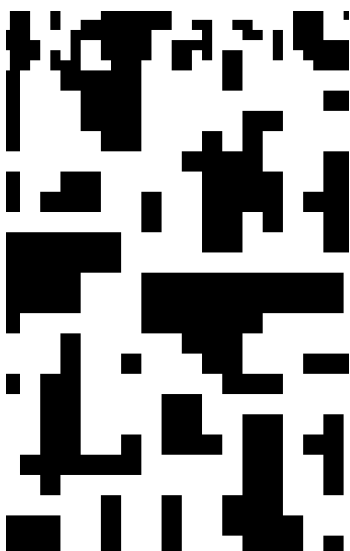
As a consequence of moving to the new commercial model, we will right-size our stock portfolio in the first half resulting in a non-cash write-off of £100m–£130m. Given the exceptional nature of the write-off, it will be treated as an adjusting item. We will begin to operate with lower stock levels in the second half due to the lead time on orders and deliveries. In addition to this, we expect c.£40m of adjusting items relating to the change programme, and Topshop brand amortisation.

We have reviewed our capital expenditure for FY23 and taken action to reduce spend appropriately, while still ensuring our long-term competitiveness. As a result, we are reviewing the phasing of our automation projects in Atlanta and Lichfield to better align with expected capacity requirements. We will, however, continue with purposeful technology investments in customer experience and digital improvements.

Taken together, over the next 12 months, we expect:

- The combination of lower freight costs (c.100bps), the measures taken in support of the new commercial model and a lighter cost structure to more than offset the impact of both inflationary headwinds in our cost base and expected cost of elevated return rates over the next 12 months.
- H1 loss driven by the usual profit phasing and exacerbated by elevated markdown to clear stock resulting from the change in commercial model, with the contractual freight rate decline year-on-year and cost mitigations expected to mostly benefit the second half.
- Capex of £175m–£200m, below the previously guided £200m–£250m mid-term range.
- An expected free cash flow in the range of (£100m)–£0m, with the business expected to return to cash generation in the second half as the new commercial model begins to have a positive impact on gross margin and working capital, and the cost reduction impacts accelerate.
- To navigate the continued macroeconomic volatility, we have agreed additional financial flexibility through the renegotiation of core banking covenants, with cash and committed facilities of over £650m at year end.

In conclusion, we are fully focused on creating long-term sustainable growth, and are confident that these short-term operational measures, combined with a longer-term focus on creating a more digitally based organisation, with a more efficient operating model, a reinvented customer acquisition dynamic, and a global footprint that optimises capital allocation, will enable us to deliver on our strategic ambitions.



In September 2021, we launched our new 2030 Programme for Fashion with Integrity, reaffirming our commitment to doing business responsibly by minimising our impact on the planet and delivering positive benefits for people.

This programme has four key goals: Be Net Zero, Be More Circular, Be Transparent and Be Diverse. Underpinning each is a series of metrics and key performance indicators (KPIs) so we can measure and communicate our progress.

Through this financial year we have focused both on embedding these KPIs within the business and beginning to deliver against our targets. We published our first ever Fashion with Integrity (FWI) Progress Update report in April 2022, reporting back on our results in FY21 and giving a glimpse into our key activities for FY22.

— Read our FY21 FWI Progress Update report on asosplc.com/fashion-with-integrity

This report provides a further update on our FY22 progress towards these goals. More details on these, and performance against our KPIs for FY22, will be published in our next Progress Update report in April 2023.



Fashion with Integrity



For a full definition of our goals and KPIs and our latest full-year performance data for FY21, head to asosplc.com/fashion-with-integrity

Be Net Zero

KPI 01

Reduce Scope 1 and 2 emissions/order by 87% by 2030 vs 2018/19 baseline

FY22 update

We've rolled out an energy management system across all key operational sites with our partners, Amber Energy. This helps us to regularly track energy consumption as well as identify and deliver energy-efficiency projects.

KPI 02

Reduce own-brand product emissions/£profit by 58% by 2030 vs 2018/19 baseline (Scope 3)

FY22 update

We've continued to engage our suppliers on sustainability. Over 70% of Tier 1 and 22% of Tier 4 factories by volume have now completed the Higg FEM (Facility Environmental Module), offering a view into their environmental performance. We also held a supplier webinar series and directly engaged with a proportion of our Tier 1 & 4 factories on reducing carbon and energy use.

KPI 03

Reduce transportation emissions/£profit by 58% by 2030 vs 2018/19 baseline

FY22 update

We've explored ways of engaging customers on less carbon-intensive delivery methods and are looking at more ways to do this across key territories. We have set up a new partnership with Maersk for the inbound movement of goods and, to support this, together we are developing a sustainability roadmap.

KPI 04

Two-thirds of partner brands (by emissions) signed up to setting targets in line with Science Based Targets initiative requirements by 2025 (Scope 3)

FY22 update

We've engaged over 300 partner brands through a new self-assessment questionnaire which has been updated to include information on their environmental impact and carbon emission reduction targets. We've also started to create open resources to guide and educate brands towards reducing emissions and setting verified Science-based Targets.

Integrity



Fashion with Integrity continued

For a full definition of our goals and KPIs and our latest full-year performance data for FY21, head to asosplc.com/fashion-with-integrity/

Be More Circular

KPI 01

100% of own-brand products made from recycled or more sustainable materials by 2030

FY22 update

We've developed and rolled out a new sustainable material certification database, onboarding our largest sustainable material suppliers. We've also expanded our list of approved more sustainable materials to include materials such as ECONYL[®] regenerated nylon and TENCEL[™] x REFIBRA[™].

KPI 02

We commit to defining our public-facing circularity strategy by 2023 so we can embed circular design principles by 2030

FY22 update

In November, we co-published an external version of our circular design guidebook with the Centre for Sustainable Fashion, UAL. In June, we launched our second circular design collection, building on what we learnt from our first collection at the start of FY21.

KPI 03

100% of own-brand packaging will be made from recycled materials and be widely recyclable by 2025

FY22 update

As part of our commitment to reduce the amount of packaging we use, we removed unnecessary product packaging from Topshop and Topman ranges.

KPI 04

Facilitate programmes for recycling and reuse in key markets by 2030

FY22 update

As part of the launch of our second Circular Design Collection in June, we launched a partnership with pre-loved clothing resale platform Thrift+, making it easier for our customers to extend their clothes' life.

Be Transparent

KPI 01

100% of ASOS own-brand products will have supply chains mapped to raw material level by 2030, extending our existing supply chain mapping

FY22 update

We've completed 536 audits since September 2021, covering 73% of our supply chain. All suppliers inherited from the acquisition of Topshop, Topman, Miss Selfridge and HIIT have now been audited. As part of our work on mapping our raw material supply chain, we've mapped 75% of our viscose supply chain (Tiers 1-5).

KPI 02

100% of partner brands on ASOS will have committed to the Transparency Pledge and ASOS Ethical Trading policy by 2025

FY22 update

Our self-assessment questionnaire for partner brands has been updated to include, as a minimum requirement, their commitment to sign the Transparency pledge. A new third-party brands Ethical Trade Policy was published on the ASOS Plc website with communications sent to all third-party brands in May.

KPI 03

From 2023, we will publish annual human rights strategy and implementation reports for independent monitoring by existing partners and external campaign groups

FY22 update

We've started a Human Rights saliency assessment which will help us to prioritise our activities in this area.

KPI 04

Customers will easily be able to view and interact with information on the sustainability credentials of 100% of ASOS brand products by 2030

FY22 update

This remains really important to us, so we are actively working on trialling solutions, including using QR codes on product labels to give more transparency.

Be Diverse

KPI 01

At least 50% female and over 15% ethnic minority representation across our combined leadership team by 2023 and at every leadership level by 2030

FY22 update

Female representation across combined leadership team has increased to 45% with ethnic minority representation increasing to 10%. We'll report more on these figures in April 2023.

KPI 02

Over 40% female representation in Technology, Product Management and Data Science roles by 2030

FY22 update

Female representation across these roles has increased to 31%.

KPI 03

Zero statistically significant differences in engagement scores and functional attrition rates across all demographics from 2030, with all ASOSers able to be their authentic selves at work

FY22 update

This year, we've taken a number of steps to ensure everyone at ASOS has the confidence to be whoever they want to be. While there remains a 3pt difference between our highest and lowest engaged demographics, we are closing the gap.

KPI 04

We'll publish a Diversity, Equity and Inclusion strategy and roadmap for the ASOS platform, our customers and our people by 2023

FY22 update

We are working to develop this strategy, which includes a range of external programmes. We successfully partnered with the British Paralympic Association, kitting out ParalympicsGB teams at the Tokyo and Beijing Games for formal and ceremonies wear. We also launched our second South Asian wedding collection and developed a new partnership with the Safe Space Alliance for Pride 2022.

Governance



and

reporting



Since September 2021, we have further developed and embedded our business-wide approach to ESG governance. We launched our ESG Committee in March 2022 (more information can be found on page 82), and its remit is to review how we are delivering our FWI strategy, and how we manage wider ESG risks and opportunities. To support this Committee, we have created two internal working groups: the FWI Working Group, which meets monthly, and the Governance Working Group, which meets bi-monthly. Both have helped to drive forward FWI and the wider ESG agenda.

We have completed our first Task Force on Climate-related Financial Disclosures (TCFD) risk assessment, more information on which can be found at asosplc.com/fashion-with-integrity/limited-assurance. We've also responded to the CDP Climate & Water questionnaires for the first time and continued to respond to benchmarks such as the Sustainable Apparel Coalition Brand and Retail Module. We were proud to be the top-scoring British company in the 2022 Fashion Transparency Index, again showing our commitment to a more transparent future for fashion.

On 29 July 2022, the UK's Competition and Markets Authority (CMA) announced that it had opened an investigation into certain fashion retailers, including ASOS, following the publication of the Green Claims Code. ASOS is committed to playing its part in making fashion more sustainable, including providing clear and accurate information about its products, and is co-operating with the investigation, which is ongoing.

Task Force on Climate-related Financial Disclosures (TCFD)

With the notable increase in frequency and severity of extreme weather events, there is growing public expectation for action around climate.

Both consumers and investors are pressing organisations to disclose how they contribute to climate change, how they will be impacted and how they address it. Sustainability and climate change has long been one of our principal risks (page 50) and our commitment to tackling climate change and creating a more sustainable future for fashion spans over a decade.

This has been recently reinforced by our new 2030 vision for Fashion with Integrity (FWI), centred around four key goals to become a more diverse, net-zero business with transparency and circularity at its heart.

—
Read more about FWI on [pages 32-35](#).

We also understand that climate change is not just a future threat but a subject impacting the business and its strategy today. We welcome the TCFD framework and are happy to disclose our first response to these reporting recommendations this year.

This is our first response to the TCFD reporting recommendations and although we have included disclosures against all 11 recommendations, there is room for improvement. We have included climate-related financial disclosures consistent with the TCFD's Recommendations and Recommended Disclosures (detailed below) with the exception of Strategy (a) and Strategy (b).

Strategy (a)

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term:

- The physical risk assessment disclosed in this report only considered ASOS direct operations and the ASOS own-brand supply chain. Although these provide the most direct risk to ASOS, we understand that there will be physical climate risks associated with our partner brands and within the wider distribution supply chain. We will look to include these aspects of the ASOS business in future assessments in the short term (1-2 years).

Strategy (b)

Describe the impact of climate-related risks and opportunities on the Company businesses, strategy, and financial planning:

- We have described the impact of climate-related risks and opportunities on our Company's business and strategy using a qualitative approach. In future assessments in the short term (1-2 years), we will look to disclose the financial impacts of the assessed risks and opportunities and provide further detail on how they affect financial planning.
- We will also ensure that in future assessments in the short term (1-2 years), we will drive more consistency between different risk and opportunity types to ensure they are comparable with regard to their impact on the business. In this report, the individual severity of physical risk exposure (of low/medium/high within the individual risk narrative) has been disclosed in relation to each individual assessment methodology and is therefore not directly comparable with other risk types.

TCFD 2021 revised annex – 11 disclosure recommendations

GOVERNANCE

- Describe the board's oversight of climate-related risks and opportunities.
— [page 37](#)
- Describe management's role in assessing and managing climate-related risks and opportunities.
— [page 37](#)

STRATEGY

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.
— [pages 38-44](#)
- Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
— [pages 38-44](#)
- Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
— [pages 38-44](#)

RISK MANAGEMENT

- Describe the organisation's processes for identifying and assessing climate-related risks.
— [page 44](#)
- Describe the organisation's processes for managing climate-related risks.
— [page 44](#)
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.
— [page 44](#)

METRICS AND TARGETS

- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
— [page 44](#)
- Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
— [page 44](#)
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.
— [pages 33-35 and 44](#)

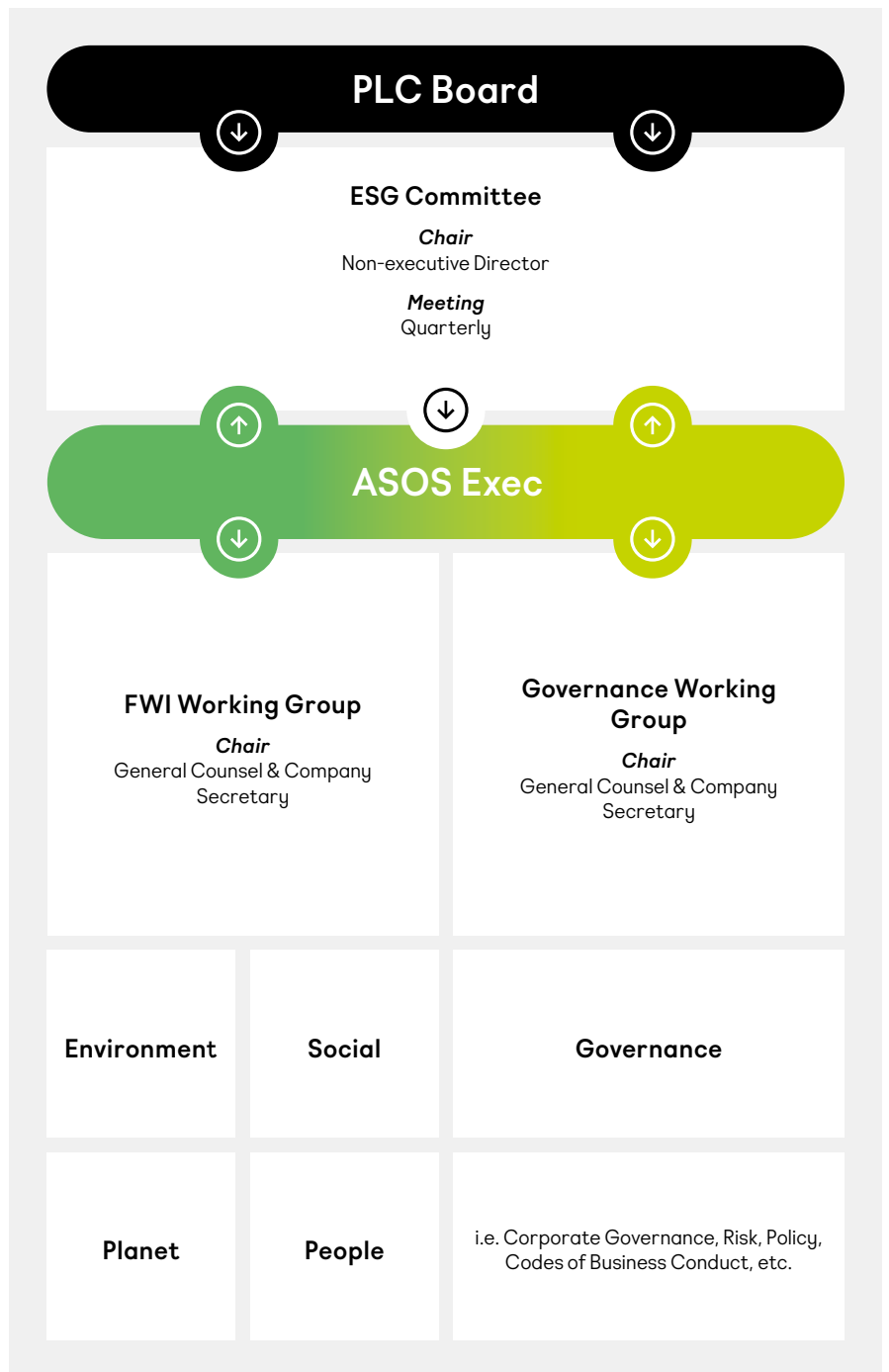
Governance

Climate-related risks and opportunities are reviewed at the highest level of our Company. We have recently evolved our corporate governance structure regarding environmental, social and governance (ESG) issues, including climate change, in recognition of the importance of these issues to the future of the business.

The highest level of governance is the Board-level ESG Committee, a delegated body of Non-executive Directors which provides oversight on behalf of and to the ASOS Plc Board in relation to the Group's ESG strategy and activities, including around the subject of climate change. The ESG Committee meets formally four times per year and feeds back to the ASOS Plc Board after every meeting. It is led by Independent Non-executive Director Eugenia Ulasewicz and is comprised of independent Non-executive Directors Karen Geary and Mai Fyfield, as well as ASOS Founder and Non-executive Director Nick Robertson. Eugenia Ulasewicz and Karen Geary are members of Chapter Zero, the UK chapter of the Climate Governance Initiative, and have experience of sitting on ESG Committees for other companies. This year the ESG Committee has focused on increasing its detailed understanding of the FWI 2030 strategy and reviewing performance against goals, KPIs and key initiatives. It also approved the first FWI Progress Update report published in April 2022.

Reporting into this Board-level ESG Committee are our FWI Working Group and Governance Working Group, both chaired by the General Counsel & Company Secretary, Anna Suchopar, who acts as the key liaison between the ASOS Plc Board and the Executive team. These Working Groups are comprised of a cross-functional team of senior leadership, representing all key areas of the business. The FWI Working Group was responsible for the formation of the new FWI strategy announced in September 2021. The group oversaw the development of the strategy and associated commitments, including our verified science-based carbon reduction targets. The FWI Working Group meets monthly and the Governance Working Group meets bi-monthly, with both reporting updates to the ESG Committee on a quarterly basis.

In addition, as sustainability and climate change has been identified as a principal risk (page 50), it is considered as part of the six-monthly risk review conducted by the Company's Audit Committee and reported to the ASOS Plc Board annually. The General Counsel & Company Secretary has executive responsibility for wider ASOS risk management and ensures consistency in approach between all teams managing climate-related risks and opportunities. Executive remuneration is partly weighted towards FWI targets, which includes climate targets (see the Directors' Remuneration Report on page 84).



Task Force on Climate-related Financial Disclosures (TCFD) continued

Strategy

To better understand our climate-related risks and opportunities and their potential impacts on the business and our strategy, this year we conducted in-depth analysis with leading consultants, Willis Towers Watson. Together, we've conducted scenario analysis to identify and understand the potential risks and opportunities for ASOS over relevant time horizons. These scenarios are not predictions or forecasts, however they provide the business with a directional understanding of how the business may be impacted in the future, depending on how trends may continue or change. The scenario analysis completed assesses two primary types of risk and opportunity: physical risks and opportunities, and transition risks and opportunities.

Physical

Methodology

Physical risks are related to the physical impacts of climate change and include both acute events and chronic shifts. Acute physical risks, such as flooding and wildfire, are happening today but are expected to worsen for given regions in severity and/or in occurrence (frequency) in the future. Chronic physical risks are longer-term in nature and include changes in climatic conditions such as heat stress, drought and sea level rise.

The methodology used to evaluate the physical risks to ASOS' business considered two plausible climate scenarios, as defined by the Intergovernmental Panel on Climate Change (IPCC): a below 2°C scenario (**1.5°C scenario**) and a 4°C scenario, in line with IPCC representative pathways (RCP) and shared social economic pathways (SSP) **RCP 2.6** (SSP1) and **RCP 8.5** (SSP5) respectively. In a below 2°C scenario, the transition to a lower carbon economy has occurred although there will still be some significant physical risks. In a 4°C scenario, minimal transition has occurred, and the physical risks will dominate. Acute and chronic physical risks have been assessed for 2030, 2050 and beyond to 2100 under the RCP scenarios, along with the present-day outlook.

Asset by asset exposure analysis for a range of climate risks at the present day, as well as for future projections, was undertaken for ASOS' own operations (offices, fulfilment centres, returns processing centres), Tiers 1-3 of ASOS own-brand supply chain, and key raw material sourcing regions (Tier 5) for two most-used natural materials: cotton and viscose. All ASOS operational assets were analysed and for the ASOS own-brand supply chain, 45 out of the top 50 suppliers by value were assessed. This totalled 265 supply chain locations across Tier 1-3 and represented 60% of the total own-brand intake value and 62% of all materials by weight. Partner brands fell outside of scope for our first scenario analysis this year, however, we will look to include these in future assessments in the short term (1-2 years).

Data used for this analysis includes leading models and databases used within the insurance industry for pricing of risk; climate models; published research; and information from the IPCC. The climate risks are derived from several data sources including Willis Towers Watson's own tools (Global Peril Diagnostic and Climate Diagnostic), data from Munich Re's climate change hazard databases and Cotton 2040 initiative's Planning for Climate Adaptation, and research findings from UKCP18, CCRA, ABL and the IPCC. Please note, risks impacting raw materials have only been assessed under the 4°C (RCP8.5) scenario, due to the source data used for this assessment.

Findings and mitigation actions

The physical climate risk profile of ASOS is heavily skewed towards the supply chain and global sourcing regions. While our own facilities and operations carry relatively small climate risk, the own-brand supply chain covered in this assessment is exposed to a variety of changes and possible negative impacts in both the low and high emission scenarios, now and throughout the century. Each physical risk has been assessed according to its unique modelled data and criteria. We have summarised the findings of this analysis to help communicate comparability between physical risks and how they change over time by each scenario. The summary findings and risk mitigation actions can be found overleaf.

Physical Risk Type	Physical Risk Description	Low Emissions Scenario –1.5°C global warming (RCP2.6)	High Emissions Scenario –4°C global warming (RCP8.5)	Mitigation Actions
Chronic	<p>Drought: Impacts water resources as well as cotton growing and forestry. Limited impact on own operations however there could be material impact for the supply chain, particularly for facilities which rely heavily on water for manufacturing, such as dyeing materials. Short-term drought can also affect yields particularly at key stages of the growth cycle of cotton.</p>	<p>Own operations: All offices and fulfilment centres have a very low or low exposure to drought.</p> <p>Suppliers: 43% of ASOS' suppliers covered in this analysis are currently considered to have at least a medium level of exposure to drought. Suppliers will see no significant increase to drought risk over time.</p>	<p>Own operations: Offices under operational control see an increase in risk, whereas fulfilment centres do not see a change in risk profile.</p> <p>Suppliers: By 2050, 62% of ASOS' suppliers covered in this analysis could be exposed to at least a medium level of drought, rising to 88% by the end of the century.</p> <p>Raw materials: By 2040, ASOS' main cotton sourcing regions are likely to have a medium to high risk of short- and long-term drought.</p>	<p>Own operations: No mitigation actions currently due to low levels of risk but we will continue to monitor this risk to inform our approach as needed.</p> <p>Suppliers: In calendar year 2021, 107 Tier 1 (manufacturing level) facilities completed the Higg Index Facility Environmental Module (FEM) representing 45% of our own-brand intake by volume. This includes an assessment from either the WWF Water Risk Filter or the WRI Aqueduct Tool. Suppliers are then able to understand their water use and their water risk in a local context.</p> <p>Raw materials: Increasing transparency of the supply chain will give us better visibility of our exposure to drought to manage risks. Switching to 100% more sustainable cotton will mitigate this risk. This includes sourcing recycled cotton as an alternative to virgin cotton, as well as sourcing cotton from a certified standard such as Organic, which provides farmers with support and training in climate mitigating strategies, such as managing drought and identifying drought-resistant cotton seed varieties.</p>
Chronic	<p>Heat stress: Can impact the working conditions within facilities and require a level of adaptation to ensure the health & safety of workers. It can also pose a significant risk to cotton and viscose sourcing if regions are exposed to prolonged heat stress (temperatures consistently over 40°C).</p>	<p>Own operations: Currently, our fulfilment centre in Atlanta is the only location considered to be exposed to a high level of heat stress. No significant increase is anticipated to the current risk of heat stress in operations.</p> <p>Suppliers: Currently, most of ASOS' suppliers covered in this analysis have a medium or higher level of exposure to heat stress. Under this scenario, higher heat stress is developed by 2030, which sustains to 2050 and beyond.</p>	<p>Own operations: Some of our fulfilment centres, for example Atlanta, could see increased exposure to heat stress and annual heat wave days beyond 2050.</p> <p>Suppliers: Currently, most of the suppliers covered in this analysis have a medium or higher level of exposure to heat stress. Under this scenario, higher heat stress is further developed by 2030, increasing in severity beyond 2050.</p> <p>Raw materials: Some sourcing regions for cotton are projected to have increased risk of heat stress by 2040, which would result in more days exposed to temperatures over 40°C, posing significant risk to cotton yields.</p>	<p>Own operations: Ensuring appropriate health & safety measures in own operations, including heat management systems and air conditioning.</p> <p>Suppliers: Working with suppliers closely and inspecting factories for sufficient ventilation systems and other relevant risks such as humidity, air quality and temperature.</p> <p>Raw materials: Reducing our reliance on virgin cotton by increasing the volume of recycled cotton in our ranges. Increased transparency of our supply chain will support identification of direct risks and impacts.</p>
Acute	<p>Wildfire: Impacts key infrastructure including buildings, roads and utilities. Threat to human life, agricultural crops and forests. May cause disruptions to supply chain and distribution, and costs of raw materials like viscose.</p>	<p>Own operations: Currently there is no significant risk or significant increase over time under this scenario.</p> <p>Suppliers: Currently a medium proportion of ASOS' suppliers covered in this analysis have a significant wildfire risk. By 2030, this risk is likely to increase slightly with more factories exposed to wildfire conditions.</p>	<p>Own operations: Currently there is no significant risk or significant increase over time under this scenario.</p> <p>Suppliers: By 2050s, this risk increases slightly in comparison to the low emission scenario.</p> <p>Raw materials: By 2040, some cotton growing regions (e.g. India, Pakistan and US) could have material exposure to wildfire risk.</p>	<p>Own operations: No mitigation actions currently due to low levels of risk but we will continue to monitor this risk and review our approach accordingly.</p> <p>Raw materials: Increased visibility of our supply chain will give us a greater understanding of our exposure to high-risk regions. Reducing our reliance on virgin cotton will reduce this risk for the business.</p>

Task Force on Climate-related Financial Disclosures (TCFD) continued

Physical Risk Type	Physical Risk Description	Low Emissions Scenario -1.5°C global warming (RCP2.6)	High Emissions Scenario -4°C global warming (RCP8.5)	Mitigation Actions
Acute & Chronic	Flooding: The key implications include damage to buildings and equipment, facilities access issues and possible delays in resuming operations in supply chain and distribution. It can also impact cotton crops and plantations. This includes the impacts from increased coastal and fluvial flooding and sea level rise.	<p>Own operations: Flooding has very little contribution to the risk profile in the present-day with little change under this scenario as all locations continue to have a low exposure.</p> <p>Suppliers: A low number of ASOS' suppliers covered in this analysis are considered as having an existing medium to high risk of flooding with no significant change over time.</p>	<p>Own operations: The risk specific to ASOS operations remains low overall.</p> <p>Suppliers: The frequency of flood increases slightly for all exposed assets by 2030 with no further risk increase to 2050 and beyond.</p> <p>Raw materials: In the short term, river flood changes for cotton growing regions are not significant, although there is currently medium risk in some regions today. Coastal flood and sea level rise pose a more significant risk to certain regions by 2040.</p>	<p>Own operations: No mitigation actions currently due to low levels of risk but we will continue to monitor this risk and review our approach accordingly.</p> <p>Suppliers: ASOS requires manufacturing facilities to complete the Higg FEM annually, this includes an assessment from either the WWF Water Risk Filter or the WRI Aqueduct Tool. Suppliers are then able to understand their water use and their water risk.</p> <p>Raw materials: Reducing our reliance on virgin cotton by increasing the volume of recycled cotton in our ranges. Increased transparency of our supply chain will support identification of direct risks and impacts.</p>

Using the findings from scenario analysis, ASOS has identified climate migration as a potential significant social risk directly resulting from the chronic and acute climate-related risks. A description of this risk and mitigation actions are provided below.

Risk Description	Mitigation Actions
<p>Climate migration (supply chain) – climate change is leading to the forced displacement of people and contributing to worsening living conditions. The Institute for Economics and Peace (IEP) estimates that by 2050, 1.2 billion people could be displaced globally due to climate change and natural disasters. A working paper by Cornell NCP highlights that by 2030 it is expected there will be massive internal displacement in Bangladesh, China, and Vietnam. These three countries are key sourcing regions for ASOS. The United Nations estimates that women make up 80% of climate refugees.</p>	<p>During FY23 we will complete a Human Rights Saliency Assessment to inform our forthcoming Human Rights Strategy and strengthen our Human Rights Due Diligence framework to protect workers, including those impacted or displaced by climate change.</p> <p>Our 'critical friendship' with Anti-Slavery International (ASI) enables us to form relationships with relevant stakeholders on the ground, working to support those affected.</p> <p>We are also strengthening our Global Framework Agreement with IndustriALL Global Union and working towards mature industrial dialogues for just worker representation.</p>

Summary

According to the analysis completed, we can summarise that the most material physical climate-related risks for ASOS are drought, heat stress, wildfire and flooding. In the low emission scenario, the modelling suggests that all ASOS operations maintain low levels of risk in each area, with the supply chain experiencing some increased exposure to heat stress and wildfire risks up to 2050.

In the high emission scenario, our analysis indicated that ASOS operations again experience generally low risk levels with some increase for drought and heat stress beyond 2050. For suppliers and raw materials, exposure to chronic and acute risks, in particular drought and heat stress, increases to 2050 and beyond with an increase in the severity of flooding and wildfires.

Furthermore, we identify climate migration to provide a further social risk as these chronic and acute physical risks shift over time. Our mitigation actions largely focus around implementing our FWI programme, our sourcing strategy, and our ongoing work on human rights.

Transition

Methodology

Transition risks and opportunities are affected by the pace and timing of decarbonisation of the global economy. It is affected by changes to markets, technology, policy and legislation and the behaviour of key stakeholders, including customers and investors. To understand these factors and their impact on ASOS we looked at two primary scenarios plausible with transitioning to a lower carbon economy: below ~1.5°C (achieving global net zero CO₂ emissions by 2050) and below ~2°C. The approach to building scenarios follows guidance issued by the TCFD in their Guidance on Scenario Analysis for Non-Financial Companies document. The scenarios are constructed from a variety of sources, including the Shared Socioeconomic Pathways (SSPs) which informed the Sixth Assessment Report (AR6) developed by the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA) and the NGFS (Network for Greening the Financial System).

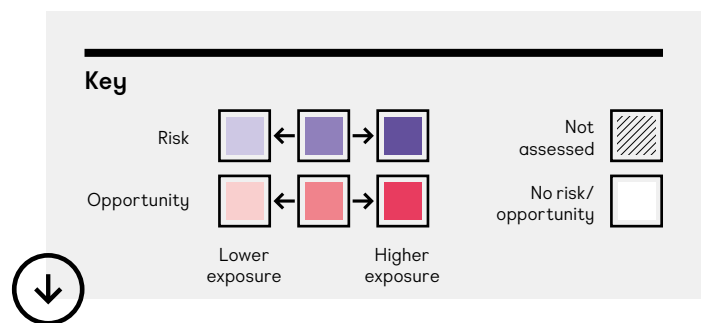
It is widely understood that risks associated with the transition to a lower carbon economy will manifest more quickly than the physical risks associated with climate change, and therefore different time horizons of 2025 (short term) and 2030 (medium term) were used for this assessment. ASOS' Be Net Zero KPIs and associated Science-based Targets are also aligned to this 2030 (medium term) time horizon. The assessment was conducted using the ASOS Enterprise Risk Management (ERM) impact and likelihood rating criteria to ensure consistency across wider ASOS risk assessments.

Risk and opportunity areas across ASOS' entire value chain were discussed and agreed with Willis Towers Watson, leveraging its experience in conducting similar studies and using public domain research. These risks and opportunities were then assessed in terms of impact and likelihood via a series of subject matter expert interviews with senior business leaders across key ASOS departments, taking into consideration the full ASOS value chain.

Following the completion of the analysis it was understood that within the timescales reviewed, the two scenarios exhibited very similar risk and opportunity profiles, so for the purpose of this report the findings have been combined.

Findings

The transition risk and opportunity areas assessed included: Policy & Legal, Technology, Market and Reputation. A breakdown of these areas and the individual topics assessed can be found below as well as a summary of the potential exposure experienced in both the short and medium term.



Risk	Risk name	Risk		Opportunity	
		2025	2030	2025	2030
01	Policy & Legal				
a	Pricing of GHG Emissions (Scope 1 and 2)				
b	Climate Change Litigation				
c	Mandates and Regulation of Products				
d	Enhanced Emissions-Reporting Obligations				
02	Technology				
a	Substitution of Existing Technologies to Lower Emission Options				
03	Market				
a	Changing Consumer Preferences				
b	Increased Cost of Raw Materials				
c	Cost of Capital				
d	Emissions Offset				
04	Reputation				
a	Investment Risk				
b	Stakeholder Risk				
c	Employee Risk				

Task Force on Climate-related Financial Disclosures (TCFD) continued

Risk	Risk Type	Risk Description	Risk Impact	Opportunity	Mitigation/Response
01	Policy & Legal	<p>Included the possible pricing of GHG emissions and/or a direct carbon tax. This risk area also includes mandates and regulation of products, climate litigation and enhanced reporting requirements.</p> <p>Network for Greening the Financial System (NGFS) has been used as a primary source for carbon price estimates. All figures represent mid-points between the highest and lowest regional forecasts for carbon prices.</p>	<p>As the ASOS Scope 1 and 2 carbon emissions are relatively small, the impact of this risk remains moderate, using ASOS' ERM scales. It is not expected that climate change litigation poses a significant risk and enhanced emissions-reporting obligations remains a low risk with the potential to increase beyond 2025, depending on the requirements brought into place.</p> <p>The most significant category within this area is mandates and regulation of products in key ASOS markets. This is already being experienced across some parts of the ASOS value chain (for example extended producer responsibility legislation in the UK and EU) and has the potential to become a more significant area beyond 2025 for wider product categories.</p>	<p>The policy and legal category was not considered to provide any significant opportunities for our business at this stage.</p>	<ul style="list-style-type: none"> ASOS is focused on reducing carbon emissions, with the setting of science-based targets which have been approved by the Science Based Targets initiative (SBTi). ASOS reducing Scope 1 and 2 carbon emissions and targeting 87% reduction/order by 2030 vs 2018/19 baseline year (page 33). This will reduce our exposure to any potential future GHG pricing mechanism which is mandated to a company's direct operations. Switching to more sustainable materials in both packaging and products with the goal of achieving 100% more sustainable materials in ASOS own-brand products by 2030 and 100% of own-brand packaging made from more sustainable or recycled materials by 2025 (page 34). Whilst this is currently a voluntary activity and target for us, it pre-empts and mitigates potential future regulation of products. Improving transparency across the supply chain via Be Transparent FWI goals (page 34). This reduces policy and legal risks by allowing us to identify and fix issues and ensuring external partners and audiences can track our impact.
02	Technology	<p>The substitution of existing technologies to lower emission options provides both an important risk and opportunity for the business.</p>	<p>There is a risk that ASOS may fail to implement or take full advantage of these technologies, potentially resulting in a lack of competitiveness and increased requirement for investment.</p> <p>There is also a risk of suppliers passing on the cost of their investment in such technology to ASOS.</p>	<p>Across the value chain, technology improvements towards lower-carbon alternatives will provide us the opportunity to reduce emissions, drive efficiency and improve quality.</p>	<ul style="list-style-type: none"> This year, we have started working directly with key ASOS suppliers that contribute to ASOS' Scope 3 emissions to assess carbon reduction potentials via Carbon Tech Assessments (CTAs) and identify suppliers to take part in Aii's Carbon Leadership Program¹, funded by ASOS. The programme will deliver a five-year action plan for suppliers, including key financial investments with payback periods. In calendar year 2021, 107 Tier 1 (manufacturing level) facilities completed the Higg Index Facility Environmental Module (FEM) representing 45% of our business by volume. We are continuing to roll out FEM further down our supply chain, particularly to Tier 4 suppliers, who contribute the most to our supply chain carbon emissions, so we can identify opportunities to support suppliers in reducing their energy and carbon emissions with new and existing technology and clear payback periods. Developing robust delivery plans for FWI goals to help prioritise the implementation of initiatives and the allocation of resource and investment to the right areas. Working with key suppliers to trial new technology using lower-impact processes such as digital printing.

1 <https://apparelimpact.org/apparel-impact-institute-carbon-leadership-project>

Risk	Risk Type	Risk Description	Risk Impact	Opportunity	Mitigation/Response
03	Market	<p>Within the market in which we operate, several changes may result in risk and opportunities for ASOS. Changing consumer preferences are expected to intensify the potential increase in demand for more sustainable products and services.</p> <p>This risk area also includes the cost of raw materials, the cost of capital and voluntary emission offsets.</p>	<p>Not responding to these changing consumer preferences may result in residual risk.</p> <p>As the wider market moves to using more sustainable materials in packaging and products, it may result in an increased cost of these raw materials as demand and supply constraints interact. ASOS, like many fashion brands, aims to increase its use of more sustainable materials which may impact sourcing availability and strategy.</p> <p>ASOS also has a commitment to achieving net zero carbon emissions across its value chain by 2030. Although it is expected that a large amount of these emissions will be eliminated via carbon emission reductions in line with our Science-Based Targets, a residual amount will need to be neutralised through emissions offsets. We have a target to be carbon neutral in our direct operations (offices, fulfilment centres, deliveries and returns) from 2025. The pricing and mechanisms for securing appropriate offsets across the value chain is uncertain. As we decarbonise the business and work to deliver our FWI goals ahead of 2030, the accuracy of these forecasts will improve.</p>	<p>Capitalising on this opportunity by catering to increased consumer demand for more sustainable products could provide a positive business impact in the future.</p> <p>While wider market changes may create risk by increasing the cost of raw materials, increased demand coupled with support from governments and greater investment from the fashion industry may increase supply and reduce costs.</p> <p>There is an opportunity to scale lower-emission technologies such as fibre-to-fibre recycling, which would increase yield of recycled fabric while reducing waste.</p> <p>Building increased transparency of the supply chain and investing in sustainable materials will enable better security of supply and pricing.</p> <p>Additionally, we are seeing across industry that the cost of capital can be reduced when linking financial instruments to ESG targets and positive performance. As the ASOS FWI strategy grows in maturity the opportunity to realise these benefits will become greater.</p>	<ul style="list-style-type: none"> – Continue investing in ASOS FWI goals to reduce carbon emissions and drive greater circularity across the business (pages 33-34). – Continue building transparency of the supply chain (Tiers 1-5). – Provide effective and accurate consumer communication to help customers make more informed purchase decisions and create further opportunities for customers to recycle, resell or donate pre-loved products.
04	Reputation	<p>The perspectives of key stakeholders as the global economy transitions to a low-carbon future will provide risk and opportunity for ASOS. It is understood that investors are increasingly knowledgeable and aware of sustainability when making investment decisions.</p>	<p>There is an inherent risk that stakeholders, including customers, may perceive ASOS negatively. Conversely, effective delivery of efforts in sustainability may result in positive external perceptions of our business.</p>	<p>We can leverage this reputational shift and gain new and greater investment from investors by delivering against our FWI 2030 strategy and understanding and managing our wider ESG risk.</p> <p>Prospective employees are increasingly making decisions on where to work based on these factors.</p> <p>Additionally, other key stakeholders such as NGOs and brand partners are increasingly interested in ASOS' ESG performance and strategy. Meeting the requirements and expectations of those stakeholders will be important to maintain positive relationships into the future.</p>	<ul style="list-style-type: none"> – Understanding the requirements and opinions of our stakeholders and ensuring we are reflecting these in our FWI strategy. – Delivering against our new 2030 FWI commitments and effectively communicating this progress to key stakeholders, externally and internally. – Continue to improve transparency in ESG reporting including further external assurance on data.

Task Force on Climate-related Financial Disclosures (TCFD) continued

Summary

It is understood that ASOS will be exposed to both transition risk and opportunity between today and 2030, across all primary areas: policy and legal, market, technology, and reputation. The mandates and regulation of products are an existing risk which is likely to evolve between now and 2025 and beyond to 2030. Technology will continue to transform, potentially creating risks but also unlocking opportunities for efficiency. The market in which ASOS operates is likely to change, with consumer preferences and the cost of materials shifting to present both risk and opportunity. Finally, the reputation of the Company will continue to be affected by the issue of climate change and managing our relationship with key stakeholders will be key to our future success.

Risk management

Sustainability and climate change is named as one of our principal risks (page 50) and it is assessed and managed as part of our wider risk management approach. The analysis of climate change and sustainability risk has focused on both physical risks and transition risks.

Our assessment of physical climate-related risks has used leading models and databases within the insurance industry to ensure outputs are robust and comparable to Willis Towers Watson studies. The analysis conducted to understand our climate-related risks and opportunities associated with the transition to a lower-carbon economy has used the ASOS Enterprise Risk Management approach to ensure outputs are comparable across our wider risk landscape. The project team included representatives from the ASOS risk team, who fed into the process and reviewed its findings.

ASOS has an ESG risk register which is formally reviewed every six months. This encapsulates multiple risks across the ESG landscape and feeds directly into our principal risks. The findings from the climate-related physical and transition risk and opportunity assessments will be fed into this ESG risk register to ensure alignment and a consistent management approach.

Metrics and targets

The metrics used to assess climate-related risks and opportunities are Scope 1, 2 and 3 emissions, which are calculated and reported on an annual basis. You can find our latest full Scope 1-2 footprint for FY22 in the table below. Our Scope 3 footprint for our most recent full-year reporting cycle (FY21) is 1,506,834 tCO₂e. Due to the detail involved in calculating our Scope 3 emissions, we will be sharing our entire footprint for FY22 in our next FWI Progress Update report, which will be published in April 2023 on our website asosplc.com/fashion-with-integrity/reports-and-policies/.

In September 2021, we launched a new set of carbon reduction targets verified by the SBTi. These KPIs can be found on page 33. A full breakdown of our climate-related targets, 2030 goals and associated KPIs is available in our FWI 2030 strategy paper on asosplc.com/fashion-with-integrity/.

ASOS has published its carbon emissions since 2012 and has recently launched a new set of carbon reduction targets, verified by the SBTi in 2021. We have also recently committed to report our full Scope 1, 2 and 3 carbon emissions on an annual basis, you can find these for the most recently completed reporting year (FY21) on our website asosplc.com/fashion-with-integrity/reports-and-policies/.

We also publish our up-to-date Scope 1 and 2 emissions in line with the Streamlined Energy and Carbon Reporting (SECR) requirements within this Annual Report, which can be found on page 108.

For FY22, we have also enhanced our reporting by seeking external assurance for our Scope 1 and 2 emissions for the first time. PricewaterhouseCoopers LLP (PwC) conducted an independent limited assurance engagement on selected GHG emissions data (shown with the symbol [ⓐ]) for the year ended 31 August 2022 in accordance with International Standard on Assurance Engagements 3000 (revised), and the International Standard on Assurance Engagements 3410, issued by the International Auditing and Assurance Standards Board. A copy of PwC's report and our methodology to which it relates is available on our website asosplc.com/fashion-with-integrity/limited-assurance/. This will add further robustness to our data and transparency, and we will be working with PwC in the coming months to develop an assurance plan for wider FWI and ESG metrics.

In April 2022, we published our first FWI Progress Update report for FY21. This report includes updates across all our FWI metrics and targets for FY21, and progress made within the first half of FY22. We will be publishing our next FWI Progress Update report in the coming months for the FY22 reporting period and integrating further ESG metrics and data points.

This report will be available on our website asosplc.com/fashion-with-integrity/reports-and-policies/.

Location based emissions	Unit of measurement	FY22	FY21	% change
Total global Scope 1 emissions from combustion of gas	tCO ₂ e	3,351 [ⓐ]	3,602	-7%
Total global Scope 2 emissions from purchased electricity – location based	tCO ₂ e	11,497 [ⓐ]	11,338	1%
Total global gross location based emissions	tCO ₂ e	14,848	14,940	-1%
Market based emissions	Unit of measurement	FY22	FY21	% change
Total global Scope 2 emissions from purchased electricity – market based	tCO ₂ e	2,860 [ⓐ]	3,150	-9%
Total global gross market based emissions	tCO ₂ e	6,211	6,752	-8%

Non-financial information statement

The table below constitutes the Company's non-financial information statement as required by sections 414CA and 414CB of the Companies Act 2006. In addition, our website asosplc.com contains a wide range of non-financial information.

Reporting requirement	Relevant policies and documents which govern our approach	Annual Report section	Page
Environmental & social matters	<ul style="list-style-type: none"> Environmental Policy Responsible sourcing policies including chemicals, restricted substances, cotton, animal derived materials Fashion with Integrity (FWI) 2030 programme – Be Net Zero & Be More Circular goals Group Tax Strategy Stakeholder engagement 	<ul style="list-style-type: none"> Task Force on Climate-related Financial Disclosures (TCFD) ESG Committee FWI Report Principal risks and opportunities Section 172 statement 	<ul style="list-style-type: none"> 36-44 82 32-35 48-53 20
ASOSers	<ul style="list-style-type: none"> Code of Business Conduct Health & Safety Policy Whistleblowing Policy FWI 2030 programme – Be Diverse goal 	<ul style="list-style-type: none"> Our people Stakeholder engagement FWI Report Directors' Remuneration Report – employee engagement Directors' Report – employment policies 	<ul style="list-style-type: none"> 10-13 20-23 32-35 87 107
Human rights	<ul style="list-style-type: none"> Human rights policies on migrant workers, child labour, global framework agreement with IndustriALL Whistleblowing Policy 	<ul style="list-style-type: none"> FWI Report Stakeholder engagement Principal risks and opportunities 	<ul style="list-style-type: none"> 32-35 20-23 48-53
Anti-bribery & corruption	<ul style="list-style-type: none"> Code of business conduct Anti-Bribery & Corruption Policy Gifts & Entertainment Policy Data privacy Cyber security 	<ul style="list-style-type: none"> Audit Committee Report Directors' Report 	<ul style="list-style-type: none"> 72 106
Risk management	<ul style="list-style-type: none"> Risk Management Standard ASOS Risk Taxonomy 	<ul style="list-style-type: none"> Risk management Principal risks and opportunities TCFD – climate-related risks 	<ul style="list-style-type: none"> 46-47 48-53 36-44, 50
Business model		<ul style="list-style-type: none"> Business model 	<ul style="list-style-type: none"> 18-19
Non-financial KPIs		<ul style="list-style-type: none"> KPIs FWI 2030 programme 	<ul style="list-style-type: none"> 14-15 32-35

Risk management at ASOS

At ASOS, we know we need to take risks to grow for tomorrow and at the same time protect ASOS and our ASOSers against unrewarded threats.

Therefore, we seek conscious risk taking, empowering our people to take risks within our new framework, but also to pause and think about how to manage and control or mitigate the risks we are exposed to, and to escalate risks that are significant and or are outside of our risk appetite.

Our new Risk Management Standard applies to every part of our business and it has been evolved in a manner that is appropriate for our rapidly changing business and our unique culture. It empowers us to identify our key risks and opportunities and enables us to manage them appropriately to meet our strategic objectives and support sustainable growth.

Our approach to risk management

Identifying risks and opportunities is a continual process, which plays a key part in our day-to-day decision-making and operations. Creating a culture that is risk-aware, while being opportunity-driven, enables us to continue to move at pace at what we do.

Protect

Many of the risks we manage relate to compliance with the laws, regulations, and our own policies, which protect ASOS and our ASOSers today. We have a low appetite for breaches of these rules – in such cases, we work towards minimal risk taking.

Anticipate

Everywhere we operate, we are exposed to external risks. These are only increasing in prominence: regulatory change, conflict and civil unrest, pandemics, cyber-attacks and many others. Whilst external risks may be threats to achieving our strategic objectives, they can also present significant opportunity. Although we have little ability to prevent such risks from occurring, it is our choice as to how prepared we are, and how we respond. Our ability to anticipate and prepare for, or respond to, these can give us a competitive advantage.

Grow

In the competitive markets in which we operate, we strive to improve how we do things, as well as to innovate and grow.

In making the many strategic decisions that those ambitions require, we seek to take a proportionate level of risk for growth and competitive advantage – but we must take the right risks in the right way. We do this by identifying, understanding and managing risks in line with our risk appetite.

Roles and responsibilities

Our Board and Executive team's priority is to protect and grow ASOS as a whole. To help them do this we have categorised our complete risk universe in the ASOS Risk Taxonomy. Each of the risks we document in our risk registers are linked to this Taxonomy so the information aggregates and flows in an organised way. This lets us see the full picture to make strategic decisions and allocate resources.

Understanding what may prevent us from achieving our strategy and how we are going to respond to these risks is key. This is underpinned by the information provided by all ASOSers when recording and escalating the risks that matter the most, in a consistent way.

Protect

today's values

Establish the foundations to protect against unrewarded threats.
Make it easy to manage risk.

Anticipate

what is on the horizon

Look beyond today and bring the outside in.
Build resilience and beat the competition.

Take risk to

Grow

for tomorrow

Take the right risks, at the right time, in the right way.
Make great things happen.

Proactive and forward-thinking, with real insights and intelligence to inform decision makers.
Focus on the right things, with effective and efficient control proportionate to the risk.

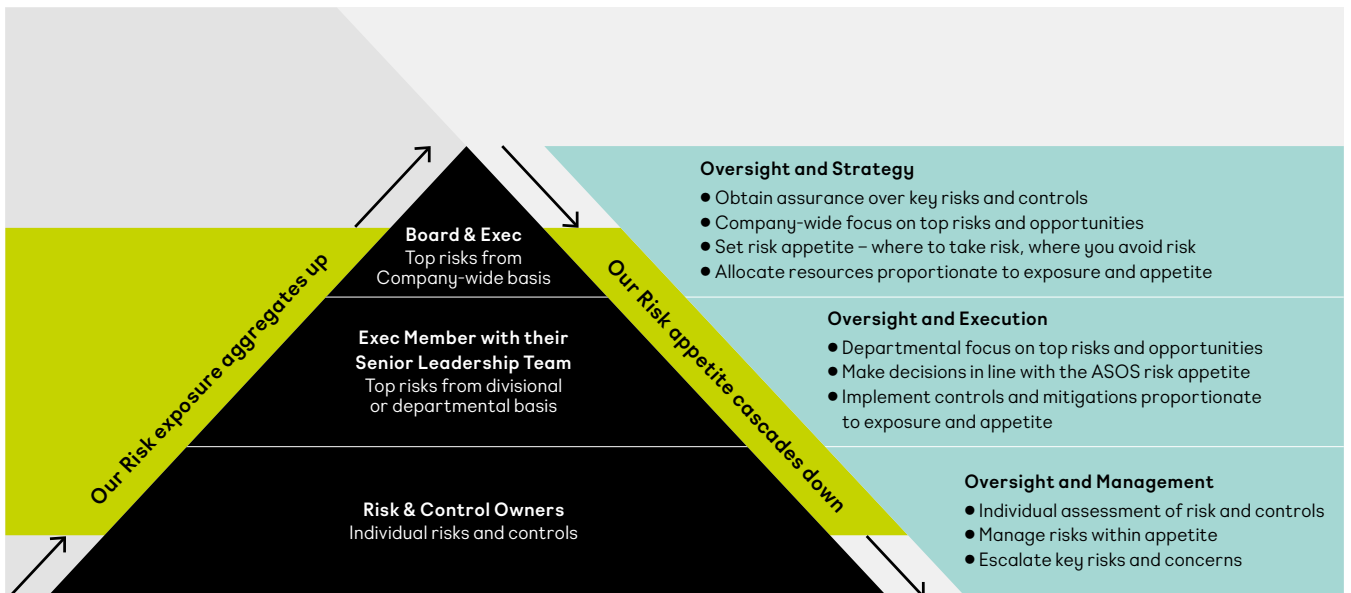
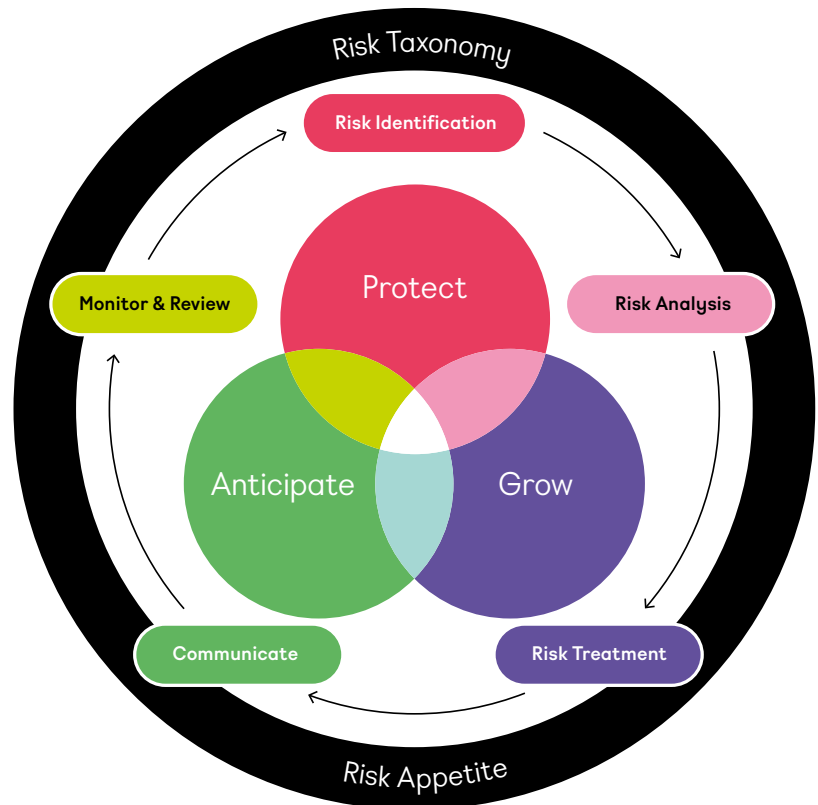
Risk appetite

Risk appetite is how much risk we are willing to take, or not take, for different types of risks. This is at the heart of our risk management approach, and our risk appetite helps us in taking the right risks, in the right way, at the right time to take advantage of opportunities. Our risk appetite is set by risk category and has been set and approved by the Audit Committee, to allow us to take and avoid risk in line with their mandate.

Our risk appetite is set by category of risk and operates on a 3-point scale ranging from: (i) risk averse, (ii) risk balanced and (iii) risk seeking. This 3-point scale informs the desired approach to the control environment, assurance plans and treatment of the risk and provides a framework for our ASOSers to operate within.

Risk assurance

Appropriate assurance and oversight of risk management is guided by our approach to risk appetite described above and echoes the 'Three Lines of Defence' model, where day-to-day responsibility for risk management lies with business control owners in the first line. The Risk team provide second line guidance, oversight, and challenge on risk management activities and facilitate the risk management process to provide insights and assurance to the Audit Committee and Board. Internal Audit deliver risk-based audits in the third line to provide independent assurance over key risks.



Principal risks and opportunities

As a global company, our principal risks and opportunities are created through the complex nature of our operation, scale and ambition, and we know that emerging risks can change quickly and can be heavily influenced by the macroeconomic environment. This year has certainly demonstrated how quickly the risk landscape can evolve.

Russia's invasion of Ukraine and the subsequent ongoing war has impacted supply chains, people and operations worldwide. The knock-on effect on geopolitical and global financial instability, inflation, energy shortages and the resulting impact on cost of living is already impacting our people, customers and partners. In addition, whilst many government prescribed restrictions have been lifted, we continue to

feel the impact of the COVID-19 pandemic through elevated supply chain costs and shifts in the employment market including talent availability, a competitive recruitment market and wage inflation. Combined with changing expectations regarding ways of working (particularly location and flexibility) it is harder to find and retain the right talent.

As we navigate these uncertainties and changes, we continue to scan the horizon to ensure that we identify emerging risks as soon as possible and react early where needed to either mitigate or take advantage of opportunities.

Risk movement key

↑ Increased risk ↓ Decreased risk ↔ Stable Δ New risk

Macroeconomic changes

Risk movement



Risk owner Chief Financial Officer

What's the risk?

Specific macroeconomic and geopolitical changes and uncertainty can influence our business by impacting our ability to trade across borders, influencing customer behaviours, diminishing our customer proposition, and, ultimately, impacting our financial performance.

The Russian invasion of Ukraine, ongoing challenges from the COVID-19 pandemic, and Brexit are all being felt. We are currently facing political unrest and instability, significant inflation which is causing a cost-of-living crisis and the associated risks of recession and labour availability in our supply chain remains challenging. We have already seen the increase in cost-of-living impacting ASOSers and our customers. Customer purchasing behaviour has changed, with returns increasing as customers have less disposable income. Inflation is seen right through the supply chain and globally we are facing into potential energy rationing this coming winter.

How do we manage the risk?

We continue to monitor the many and variable macroeconomic risks, resulting customer behaviours and market dynamics to put into place mitigating measures to prepare for any further volatility, including:

- The Executive Committee and Operating Board continue to monitor, model and assess the potential outcomes and supply and demand impact of recession, inflation, geopolitical events (including COVID-19, Brexit and Russian invasion of Ukraine) and cost-of-living increases.
- We have a diverse, multifaceted sourcing and supply chain involving multiple suppliers and locations to minimise an over-reliance on an individual country and/or supplier or brand, and so we can use our extensive network in the event of capacity or capability changes.
- Further strengthening our balance sheet to improve resilience.

Supply chain disruption

Risk movement



Risk owner Group Supply Chain Director

What's the risk?

Global or local supply chain disruption and/or crises (caused by events such as political unrest and global pandemic) cause issues in our inbound (e.g. supplier or carrier failures) or outbound (e.g. carrier or fulfilment centre disruptions) supply chain, which impacts our ability to deliver what our customers want, when they want it.

The Russian invasion of Ukraine and our decision to cease trading in Russia has impacted our supply chain through increasing our inventory holding in Europe as well as causing significant inflation in our cost base. The impact of Brexit and the COVID-19 pandemic is still felt in our operations, for example, we continue to face disruption and congestion in US ports and have ongoing labour availability challenges. Whilst continuing to be challenging, we have learnt significant lessons about how to strengthen the resilience of our supply chain and continue to evolve this every year.

How do we manage the risk?

- Monitoring & Forecasting – we continuously monitor demand and availability to adjust intake accordingly.
- We have multiple delivery methods, routes, ports and carrier strategies to minimise risk of disruptions.
- Continuously evolving Supply Chain Business Continuity strategies and plans to respond to incidents and we have fed in the lessons learnt from the COVID-19 pandemic.
- Creation of additional storage solutions to accommodate any anticipated stock build caused by disruptions to supply chain.
- Automation of our fulfilment centres to increase throughput capacity and productivity.
- Ongoing relationship management with carriers and suppliers to ensure early warnings of disruption and to agree mitigation actions.
- Driving process improvements on stock visibility with our new Global Supply Chain Management Partner, improving lead time and cost.
- Enhancing our contracts with carriers to drive clearer terms and requirements.
- Designing and building our own inbound visibility platform for launch in FY23.

Transformation projects fail to deliver required outcome

Risk movement



Risk owner Chief Executive Officer

What's the risk?

We are going through several transformational changes to ensure the business continues to be successful as it evolves and grows. New technology, systems and processes are essential enablers to continuing to evolve at pace. At the same time, delivering transformation is complex and can cause disruption in the business as changes are implemented. This can lead to increased cost and lost opportunities. Transformation success is reliant on the right capability and capacity to deliver the changes and can be dependent on internal and external inputs. Issues with access to capability and capacity, or the execution of dependencies can cause delays and risk failure to deliver outcomes or adapt to the change. This can lead to business disruption and duplication, which can cause challenges in achieving strategic objectives.

The focus this year has been on progressing core initiatives alongside further evaluation and prioritisation of strategic initiatives given the economic environment, leveraging internal and external opportunities. Whilst delivery confidence has increased with delivery plans further solidified, ambition levels have also increased for the coming years. The prioritisation of our transformation workstreams for FY23 will balance achievability with ambition and will focus on four actions targeted at improving ASOS' ability to navigate the existing uncertainty by: renewing its commercial model and improving inventory management to increase flexibility within logistics operations; simplifying and reducing its cost profile; ensuring a robust and flexible balance sheet; and reinforcing the leadership team and refreshing the culture.

How do we manage the risk?

- An Executive-led governance structure is in place to oversee the transformation. A Design Authority reviews proposed changes to assess integrity of design and viability of business case, with final business case approval granted by an Investment Board.
- ASOS' Transformation Management Office (TMO) has been established to drive and monitor transformation programmes, including managing transformation risks.
- The Transformation Portfolio is organised into Transformation Themes, with each Theme responsible for a set of transformation workstreams. Each Theme has an assigned responsible lead and Executive Sponsor. The Theme Lead and Executive Sponsor oversee and manage progress, risks, dependencies and impacts.
- Internal and/or external assurance review exercises are used to validate progress and project readiness including delivery gates and programme health checks.
- Regular updates on progress and key issues and risks for the major programmes are provided to the ASOS Plc Board and Audit Committee. This is enabled by detailed programme management from the TMO.
- Strategic Transformation objectives are embedded into the Executive team's individual objectives.

Data breach

Risk movement



Risk owner Chief Technology Officer and General Counsel

What's the risk?

As an online retailer, we use data for several different reasons, including to process orders, receive payment and engage with our customers on a regular basis. With c.26.4 million 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 theft or accidental loss of confidential ASOS or customer data, due to inadequate technical controls, employee breach, targeted attack, or error, could cause reputational damage, regulatory non-compliance and lead to significant financial penalties, and a loss of employee or customer confidence.

As an area of constant focus, we continue to drive improvements and this year we have:

- Completed a Data Privacy Key Controls internal audit.
- Conducted a separate data protection maturity benchmarking exercise and are developing a roadmap to future-proof the Data Protection function, to support our broader business activities and enhance our privacy programme.
- Run a data breach ransomware business continuity scenario exercise with the Executive team, with learnings fed back and developed into a full response plan.

How do we manage the risk?

- Our Data Protection Officer (DPO) is an independent role and can audit any information store used by ASOS or its contracted third parties.
- The Data Protection team works across the business to make sure we have visibility of the collection, use and reuse of data and any new projects that require customer or employee data, while also putting in place the right training and awareness. Our Chief Information Security Officer (CISO) and DPO work together to ensure key data risk areas are prioritised and effective remediation or mitigation is put in place.
- 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.
- Data protection training is provided to ASOS employees on an annual basis and awareness campaigns are rolled out on a more regular basis (e.g. Phishing tests).

Principal risks and opportunities

continued

Foreign exchange rate exposure

Risk movement



Risk owner Chief Financial Officer

What's the risk?

We are a UK-based global online retailer selling products to customers across the world in many different currencies. Global growth and the growing number of customers shopping with us from international markets will continue to give rise to foreign exchange risk exposures through both foreign currency denominated income and expenses, given our reporting currency is Pound Sterling. These foreign exchange risk exposures could have an adverse impact on our profitability.

Our foreign exchange risk exposures have remained broadly consistent with the prior financial year, with the reduction in exposure to the Russian Rouble, from our exit of the Russian market, offset by growth in other international markets. However, we expect volatility in foreign exchange markets to be elevated over the next 12 months.

How do we manage the risk?

- We have evolved our foreign exchange risk management policy, so it remains robust and appropriate as our business operating model grows in complexity and our penetration of international markets grows.
- Our foreign exchange risk management policy considers emerging macroeconomic risks, which could give rise to heightened volatility in foreign exchange markets.
- We have increased the level of rigour in our financial planning and forecasting, including strengthening our lead indicators, which helps protect us against any adverse movements in foreign exchange rates.
- We continue to preserve profitability through capitalising upon natural hedges where they are present and supplementing them with the use of foreign exchange hedging instruments in line with our foreign exchange risk management policy.

Sustainability and climate change

Risk movement



Risk owner Chief Executive Officer

What's the risk?

The topic of sustainability and the impact we have on the planet is being talked about more and more. Our Fashion with Integrity (FWI) programme has been central to our operations 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, to make sure ASOS remains viable in the future.

We face both risks related to the transition to a lower-carbon economy and the physical impacts of climate change, through our operation and supply chain. This includes changes in technology, market risks and how the Company's response to climate change affects its reputation. Physical risks can be event driven (acute) or longer-term shifts (chronic) in climate patterns.

This year we have conducted a full analysis, in line with Task Force on Climate-related Financial Disclosures (TCFD) requirements, to understand our transition and physical risks and their impacts in more detail. This can be found in the TCFD Report on page 36. In addition, our new FWI strategy and commitments have been communicated to the market and we have stood up a Board-level ESG Committee and associated working groups at a senior leadership level to continue to drive progress in this space. Assurance work on carbon emissions has also taken place to add further robustness to ASOS data, more information can be found on page 36.

How do we manage the risk?

- Working with partners to conduct specific climate risk assessments to better understand risks and impacts to the business.
- Development of our FWI strategy, covering targets for Net Zero, Circularity, Diversity, Equity & Inclusion (DEI), and Transparency.
- Reducing emissions through efficiency and carbon reduction projects, in support of Net Zero goals.
- Materials sourcing strategy and proactive engagement with suppliers.
- Further improving our systems and processes to accurately measure our environmental impact and reduce it.

Cyber security incidents

Risk movement



Risk owner Chief Technology Officer,
Chief Information Security Officer

What's the risk?

The cyber security landscape is continuously evolving, with threats becoming more sophisticated, aggressive and more frequent. Our Cyber Security team continues to improve our security policies, procedures and security capabilities, to reduce risks related to confidential data loss, malware infections, ransomware, phishing attempts, DDoS attacks and insecure third-party software.

In response to the Russian invasion of Ukraine, the latest guidance from the National Cyber Security Centre was reviewed and a series of improvements were implemented. In August 2022, a new CISO was appointed to continue driving and maturing a robust strategic approach to security across ASOS.

How do we manage the risk?

- Our cyber strategy lays out our security and fraud prevention plan along with roadmaps for delivery of ongoing enhancements.
- Our Cyber Security team implements and monitors security tools and controls to ensure effectiveness and efficiency of our security and fraud prevention operations.
- We continue to seek out and work with independent third-party security specialists that provide periodic penetration and red team tests.
- Multi-factor authentication across our business increases our protection against phishing and malware attacks, while cyber awareness campaigns keep ASOSers aware of cyber security.
- We monitor the evolving threat and adapt our controls and processes accordingly.

E-commerce market dynamics and impact on our business

Risk movement



Risk owner Chief Executive Officer

What's the risk?

Our customers are experiencing an increasingly global and competitive e-commerce environment, including large scale multi-brand marketplaces, competitive fast fashion 20-something brands and e-commerce disruptors changing the way in which customers shop. Failure to evolve our business model, improve our product offer, and be top of mind for our audience in an increasingly competitive environment, could result in us losing opportunity and market share.

Throughout this year we have revisited, refined and prioritised our strategy, aiming to stay on top of market dynamic risks, make the most of opportunities identified and prioritise investments in the right places. Our customers have been hit hard by the cost-of-living increases (as already discussed in the Macroeconomic risk) and are demonstrating reduced disposable income and more choiceful shopping. New customer acquisition remains a top priority.

How do we manage the risk?

- Market and Pricing Strategy to evolve our business model and to achieve our 10-year vision and three-year plan, and to maintain our growth trajectory.
- Continue to drive the uniqueness of our product offering via exclusive products and ranges only available on ASOS.com.
- Leveraging our fashion credibility for 20-somethings, focusing on relevance through continuous reinvention and disruption. Delivered through style edits, exclusive products from brands, and at the same time, continuing to expand our diverse and inclusive products, including sustainable and modest ranges.
- Continuous revision of our capital allocation and tight cost control to ensure we adapt our operations and investments to the evolution of the markets, ensuring we invest in customer experience to retain and grow our relevance to customers.
- Use of technology and data to be more targeted and strategic in how we gain new customers and maximise the loyalty and lifetime value of existing customers through making our customer experience frictionless and inspiring.

Principal risks and opportunities

continued

Key third-party technology service provider failure

Risk movement



Risk owner Chief Technology Officer

What's the risk?

We rely on different technical services and systems throughout the customer journey, from website to fulfilment, to the product itself. This means that failure of systems and services due to a lack of resilience, system or service provider over-reliance or a lack of disaster recovery planning may disrupt our operations and overall business. Any failure in day-to-day operations can impact how we process or fulfil customer orders, potentially resulting in reduced customer proposition, lost opportunity and lost customer confidence.

How do we manage the risk?

- In August 2022, ASOS completed the migration of our last remaining systems out of our third-party-managed datacentre into Azure enabling us to fully leverage the resiliency available in the cloud and significantly reducing our risk profile.
- In FY22 a dedicated Service Governance function has been created within Technology demonstrating our ongoing investment in service continuity and supplier relationship management.
- Our Reliability Engineering practice regularly review the service providers critical to our customer journey to ensure they have the necessary level of resiliency in place.
- All new suppliers go through a rigorous selection and onboarding process and our Procurement team monitors supplier performance on an ongoing basis.

Ethical trade issues

Risk movement



Risk owner Chief Executive Officer

What's the risk?

One of the key risks in our supply chain is of illegal or unethical practices, particularly the violation of labour rights and of workers safety caused by a lack of systems, processes, or resources to monitor traceability and transparency. At ASOS, we believe that it is our responsibility to ensure that those who are working in our supply chain have a safe working environment where human rights are respected and protected. Our stakeholders, including customers, want to be confident about where their products come from and want to be reassured those workers and the environment are not harmed in this process.

Global regulatory scrutiny and increasing progress towards mandatory legislation in this area require us to be even more diligent when monitoring risks in our supply chain with a clear focus on prevention. This is now recognised and assessed within the Principal Risk: Failure to comply with legislation or regulation (see next page).

The current geopolitical unrest and macroeconomic challenges mean that we are facing increased risk of unauthorised subcontracting in factories due to cost inflation, we will work closely with our supply chain to monitor and manage this risk. In June 2022, we relaunched our revised audit methodology aligning with our FWI strategy to ensure we meet our external obligations on human rights due diligence.

How do we manage the risk?

- We have developed a series of policies and guidelines based on the Ethical Trading Initiative base code and ILO Fundamental Conventions, which suppliers are contractually obliged to agree to as part of the onboarding process.
- We monitor compliance with our ethical trade policies and requirements through our industry leading audit programme. This includes an Unapproved Subcontracting Policy to ensure we have full visibility of our supply chain in tiers 1-3.
- The ASOS Code of Integrity (issued to all stock suppliers) includes a link to the ASOS Whistleblowing tool.
- Our in-country Ethical Trade teams and third-party auditors monitor our supply chain and support mitigation/remediation where we do identify risks/issues.
- Our Garment Technology teams check that the products we receive from our suppliers meet our quality standards and expectations before they go on our website.
- In-country compliance testing and quality control facilities, with enhanced testing and reporting capabilities to identify issues at source.
- We have global partnerships with NGOs such as Anti-Slavery International, and the trade union IndustriALL Global Union, as well as in-country partnerships with local independent workers rights organisations. We work with these organisations to ensure we are proactive in identifying and remediating issues within our supply chain.

Failure to comply with legislation or regulation

Risk movement



Risk owner General Counsel

What's the risk?

Strategic expansion into new business sectors creates new regulatory and governance complexities, as do unanticipated or increasingly difficult regulatory changes, policies or penalties, such as a new tax, in the countries where we operate. Corporate governance reform, product and consumer protection regulations, and the rapidly developing climate and environmental regulations increase our risk exposure. Robust processes are required to identify and monitor these changes and model their impacts, with resources needed to respond appropriately and in a timely manner. These developments could lead to increased operating costs or other financial impacts, including the potential for fines, litigation, business disruption and reputational damage if such risks are not adequately mitigated.

We are seeing an increased complexity in this area due to external factors and new regulation on the horizon, such as UK SOX, increasing requirements within consumer, financial and potential climate change regulations as well as internal factors such as the authorisation of ASOS Payments UK as an electronic money institution and stepping up to premium listing. A new Head of Compliance role was established and joined the business in September 2022. In July 2022, the Competition and Markets Authority announced that it had opened an investigation into certain fashion retailers, including ASOS, following the publication of the Green Claims Code. ASOS is co-operating with the investigation, which is ongoing (see FWI report on page 35 for more information).

How do we manage the risk?

- Tax risk reviews, liaising with local tax authorities and quarterly internal tax co-ordination meeting with the Tax Governance Committee.
- ASOS Payments UK, as a FCA authorised electronic money institution in the UK, has established the essential regulatory governance and compliance controls are in place to meet our responsibilities in line with the requirements of the electronic money licence. This has included a dedicated individual responsible for maintaining the regulatory compliance and anti-money laundering compliance controls of ASOS Payments UK and ongoing horizon scanning for regulatory changes.
- In November 2021, we stood up the Governance Working Group, a cross-functional group of senior leaders from across the business designed to ensure that ASOS is disciplined in its governance.
- Horizon-scanning and mapping and managing wider governance risks and performance.

Inability to attract and retain talent

Risk movement



Risk owner Chief People Officer

What's the risk?

The loss of talent or inability to attract new talent with the relevant capabilities and calibre leading to sustained increased workloads. Against this backdrop we are also seeing changing norms in ways of working – an increased desire for flexibility in location both home and abroad and significant cost of living inflation, which are all contributing to a decline in our employee proposition. Significant changes in leadership combined with the amount of organisational development ongoing may cause short-term uncertainty and a potential spike in attrition. This could impact our ability to successfully achieve our objectives and could impact key business areas for a significant period.

The market for talent is candidate focused and pay inflation continues to grow rapidly across the board. Our ability to compete with the pay inflation required to acquire new and retain existing talent in key skill areas is becoming more challenging. Key FY22 leadership appointments included ASOS' new CEO and Chair, who are focused on defining the Company's new leadership team to deliver the ASOS Reimagined strategy and next phase of the Company's growth.

How do we manage the risk?

- Assessment of the capability that we have and require.
- Workforce planning and always on sourcing for talent covering both current and future talent.
- Work on and amplify our employer proposition around DEI, reward, culture and dynamic working.
- Continue to manage employee sentiment through engagement surveys and Vibe plans and engaging with our employee groups.

On our radar

The impact of COVID-19 and Brexit are still felt as described above, and the Russian invasion of Ukraine has caused further compounding impacts on supply chains, people and operations. Together these events are causing significant inflation and cost-of-living pressures, yet the full impact of this remains to be seen and globally we are heading into a difficult period. Customer behaviours are already reflecting this, and wage inflation is impacting the ability to attract and retain talent. We will continue to monitor these risks over the next year to ensure we are prepared to respond proactively and adapt to evolving and potentially increasing challenges.

In addition to the significant uncertainty already discussed, we are also mindful of the following emerging risks and opportunities and continue to keep these on our radar:

- Economic and financial pressures may lead to an increase in the risk of fraud, throughout our operations.
- Technological industry disruptors, such as the Metaverse and Artificial Intelligence may change how customers interact with us, how we do business and what customers want.
- Staying competitive in emerging markets through identifying and completing the required infrastructure at the right time whilst balancing potential recession and inflation challenges.
- Increasingly sophisticated cyber security threats.
- Enhanced activism and NGO activity particularly in the climate and ESG space.
- Employee activism is still prevalent with employees seeing social media or other external channels as a way to escalate their grievances.
- Trade unions have a stronger voice, and, as employees look for ways to increase pay or have their voices heard in different ways, there is a risk of union recognition.
- Quiet Quitting is a newly coined phrase where employees are not giving any discretionary effort as they tire of not being appreciated by employers.

Long-term viability statement

The preparation of the Viability Statement includes an assessment of the Group's ability to continue in operation and meet its future commitments and liabilities as they fall due over the three-year period of assessment.

Long-term plan and prospects

The group's prospects are assessed primarily through its long-term planning process, which covers a period of three years, and is reviewed by the Board with involvement throughout from both the CFO and CEO. Three years is selected as the appropriate time period for the Group's long-term plan as it allows an appropriate balance between the short-term characteristics of the business, such as demand cycles and changing consumer behaviour, and the need for longer term planning in relation to investment, supply chain and logistics planning.

The Group considers the following in the assessment of the strategic planning cycle and the long-term assessment of the business:

- The principal risks and uncertainties associated with the Group, and identification of new or changing emerging risks and how the Group responds to these.
- Macroeconomic trends within the global economy, geopolitical events, increasing costs, and market share.
- Changes in customer and competitor behaviour, potential wider consequences of reduced disposable income (from increased interest rates, fuel costs and inflation) and a loss of consumer confidence resulting in increased consumer saving.
- Scope for further cost mitigation.

The assessment period

ASOS continues to adopt a three-year assessment period to assess the Group's viability. The Board has determined that this assessment period to 31 August 2025 is appropriate because:

- This period is consistent to that used for the Group's strategic planning cycle as detailed above, and reflects the Directors' best estimates of the future prospects of the business.
- The Group does not earn revenue from long term contracts. Therefore changes to the Group's long term plan are predominantly as a result of changes to sales and cost assumptions which are inherently more difficult to predict beyond three years. Both have been stress-tested as part of the viability assessment.
- This period is also consistent with the structure of the long-term incentive scheme for senior management.

Assessment of viability

The assessment of the Group's viability commenced with a review of the liquidity headroom as at 31 August 2022, available through the Group's cash, cash equivalents and debt facilities, taking into consideration a conservative view of a three-year forecast (the base case). It was based on the assumption that the Revolving Credit Facility (RCF), which matures in 2024, would be refinanced with increased finance costs and that the Convertible Bonds issued with a maturity date of 2026 would remain in place and unconverted. The assessment included the recent amendment to the Group's Revolving Credit Facility agreement that was obtained in October 2022 – further detail is included within note 28 of the financial statements. The forecast includes significant assumptions on decreased revenue growth due to suppressed consumer spending appetite and increased costs from the current cost of living crisis.

Finally, the Group estimated the impact of severe but plausible scenarios aligned to the Group's principal risks and uncertainties and identified the principal risks from pages 48-53 which could have a significant impact on the viability of the Group. These were then stress-tested with a combined scenario where the below risks were modelled as materialising over the three-year period. Where required, available mitigating actions were considered as part of the assessment. These include deferring capital investment spend and enhancing cost management practices in order to demonstrate a sufficient level of liquidity headroom during the viability assessment period.

Scenario	Description	Associated principal risk
Macroeconomic downturn and loss of market share	<p>A global economic downturn began in FY22 and is forecasted to continue into early FY24 leading to reduced disposable income (from increased fuel costs and inflation) and a loss of consumer confidence resulting in increased consumer saving. Geopolitical events such as the Ukraine war and issues with global supply has elevated inflation. These factors contribute towards a contraction in customer demand, driving like-for-like decline across our business.</p> <p>Management have applied a downside scenario with suppressed trading due to the economic uncertainty experienced during calendar year 2022. The scenario reflects an uncertain consumer outlook which reduces the projected annualised like-for-like sales growth contained within the base case during the 3-year period under review by 4% across FY23 and FY24. No additional decline in growth has been applied for FY25 as it is assumed that markets will improve in that period, however the growth is applied to a lower FY24 position as a result of the reductions modelled in FY23 and FY24 as indicated above.</p>	<ul style="list-style-type: none"> ● Macroeconomic trends ● Transformation projects fail to deliver required outcomes ● Shift in e-commerce market dynamics
Global supply pressures	<p>A degradation in Gross Margin due to:</p> <ul style="list-style-type: none"> ● Further disruptions in supply chain, leading to stock intake challenges; and ● Further increases in one or more of: raw material costs; freight costs; and warehousing costs, without the ability to mitigate through price increases. <p>Management has applied a downside scenario to reflect supply chain disruptions and adverse movements in foreign exchange rates for the three year period under review by decreasing the gross margin by 1% to 2% during the assessment period. These movements equate to gross margin outturns which are less than the average gross margin over the past 5 years, which represents results the Group experienced over recent previous significant economic events such as Brexit, Covid and increased inflation witnessed in 2022. The sensitivities are therefore considered severe yet plausible.</p>	<ul style="list-style-type: none"> ● Supply chain disruption ● Key third party supply chain failure ● Foreign exchange rate exposure
Working capital cash shock	<p>A working capital outflow of £75m has been modelled, constituting an outflow of cash in year one of the assessment period as a result of current market conditions. In addition, the impact of any regulatory fines has been considered. Given the volume and nature of the customer and supplier data the Group holds as an online business, a serious data or security breach could see financial penalty levied against the Group. Management has modelled the impact to be equivalent to c. 2% of FY22 Group net revenue in year two of the assessment period, representing a severe but plausible midpoint of a penalty levied.</p>	<ul style="list-style-type: none"> ● Data breach ● Cyber security incidents
Climate change	<p>Rising global temperatures and severity of extreme weather events, leading to a higher incidence due to fires and/or flooding to our warehouses and disruption to our global supply chain. Climate change may also lead to a reduction in revenue through a shift in customer behaviour. This could be considered as akin to the reduction in sales driven by the macroeconomic downturn and loss of market share. In practice, ASOS would protect revenue through diversification of sales, such as a shift into the second hand clothing market, or an increase in recycled and sustainably sourced products. Any impacts to margin, either due to a shift in product range or higher freight costs, are covered by the modelled reductions in gross profit margin included within supply chain disruption.</p> <p>The forecast cashflows incorporates current known cashflows to address climate change risks, including those associated with the Group's Net Zero commitment.</p> <p>As part of a severe but plausible scenario Management have modelled a major incident in FY23 leading to a loss of 50% of our warehouse in Barnsley.</p> <p>Further detail of the climate-related risks the Group faces, and our actions to mitigate these risks is provided in the Task Force on Climate-related Financial Disclosures section of the Annual Report on pages 36 to 44.</p>	<ul style="list-style-type: none"> ● Sustainability and climate change

Long-term viability statement continued

Reverse stress tests have also been performed on both the Group's revenue and gross margin to see how far these would need to decline to cause a liquidity event. Such results would have to see over a 15% decline in sales over the base case, or a decline in gross margin from the base case of between 3% and 8% at the Group's lowest liquidity points in the assessment period. Both are considered remote based on results of previous significant economic shock events, particularly on the basis that the Group is annualising the softer market growth and global supply chain crisis experienced this year.

The scenarios above are hypothetical and severe for the purpose of creating outcomes that have the ability to sufficiently threaten the viability of the Group; however, in the unlikely scenario of these acute circumstances materialising, ASOS has control measures in place that in practice would prevent and mitigate any such occurrences taking place. In addition, should the Group see such events unfold it has several mitigating actions it can implement to manage its liquidity risk as detailed above in order to demonstrate a sufficient level of liquidity headroom during the viability assessment period.

Taking into account the Group's current prospects and principal risks and uncertainties, the Directors confirm that 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 three years to 31 August 2025.

Going concern

As a consequence of the work performed to support the viability statement above, the Directors also considered it appropriate to adopt the going concern basis in preparing the financial statements which are shown on page 123.

This Strategic report has been prepared in accordance with the requirements of the Companies Act 2006, has been approved and signed on behalf of the Board.



Mat Dunn

Chief Operating Officer and Chief Financial Officer
28 October 2022

Board of Directors



Jørgen Lindemann
Chair



José Antonio Ramos Calamonte
Chief Executive Officer



Mat Dunn
Chief Operating Officer
and Chief Financial Officer



Patrick Kennedy
Senior Independent Director and
Chair of the Audit Committee



Mai Fyfield
Independent Non-executive
Director



Karen Geary
Independent Non-executive
Director and Chair of the
Remuneration Committee



Luke Jensen
Independent Non-executive
Director



Nick Robertson
Founder and Non-executive
Director



Eugenia Ulasewicz
Independent Non-executive
Director and Chair of the
ESG Committee



Anna Suchopar
General Counsel & Company
Secretary

Board of Directors continued

Committee key



Audit Committee



Nomination Committee



Denotes Chair of a Committee



Remuneration Committee



ESG Committee



Jørgen Lindemann
Chair

Appointed: Non-executive Director in November 2021 and Chair in August 2022

External Appointments: Chair of Miinto and a board member of Bambuser AB

Experience: Jørgen has strong experience of leading digital-first businesses. He is chair of Miinto, the Danish-based online fashion marketplace, a role he has held since 2021, and he is also on the board of Bambuser AB, the Swedish-based global live video-shopping technology company. Jørgen is the former President and CEO of Modern Times Group (MTG), the Swedish-based digital entertainments business, where he worked from 1994 to 2020. He also sat on the board of Zalando as a non-executive director from 2016 to 2021. His other previous roles include chair of DreamHack, Turtle Entertainment and NOVA Broadcasting Group, non-executive director and co-chair of FTV Prima and CTC Media Inc, and non-executive director of Kongregate.

Committees



José Antonio Ramos Calamonte
Chief Executive Officer

Appointed: June 2022

External Appointments: None

Experience: Since taking over as ASOS' Chief Executive Officer in June 2022, José has launched a multi-year plan to scale and grow the business in the UK and internationally. Supported by the Board and senior leadership team, José leads our c.3,000 ASOSers to give ASOS customers around the world the confidence to be whoever they want to be.

José joined the Group in January 2021 as Chief Commercial Officer, where he was responsible for leading and driving our product and trading strategy globally.

Prior to joining ASOS, José was chief executive officer at Portuguese fashion company, Salsa Jeans between 2019 and 2021. Before that, he led on commercial strategy for high-profile brands including Esprit, Carrefour Spain and Inditex during his 23-year career.

José has extensive multichannel experience, having worked across both online and physical retail, with expertise in trading, merchandising, price and promotion. He started his career at McKinsey & Company.



Mat Dunn
Chief Operating Officer and Chief Financial Officer

Appointed: Chief Financial Officer in April 2019 and Chief Operating Officer in October 2021

External Appointments: None

Experience: Mat is a chartered management accountant with over 20 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.



Patrick Kennedy
Senior Independent Director

Appointed: January 2022

External Appointments: Chair of Bank of Ireland Group plc and CarTrawler

Experience: Over a 30-year career, Patrick has held a range of senior roles, having started at KPMG and McKinsey & Company. From 2006 to 2014 he was chief executive of Paddy Power plc and before that worked for Greencore Group plc, including as chief financial officer. He is currently chair of Bank of Ireland, chair of CarTrawler, the B2B travel technology company, and honorary treasurer of the Irish Rugby Football Union. He was previously a non-executive director of Elan Corporation plc, where he chaired the Leadership, Development and Compensation Committee, and a non-executive director of Paddy Power plc, where he chaired the Audit Committee.

Committees



Mai Fyfield
Independent Non-executive Director

Appointed: November 2019

External Appointments: Non-executive director of Roku, a US-listed entity, Nationwide Building Society, BBC Commercial and The Football Association Premier League Limited

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.

Committees



Board of Directors continued

Committee key



Audit Committee



Nomination Committee



Denotes Chair of a Committee



Remuneration Committee



ESG Committee



Karen Geary

Independent Non-executive Director

Appointed: October 2019

External Appointments: Non-executive director of National Express Group plc, Sabre Insurance Group plc and PageGroup 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.

Committees



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.

Committees





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: Non-executive director of AFCW plc and Gandys International Limited

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 Chair 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.

Committees



Eugenia Ulasewicz

Independent Non-executive Director

Appointed: April 2020

External Appointments: Non-executive director of Signet Jewelers Limited, Vince Holding Group and Dufry AG

Experience: Eugenia has both US and international public company board experience in the global retail sector including e-commerce, travel retail, stores and connected consumers. Her current boards include Dufry AG, Signet Jewelers and Vince Holding Corp. She also served on the board of Bunzl plc, a FTSE 100 company, for nine years.

Her deep retail career included merchant and operator roles at Bloomingdales, Galeries Lafayette and Saks Fifth Avenue. Prior to her transition to full time board service she was President, Burberry Americas for over a decade.

Committees



Anna Suchopar

General Counsel & Company Secretary

Appointed: June 2019

External Appointments: None

Experience: Anna was appointed General Counsel & Company Secretary in June 2019 and leads our Governance function. Her remit includes Legal, Company Secretarial, Data Protection, Business Assurance and Corporate Responsibility, including the ASOS Foundation. As Company Secretary, Anna supports the ASOS Plc Board and Committees. She is also Executive Sponsor for our Fashion with Integrity (FWI) programme, which includes supporting the ESG Committee and chairing both the Governance Working Group and FWI Steering Committee.

Formerly IP Manager at Virgin Group, she has spent much of her career in London and Geneva and joined ASOS in 2014.

She trained and qualified as a UK solicitor at Taylor Wessing LLP, practising in Taylor Wessing's market-leading Intellectual Property & Media Team for five years.

Changes during the year		
Ian Dyson – Chair (and previously Non-executive Director) Stepped down on 1 August 2022	Adam Crozier – Chair Stepped down on 28 November 2021	Nick Beighton – Chief Executive Officer Stepped down on 11 October 2021

Corporate Governance Report



José, who was previously Chief Commercial Officer of ASOS, is an experienced international retailer with deep multinational experience and a track record of driving innovation, and the Board believe he is the right person to lead the Company through the next phase of growth.

On conclusion of the CEO search process, we announced that Ian Dyson had decided that it was the right time for him to step down from the Board after nearly nine years' service. Following a short handover process, Ian left the Board in August 2022. Further to my statement in the Strategic Report on page 2, on behalf of the Board I would like to thank Ian Dyson for the substantial contribution he has made to ASOS over his nine-year tenure as a Non-executive Director, Chair of the Audit Committee, Senior Independent Director, and latterly as Chair of the Board.

In August 2022, we announced that the Board and Mat Dunn had agreed a phased plan under which Mat would step down from his roles as Chief Operating Officer and Chief Financial Officer (CO&FO) on 31 October 2022, as we restructure our Executive team. I would like to take this opportunity to thank Mat for the enormous contribution he has made to ASOS over the past three years, in particular during his time as interim CEO. Mat has worked tirelessly to ensure that the Group has been able to make continued strategic progress, despite the prevailing market conditions that have existed since the global pandemic. On behalf of the Board, we wish him well in the next chapter of his career.

We have also announced that Karen Geary, Luke Jensen and Eugenia Ulasewicz will not be seeking re-election at the Annual General Meeting (AGM). Luke will step down from the Board on 31 October 2022, Karen will step down from the Board on 1 December 2022 and Eugenia will step down from the Board at the conclusion of the AGM. I would like to thank them all for their contribution to the Board over the past three years, particularly Karen's dedication as Remuneration Committee Chair. More on the changes to the Board and the appointment process can be found in the Nomination Committee Report on pages 79 to 81.

Biographies of the Board can be found on [pages 58 to 61](#).

Main Market Listing

One of our key decisions during the year was our move from the Alternative Investment Market (AIM) to the Main Market of the London Stock Exchange in February 2022. Our listing on AIM for the past 20 years has been an important part of the Group's development, but the Board agreed that the time was right to move to the Main Market as we focus on the delivery of our medium-term guidance and longer-term growth ambitions.

More information on our Main Market Listing can be found on [page 67](#).

Chair's Governance statement



Dear shareholder

I am pleased to present the Corporate Governance Report for the year ended 31 August 2022. The Board and I remain committed to maintaining the highest levels of corporate governance to allow for effective decision-making, which has been particularly important with the changes in the composition of the Board during the year and amidst the volatility and uncertainty of the external environment. The Board has had to adapt to many changes during the year, including its composition, the Company's performance and the external environment, and having effective governance in place has allowed the Company to make critical business decisions to promote its success both in the short and long term.

Leadership changes

We have made important changes to the Board's composition during the year. As reported in last year's Annual Report, Ian Dyson stepped into the role of Chair in November 2021, to replace Adam Crozier, and led the search process for a Chief Executive Officer (CEO). I was also appointed to the Board in November 2021 as Non-executive Director, followed by Patrick Kennedy, who joined the Board in January 2022 as Senior Independent Director and Chair of the Audit Committee. In June 2022, we announced the appointment of José Antonio Ramos Calamonte as CEO, following an extensive search process led by Ian Dyson and the Nomination Committee.

Compliance with the 2018 UK Corporate Governance Code

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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) is applicable to ASOS for the financial year ended 31 August 2022. The Company has applied the principles and complied with the provisions of the Code, with the following exceptions:

- Provision 12: Between the period of Ian Dyson's appointment as Chair of the Board on 29 November 2021 and Patrick Kennedy's appointment as Senior Independent Director (SID) on 13 January 2022, the Company did not have a SID.
- Provision 24: Between the period of Ian Dyson's appointment as Chair of the Board on 29 November 2021 and 14 January 2022, Ian Dyson maintained the role of Chair of the Board and Chair of the Audit Committee. An Audit Committee meeting was held on 14 January 2022, which was chaired by Ian Dyson and attended by Patrick Kennedy as a member, in consideration of it taking place on Patrick's second day in role. This meeting was therefore not chaired by an independent director, however at that time there were six independent members of the Audit Committee.
- Provision 36: The Remuneration Committee has kept its policy on ALTIS holding periods and post-employment shareholdings under regular review. Although the Company is not currently compliant with this provision, we are proposing changes to our Remuneration Policy (details of which can be found on page 85) which include the introduction of a two-year holding period for all future ALTIS awards and a post-employment shareholding requirement.

The Remuneration Policy will be submitted for shareholder approval at the Annual General Meeting on 11 January 2023 and, if passed, the Company will be compliant with provision 36. In addition to this, José Antonio Ramos Calamonte's new CEO service contract includes a specific provision relating to holding periods.

- Provision 38: The pension allowance for the CO&FO is currently 10% of base salary. In order to reflect best practice and comply with the Code, his pension contribution will reduce to 5% of salary from 1 December 2022, at which point it will align with the rate available for the majority of the workforce until he leaves employment on 31 December 2022. The pension provision for the CEO is aligned with the wider workforce at 5% of base salary. The pension provision for the CO&FO's successor will be aligned with the wider workforce at 5% of base salary. The Company is therefore not currently compliant with this provision, but will be compliant from 1 December 2022.

Details of our compliance with the Code, the composition of our Board, corporate governance arrangements, processes and activities during the year, and reports from each of the Board's Committees, are set out on the following pages. A full version of the Code is available from the Financial Reporting Council website at frc.org.uk.

Jørgen Lindemann
Chair
28 October 2022

Corporate Governance Report

continued

Board leadership and Company purpose

Our purpose, culture and strategy

The Board is responsible for setting ASOS' vision, purpose and values, as well as satisfying itself that there is an appropriate culture throughout the Group to ensure the necessary resources are in place to execute the Group's vision – to be the world's number one fashion destination for fashion-loving 20-somethings – and to ultimately deliver long-term growth of the Group and generate value for our shareholders. In order to achieve this vision, we are focused on our purpose to give our fashion-loving 20-somethings the confidence to be whoever they want to be, as well as being guided by our values – to be authentic, brave, creative and disciplined, in everything we do. The Group is built on an inclusive culture which encourages passion, enthusiasm and development so ASOSers can bring their best selves to work. We recognise that it is our differences which make us stand out from the crowd.

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.

The Board monitors the Company's culture in a variety of ways.

- Our designated Non-executive Director for employee engagement, Karen Geary, met with employee representatives throughout the year (described in more detail on page 67), allowing her to assess first-hand whether ASOSers are living by our values. This also highlighted concerns over the cost-of-living crisis in the UK.
- The Board has oversight and approves all of the Group's policies. During the year the Board approved a new Anti-Bribery and Corruption Policy which sets out clear expectations and mandates for every ASOSer to perform the Group's business with integrity and in accordance with applicable laws. Any serious allegations of breaches of corporate policies or other forms of wrongdoing are duly investigated, acted on and brought to the Audit Committee and Board's attention.
- The Nomination Committee received updates during the year on the results of the employee engagement survey (the ASOS Vibe), which provides key insights into people data and trends and levels of engagement.

Doing 20-something fashion better than anyone else is what ASOS is about, and the Company is laser-focused on meeting the needs of its target consumers and has a clear understanding of their needs and characteristics. 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, Operating Board and beyond, to promote clear, disciplined decision-making and ensure the effective execution of our strategic priorities.

More information on the Company's business model and strategy can be found on pages 18-19 and 24-25 and a full description of the Board's activities and decision-making during the year can be found on pages 66-67.

Board activities during the year

Board meetings

The Board held eight scheduled meetings during the year and met a further seven times to discuss matters of a time-sensitive nature, including the Company's Main Market Listing and Board composition changes. Directors are expected to attend all Board and relevant Committee meetings. The table on page 65 sets out attendance at all Board and Committee meetings held during the year ended 31 August 2022.

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. 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. 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.

	Plc Board meetings			Committee meetings							
	Eligible to attend	Scheduled meetings attended	Additional meetings attended	Audit		Remuneration		Nomination		ESG	
				Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Jørgen Lindemann ¹	11	6/6	4/5	3	3/3	-	-	11	8/11	-	-
José Antonio Ramos Calamonte ²	1	1/1	-	-	-	-	-	-	-	-	-
Mat Dunn	15	8/8	7/7	-	-	-	-	-	-	-	-
Patrick Kennedy ³	9	5/5	4/4	3	3/3	7	7/7	9	9/9	-	-
Karen Geary ⁴	15	8/8	7/7	2	2/2	10	10/10	13	13/13	2	2/2
Mai Fyfield ⁵	15	8/8	5/7	4	4/4	10	10/10	-	-	2	2/2
Luke Jensen ⁶	15	8/8	5/7	4	4/4	-	-	13	11/13	-	-
Nick Robertson ⁷	15	8/8	5/7	-	-	-	-	-	-	2	2/2
Eugenia Ulasewicz ⁸	15	8/8	6/7	4	4/4	7	5/7	6	6/6	2	2/2
Ian Dyson ⁹	15	8/8	6/7	2	2/2	3	3/3	13	12/13	-	-
Adam Crozier ¹⁰	3	2/2	0/1	-	-	-	-	3	3/3	-	-
Nick Beighton ¹¹	1	1/1	N/A	-	-	-	-	-	-	-	-

- 1 Jørgen Lindemann did not attend the Nomination Committee meetings on 18 November 2021 and 25 April 2022, due to pre-existing commitments. A full briefing was given to Jørgen on the proceedings at these meetings. He did not attend the Nomination Committee meeting on 7 June 2022 due to a conflict of interest.
- 2 José Antonio Ramos Calamonte was appointed to the Board on 16 June 2022.
- 3 Patrick Kennedy was appointed to the Board on 13 January 2022.
- 4 Karen Geary stepped down as a Member of the Audit Committee with effect from 1 February 2022 in order to join the newly established ESG Committee following committee composition changes.
- 5 Mai Fyfield was unable to attend the unscheduled Board meetings on 10 October 2021 and 7 February 2022 due to pre-existing commitments. A full briefing was given to Mai on the proceedings at these meetings.
- 6 Luke Jensen was unable to attend the unscheduled Board meetings on 10 October 2022 and 14 June 2022 and the Nomination Committee meetings on 25 April 2022 and 7 June 2022 due to pre-existing commitments. A full briefing was given to Luke on the proceedings at these meetings.
- 7 Nick Robertson was unable to attend the unscheduled Board meetings on 10 October 2021 and 14 February 2022 due to pre-existing commitments. A full briefing was given to Nick on the proceedings at these meetings.
- 8 Eugenia Ulasewicz was unable to attend the unscheduled Board meeting on 10 October 2021 and Remuneration Committee meetings on 27 May 2022 and 5 August 2022 due to pre-existing commitments. A full briefing was given to Eugenia on the proceedings at these meetings. Eugenia stepped down as a member of the Nomination Committee on 1 February 2022 in order to take the role of Chair of the newly established ESG Committee and to become a member of the Remuneration Committee following committee composition changes.
- 9 Ian Dyson did not attend the Nomination Committee meeting on 7 October 2021 or the unscheduled Board meeting on 10 October 2021 due to a conflict of interest. Ian was appointed Chair of the Board on 29 November 2021 and stepped down as a member of the Remuneration Committee. He stepped down as Chair of the Audit Committee on 14 January 2022.
- 10 Adam Crozier did not attend the unscheduled Board meeting on 10 October 2021 due to a conflict of interest. Adam stepped down from the Board on 28 November 2021.
- 11 Nick Beighton stepped down from the Board on 11 October 2021.

Corporate Governance Report

continued

Board activities

The main topics reviewed, monitored, considered, debated and approved by the Board during the year are outlined below. Meeting agendas are agreed in advance by the Chair in conjunction with the CEO, CO&FO and Company Secretary to ensure the appropriate balance of standing agenda items and strategic or functional deep dives. The Board recognises the importance of weaving the views of its key stakeholders into its deliberations and decision-making process, as well as promoting the long-term success of the Company, so this forms a key part of the Board's discussions.

Strategy	<ul style="list-style-type: none"> Regular progress updates on the seven themes of transformation. The Board met numerous times to discuss the Company's delisting from AIM and listing on the Main Market to ensure the Board were satisfied with the accuracy of the information contained within the Prospectus. Following Russia's invasion of Ukraine, the Board promptly engaged in discussions to agree the Group's stance. Post-year end, the Board approved the new strategy for the commercial operating model.
Executive updates	<ul style="list-style-type: none"> The Group's financial performance was monitored by the Board at each meeting. Reviewed the preliminary customer experience strategy, providing the Directors with an overview of how improving customer experience would strengthen our competitive advantage and brand differentiation, creating distinction and relevancy within the global market, as well as the first steps in achieving this. Reviewed the initial steps being taken to improve end-to-end stock management within the Group, part of ASOS Reimagined, outlining initial steps to create a truly cross-functional way of working between the commercial and supply chain teams. The Board received an update on the 'Data as a Fuel' transformation theme, providing the Directors with an overview of the Group's current data capabilities and outlining the progress which had been made since the Capital Markets Day, as well as the short-term priorities and objectives for the next phase of the transformation. The Group Supply Chain Director provided regular updates to the Board on the operation of the Group's supply chain network, the Group's stockholding capabilities and to seek approval for key supply chain contracts. The Board were particularly focused on the supply chain challenges faced during the year such as labour shortages and global shipping delays, and the impact this had on ASOS' suppliers.
People & culture	<ul style="list-style-type: none"> The Board were provided with an assessment of the talent within the Group, to evaluate whether the Group has the required capabilities and readiness to successfully execute our medium-term goals. The Board received an overview of the results of the employee engagement survey (ASOS Vibe) to understand the culture, values and current levels of engagement within the Group.
Governance & risk	<ul style="list-style-type: none"> Reviewed the results of the annual evaluation of its and the Committees' effectiveness to discuss recommendations and determine an action plan for FY23. The Committee Chairs provided updates and recommendations following each Committee meeting. Reviewed the Group's principal risks taking into account the current levels of uncertainty and volatility created by the increased inflation and how these risks and opportunities should best be managed within the Group. The Board has delegated authority to the Audit Committee for oversight of the Group's whistleblowing procedures. The Audit Committee reports any escalations to the Board where necessary and the Board received bi-annual reports. Established a forward agenda and functional updates.
Standing items	<ul style="list-style-type: none"> Reviewed and approved the Company's trading updates, full and half-year results and the Annual Report and Accounts. Approved the budget for FY22. Received regular updates from the Company Secretarial and Investor Relations teams. The Board regularly reviewed shareholder views and insights gathered from meetings with the Company's top shareholders, as well as received briefings from the Company's brokers.

The table below sets out the key topics the Board discussed and debated during the year and identified how the Board considered its stakeholders and their priorities during their discussions and decision-making.

Matter considered	Deliberations	Stakeholder
Main Market Listing	The Board discussed during the year whether it was the right time for the Company to move to the Main Market. During these discussions, the needs of each of the key stakeholders were considered. The reason for the move was to elevate ASOS' profile with investors to allow the appropriate focus on delivering our medium-term guidance and longer-term growth ambitions, to help deliver greater shareholder wealth and long-term success. The Board considered the impact the move would have on ASOSers, as well as the impact it would have on suppliers and customers, all of which were considered to be minimal. It was therefore agreed by the Board that the move to the Main Market should be approved given the potential advantages that it could bring.	<ul style="list-style-type: none"> → Customers → ASOSers → Shareholders → Suppliers
Fifth fulfilment centre	During the year, the Board periodically considered a proposal to open a fifth fulfilment centre in Europe to ensure sufficient capacity within our supply chain network. Discussions involved the impact to key stakeholders, such as the effect the investment at this point in time would have to long-term success and shareholder wealth, impacts to customers, such as delivery propositions and stock profile, job creation opportunities the new site would bring, the likely positive impact the site would have to the local community, as well as the impact managing a new warehouse would have on ASOSers.	<ul style="list-style-type: none"> → Customers → Shareholders → Community

Our s.172 statement and more information on stakeholder engagement can be found on pages 20 to 23

Main Market Listing

In February 2022, we were delighted to announce the Company's listing on the main market for listed securities on the London Stock Exchange (the Main Market). Over the past 20 years listed on the Alternative Investment Market (AIM), the Company demonstrated a proven track record, built a broad shareholder base, and has adopted, applied and reported against the UK Corporate Governance Code for several years. Our listing on AIM has formed an important part of our development, but the Board agreed that, given ASOS' size and scale, it was the right time to move to the Main Market as we focus on delivering our medium-term guidance and longer-term growth ambitions, and in order to further enhance the Company's corporate profile and recognition, as well as accessing a broader group of global institutional shareholders.

Engagement with ASOSers

Our ASOSers are the people behind our brand. Our purpose is to give people the confidence to be whoever they want to be and we want to allow our employees to do just that. The priorities of our ASOSers are carefully considered as part of the Board's decision-making.

During the year, Karen Geary, our designated Non-executive Director for employee engagement, met with a cross-section of ASOSers, including our employee forum, the Voices Network, to discuss topics including cost of living, ASOS culture, wellbeing and remuneration. Karen Geary and Ian Dyson also attended one of the monthly Voices Network meetings to discuss workload, wellbeing, reward, culture and engagement. Karen provided updates to the Board following all engagement activities to ensure ASOSer views are kept at the centre of the Group's decision-making. At the start of his tenure as Chair of the Board, Ian Dyson attended a Town Hall session with all ASOSers to answer questions and provide an overview of his role and priorities. The results of the employee engagement survey, the ASOS Vibe, were also shared with the Board.

For more information on ASOSer engagement see [page 21](#).

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 also 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 available at asosplc.com.

Shareholder meetings

The Annual General Meeting (AGM) is the principal forum for dialogue with private shareholders, although engagement is possible at other times on request. Last year's AGM was held on Tuesday 7 December 2021 at our head office in London. The Chair and Chair of each Committee, as well as all other Directors, attended the AGM and were available to answer shareholder questions. Shareholders were also given the opportunity to ask questions to the Directors ahead of the meeting via email. Shareholders vote on each resolution by way of a poll and the results of voting were published on our website asosplc.com.

The next AGM will be held at 12 noon on Wednesday 11 January 2023 at our head office in London. Full details are included in the Notice of Meeting, which is sent to shareholders at least 21 days before the meeting. All current Directors, with the exception of Mat Dunn, Karen Geary and Luke Jensen, who will have stepped down from the Board, will attend the AGM and will be available to answer questions raised by shareholders. Shareholders will vote on each resolution by way of a poll.

Corporate Governance Report

continued

Website and shareholder communications

Our website 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 Executive Directors and Director of Investor Relations, supported by our Chair and SID as appropriate. A calendar of events during the year is set out below. In addition, analyst notes and brokers' briefings are reviewed 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 Executive Directors, and investment reports from analysts. The Non-executive Directors, including the Committee Chairs, are available to meet with major shareholders whenever required to discuss issues as they arise.

Date	Conference	Location
September 2021	Capital Markets Event: Fashion with Integrity – Our 2030 Programme	In-Person/Virtual Global
October 2021	Full Year Results Roadshow	Virtual Global
November 2021	Capital Markets Day	In-Person/Virtual Global
November 2021	Capital Markets Day Roadshows	In-Person/Virtual Global
November 2021	JP Morgan Best of British Seminar	In-Person
January 2022	Berenberg Speed Dating	Global Virtual
January 2022	Exane – The Retail Tour	Global Virtual
February 2022	Main Market Listing Roadshows	Global Virtual
April 2022	Half Year Results Roadshows	In-Person/Virtual Global
May 2022	UBS Pan European Small and Mid-Cap Conference	In-Person
May 2022	HSBC US Investor Event	Virtual USA
May 2022	JP Morgan European Technology, Media and Telecoms Conference	In-person
May 2022	Bank of America: Consumer E-Commerce 'Virtual' Fieldtrip	Global Virtual
July 2022	CEO Roadshow	In-Person/Virtual Global
August 2022	New Chair Roadshows	In-Person/Virtual Global

Division of responsibilities

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.

<p>The Board</p>	<p>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</p>	<p>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 in the long term.</p>
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Chief Executive	Chair	Senior Independent Director	Non-executive Directors
<ul style="list-style-type: none"> Responsible for proposing the strategic focus to the Board Implementation and execution of strategy Leading the engagement of ASOS through the Executive Committee 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Trusted intermediary for other Non-executive Directors Supports the Chair Appraises the Chair's performance Available to shareholders where concerns arise 	<ul style="list-style-type: none"> 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, Remuneration and ESG. The duties of each Committee are set out in the Committees' Terms of Reference, which are available at asosplc.com. Details of each of the Committee's activities during the year are set out in the Committee reports on pages 72 to 105. 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.

<p>Audit Committee</p> <p>The Audit Committee's principal responsibilities are to:</p> <ul style="list-style-type: none"> 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 <p>—</p> <p>More information on the composition, responsibilities and activities of the Audit Committee are set out in the separate Audit Committee Report on pages 72 to 78.</p>	<p>Nomination Committee</p> <p>The Nomination Committee's principal responsibilities are to:</p> <ul style="list-style-type: none"> 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 <p>—</p> <p>More information on the composition, responsibilities and activities of the Nomination Committee are set out in the separate Nomination Committee Report on pages 79 to 81.</p>	<p>Remuneration Committee</p> <p>The Remuneration Committee's principal responsibilities are to:</p> <ul style="list-style-type: none"> 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 the Executive Directors, the Chair and 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 <p>—</p> <p>The composition, responsibilities and activities of the Remuneration Committee are set out in the Directors' Remuneration Report on pages 84 to 105, along with our Remuneration Policy and details of how that policy was implemented during the year to 31 August 2022.</p>	<p>ESG Committee</p> <p>We have now established an ESG Committee to ensure the effective delivery of our Fashion with Integrity 2030 programme and management of ESG risk.</p> <p>The ESG Committee's principal responsibilities are to:</p> <ul style="list-style-type: none"> Provide oversight to the ASOS Plc Board in relation to the Group's ESG strategy and activities Define the Group's ESG strategy Review practices and initiatives of the Group relating to ESG matters Ensure compliance with legal and regulatory requirements, including corporate governance, principles and industry standards, applicable to the Group and that all stakeholders receive appropriate information about the Group's ESG activities <p>—</p> <p>More information on the composition, responsibilities and activities of the ESG Committee are set out in the separate ESG Committee Report on pages 82 to 83.</p>
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<p>Disclosure Committee</p> <p>To verify the accuracy and oversee the timeliness of Group disclosures and material information as per the regulatory framework.</p>	<p>Executive Committee</p> <p>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 on a weekly basis and formally on a monthly basis.</p>
<p>Operating Board</p> <p>The Executive Committee delegates authority to the Operating Board to manage short-term activities related to trading, commercial performance, customer acquisition and operational execution, to drive profitability and the ASOS vision. The Operating Board meets on a weekly basis.</p>	

Corporate Governance Report

continued

Composition, succession and evaluation

Board composition

The Board is currently composed of the Chair, two Executive Directors (CEO and CO&FO) 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 José Antonio Ramos Calamonte as CEO and two Non-executive Directors (Jørgen Lindemann and Patrick Kennedy) who joined us throughout FY22, as well as the appointment of Jørgen Lindemann as Chair in August 2022.

Biographies for the Directors as at the date of this report are set out on [pages 58 to 61](#).

The Chair is satisfied that all Non-executive Directors have sufficient time to commit to their role on the Board, although it is noted that a lot of additional meetings were required during the year which meant that not all Board members were able to attend due to pre-existing commitments. In these instances, those Directors were given briefings on the matters discussed and agreed. Where possible, Board meetings are scheduled two years in advance and when adhoc meetings are scheduled, every effort is made to ensure maximum attendance by the Board, but on occasion, for time critical matters, allowances have needed to be made. Any changes to the time commitments and interests of its Directors are reported to and, where appropriate, agreed with the rest of the Board. None of the Directors are considered to be overboarded. 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.

We recognise the importance of diversity across our organisation and see it as a key driver of business success. We are committed to creating an inclusive culture where our ASOSers reflect the diversity of the customers we serve. We are passionate about creating an environment where every ASOSer is given the opportunity to contribute and use their talents, skills and experiences to help make 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 essential to maintaining Board effectiveness and competitive advantage. So, diversity of skills, background, knowledge and gender are all considered 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 considers suitably qualified applicants from as wide a range as possible, with no restrictions on age, gender, religion or ethnic background.

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 aim 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. As part of our Fashion with Integrity 2030 programme, we have committed to at least 50% female and over 15% ethnic minority representation at every leadership level by 2030. We will also publish a Diversity, Equity & Inclusion strategy and roadmap for the ASOS Platform, our customers and our people by 2023.

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 help 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 advisors. In accordance with the UK Corporate Governance Code, all of our Directors stand for re-election annually at every AGM. Mat Dunn, Karen Geary, Luke Jensen and Eugenia Ulasewicz will not be standing for re-election at the next 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 the re-election and, in the case of José Antonio Ramos Calamonte and Patrick Kennedy election, at the AGM on 11 January 2023.

For more information on Board changes see the Nomination Committee Report on [pages 79 to 81](#).

FY21

update



Following last year's externally facilitated evaluation, the Board agreed that the focus for FY22 would be on reviewing the coverage of Board agendas, to reassess the time devoted to key strategic topics, and to maintain a high level of focus on the succession and people agenda. During the year a forward planner was established for the Board which scheduled deep dives into key strategic topics throughout the year, including the end-to-end product journey and data strategy, and ensured sufficient time was devoted to discussion. The Board improved its oversight of the people agenda, with more updates on employee engagement activities and data, however, this is a key focus for FY23, particularly succession planning.



Evaluation of the effectiveness of the Board and its Committees

An effective Board is vital to our success and, to ensure the Board continues to operate as efficiently as possible, and that each Director is sufficiently committed to their role, the Board conducts annual evaluations of its performance, as well as that of its Committees and individual Directors. Following last year's externally facilitated evaluation, we carried out this year's review internally led by the Chair and Company Secretary. The evaluation was facilitated via anonymous online questionnaires which enabled the Board to provide comments on a range of matters. Similar to last year's review, the exercise had a particular focus on the clarity of the strategic plan and execution, succession planning and talent development and the Board's engagement with key stakeholder groups including the Executive Committee, employees, and investors, as well as addressing core aspects of Board and Committee performance. The results of the questionnaires were analysed and summarised into a report which was reviewed and discussed by the Board to agree recommendations to implement in FY23.

FY22 insights & FY23 focus



The overall sentiment from this year's Board evaluation was that the Board and its Committees are operating effectively, however the fact that it was a year of transition, following management and Board changes, was recognised and reflected in the results of the review. There were no material issues to report.

The key areas of focus for FY23 highlighted by the Board in the review were:

- Stakeholders: Improve the Board's insights into each stakeholder group by regularly reporting against agreed KPIs; increase the Board's exposure to employees and more deep dive sessions on stakeholders, particularly customers and suppliers.
- Executive team: Improve the Board's dynamic with the Executive Committee by increasing engagement and providing support onboarding new members of the Executive team.
- Board resources: Improve the quality of Board papers by reducing the length and introducing a summary cover note.

Audit Committee Report



Committee Chair

Patrick Kennedy

Members

Mai Fyfield Luke Jensen Eugenia Ulasewicz

Committee responsibilities

The Committee's principal responsibilities are to:

- Monitor the integrity of the Group's 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 internal controls, including the process for the evaluation, assessment and management of risk.

Terms of Reference

The full Terms of Reference for the Committee, which are reviewed and approved annually, are available on our corporate website, [asosplc.com](https://www.asosplc.com). They were last reviewed on 6 October 2022.

Committee membership, together with attendance at meetings, is detailed in the table on page 65.

Audit Committee Chair's statement

On behalf of the Board, I am pleased to present this year's Audit Committee Report. This report provides an insight into the Committee's activities during the year, sets out how the Committee operates, and the key areas of focus for the year ahead.

The composition of the Committee changed during the year as a result of new appointments and role changes:

- I joined the Board as Non-executive Director and Senior Independent Director in January 2022 and was appointed Chair of the Committee with immediate effect, taking over from Ian Dyson, who was required to step down as Chair of the Committee following his appointment as Chair of the Board. I would like to thank Ian for his support and guidance following my appointment.
- Jørgen Lindemann stepped down from the Committee following his appointment as Chair of the Board in August 2022, although he still regularly attends meetings.
- Karen Geary stepped down from the Committee in order to join the newly established ESG Committee, following a number of committee composition changes that took place in February 2022.

We announced in October 2022 that Luke Jensen would be stepping down from the Board on 31 October 2022 and that Eugenia Ulasewicz would be stepping down from the Board at the conclusion of the Annual General Meeting; there will therefore be more changes made to the composition of the Committee during FY23.

The Committee continues to play a key role in helping the Board fulfil its corporate governance responsibilities, which include monitoring the Group's financial reporting practices, reviewing the effectiveness of the Group's External Auditor and the Internal Audit function, risk management framework and cyber security. During the year, the Committee also considered the following:

- The evolution of risk management at ASOS, including approving the Group's new Risk Management Standard, taxonomy and appetite.
- A deep dive into the Group's ransomware attack plan.
- The Group's insurance renewal programme, including the proposed approach to the FY23 renewal.
- The Group's progress with control enhancements arising out of the due diligence undertaken when the Company listed on the Main Market of the London Stock Exchange.
- Accounting estimates and judgements, including in relation to inventory provisioning, refund accruals, the useful economic lives of assets, legal contingencies, consideration of alternative performance measures, in particular adjusted profit measures, and consideration of whether any post balance sheet events (refer to Note 28) were adjusting or non-adjusting events. Other matters considered included management's going concern and viability assessment, the accounting implications of the Group's Partner Fulfil proposition, the conflict between Russia and Ukraine, and the Topshop brands' fair value assessment following completion of the acquisition accounting.
- A competitive tender process for the Group's statutory external auditor contract, following which the Committee approved the re-appointment of PricewaterhouseCoopers LLP (PwC) as the Group's External Auditor for the year ending 31 August 2024.

Full details of the tender process are set out on [pages 76 to 77](#).

Patrick Kennedy

Audit Committee Chair
28 October 2022

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 58 to 61. The Board is satisfied that the Committee Chair, Patrick Kennedy, has recent and relevant financial experience for the purposes of satisfying the UK Corporate Governance Code. As stated in last year's report, Ian Dyson was appointed Chair of the Board on 29 November 2021 but remained Chair of the Audit Committee to allow a smooth transition until his successor, Patrick Kennedy, was appointed on 13 January 2022.

Although not members of the Audit Committee, the Board Chair, Executive Directors, General Counsel & Company Secretary, Director of Group Finance and Director of Internal Audit & Risk 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 Group's External Auditor, PwC, is also invited to attend Committee meetings unless they have a conflict of interest. The Committee Chair and members regularly meet with both the External and Internal Auditors, without the Executive Directors or members of the Finance team present, to ensure that open lines of communication exist. The Committee also receives advice as needed from KPMG, EY and Slaughter and May LLP on tax and legal issues relating to corporate matters.

The Committee held four scheduled meetings during the year and the attendance by members at Committee meetings can be seen on page 65. The Committee works to a structured programme of activities and meetings to coincide with key events around our financial calendar and, on behalf of the Board, to provide oversight of the Group's risk management processes. Following each meeting, or whenever it is appropriate, the Committee Chair reports the main discussion points and findings to the Board and the Board has access to the Committee's papers.

Committee performance

During the year we conducted an internal evaluation of the effectiveness of the Board and its Committees. The review highlighted that the Committee and its Chair continue to perform effectively with no significant concerns, and the Committee has the necessary level of expertise and independent challenge to keep operating effectively. During FY23, the Committee will be focused on supporting the Finance team on its transformation plan, ensuring risk discussions are framed around risk appetite and enhancing the Committee's method of evaluating the performance of the Internal Audit function and the External Auditor.

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For more information on this process, see the Corporate Governance Report on [page 71](#).

Financial reporting

The Committee's main responsibility in the Group's financial reporting is to review, with management and the External Auditor, the quality and appropriateness of the full- 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 identifying critical accounting judgements, significant accounting policies and the proposed disclosure of these in this Annual Report.

The Committee discussed areas of risk with the External Auditor and agreed for the following areas of heightened risk to be reviewed and assessed in the audit of our performance in the financial year to 31 August 2022:

- Capitalisation of internal staff costs: given the high level of internal development of software there is a risk that staff costs are inappropriately capitalised.
- Inventory valuation: 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.
- Going concern: a review of the Group's going concern was included as an area of heightened risk during the audit process.

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.

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Details of this work are provided in PwC's Audit Report on [pages 112 to 119](#).

Fair, balanced and understandable

The Committee considered this Annual Report and Accounts for the year ended 31 August 2022, taken as a whole, and concluded that the disclosures, as well as the processes and controls underlying its production, were appropriate. The Committee recommended to the Board that the Annual Report and Accounts for the year ended 31 August 2022 is fair, balanced and understandable while providing the necessary information to assess the Company's position and performance, business model and strategy.

Audit Committee Report continued

The Committee's principal activities during the year included:

Financial reporting	<ul style="list-style-type: none"> Reviewed the Annual Report and Accounts and assessed whether they were fair, balanced and understandable, the material judgements and estimates involved in the preparation of the financial statements (for more information, refer to Note 1.8 on page 129), and management's going concern and viability assessments and proposed disclosures. Considered the External Auditor's report on the full- and half-year results. Reviewed the full- and half-year results announcements. Reviewed the principal accounting judgements and estimates applied in the preparation of the Group's financial results, including inventory provisioning, refund accruals, the useful economic lives of assets, legal contingencies, management's assessment of items to be excluded from adjusted profit before tax and management's assessment of whether any post balance sheet events were indicative of circumstances in existence at the balance sheet date (for more information, refer to Note 28 on page 153). Other matters considered included going concern and viability, the accounting implications of the Group's Partner Fulfils proposition, the conflict between Russia and Ukraine, and the Topshop brands' fair value assessment following completion of the acquisition accounting.
External audit	<ul style="list-style-type: none"> Conducted a competitive tender for the statutory external audit contract. Appraised the effectiveness and performance, independence and objectivity of our External Auditor. Considered the external audit fees and terms of engagement. Approved updates to the Group's policy on non-audit services.
Risk and internal controls	<ul style="list-style-type: none"> Ensured that effective controls, processes, assessments and mitigations were maintained. 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 impact of the increased inflationary pressures and geopolitical uncertainty. Reviewed and approved the Group's new risk management standard, risk taxonomy and risk appetite. Received updates on material litigation. Reviewed the Group's Whistleblowing Policy and escalation matrix and reviewed updates on whistleblowing matters. Reviewed the Group's Gifts & Hospitality Policy and considered reports on the Group's execution of the Policy.
Internal audit	<ul style="list-style-type: none"> Reviewed and approved the new in-house Internal Audit & Advisory Charter. Monitored and reviewed the effectiveness and independence of the Internal Audit function. Reviewed Internal Audit reports and monitored the implementation of Internal Audit recommendations. Oversaw the implementation and status of outstanding actions arising from the Financial Position and Prospectus Procedures undertaken as part of the Company's Main Market Listing.
Other matters	<ul style="list-style-type: none"> Approved revised Terms of Reference for the Committee. Received updates on tax matters and approved the Group's Tax Strategy. Reviewed the Group's ransomware attack plan. Reviewed outputs of the Group's fraud risk assessment. Received an update on the Group's approach to Business Continuity. Reviewed the cyber security processes and systems and the work of the Cyber Security team. Reviewed the Group's FY23 insurance renewal approach.

Significant accounting estimates and areas of judgement

Area of focus	Actions taken
Inventory provision	The Committee considered the inventory provision for FY22, noting its reduction since FY21. The primary driver behind the reduction was the utilisation of specific stock provisions created in FY21 to alleviate warehouse capacity constraints through physical jobber activity. Management also updated the methodology for the Group's Net Realisable Value stock provision to capture expected losses on the whole stock portfolio over the total lifecycle, resulting in a more robust provision for website sell-through. The Committee was satisfied with management's assessment. As a result of the post balance sheet decision to change the Company's operating model, management assessed how to classify the costs associated with reshaping the Company's stock profile and concluded that they would be excluded from adjusted profit before tax in FY23. The Committee was satisfied with management's conclusion that the operating model change had no impact to FY22.
Useful economic life of assets	The Committee reviewed management's conclusions following the annual review of the useful economic life (UEL) of the Group's assets. This included a review of the fulfilment centre automation assets and the Enterprise Resource Planning systems in light of the recent Truly Global Retailer project, as well as categorisation and alignment of assets to ensure a consistent approach was applied. The review resulted in both increases and decreases to UELs and an overall net increase in the weighted average UEL. The Committee was satisfied with the assessment conducted for FY22 and the resulting estimated depreciation and amortisation charge for FY22.
Returns provision	The Committee assessed the methodology used by management to calculate the returns provision recognised at year end. Management continue to apply consistent methodology per IAS 37 guidelines. The expected rate was calculated based on recent trends versus a 'pre-COVID 19' base year as a comparator (FY19), which management felt was reasonable as a base to reflect customer behaviour and changing sentiment, and has been supported by the returns received since the beginning of September. The Committee considered that the provision was adequate.
Alternative performance measures (APMs)	The Committee considers it important to take account of both the statutory measures and the APMs when reviewing these financial statements. In particular, items excluded from adjusted profit before tax were reviewed by the Committee. Adjusted profit before tax this year was £22.0m – the excluded items are detailed within Note 2 of the financial statements. The Committee is satisfied that the presentation of these items is clear, applied consistently across years and that the level of disclosure is appropriate.
Legal contingencies	The Committee considered whether any contingencies were required for ongoing litigation and were satisfied with management's conclusion that none were required.
Other key areas of focus	Actions taken
Going concern and viability	The Committee undertook a detailed review of the business's financial liquidity over the viability assessment period of three years, taking into account cash flows, current levels of debt and the availability of future finance. The analysis included sensitivities to further macroeconomic downturns, global supply chain shortages, working capital shocks and climate change. Based on this, the Committee confirmed that the application of the going concern basis for the preparation of the financial statements continued to be appropriate, and recommended the approval of the viability statement. For further information, see pages 54 to 56 of this Annual Report.

External audit

The Committee has primary responsibility for overseeing the relationship with the External Auditor, PwC. This includes monitoring and reviewing their objectivity and independence on an ongoing basis, recommending their appointment, re-appointment and removal, and approving the scope of the statutory audit and fees. PwC presented to the Committee its detailed audit plan for the 2022 financial year, which outlined its audit scope, planning materiality and its assessment of key audit risks. The Committee also received reports from PwC on its assessment of the accounting and disclosures in the financial statements and financial controls.

PwC presented its proposed audit plan to the Committee for discussion, to make sure the focus of its work remains aligned to the Group's strategy. The Committee is keen to make sure its External Auditor feels able to challenge management and has the access it requires to report on matters that may not be part of the statutory audit but which, in the opinion of the External Auditor, should be brought to the attention of the Committee. PwC is afforded such access through attendance at each Committee meeting, supported by other meetings held during the year with the Committee Chair without management present. When carrying out its statutory audit work,

PwC also has access to a broader range of employees and different parts of the business. If any information is picked up as part of this process, it would report to the Committee anything that it believes the Committee should know in order to fulfil its duties and responsibilities. As audit partner, Neil Grimes is authorised to contact the Committee Chair directly at any time to raise any matters of concern.

The fees paid to PwC for the financial year to 31 August 2022 were £1,160k (2021: £390k) plus £1.3million in fees for work required to support the Company's Main Market listing. This included £1,036k for audit services, of which £240k related to overruns for the 2021 statutory audit. The Committee reviewed and discussed the fee proposal and was engaged in agreeing the audit scope. The total fees for non-audit services paid to PwC during the year were £124k. The services provided relate to PwC's half year review of our interim results and ESG Assurance. The total fees for non-audit services (excluding the fees for the work required to support the Company's Main Market Listing) represented 24.4% of the Group audit fee payable to PwC during the year. PwC were chosen for the above non-audit services due to their in-depth knowledge of the Group, which made them the most suitable supplier, whilst not impairing their independence and objectivity.

Audit Committee Report continued

To help safeguard PwC's objectivity and independence, the Committee has a formal Policy on Non-Audit Services, which the Committee reviewed as part of the Company's move from the Alternative Investment Market to the Main Market of the London Stock Exchange, to ensure alignment with the Financial Reporting Council's Revised Ethical Standard (2019). The Committee oversees the process for approving all non-audit work provided, in line with the Group's Policy on Non-Audit Services. The Policy states that the Committee has pre-approved the CFO to have authority to commission the External Auditor to undertake non-audit work where there is a specific project with a cost that is not expected to exceed £50,000. Services between £50,000 and £250,000 must be approved by the Audit Committee Chair, and if over £250,000 approval from the Committee Chair and one other Committee member is required before being carried out. PwC may only provide such services if the service does not conflict with their statutory responsibilities and ethical guidance. PwC may only provide such services if the service does not conflict with their statutory responsibilities and ethical guidance. When reviewing requests for permitted non-audit services, the Committee representatives will assess the nature of the non-audit services, whether the skills and experience make the External Auditor the most suitable supplier of the non-audit service, whether the provision of such services impairs the External Auditor's independence or objectivity, whether there are safeguards in place to eliminate or reduce to an acceptable level any threat to objectivity and independence in the conduct of the audit resulting from the provision of such services by the External Auditor, and the fee to be incurred for non-audit services, both for individual non-audit services and in aggregate, relative to the Group audit fee. Independence and objectivity of the External Auditor is the key priority and the Company would not enter a situation where there could be a reduced level of independence with regards to the external audit; either perceived or actual.

The Committee assesses the quality, effectiveness, objectivity and independence of the audit provided by PwC each year, seeking the views of the Board. The Committee had regard to PwC's confirmation that it maintains appropriate internal safeguards in line with applicable professional standards, fulfilment of the agreed external audit plan, the content, insights and value of their reports to the Committee, the policies we have in place to safeguard PwC's independent status and the tenure of the audit engagement partner not being greater than

five years. The audit partner has a good understanding of the Group and the Committee values their early engagement, and their robustness and perceptiveness, in handling key accounting and audit judgements throughout the year, in particular the External Auditor demonstrated professional scepticism and challenge on the valuation of inventories and the assumptions in the going concern and viability assessments. Based on this assessment, the Committee concluded that there had been appropriate focus and challenge by PwC throughout the audit, and that PwC remained objective and independent in its role as External Auditor.

The independence and objectivity of the External Auditor is a fundamental safeguard to the interests of the Group's shareholders and in line with the associated regulation, the previous PwC audit partner rotated off the audit following the conclusion of the audit for the year ended 31 August 2021 and the Committee approved the appointment of Neil Grimes as audit partner for the year ended 31 August 2022.

External Audit tender

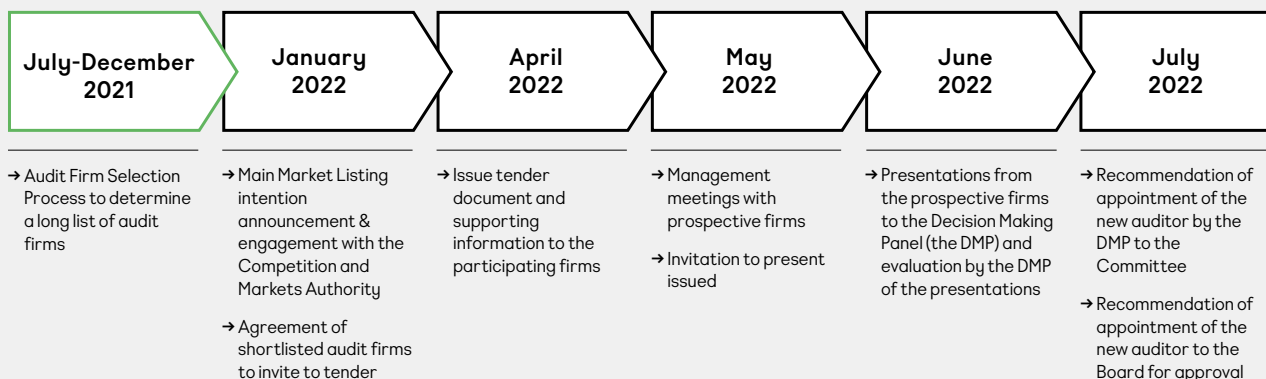
PwC has acted as the Group's statutory External Auditor since 2008. In July 2021, the Committee approved a proposal to commence a competitive tender process for the Group's statutory External Auditor contract to take place in FY22. Initially it was intended that the successful firm would be appointed at the next AGM for the financial year ending 31 August 2023; however the Committee considered the impact of various factors, including the Company's Main Market Listing, the change in Committee Chair and the independence requirements for participating firms, and concluded that the successful firm should be appointed for the financial year ending 31 August 2024, in order to allow a smooth transition, should a new firm be successful, and for the tender process to be in line with FRC best practice.

The below outlines the competitive tender process:

1. Selection criteria and timetable

The Committee agreed a proposed timeline for the tender process in July 2021 (outlined below). In accordance with the approved timetable, management began the process of meeting with audit firms and prospective partners to determine their capabilities.

Audit Tender timeline



An initial review of the audit market was conducted, to include a range of firms, including those outside of the four largest public accounting firms, using a pre-determined selection criteria to allow management to rank each of the firms and determine a long list. The key selection criteria were discussed and agreed to include: the auditor's size, geographical coverage, FTSE 350 auditor experience, quality of audit work and independence.

2. Invitation to tender

Management discussed the prospective tender with the firms invited to tender and confirmed their independence for the audit of the Company for the year ending 31 August 2024. The Committee appointed a Decision Making Panel (the DMP) to act as a Sub-Committee to oversee the process, which included the Committee Chair, the CO&FO, interim CFO, Director of Internal Audit & Risk and another member of the Board.

We asked each of the prospective firms to prepare a detailed proposal and presentation. The firms were invited to meet with key internal stakeholders to gather information to help pull together their proposals, supported by the establishment of a data room to allow access to consistent information to support the firm's tender proposals. The following criteria were approved to assess the shortlisted firms throughout the tender process:

- Team and partner credentials.
- Firm credentials such as geographical presence, client base, technical departments and FRC quality scores.
- Business and industry expertise including ESG considerations.
- Audit approach and transition, including transformation and use of technology for the audit engagement.
- Value for money.

3. Formal presentations

Proposal documents were submitted to the DMP and each of the firms gave formal presentations to the DMP, at which each had the opportunity to discuss their presentation and answer questions.

4. Selection of new auditor

Following careful consideration of the proposal documents and formal presentations, the DMP recommended to the Committee the re-appointment of PwC as the Group's External Auditor covering the year ending 31 August 2024 to the year ending 31 August 2027, when PwC will have completed a 20-year tenure as the Group's External Auditor. PwC have expressed their willingness to continue as the Group's External Auditor. A resolution to re-appoint PwC and a resolution to enable the Directors to determine their remuneration will be proposed at the next AGM.

The Company is not currently in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Responsibilities) Order 2014 for the financial year under review. The Committee considered this when deliberating over when the successful audit firm should be appointed and agreed that it was beneficial to delay the appointment to FY24, in order to ensure that the tender process was conducted in line with the FRC's best practice, to ensure the new Committee Chair could take an active role in the tender process, to allow the newly appointed External Auditor to shadow an audit (should we have appointed a different firm) and considering independence requirements which would restrict two audit firms from participating in the tender, meaning the tender would not be as fulsome as possible. We communicated our plan to the Competition and Markets Authority (CMA), who stated that, subject to the Company providing written confirmation of the completion of the tender process by the end of July, enforcement action against the Company would not be an administrative priority for the CMA. We complied with the CMA's request. We will be compliant with the Order in FY24 and plan to conduct our next tender process in 2027 for the audit of the financial year ending 31 August 2028.

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 Committee. This includes in relation to financial reporting, the preparation of Group accounts, the implementation of Group policies, including whistleblowing matters, and risk management. The Committee has a policy of continuous identification and review of principal business risks, review of assurance over internal controls, and considers how risks may affect the achievement of business objectives and determines appropriate mitigation, taking into account the Group's risk appetite, in accordance with the requirements of the Guidance on risk management, internal controls and related financial and business reporting published by the FRC.

The Executive Committee implements the internal controls and processes and provides assurance on compliance with these processes. On a day-to-day basis, the Group risk management process is managed and co-ordinated by the General Counsel & Company Secretary and the Director of Internal Audit & Risk, to ensure there is a more integrated, deeper focus on applying and evolving risk management and internal controls throughout the business.

The key elements of the Group's internal controls in relation to financial reporting and risk management, are as follows:

- An established organisation structure with clear lines of responsibility and a disciplined management and committee structure which facilitates regular performance review and decision-making.
- A robust, budgeting, forecasting and financial reporting process.
- The Board discusses and approves the strategy, objectives, annual planning process and budget.
- Management regularly monitors and considers developments in accounting regulations and best practice in financial reporting and, where appropriate, reflects these developments in the financial statements. The Committee is also kept up to date on such developments. Any recommendations from the External Auditor, the FRC and others in respect of financial reporting are assessed with a view to continuous improvement in the quality of the Group's financial statements. The Committee and the Board review the draft Annual Report and the Committee receives reports from management and the External Auditor on significant accounting judgements, changes in accounting policies and estimates and any other significant matters relating to the financial statements.
- Various policies, procedures and guidelines underpinning the development and financing operations of the business, including delegation of authority and anti-bribery and corruption, together with guidance and support from central functions including legal, human resources, information technology, tax, company secretarial, health and safety, and security. These policies, procedures and controls are embedded within and enforced through ASOS' processes.
- A risk management and Internal Audit function.
- Management regularly reviews risks to achieving business objectives and identifies mitigating controls and actions.
- Compliance with certain policies, standards and controls is monitored by activities of our finance, treasury, human resources, technology, legal, data protection and business assurance & risk functions.
- The Design Authority provides oversight, prioritisation and approval of strategic projects included within the ASOS Reimagined Strategy.
- A whistleblowing process that enables concerns to be reported confidentially and on an anonymous basis and for those concerns to be investigated. The Committee reviews a summary of whistleblowing reports and outcomes every quarter.
- The Committee reviews the scope and results of Internal Audit work across the Group, and monitors management's implementation of their recommendations.
- The Committee regularly receives and discusses the Group's Risk Register, including all significant and any identified emerging risks, and how inherent and residual risk exposures have changed during the period.

Audit Committee Report continued

The Committee can confirm that it reviewed the Group's internal controls and risk management systems and concluded that there was an effective control environment in place across the Group during FY22, and up to the date on which these financial statements were approved. No significant failings or weaknesses were identified.

Our Risk Registers are formally reviewed every six months to identify the likelihood and business impact of any material or emerging risk, as well as any mitigating factors or controls. This review feeds into a robust assessment of the principal and emerging risks facing the Group bi-annually, which the Committee and the Board review. Progress and key themes coming out of the risk reviews are reported to the Executive Committee and the Audit Committee. During the year, the Committee reviewed and approved a new 'ASOS Risk Standard', an evolution of the risk management process, to strengthen the Group's existing foundations and a maturing of the enterprise risk framework.

More details on our new ASOS Risk Standard, risk management processes and Risk Register are on [pages 46 to 47](#).

During the year, the Committee was updated on the significant improvements made to the Group's Business Continuity Plans (BCP), which included implementing lessons learnt from the COVID-19 pandemic and further development of Business Impact Analyses mapping out critical activities and processes, to help understand what is needed to protect the resources we are dependent on to run the business and these results have been used to refine further or create new BCPs.

The Committee reviewed the Whistleblowing Policy, toolkit and escalation process during the year. The Whistleblowing Policy outlines the ways the Group's employees can report concerns about suspected impropriety or wrongdoing (whether financial or otherwise) on a confidential basis, and anonymously if preferred. This includes an independent third-party chatbot that employees can use to raise problems and report concerns, completely anonymously and confidentially. Any matters reported are investigated by either the General Counsel & Company Secretary or the Director of Internal Audit & Risk (the Company's Whistleblowing Officers) and are escalated to the Committee as appropriate. Whistleblowing is a standing item on the Committee's agenda, with a report summarising notifications received during the prior quarter submitted to the Committee before each meeting. Additionally, the Committee discussed the implications of the new EU Whistleblowing Directive and considered whether the Group's whistleblowing policies and procedures were sufficient to meet the standards required by the EU Whistleblowing Directive. The Committee also reviewed whistleblowing and grievance mechanisms within our supplier factories.

During the year, the Committee continued to monitor our progress in strengthening and developing the Group's cyber security measures and conducted a deep dive into our ransomware attack plans. Our approach to cyber security continues to be elevated. The level of security controls and processes that have been put in place over the last few years have been essential to our fast-moving, high-growth business and our adaptation to working from home more often. The Committee also monitored the physical security measures that

have evolved to counter risks to our physical supply chain and offices. A Fraud Risk Assessment exercise was completed which included a cross-functional fraud risk identification workshop, risk scoring exercise, and follow-up discussions to identify key controls over selected ASOS fraud risks. The results of the exercise were reported to the Committee and are being used by management to further strengthen existing fraud risk controls. The Committee 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 2022 and up to and including the date of this report.

ASOS is committed to conducting business in an ethical and honest manner and implementing and enforcing systems to prevent bribery. ASOS has zero-tolerance for bribery and corrupt activities and does not condone bribery, be it direct or indirect with any person or organisation. We are committed to acting professionally, fairly, and with integrity, in all business dealings and relationships, wherever in the world we operate.

Internal Audit

The primary role of our Internal Audit function is to support the Board to protect the assets, reputation and sustainability of the Group. The Internal Audit function provides independent assurance as to the adequacy and effectiveness of the Group's internal controls and risk management systems. During the year, the Committee oversaw the in-housing of the Internal Audit function, led by our Director of Internal Audit & Risk, and in January 2022 approved a new in-house Internal Audit & Advisory Charter, as well as key changes to the in-house methodology and updated risk-based internal audit approach. The Committee considers the Internal Audit function to be operating effectively and the quality, experience and expertise of the function is appropriate for the business.

The Committee reviewed and approved the proposed schedule of planned internal audits to be undertaken at the start of the financial year. The plan was based on Internal Audit's assessment of key financial, operational and strategic risks to the business. The following key internal audits were completed during the year: Transformation Delivery, Cyber Governance, Key financial controls-Accounts Payable, Financial Crime-Fraud Risk Assessment, Data Privacy Key Controls, Commercial Controls (Product Setup), and Shadow IT. The following internal audits are in-flight: Fashion with Integrity-Own Brand Supplier Monitorings, UK Fulfilment Centres>Returns, Partner Fulfils, Payroll, Cloud Resilience follow-up, and Key Fraud Controls. Summaries of all key internal audit reviews, activity and resulting reports are shared with the Committee for review and discussion. Following each review, an Internal Audit report is provided to the management responsible for the area reviewed and the relevant Executive Committee member. These reports outline Internal Audit's opinion of the management control framework in place, together with actions indicating improvements proposed or made as appropriate. The Executive Committee has responsibility for ensuring the timely implementation of any recommendations and actions resulting from the completion of an audit, monitored by the Committee.

A revised schedule of internal audit review projects for the financial year to 31 August 2023 was approved by the Audit Committee in July 2022.

Nomination Committee Report



Committee Chair

Jørgen Lindemann

Members

 Karen Geary  Patrick Kennedy  Luke Jensen

Committee 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, which are reviewed and approved annually, are available on our corporate website [asosplc.com](https://www.asosplc.com). They were last reviewed on 20 July 2022.

Committee membership, together with attendance at meetings, is detailed in the table on page 65.

Nomination Committee Chair's statement

During the year, the main focus of the Committee has been on the recruitment of a new Chief Executive Officer (CEO), embedding our newest Non-executive Directors, adapting to the changes to Board composition during the year and maintaining the effective boardroom dynamic of the ASOS Plc Board, as well as continuing to evolve our talent and succession plans for senior management and monitoring the development of the Group's approach to Diversity, Equity & Inclusion (DEI).

CEO recruitment

The Committee's main focus over the year has been on the appointment of a new CEO. The Committee set rigorous criteria for the role, both in terms of technical capabilities and cultural and style attributes, exploring both internal and external candidates. After a thorough selection process, the Committee made the unanimous decision to recommend to the Board the appointment of José Antonio Ramos Calamonte as a Director and CEO. José is an experienced international retailer, with deep multichannel experience and a record of driving innovation. José joined the Group in January 2021 as Chief Commercial Officer and during his tenure he has had a significant impact on the Group and has transformed the Commercial function.

More details on José's future plans are on [pages 4 to 5 and 24 to 25](#).

Board composition

The Committee considers all of the Non-executive Directors, with the exception of Nick Robertson, to be independent in accordance with UK corporate governance requirements and they continue to show commitment, make effective contributions and effectively challenge management. The Directors' commitment was highlighted by their willingness to make time to attend the additional Board and Nomination Committee meetings, informal calls and other Board communication throughout the year. During the year, the Committee kept the composition of the Board and its Committees under review, including a review of tenure, as well as the balance, diversity, experience and skill set of the Board. Due to this ongoing review, a number of changes were made to the Board during the year. I joined the Board as Non-executive Director in November 2021 and Patrick Kennedy was appointed Senior Independent Director and Chair of the Audit Committee in January 2022, following a rigorous selection process.

Following the departure of Adam Crozier, Ian Dyson was appointed Chair of the Board in November 2021 in order to lead the CEO search process, work with the Executive team to ensure the Company was best positioned to transition to the new CEO, and further build on the strength of the Board. Once this process had concluded, and following a short handover period, Ian stepped down in August 2022 and I was appointed as his successor. Some changes to the composition of the Committees were also made during the year, to address the new appointments, changes in Board Chair and the establishment of the ESG Committee, to ensure that all Committees have the right balance of skills and experience. In August 2022, we announced that the Board and Mat Dunn had agreed a phased plan under which Mat would step down from his roles as Chief Operating Officer and Chief Financial Officer as we restructure our Executive team. Mat steps down from the Board on 31 October 2022 and the Committee will focus on the recruitment of his successor in FY23. We have also announced that Karen Geary, Luke Jensen and Eugenia Ulasewicz will not be seeking re-election at this year's Annual General Meeting (AGM). Luke will step down from the Board on 31 October 2022, Karen will step down on 1 December 2022 and Eugenia will step down at the conclusion of the AGM.

Nomination Committee Report continued

The Committee engaged with Russell Reynolds Associates to assist with the CEO and Non-executive Director searches; it has no other connection to the Group and is a signatory to the Enhanced Voluntary Code of Conduct for Executive Search Firms.

Diversity

The Board recognises that diversity, in the broadest sense, enables wider perspectives, which encourage more effective discussions and better decision-making, and is crucial for an effective Board. It also sets the tone for Diversity, Equity & Inclusion (DEI) throughout the business. The Board's policy on diversity establishes the importance of diversity in the broadest sense, not just gender or ethnicity, but also experience, skills, professional background and tenure. Russell Reynolds Associates supports our approach to diversity in providing a diverse selection of candidates for Board appointments; the selection is then based upon merit and objective criteria.

DEI is firmly on the Committee's agenda – it has been monitoring the progress made on the 'Be Diverse' goal of our Fashion with Integrity (FWI) 2030 programme. This goal sets out our commitment to driving DEI across every aspect of our business, particularly focusing on leadership representation and ensuring every ASOSer is empowered to be their most authentic self at work. The Committee received updates on progress against our initial targets, which are focused on achieving 50% female and 15% ethnic minority representation across our combined leadership population by the end of FY23 and at every leadership level by the end of FY30.

More information on our diversity initiatives and the rest of our 2030 FWI programme is on [pages 32 to 35](#).

Succession and talent

A key focus for the Committee during FY23 will be on the composition of the Executive Committee and the succession pipeline for the Executive Committee and senior management roles, including a rigorous internal talent review, to ensure we have the right individuals to support the Group in delivering the strategy. The Committee will also ensure that the right development planning is in place for high-potential ASOSers, so we retain and motivate our key talent and can meet the future needs of the business.

The Committee has also focused on employee engagement during the year, including a review of the results of our employee engagement survey, the ASOS Vibe, and regular Board interaction with ASOS' employee forum, the Voices Network.

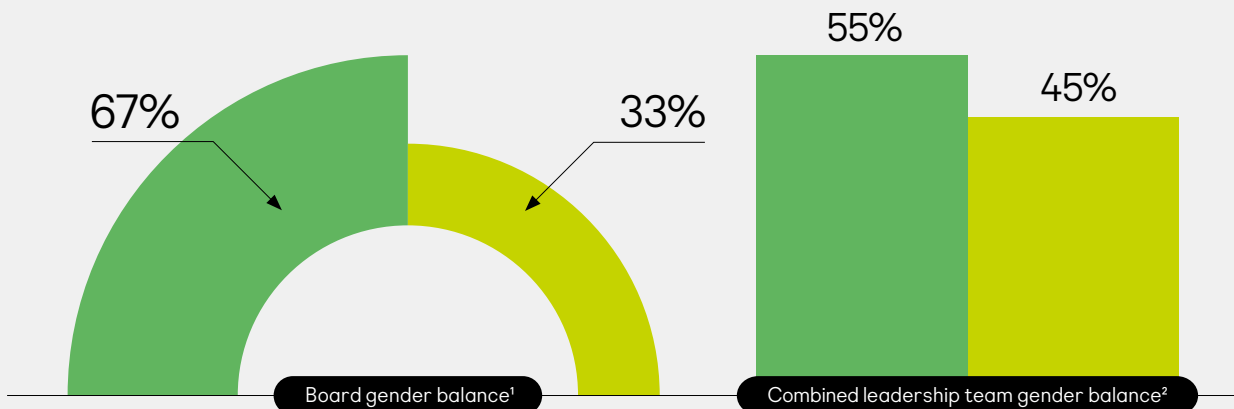
Committee's focus for FY23

The Committee's focus for the next financial year will be on succession planning for the Board and Executive Committee, monitoring the review of talent within the Group and the evolution of the training and development plans, continuing to promote employee engagement and the search for a new CFO.

Jørgen Lindemann
Nomination Committee Chair
28 October 2022

◆ Male ◆ Female

as at 31 August 2022



¹ We have three women on the PLC Board and six men.

² Percentage of women in our 238 Leadership roles (defined as Head of and above).



Board skills matrix

Skill/experience	No. of NEDs
Finance/Accounting	1
Consumer/Retail	6
Strategy	5
E-commerce	3
Technology/Digital	3
HR/People	1
Logistics	1
Regulatory environment	1
International	5



NED

induction

case study



“My induction was comprehensive and tailored to my needs, enabling me to swiftly understand the way that ASOS operates, its strengths and challenges, allowing me to effectively contribute to the Board.”

Jørgen Lindemann
Chair

Upon their appointment to the Board, Patrick Kennedy and Jørgen Lindemann each received a tailored induction plan to gain a thorough understanding of the business and their role as Non-executive Directors.

Both received an induction pack comprising a broad range of materials and information, including previous Board and relevant Committee papers, shareholder analysis, key policies, financial performance and risk management and internal controls, to provide a broad overview of the Group.

Introductory meetings were held with key stakeholders, including each member of the Board and Executive Committee, other key senior managers, such as the Director of Risk & Internal Audit and Director of Investor Relations, and our external brokers and advisors. As Patrick Kennedy was coming into the role of Chair of the Audit Committee, additional time was spent covering key issues with relevant internal and external stakeholders. Jørgen also received a further induction when he was appointed Chair of the Board.

ESG Committee Report



Committee Chair

Eugenia Ulasewicz

Members

Mai Fyfield Karen Geary Nick Robertson

Committee responsibilities

The Committee's principal responsibilities are to:

- Define the Group's Environmental, Social & Governance (ESG) and Fashion with Integrity (FWI) strategies, including related targets and key performance indicators (KPIs).
- Provide oversight on the execution of the ESG and FWI strategies and the Group's progress against its targets and KPIs in relation to ESG, including ESG risk management and external ESG index results.
- Provide oversight of the key policies and programmes required to implement the ESG strategy.
- Review the practices and initiatives of the Group relating to ESG matters to ensure they remain effective and ensure compliance with legal and regulatory requirements, including corporate governance principles and industry standards.
- Review the effectiveness of the Group's FWI 2030 programme, including the governance arrangements for ensuring its successful delivery and monitoring its overall performance.
- Oversee how the Group's ESG and FWI strategies are communicated to all stakeholders.
- Offer recommendations to the ASOS Plc Remuneration Committee on ESG-specific targets for executive remuneration packages.

Terms of Reference

The full Terms of Reference for the Committee, which will be reviewed and approved annually, are available on our corporate website, asosplc.com. They were approved on 31 March 2022.

Committee membership, together with attendance at meetings, is detailed in the table on page 65.

ESG Committee Chair's statement

On behalf of the Board, I am pleased to present ASOS' first ESG Committee Report covering our activities since its establishment in February 2022.

The importance of ESG is undeniable. Stakeholders are increasingly knowledgeable and interested in ESG and we've seen this directly through increased scrutiny from investors, our employees, partners and customers. It is important for us to have a robust approach to managing ESG, which is primarily achieved through our FWI programme. Our approach to business has been guided by our FWI programme since 2010 but in 2021 we decided it was time for even bolder action and we were proud to launch our FWI 2030 programme in September 2021. Focused on four key goals – Be Net Zero, Be More Circular, Be Transparent and Be Diverse – it shows our commitment to doing business responsibly, delivering benefits for people and reducing our impact on the planet, building on the decade of progress since we first launched FWI in 2010.

For more information on our FWI 2030 programme see [pages 32 to 35](#).

Demonstrating the importance of ESG and our big commitment to this topic, during the year, the Board approved the creation of the ESG Committee. This report will provide an insight into the discussions and work undertaken by the Committee since February 2022 and an overview of the Committee's plans for FY23.

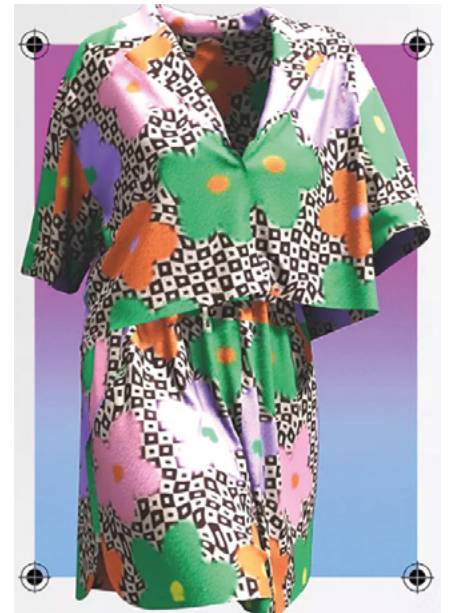
The role of the Committee is to provide oversight of ASOS' ESG strategy, in particular the FWI 2030 programme and progress against our targets and KPIs, and to offer the Board detailed oversight of ESG matters and how ESG is woven into the overall ASOS strategy while also understanding and managing the risk around it, and signing off the framework used to measure progress against the goals. We believe the Committee will contribute to the long-term success of the Company, for the benefit of our customers, employees, suppliers and other key stakeholders and the societies in which we operate.

When establishing the Committee, the Board worked to ensure that members brought a range of skills and experience appropriate to the Committee's remit. As Chair, I have experience in the area of ESG – I am a member of Chapter Zero, the UK chapter of the Climate Governance Initiative, and I am currently chair of a committee specifically focused on ESG matters and a member of a committee with ESG matters in its remit for external global companies. I also have experience in global retail, brand management and as a strong business strategist. Mai Fyfield has extensive experience in leading the development and implementation of strategies, namely at Sky plc where she was chief strategy and commercial officer until October 2018 and she is now a non-executive director on a number of boards. Karen Geary is our designated Non-executive Director for employee engagement and has engaged with employees during the year to understand their views on key social matters. She is also a member of Chapter Zero and Chair of the Remuneration Committee, which introduced ESG measures in the executive remuneration structure last year, and has extensive experience in Diversity, Equity & Inclusion matters as a result of her HR career. Finally, Nick Robertson has pioneered FWI at ASOS since its inception during his tenure as CEO, and he has been Chair of the ASOS Foundation since it was established in 2013.

During the year, the Committee met twice and provided updates to the Board after each meeting. Both the CEO and CO&FO have been invited to attend all meetings, along with senior managers responsible for delivering the FWI 2030 programme.

The Committee's first meeting in March 2022 focused on:

- Our overall approach to ESG and FWI, including the formation of our FWI 2030 programme and the four goals: Be Net Zero, Be More Circular, Be Transparent and Be Diverse.
- Understanding each FWI 2030 goal, the KPIs behind each goal to measure success, the rationale behind each goal and the KPIs, our progress so far and the roadmap of key milestones to 2030.
- Our ESG governance structure, including the newly-established FWI Working Group, which is a cross-functional group that manages the delivery of key FWI goals and ensures appropriate cross-functional collaboration, and the Governance Working Group, which makes sure we are disciplined in our governance and doing the right thing in relation to how we do business.
- Approving our first FWI progress update report, which we will provide regularly to coincide with our half-year financial results. This report looked back on the progress we made during FY21 with a particular focus on progress against our KPIs.
- Our progress preparing for the adoption of new disclosures required by the Task Force on Climate-related Financial Disclosures (TCFD).
- Update from our Director of Corporate Affairs, noting the Group's response to Russia's invasion of Ukraine.



The Committee's second meeting in July 2022 focused on:

- Progress against the four goals of the FWI 2030 programme and key priorities and challenges for FY23.
- Overview of work by an external partner to establish roadmaps for pillars 1-3 (Be Net Zero, Be More Circular and Be Transparent), align roadmap dependencies, assess progress towards each KPI, including critical next steps and identification of the strategic enablers required to support the delivery of our FWI ambitions.
- Updates on ESG reporting projects ahead of year end, including TCFD analysis with Willis Towers Watson and work with PwC on Scope 1 & 2 emission assurance – important steps in improving the robustness of our ESG reporting and meeting stakeholder and governmental expectations.
- Further update on the TCFD disclosures and the ESG disclosures in this Annual Report.
- Update on the investigation by the Competition & Markets Authority announced in July.
- Quarterly updates, including ESG benchmarks, ASOS Foundation update, Investor Relations update, policies, publications and training.



The Committee's FY23 focus will be on each of the four FWI 2030 goals, as well as continued oversight and scrutiny of the FWI 2030 programme and our ESG agenda and ESG-specific training for Committee members and the wider Board.

Eugenia Ulasewicz
ESG Committee Chair
28 October 2022



Directors' Remuneration Report



Remuneration Committee Chair's statement



Committee Chair

Karen Geary

Members

Mai Fyfield Patrick Kennedy Eugenia Ulasewicz

Activities during the year and up to the date of this report

- Considered the alignment of executive remuneration with the strategy of ASOS and the effectiveness of the current policy, including a review of alternative structures.
- Preparation of our first formal Remuneration Policy following the Company's move from the Alternative Investment Market to the Main Market of the London Stock Exchange which is set out on pages 99 to 105 and which we will be seeking binding shareholder approval for at the next AGM.
- Conducted a consultation with shareholders regarding our new Remuneration Policy and its proposed implementation for FY23.
- Reviewed and confirmed the outcomes of the FY22 annual bonus and the FY20 three-year ASOS Long Term Incentive Scheme (ALTIS) awards for Executive Directors and senior management.
- Reviewed and approved the Chair's, Executive Directors' and senior managers' pay and benefits during FY22, in the context of their performance, Company performance, stakeholder and shareholder experiences.
- Set the remuneration package for José Antonio Ramos Calamonte (José Ramos) on his appointment as Chief Executive Officer (CEO).
- Agreed Nick Beighton and Mat Dunn's remuneration arrangements on leaving the Company.
- Set performance measures for the FY23 annual bonus and ALTIS awards for Executive Directors and senior management, in line with our updated Remuneration Policy.
- Considered the relationship between executive pay and wider workforce pay, and reviewed gender and ethnicity pay gap data.
- Considered corporate governance provisions and market practice relating to executive and wider workforce pay, including a review of arrangements and implementation of new share plans in connection with the Company's move from the Alternative Investment Market to the Main Market of the London Stock Exchange.
- Engaged with employee representatives on executive pay and pay across the wider workforce.

Dear shareholder

On behalf of the Board, I am pleased to present the Remuneration Committee's report for the year to 31 August 2022. This year the report introduces our new Remuneration Policy, our first as a Main Market listed business. This will be put forward for shareholder consideration and binding vote at the next AGM. It also includes the annual report on remuneration, describing how the current Policy was put into practice during FY22 and how the new Policy will be implemented in FY23, which will be put to an advisory vote.

Our Remuneration Policy

ASOS Plc listed on the Main Market of the London Stock Exchange in February 2022; therefore, we will be submitting a formal Remuneration Policy for the first time for shareholder approval at the next AGM. However, in practice, for several years we have chosen to operate a Remuneration Policy for Directors in line with the regulations for Main Market companies and reported this in previous Annual Reports.

During the year, the Committee undertook a review of the Remuneration Policy to ensure that it continues to support the execution of our strategy. In view of the recent management changes at ASOS during the year and the current external environment, we took the view that it was not appropriate to make significant changes to the Policy this year. We have made some changes to enhance our alignment with corporate governance best practice which are set out below, and the Committee intends to conduct a wholesale review of remuneration in FY23.

New policy features for FY23

The following changes have been introduced to more closely align our remuneration structure for Executive Directors with best practice in the Main Market.

- **Introduction of annual bonus deferral** – A deferral element has been added to the annual bonus scheme. Any bonus earned up to 50% of salary will be paid in cash, and any additional bonus earned above this will be split equally between a portion paid in cash and a portion deferred into shares for three years. Therefore, if the maximum bonus is achieved, one-third of the bonus will be delivered in shares.
- **ALTIS (ASOS Long Term Incentive Scheme) holding period** – The total time horizon of the ALTIS has been extended to five years by adding a two-year holding period (i.e. three-year performance period plus two-year holding period).

- **Post-employment shareholding guideline** – We have extended our shareholding requirements to apply post-employment. Going forward, a former Executive Director will be expected to retain their full shareholding guideline (i.e. 200% of salary) for the first year following cessation of employment and half of this amount (i.e. 100% of salary) for a second year thereafter.

The Committee believes that these three features of the executive remuneration framework will strengthen the alignment of our executives' interests with the interests of our shareholders, encouraging the delivery of sustainable, long-term performance.

Board changes

José Ramos

José Ramos was appointed CEO of the Company on 16 June 2022. His remuneration structure is as follows:

Base salary	£700,000
Pension and benefits	5% of base salary in-line with the rate of pension available to the wider workforce Benefits allowance of £12,500 plus other benefits, including private medical insurance and life assurance
Annual Bonus	Maximum of 150% of salary
ALTIS	Maximum of 250% of base salary
Share ownership guideline	200% of base salary

The Committee set the CEO's package, taking into consideration his skills and experience, the role responsibilities as CEO of a Main Market company of ASOS' size and global reach, internal and external relativities and the package of the previous CEO.

On 23 June 2022, José was granted a top-up ALTIS award of 25% of his new base salary to bring his ALTIS award for FY22 more in line with the policy for Executive Directors. See page 92 for further details.

Jørgen Lindemann

Jørgen Lindemann was appointed Chair of the ASOS Plc Board with effect from 1 August 2022, with Ian Dyson stepping down from the Board on the same date. Jørgen receives a fee of £350,000 per annum in line with the Remuneration Policy, as set out on page 101.

Mat Dunn

We announced on 17 August 2022 that Mat Dunn would step down from his Chief Operating Officer and Chief Financial Officer (CO&FO) roles as ASOS restructures its Executive team. It is not envisaged that the combined CO&FO role will continue after restructuring. Mat will continue in his roles and as a member of the Board until 31 October 2022 and will remain employed until the end of the calendar year to provide transitional support.

In determining Mat's remuneration arrangements on departure, the Committee followed the approach set out in the existing Remuneration Policy which is aligned to UK good practice. Mat will receive his usual salary, pension and benefits until 31 December 2022 and a payment in lieu of notice in relation to these elements for the remainder of his 12-month notice period. He remained entitled to receive an annual bonus for the full FY22 year and is also eligible to receive a bonus in respect of FY23, pro-rated to the date he steps down from the ASOS Plc Board on 31 October 2022.

The Committee intends to treat Mat as a good leaver for the purpose of his outstanding incentives, reflecting his contribution during his time at ASOS, particularly in the past year where he led the business while we were without a CEO, and given that his combined role will not be retained in the new Executive team following the restructuring. His FY21 and FY22 ALTIS awards will be pro-rated to his departure date of 31 December 2022 and remain subject to performance, and vest on their normal vesting dates. He will not be entitled to a FY23 ALTIS award.

Full details of Mat Dunn's remuneration arrangements on departure are disclosed on [page 93](#).

Performance in FY22

Following a challenging year for ASOS, and against the backdrop of a highly volatile and tough macroeconomic environment, the strength of our brand and our compelling customer offer has enabled the business to deliver revenues of £3,936.5m and total sales growth of 4% (on a constant currency basis, excluding Russia). The second half of the year proved more challenging than we expected, with inflationary pressures on consumers increasing markedly as the year progressed, impacting consumers' confidence and discretionary income. As a result, growth in the second half was lower than we had anticipated. The UK, ASOS' core operation, delivered good performance, with sales up 7% year-on-year, despite the weakening consumer environment. This was supported by a curated offer and differentiated visual language, leading to growth in the active customer base and a further increase in Premier customers. Strong Topshop performance, with sales up 105% year-on-year, reinforced revenue growth in the UK, US and EU and drove margin expansion.

Remuneration outcomes for the year ended 31 August 2022

Below sets out the performance outcomes of our FY22 annual bonus and FY20 ALTIS.

FY22 Annual Bonus

The annual bonus for FY22 was based 30% on revenue, 30% on PBT, 15% on free cash flow, 10% on ESG metrics linked to progress against our Fashion with Integrity (FWI) 2030 programme goals and 15% on strategic objectives.

Whilst progress was made against the ESG and strategic elements, the financial metrics were not met and the Remuneration Committee determined that no bonus will be paid to the Executive Directors for FY22.

FY20 ALTIS

Measures	Weighting	Actual achievement	Vesting
Revenue growth	35%	12.9%	11.0%
Diluted EPS	35%	22.9p ¹	0.0%
Relative TSR	30%	Below median	0.0%

1 Consistent with the approach taken in FY21, actual performance for the diluted EPS condition has been assessed using an adjusted profit before tax of £22.0m, an adjusted tax rate, and with the convertible bond treated as dilutive. This is also consistent with how adjusted measures are used as the basis for assessing the outcome of the Group bonus plan and with the restatement of the ALTIS scheme targets which took place at the Remuneration Committee meeting in May 2021.

Directors' Remuneration Report continued

The ALTIS awards granted in FY20 were based on 35% revenue growth, 35% diluted EPS and 30% relative TSR over a three-year performance period measured from 1 September 2019 to 31 August 2022. The overall vesting level for the FY20 ALTIS is 11.0% of maximum for the CO&FO and for the former CEO, who remained entitled to receive a pro-rated FY20 ALTIS as part of his departure terms. José Ramos had not joined the Company at the time of the FY20 ALTIS grant. The Group's performance for these metrics and the vesting calculation were audited and approved by our auditors, PwC. Full details are provided on page 91.

The Committee carefully considered whether the ALTIS vesting outcome fairly reflected the underlying performance of the business as well as the experience of shareholders and stakeholders during the period, using the discretion framework developed in 2020 to support the Committee in determining whether any discretion should be exercised. In particular the Committee considered:

1. Financial and share price performance over the three-year period, both on an absolute basis and compared to our sector peers
2. Ongoing challenges in the retail market and the wider economy resulting from the COVID-19 pandemic
3. Non-financial performance and delivery of our strategic aims over the three-year period
4. Overall remuneration outcomes under the bonus and ALTIS in recent years and the wider pay context at ASOS

The Committee considered that, in the round, the overall vesting outcome of 11% was appropriate.

Remuneration in FY23

Salary

The Committee has reviewed the salary levels of the Executive Directors. Given that José Ramos was appointed in June 2022, the Committee agreed that he will not receive an increase this year. Given the announcement that Mat Dunn will be leaving the Company on 31 December 2022, he also will not receive an increase. The salary for the new CFO will be set on appointment.

FY23 incentives

All incentive awards in relation to FY23 will be made in accordance with the new Remuneration Policy. The Committee reviewed the performance measures for the bonus and ALTIS for FY23 and a summary is set out below.

Annual bonus performance measures

The annual bonus will continue to include three financial measures: 30% revenue, 30% adjusted profit before tax and 15% adjusted free cash flow. The remaining 25% will form a combined ESG and strategic measure, with performance within this measured against targets for Diversity, Equity & Inclusion (DEI), gross margin, stock turn, active customer base and an individual measure.

The strategic measures were carefully chosen to ensure that they are aligned to our most critical business priorities for the year ahead. Our commitment to ESG through our industry leading FWI 2030 programme continues to influence everything we do, and the annual bonus for FY23 will include an ESG measure focused on DEI (linked to female and ethnic minority leadership goals). The 'other strategic' measures will be role specific for each Executive Director, with the CEO's being linked to building and developing the senior leadership team. The new CFO's individual measure will be confirmed on appointment.

ALTIS performance measures

The Committee reviewed the ALTIS performance measures and concluded that the current framework remains appropriate. Therefore, performance will again be measured on 30% EPS growth, 30% revenue growth, 25% relative total shareholder return and 15% ESG. ESG will continue to be measured on progress over the three-year performance period towards our key 2030 objectives, in relation to our four FWI pillars: (1) Be Net Zero; (2) Be More Circular; (3) Be Transparent; (4) Be Diverse.

Colleague engagement and wider workforce remuneration

During the year, I met with ASOS' employee engagement network, the ASOS Voices Network, on a number of occasions, to discuss employee views on remuneration (both at executive and wider employee levels), and other matters of interest to them. We also held a dedicated session to discuss executive remuneration and wider employee remuneration matters, including the proposed Remuneration Policy for Executive Directors. Further details of employee engagement are set out on page 21.

The Committee receives regular updates on pay initiatives for the wider workforce. This year we have been focused on ensuring that we offer fair pay across our workforce, particularly in light of the current cost-of-living crisis. Whilst not fully accredited, ASOS is formally committed to being a Living Wage employer and the Committee receives updates from management to ensure we continue to honour this commitment. To ease cost of living pressures, and prior to the New Living Wage announcement, effective 1 September 2022, employees earning a full time equivalent base salary of below or equivalent to £25,000 per annum received an exceptional salary increase of 4.5%, a one-off payment of £500, and an additional support with lunch vouchers.

Shareholder engagement

The Committee carried out a shareholder consultation with ASOS' major shareholders in September 2022 to obtain feedback on our proposed Remuneration Policy, Executive remuneration structure for FY23 and the executive remuneration package more generally. We were pleased that shareholders understood that we considered it prudent not to make significant changes to the Remuneration Policy this year given the recent management changes at ASOS and the current external environment and were generally supportive of the governance-related changes we have made.

Some shareholders noted an expectation that ESG measures should form a larger part of the ALTIS award and that the apparel sector should have a higher proportion of remuneration directly attributed to sustainability factors overall. The Committee will continue to reflect on this feedback and the weighting of ESG measures as we develop our Remuneration Policy.

Shareholders understood that the inclusion of operating metrics within the Bonus better reflects business imperatives and this has been the consistent feedback we have received in previous years. However, some shareholders noted that operating metrics do indirectly impact financial outcomes and therefore could be attributed to incentives twice. We also noted feedback that there may now be too many metrics in the Bonus, potentially diluting their impact. The Committee will take this feedback into account in the design of any new Remuneration Policy.

Some shareholders have sought re-assurance that our current Policy is sufficient to recruit and retain senior executives. Now that the CEO recruitment has been concluded, we believe that the structure and quantum of our current remuneration packages are broadly in line with the external market, in particular other Main Market listed companies. Our existing remuneration policy also has flexibility to enable us to grant 'buy out' share awards to new Executive Directors. As a result of moving to Main Market, we have introduced new rules for the ALTIS (the ALTIS Rules). Under these ALTIS Rules, whilst the maximum annual award that can be granted under normal circumstances is 250% of base salary, our new ALTIS Rules allow, in exceptional circumstances, for grants of up to 500% of salary in any given year. The Remuneration Committee believes that this should be sufficient to support further recruitment as we continue to build the senior management team.

On behalf of the Committee, I would like to thank shareholders for their input and engagement during this consultation, and throughout the year. Their input has been invaluable for the Committee to better understand shareholder views and to shape the Committee's thinking for the policy review in FY23, as well as ensuring a productive and collaborative relationship regarding future policy decisions.

Concluding remarks




I am stepping down from the Board on 1 December 2022. I would like to thank my Committee colleagues for their support during my tenure.

In the meantime, we look forward to receiving your support for the Directors' Remuneration Policy and Directors' Remuneration Report at the upcoming AGM on 11 January 2023.

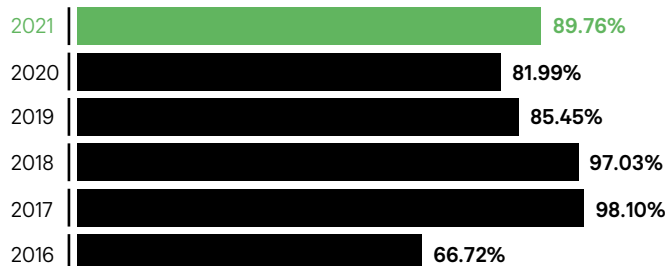


Karen Geary
Remuneration Committee Chair
28 October 2022

Annual remuneration votes 2021

Total votes cast	83,497,968
 Votes for	74,417,329
 Votes against	8,493,661
 Votes withheld (abstentions)	586,978

Historic annual remuneration votes



Annual Report on Remuneration

Summary of FY23 implementation of Remuneration Policy

The purpose of ASOS' Remuneration Policy is to attract, retain and motivate high-calibre, high-performing, engaged employees with the necessary skills to implement the Group's strategy in order to create long-term value for shareholders. Our Policy must reward people for their contributions to the success of ASOS in a fair and responsible manner, over both the short and the long term.

The following provides details of how the Remuneration Policy will be implemented for the year ending 31 August 2023.

Base salary

The CEO was appointed on 16 June 2022, therefore the Committee agreed that there will be no increase to the CEO's salary from 1 December 2022. His salary will next be reviewed with effect from 1 December 2023.

In light of his announced departure, the CO&FO's salary will also not be increased. The salary of the new CFO will be set upon appointment.

Pension

The pension is a defined contribution arrangement or salary supplement. The pension allowance for the CEO is 5% of salary which is aligned with the rate available for the majority of the workforce. The pension allowance for new Executive Directors including the new CFO will be 5%. The pension allowance for the CO&FO is currently 10% of base salary, but will be reduced to 5% from 1 December 2022.

Other benefits

Normal company benefit provision of a 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. The Executive Directors receive a flexible benefits allowance of £12,500 per annum.

Other benefits include private medical insurance and life assurance.

Annual Bonus

The maximum opportunity will be 150% of salary.

Any bonus earned up to 50% of salary will be paid in cash, and any additional bonus earned above this will be split equally between a portion paid in cash and a portion deferred into shares for three years.

The annual bonus targets are commercially sensitive and will be disclosed at the end of the performance year, as in prior years.

The performance measures for FY23 will be based on the following:

- 30% revenue
- 30% adjusted profit before tax
- 15% adjusted free cash flow
- 25% strategic & ESG (DEI target)

For FY23 the Strategic & ESG objectives are:

DEI (female and ethnic minority leadership goals), gross margin, stock turn, number of active customers, and the personal objective for the CEO will be to continue to build and develop the senior leadership team.

ALTIS

The normal maximum opportunity will remain at 250% of salary. Up to 25% of the award may vest for threshold performance.

The performance measures for FY23 will be based on the following:

- 30% EPS growth
- 30% revenue growth
- 25% relative TSR
- 15% ESG

Due to the current challenging external and business environment, the Committee has not yet agreed the ALTIS targets. It is intended that the targets will be agreed before the grants are made in November and be disclosed in the RNS announcement which will be made at the time the ALTIS awards are granted.

Share ownership guidelines

The shareholding guideline for Executive Directors is 200% of salary and they will normally be expected to hold 50% of any shares acquired on vesting until the guidelines has been met. The post-employment shareholding requirement is for Executive Directors to retain their full shareholding guideline (i.e. 200% of salary) for the first year following cessation of employment and half of this amount (i.e. 100% of salary) for a second year thereafter. Where a departing Executive Director has not built up this level of shareholding, their actual shareholding on departure will be subject to the guideline.

Non-executive Director fees

The Non-Executive Directors' fees were reviewed in October 2022.

No changes were made to the fees set out below:

Non-executive Chair £350,000

Non-executive Director £56,230

SID Fee £10,000

Committee Chair Fee £10,000

Committee Membership Fee £2,500 per Committee

Provision 40 disclosures

In developing our approach to remuneration, the Committee was mindful of Provision 40 of the UK Corporate Governance Code. The Committee considers that the Company's executive remuneration framework addresses the following factors:

Clarity	The Committee has provided clear disclosures regarding our Remuneration Policy, its alignment to our purpose and strategy, and the necessary performance requirements. The changes we have made to the Remuneration Policy have been supported by the context of strategic alignment and market practice. We have consulted with our shareholders and employees on the new Remuneration Policy and provided clarity on the relationship between the successful implementation of our strategy and executive remuneration.
Simplicity	Our remuneration structures, including their rationale and operation, are simple to understand and familiar to stakeholders.
Predictability	Our Remuneration Policy contains details of the range of opportunity levels available for each component of pay, including the maximum opportunity level. Actual incentive outcomes vary depending on the level of performance achieved against specific measures.
Proportionality	The link between the annual bonus and ALTIS schemes and the achievement of ASOS' strategy and the long-term performance of the Group is clearly defined. The use of ALTIS holding periods and our shareholding guidelines (including post-employment) ensure that Executive Directors have a strong drive to ensure that performance is sustainable over the long term. The discretion available to the Committee ensures that outcomes do not reward poor performance.
Risk	The Committee has satisfied itself that the remuneration arrangements do not encourage risk taking or other behavioural risks. The Committee has the discretion to apply malus and clawback in certain circumstances, including in the event of any behavioural risks.
Alignment to culture	The Committee ensures that the performance measures for the annual bonus and ALTIS support the Group's purpose, strategy and culture. This is supported by the inclusion of ESG-related performance measures in both schemes, by ensuring the Committee understands the remuneration of the wider workforce and engaging with stakeholders.

Annual Report on Remuneration continued

Details of how ASOS' Remuneration Policy has been applied in the year to 31 August 2022 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 2022 and the year to 31 August 2021 is set out in the tables below.

Executive Director		Base salary £	Benefits ² £	Pensions ³ £	Total fixed £	Bonus £	LTIP ⁴ £	Total variable £	Total remuneration £
José Ramos ¹	2022	126,615	22,879	5,833	155,327	0	0	0	155,327
	2021	-	-	-	-	-	-	-	-
Mat Dunn ⁵	2022	566,932	23,160	54,924	645,016	0	29,561	29,561	674,577
	2021	453,500	17,897	56,687	528,084	620,343	209,777	830,120	1,358,204
Nick Beighton ⁶	2022	68,889	4,164	8,907	81,960	0	26,755	26,755	108,715
	2021	608,250	21,517	78,647	708,414	819,921	198,524	1,018,445	1,726,859
Total	2022	762,436	50,203	69,664	882,303	0	56,316	56,316	938,619
	2021	1,061,750	39,414	135,334	1,236,498	1,440,264	408,301	1,848,565	3,085,063

Non-executive Director		Base fee ⁷ £	Additional fee £	Total expenses ⁸ £	Total remuneration £	Basis for additional fee
Mai Fyfield	2022	55,922	5,208	0	61,130	Member of Audit, Remuneration & ESG Committees
	2021	55,000	-	176	55,176	-
Karen Geary	2022	55,922	13,750	12,218	81,890	Remuneration Committee Chair and Member of Nomination & ESG Committees
	2021	55,000	10,000	2,531	67,531	Remuneration Committee Chair
Luke Jensen	2022	55,922	3,750	1,430	61,102	Member of Audit & Nomination Committees
	2021	55,000	-	202	55,202	-
Jørgen Lindemann ⁹	2022	71,339	3,750	24,796	99,885	Member of Audit & Nomination Committees until appointed Chair of Board on 1 August 2022
	2021	-	-	-	-	-
Patrick Kennedy ¹⁰	2022	35,702	15,744	9,223	60,669	SID & Audit Committee Chair and Member of Remuneration & Nomination Committees
	2021	-	-	-	-	-
Nick Robertson ¹¹	2022	55,922	1,458	0	57,380	Member of ESG Committee
	2021	55,000	-	36	55,036	-
Eugenia Ulasewicz ¹²	2022	55,922	9,583	121,934	187,439	ESG Committee Chair, Member of Audit & Remuneration Committees
	2021	55,000	-	1,672	56,672	-
Ian Dyson ¹³	2022	249,318	3,636	6,610	259,564	See Note 13
	2021	55,000	15,000	166	70,166	SID & Audit Committee Chair
Adam Crozier ¹⁴	2022	84,848	-	-	84,848	-
	2021	350,000	-	36	350,036	-
Total	2022	720,817	56,879	176,211	953,907	-
	2021	680,000	25,000	4,819	709,819	-

- José Ramos was appointed CEO on 16 June 2022, therefore only his remuneration between 16 June 2022 and 31 August 2022 is shown in this table.
- José is entitled to a relocation allowance of £40,000 per year until 4 January 2024 related to his relocation from Portugal to the UK to take up his previous role as Chief Commercial Officer. The benefits shown in this table includes the relocation allowance José received from his appointment as CEO until year end. The Executive Directors receive a flexible benefits allowance of £12,500 per annum, which can be used either to buy a variety of benefits or be taken in cash through our flexible benefits scheme, ASOS Extras. Other benefits include private medical insurance, group income protection and life assurance.
- The Executive Directors' pension contributions shown above were paid in cash. On 1 December 2021, the pension contribution for Mat Dunn changed from 12.5% to 10% of base salary.
- For 2022, this includes the FY20 ALTIS award as detailed on page 91. Based on a share price of £9.89, being the average share price for the last quarter of the financial year, from 1 June to 31 August 2022. The share price depreciated during the vesting period and therefore no portion of the award relates to share price gain. The figures for 2021 are the adjusted figures to show the share price of £24.82 on the day before the vesting date on 31 October 2021 (previously shown as £374,716 for Mat Dunn and £354,662 for Nick Beighton, former CEO).
- Mat Dunn received an additional temporary salary allowance of £5,000 per month to reflect the additional responsibilities he undertook, leading the day-to-day operation of the business on a temporary basis until we appointed a new CEO. This is reflected in his base salary in the table.
- Nick Beighton stepped down as CEO and from the Board on 11 October 2021. The table above outlines the remuneration he received between 1 September 2021 and 11 October 2021. He received a salary, pension and benefits until 31 December 2021, and a payment in lieu of notice in relation to salary, pension and benefits in respect of his remaining 12-month notice period (until 11 October 2022), details of which are outlined on page 93. Nick's benefits figure for 2021 has been updated to correct an error (previously shown as £20,490).
- The base fee for Non-executive Directors increased to £56,230 effective from 1 December 2021.
- The taxable expenses include travel and other expenses related to their role and have been grossed up for tax, where applicable.
- Jørgen Lindemann was appointed as Non-executive Director on 1 November 2021 and Chair of the ASOS Plc Board on 1 August 2022.
- Patrick Kennedy was appointed Non-executive Director, Senior Independent Director and Chair of the Audit Committee on 13 January 2022.
- Nick Robertson donated all of his base service fee and his additional fee to the ASOS Foundation.
- Eugenia Ulasewicz was appointed Chair of the newly established ESG Committee on 1 February 2022. Eugenia's taxable benefits figure for 2021 has been updated to correct an error (previously shown as nil).
- Ian Dyson served as Non-executive Director, Senior Independent Director and Chair of the Audit Committee until he was appointed Chair of the ASOS Plc Board on 29 November 2021. Ian stepped down as Chair of the Board on 1 August 2022.
- Adam Crozier stepped down as Chair of the Board on 28 November 2021.

Annual bonus for the year ended 31 August 2022 (audited)

For the CO&FO, the annual bonus plan for the year ended 31 August 2022 was based on the following financial metrics:

	Weighting	Threshold	Target	Maximum	Performance achieved	Outcome
Adjusted PBT ¹	30%	£100m	£125m	£140m	£22.0m	Below threshold
Revenue growth ²	30%	+10%	+13%	+15%	2%	Below threshold
Adjusted Free Cash Flow ³	15%	(£20.0m)	£0m	+£20.0m	(£321.6m)	Below threshold

1 Adjusted for £53.9 million of adjusting items.

2 Constant currency basis.

3 Adjusted for payment of £18.2 million of adjusting items.

The remainder of the bonus was based 10% on ESG metrics linked to progress against our FWI 2030 programme goals and 15% on strategic objectives.

Whilst progress was made against the ESG and strategic elements, the financial metrics were not met and the Remuneration Committee determined that no bonus will be paid to the Executive Directors for FY22.

FY20 ALTIS awards vesting for performance to 31 August 2022 (audited)

The ALTIS awards with a performance period ending on 31 August 2022 are due to vest on 31 October 2022. These awards were based on revenue growth, diluted EPS and relative TSR over the three-year performance period from 1 September 2019 to 31 August 2022. The performance targets and level of achievement against those targets were as follows:

Measures	Weighting	Targets	Percentage vesting	Actual achievement	Vesting
Revenue growth	35%	Below 12.5%	0%	12.9%	11.0%
		12.5%	25%		
		Between 12.5% and 17.5% 17.5% or above	Between 25% and 100% ¹ 100%		
Diluted EPS	35%	Below 76.8p	0%	22.9p ²	0.0%
		76.8p	25%		
		Between 76.8p and 130.0p 130.0p or above	Between 25% and 100% ¹ 100%		
Relative TSR	30%	Below median	0%	Below median	0.0%
		At median	25%		
		Between median and upper quartile At or above upper quartile	Between 25% and 100% ¹ 100%		

1 Straight-line interpolation between points in the range.

2 Consistent with the approach taken in FY21, actual performance for the diluted EPS condition has been assessed using an adjusted profit before tax of £22.0m, an adjusted tax rate, and with the convertible bond treated as dilutive. This is also consistent with how adjusted measures are used as the basis for assessing the outturn of the Group bonus plan and with the restatement of the ALTIS scheme targets which took place at the Remuneration Committee meeting in May 2021.

Details of vesting:

Executive Director	Number of shares granted	Number of shares vesting	Date of vesting	Value of awards vesting ¹
Mat Dunn	27,173	2,989	31/10/2022	£29,561
Nick Beighton ²	24,594	2,705	31/10/2022	£26,755

1 Based on a share price of £9.89, being the average share price for the last quarter of the financial year, from 1 June to 31 August 2022, as is normal practice.

2 Nick Beighton stepped down from the Board on 11 October 2021 and remained employed by the Group until 31 December 2021. He was granted good leaver status for his remaining unvested ALTIS awards. This award will vest subject to time pro-rating to 31 December 2021. His original award was over 31,609 shares prior to time pro-rating.

José Ramos had not joined the Company at the time the FY20 ALTIS award was granted.

The Committee carefully considered whether the ALTIS vesting outcome fairly reflected the underlying performance of the business as well as the experience of shareholders and stakeholders during the period. This included a discussion on ASOS' financial and non-financial performance and strategic progress, the wider economic environment and the historic wider pay context at ASOS. The Committee considered that, in the round, the overall vesting outcome of 11% was appropriate and no discretion was exercised.

Adjustments to FY20 and FY21 ALTIS targets

In April 2020, ASOS raised net proceeds of £239.4million through issuing additional shares; in February 2021, the Topshop brands were purchased from Arcadia for £292.4million; and in April 2021 the Company raised a further £500million by issuing convertible bonds. These transactions were not anticipated at the time the performance targets for the FY20 and FY21 awards were set.

In May 2021, the Remuneration Committee approved changes to the targets for the FY20 and FY21 ALTIS awards which adjusted for these three events. The changes impacted the revenue and EPS targets only and ensure actual performance can be assessed against them on a like-for-like basis.

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The change between the original targets and the revised targets for the two awards are as follows:

FY20 ALTIS

Measures	Performance scenario	Original targets	Revised targets
Revenue growth	Threshold	10%	12.5%
	Maximum	15%	17.5%
EPS growth	Threshold	71.0p	76.8p
	Maximum	121.8p	130.0p

The revised targets in the above table have been used in the final performance assessment for the FY20 ALTIS shown on page 91.

FY21 ALTIS

Measures	Performance scenario	Original targets	Revised targets
Revenue growth	Threshold	10%	12.2%
	Maximum	20%	22.2%
EPS growth	Threshold	138.6p	161.2p
	Maximum	179.9p	206.7p

Details of the performance outcome relative to the revised targets shown above will be disclosed in the FY23 Directors' Remuneration Report.

ALTIS awards granted in the year (audited)

In the year under review, an ALTIS award was granted to the CO&FO on 23 November 2021. Details of the award are as follows:

Basis of award	Type of award	Number of shares granted	Face value of award ¹	% vesting for threshold performance	Performance period
250% of base salary	Conditional share award at nil cost	48,791	£1,312,478	25%	01.09.21 – 31.08.24

1 Based on the five-day average share price of £26.90 as at 22 November 2021.

As part of the terms of his appointment as CEO, José Ramos was granted an ALTIS award on 23 June 2022 to bring his award for FY22 more in-line with our policy for Executive Directors. Details of the award are as follows:

Basis of award	Type of award	Number of shares granted	Face value of award ¹	% vesting for threshold performance	Performance period
250% of base salary ²	Conditional share award at nil cost	20,612	£174,996	25%	01.09.21 – 31.08.24

1 Based on the five-day average share price of £8.49 as at 22 June 2022.

2 Based on base salary of £700,000.

The performance conditions for these awards are in the table below, with performance measured over the three-year period from 1 September 2021 to 31 August 2024, and vesting on 31 October 2024:

Measures	Weighting	Threshold performance (25% vesting)	Maximum performance (100% vesting)
EPS growth (CAGR) ¹	30%	24.5%	29.5%
Revenue growth (CAGR) ¹	30%	15%	20%
Relative TSR	25%	Median	Upper quartile
ESG – FWI goals	15%	See below ²	See below ²

1 EPS targets represent average p.a. growth to FY24 compared to FY21 EPS (excluding the one-off COVID-19 benefit). Revenue growth targets represent average p.a. growth rates compared to FY21 reported revenue.

2 ESG performance will be assessed based on the extent of the Company's progress over the period FY22 to FY24 toward the Company's key 2030 objectives, in relation to the Company's four FWI pillars: (1) Be Net Zero; (2) Be More Circular; (3) Be Transparent; (4) Be Diverse. The Committee will judge progress in the round and determine what vesting outcome is appropriate based on the extent and nature of the progress achieved.

The relative TSR comparator group consists of the following companies: Boohoo Group, Boozt, Brown Group, Farfetch, Global Fashion Group, H&M, Inditex, JD Sports Fashion, Joules Group, Marks & Spencer, Next, Revolve Group, THG Holdings and Zalando.

Before José was appointed CEO, he was granted the following awards in his role as Chief Commercial Officer:

Basis of award	Type of award	Number of shares granted	Face value of award ¹	% vesting for threshold performance	Performance period
125% of base salary ¹	Conditional share award at nil cost	21,433	£576,548 ²	25%	01.09.21 – 31.08.24 ⁴
100% of base salary ¹	Conditional share award at nil cost	20,319	£461,241 ³	N/A	N/A

1 Based on base salary when Chief Commercial Officer.

2 Based on the five-day average share price of £26.90 as at 22 November 2021.

3 Based on the five-day average share price of £22.70 as at 13 January 2022.

4 Performance measures and targets for this award are as shown on page 92.

Payments for loss of office (audited)

Nick Beighton

Nick Beighton stepped down from the Board on 11 October 2021 but remained employed and available to support the Group until 31 December 2021. In line with the Remuneration Policy at that time, he received salary, pension and benefits to 31 December, and he received an annual bonus for the full FY21 year. He received a payment in lieu of notice in relation to salary, pension and benefits, in respect of his remaining notice period to 10 October 2022.

His FY19 ALTIS vested as normal on 31 October 2021. He was granted 'good leaver' status for his remaining unvested ALTIS awards. These will vest in line with the original scheduled vesting dates, subject to performance conditions and time pro-rating to 31 December 2021. His outstanding SAYE option was cancelled in November 2021. Expenses of £10,000 for legal fees and £50,000 for outplacement costs were paid on his behalf.

Details of payments made to Nick Beighton during the year to 31 August 2022, following his stepping down from the Board on 11 October 2021 and until he left employment on 31 December 2021, are set out below:

Base salary	£137,778
Pension	£15,588
Benefits	£10,680
Payment in lieu of notice period	£537,381
Legal and outplacement costs	£60,000
Total	£761,427

Mat Dunn

On 17 August 2022 it was announced that Mat Dunn would step down from his Chief Operating Officer and Chief Financial Officer (CO&FO) roles as ASOS restructures its Executive team. It is not envisaged that the combined CO&FO role will continue after the restructuring. Mat will continue in his roles and as a member of the Board until 31 October 2022 and will remain employed until 31 December 2022 to provide transitional support. Mat's remuneration arrangements on departure are in line with the leaver treatment set out in the Remuneration Policy and are summarised as follows:

- Mat will receive his usual salary and normal benefits during the remainder of his employment and thereafter will receive an amount in lieu of his salary for the remainder of his 12-month notice period.
- Mat will be eligible to receive a bonus in respect of FY23, pro-rated to the date he steps down from the ASOS Plc Board (31 October 2022), which will be assessed and paid in the normal way.
- Mat's FY20 ALTIS will vest as normal on 31 October 2022 (as outlined on page 91). Given that the combined CO&FO role will not be retained in the new executive team, the Committee intends to treat Mat as a good leaver in respect of outstanding ALTIS awards granted on 20 November 2020 and 23 November 2021, which will be assessed and pro-rated to 31 December 2022 as detailed below and will vest on the normal vesting date, subject to the satisfaction of applicable performance conditions. He will not be entitled to a FY23 ALTIS award.

Date of grant	Number of shares subject to award	Number of shares pro-rated for time	Number of shares pro-rated for time
23 November 2021	48,791	21,655	31 October 2024
20 November 2020	25,633	19,939	31 October 2023
20 November 2019	27,173	27,173	31 October 2022

- Mat is eligible to have expenses paid on his behalf in relation to legal fees, up to £10,000, and outplacement support, up to £25,000.

There were no other payments made for loss of office during the year to 31 August 2022.

Payments to past Directors (audited)

There were no payments made to any past Directors during the year to 31 August 2022.

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Directors' interests in share plans (audited)

Director	Share option scheme	Date of grant	31 August 2021 (no. of shares)	Granted during the year to 31 August 2022 (no. of shares)	Lapsed during the year to 31 August 2022 (no. of shares)	Vested during the year to 31 August 2022 (no. of shares)	31 August 2022 (no. of shares)	Vest date/ period
José Ramos	RSU ¹	16.02.21	4,272	–	–	4,272	–	12.04.22
	ALTIS ²	16.02.21	12,511	–	–	–	12,511	31.10.23
	ALTIS ²	23.11.21	–	21,433	–	–	21,433	31.10.24
	RSU ³	14.01.22	–	20,319	–	–	20,319	50% on 31.10.22 and 50% on 30.04.23
	ALTIS ²	23.06.22	–	20,612	–	–	20,612	31.10.24
Mat Dunn	ALTIS ²	28.06.19	22,216	–	13,753	8,463	–	31.10.21
	ALTIS ²	20.11.19	27,173	–	–	–	27,173	31.10.22
	ALTIS ²	20.11.20	25,633	–	–	–	25,633	31.10.23
	ALTIS ²	23.11.21	–	48,791	–	–	48,791	31.10.24
Nick Beighton ⁴	ALTIS ²	24.10.18	21,027	–	13,018	8,009	–	31.10.21
	ALTIS ²	20.11.19	31,609	–	7,015	–	24,594	31.10.22
	ALTIS ²	20.11.20	34,475	–	19,160	–	15,315	31.10.23
	SAYE	27.11.20	510	–	510	–	–	–

- 1 Conditional award over shares under the rules of the ASOS Long Term Incentive Scheme, with no performance conditions applying to the award.
- 2 Conditional award over shares under the rules of the ASOS Long Term Incentive Scheme. Performance conditions for those awards are set out in the relevant remuneration report for the year of grant.
- 3 Conditional award over shares under the rules of the ASOS Long Term Incentive Scheme, with no performance conditions applying to the award, but vesting of each award is subject to continued employment.
- 4 Nick Beighton stepped down as CEO on 11 October 2021. Reflecting his contribution during his long period of service with ASOS, he was treated as a 'good leaver' in respect of inflight FY20 and FY21 ALTIS awards, which have been retained and will vest in line with their original schedule, subject to performance testing and time pro-rating to 31 December 2021, the date of his departure. His outstanding SAYE option lapsed on 31 December 2021.

Directors' shareholdings (audited)

The Directors who held office at 31 August 2022 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 200% of salary for the CEO and CFO.

Director	Beneficially owned as at 31 August 2021 (no. of shares)	Beneficially owned as at 31 August 2022 (no. of shares)	Outstanding share options (ALTIS) (no. of shares)	Shareholding guideline met
José Ramos	–	3,705	74,875	No
Mat Dunn	12,002	20,644	101,597	No
Jørgen Lindemann	–	62,052	N/A	N/A
Mai Fyfield	2,000	2,000	N/A	N/A
Karen Geary	641	641	N/A	N/A
Luke Jensen	15,733	15,733	N/A	N/A
Patrick Kennedy	23,000	53,000	N/A	N/A
Nick Robertson	3,336,414	2,886,414	N/A	N/A
Eugenia Ulasewicz	500	500	N/A	N/A

Former Directors	Beneficially owned as at leaving date (no. of shares)
Ian Dyson ¹	15,205
Adam Crozier ²	20,770
Nick Beighton ³	156,121

- 1 As at 1 August 2022.
- 2 As at 28 November 2021.
- 3 As at 11 October 2021. Nick Beighton was compliant with the shareholding guideline for Executive Directors as at the date he stepped down from the Board. He is not subject to any post-employment shareholding requirements.

On 19 October 2022, Jørgen Lindemann purchased 48,000 shares, meaning he now holds 110,052 shares in the Company. There were no other changes to the Directors' share interests between 31 August and 28 October 2022.

Pay gap reporting

We will be publishing our next Gender Pay Gap reports for April 2022 early next year. 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.

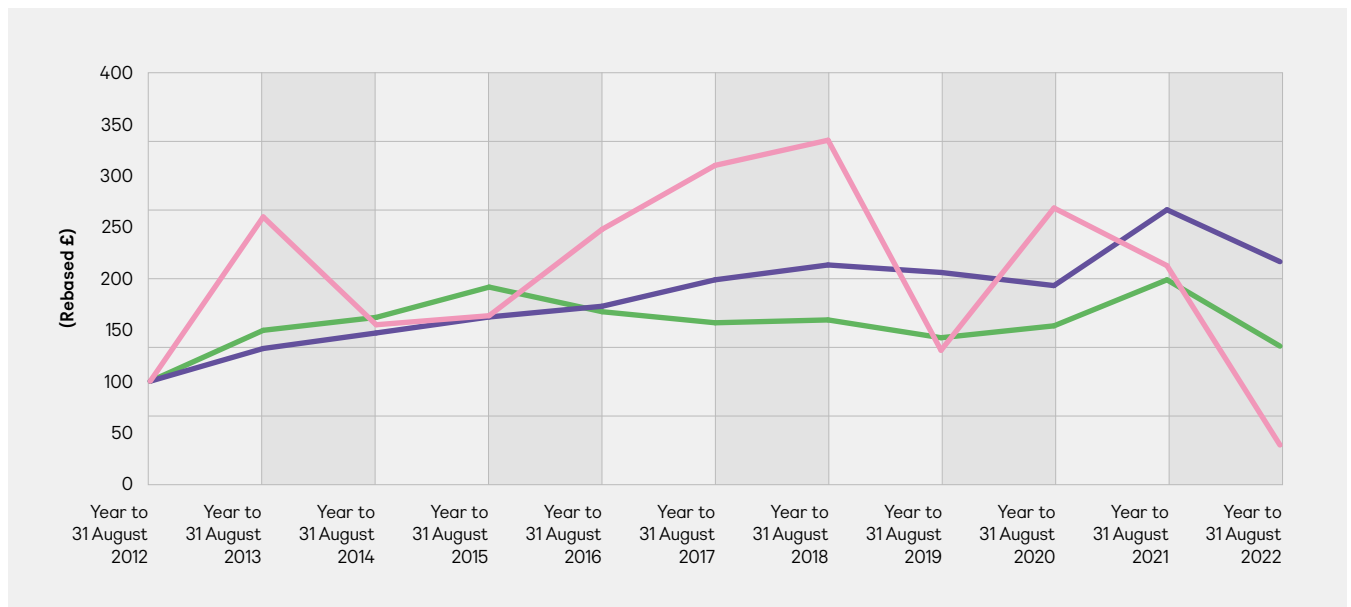
In addition, ASOS carries out an annual equal pay audit, checking the pay of men and women doing the same or similar roles. Our audits continue to show that our pay policies and practices pay men and women equally for equivalent roles. Our pay range system ensures ASOSers are paid fairly based on their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

We will also be publishing our Ethnicity Pay Gap data for the second year in a row as part of our FWI objectives to ensure ASOS is a diverse and inclusive workplace.

Diversity continues to be a key area of focus for ASOS and our 2030 FWI goals include stretching targets of achieving at least 50% female representation and over 15% ethnic minority representation across our combined leadership team by 2023, and at every leadership level by 2030.

Performance and CEO remuneration comparison

This graph shows the value, by 31 August 2022, of £100 invested in ASOS Plc on 31 August 2012 compared with that of £100 invested in the FTSE 250 and the FTSE All-Share General Retail Indices. These are the indices that the Company is a member of and between them they show the Company's performance against both the broader market and the retail sector. The other points plotted are the values at the intervening financial year ends.



◆ ASOS Plc ◆ FTSE 250 ◆ FTSE All-Share General Retail Index

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 August 2013	Year to 31 August 2014	Year to 31 August 2015*	Year to 31 August 2016*	Year to 31 August 2017	Year to 31 August 2018	Year to 31 August 2019	Year to 31 August 2020	Year to 31 August 2021	Year to 31 August 2022*
Total remuneration (£) ¹	803,843	337,193	81,280	1,199,520	3,072,259	2,904,614	848,487	1,730,323	1,726,859	264,042
Annual bonus % ²	60.0%	-	-	70.0%	65.0%	-	-	93.7%	89.9%	-
Long-term incentive % ³	-	-	-	-	99.1%	100%	27.0%	31.2%	38.1%	11.0%

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 shown for the FY21 award was calculated using a share price of £24.82, being the closing share price on the day before the vesting date on 31 October 2021. The value shown for the year to 31 August 2022 is based on the average share price for the last quarter of the financial year to 31 August 2022. This will be adjusted to reflect the share price at the point of vesting on 31 October 2022.

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 2015, Nick Robertson opted to waive receipt of £442,580 of his base salary, and any entitlement to bonus.

5 Nick Robertson stepped down as CEO and was succeeded by Nick Beighton on 2 September 2015.

6 During the year to 31 August 2022, Nick Beighton stepped down as CEO on 11 October 2021 and José Ramos was appointed CEO part way through the year on 16 June 2022, therefore this table shows the remuneration Nick received between 1 September 2021 and 11 October 2021 (£108,715) and the remuneration José received between 16 June 2022 and 31 August 2022 (£155,327). José had not joined the Company when the FY20 ALTIS was awarded. No bonus was paid in FY22.

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Percentage change in Directors' remuneration

The table below shows the percentage change in the Directors' salary/fees, benefits and annual bonus over the last three years, compared with all employees of ASOS. This is a voluntary disclosure as no employees are directly employed by ASOS Plc.

% change	FY22			FY21			FY20		
	Salary/Fees	Benefits ⁹	Bonus	Salary/Fees	Benefits ⁹	Bonus	Salary/Fees	Benefits ⁹	Bonus ¹⁰
All employees	13.0%	-4.5%	-100%	16.1%	37.6%	7.9%	7.1%	13.2%	100%
Executive Directors									
José Ramos ¹	-	-	-	-	-	-	-	-	-
Mat Dunn ²	25.0%	29.4%	-100%	5.6%	2.0%	49.7%	1%	9.1%	100%
Non-executive Directors									
Jørgen Lindemann ³	-	-	-	-	-	-	-	-	-
Mai Fyfield	2.24% ⁷	-100%	-	-	300%	-	-	-	-
Karen Geary	2.24% ⁷	383%	-	-	6,900%	-	-	-	-
Luke Jensen	2.24% ⁷	608%	-	-	400%	-	-	-	-
Patrick Kennedy ³	-	-	-	-	-	-	-	-	-
Nick Robertson	2.24% ⁷	-100%	-	-	-	-	-	-97%	-
Eugenia Ulasewicz	2.24% ⁷	7,191%	-	-	-	-	-	-	-
Former Directors									
Adam Crozier ⁴	0%	-100%	-	-	-	-	-	-91%	-
Nick Beighton ⁵	0%	0%	-100%	6.5%	2.3%	2.2%	1%	19.6%	100%
Ian Dyson ⁶	536.4%	3,882%	-	-	300%	-	-	-92%	-

1 José Ramos was appointed CEO part way through FY22 on 16 June 2022.

2 Mat Dunn received an additional temporary salary allowance of £5,000 per month during FY22 to reflect his additional responsibilities leading the day-to-day operation of the business on a temporary basis until the CEO was appointed. Mat Dunn's target and maximum bonus opportunity was increased during FY21 to align with the CEO. 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 the FY20 calculation.

3 Jørgen Lindemann and Patrick Kennedy joined the Board part way through FY22.

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 the FY20 calculation.

5 Nick Beighton was given a flexible benefits allowance of £12,500 in FY20.

6 Ian Dyson was appointed Chair of the Board on 29 November 2021.

7 The base fee for Non-executive Directors was increased to £56,230 effective 1 December 2021.

8 Once COVID-19 social and travel restrictions started to lift, Board and Committee meetings were held in person leading to an increase in Director travel and other expenses in FY21 and again in FY22.

9 Reduction in benefits in FY20 was due to a reduction in expenses claimed during that year.

10 No bonus was paid in FY19.

CEO pay ratio

The table below shows the ratio of the total remuneration paid to the CEO for 2021/22 against the upper quartile, median and lower quartile full-time equivalent remuneration of ASOS' UK employees. This is the third year of reporting a pay ratio and data from the last two financial years is shown for comparison.

	Method	P25	P50	P75
2021/22	Option C	9:1	6:1	4:1
Full-year equivalent 2021/22	Option C	29:1	17:1	11:1
2020/21	Option C	68:1	35:1	25:1
2019/20	Option C	73:1	38:1	24:1

The first calculation for 2021/22 uses the total remuneration paid to Nick Beighton between 1 September 2021 and 11 October 2021 and the total remuneration paid to José Ramos between 16 June 2022 and 31 August 2022 (as disclosed on page 90). There was a period during the financial year, between 12 October 2021 and 15 June 2022, that the Company did not have a CEO, therefore the second calculation (Full-year equivalent 2021/22) provides the ratios if José Ramos had been CEO for the full financial year.

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 2022, and their total remuneration was calculated, including salary, benefits, flex allowance and pension as at that date plus 2021/22 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. Based on that review of similarly ranked roles, the remuneration of all three individuals was deemed to be representative of the relevant quartile.

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

	P25	P50	P75
Base salary	£26,443	£40,521	£63,519
Total remuneration	£28,032	£47,668	£71,593

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. This means that the pay ratio will vary in large part due to incentive outcomes each year. No bonus was paid this year (compared to 89.9% of maximum last year), and no ALTIS awards were due to vest to José Ramos this year (compared to a 38.1% of maximum outcome for Nick Beighton in 2020/21), which has led to a reduction in the pay ratio for 2021/22.

Relative importance of spend on pay

The following table shows ASOS' actual spend on pay (for all employees) relative to retained profit. This has been used as a comparison as this is a key metric that the Board considers when assessing the Company and Group's performance. 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.

Staff costs (£million) ¹		PBT (£million) ²	
2022	198.9	2022	(31.9)
2021	205.5	2021	177.1

¹ The above includes capitalised staff costs and excludes share-based payments charge.

² See Note 2 of financial statements for more information.

Non-executive Directors' dates of appointment

Non-executive Director	Date of appointment	Notice period	Appointment end date in accordance with letter of appointment	Total length of service as at 31 August 2022
Jørgen Lindemann	1 November 2021	None	AGM 2022	<1
Mai Fyfield	1 November 2019	None	AGM 2022	2.8
Karen Geary	1 October 2019	None	AGM 2022	2.9
Luke Jensen	1 November 2019	None	AGM 2022	2.8
Patrick Kennedy	13 January 2022	None	AGM 2022	<1
Nick Robertson ¹	2 September 2015	None	AGM 2022	7
Eugenia Ulasewicz	16 April 2020	None	AGM 2022	2.3

¹ Nick Robertson is the Founder and former CEO of ASOS. He stepped down from the role of CEO and assumed the role of Non-executive Director on 2 September 2015.

Annual Report on Remuneration continued

Overview of Remuneration Committee

Composition of the Remuneration Committee

The Remuneration Committee currently comprises four independent Non-executive Directors: Karen Geary (Chair), Mai Fyfield, Patrick Kennedy and Eugenia Ulasewicz. Ian Dyson also served on the Committee for part of the year until 29 November 2021. Appropriate members of the management team, as well as the Committee's advisors, are invited to attend meetings as appropriate, unless there is 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.

Terms of Reference

The full Terms of Reference for the Committee, which are reviewed and approved annually, are available on our corporate website, [asosplc.com](https://www.asosplc.com). These were last updated on 6 October 2022.

Committee composition and effectiveness

Details of the Committee's experience can be found on pages 58 and 61. The Committee's membership was and remains fully compliant with the 2018 UK Corporate Governance Code. The outcome of the Committee's annual performance evaluation, undertaken as part of the Group's internal evaluation of the effectiveness of the Board and its Committees, showed high scores for the effectiveness of the Remuneration Committee, including the management of meetings, information received and performance of the Committee Chair.

Advisors to the Remuneration Committee

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

Committee advisor

- Deloitte has been the independent advisor to the Committee since 2019 and were appointed by the Committee following a competitive tender process. Deloitte are signatories to the Remuneration Consultants' Code of Conduct, and the Committee is satisfied that the advice that it receives is objective and independent. Total fees for advice provided to the Committee were £157,000 in the financial year to 31 August 2022 on a time and materials basis. The Deloitte 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, during the year other parts of Deloitte also advised the Group in relation to financial advisory, consulting, taxation, accounting 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, Head of Reward, General Counsel & Company Secretary and Executive Directors.

Key areas of focus for the year ahead

- Engaging with shareholders in relation to our approach to remuneration for 2023/24.
- Review and approve any salary increases for the Executive Committee.
- Determine 2022/23 annual bonus outcome and FY21 ALTIS awards vesting.
- Approve 2023/24 ALTIS awards, and 2023/24 annual bonus.
- Continue to monitor regulatory and legislative developments.
- Conducting a full review of variable pay.

Remuneration Policy

ASOS Plc listed on the Main Market of the London Stock Exchange in February 2022 and we will therefore be submitting our Remuneration Policy for binding shareholder approval for the first time at our upcoming AGM on 11 January 2023. In line with the regulations, the new Policy for ASOS' Executive and Non-executive Directors will operate for up to the three years from the date of approval at the AGM on 11 January 2023.

Although this is the first year that the Company will be subject to a binding vote on the Remuneration Policy, the Company has been following the requirements for Main Market listed companies in practice for a number of years and therefore already has an established policy. During the year, the Committee considered the current Policy and agreed that, given the recent management changes at ASOS during the year and the current external environment, it was not appropriate to make significant changes to the Policy this year, but a wholesale review will be undertaken in FY23. Generally, the shareholders we consulted with were supportive of this approach and to the proposed changes to the Policy.

The Committee followed a detailed decision-making process which included discussions on the proposals for the Policy at a number of 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 advisors, as well as ASOS' major shareholders and employees, to ensure that various perspectives were considered. To avoid any conflicts of interest, no Directors were involved in conversations relating to their own pay. However, Executive Directors were kept well-informed to ensure alignment with wider employee remuneration structures and strategic goals.

The Committee noted that the existing policy has previously delivered a strong correlation between reward outcomes and underlying performance. It has ensured that the Remuneration Policy continues 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.
- Ensure that the total reward cost to ASOS is affordable and sustainable.

In view of the Company's move to the Main Market of the London Stock Exchange, the Committee reviewed the corporate governance features in place and agreed to make the following enhancements:

1. Introduction of annual bonus deferral – In line with best practice in the Main Market, we are proposing to add a deferral element to the annual bonus scheme.
2. ALTIS (ASOS Long Term Incentive Scheme) holding period – In line with best practice and as outlined in our Main Market Prospectus, we are proposing to extend the total time horizon of the ALTIS to five years by adding a two-year post-performance period holding period (i.e. three-year performance period plus two-year holding period).
3. Post-employment shareholding guideline – To further align ourselves with best practice, we are proposing to extend our shareholding requirements to apply post-employment. The Committee believes that these three features of the executive remuneration framework will strengthen the alignment of our executives' interests with the interests of our shareholders, encouraging the delivery of sustainable, long-term performance. Further details on the proposed changes are outlined on page 101.

The full Remuneration Policy that shareholders are asked to approve at the AGM taking place on 11 January 2023 is set out below and will be available on our website at [asosplc.com](https://www.asosplc.com).

Remuneration Policy table

The following table sets out the proposed Remuneration Policy. This table also applies to any other individual who is required to be treated as an Executive Director under the applicable regulations.

Base salary		
Purpose and link to strategy	Operation	Maximum
Reflects an individual's responsibilities, experience and performance in their role.	<p>Salaries are normally reviewed annually, with changes being effective from 1 December. When determining salary levels, the Committee takes into account factors including:</p> <ul style="list-style-type: none"> • Responsibilities, abilities, experience and performance of an individual. • The performance of the individual in the period since the last review. • The Group's salary and pay structures and general workforce salary increases. <p>Periodically the Committee reviews market data for FTSE-listed and other retail and internet/technology-based companies to ensure salaries remain appropriate in this context.</p>	<p>There is no defined maximum base salary. Executive Directors' salary increases will normally be in line with the typical level of increase awarded to other employees. Increases may be above this level in certain circumstances, including:</p> <ul style="list-style-type: none"> • Where a new Executive Director has been appointed to the Board at a lower than typical market salary to allow for growth in the role. • Where an Executive Director has been promoted or has had a change in responsibilities. • Where there has been a significant change in market practice. • Other exceptional circumstances.

Remuneration Policy continued

Pension

Purpose and link to strategy	Operation	Maximum
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.	Contribution aligned to the wider workforce, which is currently 5% of base salary.

Other benefits

Purpose and link to strategy	Operation	Maximum
To support the personal health and wellbeing of employees. To reflect and support ASOS culture.	<p>Package of taxable benefits offered through our flexible benefits scheme, ASOS Extras, which offers all employees a fixed value depending upon their seniority, and can be used either to buy a variety of benefits or be taken in cash. Other benefits include private medical insurance and life assurance.</p> <p>The Executive Directors currently receive a flexible benefits allowance of £12,500 per annum (though this may be increased as part of any review of the employee benefits policy).</p> <p>Reasonably incurred expenses will be reimbursed.</p> <p>Where necessary any benefits or expenses may be grossed up for taxes.</p> <p>The Committee may introduce other benefits to the Executive Directors if this is considered appropriate taking into account the individual's circumstances, the nature of the role and practice for the wider workforce.</p> <p>Where an Executive Director is required to relocate to perform their role, appropriate one-off or ongoing benefits may be provided (such as housing, schooling etc.).</p>	There is no maximum level of benefits.

Annual bonus

Purpose and link to strategy	Operation	Maximum	Measures
Provides a link between remuneration and both short-term Group and individual performance. Annual bonus deferral encourages the delivery of sustainable, longer-term performance and strengthens the alignment of Executive Directors with shareholders' interests.	<p>The annual bonus is earned based on performance against targets set by the Committee. Targets are reviewed annually. Bonus payments 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.</p> <p>Any annual bonus earned up to a value of 50% of salary will be paid in cash. Any further bonus earned above this value will normally be delivered 50% in cash and 50% in shares to be deferred for three years.</p> <p>Malus provisions apply to the deferred bonus shares. Clawback applies to vested deferred bonus shares for a period of three years from the date of award. See page 104.</p> <p>The Committee may decide to pay the entire bonus in cash where the amount to be deferred into shares would, in the opinion of the Committee, be so small it is administratively burdensome to apply deferral.</p>	Maximum annual bonus opportunity of 150% of base salary.	The annual bonus is normally measured over a one-year period and may be based on a mix of financial, operational, strategic and individual performance measures. Normally at least 50% of the bonus will be based on financial measures. The Committee determines the exact metrics each year depending on the key goals for the forthcoming year. Up to 25% of the bonus is paid for achieving a threshold level of performance and the full bonus is paid for delivering stretching levels of performance. Below threshold performance, no payment is made. The Committee sets bonus targets each year to ensure they are appropriately stretching in the context of the strategy.

ASOS Long Term Incentive Scheme (ALTIS)

Purpose and link to strategy	Operation	Maximum	Measures
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.	<p>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 for a period of five years from date of award (see page 104).</p> <p>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 three-year performance period, 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.</p> <p>A two-year post-vesting holding period will normally apply to ALTIS awards granted from FY23 onwards.</p>	The maximum annual award that can be granted under the ALTIS in normal circumstances is 250% of base salary, although the ALTIS rules allow for grants of up to 500% of salary in any given year.	Awards may vest based on financial, non-financial and strategic performance conditions which are aligned to the Company's strategy (the satisfaction of which is determined by the Committee) and normally measured over at least three years. The measures for the FY23 award are relative TSR (25%), EPS growth (30%), revenue growth (30%) and ESG (15%). Any substantial or significant change to measures will be subject to shareholder consultation. Up to 25% of the award vests for threshold levels of performance, increasing to 100% of the award for stretching performance. The Committee sets targets each year that are stretching and motivational.

Share ownership guidelines

Purpose and link to strategy	Operation	Maximum
Increases alignment between the Board and shareholders. Shows a clear commitment by all Executive Directors to creating value for shareholders in the long term.	<p>The shareholding guideline for Executive Directors is 200% of salary.</p> <p>Under the guidelines Executive Directors are expected to hold 50% of any shares acquired on vesting of the ALTIS or the Deferred Bonus Plan, and any subsequent share awards thereafter (net of tax), until the expected shareholdings are achieved.</p> <p>A post-employment shareholding guideline applies whereby Executive Directors are normally expected to hold 100% of their in-employment shareholding guideline for one year following stepping down from the Board, reducing to 50% of their in-employment shareholding guideline for the second year following stepping down from the Board. Where an Executive Director's shareholding at the time of their departure is below these limits, they will normally be expected to hold their actual shareholding for the time period above.</p> <p>This guideline only applies to incentive awards granted from FY23 onwards.</p>	Not applicable.

All-employee share plan

Purpose and link to strategy	Operation	Maximum
Increase alignment between employees and shareholders in a tax-efficient manner. Supports retention of employees.	A 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.	Participation in any all-employee share plan is subject to the same maximum as for all other participants, which is determined by the Company in accordance with the applicable legislation.

Non-executive Directors

Purpose and link to strategy	Operation	Maximum
Provide fees appropriate to time commitments and responsibilities of each role.	<p>Cash fee normally paid on a monthly basis. Fee levels are set taking into account the responsibilities of the Non-executive Directors and fees at companies of a similar size and complexity. Supplementary fees are paid for holding additional roles, for example Board Committee Chairs and members and the Senior Independent Director. The Company may pay an additional fee to a Non-executive Director should the Company require significant additional time commitment in exceptional circumstances.</p> <p>The Chair receives a consolidated fee. Fees are reviewed periodically. In addition, reasonable business expenses (together with any tax thereon) may be reimbursed. Additional benefits may be introduced if considered appropriate.</p>	There is no prescribed maximum. In aggregate, fees paid to all Directors will not exceed the limit set out in the Company's Articles of Association.

Remuneration Policy continued

Selection of performance measures

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 and stretching 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 FY23 annual bonus reflect ASOS' KPIs for the year. They are based on revenue, adjusted profit before tax, adjusted free cash flow, ESG and strategic objectives. Revenue and profit continue to be key measures of success for the business. The free cash flow metric reflects the Group's ongoing focus on maintaining a strong cash position to enable further growth and expansion. The strategic objectives reflect our evolving areas of business focus. Our ESG metric, focused on our FY23 externally stated DEI commitment ensures ASOS will continue its journey towards being a truly global retailer in a responsible and sustainable way.

Long-term performance targets for FY23 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 92) as this provides a robust and relevant benchmark. 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. ESG measures performance against our targets for the Fashion with Integrity programme.

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.

Due to the current challenging external and business environment, the Committee has not yet agreed the ALTIS targets. It is intended that the targets will be agreed before the grants are made in November and be disclosed in the RNS announcement which will be made at the time the ALTIS awards are granted.

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.

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 99 to 101. 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.

Any new Executive Director's remuneration package would typically include the same elements, and be subject to the same constraints, as those of the existing Executive Directors performing similar roles. This means a potential bonus opportunity of up to 150% of base salary and potential incentive opportunity of up to 250% of base salary. However, under our ALTIS rules, we have the flexibility to grant awards of up to 500% of base salary and therefore the increased maximum level of variable remuneration which may be awarded on recruitment (excluding any buy-outs referred to below) is 650% of salary.

The Committee has the discretion to include other elements of pay which it feels are appropriate taking into account the specific commercial circumstances (e.g. for an interim appointment). However, this would remain subject to the limit on variable remuneration set out above. The rationale for any such component would be appropriately disclosed in the relevant Remuneration Report.

The Committee may make additional awards on joining in order to secure the appointment of an Executive Director or senior executive. This is 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 'buy-out', 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.

Where an Executive Director is required to relocate from their home location to take up their role, the Committee may provide assistance with relocation (either via one-off or ongoing payments or benefits). In the event that an internal candidate is promoted to the Board, legacy terms and conditions would normally be honoured, including any accrued pension entitlements and any outstanding incentive awards.

To facilitate any buy-out awards outlined above, in the event of recruitment the Committee may grant awards to a new Executive Director relying on the exemption in the Listing Rules, which allows for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director, without seeking prior shareholder approval or under any other appropriate Company incentive plan.

In cases of appointing a new Non-executive Director, the approach will normally be consistent with the Policy.

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. An individual's status may be determined by the Committee in accordance with the rules of any applicable scheme. The Committee may exercise discretion to determine the final amount paid. Our usual approach to remuneration when an Executive Director leaves is explained below with the treatment of each Executive Director being determined by the Committee, in light of the particular circumstances of the departure. In respect of any bonus or ALTIS awards, this determination will be in accordance with the relevant plan rules.

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 Executive Director may be entitled to pursue a legal claim, ASOS may negotiate settlement terms and, with the approval of the 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 Executive Directors may have on, or in respect of, termination.

The individual is expected to take reasonable steps to seek alternative income to mitigate the cost of any such payments.

The Committee has discretion to determine that salary in lieu of notice may be paid, up to a maximum of 12 months' salary. In such circumstances, the Committee would usually seek to make a phased payment where possible. An Executive Director who leaves may, at the discretion of the Committee, receive up to a maximum 12 months' worth of pension and other benefits (or a payment in lieu of such pension and benefits). However, the Committee retains the discretion to determine that pension or other benefits will be paid to the date of cessation of employment only.

The Committee will determine the amount of bonus that will be paid to an Executive Director (if any) and the date of payment of any such bonus. There is no right to receive a bonus payment, however, the Committee may determine that the Executive Director may receive a pro-rated bonus and/or that bonus payments remain subject to performance. Executive Directors may be required to defer such portion of any bonus as the Committee may determine into a share award for such period as the Committee decides.

The treatment of leavers under the ALTIS and Deferred Bonus Plan (DBP) will be determined in accordance with the ALTIS and DBP rules as relevant. 'Good leavers' under the ALTIS and DBP are those who leave ASOS as a result of ill-health, injury, disability, the sale of their employing entity out of the ASOS group, or in any other circumstances that the Committee considers appropriate.

In good leaver circumstances, unvested DBP awards will usually vest in full on the normal vesting date unless the Committee determines that they should vest earlier. In circumstances where the Executive Director is not a good leaver, an award will lapse.

In good leaver circumstances, unvested ALTIS awards may vest in accordance with the ALTIS rules. ASOS' normal practice is for vested ALTIS awards to vest on the normal vesting date to the extent that the Committee determines (taking into account the extent to which performance conditions have been satisfied and the proportion of the performance period that has elapsed and other relevant factors). Any applicable holding periods will normally continue to apply. However, the Committee may disapply time pro-rating and/or any post-vesting holding periods and accelerate the vesting date of unvested ALTIS awards in certain circumstances. In circumstances where the Executive Director is not a good leaver, an unvested ALTIS award will lapse. Vested ALTIS awards will normally remain subject to any applicable holding period (unless the Committee determines otherwise) and so are normally released in accordance with the normal release date except in case of summary dismissal in which case vested ALTIS awards will lapse.

In the event of a change of control of the Group, DBP awards will normally vest in full. ALTIS awards will vest to the extent determined by the Committee taking into account the factors it considers relevant which may include: (i) the extent to which performance conditions have been satisfied; (ii) underlying performance; (iii) such other factors as the Committee may consider relevant; and (iv) unless the Committee determines otherwise, the proportion of the performance period that has elapsed. Awards subject to a holding period will normally be released. Alternatively, the Committee may determine that DBP and ALTIS awards will be exchanged for equivalent awards which relate to shares in a different company.

If there is a demerger, winding-up or other material corporate event, the Committee may allow ALTIS and DBP awards to vest on the same basis as for a takeover.

Upon exit or change of control, SAYE awards will be treated in line with the SAYE plan rules and in line with HMRC guidance.

Executive Directors' contracts are available to view at the Company's registered office.

Consideration of shareholder and broader stakeholder views

The 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 advisor, 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 during the year the Chair of the Remuneration Committee held a Q&A session with the forum to discuss executive remuneration, as well as remuneration of the wider workforce, although they were not directly consulted in the development of the policy. The proactive dialogue that exists with suppliers and customers means that there are channels of communication with all stakeholders.

Remuneration Policy continued

Malus and clawback provisions

The Committee has the discretion to recover any value delivered (or which would otherwise be delivered) under the annual bonus and the ALTIS in certain circumstances, where it believes the value is no longer appropriate.

Malus applies to unvested DBP and ALTIS awards. Clawback applies to vested DBP and ALTIS awards. These provisions may be invoked at the Committee's discretion at any time within five years from the date an award is granted under the ALTIS, within three years from the date an award is granted under the DBP, in exceptional circumstances, which may include:

- A material misstatement in the Group's published results.
- An error in assessing the performance conditions applicable to an ALTIS award or the size of a bonus by reference to which a DBP award is granted or in determining the number of shares subject to an award, or the assessment or determination being based on inaccurate or misleading information.
- Misconduct on the part of the relevant participant.
- The participant's breach of any restrictive, confidentiality, or non-disparagement covenants or other similar undertakings.
- A determination that the participant has caused a material loss for the Group as a result of reckless, negligent or wilful acts or omissions, or inappropriate values or behaviour.
- A material failure of risk management by any Group member.
- A determination that the participant is responsible for or had management oversight over a member of the Group being censured by a regulatory body or suffering a significant detrimental impact on its reputation.
- The Company or entities representing a material proportion of the Group becoming insolvent or otherwise suffering corporate failure.

Terms of share awards

Awards under any of the Company's share plans referred to in this report may:

- Be granted as conditional share awards, nil-cost options, nominal cost options or in such other form that the Committee determines has the same economic effect.
- Have any performance conditions applicable to them amended or substituted by the Committee if an event occurs which causes the Committee to determine an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy.
- Incorporate the right to receive an amount (in cash or additional shares) equal to the value of dividends which would have been paid on the shares under an award that vest up to the time of vesting (or where the award is subject to a holding period, release). This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis.
- Be settled in cash at the Committee's discretion.
- Be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the Company's share price.

Payments outside policy

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the proposed Remuneration Policy set out in this report, where the terms of the payment were agreed (i) before the Policy came into effect, or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration, and an award over shares is 'agreed' at the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

External appointments

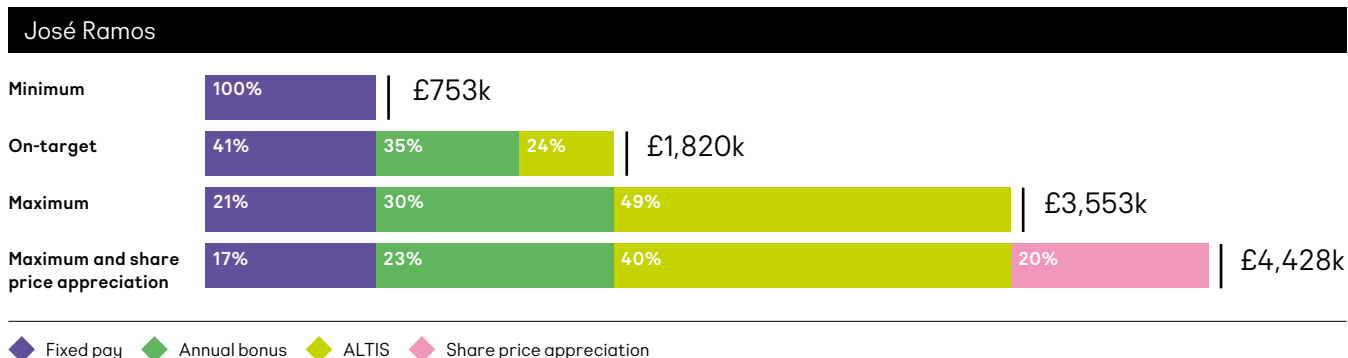
Executive Directors are normally permitted to hold one approved non-executive directorship of another company and to retain the fees earned from such an appointment. Additional appointments may be considered in exceptional circumstances.

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.

Non-executive Directors' letters of appointment are available to view at the Company's registered office.

Total potential remuneration for Executive Directors in FY23



The chart above provides an illustration of the potential remuneration for the CEO under the new Remuneration Policy in FY23.

Basis of calculation:

- Minimum – fixed pay only (salary + benefits + pension or pension allowance). The benefits are based on the actual figure for 2021/22.
- 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.

Minor amendments

The Committee may make minor amendments to the Policy set out above (if required for legal, regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without requiring prior shareholder approval for that amendment.

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 discretion 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 incentive awards is set out in the Policy table on pages 99 to 101. 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 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.

Remuneration for other ASOS 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 176 employees received an award under the ALTIS. ASOS operates a Save As You Earn scheme for all employees. We encourage a strong culture of ownership across the organisation and encourage all ASOSers to behave and think like owners. For FY22, the general salary increase across the workforce was 2.5% and this was allocated based on performance.

Directors' Report

The Directors present their report for the year ended 31 August 2022.

Corporate Governance Statement

Our Corporate Governance Statement setting out how the Company has complied with the UK Corporate Governance Code 2018 (the Code) can be found on page 63. A description of the main features of our internal control and risk management arrangements in relation to the financial reporting process can be found on pages 77 to 78. A description of the composition and activities of the Board and its Committees, including our approach to diversity, is set out on pages 66 and 70. A full version of the Code is available from the Financial Reporting Council website at frc.org.uk.

Significant events since the end of the financial year

Changes to Group operating model: In October 2022, the Board approved changes to the Group's commercial model. The updated model aims to operate a shorter buying cycle with an accelerated speed to market, facilitating an enhanced customer proposition that offers new products, more regularly. To achieve this, it is planned to introduce more off-site clearance routes that will enable the Group to clear inventory earlier in its life-cycle than previously, therefore reducing the overall breadth of inventory held in fulfilment centres, which in turn will reduce the volume that is currently sold on promotion via the ASOS site. To transition to the new model, a reshaping of the inventory portfolio is required, and as a result additional inventory provisions in the range of £100 million to £130 million are expected to be recognised in the next financial year. Of this, between £95 million and £120 million is in relation to inventory currently held on the Group's balance sheet which will now be sold through alternative clearance channels, rather than through the website. The remainder relates to committed inventory spend which will be recognised as inventory in the next financial year, that will also be predominantly sold through off-site clearance channels as a result of the new model.

It has been considered whether any adjustments are required to the current year financial statements. Whilst the proposal was both formed and approved after the balance sheet date, the Group has specifically considered whether the change in operating model indicates that inventory held at the year-end requires further write-downs to net realisable value in order to sell. The anticipated write-downs next year only arise out of the decision to sell or dispose of inventory through other channels to facilitate an enhanced customer offer. Absent the change in model, it would be sold through ASOS.com, for which the existing year-end provisions are appropriate. The Group has therefore concluded that the approved change does not provide evidence for conditions that existed at the balance sheet date.

It was also considered whether the change is an indication that the Group's non-current assets may require impairment. Whilst a reduction in stock levels held at fulfilment centres is anticipated, the overall cash flow of the Group is expected to improve, primarily through improved margin through lower ongoing mark-downs as well as improved working capital in the longer term through reduced stockholding. Furthermore, whilst any future decisions to exit warehouses could potentially result in further impairment charges, no decisions in relation to this have been made. It is therefore concluded that the updated commercial model does not provide indication that the Group's non-current assets are impaired at the year-end.

As the programme will support future underlying profit improvement, it was considered whether it is appropriate to report these costs within adjusted profit. Whilst they arise from changes in the Group's trading operations, they comprise a major business change, they can

be separately identified, are material in size and are not reflective of ordinary in-year trading activity. The costs will therefore be presented as adjusting items in the next financial year and excluded from adjusted profit before tax.

Changes to Group funding: In October 2022, the Group agreed an amendment to its £350m revolving credit facility (RCF), with existing financial covenants ceasing to apply until February 2024, and providing the Group with much enhanced flexibility. A new minimum liquidity covenant will apply until the maturity of the RCF. As part of this amendment, the Group's bank lenders have agreed an accordion option to increase the RCF to circa £400m, allowing the incorporation of newly committed ancillary facilities. The amendment also provides for additional reporting disclosures and security by way of fixed and floating charges over certain Group assets.

More information on both post-balance sheet events can be found on page 153. There have been no other material events affecting the Group since 1 September 2022.

Subsidiaries

The Group has 27 subsidiaries, including a branch of ASOS.com Limited registered in the Netherlands. A complete list, including the branch outside of the UK, is provided in Note 8 of the parent Company financial statements on page 159.

Dividends

As last year, the Directors do not recommend the payment of a dividend (2021: £nil).

Strategic Report

This is set out on pages 1 to 56 of the Annual Report and includes an indication of likely future developments.

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 46 to 53. Information on the Group's foreign currency risks is set out in Note 19 of the financial statements.

Articles of Association

Our Articles of Association can only be amended by special resolution and are available at asosplc.com.

Share capital

The issued share capital of the Company as at 31 August 2022 was 99,940,235 ordinary shares of 3.5 pence each. Full details of the issued share capital, together with the details of shares issued during the year to 31 August 2022, are shown in Note 18 to the financial statements on page 142. 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 acquisition of the Company's own shares

The Company was authorised by shareholders at the 2021 AGM to purchase in the market up to 4,991,855 shares, being 5% of the issued ordinary share capital. No shares were bought back under this

authority during the year ended 31 August 2022. This is a standard authority which is renewable annually and the Directors will be seeking to renew this authority at the next AGM.

At the 2021 AGM, the Directors were also granted authority to allot ordinary shares in the Company up to an aggregate amount of £1,153,118. This authority will expire at the next AGM, at which the Directors will be seeking to renew this authority.

Directors

The following Directors have held office since 1 September 2021 and up to the date of this report:

Name	Date of appointment/resignation
Jørgen Lindemann	1 November 2021
José Antonio Ramos Calamonte	16 June 2022
Mat Dunn	23 April 2019
Patrick Kennedy	13 January 2022
Mai Fyfield	1 November 2019
Karen Geary	1 October 2019
Luke Jensen	1 November 2019
Nick Robertson	6 June 2020
Eugenia Ulasewicz	16 April 2020
Nick Beighton	Stepped down on 11 October 2021
Adam Crozier	Stepped down on 28 November 2021
Ian Dyson	Stepped down on 1 August 2022

Biographies of the Directors as at the date of this report are set out on pages 58 to 61. In accordance with the Company's Articles of Association and the 2018 UK Corporate Governance Code, all continuing Directors will offer themselves up for re-election, or election, by shareholders at the next AGM, with the exception of Mat Dunn, Karen Geary, Luke Jensen and Eugenia Ulasewicz.

The general powers of the Directors are contained within UK legislation and the Company's Articles of Association (the 'Articles'). The Directors are entitled to exercise all powers of the Company, subject to any limitations imposed by the Articles or applicable legislation. The rules for appointing and replacing Directors are set out in the Company's Articles of Association. Directors can be appointed by ordinary resolution of the Company or by the Board. The Company can remove a Director from office by passing an ordinary resolution or by notice being given to all Directors. There are no agreements in place with any Director that would provide compensation for loss of office or employment resulting from a change of control.

The interests of the Directors and their closely associated persons in the share capital of the Company as at 31 August 2022, along with details of Directors' share options and awards, are contained in the Directors' Remuneration Report on pages 93 to 94. 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.

We maintain 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.

Employee Benefit Trust

We use 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, we used both the Employee Benefit Trust (EBT) and the Link Trust (LT) to satisfy awards granted under our Save As You Earn, ATLIS 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 and ALTIS schemes (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, we fund 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, we fund the LT to buy the shares on the open market and retain those shares on behalf of the underlying beneficiaries.

Substantial shareholders

As at 28 October 2022, 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	26,004,404	26.02%
Camelot Capital Partners	11,011,990	11.02%
T. Rowe Price Group	9,970,893	9.97%
Frasers Group Plc	5,100,000	5.10%
Schroders Plc	4,211,570	4.21%

As at 31 August 2022, the EBT and LT (combined) held 229,182 shares in ASOS Plc (2021: 236,701 shares). The total value in reserves was a credit balance of £2.1 million (2021: credit balance of £2.1 million). The EBT and LT are both recognised within the EBT reserve for accounting purposes. The Group's accounting policies are detailed within Note 1 to the financial statements and movements are detailed in the Consolidated Statement of Changes in Equity on page 120.

Stakeholder engagement

For more information on how the Group engages with its stakeholders see pages 20 to 23 and pages 67 to 68.

Employee engagement

Information relating to how the Group engages with its workforce is on pages 10 to 13 and 21. As a Disability Confident Committed Employer, we're committed to taking steps to make sure our recruitment process and culture is inclusive for people with disabilities. We're committed to positively contributing to a change in attitudes, behaviours and culture, helping our ASOSers fulfil their potential and be whoever they want to be, right now and in the future.

We always seek to anticipate and provide reasonable adjustments as required during our interview process and we support any existing ASOSers who acquire a disability or long-term health condition to help them to stay in work. We work with organisations such as Mencap and Genus Within to provide specialist support and advice for individual ASOSers, their manager and their teams.

We have a suite of accessibility tools available to all ASOSers and whether they have a physical disability, a mental disability or just a personal preference, our tools allow ASOSers to deliver great results. To support with the roll-out and the use of these tools, we've run a series of masterclasses for all ASOSers to join and we're embedding these tools into every stage of the employee lifecycle. This year we've launched our Disability Network to drive changes in the areas that matter most and, as part of our ALL IN Events Series, have run panel discussions about disability and accessibility.

Directors' Report continued

Energy and carbon emission reporting

Our reporting period for energy and carbon emissions is aligned to our financial year, from 1 September to 31 August.

	Unit of measurement	UK portion			Total global		
		FY22	FY21	% change	FY22	FY21	% change
Energy consumption used to calculate emissions – for gas and electricity	kWh	33,550,755	29,112,563	15%	59,433,989	55,857,795	6%
Scope 1 – emissions from combustion of gas	tCO ₂ e	2,258	2,064	9%	3,351 [Ⓐ]	3,602	-7%
Scope 2 – emissions from purchased electricity – location based	tCO ₂ e	4,507	3,854	17%	11,497 [Ⓐ]	11,338	1%
Total gross emissions	tCO ₂ e	6,765	5,918	14%	14,848	14,940	-1%
Intensity ratio – tCO ₂ e/£m revenue – location based	tCO ₂ e/£m revenue				3.77	3.84	-2%
		UK portion			Total global		
Market based emissions	Unit of measurement	FY22	FY21	% change	FY22	FY21	% change
Scope 2 – emissions from purchased electricity – market based	tCO ₂ e	0	0	0%	2,860 [Ⓐ]	3,150	-9%
Intensity ratio – tCO ₂ e/£m revenue – market based	tCO ₂ e/£m revenue				1.58	1.73	-9%

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 2022 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 2% of total energy data presented is estimated. A more detailed reporting principles and methodology document can be found on our website asosplc.com/fashion-with-integrity/limited-assurance/.

Assurance: PricewaterhouseCoopers LLP (PwC) conducted an independent limited assurance engagement on selected GHG emissions data for the year ended 31 August 2022 shown with the symbol [Ⓐ] in the table above, in accordance with International Standard on Assurance Engagements 3000 (revised), and the International Standard on Assurance Engagements 3410, issued by the International Auditing and Assurance Standards Board. A copy of PwC's report and our methodology to which it relates is available on our website asosplc.com/fashion-with-integrity/limited-assurance/.

Energy Management Statement: This year we have continued to work with our dedicated energy management and procurement partner, Amber Energy, to progress energy management across the organisation. Building upon the energy efficiency audits that took place last year, we began the process to roll out energy efficiency projects with a primary focus on HVAC optimisation and controls. We have also further identified the feasibility for on-site solar PV systems across our assets and more progress is expected to be made on this in 2023.

Greenhouse Gas Management Statement: At the start of the financial year we set out new, long-term ambitions on managing and reducing our greenhouse gas emissions. Through our new Be Net Zero goal, within Fashion with Integrity, we have set new carbon reduction goals, calculated with the Carbon Trust and in line with Science-Based Targets initiative criteria. These include goals covering our scope 1 and 2 emissions and the majority of our scope 3. These goals were verified by the Science Based Targets initiative in September and this year we have been focused on integrating them into the business and building roadmaps to help reduce emissions and achieve the long-term targets.

Research and development

The Company did not carry out any research and development activities during the year (2021: £nil).

Political donations

No political donations have been made during this financial year (2021: £nil).

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

Annual General Meeting

The Annual General Meeting of the Company will be held at 12 noon on 11 January 2023 at Greater London House, Hampstead Road, London, NW1 7FB. The Notice of Meeting will be available to view on asosplc.com, sufficiently in advance of that meeting.

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.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the next AGM.

Environmental, Social and Governance (ESG) disclosures

Details of our ESG commitments are on pages 32 to 35 and 82 to 83.

Additional disclosures

Information that is relevant to this report, and which is also incorporated by reference, including information required in accordance with the UK Companies Act 2006 and Listing Rule 9.8.4R, can be found as follows:

	Annual Report page reference
Likely future developments in the business	24 to 25
Financial instruments and financial risk management	157 and 77
Risk management and principal risks	46 to 53
Corporate Governance Report	57 to 108
S.172 statement	20
Viability Statement & Going Concern	54 to 56
Statement of capitalised interest	128
Related party transactions	149
Climate-related disclosures consistent with TCFD	36 to 44

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, and as noted in this Directors' Report, to include certain matters in its Strategic Report that would otherwise be required to be disclosed in this Directors' Report. The Strategic Report can be found on pages 1 to 56. Other information requirements set out in LR 9.8.4R are not applicable to the Company.

Disclaimer

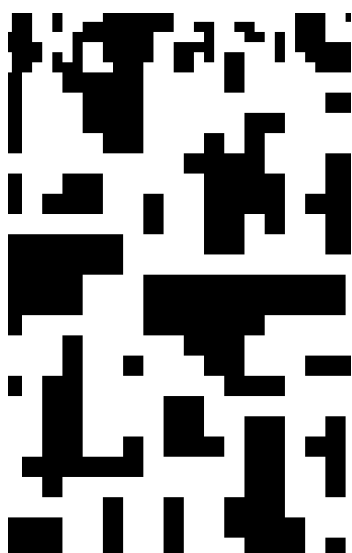
The purpose of this Annual Report is to provide information to the members of the Company and it has been prepared for, and only for, the members of the Company as a body, and no other persons. The Company, its Directors and employees, agents and advisors do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

A cautionary statement in respect of forward-looking statements contained in this Annual Report appears on the inside back cover of this document.

By order of the Board



Anna Suchopar
Company Secretary
28 October 2022



Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Accounts 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 and the Company financial statements in accordance with UK-adopted international accounting standards.

Under Company law, 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 Company and of the profit or loss of the Group 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 UK-adopted international accounting standards have been followed, 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 Company will continue in business.

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

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

The Directors are responsible for the maintenance and integrity of the 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 and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Governance Report confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the loss of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

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's and 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's and Company's auditors are aware of that information.



Anna Suchopar
Company Secretary
28 October 2022

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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 2022 and of the Group's loss and the Group's and Company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 2022 (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 August 2022; 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.

Our opinion is consistent with our reporting to the Audit Committee.

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 public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Audit Committee Report, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Context

There were no significant changes to the Group's underlying operations during the year. However, the Group's move from the Alternative Investment Market to the Main Market of the London Stock Exchange in the year led to the additional focus of our audit procedures on ensuring that new financial statement disclosures and other regulatory requirements resulting from the move to the Main Market are complied with. Refer to the "Reporting on other information" section of our report for further details on our responsibilities in relation to this.

There are a number of changes to our key audit matters this year as explained later in the report. This year we have also specifically set out our consideration of the impact of climate change on our audit which is further detailed below.

As part of our audit, we made enquiries of management to understand and evaluate their process to assess the extent of the potential impact of climate change risks on the Group and its financial statements. In order to better understand their climate-related risks and the potential impact on the business, management engaged external consultants to assist with their analysis as described within the "Task Force on Climate-related Financial Disclosures (TCFD)" section of the Strategic Report. The Group explains the impact of climate change on its business within the TCFD section of the Strategic Report. As disclosed within the "Basis of preparation section" of the financial statements, management considers that the impact of climate change does not give rise to a material financial statement impact.

In response, we used our knowledge of the Group and we engaged our internal climate change experts to evaluate the risk assessment performed by management. Management has assessed that the most likely impacted accounts line items and estimates are those associated with future cash flows since the impact of climate change is expected to become more notable in the medium to long term. While auditing these forecast cash flows, we have challenged management on reflecting the impact of climate change and any climate change related commitments in the forecasts. We have not identified any matters as part of this work which are inconsistent with the disclosures in the Annual Report or lead to any material adjustments to the accounts.

We also read the disclosures made in relation to climate change in the other information within the Annual Report, and considered their consistency with the financial statements and our knowledge from our audit. Our responsibility over other information is further described in the "Reporting on other information" section of our report.

Overview

Audit scope	<ul style="list-style-type: none">• We performed full scope audit procedures over the following two components: ASOS Plc, the parent entity that holds investments throughout the Group, and ASOS.com Limited, the trading entity that generates more than 97% of the Group's revenue.• Additionally, we performed a financial statement line item audit over the convertible debt and related interest balances in Cornwall (Jersey) Limited, and over the acquired brand and customer relationship intangible assets and related amortisation balances in ASOS Holdings Limited.• Taken together, the entities over which full scope audit work was performed accounted for 99% of the Group's revenue and 89% of the Group's loss before tax.
Key audit matters	<ul style="list-style-type: none">• Capitalisation of internal staff costs (Group)• Valuation of inventory (Group)• Going concern assessment in response to economic uncertainties (Group)• Recoverability of amounts due from subsidiary undertakings (Company)
Materiality	<ul style="list-style-type: none">• Overall Group materiality: £11,500,000 (2021: £11,500,000) based on this being at the lower end of the range using acceptable benchmarks of 1% of revenue and 5% of loss before tax.• Overall Company materiality: £9,100,000 (2021: £575,000) based on 1% of total assets (2021: based on Group allocation).• Performance materiality: £8,625,000 (2021: £8,625,000) (Group) and £6,825,000 (2021: £431,250) (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.

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.

Going concern assessment in response to economic uncertainties and recoverability of amounts due from subsidiary undertakings are new key audit matters this year. Fraud in revenue recognition, valuation of assets and liabilities acquired in a business combination and consideration of the impact of COVID-19, which were key audit matters last year, are no longer included because of there being no significant estimation uncertainty in relation to revenue recognition, no material business combinations in the year, and a reduction in the level of estimation uncertainty associated with the future impact of COVID-19 and the resulting impact on the amounts presented in the financial statements. Otherwise, the key audit matters below are consistent with last year.

Key audit matter

How our audit addressed the key audit matter

Capitalisation of internal staff costs (Group)

Refer to Notes 11 and 12 in the financial statements.

The Group continued to invest in its operational infrastructure having spent £118.4m (2021: £103.1m), (excluding acquisition-related intangibles) on intangible assets and £150.9m (2021: £104.9m) on property, plant and equipment in the year.

This was an area of focus due to the magnitude of the costs capitalised and the judgement involved in assessing whether the criteria set out in IAS 38 and IAS 16 for the capitalisation of elements of these costs had been met. In particular, we focussed on the capitalisation of internal staff costs to confirm that costs capitalised were an accurate reflection of actual costs incurred and the associated time was spent on projects which met the criteria to be capitalised. We further assessed whether the costs were appropriately moved out of assets under construction and appropriately amortised/depreciated from the point at which they came into operational use.

We gained an understanding through walkthroughs and enquiries performed with management of the process in place for evaluating approval for staff time capitalised to capital projects. We performed substantive testing over new projects in the year to assess whether they met capitalisation criteria, including inquiring with management, and inspecting evidence of criteria assessments, such as in capex funding forms. We also obtained an understanding of the various selected capitalised projects, inspected timesheet data to corroborate time charged on projects, and reviewed management's assessment to determine whether sufficient economic benefits were likely to flow from the projects to support the values capitalised.

For a number of projects, we assessed whether they had been appropriately included within assets under construction at year-end. We further confirmed that amortisation/depreciation commenced on these projects at rates consistent with the Group's accounting policies once the respective projects became operational.

Based on the procedures performed, we noted no material issues arising from our work.

Independent Auditors' Report to the members of ASOS Plc – continued

Key audit matter

Valuation of inventory (Group)

Refer to the Consolidated Statement of Financial Position and Note 1 in the financial statements.

As at 31 August 2022, the Group held inventories of £1,078.4m (2021: £807.1m), against which a provision of £31.3m (2021: £40.4m) had been recorded.

The nature of the Group's business model is to service demand in a dynamic and fast moving fashion market which means there is a risk of inventory falling out of fashion and proving difficult to sell above cost. The Group's provisioning policy is based on the estimated future net realisable value of inventories, for which the largest element of the provision was calculated based on historical loss experience for the entire inventory portfolio.

The post year end change in commercial operating model, as disclosed in Note 28, has also required management to exercise judgement when determining whether any adjustments are required in relation to inventory valuation. As described in Note 1, it was concluded that the changes are not indicative of events that existed at the balance sheet date.

The quantum of the total inventory balance, its increase year-on-year, and the level of judgement involved to ensure that inventories are stated at the lower of cost and net realisable value made this an area of focus.

Going concern assessment in response to economic uncertainties

In order to conclude whether it is appropriate for the financial statements to be prepared on a going concern basis, management prepared a base case forecast for a period of 18 months from the balance sheet date. In addition they modelled a severe but plausible downside case which included cost reductions that could be achieved from mitigating actions within the group's control. The assessment included the recent amendment to the Group's Revolving Credit Facility agreement that was obtained in October 2022 for which further detail is included within Note 28 of the financial statements.

Recoverability of amounts due from subsidiary undertakings (Company)

Refer to Note 3 in the Company financial statements.

At 31 August 2022, the Company had amounts due from subsidiary undertakings of £853.5m (2021: £840.6m), of which £111.0m (2021: £840.6m) was classed as current and £742.5m (2021: nil) non-current.

There is a risk that the financial condition and performance of the subsidiary undertakings are not sufficient to support the recoverability of the amounts due and the assets may be impaired.

How our audit addressed the key audit matter

We reviewed management's provisioning policy which for the largest element of the provision applies a historic loss rate against year-end inventory.

We tested the mathematical integrity of management's provision calculation. We validated the inputs into the model including verifying the inventory quantity and values for various elements making up the overall inventory provision, and confirmed the accuracy of the data used. We recalculated the net losses incurred, used to determine the historical loss experience, for a sample of transactions in the year and obtained corroborating evidence to validate their selling price and cost.

We considered loss rates in previous periods and throughout the period to determine whether the 2022 loss rates were an appropriate basis for the year-end provision. We also obtained and reviewed the post year-end level of stock write-offs in order to further assess the reasonableness of the year-end provision.

We reviewed management's assessment of the introduction of the new operating model as a non-adjusting post balance sheet event and did not identify any contradictory evidence to their assessment.

Based on the procedures performed, we noted no material issues arising from our work.

We focused on this area given the importance of the going concern judgement in the context of the basis of preparation of the financial statements and recognising the degree of judgement inherent in management's forecasts.

We evaluated management's going concern assessment and we performed testing procedures as detailed in the "Conclusions relating to Going Concern" section below.

We evaluated management's expected credit loss assessment under IFRS 9. The balances were repayable on demand and split between current and non-current receivables based on the Company's intention to recall the debt. We considered whether the counterparties had sufficient highly liquid assets to repay the amounts due and then considered their expected manner of recovery to assess whether any expected credit losses should be recognised.

Based on the procedures performed, we noted no material issues arising from our work.

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.

Based on our risk and materiality assessments, we determined which components required an audit of their complete financial information having consideration to the relative significance of each component to the Group, and the overall coverage obtained over each material line item in the consolidated financial statements.

Due to its relative contribution to the Group's revenues and loss before tax, we identified one financially significant component which, in our view, required an audit of its complete financial information. This was ASOS.com Limited which generated more than 97% of the Group revenue through sales via the worldwide ASOS websites and wholesale network. In addition, a full scope audit was performed over ASOS Plc being the parent entity which holds investments throughout the Group. We performed audit procedures over the convertible debt and related interest balances in the Cornwall (Jersey) Limited entity, and over the acquired brand and customer relationship intangible assets and related amortisation balances in ASOS Holdings Limited, in order to achieve appropriate audit coverage over these material financial statement line items. All work over these components was performed by the Group engagement team. Further central procedures were performed over tax, treasury, legal claims, lease liability and associated right-of-use asset balances, property, plant and equipment and other intangible assets, goodwill, going concern, the Group's consolidation and the financial statement disclosures. This provided the evidence we needed for our opinion on the consolidated financial statements taken as a whole.

Taken together, the components where we performed our audit work accounted for 99% of the Group's revenue and 89% of the Group's loss before tax. This was before considering the contribution to our audit evidence from performing audit work at the Group level, including disaggregated analytical review procedures, which covered certain of the Group's smaller and lower risk components that were not directly included in our Group audit scope.

Our audit of the Company financial statements included substantive procedures over all material balances and transactions.

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:

	Financial statements – Group	Financial statements – Company
Overall materiality	£11,500,000 (2021: £11,500,000).	£9,100,000 (2021: £575,000).
How we determined it	Being at the lower end of the range using typical benchmarks of 1% of revenue and 5% of loss before tax.	1% of total assets (2021: based on Group allocation)
Rationale for benchmark applied	In determining materiality, we considered both revenue and loss before tax as the acceptable benchmarks. We considered total revenue to be appropriate due to the Group's focus on driving sales and prioritising reinvestment of profits into significant capital expansion to underpin future growth and we considered loss before tax to be an appropriate benchmark due to the Group's focus on delivering an acceptable short-term return as it expands sales. This provided a wide range of acceptable materiality levels. In the context of the size of the Group's operations and its losses, we determined a materiality of £11,500,000 towards the lower end of the range to be most appropriate. This equates to 0.3% of revenue.	ASOS Plc is the ultimate parent entity which holds the Group's investments. Therefore, the entity is not in itself profit-oriented. We consider total assets to be an appropriate benchmark as it reflects the nature of the Company, which primarily acts as a holding company for the Group's investments.

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 £4,300,000 and £10,925,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £8,625,000 (2021: £8,625,000) for the Group financial statements and £6,825,000 (2021: £431,250) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £575,000 (Group and Company audit) (2021: £575,000 for the Group audit and £28,750 for the Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report to the members of ASOS Plc – continued

Conclusions relating to going concern

The going concern assessment was identified as a key audit matter as set out in the "Key audit matters" section above.

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Assessing management's going concern model, including the base case and the severe but plausible downside case;
- Testing the reasonableness of key assumptions including sales growth and estimated gross margins based on historical performance and external market data;
- Considering the impact of foreign exchange on the forecasts and comparing budget rates of exchange against hedge rates;
- Considering the impact of the planned change to the operating model on the cash flow forecasts;
- Considering the magnitude and feasibility of the mitigations available in the downside case and whether these are in the control of management;
- Considering various aspects of the business model that could impact the Group's liquidity;
- Considering the severity of the downside scenario based on historic experience;
- Reperforming a number of reverse stress tests to determine the magnitude of changes needed to key assumptions to result in there being no liquidity headroom;
- Assessing the historical reliability of management's forecasting by comparing budgeted results to actual performance;
- Validating that the cash flow forecasts used to support management's impairment, going concern and viability assessments were consistent;
- Reviewing the terms of the amended facility agreement with the banks and ensuring that management's calculations of headroom against the revised covenants were accurate; and
- Reviewing the related disclosures in the Annual Report and Accounts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, 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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 August 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and 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.

Directors' Remuneration

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

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

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' Responsibilities, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Listing Rules of the Financial Conduct Authority (FCA), UK and other relevant tax legislation, data privacy regulations, patent and commercial law, and consumer protection legislation in relevant jurisdictions where the Group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate the financial performance of the Group and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

Independent Auditors' Report to the members of ASOS Plc – continued

- Enquiry of management, Internal Audit and the Group's legal counsel around known and suspected fraud and non-compliance with laws and regulations;
- Assessment of matters reported on the Group's whistleblowing helpline and results of management's investigation of such matters;
- Reviewing legal confirmations from external lawyers;
- Enquiry of the Group's tax function to identify any instances of non-compliance with laws and regulations;
- Identifying and testing higher risk journal entries, in particular certain journal entries posted with unusual account combinations and journals posted by senior management;
- Challenging assumptions made by management in its significant and other key accounting estimates in particular in relation to inventory provisions; and
- Reviewing financial statement disclosures and testing to supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: 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 obtained 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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the members to audit the financial statements for the year ended 31 March 2008 and subsequent financial periods. The period of total uninterrupted engagement is 15 years, covering the years ended 31 March 2008 to 31 August 2022.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Neil Grimes (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 October 2022

Consolidated Statement of Total Comprehensive Income

For the year to 31 August 2022

	Note	Year to 31 August 2022 £m	Year to 31 August 2021 £m
Revenue	3	3,936.5	3,910.5
Cost of sales		(2,219.0)	(2,134.1)
Gross profit		1,717.5	1,776.4
Distribution expenses		(523.7)	(509.5)
Administrative expenses		(1,224.2)	(1,076.8)
Other income	4	20.6	-
Operating (loss)/profit		(9.8)	190.1
Finance income	6	0.9	0.2
Finance expense	7	(23.0)	(13.2)
(Loss)/profit before tax		(31.9)	177.1
Analysed as:			
Adjusted profit before tax	2	22.0	193.6
Adjusting items	2	(53.9)	(16.5)
(Loss)/profit before tax		(31.9)	177.1
Income tax credit/(expense)	8	1.1	(48.7)
(Loss)/profit for the year		(30.8)	128.4
(Loss)/profit for the year attributable to owners of the parent company		(30.8)	128.4
Net translation movements offset in reserves		0.3	(0.5)
Fair value movements on hedges that will not subsequently reclassify to income statement	19	51.2	(1.2)
Fair value movements on hedges that may be subsequently reclassified to the income statement	19	(25.9)	24.8
Items reclassified from cash flow hedge reserve to income statement	19	(15.6)	14.8
Income tax relating to these items	8	(3.9)	(8.1)
Other comprehensive income for the year		6.1	29.8
Total comprehensive (loss)/income for the year attributable to owners of the parent company¹		(24.7)	158.2
(Loss)/Earnings per share attributable to the owners of the parent company during the year			
Basic per share	9	(30.9)p	128.9p
Diluted per share (restated – refer to Note 9)	9	(30.9)p	128.5p

1 The results for the year shown are derived completely from continuing activities.

Consolidated Statement of Changes in Equity

For the year to 31 August 2022

	Note	Called up share capital £m	Share premium £m	Employee Benefit Trust reserve ¹ £m	Hedging reserve £m	Translation reserve £m	Equity portion of convertible debt £m	Retained earnings ² £m	Total equity £m
At 1 September 2021		3.5	245.7	2.1	14.3	(2.4)	58.9	711.9	1,034.0
Loss for the year		-	-	-	-	-	-	(30.8)	(30.8)
Other comprehensive income/(loss) for the year		-	-	-	6.4	(0.3)	-	-	6.1
Total comprehensive income/(loss) for the year		-	-	-	6.4	(0.3)	-	(30.8)	(24.7)
Cash flow hedges gains and losses transferred to inventory	19	-	-	-	5.5	-	-	-	5.5
Share-based payments charge	20	-	-	-	-	-	-	0.8	0.8
Tax relating to share option scheme	8	-	-	-	-	-	-	(0.7)	(0.7)
Balance as at 31 August 2022		3.5	245.7	2.1	26.2	(2.7)	58.9	681.2	1,014.9
At 1 September 2020		3.5	245.7	2.0	(15.8)	(2.1)	-	577.0	810.3
Profit for the year		-	-	-	-	-	-	128.4	128.4
Other comprehensive income/(loss) for the year		-	-	-	30.1	(0.3)	-	-	29.8
Total comprehensive income/(loss) for the year		-	-	-	30.1	(0.3)	-	128.4	158.2
Issue of convertible bond	24	-	-	-	-	-	58.9	-	58.9
Recognition of gross obligation to purchase own shares	24	-	-	-	-	-	-	(2.8)	(2.8)
Net cash received on exercise of shares from Employee Benefit Trust	18	-	-	0.1	-	-	-	-	0.1
Share-based payments charge	20	-	-	-	-	-	-	9.4	9.4
Tax relating to share option scheme	8	-	-	-	-	-	-	(0.1)	(0.1)
Balance as at 31 August 2021		3.5	245.7	2.1	14.3	(2.4)	58.9	711.9	1,034.0

1 Employee Benefit Trust and Link Trust.

2 Retained earnings includes the share-based payments reserve.


Consolidated Statement of Financial Position

As at 31 August 2022

	Note	At 31 August 2022 £m	At 31 August 2021 £m
Non-current assets			
Goodwill	10	35.2	33.1
Other intangible assets	11	648.7	619.1
Property, plant and equipment	12	732.0	659.2
Derivative financial assets	19	27.0	13.4
		1,442.9	1,324.8
Current assets			
Inventories		1,078.4	807.1
Trade and other receivables	13	88.2	57.7
Derivative financial assets	19	41.4	23.5
Cash and cash equivalents	14	323.0	662.7
Current tax asset		23.0	8.7
		1,554.0	1,559.7
Current liabilities			
Trade and other payables	15	(993.3)	(956.1)
Borrowings	24	(1.4)	(3.8)
Lease liabilities	16	(24.3)	(23.9)
Derivative financial liabilities	19	(21.0)	(14.2)
		(1,040.0)	(998.0)
Net current assets			
		514.0	561.7
Non-current liabilities			
Lease liabilities	16	(355.8)	(305.0)
Deferred tax liability	17	(58.2)	(41.3)
Provisions	25	(41.9)	(43.2)
Derivative financial liabilities	19	(11.6)	(3.6)
Borrowings	24	(474.5)	(459.4)
		(942.0)	(852.5)
Net assets			
		1,014.9	1,034.0
Equity attributable to owners of the parent			
Called up share capital	18	3.5	3.5
Share premium		245.7	245.7
Employee Benefit Trust reserve		2.1	2.1
Hedging reserve		26.2	14.3
Translation reserve		(2.7)	(2.4)
Equity portion of convertible debt		58.9	58.9
Retained earnings		681.2	711.9
Total equity		1,014.9	1,034.0

Notes 1 to 28 are an integral part of the financial statements.

The consolidated financial statements of ASOS Plc, registered number 4006623, on pages 119 to 153, were approved by the Board of Directors and authorised for issue on 28 October 2022 and were signed on its behalf by:


Mat Dunn
 Chief Operating Officer and Chief Financial Officer

Consolidated Statement of Cash Flows

For the year to 31 August 2022

	Note	Year to 31 August 2022 £m	Year to 31 August 2021 £m
Operating (loss)/profit		(9.8)	190.1
Adjusted for:			
Depreciation of property, plant and equipment	4	61.0	61.1
Amortisation of other intangible assets	4	88.8	74.4
Impairment of assets	4	19.2	0.1
Increase in inventories		(258.7)	(226.7)
(Increase)/decrease in trade and other receivables		(34.2)	1.9
Increase in trade and other payables		20.2	150.6
Settlement of contingent consideration in relation to employee benefits	26	(6.0)	-
Share-based payments charge	20	0.6	7.6
Other non-cash items		(4.9)	(7.0)
Income tax received/(paid)		3.4	(37.0)
Net cash (used in)/generated from operating activities		(120.4)	215.1
Investing activities			
Payments to acquire intangible assets		(109.2)	(102.0)
Payments to acquire property, plant and equipment		(73.7)	(55.1)
Payments to acquire assets in a business combination	26	-	(286.4)
Dividends received		-	0.1
Interest received		0.9	0.2
Net cash used in investing activities		(182.0)	(443.2)
Financing activities			
Proceeds from borrowings	24	-	21.9
Proceeds from convertible bond issue, net of transaction costs	24	-	491.0
Repayment of principal portion of lease liabilities	16	(26.3)	(23.9)
Net cash inflow relating to Employee Benefit Trust		-	0.1
Interest paid		(11.1)	(5.7)
Net cash (used in)/generated from financing activities		(37.4)	483.4
Net (decrease)/increase in cash and cash equivalents		(339.8)	255.3
Opening cash & cash equivalents		662.7	407.5
Effect of exchange rates on cash and cash equivalents		0.1	(0.1)
Closing cash and cash equivalents	14	323.0	662.7

Notes to the Financial Statements

For the year to 31 August 2022

1 ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

1.1 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 and Poland. The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the UK as at 31 August 2022. The address of its registered office is Greater London House, Hampstead Road, London NW1 7FB.

1.2 Going concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for a period of at least 12 months from the date of approval of the financial statements, and therefore continue to adopt the going concern basis in preparing the financial statements. To support this assessment, detailed cash flow forecasts were prepared for the 18-month period to February 2024.

In assessing the Group's going concern position, the Directors have considered the Group's detailed budgeting and forecasting process which considers the Group's financial performance, position and cash flows over the going concern period (the base case). These cash flow forecasts represent the Directors' best estimate of trading performance and cost implications in the market based on current agreements, market experience and consumer demand expectations. In conjunction with this, the Directors considered the Group's business activities and principal risks, reviewing the Group's cash flows, liquidity positions and borrowing facilities for the going concern period. The review included the recent amendment to the Group's Revolving Credit Facility (RCF) agreement that was obtained in October 2022 – further detail is included within Note 28, which generates additional operational flexibility in the going concern period. At 31 August 2022, the Group had an undrawn RCF of £350m which matures in July 2024 and £500m convertible bonds with a maturity of April 2026. Net debt at the balance sheet date was £152.9m comprising debt of £475.9m and net cash of £323.0m.

The Group has also considered various severe but plausible downside scenarios comprising of, but not limited to, the following assumptions:

- Sales growth reduction;
- Gross margin reduction;
- Potential working capital cash shocks; and
- Closure of the Group's Barnsley fulfilment centre due to a major incident.

The above downside scenarios include assumed reductions in the projected like-for-like sales growth during the period under review of between 2.5% and 7%, and gross margin reductions of between 1% to 2%. Should the Group see such significant events unfold it has several mitigating actions it can implement to manage its liquidity risk such as deferring capital investment spend and further cost management to maintain a sufficient level of liquidity headroom during the going concern period.

Reverse stress tests have also been performed on both the Group's revenue and gross margin to see how far these would need to decline to cause a liquidity event. Such results would have to see over a 15% decline in sales over the base case, or a decline in gross margin from the base case of between 3% and 8%. Both are considered remote based on results of previous significant economic shock events, particularly on the basis that the Group is annualising the softer market growth and global supply chain crisis experienced this year.

In assessing the Group's ability to continue as a going concern the Directors have considered climate change risks. The forecast incorporates cash flows to address these risks, including those associated with the Group's Fashion With Integrity commitments.

Based on the above, the Directors considered it appropriate to adopt the going concern basis of accounting in the preparation of the Group's annual financial statements.

1.3 Basis of preparation

The consolidated financial statements transitioned to UK-adopted International Financial Reporting Standards (IFRS) for financial periods beginning after 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The consolidated financial statements have also been prepared in accordance with IFRS Interpretations Committee (IFRIC) in conformity with the requirements of Companies Act 2006 and the Listing rules as applicable to companies reporting under those standards. As at the reporting date, these are the standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board (IASB).

In accordance with IAS 1 'Presentation of Financial Statements', within the Consolidated Statement of Total Comprehensive Income the Group presents items that may be subsequently reclassified to the income statement, which includes the fair value movements on effective cash flow hedges. In accordance with IFRS 9 'Financial Instruments', cash flow hedge gains and losses in relation to inventory purchases are recognised as part of the cost of inventory, and therefore the carrying value of inventory is adjusted for the accumulated gains or losses recognised directly in other comprehensive income (a basis adjustment), and then recognised in the income statement when the inventory is sold.

Notes to the Financial Statements – continued

1 ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES – CONTINUED

This basis adjustment is not part of other comprehensive income. The Group has therefore separately presented effective fair value movements on inventory hedges and non-inventory hedges within the Consolidated Statement of Total Comprehensive Income and shown the inventory basis adjustments as a separate line within the Statement of Changes in Equity. Comparative period amounts have not been adjusted on the grounds of materiality.

The financial statements are prepared under 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.

Unless otherwise stated, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

1.4 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. Accounting policies have been applied consistently across the Group.

(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 158. All apply accounting policies which are consistent with those of the rest of the Group.

Any non-controlling interest acquired on acquisition of a subsidiary is recognised at the proportionate share of the acquired net assets. Subsequent to acquisition, the carrying amount of non-controlling interest equals the amount of those interests at initial recognition plus the non-controlling share of changes in equity since acquisition. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Total comprehensive income is attributed to a non-controlling interest even if this results in the non-controlling interest having a deficit balance.

(ii) Employee Benefit Trust and 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.

1.5 Accounting policies

a) Revenue recognition

Revenue consists primarily of internet sales, in addition to postage and packaging receipts, advertising revenues and wholesale sales.

The Group acts as the Principal in all material revenue arrangements. Revenues are recorded net of an appropriate deduction for actual and expected returns, relevant vouchers and sales taxes. Revenues for goods and services are recognised on despatch to the customer instead of delivery to the customer for practical reasons. The impact of this is assessed and is immaterial to Group revenue and profits.

As part of the roll-out of the Partner Fulfils programme this year, the Group is now party to an agent relationship with relevant suppliers, in which ASOS earns commission for selling goods on behalf of suppliers on the ASOS website. The Group, as agent, only recognises the commission receivable within revenue, being the net amount of consideration retained after paying the brand partner the consideration received in exchange for the goods provided by the relevant partner. The assessment whether to recognise revenue as principal or agent considers whether the Group controls the relevant goods prior to sale to the end customer. The impact of these transactions are considered immaterial to the Group for the year ended 31 August 2022.

Income from other services relates to advertising income earned from the website, delivery receipt payments and revenue recognised in relation to wholesale sales and is measured at the value of the consideration received or receivable that the Group expects to be entitled to, 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.

1 ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES – CONTINUED

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 and Australian Dollars as well as on US Dollar denominated purchases. To manage this exposure the Group hedges a proportion of sales or purchases 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 and options 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. 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. Amounts accumulated in equity are reclassified in the periods when the hedged item affects the Statement of Comprehensive Income, and recognised in revenue. For hedges of inventory purchases, at the time the inventory is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income are included in the initial measurement of the inventory.

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 and option contracts for sales and inventory purchases 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 decreasing from a maximum 95% to 30% between months 13 and 36. Hedges are currently protecting foreign exchange risk on 11 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, changes in the credit risk of the Group or the derivative counterparty. The derivatives have been fair valued at 31 August 2022 with reference to forward exchange rates that are quoted in an active market, with the resulting value discounted back to present value. 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 and rebates. The Group's inventory balance is made up of finished goods.

The carrying value of inventory shown in the Statement of Financial Position includes a £69.7m (2021: £70.6m) right to recover asset in relation to the inventory expected to be received back from customers as returns.

A provision is made to write down any slow-moving or obsolete inventory to net realisable value, and was £31.3m at 31 August 2022 (2021: £40.4m).

e) Cash and cash equivalents

To be classified as cash and cash equivalents, an asset must:

- Be readily convertible into cash;
- Have an insignificant risk of changes in value; and
- Have a maturity period of typically three months or less at acquisition.

Notes to the Financial Statements – continued

1 ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES – CONTINUED

The Group presents its cash flow statement using the indirect method, whereby profit is reconciled to net cash from operating activities by adjusting profit and loss for non-cash items. The Group has chosen to present interest received as well as dividends received as cash flows from investing activities because they are returns on the Group's investments.

Interest paid on borrowings and leases is presented within cash flows from financing activities as they are held for cash management purposes, as are cash payments for the principal element of lease liabilities.

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.

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 holds leases for its fulfilment centres and office space. Leases typically run for terms of between 7 and 25 years and may include break clauses or options to renew beyond the non-cancellable period. The majority of the Group's leases are subject to market review, usually every 5-6 years.

In accordance with IFRS 16, lease liabilities are initially measured as the present value of the lease payments at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the incremental borrowing rate is used. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the different components based on their relative stand-alone prices. 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.

1 ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES – CONTINUED

Payments associated with short-term leases and leases of a low value are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a term of 12 months or less. Low-value leases mainly comprise IT equipment.

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 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 the CGU that has benefited from the acquisition. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

j) Other intangible assets

The cost of acquiring and developing software that is not integral to the related hardware is capitalised separately as an intangible asset. This does not include internal website development and maintenance costs, which are expensed as incurred unless representing a technological advance leading to future economic benefit. Capitalised software costs include external direct costs of material and services and the payroll and payroll-related costs for employees who are directly associated with the project.

Capitalised software development costs are stated at historic cost less accumulated amortisation. Amortisation is calculated on a straight-line basis over the assets' expected economic lives. During the period, in accordance with IAS 38 'Intangible Assets', management have reviewed the useful economic life (UEL) of all asset groups. Management have reviewed all asset categories and, where appropriate, increased or decreased the UEL to align with the expected life of the asset. The assessment resulted in a change in the expected economic lives for capitalised software development costs to be between five and seven years, except for major technical infrastructure projects which have an expected economic life of between ten and fifteen years. The impact of this reassessment, effective from 1 September 2021, is a decrease in the amortisation charge of £3.5m in the year ending 31 August 2022. 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 and deemed to have an indefinite useful life. These 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.

Acquired brands and customer relationships are initially recognised at fair value as part of a business combination. These are subsequently amortised based on their expected useful lives of between 8 and 30 years on a straight-line basis. Amortisation is included within administrative expenses in the Statement of Total Comprehensive Income. These assets are assessed for impairment if there is a triggering event. 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 is 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.

During the period, in accordance with IAS 16 'Property, Plant and Equipment' management have reviewed the UEL of all asset groups. Management have reviewed all asset categories and, where appropriate, increased or decreased the UEL to align with the expected life of the asset. This change includes reassessment of UELs on the automation assets within ASOS' fulfilment centres, the systems which support these assets as well as the systems directly connected with the Total Global Retail programme (TGR).

The impact of this reassessment, effective from 1 September 2021, is a decrease in the depreciation charge of £8.0m in the year ending 31 August 2022.

Notes to the Financial Statements – continued

1 ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES – CONTINUED

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. The updated useful lives are as follows:

- Right-of-use assets: depreciated over the shorter of the remaining lease term and useful economic life and is typically between seven and twenty-five years
- Fixtures, fittings, plant and machinery: depreciated over five to fifteen 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 or over the remaining lease term where applicable

Depreciation is included in administrative expenses in the Statement of Total Comprehensive Income. Assets under construction are only depreciated when they become operational.

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.

1) Convertible debt

Convertible bonds are classified as compound instruments, consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt, and is subsequently recorded at an amortised cost basis using the effective interest method until extinguished on conversion or maturity of the bonds, and is recognised within borrowings. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity as a separate category.

Issue costs are apportioned between the liability and equity components of the convertible bonds where appropriate based on their relative carrying values at the date of issue. The portion relating to the equity component is charged directly against equity. The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component after taking into account the impact of the capitalised issue costs.

During the period ASOS has applied IAS 23 'Borrowing Costs' to capitalise interest expense on the Convertible Bond against qualifying assets under construction. This is the first period in which IAS 23 was applicable as there were previously no such borrowing costs. Qualifying assets under construction are assets which take more than six months to complete. During the year, £2.2m of finance expenses have been capitalised to tangible assets under construction (2021: £nil).

1.6 Amendments to published standards

The following new standards, and amendments to standards, have been adopted by the Group for the first time during the year commencing 1 September 2021:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

The following standards have been published and are mandatory for accounting periods beginning after 1 September 2022 but have not been early adopted by the Group or Company and could have an impact on the Group and Company financial statements:

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

The impact of new accounting standards which have been adopted for the first time during the year commencing 1 September 2021 have not had a material impact on the Group. The standards which have been published but not yet adopted are not expected to have a material impact on the Group.

1.7 Alternative performance measures

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

1 ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES – CONTINUED

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

Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes. The APMs that the Group has focused on in the period are defined and reconciled on page 161. All of the APMs relate to the current period's results and comparative periods.

1.8 Significant accounting judgements and estimates

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 72 to 78.

The estimates and judgements which have the most significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next 12 months 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 at 31 August 2022 was £31.3m (2021: £40.4m). The most significant estimate applied when calculating the Group's inventory provisions relates to the forecast loss rates used to determine inventory expected to be sold below cost. The Group estimates this based on the overall loss rates incurred over the financial year. Using the loss rates from the prior financial year (to 31 August 2021), the Group's provision would increase by £4.8m.

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. The accrual for net refunds totalled £77.5m at 31 August 2022 (2021: £58.7m). A 1.0% movement in the expected returns rate would have an impact of +/- £6.9m on reported revenue and +/- £3.6m on operating loss. The choice of a 1.0% change for the determination of sensitivity represents a reasonable, but not extreme, variation in the return rate and was derived by analysing the movement in returns rates during the year.

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

Depreciation and amortisation expenses are recognised to write down assets to their residual values over their estimated useful lives. The determination of these residual values and estimated lives, and any change to the residual values or estimated lives, requires the exercise of management judgement. The average UEL (useful economic life) for intangible assets is 6.6 years with the average UEL for tangible assets being 5.4 years. UELs applied to finite live assets range from 3-20 years. A difference of 1 year to the UELs of property, plant and equipment and other intangible assets gives rise to a +£13.9m/- £19.1m impact to operating loss. See Notes 11 and 12.

During the period, management has reviewed the UEL of all asset groups and, where appropriate, increased or decreased the UEL to align with the expected life of the asset. The impact of this reassessment, effective from 1 September 2021, is a decrease in the depreciation and amortisation charge of £11.5m in the year ending 31 August 2022.

The useful economic life of the assets have been assessed to consider the impact of the Group's Fashion with Integrity strategy related to climate change and its future usage. It has been concluded there was no material impact or impairment to the Group assets.

Accounting judgements

Legal contingencies

Where legal proceedings are brought against the Group and material future economic outflow is considered possible but not probable, or cannot be reliably measured, the Group discloses the nature of the contingent liability in the notes to the financial statements but does not recognise a liability in respect of the contingency.

A liability is recognised only when a future economic outflow is probable and the amount of that outflow can be reliably measured. Judgement is required in the determination of probability and as to whether the Group's exposure can be reliably estimated.

Alternative performance measures

Refer to Note 2 for further information.

Notes to the Financial Statements – continued

1 ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES – CONTINUED

Post balance sheet events

After the balance sheet date, the Board approved changes to the Group's commercial model. The Group has exercised judgement when determining whether any adjustments are required to the financial statements as at 31 August 2022, specifically in relation to inventory valuation and the impairment of non-current assets. It was concluded that the changes are not indicative of events that existed at the balance sheet date and therefore no adjustments were required to the financial statements. Further information is included in Note 28.

The calculation of share-based payment charges, which was disclosed as a key judgement in the prior year, has been removed this year. The charge itself is measured using a valuation model, which is dependent on a number of estimates, including the number of options expected to vest. It is not considered that a reasonable possible change in these assumptions would lead to a material adjustment in the next financial year, and therefore it is no longer considered a significant estimate nor judgement.

In assessing the Group's judgements and sources of estimation uncertainty, consideration has been given to the impact of climate change risk on these. Aside from the depreciation of property plant and equipment (refer to Note 12), climate change risks do not have any impacts on the Group's significant judgements or estimates.

1.9 Climate change considerations

In preparing the Group's financial statements, consideration has been given to the impact of both physical and transition climate change risks, as described within the Task Force on Climate-related Financial Disclosures (TCFD) section on page 36, and how these impact the financial statements. While it is not believed that these climate change risks have a material impact on the Group's financial statements, further narrative disclosure has been provided in the following disclosure notes:

- Going Concern – Note 1.2
- Significant accounting judgements, estimates and assumptions – Note 1.8
- Property, plant and equipment – Note 12
- Impairment of non-financial assets – Note 10

The policy, technology and market changes in response to climate change are still developing, and consequently the financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK adopted international accounting standards.

2 ADJUSTED PROFIT BEFORE TAX

In order to provide shareholders with additional insight into the year-on-year performance of the business, an adjusted measure of profit is provided to supplement the reported IFRS numbers, and reflects how the business measures performance internally.

Determining which items are to be adjusted requires judgement, in which the Group considers items which are significant either by virtue of their size and/or nature, the inclusion of which could distort comparability between periods. The same assessment is applied consistently to any reversals of prior adjusting items. Adjusted profit before tax (and similarly adjusted EBIT) is not an IFRS measure and therefore not directly comparable to other companies.

More details on each are included further below.

	Year to 31 August 2022 £m	Year to 31 August 2021 £m
Operating (loss)/profit	(9.8)	190.1
Adjusting items:		
ASOS Reimagined	25.4	–
Main Market transition costs	5.7	–
Impairment of Leavesden site assets	18.5	–
Employee and other liabilities relating to Topshop acquisition	(6.4)	–
Amortisation of acquired intangible assets	10.7	6.0
One-off acquisition and integration costs	–	10.5
Total adjusting items	53.9	16.5
Adjusted EBIT	44.1	206.6
Adjusted EBIT margin ¹	1.1%	5.3%
Net finance expenses	(22.1)	(13.0)
Adjusted profit before tax	22.0	193.6

1 Calculated as adjusted operating profit of £44.1m (2021: £206.6m) divided by Group revenue of £3,936.5m (2021: £3,910.5m).

2 ADJUSTED PROFIT BEFORE TAX – CONTINUED

ASOS Reimagined

A multi-year programme which will enable the business to accelerate delivery of the strategy and medium-term plan set out at the Capital Markets Day held on 10 November 2021. The programme will fundamentally change how ASOS operates and will drive the business towards its goal of becoming the number one destination for fashion-loving 20-somethings. Over the course of FY22, 'ASOS Reimagined' has been broken down into seven key transformation themes which will be responsible for making progress against three priority areas:

- (i) leveraging ASOS' platform and capabilities to improve the core customer proposition,
- (ii) amplifying ASOS' winning offer of own-brand and partner brands, and
- (iii) more effectively targeting approach to international expansion.

In FY22, which was the first year of 'ASOS Reimagined', total costs of £25.4m were incurred, largely to equip ASOS with the appropriate structures and capabilities to deliver the programme. This is broadly in line with the guidance issued at the interim results on 12 April 2022, and mainly relates to spend on external consultants and contractors to support the launch of specific transformation initiatives and processes, and costs associated with the restructuring of the ASOS Executive team.

Main Market transition costs

ASOS' transition to the Main Market of the London Stock Exchange, which was completed on 22 February 2022.

Impairment of Leavesden assets

A non-cash impairment charge relating to the right-of-use assets and associated fixtures and fittings at part of ASOS' Leavesden office. This is required under IAS 36 as a result of the decision to vacate and sublet part of the building to third parties.

Employee and other liabilities relating to Topshop acquisition

The release of a contingent liability relating to employee and other costs, which was originally recognised as part of the Topshop acquisition in February 2021.

Amortisation of acquired intangible assets

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

Impact of Ukraine conflict

During the year, the Group suspended sales in Russia following the invasion of Ukraine. The Group has not included any additional costs incurred or credits received directly in relation to the impacts of this within its adjusting items. This includes a £19.3m gain recognised in relation to Russian Ruble foreign exchange derivatives that were cancelled (recognised in other income), offset by the impact of lost sales and profit. Whilst some items (such as the cancellation of related derivatives) are discrete and can be separately quantified, others, such as lost sales, cannot be reliably disaggregated from the Group's underlying performance. The Group has therefore concluded that presenting some movements as non-adjusting and others as adjusting items would give an imbalanced view that is not easily comparable to past and subsequent periods.

Cash flow impact of adjusting items

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

	Year to 31 August 2022 £m	Year to 31 August 2021 £m
ASOS Reimagined	(9.6)	–
Main Market transition costs	(5.7)	–
One-off acquisition and integration costs	(2.9)	(7.1)
Total adjusting items within operating cash flow	(18.2)	(7.1)

Notes to the Financial Statements – continued

3 SEGMENTAL ANALYSIS

The Chief Operating Decision Maker has been determined to be the Executive Committee which receives information on the revenue and associated metrics of the Group in key geographical territories. Management monitors and makes decisions considering the entire Group. The Group has reviewed its assessment of reportable segments under IFRS 8 'Operating Segments' and concluded that the Group continues to have one reportable segment.

See Note 1 for the Group's accounting policy on revenue recognition. The following sets out the Group's revenue in the key geographic markets in which customers are located.

	Year to 31 August 2022				
	UK £m	EU £m	US £m	RoW ¹ £m	Total £m
Retail sales	1,703.3	1,142.6	472.7	454.0	3,772.6
Income from other services ²	59.5	27.4	58.7	18.3	163.9
Total revenues	1,762.8	1,170.0	531.4	472.3	3,936.5
Cost of sales					(2,219.0)
Gross profit					1,717.5
Distribution expenses					(523.7)
Administrative expenses					(1,224.2)
Other income ³					20.6
Operating loss					(9.8)
Finance income					0.9
Finance expense					(23.0)
Loss before tax					(31.9)

1 Rest of World.

2 Income from other services comprises of delivery receipt payments, marketing services, commission on partner-fulfilled sales and revenue from wholesale sales.

3 Other income includes a £19.3m gain recognised following the cancellation of foreign exchange derivatives to hedge exposures to Russian Rubles following the Group's decision to withdraw from Russia during the year.

	Year to 31 August 2021				
	UK £m	EU £m	US £m	RoW ¹ £m	Total £m
Retail sales	1,595.7	1,156.5	442.0	589.6	3,783.8
Income from other services ²	56.3	28.8	24.2	17.4	126.7
Total revenues	1,652.0	1,185.3	466.2	607.0	3,910.5
Cost of sales					(2,134.1)
Gross profit					1,776.4
Distribution expenses					(509.5)
Administrative expenses					(1,076.8)
Operating profit					190.1
Finance income					0.2
Finance expense					(13.2)
Profit before tax					177.1

1 Rest of World.

2 Income from other services comprises of delivery receipt payments, marketing services and revenue from wholesale sales.

The income recognition for delivery receipts, commissions on partner-fulfilled sales and wholesale revenue are in line with that of retail sales and linked to dispatch/delivery to customers. Income from marketing services is recognised in line with the terms and conditions of each contract and for Premier subscription income this is recognised over the course of the subscription. The value recognised in the year ended 31 August 2022 for marketing services is £13.1m (2021: £11.8m) and from Premier subscription customers is £24.6m (2021: £20.9m).

Due to the nature of its activities, the Group is not reliant on any individual major customers. The total amount of non-current assets (excluding derivatives and goodwill) located in the UK is £1,006.7m (2021: £994.1m), EU (Germany): £188.8m (2021: £193.6m), US: £185.2m (2021: £90.6m), and RoW: £nil (2021: £nil).

4 OPERATING (LOSS)/PROFIT

	Year to 31 August 2022 £m	Year to 31 August 2021 £m
a) Operating (loss)/profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	61.0	61.1
Amortisation of other intangible assets	88.8	74.4
Impairment of assets	19.2	0.1
Cost of inventory recognised as an expense	2,218.5	2,136.5
Adjustment of inventories to net realisable value	(6.7)	2.3
Net foreign exchange (gains)/losses	(6.3)	1.4
Short-term/low value leases	0.9	0.6
b) Auditors' remuneration:		
Audit and audit-related services:		
Statutory audit of parent company and consolidated financial statements ¹	0.8	0.3
Statutory audit of the Company's subsidiaries pursuant to legislation	0.2	0.1
	1.0	0.4

1 £0.2m of these fees relate to overruns for the 2021 statutory audit.

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 72 to 78. Costs related to non-audit services provided by the Group's auditors were £1.4m (2021: less than £0.1m) and are higher in the current year due to the additional services delivered in relation to the Group's listing on the London Stock Exchange.

Other income recognised during the year of £20.6m predominantly comprises gains on foreign currency derivatives to hedge Russian Ruble exposures, that were cancelled during the year. Refer to Notes 2 and 19 for further information.

5 STAFF COSTS INCLUDING DIRECTORS' REMUNERATION

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

	Year to 31 August 2022	Year to 31 August 2021
By activity:		
Fashion	1,215	1,145
Operations	1,219	1,130
Technology	825	742
	3,259	3,017

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

	Year to 31 August 2022 £m	Year to 31 August 2021 £m
Wages and salaries	168.9	177.6
Social security costs	22.2	20.6
Other pension costs	7.8	7.3
Share-based payments charge (Note 20)	0.8	9.4
Gross total	199.7	214.9
Less: staff costs capitalised in relation to capital projects	(51.0)	(53.0)
	148.7	161.9

The Group contributes to the personal pension plans for enrolled 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.

Notes to the Financial Statements – continued

5 STAFF COSTS INCLUDING DIRECTORS' REMUNERATION – CONTINUED

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 2022 £m	Year to 31 August 2021 £m
Short-term employee benefits	4.8	8.9
Post-employment benefits	0.2	0.2
Share-based payments (income)/charge	(0.8)	2.5
	4.2	11.6

The highest-paid Director exercised 8,463 share options during the year (2021: 5,903); all other components of the highest-paid Director's remuneration are detailed in the Directors' remuneration table on page 84.

Directors' aggregate emoluments and pension payments are detailed in the Directors' Remuneration Report on pages 84 to 105, along with Directors' interests in issued shares and share options on page 94.

6 FINANCE INCOME

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

	Year to 31 August 2022 £m	Year to 31 August 2021 £m
Interest receivable on cash and cash equivalents	0.9	0.2

7 FINANCE EXPENSE

Finance expense payable on cash and cash equivalents, including short-term borrowings, is recognised in the Consolidated Statement of Total Comprehensive Income in the period to which it relates. Finance expense on amortisation of lease liabilities and the liability portion of convertible bonds is recognised in the period to which it relates.

	Year to 31 August 2022 £m	Year to 31 August 2021 £m
Other interest payable less interest capitalised	1.1	2.0
Interest on convertible bond	16.5	6.1
IFRS 16 lease interest	5.4	5.1
	23.0	13.2

8 INCOME TAX EXPENSE

See Note 1 for the Group's accounting policy on taxation.

	Year to 31 August 2022 £m	Year to 31 August 2021 £m
Tax on (loss)/profit	(11.8)	32.0
Overseas tax	0.9	–
Adjustment in respect of prior year corporation tax	(3.0)	(0.3)
Total current tax (credit)/charge	(13.9)	31.7
Deferred tax		
– Origination and reversal of temporary differences	11.2	5.0
– Effect of changes in tax rates	0.2	9.7
– Adjustments in respect of prior years	1.4	2.3
Total deferred tax charge	12.8	17.0
Total tax (credit)/charge in the income statement	(1.1)	48.7
Effective tax rate	3.4%	27.5%

8 INCOME TAX EXPENSE – CONTINUED

Reconciliation of tax charge

The tax on the Group's (loss)/profit before tax differs from the income tax (credit)/expense as follows:

	Year to 31 August 2022 £m	Year to 31 August 2021 £m
(Loss)/profit before tax	(31.9)	177.1
Tax on (loss)/profit at standard rate of UK corporation tax of 19% (2021: 19%)	(6.0)	33.7
Effects of:		
Expenses not deductible for taxation purposes	2.8	2.1
Tax incentives	(1.7)	–
Rate differences: overseas tax	0.3	0.1
UK tax rate differential	2.4	9.7
Tax adjustments on share-based payments	2.7	1.1
Adjustment in respect of prior years	(1.6)	2.0
Total tax (credit)/charge in the income statement	(1.1)	48.7

Tax recognised in other comprehensive income

	Year to 31 August 2022 £m	Year to 31 August 2021 £m
Deferred tax charge/(credit) on net translation movements offset in reserves	0.6	(0.2)
Deferred tax charge on movement of derivative financial instruments	3.3	8.3
	3.9	8.1

Tax recognised in the Statement of Changes in Equity

	Year to 31 August 2022 £m	Year to 31 August 2021 £m
Deferred tax charge on movement in tax base of share options	0.7	(0.1)

Amounts which have been recognised in equity are included in the Consolidated Statement of Changes in Equity on page 120.

In December 2021, the OECD issued model rules for a new global minimum tax framework and the UK has announced the intention to bring these into effect from 2024. UK draft legislation was published in July 2022 for consultation, and comments invited by 14 September 2022. The Group is in the process of assessing the full implications for ASOS, should this legislation go ahead.

Recent announcements by the UK government have called into question whether the main rate of corporation tax will increase to 25% or will remain at 19%. If UK deferred tax assets and liabilities had been measured at 19% at 31 August 2022, the impact would have been to reduce the Group's deferred tax liability by £13.8m.

Notes to the Financial Statements – continued

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 profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the year, adjusted for the effects of potentially dilutive ordinary shares.

	Year to 31 August 2022 £m	Year to 31 August 2021 £m
Weighted average share capital		
Weighted average shares in issue for basic earnings per share (no. of shares)	99,696,028	99,590,828
Weighted average effect of dilutive options (no. of shares) ¹	–	341,014
Weighted average effect of convertible bond (no. of shares) ^{1,2}	–	–
Weighted average shares in issue for diluted earnings per share (no. of shares)	99,696,028	99,931,842
Earnings (£m)		
Earnings attributable to owners of the parent company for basic earnings per share	(30.8)	128.4
Interest expense on convertible bonds ^{1,2}	–	–
Diluted earnings attributable to owners of the parent company for diluted earnings per share	(30.8)	128.4
Basic (loss)/earnings per share (pence)	(30.9)p	128.9p
Diluted (loss)/earnings per share (pence)²	(30.9)p	128.5p

1 Dilutive shares and interest not included where their effect is anti-dilutive.

2 The prior year weighted average number of dilutive shares and interest relating to the convertible bond have been amended. The full, unweighted number of potentially dilutive shares in relation to the convertible bond of 6,277,464 were included in error, and should have been nil as the effect was anti-dilutive in the prior year. Similarly, no interest should have been included due to being anti-dilutive (£4.9m was included in the prior year). This has the effect of increasing the diluted earnings per share by 3.0 pence per share, from 125.5p to 128.5p.

10 GOODWILL

See Note 1 and details below for the Group's accounting policy on goodwill.

	Total £m
Cost	
At 1 September 2021	33.4
Additions arising as a result of a business combination¹ (Note 26)	2.1
At 31 August 2022	35.5
Accumulated impairment losses	
1 September 2021 and 31 August 2022	(0.3)
Carrying value	
At 31 August 2022	35.2
At 31 August 2021	33.1

1 Note this relates to an acquisition arising in the year ended 31 August 2021.

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 and the acquisition of the trade & assets from the Arcadia Group.

Goodwill is monitored on an entity wide basis at the reporting segment level as a singular cash-generating unit (CGU), the ASOS.com Limited CGU. The recoverable amount has been determined using a value-in-use calculation which is based on cash flow projections for three years, derived from the Group's latest results and financial forecasts approved by the Board. Thereafter, a terminal value is calculated, based on estimated long-term growth rates.

For value in use calculations, the key assumptions to which the recoverable amount is most sensitive are the discount rate, long-term growth rate and future cash flows (incorporating sales volumes and prices and costs).

10 GOODWILL – CONTINUED

The discount rates and long-term growth rates for the Group's review are as follows:

- Pre-tax discount rate: 12.7%
- Post-tax discount rate: 10.4%
- Long term growth rate: 1.5%

No impairment charge in respect of goodwill has been recognised during the year (2021: £nil). No reasonably possible change in the assumptions used in the value-in-use calculations could result in a material impairment of goodwill.

The forecast cashflows used for impairment testing incorporate current known cashflows to address climate change risks, including those associated with the Group's Fashion with Integrity commitments.

11 OTHER INTANGIBLE ASSETS

See Note 1 for the Group's accounting policy on intangible assets.

	Brands £m	Customer relationships £m	Domain names £m	Software £m	Assets under construction £m	Total £m
Cost						
At 1 September 2020	–	–	0.2	443.2	93.3	536.7
Additions	219.4	24.4	–	90.3	12.8	346.9
Transfers	–	–	–	105.3	(105.3)	–
Disposals	–	–	–	(0.7)	–	(0.7)
Impairments	–	–	–	(1.3)	–	(1.3)
At 31 August 2021	219.4	24.4	0.2	636.8	0.8	881.6
Additions	–	–	–	114.6	3.8	118.4
Transfers	–	–	–	1.0	(1.0)	–
At 31 August 2022	219.4	24.4	0.2	752.4	3.6	1,000.0
Accumulated amortisation						
At 1 September 2020	–	–	–	189.8	–	189.8
Charge for the year	4.3	1.7	–	68.4	–	74.4
Disposals	–	–	–	(0.5)	–	(0.5)
Impairments	–	–	–	(1.2)	–	(1.2)
At 31 August 2021	4.3	1.7	–	256.5	–	262.5
Charge for the year	7.7	3.0	–	78.1	–	88.8
At 31 August 2022	12.0	4.7	–	334.6	–	351.3
Net book amount						
At 31 August 2022	207.4	19.7	0.2	417.8	3.6	648.7
At 31 August 2021	215.1	22.7	0.2	380.3	0.8	619.1

Domain names have been determined to have an indefinite useful life as they are integral to the ongoing functions of the Group and are assessed for impairment annually based on their value-in-use. Domain names have been allocated for impairment testing to the ASOS.com Limited CGU. No impairment charge in respect of domain names has been recognised during the year (2021: £nil).

Acquired brands and customer relationships relate to brand names and wholesale customer relationships acquired from the Arcadia Group. These assets are amortised over their expected useful lives of between 8 and 30 years.

Total additions arising from internal development projects were £78.1m (2021: £83.7m).

During the period, in accordance with IAS 38 'Intangible Assets', management have reviewed the UEL of all asset groups. Management have reviewed all asset categories and, where appropriate, increased or decreased the UEL to align with the expected life of the asset. The assessment resulted in a change in the expected economic lives for capitalised software development costs to be between five and seven years, except for major technical infrastructure projects which have an expected economic life of between ten and fifteen years. The impact of this reassessment, effective from 1 September 2021, is a decrease in the amortisation charge of £3.5m in the year ending 31 August 2022. 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.

Notes to the Financial Statements – continued

12 PROPERTY, PLANT AND EQUIPMENT

See Note 1 for the Group's accounting policy on property, plant and equipment.

	Right-of-use assets ¹ £m	Fixtures, fittings, plant and machinery £m	Computer equipment £m	Assets under construction £m	Total £m
Cost					
At 1 September 2020	348.1	361.2	30.4	0.3	740.0
FX	(1.2)	-	-	-	(1.2)
Additions	49.1	15.2	3.6	37.0	104.9
Transfers	-	20.8	0.4	(21.2)	-
Disposals	-	(11.0)	-	-	(11.0)
At 31 August 2021	396.0	386.2	34.4	16.1	832.7
FX	6.7	-	-	-	6.7
Additions²	72.6	21.5	6.7	50.1	150.9
Transfers	-	0.8	-	(0.8)	-
Impairments	(9.3)	(7.4)	-	(2.5)	(19.2)
Disposals	(3.6)	-	-	-	(3.6)
At 31 August 2022	462.4	401.1	41.1	62.9	967.5
Accumulated depreciation					
At 1 September 2020	24.6	83.8	14.8	-	123.2
Charge for the year	26.0	29.1	6.0	-	61.1
FX	0.2	-	-	-	0.2
Disposals	-	(11.0)	-	-	(11.0)
At 31 August 2021	50.8	101.9	20.8	-	173.5
Charge for the year	30.3	25.5	5.2	-	61.0
FX	1.2	-	-	-	1.2
Disposals	(0.2)	-	-	-	(0.2)
At 31 August 2022	82.1	127.4	26.0	-	235.5
Net book amount					
At 31 August 2022	380.3	273.7	15.1	62.9	732.0
At 31 August 2021	345.2	284.3	13.6	16.1	659.2

1 Right-of-use assets include leases for land and buildings with a net book value of £380.3m (2021: £341.8m) and equipment with a net book value of £nil (2021: £3.4m).

2 The Group presents additions to right-of-use assets in line with the disclosure requirements of IFRS 16 'Leases'. In doing so, additions to right-of-use assets above include the net impact of new leases and modifications/reassessments. This incorporates re-measurements of any associated dilapidation provisions.

During the current financial year, the decision was made to vacate and sublet unused office space within the Leavesden property. Accordingly, management wrote down the right-of-use asset to its recoverable amount of £14.6m, which was estimated based on its value-in-use constituting the future discounted cash flows as a rental property. The estimate of value-in-use was determined using a pre-tax discount rate of 4.75%. Additionally, the associated fixtures and fittings at the Leavesden property were noted to have a recoverable amount of zero resulting in full impairment of these assets. The total impairment recognised relating to the above was £18.5m (£9.3m to the right-of-use assets, £6.7m to the fixtures and fittings and £2.5m to assets under construction), which is included within administrative expenses in the Statement of Comprehensive Income.

During the year to 31 August 2022, the lease term of the Doncaster returns centre was extended as a result of exercising the extension option and the Atlanta fulfilment centre lease term was extended following management's reassessment of the likelihood to extend. This resulted in increases to the right-of-use assets of £3.7m and £34.4m respectively.

Included within the right-of-use balance is £12.0m in relation to operating sub-leases. More detail provided in Note 16.

Significant assets under construction as at 31 August 2022 consisted primarily of amounts spent to automate the Atlanta fulfilment centre totalling £41.5m (2021: £13.7m) and the Lichfield fulfilment centre £16.2m (2021: £nil).

During the period, in accordance with IAS 16 'Property, Plant and Equipment' management have reviewed the UEL of all asset groups. Management have reviewed all asset categories and, where appropriate, increased or decreased the UEL to align with the expected life of the asset. The impact of this reassessment, effective from 1 September 2021, is a decrease in the depreciation charge of £8.0m in the year ending 31 August 2022.

The presence of potential physical risks arising from climate change to the Group's operational sites in the short term (2022-2030) has been reviewed and no assets have been impaired as a result of this exercise.

13 TRADE AND OTHER RECEIVABLES

Trade receivables are non-interest bearing and are stated at invoice value 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. An additional 10% uplift has been applied to the loss rate to factor in the implications of the adverse macroeconomic environment.

	31 August 2022 £m	31 August 2021 £m
Trade receivables	40.8	26.3
Provision for doubtful debts	(0.1)	(0.1)
Trade receivables net of provision for doubtful debts	40.7	26.2
Prepayments	15.3	8.5
Accrued income	17.3	15.4
Other receivables	14.9	7.6
	88.2	57.7

The other receivables balance includes £9.5m of UK VAT receivables (2021: £4.8m). The fair value of trade and other receivables is not materially different from their carrying value. In the prior year financial statements, accrued income was presented within trade receivables. It is now shown separately for presentational purposes.

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

	Year to 31 August 2022 £m	Year to 31 August 2021 £m
At start of year	(0.1)	(0.1)
Provided during the year	–	–
At end of year	(0.1)	(0.1)

As at 31 August 2022, trade receivables of £16.1m (2021: £6.8m) were past due.

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

14 CASH AND CASH EQUIVALENTS

	31 August 2022 £m	31 August 2021 £m
Net movement in cash and cash equivalents	(339.8)	255.3
Opening cash and cash equivalents	662.7	407.5
Effect of exchange rates on cash and cash equivalents	0.1	(0.1)
Closing cash and cash equivalents	323.0	662.7

Cash and cash equivalents includes short-term deposits with banks and other financial institutions, with an initial maturity of three months or less, and cash in transit (CIT) balance of £32.3m (2021: £34.2m). The CIT balance includes uncleared credit card receipts due within 72 hours of £11.7m (2021: £10.1m).

Included within cash and cash equivalents is £0.8m (2021: £nil) of cash collected on behalf of partners of the Direct to Consumer fulfilment proposition Partner Fulfils. ASOS Payments UK Limited and the Group are entitled to interest amounts earned on the deposits, amounts are held in a segregated bank account and are settled on a monthly basis.

Notes to the Financial Statements – continued

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 2022 £m	31 August 2021 £m
Trade payables and accruals	351.3	394.4
Taxation and social security	6.8	8.7
Non-trade accruals	288.9	314.0
Other payables	346.3	239.0
	993.3	956.1

Trade payables and accruals includes trade payables and goods received not invoiced, freight and duty accruals. Non-trade accruals consist of refund and refund related accruals, warehouse and distribution accruals, payroll, marketing and occupancy accruals. Other payables include VAT payables, non-stock creditors and deferred income. The increase in other payables is as a result of increases in deferred income due to increased levels of orders at the end of the year that had not been shipped, in conjunction with an increase in returns at the end of the year for which funds were yet to be returned. Deferred income totalled £54.4m (2021: £76.1m) at the balance sheet date – included within this are gift cards with a balance of £25.1m (2021: £29.3m) which is further analysed below. The fair value of trade, other payables and accruals is not materially different from their carrying value.

A contract liability arises in respect of gift cards and voucher schemes as payment has been received for a performance obligation which will be performed at a later point in time. Included within trade and other payables are gift card/voucher scheme liabilities:

	31 August 2022 £m	31 August 2021 £m
At 1 September 2021	29.3	25.1
Purchases	144.3	123.7
Released to the income statement	(148.5)	(119.5)
At 31 August 2022	25.1	29.3

During the year, updated redemption rates on historic gift cards and gift vouchers issued for out of policy returns have shown that these are being redeemed in lower quantities than initially expected, and has therefore led to a benefit of £7.5m being recognised as revenue in FY22. In particular this is in relation to vouchers for which limited historic redemption patterns were available. The revised breakage rates are not considered a significant estimate due to there not being a significant risk of material adjustments in the next financial year.

16 LEASE LIABILITIES

See Note 1 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:

	Year to 31 August 2022 £m	Year to 31 August 2021 £m
Depreciation charge for right-of-use assets (excluding impairment) (see Note 12)	(30.3)	(26.0)
Interest expense on lease liabilities	(5.4)	(5.1)
Expense relating to short-term leases	(0.5)	(0.4)
Expense relating to leases of low value assets that are not shown above as short-term leases	(0.4)	(0.1)
Total cash outflow for leases comprising interest and capital payments	(31.7)	(28.6)
Sub-let income relating to leases under IFRS 16	0.9	–

16 LEASE LIABILITIES – CONTINUED

Lease liabilities	31 August 2022 £m	31 August 2021 £m
The minimum lease payments under finance leases fall due as follows:		
Within one year	(32.0)	(28.3)
Within two to five years	(130.3)	(120.0)
Within five to ten years	(152.5)	(132.5)
Within ten to fifteen years	(88.2)	(70.4)
In more than fifteen years	(26.3)	(6.3)
	(429.3)	(357.5)
Future finance charge on lease liabilities	49.2	28.6
Present value of future leases	(380.1)	(328.9)

Balance sheet lease liabilities	31 August 2022 £m	31 August 2021 £m
Current	(24.3)	(23.9)
Non-current	(355.8)	(305.0)
	(380.1)	(328.9)

As of November 2021, the Group is sub-lessor to properties held as right-of-use assets under IFRS 16, which are now sub-let to tenants as operating leases with rentals payable quarterly. Lease payments include CPI increases, but there are no other variable lease payments that depend on an index or rate. Lease income from operating leases where the Group is a sub-lessor is recognised in profit and loss on a straight-line basis over the lease term.

	31 August 2022 £m	31 August 2021 £m
Minimum lease payments receivable on operating sub-leases under IFRS 16 are as follows:		
Within one year	0.1	–
Within two to five years	5.3	–
Within five to ten years	6.6	–
In more than ten years	–	–

17 DEFERRED TAX ASSET/(LIABILITY)

	Accelerated capital allowances £m	Share-based payments £m	Derivatives and FX £m	Research and Development Expenditure Credit (RDEC) £m	Other £m	Total £m
At 1 September 2020	(10.3)	2.6	4.3	(9.4)	1.4	(11.4)
(Charge)/credit to the Statement of Total Comprehensive Income	(9.6)	–	(8.1)	(6.7)	(0.8)	(25.2)
(Charge) to goodwill	–	–	–	–	(4.6)	(4.6)
(Charge) to equity (see Note 8)	–	(0.1)	–	–	–	(0.1)
At 31 August 2021	(19.9)	2.5	(3.8)	(16.1)	(4.0)	(41.3)
(Charge) to the Statement of Total Comprehensive Income	(7.0)	(2.8)	(3.9)	(2.6)	(0.4)	(16.7)
(Charge) to equity (see Note 8)	–	(0.7)	–	–	–	(0.7)
Balance sheet credit for withheld tax	–	–	–	0.5	–	0.5
At 31 August 2022	(26.9)	(1.0)	(7.7)	(18.2)	(4.4)	(58.2)

Notes to the Financial Statements – continued

17 DEFERRED TAX ASSET/(LIABILITY) – CONTINUED

The RDEC and other deferred tax liabilities comprise:

	31 August 2022 £m	31 August 2021 £m
Research and Development credits to be taken upfront	(20.7)	(18.1)
Research and Development credits to be deferred over the life of the associated assets	2.5	2.4
Unpaid provisions and accruals	–	0.8
Unpaid pension expenses	0.3	0.4
Disallowable dilapidations provision	–	0.4
Temporary differences arising on acquired customer relationships	(4.9)	(5.7)
Temporary deductions arising on the amortisation of acquired brands	(0.5)	(0.2)
Temporary differences arising as a result of IFRS 16	0.7	(0.1)
	(22.6)	(20.1)

Deferred tax assets and liabilities have been offset where they are due to reverse in the same jurisdiction. The following is the analysis of the deferred tax balances (after offset):

	31 August 2022 £m	31 August 2021 £m
Deferred tax assets	0.7	0.8
Deferred tax liabilities	(58.9)	(42.1)
	(58.2)	(41.3)

18 CALLED UP SHARE CAPITAL

	31 August 2022 £m	31 August 2021 £m
Allotted, issued and fully paid:		
99,940,235 (2021: 99,837,096) ordinary shares of 3.5p each	3.5	3.5
	No. of shares	No. of shares
Ordinary shares (Issued)		
At 1 September 2021	99,837,096	99,764,802
Employee share scheme issues	103,139	72,294
At 31 August 2022	99,940,235	99,837,096

During the year, 103,139 (2021: 72,294) 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 (2021: £0.1m). No shares were issued to the Chairman (2021: 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 2022, 7,519 shares (2021: 8,866 shares) were transferred from the Trusts to employees in settlement of share options and awards in exchange for cash consideration of £nil (2021: £0.1m). Nil shares (2021: nil) were purchased by the Trusts to satisfy future options and awards, at a cost of £nil (2021: £nil). The Trusts have waived the right to receive dividends on these shares.

At 31 August 2022, 229,182 shares were held by the Trusts (2021: 236,701 shares). The total value in reserves was a credit balance of £2.1m (2021: a credit balance of £2.1m).

19 FINANCIAL INSTRUMENTS

Categories of financial instruments

	31 August 2022 £m	31 August 2021 £m
Financial assets		
Derivative assets used for hedging at fair value	68.4	36.9
Amortised cost	63.4	49.2
Cash and cash equivalents	323.0	662.7
Financial liabilities		
Derivative liabilities used for hedging at fair value	(32.6)	(17.8)
Lease liabilities	(380.1)	(328.9)
Amortised cost	(1,356.8)	(1,299.7)

Financial instruments amortised cost exclude prepayments, deferred income and any amounts in relation to taxation. The prior year balance for financial liabilities measured at amortised cost has been amended to exclude certain balances totalling £162.6m that do not meet the definition of a financial liability.

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 2022, the Group had a revolving credit facility of £350.0m that is available until July 2024, of which £nil was drawn down at the year end. Borrowings under the revolving credit facility bear interest at a rate linked to SONIA. Commitment interest is payable on the daily undrawn balance of the facility. In October 2022, the Group successfully renegotiated the terms of its revolving credit facility – refer to Note 28 for more information.

In April 2021 the Group issued convertible bonds to fund future growth totalling £500m. The unsecured instruments pay a coupon of 0.75% until April 2026, or the conversion date, if earlier.

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 assets at amortised cost as at 31 August 2022 and 31 August 2021 all mature in less than one year. The maturity profile of the Group's borrowings is included in Note 24, and derivative liabilities within the foreign currency risk section of this note.

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 – details are included in Note 13. 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 wholesale suppliers, 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.

Notes to the Financial Statements – continued

19 FINANCIAL INSTRUMENTS – CONTINUED

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 2022, the facility was undrawn (2021: £nil) and therefore the Group has not entered any interest rate derivatives to mitigate the interest rate risk.

The Group's outstanding convertible bond pays a fixed coupon.

Foreign currency risk

The Group operates internationally and is therefore exposed to foreign currency transaction risk, primarily on sales denominated in Euros, US dollars and Australian Dollars as well as on US dollar denominated purchases. 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. Following the Group's exit from trade in Russia in March 2022, the Group no longer has exposure to foreign currency transaction risk in relation to Rubles.

The primary use of forward exchange and option contracts for sales and inventory purchases 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 decreasing from a maximum 95% to 30% between months 13 and 36. Hedges are currently protecting foreign exchange risk on 11 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 2022 with reference to forward exchange rates and option pricing models that are quoted in an active market, with the resulting value discounted back to present value. The Group's forward foreign exchange and option 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. During the year, cash flow hedges in relation to the Group's exposure to Russian Rubles were cancelled following the Group's decision to cease trading in Russia. Gains of £19.3m were recognised in other income. Refer to Note 2 for further information.

	31 August 2022 £m	31 August 2021 £m
Fair value of derivative financial instruments		
Non-current assets		
Fair value of derivatives	27.0	13.4
Current assets		
Fair value of derivatives	41.4	23.5
Current liabilities		
Fair value of derivatives	(21.0)	(14.2)
Non-current liabilities		
Fair value of derivatives	(11.6)	(3.6)
	35.8	19.1

	31 August 2022 £m	31 August 2021 £m
Hedging risk strategy	Cash flow hedges	Cash flow hedges
Carrying amount	30.2	17.3
Notional amount	1,341.0	1,016.3
Maturity date	To Jul 25	To Jul 24
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since inception of the hedge	32.4	17.3

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

19 FINANCIAL INSTRUMENTS – CONTINUED

The Group's forward foreign exchange and option contracts were assessed to be highly effective at 31 August 2022, and the net fair value of outstanding contracts was a £30.2m asset (2021: £17.3m asset). 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 2022 £m	31 August 2021 £m
Cash flows relating to forward and option contracts:		
Within six months	6.4	(0.7)
Between six months and one year	8.4	8.2
Between one and three years	15.4	9.8
	30.2	17.3

The following table presents a reconciliation by risk category of the cash flow hedge reserve and analysis of other comprehensive income in relation to hedge accounting:

	Opening £m	Fair value movements recognised in other comprehensive income £m	Amounts reclassified £m	Closing £m	Reclassification recognised in
31 August 2022					
Hedges of foreign currency sales	24.0	(25.9)	(15.5)	(17.4)	Revenue
Hedges of foreign currency inventory purchases	(6.8)	44.9	5.5	43.6	Inventory
Hedges of foreign currency purchases of property, plant and equipment	–	6.3	(0.1)	6.2	Property, plant and equipment
Tax	(2.9)	(3.3)	–	(6.2)	
	14.3	22.0	(10.1)	26.2	
31 August 2021					
Hedges of foreign currency sales	(14.6)	24.8	13.8	24.0	Revenue
Hedges of foreign currency inventory purchases	(6.6)	(1.2)	1.0	(6.8)	Inventory
Tax	5.4	(8.3)	–	(2.9)	
	(15.8)	15.3	14.8	14.3	

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 instruments 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.

	31 August 2022 £m	31 August 2021 £m
Cash flow hedges		
Outflows within one year	(799.4)	(1,090.2)
Outflows between one and three years	(557.8)	(618.4)
Inflows within one year	816.3	1,098.1
Inflows between one and three years	581.3	633.2

The table above shows the gross undiscounted cash flows. Within this, the prior year amounts have been updated, as previously the net (rather than gross) undiscounted cash flows were disclosed.

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.

Notes to the Financial Statements – continued

19 FINANCIAL INSTRUMENTS – CONTINUED

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	
	2022 £m	2021 £m	2022 £m	2021 £m
Sterling strengthens by 10% against:				
US Dollar	10.1	5.1	14.9	4.5
Euro	11.2	1.3	10.9	3.2
Australian Dollar	0.6	0.3	(0.7)	0.6
Sterling weakens by 10% against:				
US Dollar	(10.1)	(5.1)	(14.9)	(4.5)
Euro	(11.2)	(1.3)	(10.9)	(3.2)
Australian Dollar	(0.6)	(0.3)	0.7	(0.6)

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, cash balances and changes in the currency mix. As the sensitivities are limited to financial instrument balances as at the reporting date due to the Group'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 can be sensitive to interest rate risk when it is carrying high amounts of cash or when it has drawn on its revolving credit facility. As of 31 August 2022 there was no significant sensitivity to changes in market interest rates.

20 SHARE-BASED PAYMENTS

See Note 1 for the Group's accounting policy on share-based payments.

The Group incurred a cost of £0.8m (2021: £9.4m) and capitalised £0.2m (2021: £1.8m) related to share-based payments during the year to 31 August 2022, 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 2020	214,269	3,651	821,988	1,039,908	712
Granted during the year	86,170	–	277,463	363,633	836
Lapsed during the year	(77,372)	–	(222,706)	(300,078)	979
Exercised during the year	(6,657)	(241)	(74,263)	(81,161)	346
Outstanding at 31 August 2021	216,410	3,410	802,482	1,022,302	704
Exercisable at 31 August 2021	22,070	3,410	–	25,480	5,026
Outstanding at 1 September 2021	216,410	3,410	802,482	1,022,302	704
Granted during the year	265,897	–	568,882	834,779	432
Lapsed during the year	(195,270)	–	(356,993)	(552,263)	951
Exercised during the year	–	(93)	(109,353)	(109,446)	–
Outstanding at 31 August 2022	287,037	3,317	905,018	1,195,372	464
Exercisable at 31 August 2022	643	3,317	–	3,960	5,028

The weighted average share price at date of exercise of shares exercised during the year was 2,438 pence (2021: 4,441 pence). The weighted average remaining contractual life of outstanding options at the end of the year was 1.4 years (2021: 1.3 years). The aggregate fair value of options granted in the year was £16.0m (2021: £12.7m).

20 SHARE-BASED PAYMENTS – CONTINUED

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 2021 (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 2022 (no. of shares)	Exercise price (pence)	Exercise period
08.06.17	221	–	(221)	–	–	4,869	01.08.20-31.01.21
08.06.18	21,849	–	(21,206)	–	643	5,028	01.08.21-31.01.22
20.11.19	117,568	–	(57,989)	–	59,579	2,876	01.01.23-30.06.23
27.11.20	76,772	–	(43,224)	–	33,548	3,527	01.01.24-30.06.24
26.11.21	–	265,897	(72,630)	–	193,267	1,355	01.01.25-30.06.25
	216,410	265,897	(195,270)	–	287,037		

The fair value of SAYE options granted during the current and prior year was calculated using the Black-Scholes model, assuming the following inputs:

	Year to 30 August 2022
Share price (pence)	2,546
Exercise price (pence)	2,057
Expected volatility (%)	71.6
Expected life (years)	3.1
Risk-free rate (%)	0.58
Dividend yield	–
Weighted average fair value of options (pence)	1,355

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 2021 (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 2022 (no. of shares)	Exercise price (pence)	Exercise period
28.12.12	1,799	–	–	(66)	1,733	Nil	Post 28.12.2015
15.11.13	1,611	–	–	(27)	1,584	Nil	Post 15.11.2017
	3,410	–	–	(93)	3,317		

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 86, are met. These options grants are settled on exercise through issue of new ordinary shares by the Company.

Notes to the Financial Statements – continued

20 SHARE-BASED PAYMENTS – CONTINUED

Options granted under the ALTIS are shown below.

Date of grant	1 September 2021 (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 2022 (no. of shares)	Exercise price (pence)	Exercise date
24.10.18	226,821	–	(140,709)	(86,112)	–	Nil	31.10.21
26.02.19	10,457	–	(7,016)	(3,441)	–	Nil	31.10.21
28.06.19	34,137	–	(21,502)	(12,635)	–	Nil	31.10.21
20.11.19	244,850	–	(22,063)	–	222,787	Nil	31.10.22
27.02.20	16,416	–	(15,576)	–	840	Nil	31.10.22
27.02.20	1,968	–	–	(1,968)	–	Nil	28.02.22
20.11.20	234,942	–	(67,412)	–	167,530	Nil	31.10.23
16.02.21	12,511	–	–	–	12,511	Nil	31.10.23
16.02.21	4,272	–	–	(4,272)	–	Nil	31.03.22
15.04.21	1,850	–	(925)	(925)	–	Nil	31.10.22
26.04.21	3,830	–	–	–	3,830	Nil	26.04.23
31.04.21	10,428	–	(1,825)	–	8,603	Nil	31.10.23
23.11.21	–	397,215	(63,007)	–	334,208	Nil	31.10.24
14.01.22	–	117,794	(16,958)	–	100,836	Nil	30.04.23
08.02.22	–	3,037	–	–	3,037	Nil	31.10.24
30.04.22	–	7,493	–	–	7,493	Nil	31.10.24
23.06.22	–	20,612	–	–	20,612	Nil	31.10.24
30.08.22	–	13,103	–	–	13,103	Nil	31.10.24
30.08.22	–	9,628	–	–	9,628	Nil	31.10.23
	802,482	568,882	(356,993)	(109,353)	905,018	–	–

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:

	2022					2021		
	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 1	Grant 2	Grant 3
Share price (pence)	2,601	2,056	1,373	860	697	4,500	5,496	5,154
Exercise price (pence)	–	–	–	–	–	–	–	–
Expected volatility (%)	72.8	67.9	66.3	74.0	60.2	71	74	75
Expected life (years)	2.9	2.7	2.5	2.4	2.2	3	3	3
Risk-free rate (%)	0.53	1.31	1.63	2.15	2.76	-0.03	0.01	0.17
Dividend yield	–	–	–	–	–	–	–	–
Weighted average fair value of options for EPS performance condition (pence)	2,601	2,056	1,373	860	697	4,500	5,496	5,154
Weighted average fair value of options for TSR performance condition (pence) ^{1,2}	1,480	1,170	781	489	397	2,691	3,287	3,082

1 Inputs to the Monte Carlo model for all grants from 2022 were as follows: share price of 2,601 pence, exercise price of nil, expected volatility of 52.0%, expected life of 3.0 years, risk-free rate of 0.6% and dividend yield of nil.

2 Inputs to the Monte Carlo model for all grants from 2021 were as follows: share price of 4,500 pence, exercise price of nil, expected volatility of 52.0%, expected life of 3.0 years, risk-free rate of -0.06% and dividend yield of nil.

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

21 CAPITAL COMMITMENTS

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

	31 August 2022 £m	31 August 2021 £m
Fixtures and fittings	101.5	66.2
Intangible assets	104.5	12.3
	206.0	78.5

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 2022, the Group had contingent liabilities of £nil (2021: £6.4m).

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 2021 and the year to 31 August 2022 other than remuneration disclosed in Note 5.

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

During the year, £nil (2021: £0.1m) 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 £75.9m (2021: £80.0m) from Aktieselskabet af 5.5.2010, a company which has a significant shareholding in the Group. At 31 August 2022, the amount due to Aktieselskabet af 5.5.2010 was £8.8m (2021: £12.2m) in addition to a release to the P&L in relation to rebates of £0.2m (2021: £3.2m).

24 BORROWINGS

Borrowings	31 August 2022 £m	31 August 2021 £m
Current	(1.4)	(3.8)
Non-current	(474.5)	(459.4)
	(475.9)	(463.2)

On 16 April 2021 the Group issued £500m of convertible bonds. The unsecured instruments pay a coupon of 0.75% until April 2026, or the conversion date, if earlier. The initial conversion price was set at £79.65 per share. In accordance with IAS 32 'Financial Instruments: Presentation', the equity and debt components of the bonds are accounted for separately and the fair value of the debt component has been determined using the market interest rate for an equivalent non-convertible bond, deemed to be 3.4%. As a result, £440.1m was recognised as a liability in the balance sheet on issue and the remainder of the proceeds, £59.9m, which represents the equity component, was credited to reserves. The difference between the fair value of the liability and the principal value is being amortised through the income statement from the date of issue. Issue costs of £9.0m were allocated between equity and debt and the element relating to the debt component is being amortised over the life of the bonds. The issue costs apportioned to equity of £1.0m have not been amortised. The carrying value of the liability portion as at 31 August 2022 is £451.0m (2021: £438.2m), with £3.8m being the annual coupon payable within 12 months (2021: £3.8m).

On 12 July 2021 the Group announced a strategic partnership with Nordstrom, a US-based multi-channel retailer, to drive growth in North America. As part of this venture, Nordstrom purchased a minority interest in ASOS Holdings Limited which holds the Topshop, Topman, Miss Selfridge and HIIT brands in exchange for £10 as well as providing a £21.9m loan. The loan attracts interest at a market rate of 6.5% per annum. The carrying value of the debt at 31 August 2022 is £22.0m (2021: £22.2m). As part of this agreement a written put option was provided to Nordstrom over their shares in ASOS Holdings Limited. The resulting liability is £3.0m as at 31 August 2022 (2021: £2.8m).

At the year-end, the Group had in place a £350m Revolving Credit Facility (RCF), of which £nil was drawn down (2021: £nil). On 8 September 2022 the Group drew down £250.0m of the RCF. Subsequently, in October 2022, the Group successfully renegotiated the terms of the RCF – refer to Note 28 for further information.

Notes to the Financial Statements – continued

24 BORROWINGS – CONTINUED

The table below analyses the Group's borrowings 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 amounts.

	<1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	>5 years £m
Convertible bond	3.8	3.8	3.8	503.8	–	–
Nordstrom loan	–	–	–	–	–	21.9
Obligation to repurchase own shares	–	4.9	–	–	–	–
	3.8	8.7	3.8	503.8	–	21.9

25 PROVISIONS

	Dilapidations 2022 £m	Dilapidations 2021 £m
Carrying amount at 1 September 2021 and 1 September 2020	43.2	36.3
Provisions recognised in the year	10.8	7.2
Effect of movements in discount rates	(13.2)	–
Unwinding of discount	0.2	0.5
Exchange differences	0.9	(0.8)
Carrying amount at 31 August 2022 and 31 August 2021	41.9	43.2
Current	–	–
Non-current	41.9	43.2
	41.9	43.2

The dilapidations provision relates to potential rectification costs expected should the Group vacate its fulfilment centres or office space.

Provisions for dilapidations are inherently uncertain in terms of quantum and timing with cash outflows expected to occur on lease expiry dates, the next most significant outflow is anticipated to occur in 2028. The figures provided in the financial statements represent management's best estimate of the likely outflows to the Group.

26 BUSINESS COMBINATION

On 4 February 2021, the Group acquired the trade and assets of a number of businesses from the administrators of Arcadia Group limited. The businesses were purchased out of administration for total consideration of £292.4m. In accordance with IFRS 3 'Business combinations' the acquisition accounting has now been finalised and resulted in an increase in goodwill of £2.1m.

Purchase consideration	£m
Cash paid	264.8
Contingent consideration	27.6
Total purchase consideration	292.4

The fair value of assets and liabilities acquired was £258.3m. This includes £219.4m in relation to the Topshop, Topman, Miss Selfridge and H&M brands and £38.9m of other net assets. The fair value of assets acquired was less than the fair value of the consideration by £34.1m, which has been recognised as goodwill. The goodwill is attributable to the workforce, the high profitability of the acquired business and expected synergies. It will not be deductible for tax purposes.

26 BUSINESS COMBINATION – CONTINUED

The assets and liabilities recognised as a result of the acquisition at 4 February 2021 are as follows:

	Restated £m	Adjustment to provisional figures £m	As previously reported £m
Fair value of net assets acquired			
Intangible assets ¹	243.8	–	243.8
Inventories	25.5	(2.1)	27.6
Total assets acquired	269.3	(2.1)	271.4
Contingent liability	(6.4)	–	(6.4)
Deferred tax liability	(4.6)	–	(4.6)
Total liabilities acquired	(11.0)	–	(11.0)
Net identifiable assets acquired at fair value	258.3	(2.1)	260.4
Goodwill arising on acquisition	34.1	2.1	32.0
Purchase consideration transferred	292.4	–	292.4

¹ Intangible assets include brands of £219.4m relating to Topshop, Topman, Miss Selfridge and HIIT and reflects their fair value at the acquisition date. They are estimated to have a useful economic life of between 10 and 30 years. Also acquired were wholesale customer relationships with a fair value of £24.4m which are estimated to have a useful economic life of 8 years.

Separately to the acquisition of the trade and assets outlined above, the Group also agreed to assume a number of purchase orders that were placed with suppliers by the Arcadia Group prior to the acquisition. Inventory amounts have been recorded in line with the requirements of IAS 2 'Inventories' upon receipt, when control transfers.

a) Acquisition-related costs

Acquisition-related costs of £2.0m were incurred and were included in administrative expenses in the Statement of Profit or Loss and in operating cash flows in the Statement of Cash Flows for the year ended August 2021.

b) Contingent consideration

The contingent consideration arrangements primarily relate to amounts ASOS.com Limited agreed to pay to the Arcadia administrators in relation to qualifying inventory totalling £21.6m upon collection. The remainder related to Arcadia employee retention payments. As at 31 August 2022 the consideration amounts have been settled in full, of which £6m was paid in the current year.

c) Contingent liability

As at 31 August 2021, a contingent liability of £6.4m had been recognised in relation to employee and other liabilities. The Group's assessment of the fair value of these liabilities represented the probability adjusted possible outcome. As at 31 August 2022 the risk has fully expired and the provision has been released as an adjusted item.

Notes to the Financial Statements – continued

27 NET DEBT RECONCILIATION

Net debt comprises cash and cash equivalents less any borrowings drawn down at period-end, but excluding outstanding lease liabilities. A reconciliation of opening to closing net debt is included below. Lease liabilities are included to enable reconciliation to the Group cash flow statement.

	Lease liabilities £m	Borrowings £m	Cash and cash equivalents £m	Net borrowings £m
At 1 September 2021	(328.9)	(463.2)	662.7	(129.4)
Cash flow movements	31.7	5.7	(340.7)	(303.3)
Net cash movement	-	-	(339.8)	(339.8)
Net interest paid/(received)	5.4	5.7	(0.9)	10.2
Lease liability payments	26.3	-	-	26.3
Non-cash movements	(82.9)	(18.4)	1.0	(100.3)
Movements in lease liabilities	(71.3)	-	-	(71.3)
Foreign exchange impacts	(6.2)	-	0.1	(6.1)
Accrued interest	(5.4)	(18.4)	0.9	(22.9)
At 31 August 2022	(380.1)	(475.9)	323.0	(533.0)
Net debt (excluding leases)				(152.9)
At 1 September 2020	(313.1)	-	407.5	94.4
Cash flow movements	29.0	(512.3)	255.1	(228.2)
Net cash movement	-	-	255.3	255.3
Proceeds from convertible bond	-	(491.0)	-	(491.0)
Movement in loan payables	-	(21.9)	-	(21.9)
Net interest paid/(received)	5.1	0.6	(0.2)	5.5
Lease liability payments	23.9	-	-	23.9
Non-cash movements	(44.8)	49.1	0.1	4.4
Movements in lease liabilities	(43.6)	-	-	(43.6)
Foreign exchange impacts	3.9	-	(0.1)	3.8
Amount allocated to equity on convertible bond issue	-	58.9	-	58.9
Gross obligations accounting	-	(2.8)	-	(2.8)
Accrued interest	(5.1)	(7.0)	0.2	(11.9)
At 31 August 2021	(328.9)	(463.2)	662.7	(129.4)
Net debt (excluding leases)				199.5

28 POST-BALANCE SHEET EVENTS

Change to Group operating model

After the balance sheet date, in October 2022, the Board approved changes to the Group's commercial model. The updated model aims to operate a shorter buying cycle with an accelerated speed to market, facilitating an enhanced customer proposition that offers new products, more regularly. To achieve this, it is planned to introduce more off-site clearance routes that will enable the Group to clear inventory earlier in its lifecycle than previously, therefore reducing the overall breadth of inventory held in fulfilment centres, which in turn will reduce the volume that is currently sold on promotion via the ASOS site.

To transition to the new model, a reshaping of the inventory portfolio is required, and as a result additional inventory provisions in the range of £100m to £130m are expected to be recognised in the next financial year. Of this, between £95m and £120m is in relation to inventory currently held on the Group's balance sheet which will now be sold through alternative clearance channels, rather than through the website. The remainder relates to committed inventory spend which will be recognised as inventory in the next financial year, that will also be predominantly sold through off-site clearance channels as a result of the new model.

It has been considered whether any adjustments are required to the current year financial statements. Whilst the proposal was both formed and approved after the balance sheet date, the Group has specifically considered whether the change in operating model indicates that inventory held at the year-end requires further write-downs to net realisable value in order to sell. The anticipated write-downs next year only arise out of the decision to sell or dispose of inventory through other channels to facilitate an enhanced customer offer. Absent the change in model, it would be sold through ASOS.com, for which the existing year-end provisions are appropriate. The Group has therefore concluded that the approved change does not provide evidence for conditions that existed at the balance sheet date.

It was also considered whether the change is an indication that the Group's non-current assets may require impairment. Whilst a reduction in stock levels held at fulfilment centres is anticipated, the overall cash flow of the Group is expected to improve, primarily through improved margin through lower ongoing mark-downs as well as improved working capital in the longer term through reduced stockholding. Furthermore, whilst any future decisions to exit warehouses could potentially result in further impairment charges, no decisions in relation to this have been made. It is therefore concluded that the updated commercial model does not provide indication that the Group's non-current assets are impaired at the year-end.

As the programme will support future underlying profit improvement, it was considered whether it is appropriate to report these costs within adjusted profit. Whilst they arise from changes in the Group's trading operations, they comprise a major business change, they can be separately identified, are material in size and are not reflective of ordinary in-year trading activity. The costs will therefore be presented as adjusting items in the next financial year and excluded from adjusted profit before tax.

Changes to Group funding

Post the balance sheet date, the Group has agreed an amendment to its £350m revolving credit facility (RCF), with existing financial covenants ceasing to apply until February 2024, and providing the Group with much enhanced flexibility. A new minimum liquidity covenant will apply until the maturity of the RCF. As part of this amendment, the Group's bank lenders have agreed an accordion option to increase the RCF to c. £400m, allowing the incorporation of newly committed ancillary facilities. The amendment also provides for additional reporting disclosures and security by way of fixed and floating charges over certain Group assets.

Company Statement of Changes in Equity

For the year to 31 August 2022

	Called up share capital £m	Share premium £m	Equity portion of compound financial instrument £m	Retained earnings ¹ £m	Total equity £m
At 1 September 2021	3.5	245.7	58.8	45.8	353.8
Loss for the year and total comprehensive loss	–	–	–	(3.5)	(3.5)
Share-based payments contribution	–	–	–	0.8	0.8
At 31 August 2022	3.5	245.7	58.8	43.1	351.1
At 1 September 2020	3.5	245.7	–	37.2	286.4
Loss for the year and total comprehensive loss	–	–	–	(0.8)	(0.8)
Issue of compound financial instruments	–	–	58.8	–	58.8
Share-based payments contribution	–	–	–	9.4	9.4
At 31 August 2021	3.5	245.7	58.8	45.8	353.8

1 Retained earnings includes the share-based payments reserve.

Company Statement of Financial Position

As at 31 August 2022

	Note	31 August 2022 £m	31 August 2021 £m
Non-current assets			
Investments	8	59.5	58.7
Amounts due from subsidiary undertakings	3	742.5	–
		802.0	58.7
Current assets			
Amounts due from subsidiary undertakings	3	111.0	840.6
		111.0	840.6
Current liabilities			
Current payable to subsidiary undertakings	4	(111.0)	(117.2)
		(111.0)	(117.2)
Non-current liabilities			
Non-current payable to subsidiary undertakings	4	(450.9)	(428.3)
Net assets		351.1	353.8
Equity			
Called up share capital	6	3.5	3.5
Share premium		245.7	245.7
Equity on compound financial instrument		58.8	58.8
Retained earnings		43.1	45.8
Total equity		351.1	353.8

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 £3.5m (2021: loss of £0.8m).

The financial statements of ASOS Plc, registered number 4006623, on pages 154 to 160, were approved by the Board of Directors and authorised for issue on 28 October 2022 and were signed on its behalf by:



Mat Dunn
Chief Operating Officer and Chief Financial Officer

Company Statement of Cash Flows

For the year to 31 August 2022

	Year to 31 August 2022 £m	Year to 31 August 2021 £m
Operating loss	(3.5)	(0.8)
Adjusted for:		
Increase in other receivables	(12.9)	(544.7)
Increase in payables	16.4	545.5
Net cash used in operating activities	-	-
Investing activities		
Dividends from investments	-	-
Finance income	-	-
Net cash generated from investing activities	-	-
Financing activities		
Proceeds from issue of ordinary shares	-	-
Finance expense	-	-
Net cash generated from financing activities	-	-
Net movement in cash and cash equivalents	-	-
Opening cash and cash equivalents	-	-
Closing cash and cash equivalents	-	-

Notes to the Company Financial Statements

For the year to 31 August 2022

1 ACCOUNTING POLICIES

Basis of preparation

The separate financial statements of the Company are prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS), as issued by the IASB, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company's principal accounting policies are the same as those set out in Note 1 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 £3.5m (2021: loss of £0.8m).

3 AMOUNTS DUE FROM SUBSIDIARY UNDERTAKINGS

Amounts due from subsidiary undertakings are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method less any provision for impairment. Receivable balances with Group companies are reviewed for potential impairment based on the ability of the counterparty to meet its obligations. This is assessed by considering the net asset position of the entity and whether amounts owed to the Company are covered. No impairment losses were recognised in the year. The fair value of other receivables is not materially different to their carrying value.

	31 August 2022 £m	31 August 2021 £m
Current	111.0	840.6
Non-current	742.5	–
	853.5	840.6

As at 31 August 2022, receivables from subsidiary undertakings of £853.5m (2021: £840.6m) were unimpaired and considered by management to be fully recoverable.

Included within non-current receivables are interest-bearing amounts of £493.8m. The remainder is non-interest bearing. All amounts are repayable on demand. During the year, the Company reviewed its intercompany receivables and concluded that £742.5m were no longer expected to be realised within 12 months, and therefore reclassified them as non-current receivables.

4 AMOUNTS DUE TO SUBSIDIARY UNDERTAKINGS

	31 August 2022 £m	31 August 2021 £m
Current	111.0	117.2
Non-current	450.9	428.3
	561.9	545.5

Current amounts due to subsidiary undertakings relate to repayable on-demand loans between the Company and Group companies. Non-current amounts due to subsidiary undertakings relate to a term loan with Cornwall (Jersey) Limited relating to the convertible bond due in 2026. The terms of the loan mirror those of the convertible bond which are described in Note 24 in the Group Financial Statements.

5 FINANCIAL INSTRUMENTS

	31 August 2022 £m	31 August 2021 £m
Financial assets		
Amortised cost	853.5	840.6
Financial liabilities		
Amortised cost	561.9	545.5

The Company is exposed to credit risk through the above loans due from subsidiary companies. Management consider the credit risk as a result of the above to be low given the financial performance of the subsidiaries and the lack of historical defaults by Group companies.

Notes to the Company Financial Statements – continued

6 CALLED UP SHARE CAPITAL

	31 August 2022 £m	31 August 2021 £m
Allotted, issued and fully paid:		
99,940,235 (2021: 99,837,096) ordinary shares of 3.5p each	3.5	3.5

Ordinary Shares (Issued)	No. of shares	No. of shares
At 1 September 2021	99,837,096	99,764,802
Employee share scheme issues	103,139	72,294
At 31 August 2022	99,940,235	99,837,096

During the year, 103,139 (2021: 72,294) 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 (2021: £nil). No shares were issued to the Chairman (2021: 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 2022 £m	Year to 31 August 2021 £m
Costs recharged by subsidiary undertakings	0.2	0.8

For transactions with Directors and key management of ASOS Plc, see Note 23 to the consolidated financial statements on page 149.

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 2022, ASOS.com Limited recognised a charge of £0.8m (2021: £9.4m) in respect of share-based payment arrangements. Accordingly, this is shown as an increase (2021: 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 2020	1.7	47.6	49.3
Additions	–	9.4	9.4
At 31 August 2021	1.7	57.0	58.7
Additions	–	0.8	0.8
At 31 August 2022	1.7	57.8	59.5

The Directors believe the carrying value of investments is supported by their underlying net assets therefore no impairment was recognised for the year ending 31 August 2022 (2021: £nil).

8 INVESTMENTS – CONTINUED

At 31 August 2022, 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 ^{1,2}	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%	Non-trading company
ASOS Germany GmbH	Germany	100%	Employer of supply chain staff based in Germany
ASOS France SAS	France	100%	Non-trading company
ASOS Transaction Services France SAS	France	100%	Payment processing company
ASOS Australia Pty Limited	Australia	100%	Non-trading 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 ³	UK	100%	Holding company
ASOS Ventures Limited	UK	100%	Non-trading company
ASOS (Shanghai) Commerce Co. Limited	China	100%	Discontinued internet retailer
ASOS Payments UK Limited	UK	100%	Payment processing company
ASOS Payments Europe B.V.	Netherlands	100%	Payment processing company
ASOS Payments Holdings Limited	UK	100%	Holding company
Cornwall (Jersey) Limited	Jersey	100%	Vehicle for issue of convertible bond
ASOS Holdings Limited	UK	90%	Brand management company

1 ASOS.com Limited has a 7.2% interest in Needle and Thread Design Holdings Limited.

2 ASOS.com additionally has a branch registered in the Netherlands.

3 ASOS Projects Limited has a 2.9% interest in Action Artificial Intelligence Limited.

ASOS Intermediate Holdings Limited, Mornington & Co (No. 1) Limited, Mornington & Co (No. 2) Limited and Cornwall (Jersey) 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.

Notes to the Financial Statements – continued

8 INVESTMENTS – CONTINUED

All UK incorporated entities share the same registered office as ASOS Plc and non-UK entities' registered offices are detailed below:

Entity	Registered office
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 Services 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	Unit 506A Level 5, No. 2911 North Zhongshan Road, Putuo District, Shanghai, PRC.
ASOS Payments Europe B.V.	Luna ArenA, Herikerbergweg 238, 1101 CM Amsterdam.

Alternative Performance Measures (APMs)

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

Performance measure	Closest IFRS measure	Definition	How ASOS use this measure																														
Retail sales	Revenue	<p>Internet sales recorded net of an appropriate deduction for actual and expected returns, relevant vouchers and sales taxes.</p> <p>Retail sales exclude income from delivery receipt payments, Premier subscription income, marketing services, commission on partner-fulfilled sales and revenue from wholesale sales.</p>	A measure of the Group's trading performance focusing on the sale of products to end customers. Used by management to monitor overall performance across markets, and the basis of key internal KPIs such as ABV. A reconciliation of this measure is included in Note 3.																														
Adjusted EBIT	Operating (loss)/profit	Profit before tax, interest, and any adjusting items excluded from adjusted profit before tax (see below).	A measure of the Group's profitability for the period, excluding the impact of any transactions outside of the ordinary course of business and not considered part of ASOS' usual cost base. This measure is also one of ASOS' medium-term targets, as set out at the CMD on 10 November 2021. A reconciliation of this measure is included in Note 2.																														
Adjusted profit before tax	(Loss)/profit before tax	Adjusted profit before tax excludes items recognised in reported profit or loss before tax which, if included, could distort comparability between periods. In determining which items to exclude, the Group considers items which are significant either by virtue of their size and/or nature, or that are non-recurring.	A measure of the Group's underlying profitability for the period, excluding the impact of any transactions outside of the ordinary course of business and not considered to be part of ASOS' usual cost base. Used by management to monitor the performance of the business each month. A reconciliation of this measure is included in Note 2.																														
Net cash/ (debt)	No direct equivalent	Cash and cash equivalents less any borrowings drawn down at period-end, but excluding outstanding lease liabilities.	<p>A measure of the Group's liquidity.</p> <p>Information is included in Note 27. A reconciliation is included below:</p> <table border="1"> <thead> <tr> <th></th> <th>Year to 31 August 2022 £m</th> <th>Year to 31 August 2021 £m</th> </tr> </thead> <tbody> <tr> <td>Cash and cash equivalents</td> <td>323.0</td> <td>662.7</td> </tr> <tr> <td>Borrowings</td> <td>(475.9)</td> <td>(463.2)</td> </tr> <tr> <td>Lease liabilities</td> <td>(380.1)</td> <td>(328.9)</td> </tr> <tr> <td>Net borrowings</td> <td>(533.0)</td> <td>(129.4)</td> </tr> <tr> <td>Add-back lease liabilities</td> <td>380.1</td> <td>328.9</td> </tr> <tr> <td>Group net debt</td> <td>(152.9)</td> <td>199.5</td> </tr> </tbody> </table>		Year to 31 August 2022 £m	Year to 31 August 2021 £m	Cash and cash equivalents	323.0	662.7	Borrowings	(475.9)	(463.2)	Lease liabilities	(380.1)	(328.9)	Net borrowings	(533.0)	(129.4)	Add-back lease liabilities	380.1	328.9	Group net debt	(152.9)	199.5									
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Add-back lease liabilities	380.1	328.9																															
Group net debt	(152.9)	199.5																															
Adjusted free cash flow	No direct equivalent	Adjusted free cash flow is net cash generated from operating activities, adjusted for payments to acquire intangible and tangible assets, the payment of the principal portion of lease liabilities, net interest paid, dividends and cash flows relating to the employee benefit trust, but excluding the payment of adjusting items. This metric would also exclude the impact from any M&A or financing transactions carried out by the Group.	<p>A measure of the cash generated by the Group outside cash flows relating to M&A and financing transactions, and excluding the impact of non-underlying transactions, which allows management to better assess the cash being generated by the business. A reconciliation to the Group cash flow is shown below:</p> <table border="1"> <thead> <tr> <th></th> <th>Year to 31 August 2022 £m</th> <th>Year to 31 August 2021 £m</th> </tr> </thead> <tbody> <tr> <td>Cash (used in)/generated from operations (per cash flow)</td> <td>(120.4)</td> <td>215.1</td> </tr> <tr> <td>Purchase of tangible and intangible assets</td> <td>(182.9)</td> <td>(157.1)</td> </tr> <tr> <td>Repayment of principal portion of lease liabilities</td> <td>(26.3)</td> <td>(23.9)</td> </tr> <tr> <td>Net interest paid</td> <td>(10.2)</td> <td>(5.5)</td> </tr> <tr> <td>Dividends received</td> <td>-</td> <td>0.1</td> </tr> <tr> <td>Net cash inflow relating to Employee Benefit Trust</td> <td>-</td> <td>0.1</td> </tr> <tr> <td>Free cash flow before adjusting items</td> <td>(339.8)</td> <td>28.8</td> </tr> <tr> <td>Impact of adjusting items (Note 2)</td> <td>18.2</td> <td>7.1</td> </tr> <tr> <td>Adjusted free cash flow</td> <td>(321.6)</td> <td>35.9</td> </tr> </tbody> </table>		Year to 31 August 2022 £m	Year to 31 August 2021 £m	Cash (used in)/generated from operations (per cash flow)	(120.4)	215.1	Purchase of tangible and intangible assets	(182.9)	(157.1)	Repayment of principal portion of lease liabilities	(26.3)	(23.9)	Net interest paid	(10.2)	(5.5)	Dividends received	-	0.1	Net cash inflow relating to Employee Benefit Trust	-	0.1	Free cash flow before adjusting items	(339.8)	28.8	Impact of adjusting items (Note 2)	18.2	7.1	Adjusted free cash flow	(321.6)	35.9
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Five-Year Financial Summary (unaudited)

Consolidated Statement of Comprehensive Income

	Year to 31 August 2018 £m	Year to 31 August 2019 £m	Year to 31 August 2020 £m	Year to 31 August 2021 £m	Year to 31 August 2022 £m
Revenue	2,417.3	2,733.5	3,263.5	3,910.5	3,936.5
Cost of sales	(1,180.2)	(1,399.2)	(1,716.1)	(2,134.1)	(2,219.0)
Gross profit	1,237.1	1,334.3	1,547.4	1,776.4	1,717.5
Distribution costs	(380.8)	(415.6)	(444.6)	(509.5)	(523.7)
Administrative expenses	(754.4)	(883.6)	(951.7)	(1,076.8)	(1,224.2)
Other income	–	–	–	–	20.6
Operating profit/(loss)	101.9	35.1	151.1	190.1	(9.8)
Finance income	0.3	–	0.5	0.2	0.9
Finance expense	(0.2)	(2.0)	(9.5)	(13.2)	(23.0)
Profit/(loss) before tax	102.0	33.1	142.1	177.1	(31.9)
Income tax expense	(19.6)	(8.5)	(28.8)	(48.7)	1.1
Profit/(loss) from continuing operations	82.4	24.6	113.3	128.4	(30.8)
Profit/(loss) for the year attributable to owners of the parent company	82.4	24.6	113.3	128.4	(30.8)
Net translation movements offset in reserves	0.3	(0.8)	0.1	(0.5)	0.3
Net fair value gains/(losses) on derivative financial instruments	67.7	(14.9)	(13.9)	38.4	9.7
Income tax relating to these items	(12.8)	2.8	2.9	(8.1)	(3.9)
Other comprehensive income/(loss) for the year	55.2	(12.9)	(10.9)	29.8	6.1
Profit/(loss) attributable to:					
Owners of the parent company	82.4	24.6	113.3	128.4	(30.8)
Non-controlling interest	–	–	–	–	–
	82.4	24.6	113.3	128.4	(30.8)
Total comprehensive income/(loss) attributable to:					
Owners of the parent company	137.6	11.7	102.4	158.2	(24.7)
Non-controlling interest	–	–	–	–	–
	137.6	11.7	102.4	158.2	(24.7)
Earnings per share					
Basic	98.9p	29.4p	126.3p	128.9p	(30.9)p
Diluted	98.0p	29.4p	125.6p	128.5p	(30.9)p

Consolidated Statement of Financial Position

	As at 31 August 2018 £m	As at 31 August 2019 £m	As at 31 August 2020 £m	As at 31 August 2021 £m	As at 31 August 2022 £m
Non-current assets	503.4	622.3	969.6	1,324.8	1,442.9
Current assets	503.6	623.2	1,019.8	1,559.7	1,554.0
Total assets	1,007.0	1,245.5	1,989.4	2,884.5	2,996.9
Equity attributable to owners of the parent company	438.8	453.6	810.3	1,034.0	1,014.9
Current liabilities	558.0	772.2	854.1	998.0	1,040.0
Long-term liabilities	10.2	19.7	325.0	852.5	942.0
Total liabilities, capital and reserves	1,007.0	1,245.5	1,989.4	2,884.5	2,996.9

Consolidated Statement of Cash Flows

	Year to 31 August 2018 £m	Year to 31 August 2019 £m	Year to 31 August 2020 £m	Year to 31 August 2021 £m	Year to 31 August 2022 £m
Net cash generated from/(used in) operating activities	93.9	89.7	403.3	215.1	(120.4)
Net cash (used in)/generated from financing activities	(212.7)	(221.6)	(116.1)	(443.2)	(182.0)
Net cash generated from/(used in) investing activities	1.5	73.9	135.7	483.4	(37.4)
Net movement in cash and cash equivalents	(117.3)	(58.0)	422.9	255.3	(339.8)
Opening cash and cash equivalents	160.3	42.7	(15.5)	407.5	662.7
Effect of exchange rates on cash and cash equivalents	(0.3)	(0.2)	0.1	(0.1)	0.1
Closing cash and cash equivalents	42.7	(15.5)	407.5	662.7	323.0

Company Information

Annual General Meeting

The AGM will be held at 12.00 noon on Wednesday, 11 January 2023 at:

Greater London House,
Hampstead Road,
London NW1 7FB

The Notice of Meeting is available on our website setting out the business to be transacted.

Directors as at the date of this report

Jørgen Lindemann (Chair)
José Antonio Ramos Calamonte
Mat Dunn
Mai Fyfield
Karen Geary
Luke Jensen
Patrick Kennedy
Nick Robertson
Eugenia Ulasewicz

Company Secretary

Anna Suchopar

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Company Number 4006623

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Chartered Accountants and Statutory Auditors
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Watford
Hertfordshire WD17 1JJ

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London EC1Y 8YY

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London E14 5JP

Numis Securities Limited
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Berenberg
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