ASOS Plc Annual Report and Accounts 2023

asos

ASOS brands and labels

asos DESIGN

The biggest brand in the ASOS portfolio, an every day, every night go-to for fashion-loving 20-somethings.

asos LUXE

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

asos EDITION

Unique occasion and daywear designed for the most memorable moments of a 20-something's life.

asos 4505

Our activewear range with performance fabrics suited to indoor training, outdoor exploring or simply sporting the athletic aesthetic.

COLLUSION

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

CROOKED TONGUES

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

©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.

Miss Selfridge

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

Reclaimed VINTAGE

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

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.

WEEKEND COLLECTIVE

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

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.

Chair's statement

Jørgen Lindemann CHAIR

> ASOS' future success is based on offering the best product, both from our own-brands and the most relevant partners, styled together in compelling outfits that inspire our customers, while also providing a seamless and convenient shopping experience for our c.23m customers worldwide. Now is the time to re-focus on our unique fashion credentials to deliver value for all our stakeholders.

FY23 has been a year of reset for ASOS, in which we have scrutinised every aspect of our business and taken decisive remedial action to create the foundations for sustainably profitable growth as part of our Driving Change agenda. Some of these changes have restricted our growth in the short-term, but have also made important progress in restoring the core profitability of our operations.

A detailed analysis of our performance in the year is contained in the following pages, but I am pleased to say that ASOS has delivered on all four pillars of the Driving Change agenda set out by José in his inaugural results announcement.

Notably:

- A return to profit in the second half of the year, with adjusted earnings before interest and tax up more than 100% year-on-year, and FY23 free cashflow improving by over £125m year-on-year.
- c.£300m of profit improvement and cost savings realised under the Driving Change agenda, mitigating headwinds from inflation and an increasing return rate, driving order profitability up more than 30% year-on-year.
- A reduction in stock levels of c.30% since the start of the year as a result of improved stock management, both in terms of more disciplined buying and effective clearance through ASOS.com and third-party channels.
- Good progress on embedding a faster stock model including c.500 Test & React options launched on c.2-week lead times, with c.60% of each product launch selling through in seven days and stock turning c.3x faster than average.
- Completion of a comprehensive balance sheet refinancing and accompanying equity raise, resulting in a new, covenant-light debt facility under a single lender out to April 2026.
- Reinvigoration of company leadership, both at the Management Committee and Board levels.

I would like to take this opportunity to thank those who have departed the ASOS Board over the last year and welcome the new Board members who have joined us (see pages 55 to 56 for more details about our Board). I would also like to thank our shareholders for their support and our ASOSers for their commitment to delivering the changes required over the last twelve months, against what has been a challenging economic and consumer backdrop.

ASOS' future success is based on offering the best product, both from our own-brands and the most relevant partners, styled together in compelling outfits that inspire our customers, while also providing a seamless and convenient shopping experience for over 23m customers worldwide. We must also reinvigorate the ASOS brand with an emphasis on fashion, to further strengthen our connection with our target 20-something demographic. Now is the time to re-focus on our unique fashion credentials to deliver value for all our stakeholders.

Jørgen Lindemann
Chair
31 October 2023

highlights

Orders 2022: 98.3m

83.7m

Revenue 2022: £3.9bn

£3.5bn

Active customers 2022: 25.7m

23.3m

Test & React

Our Test & React pilot was successful in bringing c.500 options from initial design to site in around two weeks, helping us to react to fashion trends and launch product we know our customers want. Our Test & React product sold through 3x faster than our average stock with no investment in promotion.

Average basket value

+7%

Increased profit per order

>30%

Adjusted gross margin

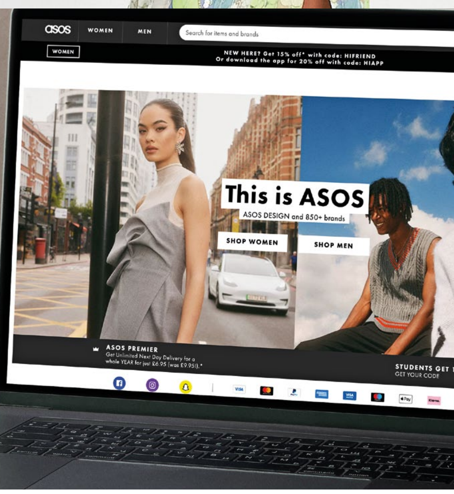
+60bps

Hirestreet partnership

We introduced our first ever rental edit trial in partnership with rental marketplace Hirestreet. Over 180 styles focused on women's occasionwear dressing were available at launch from ASOS DESIGN, ASOS EDITION and ASOS LUXE. The top 10 styles have each been rented an average of 39 times, while the most popular style – pictured – has been rented over 55 times.

Homepage refresh

This summer we introduced a fresh new homepage shopping experience, with a renewed focus on inspiration and compelling imagery through our unique fashion lens.



ASOS Sample Sale Drops

In June, we launched ASOS Sample Sale – a dedicated site helping our efforts to right-size our stock portfolio, by offering customers access to thousands of styles with discounts of up to 90% off the retail price on ASOS.

Face + Body growth

We've expanded our Face + Body offer with 37 new brands launching this year across all key categories, from strategic partners like Kylie Cosmetics and Milk Makeup to hyper relevant, emerging brands like Hair Syrup, Made by Mitchell, and The Beauty Crop. We now have over 200 Face + Body brands on site.

scaleUP launch

Together with the Fashion Minority Report we launched scaleUP: an incubator programme to support ethnic minority-owned fashion brands in growing their businesses.

Our scaleUP 2023 Winners: Dolapo Ososanya, founder of Taideux, and designer Isabelle Pennington Edmead

Partner Fulfils expansion

We have continued to grow our Partner Fulfils offer over the year, scaling to 33 brands across six markets – from Tommy Hilfiger and Calvin Klein to River Island and New Balance.

Chief Executive Officer's statement

José Antonio Ramos Calamonte CEO

> We want to be synonymous with fashion for our consumers, and give them a seamless shopping experience. Consumers can trust that we will make them look and feel good and we will innovate and invest in the areas that matter most to them.

ASOS has had the pleasure of growing at pace over two decades, developing an exciting customer experience for fashion-loving 20-somethings, centred around a unique combination of our own brands and the best product from the most relevant partner brands brought to the customer in an inspirational way. Helped by channel shift into online, we grew at pace. When growing very quickly, it's often not optimal to do things perfectly and to strive for operational excellence. It isn't the time to focus on every detail. We found a way to get things done quickly: we scaled up to £3.5bn in revenue with more than 23m active customers; we created our own brand and added new partner brands; we expanded into different categories; we built our app; we added international fulfilment centres.

However, there comes a point when the biggest opportunity stems not from prioritising growth, but from focusing on those details, and when embedding operational excellence can generate a better return than continuing in a quest for additional growth at any cost. For ASOS, this moment has come. While we benefited from the boost to e-commerce created by the pandemic in the short term, the subsequent re-balancing of the economy has exposed weaknesses in our old ways of doing things. This has coincided with a significant shift in the industry, triggered by high interest rates and a cost-of-living crisis. As we focus on returning to growth, this time it will be from a strong foundation of profitability and cash generation.

In FY22, when I became CEO, I launched our Driving Change agenda. Internally I spoke about this as a two-step plan starting with 'Back to Basics,' which was about bringing in the right team, strengthening the balance sheet to give us room to take the right decisions in the long-term interest of the business, and then beginning to make the operational improvements needed for exceptional execution. "Retail is Detail", and during the last year we have worked through all our processes with the aim of improving our costs to serve to then reinvest into commercial opportunities. But much more importantly, operational excellence will make us faster, it will improve the experience for our consumers and it will make us an even better place to shop. We can grow better, that is, more profitably and while generating cash, by bringing ASOS back to being the most inspiring destination for fashion-loving 20-somethings.

Why can we win?
The recent challenges we have faced have not taken away our differentiated value proposition. The second step of our Driving Change agenda, 'Back to Fashion', is focused on doubling down on our strengths and the characteristics that make ASOS unique.

The foundation of this program is the shift to our new commercial model. With the objective to always show our consumers the best and most relevant product, we have started to operate a new way of working that drives faster development of new styles, faster reaction on those that perform strongly, faster management of the slow-moving product during the course of the season, and faster elimination of the older (and therefore, less relevant) merchandise.

Our ambition is to be the most inspiring fashion destination for 20-somethings. This is a challenging level of ambition, but we are very clear on what gives ASOS the right to win market share. In this next phase, we will obsess over curating the best assortment for our consumer, through our own exclusive brands and from the best brands on the planet. We will continue to excite consumers with the way we style the product and we'll help brands reach new consumers by showcasing their product through our unique fashion lens. We want to be synonymous with fashion for our consumers, and give them a seamless shopping experience. Consumers can trust that we will make them look and feel good and we will innovate and invest in the areas that matter most to them. In doing this, in cultivating our strengths, we will create a win-win for all our stakeholders – our customers, ASOSers, our suppliers, including brand partners, our communities and our shareholders.

A focus on speed
It is clear that a key enabler of our vision is speed. We will culturally place speed at the heart of the business, enabling us to bring the best fashion and most engaging proposition to our customers with significantly reduced stock risk. It will also help us to build on our improved profitability and cash generation. For our own brands, the faster we operate, the more relevant the data we're acting on, giving us better inputs into our creative process. The closer our purchase decisions are to those of our consumers, the more we can bring them what they really want. For our partner brands, the faster we operate, the more we can sell in-season and at full-price. It's simple, but speed is determined by the details. Ironically, as a consequence of growing fast, our processes became too slow. We didn't have time to think about the best way to do things. We often found workarounds rather than solutions and added layers of complexity, which ultimately slowed us down.

But we are already making great progress. We have streamlined our decision-making, we are improving the use of data within our business and we have begun to simplify our processes. Importantly, speed is already helping us develop a more exciting and differentiated product, to inspire our customers. Speed is already helping us to react to trends, to bring fashion-loving 20-somethings what they want and to reduce waste. It means we can attract younger customers, it means we can turn stock faster, it means we can sell more product at full price.

Ultimately, we want everyone at ASOS to ask themselves at least once a day, am I going fast enough for our consumers?

José Antonio Ramos Calamonte
Chief Executive Officer
31 October 2023

Business model

ASOS is a leading global destination for fashion loving 20-somethings, with more than 23m active customers in over 200 countries worldwide.

Our right to win

Our proposition is unique in the world of mass market fashion, set apart from peers by the combination of:

01 The best and most relevant product

from both exclusive own brands manufactured to strong ethical standards, and a curated assortment from selected partner brands which resonate with our target audience.

02 A destination for style

with items from different brands styled into outfits, in context, and in our differentiated visual language.

03 A compelling and distinct brand

famous for fashion, with widespread recognition, a clear point of difference, and a high level of engagement with our customers.

04 Competitive convenience

offering a delivery, returns and payment experience at least comparable with our best competitors.

05 Disciplined Capital Allocation

Our distinct model is enabled by disciplined allocation of capital with a focus on four key areas:

Operational excellence

in all parts of our business, from buying and managing stock through the value chain to our products arriving with our customers, all underpinned by our commitment to Fashion with Integrity.

Our tech and data

with continuous innovation at the right level of cost.

Our international model

which efficiently allocates capital to generate the best returns from our overseas operations, influencing decisions such as the degree of localisation in the assortment to the level of investment in marketing in non-UK markets.

Our people, culture and values

with a refreshed leadership team, best-in-class Board and disruptive mindset at all levels of the business and a focus on driving positive change, diversity, equity and inclusion for all our people.

Creating Stakeholder Value

Delivering on our right to win creates value for our stakeholders.

Our Customers

who benefit from access to quality fashion at an attractive price, with an unparalleled selection of brands and inspirational, targeted styling.

Our ASOSers

who are empowered to contribute, learn, and grow through our open and entrepreneurial culture.

Our Suppliers

with whom we collaborate to foster trusted, mutually beneficial partnerships over the long-term and support in continuous improvement to meet our FWI standards.

Our Brand Partners

who gain access to a large, global and often hard-to-reach customer base as well as the flexibility to work with us under a range of different models, including our direct-to-consumer offering, and the opportunity to work and learn from other brands on sustainability and ethical trade.

Our Shareholders

who will benefit from a focus on delivering profitable growth and sustainable cash generation through the efficient allocation of capital.

Our Communities

both through our work on human rights and modern slavery in partnership with NGOs and unions in our sourcing countries, and through the ASOS Foundation and long-term charity partnerships aimed at breaking down barriers for young people by instilling confidence and unlocking talent.

Strategic priorities on page 9
Stakeholder engagement on pages 34 to 37
Financial review on pages 38 to 43

Strategic review

Where were we a year ago?

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

What have we achieved over the last 12 months?

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

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

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

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

Where are we going?

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

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

This stems from five strategic priorities:

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

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

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

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

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

Priorities for the year ahead

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

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

Managing our stock to optimise value creation

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

(i) Eliminating old stock, turning it into cash

From FY18 to FY22, our stock levels doubled and so too did our discounts, significantly eroding our gross margin and with it our profitability. While external factors amplified the situation, our stock build-up was driven by poor operating practices – we were too slow and inefficient and held stock for too long, believing we had limitless "shelf space" and in the knowledge that we could eventually sell the stock profitably. We have made good progress over the last 12 months, but we must finish the job over the course of the coming months.

(ii) A more disciplined, flexible stock purchasing model

We must also increase the accuracy and flexibility of our purchasing to improve the quality of available product and reduce older stock carried forward in the future. We have put in place more rigorous planning of stock purchasing, with oversight from a central merchandising team, and we are significantly increasing our speed to market and the flexibility of our intake. By reducing the time from design to site, we have better data to support our purchasing decisions. For our highest fashion product developed under our Test & React model, we can test the demand for a product before committing in significant depth. For our partner brands, we are rolling out Partner Fulfils and AFS alongside our wholesale model to increase flexibility for both parties and maximise the availability of the most exciting product while balancing inventory risk.

(iii) In-season stock management

Under our new commercial model, we manage our high-fashion stock in-season, to guarantee that we reach the end of the season with the minimum level of stock unsold, and hence our future operations will not be "polluted" with old stock. This releases cash to invest in new stock, removes detractors from the site, and creates space for newness. We will tackle non-performing stock immediately, which leads to a better realised price as discounting closer to the season requires shallower markdown. Ultimately, we focus on new, in-season, full-price product and underscore our value as a reliable source of fashion.

Obsession with speed

Our obsession with speed is key to unlocking more relevant product across both our own brands and our partner brands. Through our very successful pilot, we have launched c.500 Test & React options going from design to site in around two weeks, with strong sell-through and minimal promotional activity. At present, Test & React makes up less than 1% of own brand sales but scaling this up to over 10% of own brand by the end of FY24 and c.30% in the medium term will bring more exciting product, have a meaningful impact on our gross margin and support a cleaner stock profile.

Our refreshed commercial leadership team will also bring new ways of working with our brand partners, further strengthening relationships with strategic brands. Our flexible fulfilment model, encompassing Partner Fulfils and AFS, is an important tool, giving access to both additional product and better availability from highly relevant brands. Over the course of FY23, we have scaled our Partner Fulfils offer to 33 brands in six markets and invested in our technology and team to support twice the number of brands in double the number of markets in FY24 as well as launching AFS.

Better sourcing

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

2. Strengthen our relationship with consumers

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

In FY24, we will invest a greater proportion of our marketing budget into reigniting our brand, making ASOS famous for fashion again. This will include a £30m incremental investment focusing on the UK market. We will iterate our plans throughout the year as we understand what resonates most with our target customer. The benefits of brand marketing are lagging, within 3-6 months we expect to see greater share of voice on social and increased brand search and over H2, we will start to see increased visits, improved conversion, new active customers, greater order frequency and a halo effect of stronger returns on performance marketing.

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

While we begin to look again towards growth, we will retain our focus on operational excellence, simplifying all of our processes and removing wasted time and cost to reinvest into productive commercial activities. One aspect of this is better prioritisation, ensuring we are allocating resource to projects that will generate a return. This culture of operational excellence will be aided by increased access to an improved use of data throughout our organisation and we continue to innovate in this area. We continue to develop our data science and machine learning capabilities which we deploy across our business areas and to improve the customer experience.

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

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

José Antonio Ramos Calamonte
Chief Executive Officer

Our values

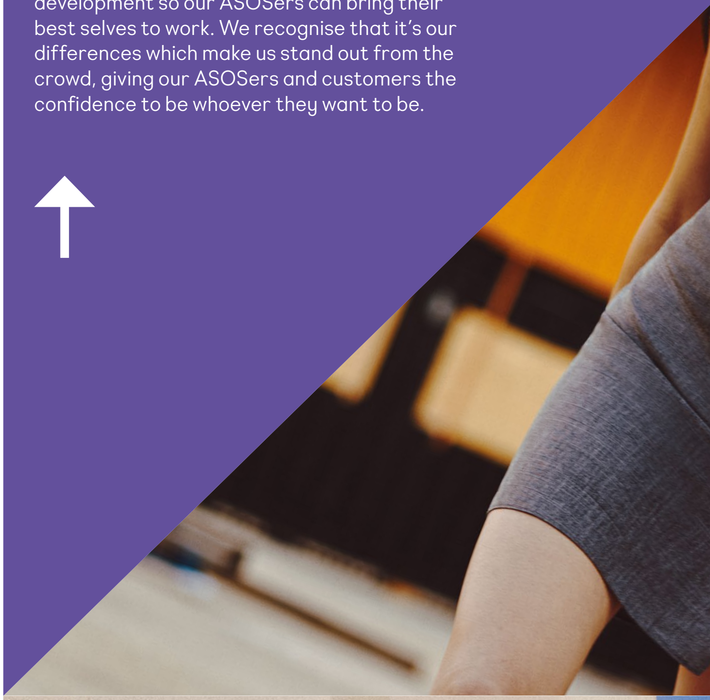
Our mission is to be the world's number one destination for fashion-loving 20-somethings. We believe in a world where you have the freedom to explore and express yourself without judgement, no matter who you are or where you're from.

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.

Creative

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.

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 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 continue to use our employee engagement survey, ASOS Vibe, as 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.

Attracting and retaining amazing people

This year has seen a shift in the talent landscape across the Technology and Retail sectors, with many organisations focusing more on retaining high-performing talent[1]. We have adopted an internal-first approach, to give our people greater opportunity to progress, develop and leverage their skills in new areas. Approximately one third of our vacancies are currently filled by internal talent and we want to continue to build on this through succession planning and developing our people, whilst also ensuring we are going to the market to bring in different demographics and diversity of thought and skills for the roles that we hire externally.

A key part of our attraction and retention strategy continues to be engaging and attracting diverse, international talent and we have developed new partnerships this year to enable us to connect with, and inspire, diverse talent communities. We have hosted a series of careers insights events and run campaigns together with our partners, including myGwork, The Outsiders Perspective, The Prince's Trust, Centrepoint, Fashion Minority Report and Black Girls in Tech – all with our Employee Value Proposition 'Be whoever you want to be at ASOS' at the heart.

Reinforcing this important message is our new ASOS Careers site, which was successfully launched in February. The new site provides a seamless user experience that gives candidates an authentic insight into the ASOS culture, and the breadth of exciting career opportunities that we offer.

Apprentices

500

Individuals enrolled since 2017

It features dynamic job adverts that recommend personalised content based on the department that the user is interested in, including our Tech Blog and the career profiles of many of our ASOSers. There is also a chatbot, which enhances the candidate experience by providing real-time responses to queries. Since launch we have seen a significant increase in visits and applications as a result, highlighting the continued strength of our employer brand.

In June, we launched new hiring at ASOS training for all managers, to upskill hiring teams and support our mission to create equitable and inclusive hiring experiences. The content of the training focuses on inclusive hiring practices and reducing unconscious bias, to help break down barriers for talent from traditionally under-represented backgrounds. To support our commitment towards building a diverse workforce, we strive to ensure our job adverts and descriptions are supported by inclusive language and that all applicants are granted accommodations to help them thrive through the application process. We also offer guaranteed interviews to any candidates with disabilities or neurodiverse conditions who meet the minimum eligibility criteria for the role.

We are also excited to have launched our new business-wide inclusive hiring committee this year, which will enable us to have consistently balanced representation on our interview panels.

Developing our people

In March 2023, we launched our leadership curriculum, Liberating Leaders, with further investment in licensed content, podcasts, articles, video and workshops to support the enterprise of the development of our leaders. We also have the imminent launch of our employee development curriculum, Liberating Self, that will support all ASOSers' personal and career development in areas of self-awareness, building relationships and business know-how. This year we have also initiated investment in an organisation-wide learning management system to significantly enhance employee performance, streamline training processes, and promote a culture of continuous learning and development within the organisation.

Apprenticeships

We are a proud apprenticeship employer and have enrolled over 500 individuals since 2017. We believe in the power of apprenticeships to unlock potential and understand their importance in building critical skills, contributing not only to the future of our business but the wider UK economy.

We have 142 ASOSers (5% of our workforce) currently enrolled across 14 apprenticeship standards, including pathways for data, finance, and leadership and management.

1 Source: LinkedIn Global Talent Trends, May 2023.

We use our apprenticeship levy to create memorable development experiences that allow for workplace application whilst studying towards achieving recognised qualifications. This year we have invested over £600,000 of our apprenticeship levy in approved training.

We have launched our new leadership and management apprenticeship offer, The Greatness Programmes, across two cohorts. This is designed to equip our managers with the skills, behaviours and mindset to become a leader at ASOS. It covers topics including self-awareness, relationship building, project management and operational management. 74 ASOSers are currently enrolled, with 20 due to complete in FY24 along with 37 of our other apprentices.

We are passionate about recognising success and raising the profile of apprenticeships across the UK. This year we hosted our biggest National Apprenticeship Week celebration to date, including an event with our CEO, José, and 83 apprentices from the FY23 academic year who had successfully completed their qualifications.

We are committed to investing further in this space by creating new opportunities to provide access to education for all and continuing to support the growth of lifelong skills for our ASOSers. We have showcased our commitment by joining The 5% Club, an industry-led initiative focused on driving momentum into the recruitment of 'earn and learn' roles and we are also a member of the Institute of Student Employers, the biggest student recruitment and development community in the UK.

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, making the service more visible and appealing. We have run five training sessions for managers in order to support them in proactively managing their team's wellbeing, including the tools to enable them 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, for mental health and wellbeing.

As we step into FY24 we are building a new framework that will position wellbeing through a holistic frame to help guide ASOSers on a more informed journey of sustainable wellbeing, resilience and self-care.

A continued focus on Diversity, Equity & Inclusion (DEI)
FY23 saw the activation of our award-winning ALL IN Learning Programme. This is an opportunity for diverse learning experiences, engaging activities and exploring the actions that support our culture of inclusion. We also continue to drive our successful Reverse Mentoring programme, expanding the experience from our Management Committee to now include all Senior Leaders across the business.

This year we were delighted to showcase and recognise our LGBTQ+ employees and customers as well as the wider community at this year's Pride celebrations, extending our presence across three parades: London, Berlin and Belfast.

Our disability and neurodiversity network "Same but Different" is dedicated to driving change in the areas that matter most and we have collaborated with disability and accessibility experts through internal events. We have begun to review our approach to accessibility, working with external specialists to identify improvements. ASOS now has accessibility guidelines and a full framework for our digital learning content, including more information round the assistive technologies that are available.

We are proud that our Northern Ireland Tech Hub team achieved a national Autism NI Impact Award through implementing reasonable adjustments and wider interventions for ASOSers with autism. The site is now accredited up to July 2026, and we intend to roll out this programme to more of our sites, as we work towards becoming a certified autism friendly organisation.

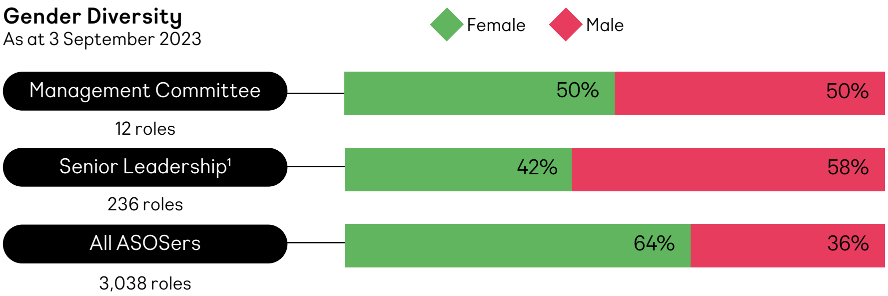
Our partnership with Fashion Minority Report is focused on bridging the gap between the fashion industry and under-represented talent. We continue to fund projects that support the creative and professional development of young people from marginalised groups and connect them with the industry, including:

- Secondary School programme: industry workshops to promote the fashion industry as a career path;
- Online learning hub: A community hub for emerging talent to upskill and network with industry professionals;
- Mentorship Programme: Multi-brand industry-led mentoring programme for young professionals. We fulfilled three placement roles for mentees, with one mentee securing a permanent position, with a total of four ASOSers becoming mentors; and
- Intro to Industry: an insight day at ASOS HQ for 25 students from Newham College. Three ASOSers provided secondary school students with insight into the fashion industry and discussed the varying roles within the business.

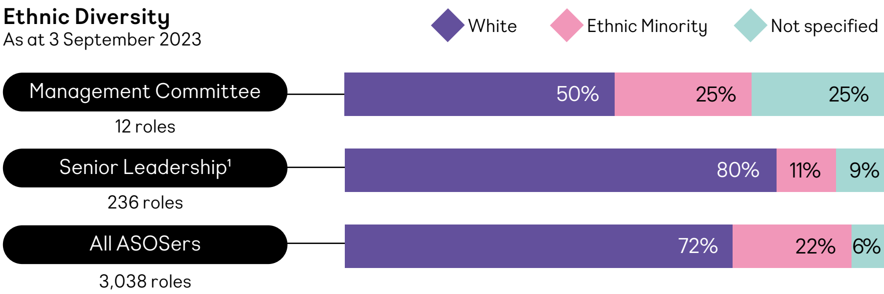
We've been addressing the diversity of ownership in our brand portfolio, with the long-term goal of reducing economic inequality by increasing the percentage of ethnic minority brand partners. The launch of scaleUP: our first incubator programme is designed to support the upscaling of ethnic minority owned brands. We launched our third ASOS Design South Asian Wedding range with the support of our South Asian sounding board, including style guidance for studio teams and onboarded four new South Asian-owned brands.

In 2022 we committed to hiring a dedicated DEI Director. With this person now in place we are actively engaged in creating a robust strategy that actively supports the specific needs of our ASOSers.

Gender Diversity
As at 3 September 2023



Ethnic Diversity
As at 3 September 2023



1 Defined as 'Head of' and above positions. Please see pages 78 to 79 of our Nomination Committee Report for further information on our Senior Leadership diversity.

Fashion with Integrity is our programme for managing sustainability and corporate responsibility at ASOS.

First launched in 2010, Fashion with Integrity was refreshed in 2021 with the introduction of four goals: Be Net Zero, Be More Circular, Be Transparent, and Be Diverse (for more on these, including definitions and KPIs, head to asosplc.com/fashion-with-integrity). While not a full view of all our work in this area, these goals are a key tool in managing and prioritising our activity across People and Planet.

As with last year, we published a Fashion with Integrity Progress Update alongside our half-year results, looking back on the previous financial year. This FY22 Progress Update can be accessed on the ASOS plc website.

Within our Progress Update we cover our performance across our FWI KPIs and metrics (pages 8-41). We also summarise how we currently define and measure our KPIs (page 46 onwards). The report marked our first sustainability reporting in reference to the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) reporting standards.

The regulatory and legislative landscape on ESG matters is evolving rapidly across our key markets. We are closely monitoring sustainability legislation including upcoming reporting requirements and will be adapting our future approach to sustainability and reporting accordingly. Implementing technology, systems, and processes to enable compliance with new and evolving legislation (in particular around the capture and assurance of data), remains a key area of focus for our business.

As part of a broader review of environmental claims used across the fast fashion retailer sector, in July 2022, the UK Competition and Markets Authority (CMA) opened an investigation into ASOS and two other fashion retailers in relation to environmental claims used in connection with the promotion and sale of fashion products (CMA Green Claims Investigation). ASOS continues to co-operate with the CMA Green Claims Investigation.

We are currently reviewing and where necessary revising our FWI goals and KPIs. This will ensure we are remaining true to our Fashion with Integrity programme, while being transparent on our progress using the most relevant metrics. The revised FWI programme is due for publication in FY24.

FY23 in focus

Below we have summarised our key activities for FY23 across the four goal areas of Fashion with Integrity. We have also continued to deliver activity outside of these goals. This includes publishing our 2030 Chemicals Strategy (available at asosplc.com/fashion-with-integrity/reports-and-policies) for ASOS own brand products to ensure we consistently deliver chemically-compliant product to our customers, working closely with our suppliers, dyehouses, printers, leather processors and laundries.

Fashion with Integrity

Be Net Zero

An important component of this year's Fashion with Integrity Progress Update was our announcement of plans to update our net zero ambition (see page 10 of the Progress Update). This reflected the publication of the latest Science Based Targets initiative Corporate Net-Zero Standard[1] for businesses, which focuses on setting and achieving stringent, long-term emissions reductions targets before neutralising residual emissions. We are also reviewing our existing verified science-based targets to ensure they align with the latest best practice.

Our energy management system covers all our direct operational sites globally. This year, we have continued to identify and resolve spikes in our energy consumption. We are also in the process of conducting a feasibility assessment to phase-out gas consumption across these sites to reduce our emissions.

We are continuing to explore initiatives to reduce emissions associated with not only deliveries in our key territories, but also returns and inbound shipment of goods.

Engaging with our suppliers to understand and support their decarbonisation journey is key to reducing our emissions. We have continued to work with Worldly (formerly known as Higg) to encourage sharing of detailed environmental data from our top suppliers.[2] Through the Worldly FEM (Facility Environmental Module), suppliers must provide us with information on their carbon emissions and other environmental data and are encouraged to set targets and devise action plans to reduce their emissions. As more suppliers complete the FEM, we can better estimate carbon emissions for our ASOS own brand supply chain and identify areas for improvement.

To read our latest performance data against Be Net Zero, head to our Fashion with Integrity: FY22 Progress Update. For FY23 Scope 1 and 2 emissions data, head to **pages 30 and 31**.

Be More Circular

Our focus on materials and embedding our circular design principles[3] has continued under our Be More Circular goal. This year we have intensified our work to change the type of materials we use in our products to more sustainable alternatives (meaning raw materials whose production has been proven to have a lower environmental impact than the production of conventional forms of these materials). We have set clear interim internal targets for use of more sustainable materials, started rolling out mandatory training for our product teams on more sustainable materials and certification, and stepped up support to our suppliers – including mandatory webinars explaining their crucial role in switching materials. We have also continued the development of systems and processes to better record and validate our use of these materials, as described on page 20 of our Fashion with Integrity Progress Update for FY22.[4]

In 2022 we developed nine jeans styles and seven denim styles that met The Jeans Redesign guidelines.[5] The project was run by the Ellen MacArthur Foundation from 2019-2023 and brought together leading brands, fabric mills, and garment manufacturers to follow a set of guidelines and common definitions to redesign and make jeans fit for a circular economy.

You can read more about the project, the circular economy, and our participation on the Ellen MacArthur Foundation's website at ellenmacarthurfoundation.org/the-jeans-redesign/overview.

Products developed must meet a number of mandatory guidelines to ensure they are made to be used more (able to withstand 30 home washes), made from safe and recycled or renewable inputs (such as using organic cotton), and made to be made again (with removable components such as buttons or rivets replaced with bar tacks). Each product also included a QR code printed inside and linked to a webpage with information on material composition and components for disassembly.

Watch our Senior Sustainability Partner Rebecca Garner discuss The Jeans Redesign on the Ellen MacArthur Foundation's Circular Economy Show.[6]

Through our ongoing partnership with Centre for Sustainable Fashion (CSF), a research, education and knowledge exchange centre based at London College of Fashion, UAL, we gathered lessons learned and feedback from the product development teams who worked on our previous circular design collections.[7] This feedback was used to create a circular design tool which identifies the steps required to successfully plan, develop, and release a circular design collection. This tool will be important in supporting the implementation of our circular design strategies at scale during the design stage and to empower commercial teams.

Be Transparent

We say that we can't fix what we don't know, which is why ensuring transparency and visibility of our supply chain is so important to protect those who work within it. We currently have visibility of all manufacturing sites (Tiers 1-3)[8] involved in the production of ASOS own brand products, which we have maintained for several years.

As part of our efforts to achieve greater transparency into our material supply chain, we implemented several key initiatives in FY23. This includes developing and launching a Tier 4 traceability policy, requiring all Tier 1 manufacturing suppliers to declare their fabric mills; delivering internal fabric management training, helping ensure fabrics used in ASOS products are fit for purpose; and implementing a fabric specification form requiring all Tier 1 suppliers to complete fabric information including name of weaver or knitter, dyeing, and finishing and printing house.

For the first time this year, we also collaborated with a mill and cotton farm based in Brazil and a mill in Turkey to ensure we have visibility to Tier 5. This project was completed with our Womenswear denim team for three product styles. Following its successful completion, we are now looking to scale the project amongst other product categories.

To support the delivery of our human rights strategy, this year we completed a salience human rights review. This supports the prioritisation of our human rights work based on the risks to people (as expected under the UN Guiding Principles on Business and Human Rights)[9] and based on an internationally recognised methodology (described in the UNGP Reporting Framework).[10]

One of the key tools we use to ensure the human rights of workers in garment factories are respected and protected is social (ethical) audits. We have developed a new social audit methodology for our supply chain to support us in meeting forthcoming obligations on human rights due diligence. Through the new audit methodology, we are collecting data on the salient human rights risks in our supply chain, which will help us to tailor our work to specific needs in different regions and support our suppliers to address issues.

Read our latest modern slavery statement for more on how we manage risk in our supply chain, available at **asosplc.com**

1 Read more at sciencebasedtargets.org/net-zero
2 More detail on this is provided on page 14 of our Fashion with Integrity: FY22 Progress Update.
3 asos.com/discover/circular-design
4 asos-12954-s3.s3.eu-west-2.amazonaws.com/files/8816/8501/9871/ASOS_Fashion_with_Integrity_FY22_Progress_Update.pdf
5 emf.thirdlight.com/link/1jxg1ysqnxil-mz55wp/@/#
6 ellenmacarthurfoundation.org/videos/episode-65-redesigning-jeans-and-buildings
7 asos.com/discover/circular-design
8 For a description of our Tier levels, head to: asosplc.com/fashion-with-integrity/people/our-approach/
9 ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf
10 ungpreporting.org

Fashion with integrity continued

Working with our brand partners remains a key part of our approach to driving transparency and human rights in the fashion industry. Throughout 2023 we have further strengthened our approach towards our brand partner due diligence: developing new environmental and ethical screening processes for vintage and pre-loved sellers and working with the Fashion Minority Report through the scaleUP project (detailed under Be Diverse below) to understand how we can make our on-boarding processes more accessible for ethnic minority-owned brands.

We have also re-launched our self-assessment questionnaire (SAQ) as an annual review process for all existing brand partners to enable us to identify potential adverse risks within our extended supply base and develop learning opportunities to further support our brand partners to make improvements. Within the FY24 self-assessment cycle, all brands are asked to describe how they monitor and assess the social and environmental impacts of their business operations. Additional support will be available for small and growing brands over the year ahead, including through the launch of an FWI learning hub scheduled for FY24.

Be Diverse

This year saw the delivery of the final chapters of our award-winning ALL IN Learning Programme, offering our ASOSers an opportunity to participate in diverse learning experiences and engaging activities and explore the interventions that support a culture of inclusion at ASOS. We also continue to drive our successful reverse mentoring programme, expanding the experience from our Management Committee to now include all Senior Leaders across the business.

Our Talent Acquisition team continues to play a key role in helping us build a diverse workforce across ASOS by ensuring our recruitment process is fair, inclusive, and equitable. This year we have worked to deliver a new talent sourcing approach that is fully embedded into our Talent Acquisition team's recruitment process – introducing new measures such as balanced shortlists, inclusive job descriptions and hiring manager training.

We stepped up our Pride activity this summer, continuing our partnership with global charity Safe Space Alliance for a second year. This two-year partnership and £40,000 donation are all about supporting the sustainable growth of the organisation, raising awareness and expanding its directory of safe spaces across as many locations as possible globally, and strengthening the safety interventions and support it offers members. We were delighted to celebrate our LGBTQ+ employees and customers at this year's Pride celebrations across London, Berlin, and Belfast.

Our partnership with the Fashion Minority Report (FMR) is focused on bridging the gap between the fashion industry and underrepresented talent. We continue to fund and participate in projects that support the creative and professional development of young people from marginalised groups and connect them with the industry. This includes participating in the industry-led mentoring programme for young professionals, with four ASOSers becoming mentors and ASOS fulfilling three placement roles for mentees – with one mentee securing a permanent position within the business. We were also proud to host an insight day at our headquarters for 25 students from Newham College, offering insight into the fashion industry and the varying roles within the business.

Together with FMR we have also launched scaleUP: an incubator programme to support the upscaling of ethnic minority-owned brands on ASOS and within the industry. Developed collaboratively, the programme will provide two successful candidates with insight and guidance from leading industry experts, wholesale opportunities including the launch of one collection available exclusively on ASOS, and one year of mentorship from business leaders. The two successful businesses will also pitch for up to £20,000 of funding each to support their growth. In addition, the programme will also onboard up to five additional emerging brands who will benefit from workshops, mentoring, and the opportunity to showcase their brand as part of the February 2024 scaleUP press and buyers' showroom.

Read about scaleUP, our incubator programme for ethnic-minority owned brands delivered with the Fashion Minority Report: **www.asosplc.com/news/fashion-minority-report-and-asos-launch-scaleup-incubator-support-ethnic-minority-owned-fashion-brands**

Pictured left:
One of our scaleUP 2023 winners, designer Isabelle Pennington Edmead

Task Force on Climate-related Financial Disclosures (TCFD)

We recognise the importance of playing our part in combatting climate change by working to reduce our impact on the planet.

We acknowledge that our transition to being a lower carbon business and the physical effects of global warming could impact our operations, strategy and financial planning. Climate change is an important issue for our stakeholders. We've demonstrated our commitment to sustainability and corporate responsibility since 2010 within our Fashion with Integrity (FWI) programme. Further details can be found on pages 16 to 18.

Understanding and effectively monitoring our risks and opportunities enables us to set appropriate climate-related goals. Being able to track our progress in a transparent way and to make useful climate-related disclosures is essential to maintain the trust and engagement of our stakeholders. We fully support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and welcome the positive impact that these have on the integrity and comparability of climate reporting.

Statement of consistency

The Group's climate-related financial disclosures below are set out with reference to Sections 1 – 4 of the TCFD 'Recommended Disclosures' from chapter 'C. Guidance for All Sectors' within the TCFD's publication 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (2021)' (the TCFD Guidance). We have achieved consistency with six of the 11 Recommended Disclosures and partial consistency for the remaining five. As we continue to evolve and mature our processes that support these disclosures, we are working towards enhancing the quality and consistency of our reporting. For transparency, below we have outlined the Sections and Recommended Disclosures where we are not fully consistent and our planned response to address these:

- **Section 2 – Strategy**
  - **Recommended Disclosures a), b), and c):** our disclosures only consider the Group's direct operations and own-brand supply chain. Although the elements we have included represent the largest and most direct areas of risk to our business (making up 66.6% of our total Greenhouse Gas (GHG) emission footprint in FY22), we recognise there are also physical climate risks associated with our partner brands' operations and associated supply chains.

    Our planned response: The breadth and differing structures of our brand partners' operations and supply chains make the task of incorporating them into our analysis of climate-related risks and opportunities complex. During FY23 we have engaged with our partners to identify the best approach to assess these areas of risk and improve our future disclosures. As part of updating our scenario analyses in FY24, we work towards incorporating these learnings and improve our understanding of the quantitative financial impacts of our climate-related risks and opportunities, with the aim of being consistent with the TCFD Guidance in the next 1-2 years.
  - **Recommended Disclosure b)**: we have not provided a transition plan to show how we will meet the requirements of the UK Climate Change Act 2008 (2050 Target Amendment) Order 2019, although we acknowledge that we fall under the jurisdiction of this legislation.

    Our planned response: During FY24, whilst updating our FWI Strategy and reviewing its metrics and targets, the Group will develop our Climate Transition Plan. This will be aligned to the Transition Plan Taskforce's (TPT's) recommendations and will outline our plans for transitioning to a low-carbon economy, meeting our updated GHG emissions reduction and net zero targets, and specific initiatives supported by associated capital and operational expenditure modelling that will show how we can achieve our plan. We expect this to be published in FY24.
- **Section 4 – Metrics and Targets**
  - **Recommended Disclosures a) and c):** we have not reported metrics or targets relating to the following cross-industry climate-related metric categories (shown in bold) that are described within Table A2.1 of the TCFD Guidance:
    - **Transition Risks –** Amount and extent of assets or business activities vulnerable to transition risks
    - **Physical Risks –** Amount and extent of assets or business activities vulnerable to physical risks
    - **Climate-Related Opportunities** – Proportion of revenue, assets, or other business activities aligned with climate-related opportunities
    - **Capital Deployment –** Amount of capital expenditure, financing, or investment deployed towards climate-related risk and opportunities

    Our planned response: We are in the final stages of developing and embedding our new commercial model. This focuses on improving our speed to market, and reducing our stockholding and product volumes, and will therefore impact our supply chain and resulting inputs needed when calculating appropriate metrics. These changes could particularly impact metrics relating to our physical risks as the sources and structure of our product intake evolves. In FY24 we are also updating our FWI Strategy and completing a review of its associated metrics and targets. Updates to plans for our Be Net Zero goal in particular, will affect the inputs for analysing our transition risks and opportunities. Once these changes have stabilised, we will have better certainty over the assumptions and mitigation plans needed to enable calculation of accurate quantitative financial metrics for our climate-related risks and opportunities, with the aim of being consistent with the TCFD Guidance in the next 1-2 years.

In making this statement we consider that these disclosures also meet the requirements of LR 9.8.6 (8) (UK Listing Rules).

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

Key

- ✓ Full
- ••• Partial – as we have only considered our direct operations and own-brand supply chain
- ••• Partial – as we have only considered our direct operations and own-brand supply chain and are yet to develop and publish our Climate Transition Plan
- ••• Partial – as we have not reported metrics or targets relating to certain cross-industry climate-related categories shown in Table A2.1 of the TCFD Guidance

TCFD Guidance – 11 Disclosure Recommendations

Recommendation	Description	Consistency	Pages
Governance	a) Describe the Board's oversight of climate-related risks and opportunities.	✓	20 – 21
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	✓	20 – 21
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	•••	22
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	•••	22 – 27
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	•••	22 – 27
Risk Management	a) Describe the organisation's processes for identifying and assessing climate-related risks.	✓	28
	b) Describe the organisation's processes for managing climate-related risks.	✓	28
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	✓	28
Metrics and Targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	•••	28 – 29
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	✓	28 – 29
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	•••	29 – 30

Section 1: Governance – Disclose the organisation's governance around climate-related risks and opportunities

The paragraphs below capture our response to Recommended Disclosures:

a) Describe the Board's oversight of climate-related risks and opportunities, and

b) Describe management's role in assessing and managing climate-related risks and opportunities

The Group's oversight of climate-related risks and opportunities is delivered through the Board, Committees and management governance structures set out below.

Regular reporting and clear management information enable effective oversight, escalation of risks and timely responses.

Climate change risks and opportunities are critical for the Group and are recognised and tracked as one of our principal risks (shown on page 48). The Board has established an Environmental, Social and Governance (ESG) Committee to oversee ESG matters and delivery of the Group's FWI Strategy. During the year we have refreshed and strengthened the skills and experience of the Committee through new appointments. The Committee is now formed of three Independent Non-executive Directors, Anna Maria Rugarli (also the Chair), Wei Gao and Jose Manuel Martínez Gutiérrez, alongside Non-independent Non-executive Director and Founder Nick Robertson. For more information on the Committee members' relevant skills and experience, please see the Board biographies on pages 55 to 56.

The focus areas of the ESG Committee include:

- Defining the Group's ESG Strategy (our FWI Strategy) and ensuring it aligns with our Group Strategy and business model. Under this focus area, the Committee is driving an ongoing refresh of our FWI Strategy and related goals for launch later in FY24.

PLC Board

Responsibility for oversight of ESG matters delegated by the Board to the ESG Committee. The Board receive updates from the ESG Committee following each meeting.

Environmental, Social and Governance (ESG) Committee

Board Committee chaired by an Independent Non-executive Director. Our ESG Committee shape and provide governance over the Group's FWI Strategy and activities.

Audit Committee

Board Committee chaired by an Independent Non-executive Director. Our Audit Committee oversee and ensure the appropriateness of the Group's governance, risk management and external reporting.

Management Committee

Formerly our Executive Committee and includes our CEO and Interim CFO. Meets weekly and holds day-to-day responsibility for the management of climate-related risks and opportunities.

FWI Working Group

Cross-functional team responsible for tracking and steering business activities to deliver our FWI Strategy. Chaired by our Senior Director of Strategy & Corporate Development and meets bi-monthly.

Governance Working Group (GWG)

Ensures effective management and accountability of key governance processes, procedures and controls across the company. Chaired by our General Counsel & Company Secretary and meets bi-monthly.

Be Net Zero* | **Be Transparent*** | **Be More Circular*** | **Be Diverse*** | **Governance**

* The four goals are set out in our FWI Strategy – further details are available on pages 16 to 18.

- Overseeing the ESG practices and initiatives of the Group to ensure they remain appropriate, relevant and effective in delivering our FWI Strategy. Monitoring the output of these activities to track progress against our goals.
- Monitoring relevant legal and regulatory requirements and ensuring our compliance with these in conjunction with the activities of the Board, Audit Committee and Management Committee.
- Ensuring all stakeholders receive appropriate and accurate information about the Group's ESG activities.

The ESG Committee meets as a minimum bi-annually under its Terms of Reference and provides feedback to the Board on climate-related risks, opportunities, issues and activities after each meeting. Within the wider business other management forums are in place which regularly report to the ESG Committee and Board to support with discharging their responsibilities.

Our Audit Committee is also formed of Independent Non-executive Directors and oversees and ensures the appropriateness of the Group's governance, risk management and external reporting. Their activities include providing oversight of the Group's principal risks, monitoring whether risks are being managed within the Group's risk appetite, and the identification and assessment of the emerging risks, including those relating to ESG. The Audit Committee meets quarterly and provides feedback to the Board after each meeting. For further details see our Audit Committee Report on pages 69 to 74.

Our FWI Working Group is a management forum attended by a cross-functional team of Senior Leaders from our Branded Engagement, Sustainability, Ethical Trade, Corporate Responsibility, Corporate Affairs, Procurement, DEI, and Product teams. It is chaired by the Senior Director of Strategy & Corporate Development, Michelle Wilson, who is also the Group's lead for ESG activities. The focus of the FWI Working Group is on managing the risks and implementation of our FWI Strategy, monitoring progress of initiatives and against commitments, horizon scanning requiring escalation and action, and ensuring alignment of the FWI Strategy with the overall ASOS Strategy and business model. The FWI Working Group feeds back to the Management Committee on a regular basis.

Our Governance Working Group is a management forum chaired by the General Counsel & Company Secretary, Emma Whyte, and is formed of a cross-functional group of Senior Leaders. In addition to the General Counsel & Company Secretary, the Group's members include the Interim Chief Financial Officer, Senior Director of Operations, Chief Information Security Officer, Head of Compliance and Head of Internal Audit & Risk. The Governance Working Group focuses on ensuring effective management and accountability of key governance processes, procedures and controls, making sure we are disciplined in our approach to business and do the right thing, and acts as an escalation point when significant unmitigated risks are identified. The Governance Working group reports to the Management Committee on relevant topics as they arise.

Our Investor Relations team, Senior Director of Strategy & Corporate Development and CEO are responsible for ongoing engagement with investors, and regularly raise and discuss ESG topics throughout the year.

Due to the importance we place on climate-related matters and to ensure that management incentives continue to be aligned with performance against our FWI targets, including those linked to managing climate change, the ASOS Long Term Incentive Scheme includes an ESG modifier (for further details see our Directors' Remuneration Report on pages 80 to 93).

Responsibility for day-to-day management of the Group's risk profile sits with our Management Committee, which includes our CEO and Interim CFO. Our overall approach to risk and opportunity management is delivered under the ASOS Risk Management Standard which applies to all areas of our business and all types of risk and opportunity, including those related to climate change. The Interim Chief Financial Officer is accountable for ensuring effective risk management processes are in place, supported by the Head of Internal Audit & Risk.

A formal review of our principal and functional risks is conducted by management bi-annually to assess current risk exposure, track progress with mitigating actions, and determine whether further activities are needed to manage risks within our risk appetite. An updated principal risk profile is reviewed by the Audit Committee and the Board following each review. 'Sustainability and climate change' is identified as one of our principal risks (page 48) and is included within this review process. For more details on our approach to risk management see pages 44 to 45.

We have also provided details of how climate-related risks and opportunities have been identified and assessed through our scenario analyses in **Section 2: Strategy** on pages 22 to 27 and managed in **Section 3: Risk Management** on page 28.

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

Section 2: Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning, where such information is material

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

In FY22 we completed deep dive scenario analyses to better understand our potential climate-related risks and opportunities, and the impacts they could have on our business and strategy, over relevant time horizons. The work was completed with Willis Towers Watson using an approach underpinned by data from leading models and databases utilised within the insurance industry for pricing risk, climate models, published research, and information from the Intergovernmental Panel On Climate Change (IPCC). This ensured that our results are both robust and comparable to other organisations.

Further details on the specific scenarios considered and assumptions made when assessing our transition and physical risks are set out in the table below.

Whilst these scenarios are useful in analysing our potential climate-related risks and opportunities, they are not predictions or forecasts. The assumptions made may or may not become accurate depending on how climate change trends continue or change.

In FY21 we engaged a specialist third party service provider to complete a qualitative materiality assessment by identifying important sustainability and responsible business topics that are material to ASOS. The approach used in determining materiality was based on guidance provided by the Global Reporting Initiative (GRI). GRI states companies should focus their efforts on topics that reflect the organisation's economic, environmental and social impacts, and the issues that most influence the decisions of stakeholders. We have applied this measure of materiality when selecting our identified transition and physical risks reported below, all of which are considered material by nature.

The 'Transition risks and opportunities' and 'Physical risks' tables on pages 23 to 27 capture our response to Recommended Disclosures:

b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning, and

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Our identified material climate-related risks and opportunities under our assessed climate scenarios are outlined on the following pages. For each we have provided an indication of their potential impact and how they have or may affect our business, strategy and financial planning. We have also provided an overview of possible mitigations available to us. Our analyses did not identify any opportunities related to the physical impacts of climate change, but opportunities relating to the transition to a lower-carbon economy were identified and have been presented in line with Table A1.2 of the TCFD Guidance.

Risk and opportunity types	Scenarios and assumptions	Assessment
Transition risks and opportunities from moving to a lower-carbon economy • Caused by a requirement for rapid changes in business models or operations, climate regulation/legislation, technology, market dynamics; as well as resulting reputation impacts • Impacts which could occur within the time horizons assessed include Policy & Legal (e.g., regulatory, compliance, litigation costs or pricing of emissions), Technology (e.g., replacing higher emission technology), Market (e.g., customer behaviours, raw materials costs, cost of capital), and Reputation (investment, stakeholder risk)	• Impacts are expected to manifest more quickly so our analysis focused on outcomes in the **Short Term (2025)** and **Medium Term (2030)** • Two temperature scenarios assessed aligned with projected requirements to keep global warming below +1.5°C and +2.0°C above pre-industrial temperatures, in line with the Paris Agreement (NGFS Net Zero 2050) and scenario analysis recommendations and recommendations within the TCFD Guidance	• Assessment of potential risks under each scenario made with reference to the impact measurement scales used under our risk management processes[2] • The scale of transition opportunities has not yet been fully assessed
Physical risks from the effects of climate change on the environment, weather and extreme events • Caused by global warming leading to more extreme weather events including drought, excessive heat, wildfires, flooding, heavy precipitation and cyclones • Issues which could occur within the time horizons assessed include Acute risks (i.e., events based including storms, tornadoes, floods, lightning, wildfires etc) and Chronic (i.e., longer-term effects including heat stress, precipitation, droughts, sea level rises etc)	• Risks are expected to manifest more slowly so our analysis focused on outcomes in the **Long Term (2050)** • Temperature scenarios assessed: – Global warming kept below +2.0°C above pre-industrial temperatures[1] (1.5°C scenario) in line with the Paris Agreement (NGFS Net Zero 2050) and scenario analysis recommendations within the TCFD Guidance – Alternative +4.0°C above pre-industrial temperatures[1] • Transition to lower-carbon economy has occurred under the +1.5°C scenario whilst only minimal transition has occurred under the +4.0°C scenario • Asset exposure assessment completed on all our own operations, Tiers 1 – 3 of the our own-brand supply chain (covering 45 of top 50 suppliers, 265 locations, 60% of own-brand intake value, and 62% of all materials by weight in FY22), and key raw material sourcing regions (Tier 5) for two most used natural materials (cotton & viscose)	• Assessment of potential risks under each scenario made with reference to scales tailored for each type of acute or chronic risk that formed part of the scenario model, and were benchmarked using external public domain data sources and resources[2] • Partner brands were outside of the scope of this first analysis. We are aiming to incorporate related areas of risks during our refresh of our analysis in FY24

1 Scenarios in line with the Intergovernmental Panel On Climate Change (IPCC) representative concentration pathways RCP 2.6 and RCP 8.5 respectively. A Representative Concentration Pathway (RCP) is a GHG trajectory adopted by the IPCC. The pathways describe different climate change scenarios, all of which are considered possible depending on the amount of GHG emitted in the years to come.

2 Please note, our approach to subsequently determining the materiality of identified risks is explained above.

As outlined in the table on page 22, we note that our approaches used to analyse and assess potential transition and physical impacts differ. As a result, the assessments below are based upon different scales with transition risks assessed on a minor/moderate/major scale (we note the scale of transition opportunities in each scenario has not yet been fully assessed), and physical risks assessed as very-low/low/moderate/high/very-high. Additionally, the potential transition risks are reported after controls and mitigations (residual risks) whilst potential physical risks are reported before controls (inherent risks). Whilst this variation in the risk assessment methodologies does not enable direct comparisons, all risks reported are considered material by nature as explained under **Section 2: Strategy, Recommended Disclosure a)**. We will look to improve on the comparability of our physical and transition risks when refreshing our underlying scenario analyses during FY24.

Our 'Statement of consistency' on pages 19 to 20 notes we are in the final stages of developing and embedding our new commercial model and are updating our FWI Strategy including reviewing its associated metrics and targets. The resulting changes impact the certainty we have over assumptions and mitigation plans needed to enable accurate quantitative financial impact analysis for our climate-related risks and opportunities. During FY24, following our review, we will update our scenario analyses and aim to provide enhanced reporting in these areas within our FY24 Annual Report.

As noted in Note 14 on pages 134 to 135 of our financial statements, we have been unable to model a specific climate-related impact on cash flows for use in impairment testing. A sensitivity analysis is included showing how much revenue and gross margin can reduce by (vs forecast amounts) before an impairment is required.

The results of our analyses confirm the importance of continuing our work to enhance our understanding of the critical dependencies of climate change on our business and to ensure we have action plans in place to help mitigate these risks. When refreshing our analyses in FY24 we will also work towards including risks and opportunities from our partner brands' supply chains. This will be further strengthened by the development of our Climate Transition Plan, aligned to the TPT's recommendations. Our updated scenario analyses will enable new insights into how climate risks and opportunities may impact the resilience of the Group's strategy and allow us to prepare for this.

Key

Risk

Major

Minor

Assessment Underway in FY24

Transition risks and opportunities

Category	Risks and opportunities	Analysis Scenario	Potential risk exposure assessed over: Short Term (2025)	Medium Term (2030)
Policy & Legal	Greenhouse gas (GHG) pricing/taxation	+2.0°C Pathway		
		+1.5°C Pathway		
	Product mandates	+2.0°C Pathway		
		+1.5°C Pathway		
	Climate litigation	+2.0°C Pathway		
		+1.5°C Pathway		
	Enhanced reporting requirements	+2.0°C Pathway		
		+1.5°C Pathway		
Technology	Low-carbon technology	+2.0°C Pathway		
		+1.5°C Pathway		
Market	Changing consumer preferences	+2.0°C Pathway		
		+1.5°C Pathway		
	Increased cost of raw materials	+2.0°C Pathway		
		+1.5°C Pathway		
	Cost of capital	+2.0°C Pathway		
		+1.5°C Pathway		
	Emissions offset	+2.0°C Pathway		
		+1.5°C Pathway		
Reputation	Investment risk	+2.0°C Pathway		
		+1.5°C Pathway		
	Stakeholder risk	+2.0°C Pathway		
		+1.5°C Pathway		
	Employee risk	+2.0°C Pathway		
		+1.5°C Pathway		

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

	Category	**Transition impact** – risk description	**Business response and opportunities**
01	Policy & Legal	**Greenhouse gas (GHG) pricing/taxation** – As expected, this risk is more acute under a +1.5°C scenario as this would require more/quicker transition activities. The pricing of UK GHG emissions is expected to increase. This could increase our operating costs and reduce profitability. Uncertainty around future UK GHG emission pricing and cost implications of other climate-related regulations (e.g., cap and trade schemes) could require us to change strategy and could make the replanning of future operations more difficult or less profitable.	**Business response:** We are focused on reducing carbon emissions, with the setting of science-based targets which have been approved by the Science Based Targets initiative (SBTi). During FY24, we will update our FWI Strategy and will set updated absolute targets to ensure alignment with the latest climate science and to ensure full transparency on our progress towards net zero. **Opportunity:** Committing to reducing absolute emissions in line with an updated net zero target will require the implementation of resource efficiency initiatives across our operations. This could have positive financial impacts through reducing our operating costs in both the Short and Medium Term.
		Product mandates – Under both temperature scenarios, regulation of products is likely to intensify, with increased requirements over the Medium Term. Changes could include mandated emission reporting/carbon footprint labelling per product and/or enhanced regulatory scrutiny of green credentials of products and could increase compliance costs and reduce our profitability.	**Business response:** Some impacts of these changes are already being experienced or are being introduced across parts of our value chain (e.g., extended producer responsibility legislation in the UK and EU). We expect the number of changes in this area to increase significantly in the Medium Term from 2025 and beyond and for it to then affect wider categories of products. We may be able to offset some of the impact from this risk by switching to more sustainable materials (packaging and products). We are already undertaking activities in this area and intend to accelerate this work to pre-empt future regulation of products. **Opportunity:** Switching to more sustainable materials could improve our competitive advantage where this reflects shifting consumer preferences, and as a result increase our revenue or profitability in the Short and Medium Term.
		Climate litigation – Climate-related litigation claims brought by investors, insurers, shareholders and public interest organisations. Claims could relate to a failure to adapt to climate change requirements, greenwashing through overstating positive environmental impacts or understating risks/insufficient disclosure around material financial risks. The fashion industry produces between 3% and 10% of carbon emissions globally, hence it could be a sector of focus in the future. Settling claims could increase our costs and related negative publicity could impact our reputation and customer sentiment leading to a reduction in revenue.	**Business response:** We could minimise potential costs through developing and embedding effective processes and infrastructure to capture and address compliance with emerging legislative requirements. Effective management of litigation processes and any public communications when dealing with claims could reduce our reputational risk. **Opportunity:** This potential climate-related impact was not assessed to provide any opportunities.
		Enhanced reporting requirements – Additional emissions-related reporting requirements apply to ASOS by 2030. This includes the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CS3D), and the UK Sustainability Disclosure Standards (SDS). Such changes could add a significant reporting burden. These increasing requirements can increase compliance costs and so reduce our profitability.	**Business response:** We are aware of and are preparing to make disclosures in line with CSRD, CS3D and UK SDS with adoption in the mid to late part of this decade. Early planning for the requirement will help us to manage implementation costs and additional time will facilitate us identifying the most cost-effective solutions for compliance. **Opportunity:** This potential climate-related impact was not assessed to provide any opportunities.

	Category	Transition impact – risk description	Business response and opportunities
02	Technology	**Low-carbon technology** – To meet emission reduction targets under both temperature scenarios, we will need to invest in new technologies (e.g., increasing digitisation of steps within garment production) to both reduce existing emission levels and prove the sustainability of its products to customers. This could increase required property, plant and equipment (PPE) investment and reduce capital available to invest in other strategic priorities. We could also fail to implement or take full advantage of these technologies, potentially reducing our competitiveness and increasing other costs, such as through GHG taxation. There is also a risk that suppliers pass on the associated cost of their investment in this technology to us, which could increase our input costs and reduce our profitability.	**Business response:** Across our value chain, technology changes for lower-carbon alternatives will provide us the opportunity to reduce emissions, drive efficiency and improve resilience. We work closely with our partners to help ensure the best joint outcomes. Our agreements with third parties contain clauses which manage the levels of cost increase which can be passed on during the life of the agreement. We could also retender to seek better price alternatives for goods and services at appropriate break points in agreements. **Opportunity:** Reacting quickly to embrace new technologies could ensure we retain competitive advantage, for example the use of Artificial Intelligence and advanced analytics to respond quicker to demand and reduce waste associated with over-stocking. This opportunity could be realised over both a Short and Medium Term horizon.
03	Market	**Changing consumer preferences** – Consumers are increasingly aware of climate change and its impacts which leads to increasing consumer expectations around the sustainability of products. Where we are unable to supply what our consumers want or customers are more engaged by our competitors, we may lose sales, leading to a reduction in revenues.	**Business response:** Through our FWI Strategy we will continue to work towards our climate change goals to keep and grow the engagement of our customers and stakeholders, through effective communication of our efforts and successes. **Opportunity:** We could capitalise on this opportunity in the Short and Medium Term by catering to increased consumer demand for more sustainable products to provide a positive business impact in the future through growth of sales and profitability.
		Increased cost of raw materials – As the wider market moves to using more sustainable materials in packaging and products, it may result in increased input costs including where demand outstrips supply. This could increase our costs, reduce our profitability or reduce our market competitiveness if we were unable to source these products but our competitors could.	**Business response:** While wider market changes may create risk by increasing potential cost of raw materials, increased demand coupled with support from governments and greater investment from the fashion industry could increase supply and reduce these costs in the Short and Medium Term. **Opportunity:** Building increased transparency of the supply chain and investing in sustainable materials will enable better security of supply and pricing.
		Cost of capital – As credit ratings begin to incorporate climate change considerations, there is a risk that credit ratings could be influenced by climate change and the cost and availability of capital increased/decreased.	**Business response:** We are seeing across industry that the cost of capital can be reduced when linking financial instruments to ESG targets and positive performance. As our activities mature in line with our FWI Strategy, the opportunities to realise these benefits will increase. **Opportunity:** Obtaining green financing bonds could lower our cost of capital and reduce our interest costs.
		Emissions offset – The supply of carbon credits currently exceeds demand (carbon credits currently costing between $3 -$13 per tonne). As more companies commit to net zero target, the demand for carbon credits could increase, resulting in higher prices in the market. This additional spending could reduce our profitability and reduce our capacity to invest the related capital in other strategic priorities.	**Business response:** The pricing and mechanisms for securing appropriate offsets across the value chain is uncertain. As we decarbonise the business and work to deliver our updated FWI Strategy, the accuracy of these forecasts will improve. **Opportunity:** In line with the latest SBTi best guidance, we will move towards plans to reduce emissions, and only use offsets to remove residual amounts after securing a minimum 90% absolute emission reduction. This will reduce our exposure to carbon credit cost increases that would reduce our profitability.

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

	Category	**Transition impact –** risk description	Business response and opportunities
04	Reputation	**Investment risk** – Failure to meet publicly stated sustainability goals and/or disclosure requirements could negatively impact our reputation with investors. This could decrease our investment attractiveness and thereby potentially increase our cost of capital if our options for access to funding reduced.	**Business response:** We will continue to improve transparency in ESG reporting including further external assurance on reported data in line with our assurance plans. **Opportunity:** We could gain new and greater investment from investors in both the Short and Medium Term, through our proposition and reporting on progress against our updated FWI Strategy (to be published in FY24).
		Stakeholder risk – By 2030, social pressure regarding sustainability and increased public awareness could create a reputational risk. This could reduce our revenue as customers shop elsewhere due to perceptions of our sustainability activities or ethical practices within our supply chain.	**Business response:** Key stakeholders such as NGOs and brand partners are increasingly interested in our ESG performance and strategy. Continuing to meet the requirements and expectations of those stakeholders will be important to maintain positive relationships. **Opportunity:** Through being transparent about our ESG performance, we have potential to secure reputational benefits resulting in increased demand for goods/services and that could increase revenue and profitability over a Short and Medium Term.
		Employee risk – As employees become increasingly concerned with climate change issues, negative publicity around failure to deliver sustainability targets, and failing to effectively incorporate climate change considerations into decision-making could make it difficult for us to attract and retain the best talent. This could negatively impact delivery of our strategy or increase our employment costs if we were required to pay above market rates to access talent.	**Business response:** Our Management Committee members, and Senior Leaders already have part of their remuneration linked to delivery of the FWI Strategy. **Opportunity:** Ensuring effective communication of our updated strategy and progress with climate action will ensure employee understanding of progress with our activities to attract and retain talent in the Short and Medium Term.

Physical risks

Key

Risk: Very High, High, Moderate, Low, Very Low; Insignificant

Risk		Analysis scenario	Potential level of risk exposure by 2050 assessed over: ASOS Operations	ASOS Supply Chain
A	Drought (Chronic)	+4.0°C pathway (RCP8.5)	Low	Very High
		+1.5°C pathway (RCP2.6)	Low	Moderate
B	Heat Stress (Chronic)	+4.0°C pathway (RCP8.5)	High	Very High
		+1.5°C pathway (RCP2.6)	High	Very High
C	Wildfire (Acute)	+4.0°C pathway (RCP8.5)	Moderate	Moderate
		+1.5°C pathway (RCP2.6)	Insignificant	Moderate
D	Flooding (Chronic & Acute)	+4.0°C pathway (RCP8.5)	Low	Very High
		+1.5°C pathway (RCP2.6)	Low	Very High

	Physical risk	Risk description	Business response and mitigations
A	Drought (Chronic)	Scarce water resources could impact utilities, cotton growing regions and forestry. Our operational locations have a low or very low exposure to drought, with no major impacts identified. Under a +4°C scenario, there could be a significant impact for our supply chain, particularly where facilities rely heavily on water for manufacturing, such as dyeing materials and viscose production. By 2040, under a +4°C scenario, all of our main cotton sourcing regions are at moderate to very high risk of short-term and long-term drought. Short-term drought can affect cotton yields particularly at key stages of the growth cycle. Multi-year drought events can also have a significant effect. Lower cotton or viscous yield could increase our input prices and reduce our profitability.	No mitigation actions are currently considered for our operations due to low levels of risk but we will continue to monitor and review our approach accordingly. In FY22, 200 of our Tier 1-4 supplier facilities responded to the Worldly (formerly known as Higg) Index Facility Environmental Module (FEM). This represented 70% of our top suppliers by business volume intake and included an assessment from either the World Wildlife Fund (WWF) Water Risk Filter or the World Resources Institute (WRI) Aqueduct Tool. Completing these submissions supported suppliers with understanding their water use and their water risk in a local context. Switching input materials to 100% more sustainable cotton will reduce our risk. This could include 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. Please refer to Section 4 Metrics and Targets for information on our related targets and progress against these.
B	Heat Stress (Chronic)	Could impact working conditions and require a level of adaptation such as air conditioning to ensure the health & safety of workers. Even under a +1.5°C scenario, our US Fulfilment Centre location was identified as having a high exposure to heat stress, meaning 80-180 number of days in a heatwave annually. Cotton crops also cannot survive prolonged exposure to heat stress; temperatures over 40°C pose a significant risk to yields. Under a +4°C scenario, cotton growing regions of Pakistan have significant exposure to heat stress. Adaptions, a lack of workers and lower cotton yield could increase our input costs and reduce our profitability.	We could mitigate this risk by ensuring appropriate health & safety measures in own operations, including heat management systems and air conditioning. Working with suppliers closely and inspecting factories could reduce this risk by ensuring presence of sufficient ventilation systems and other relevant mitigation measures addressing humidity, air quality and temperature. Further, increased transparency of our supply chain will support identification of direct risks and impacts. Reducing our reliance on virgin cotton by increasing the volume of recycled cotton in our ranges could also reduce our exposure to this risk.
C	Wildfire (Acute)	Could impact key infrastructure including buildings, roads and utilities; present a threat to human life, agricultural crops and forests; or cause large scale disruption to our supply chain and distribution. These factors could increase our input costs and reduce our profitability. Ethical issues in our supply chain could also negatively impact our reputation leading to lost customers, revenue and reduced investment attractiveness. Under a +4°C scenario, we found cotton growing regions in India, Pakistan and the USA had significant exposure to wildfire by 2040.	In our operations mitigation measures could include: • Reviewing local plans for warning and evacuation and implementing an early warning system; • Reviewing surroundings to assess if there is sufficient separation from other buildings, trees and material that can act as fuel; and • Reviewing building/factory design for levels of building protection. Increased visibility and monitoring of our supply chain will give us a greater understanding of our exposure to high-risk regions and opportunities to work with our suppliers on physical mitigation.
D	Flooding (Chronic & Acute)	Could cause physical damage to buildings and equipment, impact to utilities, facility access issues and possible delays in resuming operations in supply chain and distribution, with an associated impact on our costs. Flooding could impact cotton crops and cotton plantations. This includes the impacts from river as well as coastal floods and sea level rises and could increase our input costs. In the short term, under a +4°C scenario, river flood changes for the cotton growing regions might not be significant but there is a notable baseline risk today for countries like Bangladesh and Pakistan. By 2040 coastal flood and sea level rise pose a significant risk to Bangladesh, regions of India and China under a +4°C scenario.	No mitigation actions currently due to low levels of risk but no mitigation actions currently for our operations due to low levels of risk but we will continue to monitor this risk and review our approach accordingly. Engaging high risk suppliers to assess their preparedness and engage with cotton producers to understand how the risk is managed could provide assurance over controls in our supply chain for managing this risk.

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

Section 3: Risk Management – Disclose how the organisation identifies, assesses, and manages climate-related risks

a) Describe the organisation's processes for identifying and assessing climate-related risks

Climate-related risks (including those related to existing and emerging regulation and legislation) are within the scope of our overall risk management approach described on pages 44 to 45, which sets out our processes for identifying, assessing and escalating risks where appropriate. Our ASOS Risk Management Standard includes defined measures of impact and likelihood for assessing all risk types. Our universal approach enables us to understand what material risks are to ASOS, to ensure assessments are comparable between different types of risk, and to drive the right outcomes for avoiding, treating, or accepting risks in line with our risk appetite. Through this approach, Climate Change and Sustainability has been identified as a principal risk.

b) Describe the organisation's processes for managing climate-related risks

A formal review of all business risks is completed every six months, which considers the level of exposure, progress with mitigating actions, and whether additional activities are needed for existing risks, as well as scanning the horizon to identify and assess new potential risks before they emerge. Risk reviews are the responsibility of functional Management Committee members and their Senior Leaders, supported by our Risk Management team. For risks outside of our risk appetite, appropriate treatments are put in place to either mitigate, control, or accept the risk. This can include transferring risks outside of the organisation, e.g. by ensuring we have appropriate insurance.

Where results of completed reviews indicate changes to our principal risks these are updated as part of the formal bi-annual review. Our principal risks include our recognised risk across Climate Change and Sustainability (see page 48). Our ASOSers are also guided to continually Identify, Analyse, Treat, Report and Monitor risks under our Protect, Anticipate and Grow framework within the ASOS Risk Management Standard. If our updated scenario analyses in FY24 uncover material new or emerging risks, not currently addressed in our principal risks, then these will be reported to our Management Committee and subsequently our Audit Committee and Board, in line with the escalation process set out in the ASOS Risk Management Standard.

c) Describe how the processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

Our FWI Working Group maintains an ESG Risk Register which captures cross-functional climate-related risks and opportunities that could impact our business. This includes risks and opportunities related to those identified through our deep dive analyses outlined in **Section 2: Strategy** on pages 22 to 27). These risks are reviewed as part of our outlined processes for overall risk management and feed into our principal risks.

Section 4: Metrics and Targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

The paragraphs below capture our response to Recommended Disclosures:

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

The key metrics we currently use to measure and manage our climate-related risks and opportunities are our GHG emissions, as these are the key driver of temperature increases and so are the key root cause of all climate-related risks and opportunities we have identified. Other metrics and targets are being considered by and may form part of the updated FWI Strategy due to be finalised during FY24.

We have presented our Scope 1, 2 and 3 emissions metrics on page 30 (sources of emissions included within each Scope measure are show in the table below, which covers our entire value chain), and are calculated and reported on an annual basis. In calculating our emission metrics, we apply best practice laid out in the GHG Reporting Protocol – Corporate Standard (Operational Control Boundary). Emissions relating to category 8 (upstream leased assets) have been included in our Scopes 1 and 2 footprint and emissions relating to categories 9 (downstream transport and distribution), 10 (processing of sold goods), 13 (downstream leased assets), 14 (franchises) and 15 (investments) have been excluded from our Scope 3 value chain footprint, as these either fall outside our operational boundary of control or have been determined to be irrelevant or immaterial.

We also use the latest emission factors from the UK Government's Conversion Factors for Company Reporting combined with industry-specific factors such as the Sustainable Apparel Coalition's Worldly Materials Sustainability Index (MSI).

Our Scope 3 emissions footprint for our most recent full-year reporting cycle (covering FY22) amounts to 1,738,708 tCO_2e (FY21 1,506,834 tCO_2e). A full breakdown of the sources of Scope 3 emissions can be found on page 9 of our FY22 FWI Update Report, published in May 2023. Please note that due to outlined changes to the calculation methodology between FY23 and FY22, the Scope 3 figures are not directly comparable. In FY24, we plan to re-baseline our methodology to ensure it can be applied consistently going forward. Once set we will update and restate our historical emissions in our next climate-reporting, applying the latest methodology to allow for transparent trend analysis.

Our existing processes and access to the data needed to calculate our Scope 3 emissions mean that we currently report our full year emission figure within our subsequent FWI Update Report published at the following half year. We have been working on improving our approach and next year expect to publish both our FY23 and FY24 Scope 3 emissions metrics in our FY24 Annual Report, as well as our re-baselined historical emissions. Following this we will include all financial and sustainability related data and disclosures in a singular comprehensive Annual Report following each year end.

For FY22 we obtained external assurance on our FY22 Scope 1 and 2 emissions metrics for the first time. PricewaterhouseCoopers LLP (PwC) conducted an independent limited assurance engagement on these selected GHG emissions figures 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 methodology is available on the ASOS Plc site at www.asosplc.com/fashion-with-integrity/limited-assurance/.

For FY23 we have decided not to seek external assurance over our Scope 1 and 2 emission metrics or any other areas of this disclosure, as our methodology for collecting the required data and calculating our emissions metrics has remained largely unchanged. As noted above we are currently updating our FWI Strategy including reviewing its associated metrics and targets. Where our review results in methodology changes for calculating our Scope 1 or 2 emissions we will reassess the need for assurance when preparing our FY24 Annual Report.

In addition to GHG emissions, we previously reported on a sector-specific metric: the % of raw materials in our own-brand products made from recycled or more sustainable materials calculating our more sustainable fibres percentages using internal systems and working with suppliers and external tools (such as the Sustainable Clothing Action Plan calculator). Better Cotton Initiative data was obtained directly from the external Better Cotton Platform (BCP). We are in the process of reviewing our systems and processes for material attribution, so therefore did not disclose our performance against this metric in our latest FWI Update Report or here. The metric and associated target is being reviewed as part of the update to our FWI Strategy in FY24. For further detail, please see page 18 of our FY22 FWI Update Report.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Since the launch of our updated Fashion with Integrity Strategy in 2021, the SBTi has published its Corporate Net-Zero Standard for businesses on how to define achieving net zero carbon emissions. It focuses on setting and achieving stringent, long-term absolute emissions reductions targets before pursuing net zero via other means such as offsetting. Following publication of the Standard, this year we have decided to revise our previous Be Net Zero target (to be net zero across our value chain by 2030 against a 2018/19 baseline), as this relied heavily on carbon offsetting, which we acknowledge is no longer best practice. In line with the latest SBTi best guidance, we will focus on achieving net zero by prioritising the absolute reduction of carbon emissions, and only using offsets to remove residual amounts after securing a minimum 90% absolute emission reduction.

Our original emissions reduction targets were aligned to the Paris Agreement and were supported by intensity-based (measured as a proportion of output) KPIs measured annually covering our operations, transport, supply chain and partner brands. These KPIs, verified by the SBTi, are:

- Reduce our Scope 1 and 2 emissions/order by 87% by 2030 vs 2018/19 baseline;
- Reduce transportation emissions[1]/£profit by 58% by 2030 vs 2018/19 baseline;
- Reduce own-brand product emissions[2]/£profit by 58% by 2030 vs 2018/19 baseline; and
- Two thirds of partner brands (by emissions) signed up to setting targets in line with Science Based Targets initiative (SBTi) requirements by 2025[3].

As part of our ongoing review of our FWI Strategy and related metrics, this year we will be updating our existing verified science-based targets and our net zero ambition to ensure we align to the latest climate science. We will be setting absolute emissions reduction targets across our operations and value chain, which will be enabled through an update to our carbon baseline to reflect recent improvements in data visibility across our Tier 1 – 4 suppliers. This will ensure that our new near-term and net zero targets are robust, realistic and supported by data, which will be demonstrated through a Climate Transition Plan aligned to the TPT's recommendations. By updating our Be Net Zero goal, we can better allocate capital that would have been used in offsets resources towards decarbonisation and emissions reduction.

In relation to our sector-specific metric disclosed in **Section 4: Metrics and Targets, Recommended Disclosures b)**, we have a target addressing the need to switch to more sustainable materials, as highlighted in our transition risks and opportunities table in **Section 2: Strategy, Recommended Disclosure b)**. Investing in sustainable materials will enable better security of material supply and pricing, whilst also securing a better competitive position for the Group, reflecting expected shifts in consumer preferences and demand.

Although this target is being revised as part of our wider FWI Strategy update, the original target is as follows:

- 100% of own-brand products made from recycled or more sustainable materials[4] by 2030, with pathways in place for prioritising high-impact materials.

For further detail on the methodologies for calculating these metrics and progress against targets, please refer to pages 10-20 of our FY22 FWI Update Report.

1 Covering GHG emissions associated with all transport covered in Scope 3 Category 4 Upstream Transportation and Distribution (inbound, inter-warehouse transfers, outbound, and returns).
2 Cradle to gate Scope 3 GHG emissions associated with the manufacture of all products purchased by ASOS as part of our 17 own brands.
3 Calculated using the ASOS Value Chain Carbon Footprint Model developed by Carbon Trust.
4 We previously calculated our more sustainable fibres percentages using internal systems, working with suppliers and external tools (such as the Sustainable Clothing Action Plan calculator). Better Cotton Initiative data is obtained directly from the external Better Cotton Platform (BCP).

Sources of emissions included within our presented Scope 1, 2 and 3 measures

Scope 1 – Direct emissions from fuels	Scope 2 – Indirect emissions from electricity	Scope 3 Upstream	Scope 3 Downstream
• Gas consumption and F-gas leakage in our offices and fulfilment centres	• Electricity consumption in our offices and fulfilment centres. Location-based (LB) Scope 2 emissions reflect the average emissions intensity of the regional grid. Whilst, market-based (MB) Scope 2 emissions take into consideration our purchasing decisions, such as renewable energy contracts	• Category 1a. Own-brand product and packaging • Category 1a. Partner brand product and packaging • Category 1b. Non-product purchased goods and services • Category 2. Capital goods • Category 3. Fuel and energy related activities (Transmission and Distribution, and Well-to-tank) • Category 4. Inbound, Outbound and inter-warehouse transport and distribution • Category 5. Operational waste and wastewater • Category 6. Business travel and hotel stays • Category 7. Employee commuting	• Category 11. Product use-phase • Category 12. Product end-of life

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

In addition to the updates to the original FWI metrics and targets detailed in **Section 4: Metrics and Targets** above, we are expanding the breadth of our FWI Strategy, including plans to map our water footprint across our operations and supply chain and develop targets to address this, in line with emerging Taskforce on Nature-related Financial Disclosures (TNFD) and CS3D requirements. We are also seeking to introduce energy efficiency targets for our direct operations, which will be supported by energy performance metrics. We expect these targets to form part of our updated FWI Strategy. We also expect our Climate Transition Plan to be published in FY24.

		UK Portion			Total Global		
	Unit of measurement	FY23	FY22	% change	FY23	FY22	% change
Scope 1 emissions from combustion of gas	tCO_2e	2,147	2,258	-5%	2,785	3,351	-17%
Location-based (LB)							
Scope 2 emissions – emissions from purchased electricity (LB)	tCO_2e	4,065	4,507	-10%	10,770	11,497	-6%
Total of Scopes 1 and 2 (LB)	tCO_2e	6,212	6,765	-8%	13,555	14,848	-9%
Intensity Ratio – total tCO_2e/£m revenue (LB)	tCO_2e/£m revenue	–	–	–	3.82	3.77	+1%[2]
Market-based (MB)							
Scope 2 emissions – emissions from purchased electricity (MB)	tCO_2e	–	–	–	2,896	2,860	+1%[1]
Total of Scopes 1 and 2 (MB)	tCO_2e	2,147	2,258	-5%	5,681	6,211	-9%
Intensity Ratio – total tCO_2e/£m revenue (MB)	tCO_2e/£m revenue				1.60	1.58	+1%[2]

1 This 1% increase in MB Emissions is due to the expansion of our operations in the US. Currently our US fulfilment centres are not supplied by renewable electricity, however we are committed to resolving this in FY24 and eliminating all Scope 2 MB emissions.
2 The increase in emissions intensity is driven by the 10% drop in revenue from FY22 to FY23.

Streamlined Energy & Carbon Reporting

Our reporting period for energy and carbon emissions is aligned to our financial period, from 1 September 2022 to 3 September 2023.

	Unit of measurement	UK Portion			Total Global		
		FY23	FY22	% change	FY23	FY22	% change
Energy Consumption Used to calculate emissions – for gas and electricity	MWh	31,366	33,551	-7%	53,896	59,434	-9%
Scope 1 – emissions from combustion of gas	tCO_2e	2,147	2,258	-5%	2,785	3,351	-17%
Location Based							
Scope 2 emissions – emissions from purchased electricity (LB)	tCO_2e	4,065	4507	-10%	10,770	11,497	-6%
Intensity Ratio – tCO_2e/£m revenue (LB)	tCO_2e/£m revenue				3.82	3.77	+1%[2]
Market Based							
Scope 2 emissions – emissions from purchased electricity (MB)	tCO_2e	–	–	–	2,896	2,860	+1%[1]
Intensity Ratio – tCO_2e/£m revenue (MB)	tCO_2e/£m revenue				1.60	1.58	+1%[2]

1 This 1% increase in Market Based Emissions is due to the expansion of our operations in the US. Currently our US fulfilment centres are not supplied by renewable electricity, however we are committed to resolving this in FY24 and eliminating all Scope 2 market-based emissions.
2 The increase in emissions intensity is driven by the 10% drop in revenue from FY22 to FY23.

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 2023 UK Government's BEIS Conversion Factors for Company Reporting. Other intensity factors were 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 0.4% of total energy data presented is estimated.

External Data Assurance: In FY22, we 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 greenhouse gas (GHG) emissions data 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. For FY23 we have decided not to seek external assurance over our Scope 1 and 2 emission metrics or any other areas of this disclosure, as our methodology for collecting the required data and calculating our emissions metrics has remained largely unchanged. We will instead develop a longer-term assurance strategy covering all Scopes of emissions and our redeveloped FWI KPIs.

Energy Management Statement: Our energy management system covers all our direct operational sites globally. This year, we have continued to identify and resolve spikes in our energy consumption. We are also in the process of conducting a feasibility assessment to phase out gas consumption across these sites, in support of our net zero ambitions. We are continuing to explore initiatives to reduce emissions associated with not only deliveries in our key territories, but also returns and inbound shipment of goods.

Greenhouse Gas Management Statement: This year we will be updating our existing verified science-based targets and our net zero ambition, in order to ensure we align to the latest climate science aligned with a 1.5-degree global warming scenario. We are committed to setting absolute emissions reduction targets across our operations and value chain, underpinned by a more accurate emissions baseline reflecting our improved data visibility across our Tier 1 – Tier 4 suppliers. This will ensure that our new near-term and net zero targets are robust, realistic and supported by actual data, which will be demonstrated through a Climate Transition Plan aligned to the Transition Plan Taskforce's (TPT) recommendations. We expect this Plan to be published in FY24.

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

£3.5bn -11%[1] ▼

2023	£3,549.5m
2022	£3,936.5m

Adjusted gross margin[2]

Adjusted gross profit as a percentage of adjusted revenue

44.2% 60bps ▲

2023	44.2%
2022	43.6%

Adjusted EBIT[2]

Adjusted earnings before interest and tax

-£29.0m

2023	-£29.0m
2022	£44.1m

Adjusted EBIT margin[2]

Adjusted earnings before interest and tax as a percentage of revenue

-0.8%

2023	-0.8%
2022	1.1%

Key strategic measures

Active customers

Number of customers having shopped in the last 12 months as at 3 September

23m -9% ▼

2023	23.3m
2022	25.7m

Total orders

Total orders placed

84m -15% ▼

2023	83.7m
2022	98.3m

Average order frequency

Last 12 months' total orders divided by active customers

3.6 -6% ▼

2023	3.59
2022	3.83

Net ABV

Average basket value, being total order value after returns and discounts, excluding VAT, divided by total orders

£40 +7% ▲

2023	£40.33
2022	£37.59

Our key financial measures have been chosen to show the core business's growth (group revenue) and profitability (adjusted gross margin, EBIT and profit before tax and diluted EPS). Free cashflow and net debt have been added as new KPIs to aid understanding of the business's ability to generate cash through its operations and its balance sheet strength respectively. 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, 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. Mobile device visits is no longer a KPI. A number of these (where indicated) are Alternative Performance Measures which should be considered in addition to, and not as a substitute for, IFRS measures. As they are not defined by International Financial Reporting Standards, they may not be directly comparable with other companies' Alternative Performance Measures.

Adjusted profit before tax[2]

-£70.3m

2023 -£70.3
2022 £22.0

Diluted EPS

Profit after tax divided by the weighted average number of shares in issue during the period, adjusted for the effects of potentially dilutive share options

-213.0p

2023 -213.0p
2022 -30.9p

Free cash flow[2]

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

-£213.0m

2023 -£213.0m
2022 -£339.8m

Net debt[2]

Net debt comprises cash and cash equivalents less any borrowings but excluding outstanding lease liabilities

£319.5m

2023 £319.5m
2022 £152.9m

Total visits

Number of visits to ASOS.com via any device

2.7bn -8%▼

2023 2,661.3m
2022 2,896.2m

Conversion

Percentage of visits that convert into an order

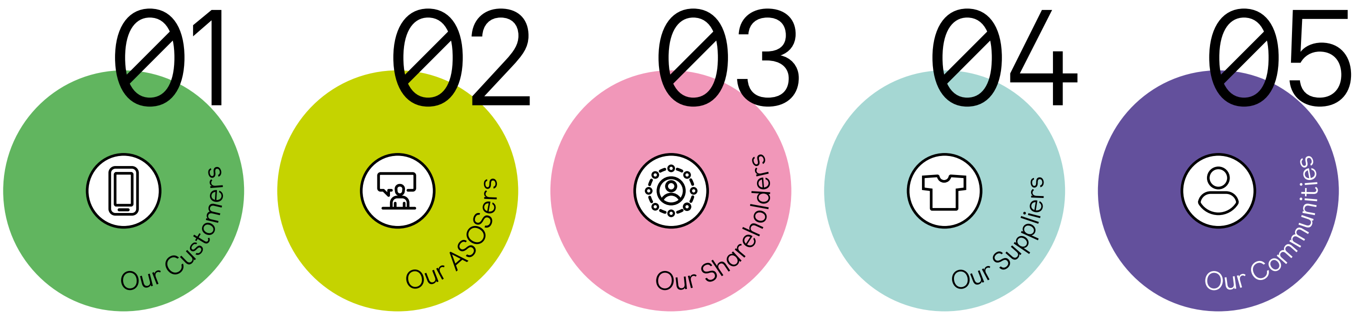
3.1% -30bps▼

2023 3.1%
2022 3.4%

1 Change in total sales, on a CCY basis, excluding Russia from H1 FY22, and removing the impact of non-underlying jobber income and 3 extra trading days in FY23.
2 Alternative Performance Measure – see page 167 for reconciliation.

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 our customers, ASOSers, shareholders, suppliers and communities. 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.

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.

Details of how we engaged with our stakeholders, considering the long-term goals for each, are set out on pages 35 to 37. How the Board considered our key stakeholders in their principal decision-making during the year can be found on page 66.

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

- Regular customer focus groups were held, where we invited groups of customers to our head office to meet with ASOSers, including members of our Management Committee and broader leadership, and talk about what they love about ASOS and what they'd love to see changed (and received letters of thanks from those who've noticed the improvements they requested made). We also conducted remote focus groups with customers in our global markets, to understand perceptions of our brand and business outside the UK.
- Engaged with customers at scale both through our NPS Customer Experience survey programme, which was expanded to capture feedback on the full end-to-end journey, and through our bi-annual target market survey, which captures perceptions and behaviours for 20-something consumers across key markets.
- Members of the Management Committee take part in regular Customer Voice sessions, whereby they hear and discuss the latest insight about our customers and our target market and what it means for our business.
- Engaged more frequently with customers and influencers on social media to inspire our customers' style choices.
- Our Design teams regularly use insight from social media platforms to understand emerging trends and stay in touch with customers.

How the Board engaged during the year

- The Board received an update on brand and customer health at the Board strategy day.
- Certain members of the Board spent time with our Customer Care colleagues to understand our customers' perceptions of ASOS, and common experience issues.
- The CEO, José, regularly engages in focus groups with customers, both in the UK and remotely in the U.S., and provides feedback to the Board.

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

- Direct feedback through our employee engagement survey ASOS Vibe helped us to identify key focus areas for improvements. A full ASOS Townhall was held to share the ASOS Vibe results and initial action plan, with local action planning led by the Management Committee.
- Recruited new members to join our employee forum, the Voices Network, which continues to be a key internal driver of employee engagement, enabling two-way conversations, building a positive social partnership between ASOSers and Senior Leaders and amplifying all voices to help shape the current and future ASOS experience. We held regular townhall meetings hosted by José with all of the Management Committee on hand for Q&A to connect ASOSers with our strategic goals for FY23, provide company updates and an opportunity for our ASOSers to ask any questions they may have.
- Hosted a series of 'Meet the Management Committee' informal sessions for Leaders to get to know our refreshed Senior Leadership team, learn about their careers and hear about their roles and priorities at ASOS. Shorter videos were made available to all ASOSers.
- Launched 'Coffee Roulette', a speed networking style programme where our ASOSers could sign up to be randomly paired with an ASOSer across the business. Over 100 people were involved in the first series which launched in March 2023.
- Hosted monthly product and brand showcases with ASOSers so they can meet our top brand partners and learn about the products.
- Refreshed our approach to digital internal communications and:
  - strengthened engagement through our Viva Engage (formerly Yammer) platform with activity trebling since last year; and
  - launched 'The Edit' weekly newsletter providing ASOSers with everything they need to know, be that business performance, key upcoming activities, new campaigns, employee initiatives, events, training programmes and other important organisational updates.

How the Board engaged during the year

- José continued his monthly 'CEO coffee chats' where 10 to 15 of our ASOSers can sign up each month and meet with him to discuss any matters that our ASOSers feel important.
- In February 2023, our Chair, Jørgen, and José hosted a fireside chat with ASOSers to discuss their career insights and experiences – a shorter recording was made available to those who couldn't attend.
- Nick Robertson attended and presented at our Leaders Day in March 2023 and reflected on ASOS' journey so far.
- Karen Geary, whilst in her capacity as designated employee engagement representative, met with our employee representative group, the Voices Network, in September 2022 to discuss Executive pay and remuneration decisions that had been made and strategy going forward. Key views were fed back to the Board.
- Since being elected designated employee engagement representative in April 2023, Jørgen attended two Voices Network meetings to discuss various matters such as our ASOS Strategy, ASOS Vibe, our Diversity, Equity & Inclusion Strategy and an additional Voices Network meeting specifically relating to the customer care team following feedback from the ASOS Vibe survey.
- Jørgen visited our Leavesden office to conduct focus groups with our ASOSers regarding life at ASOS, spent time with the Customer Care Leadership team and attended a full Customer Care team cascade meeting focusing on their progress delivering their strategic priorities so far and celebrating team success.

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, profitable growth for our shareholders.

How ASOS engaged during the year

- Regular calls and meetings were held between shareholders and the CEO, Interim CFO, and/or Investor Relations team throughout the year.
- Our Chair, Jørgen, held several meetings and calls with major shareholders to discuss governance matters.
- Our Investor Relations team organised roadshows and conferences with institutional investors following key events such as our full year and half year results.
- All shareholders have an opportunity to ask questions or represent their views at any time through the dedicated Investor Enquiries email address.
- Whilst appointed as Remuneration Committee Chair, Karen Geary led a shareholder consultation process in September 2022 to gauge investor sentiment regarding remuneration practices and policies.

How the Board engaged during the year

- Following any investor engagement by a Board member, that Board member provides shareholder feedback at Board meetings.
- The Board receives feedback from our corporate brokers and Investor Relations team regarding market reaction and investor views after announcements and roadshows.
- The Investor Relations team provide the Board with a market update at each scheduled Board meeting, which includes shareholder feedback.
- All shareholders have an opportunity to ask questions or represent their views formally to the Board at the Annual General Meeting.

Our Suppliers

Why they are important...

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

How ASOS engaged during the year

- We collaborated closely with our suppliers to optimise inventory levels through data-driven demand forecasting and demand-sharing initiatives, ensuring that we maintain the right-sized inventory to meet customer demand while minimising excess stock.
- Our dedicated Ethical Trade team operates globally, engaging in due diligence with our supply base and local and international stakeholders to manage region-specific ethical risks.
- We continued our industry-leading factory audit programme and continued to support our suppliers in the remediation of any issues identified during these audits to ensure that any corrective action plans had been implemented.
- We conducted workshops in Morocco and Sri Lanka with women's rights and labour rights organisations. We formed a network of grassroots women's organisations from different regions in Morocco and rolled out our gender equality policy across our whole supply chain.
- We continued our partnership with the Fashion Workers Advice Bureau (FAB-L) and introduced FAB-L and the GMB union to our factories in the UK to build relationships with suppliers.
- We continued our partnership with The Centre for Child Rights and Business, conducting a pre-assessment and two-day workshop in an eyewear factory to educate them on workplace harassment.
- We partnered with GoodWeave International, a non-profit organisation that promotes transparency in global supply chains. We are initially focused on supporting three of our primary suppliers based in India to ensure that products are free of child, forced and bonded labour.
- We strengthened our approach to Branded supplier due diligence, introducing additional minimum requirements into our screening processes for prospective brands, and mandating annual self-assessment for all existing brands, for greater transparency of extended supply chains.
- We maintained transparent communication with our suppliers, minimising the impact on ASOS and our partners following the reduction of trade credit insurance, offering alternative solutions where appropriate and providing clarity of strategic direction.
- We continued to engage with our key brands to maintain and build our strong relationships.
- We commenced a 'brand listening model' – where we engage quarterly with our key brands to serve, discuss and validate key qualitative and quantitative insights. This framework and feedback loop will be key to our ongoing relationships with our key brand partners.

How the Board engaged during the year

- Through our ESG Committee, the Board monitors the way we manage our supply chain to ensure we continue to operate responsibly in line with our Fashion with Integrity commitments.
- Through the Audit Committee, the Board receives updates on trade credit insurance impacts and actions taken.
- The Board received updates on our supply chain network.
- The Board reviewed our supply chain challenges and opportunities.

Our Communities

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 continued our partnership with Fashion Minority Report to support the professional development of young creatives across the UK.
- In partnership with national anti-bullying charity, Ditch The Label, we developed a free unconscious bias module for UK schools to educate students on challenging harmful stereotypes.
- The ASOS Foundation ("Foundation") 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.
- The Foundation launched a new partnership this year with an East London Fashion Education charity Caramel Rock. The funding enabled 60 young people to access a BTEC fashion course as well as additional guidance to help them break into the industry. Since the programme launch over 20 ASOSers have been actively involved in mentoring Caramel Rock students.
- This year the Foundation's support of Centrepoint surpassed the £2m milestone since the partnership began in 2016. This year, alongside continuing to support their dedicated Helpline for young people at risk of homelessness, we have been funding the improvement of their Young Persons Portal. An online tool to aid young people access services. Alongside the funding, a group of volunteers from our Tech team have been providing pro bono support to help implement improvements to the portal.
- In Barnsley, we continued our partnership with Onside Youth Zones, and received exciting news that planning permission has been granted for the building of their first Youth Zone in Yorkshire. The Centre aims to be a safe and aspirational place for young people, with first class sports, arts, performance and enterprise facilities. The Foundation has pledged £1.2m to support this project which is planned to commence the building phase later in 2023.

- We have also become a Major Corporate Sponsor of the Barnsley Youth Choir, a registered charity formed to inspire and change lives through music.
- To help celebrate multiculturalism and diversity, ASOS sponsored the third 'Gender Project' exhibition, by Italian artist Veronique Charlotte, at the Alte Münze, Berlin. A week-long multimedia exhibition exploring the meaning of gender identity, gender expression and gender equality through portrait exhibitions, immersive experiences, performances, talks and DJ sets.
- Also in Berlin, we returned to support Christopher Street Day again this year, bringing along our biggest group of ASOSers and partners yet in celebration of the LGBTQ+ community, and our charity partnership with Safe Space Alliance. Our funding is helping the charity to expand its directory of safe spaces for the LGBTQ+ community across the globe and strengthen the safety interventions and support it offers members.
- We continued to engage with the Government on key policy issues including the proposed Online Sales Tax, which was formally ruled out in the Chancellor's Autumn Statement in November 2022.
- ASOS.com Limited donated £300,000 to the Foundation.

How the Board engaged during the year

- The Board received feedback on the work of The Foundation through the ESG Committee.

Financial review

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

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

Overview

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

The reported loss before tax of £296.7m includes the impact of adjusting items totalling £226.4m. These included the stock-write off programme announced at the start of the year (£133.2m), property related costs resulting from a reduction in the business's head office and warehouse footprint (£60.7m) and consultancy and restructuring costs (£31.0m), as well as amortisation relating to the Topshop brands (£10.7m) and immaterial items relating to prior years £9.2m. The total cash outflow relating to adjusting items in the period was £53.4m of which £30.8m related to refinancing fees. Further detail on each of these items can be found in Note 3 on pages 117 to 119.

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

Revenue

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

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

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

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

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

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

Performance by market

UK

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

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

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

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

EU

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

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

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

US

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

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

Financial review continued

Rest of World

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

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

Gross margin

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

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

Operating expenses

£m	Period to 3 September 2023	% of sales	Year ended 31 August 2022	% of sales	Change in £ value
Distribution costs	**(429.7)**	**12.1%[15]**	(523.7)	13.3%	18%
Warehousing	**(416.4)**	**11.8%[15]**	(427.0)	10.8%	2%
Marketing	**(195.0)**	**5.5%[15]**	(223.5)	5.7%	13%
Other operating costs	**(400.4)**	**11.3%[15]**	(380.7)	9.7%	(5%)
Depreciation and amortisation	**(152.9)**	**4.3%[15]**	(139.1)	3.5%	(10%)
Total operating costs (excl. adjusting items)	**(1,594.4)**	**45.1%[15]**	(1,694.0)	43.0%	6%
Adjusting items[2]	**(115.1)**	**2.9%**	(53.9)	1.4%	(114%)
Total operating costs	**(1,709.5)**	**48.1%**	(1,747.9)	44.4%	2%

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

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

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

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

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

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

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

Interest

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

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

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

Taxation

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

Earnings per share

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

Free cash flow

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

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

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

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

Financial review continued

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

Net debt, Refinancing and Liquidity

£m	Period to 3 September 2023	Year ended 31 August 2022
Convertible Bond (fair value of debt component)	**464.4**	451.0
Term Loan	**184.8**	–
Nordstrom loan	**20.4**	22.0
Put option liability	**3.2**	2.9
Borrowings	**672.8**	475.9
Cash & Cash equivalents	**(353.3)**	(323.0)
Net Debt (excluding lease liabilities)	**319.5**	152.9

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

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

Outlook & guidance

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

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

In FY25 we expect to deliver revenue growth and return EBITDA margin to around pre-COVID levels (c.6%). In the medium-term we have confidence in our ability to return to double-digit growth; steadily improve gross margin back towards c.50%; maintain EBITDA sustainably ahead of capex, interest, tax, and leases; reduce capex to 3-4% of sales; and deliver inventory of c.100 days.

FY24 is about taking the necessary action to get us to that path. We expect the annualisation of Driving Change agenda profit initiatives to broadly mitigate the impacts of fixed cost deleverage from our expected revenue decline. However, our priorities of accelerating towards our new commercial model and strengthening our relationship with consumers require investment in the near term. These investments are twofold:

i) Incremental marketing investment of c.£30m (c.1% increase in our operating cost ratio) into re-igniting our brand, making ASOS famous for fashion again.

ii) The discounting of stock carried forward to exit the year with a clean stock position. We may use off-site clearance channels, sacrificing margin to limit cannibalisation.

As such, our expectations for FY24 are:

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

Under our new commercial model, we will operate with less stock going forward. Having reduced stock levels by c.30% over the last 12 months, we have a further c.20% reduction planned for FY24. In this context, post the year-end, we have reviewed our capacity requirements and started a process to mothball our second UK fulfilment centre in Lichfield in late FY24 following the completion of our automation work. The decision to open and automate Lichfield was taken in 2019 without the ability to break the contract. Mothballing the site provides an annual cost saving of c.£20m and provides the flexibility to either sell the facility or re-open it depending on our capacity needs. As a result of this decision, the remaining £45m automation spend, which would usually be classified as capital expenditure, will be recorded as an adjusting item in the FY24 income statement.

Sean Glithero
Interim Chief Financial Officer

Notes

1 Rest of World.
2 The adjusting items and the alternative performance measures used by ASOS are explained and defined in Note 3 on pages 117 to 199 and page 167 respectively.
3 Retail sales are internet sales recorded net of an appropriate deduction for actual and expected returns, relevant vouchers, discounts and sales taxes.
4 Income from other services comprises of delivery receipt payments, marketing services, commission on partner-fulfilled sales and revenue from wholesale sales.
5 Total adjusted sales, on a CCY basis, excluding Russia from H1 FY22, and removing the impact of the 3 extra trading days in FY23.
6 Kantar Total Market | Spend YoY % Change | Online | Total Adultwear | 24 & 52 w/e 20th August 2023 vs LY.
7 Calculation of metrics, or movements in metrics, on an ex-Russia basis involves the removal of Russia from FY22 performance. This adjustment allows YoY comparisons to be made on a like-for-like basis following the decision to suspend trade in Russia on 2 March 2022. The exception to this is visits, where ASOS have also excluded any visits from Russia in FY23, in addition to FY22.
8 Active customers defined as having shopped in the last 12 financial months.
9 Average basket value is defined as adjusted net retail sales divided by shipped orders.
10 Average basket value CCY is calculated as adjusted constant currency net retail sales divided by shipped orders.
11 Average order frequency is calculated as total shipped orders divided by active customers.
12 Conversion is calculated as total shipped orders divided by total visits.
13 Profit per order is calculated as variable contribution divided by billed orders.
14 BRC-KPMG Retail Sales Monitor for August 2023.
15 As a percentage of adjusted revenue.
16 Free cash flow is net cash generated from operating activities, less payments to acquire intangible and tangible assets, payment of the principal portion of lease liabilities and net finance expenses.

Risk management at ASOS

At ASOS, we strive to take the right risks, at the right time in the right way.

Meeting our strategic agenda and objectives will require us to take the right risks whilst protecting ASOS and our ASOSers from unrewarded threats. To achieve this balance, we are guided by our Risk Management Standard and Framework.

Our Standard applies to all parts of our Group and is designed for the needs of our fast paced and rapidly changing business with its unique culture. It empowers our ASOSers to consciously take appropriate risks after pausing and thinking about how and when to manage, control, mitigate and escalate risks, to keep our risk exposure within appetite.

Our approach to Risk Management

We maintain a continual cycle of risk and opportunity identification and response throughout our day-to-day decision-making and operations. We understand that creating a culture of risk awareness whilst remaining opportunity-driven enables us to continue to move at pace in everything we do. Our approach to risk management is categorised by three phases of activity:

Protect

At its core, our Risk Management Framework seeks to protect our ASOSers and ASOS' established value. **Protect** involves managing today's risks, including those relating to compliance with laws, regulations, our own policies, and those that could negatively impact our brand and reputation.

Anticipate

The external environment within which we operate exposes us to a range of continually evolving and changing risks. We have limited ability to prevent some of these risks from materialising including regulatory change, conflict and civil unrest, pandemics, and cyber-attacks. What we can control is how prepared we are to respond in the event they do occur. **Anticipate** involves identifying risks on our horizon and planning how we would respond to minimise or mitigate their impact if they occurred. Whilst external risks may be threats to achieving our strategic objectives, they can also present significant opportunities as effective responses can give us competitive advantage.

Grow

We continually innovate and improve how we do things to remain competitive in our markets. Success requires multiple strategic decisions that accept taking proportionate levels of risk for sustainable growth and competitive advantage. **Grow** involves building on our Protect and Anticipate activities, using our knowledge and understanding of our risks to manage them in line with our risk appetite. Grow is about taking the right risks at the right time in the right way.

Roles and Responsibilities

Our Board and our Management Committee are responsible for overseeing and managing the risks across our Group. To help them achieve this we have captured our complete risk universe in the ASOS Risk Taxonomy within our Risk Management Standard. Each risk captured in our risk registers is linked to a Taxonomy category so risk information can be aggregated, and risk appetite (see below) shared with risk owners in an organised way.

Having a clear picture of our risk exposure enables effective strategic decisions and allocation of resources. Understanding what risks may prevent us from achieving our strategic goals and how we are going to respond is key, underpinned by information provided by ASOSers recording and escalating risks 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.

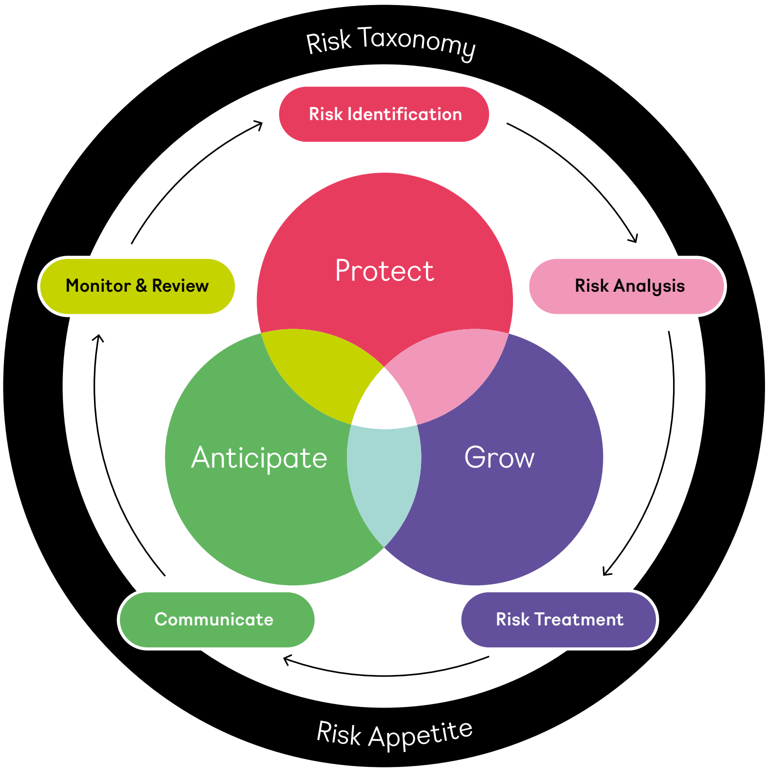
Risk appetite

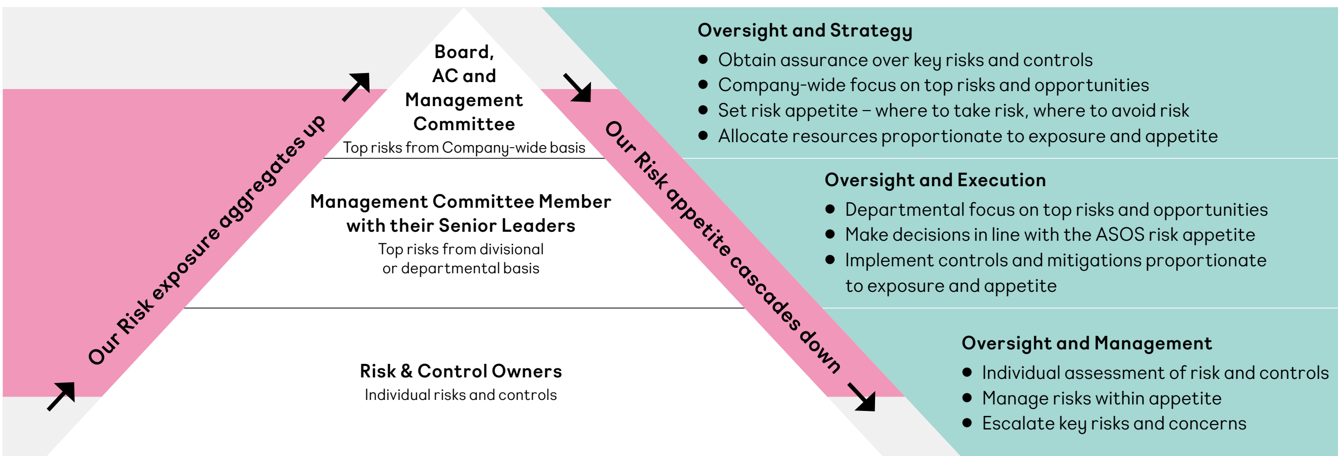
Our risk appetite is how much risk we are willing to take or not take in pursuit of value, set separately for each different risk category within our Taxonomy. Understanding our risk appetite helps us take the right risks, at the right time, in the right way, to take advantage of our opportunities. This is at the heart of our risk management approach. Our risk appetite has been set by the Management Committee and approved by the Board and Audit Committee (AC), enabling ASOSers to take and avoid risk in line with their mandate.

Our risk appetites are set by category of risk on a 3-point scale: (i) risk averse, (ii) risk balanced, and (iii) risk seeking. This scale informs our desired approach for risks associated with each area including for the related control environment, assurance plans, balancing risk and opportunity, and risk treatment. Applying the scale requirements provides a framework for our ASOSers to operate within.

Risk assurance

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





Principal risks and opportunities

As a global company, our principal risks and opportunities are created through the complex nature of our operations, scale and ambition, and we know that emerging risks can change quickly and can be heavily influenced by the macroeconomic environment.

Cost and wage inflation, wider global financial instability, and the impacts of climate change have continued to affect our risk landscape and how we manage our risks to minimise the impact on our people, customers, and partners.

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

1 Macroeconomic changes

Risk movement ↕

Risk owner Interim 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 and assessments.

We have continued to face instability, and significant inflation in key markets leading to the ongoing cost-of-living crisis and associated challenges through the risk of recession. Our ASOSers and our customers have been affected by the increased cost-of-living, with changes in customer purchasing behaviour including increased returns as disposable incomes reduce. Cost inflation also has been felt throughout our supply chain.

How do we manage the risk?

- Monitoring and anticipating ongoing and future shifts in the macroeconomic environment to ensure we are prepared to minimise or mitigate risks wherever possible.
- The Management and Commercial Committees continue to monitor, model, and assess the potential outcomes and supply and demand impact of potential recession, inflation, geopolitical events, and the cost-of-living crisis. These can include further shifts in customers behaviours and market dynamics and further economic volatility (see also 'Market dynamics and impact on our business' principal risk on page 49).
- We have a diverse, multifaceted sourcing and supply chain involving multiple suppliers and locations to minimise over-reliance on any individual location, supplier, or brand. We can use our extensive network to pivot our sourcing approach in the event of capacity or capability changes and other disruptions.
- Continuing to strengthen our balance sheet and cash generation to improve resilience.

2 Supply chain disruption

Risk movement ↓

Risk owner Senior Global Logistics & Supply Chain Director

What's the risk?

Global or local supply chain disruption, operational issues, and/or crises (caused by events such as political unrest and natural disasters) can cause issues in our inbound (e.g. supplier or carrier failures) or outbound (e.g. carrier or fulfilment centre disruptions) supply chain. This could impact our ability to deliver what our customers want when they want it.

The impact of the COVID-19 pandemic and Brexit has stabilised throughout our end-to-end Supply Chain operations. This has been supported in part through reduced disruption in our operating environment with a significant increase in inbound freight and carrier reliability through FY23.

How do we manage the risk?

- Monitoring & Forecasting – we continuously monitor our 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, including feeding in the lessons learnt from past events into our operations and processes.
- Improvements in inventory visibility delivered through embedding a new global inbound Supply Chain partner during FY23, improving lead times and costs.
- Ongoing relationship management with carriers and suppliers to ensure early warnings of disruption and to agree mitigation actions, also enhancing our contracts with carriers to drive clearer terms and requirements.
- Our reduced stock holding has enabled our Supply Chain operations to become more efficient and more robust in case of managing disruption.
- Automation of our fulfilment centres to increase throughput capacity and productivity.
- Designing and building our own inbound visibility platform to be rolled out across all suppliers in FY24.

3 Strategic programmes fail to deliver required outcome

Risk movement

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Risk owner Senior Director of Operations

What's the risk?

Our focus remains on delivering transformational change, leveraging technology, systems, and processes to achieve our strategic objectives and evolve and grow at pace.

Success relies on having the right capability and capacity to deliver change and can be dependent on both internal and external inputs. It is complex and can cause business disruption and delays, increased costs, and lost opportunities as changes are implemented.

Failed transformation execution can lead to outcomes not being delivered or changes not being successfully embedded, which in turn can cause challenges in achieving strategic objectives.

We will build on the foundations already established during the Driving Change agenda as we continue to focus on profit optimisation and cost savings whilst extending this to also focus on delivering growth; actively managing any risks potentially impacting the success of our strategic programmes as set out below.

How do we manage the risk?

- An established Programme Management Office (PMO) overseen by the Senior Director of Operations is in place to govern delivery of our strategic programmes.
- Organised the portfolio into strategic programmes, with each programme responsible for a set of aligned workstreams with an assigned Management Committee Sponsor and responsible lead.
- Maintained a cadence of tracking and review activities, standing up Steering Committees and regular meetings with Management Committee Sponsors and leads to assess progress, risks, dependencies and impacts.
- Utilised a programme management tool to track progress, benefits, and risk indicators; providing visibility of project readiness including delivery gates and programme health checks.
- Provided regular updates on progress and key issues and risks to the Management Committee, ASOS Plc Board and Audit Committee.

4 Data breach

Risk movement

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Risk owner Chief Technology Officer and General Counsel & Company Secretary

What's the risk?

As an online retailer, we use data for many reasons including to process orders, receive payments, and engage with our customers on a regular basis. We have 23.3m active customers worldwide and employ thousands of ASOSers. With this comes significant responsibility to protect the data we hold, use and process through our internal activities and whilst working with a variety of third-party suppliers.

The deliberate theft, unauthorised access, or accidental loss of 'ASOS Confidential' data, due to inadequate technical controls, employee error, or a targeted attack could cause reputational damage and non-compliance with laws and/or regulations. This could result in significant financial penalties, regulatory investigations, and data subjects losing confidence in ASOS.

How do we manage the risk?

- Our Data Protection Officer (DPO) is an independent role and is responsible for defining and implementing an effective privacy control framework to mitigate the risk of a data breach.
- 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/contracts that require customer, ASOSer, or information relating to other data subjects, while also putting in place the right training and awareness.
- Our Chief Information Security Officer and DPO work closely to ensure key data risk areas are prioritised and effective remediation or mitigation is put in place.
- Data protection and cyber security policies, procedures, and response plans in place, communicated, available to all ASOSers, and are reviewed regularly. We also have established processes in place for assessing and reporting data incidents/breaches, both internally and externally.
- Security controls and processes are in place and continuously risk assessed and updated. The Cyber Security team continuously monitor for any internal or external signs of confidential data loss. Secure physical and logical storage controls are also employed for 'ASOS Confidential' data.
- We complete a regular cadence of Data Privacy internal audits, in accordance with ASOS' risk appetite, on related key areas of risk management and control across the Group.
- Data protection and security requirements and assessments are embedded within our Procurement and Legal processes for selecting, acquiring and embedding new assets, services, and partnerships. The Data Protection team are involved in reviewing all contracts that involve personal data.
- Data protection training is provided to ASOSers on at least an annual basis and regular awareness campaigns are shared with ASOSers through internal communications.

Principal risks and opportunities continued

5 Foreign exchange rate exposure

Risk movement

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Risk owner Interim 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. Our global proposition, customers shopping with us in international markets and a reporting currency in pound sterling gives rise to both a transaction and translation risk exposure. These foreign exchange risk exposures could have an adverse impact on our profitability.

Although FX volatility on a macroeconomic level has increased in the last year, the ASOS FX exposure risk has decreased in FY23 primarily due to the exit of the Russian market in 2022 and through our new operating model which has reduced stock payments made in USD.

How do we manage the risk?

- We adapt and maintain our foreign exchange risk management policy, so it remains robust and appropriate to our business operating model.
- Our foreign exchange risk management approach considers emerging macroeconomic risks, which could give rise to heightened volatility in foreign exchange markets.
- We continue to preserve profitability through capitalising on natural hedges where possible and supplementing them with the use of foreign exchange hedging instruments in line with our foreign exchange risk management policy.

For more details on how we manage our foreign currency risk, see pages 146 to 147.

6 Sustainability and climate change

Risk movement

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Risk owner Senior Director of Strategy & Corporate Development

What's the risk?

Managing sustainability and the impact we have on the planet is central to our purpose and business model. We face both risks related to the transition to a lower-carbon economy and the physical impacts of climate change, throughout our operations and supply chain. These include changes in technology, market risks, and how our response to climate change affects our reputation. Physical risks can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Failure to manage these risks effectively could impact business performance through reduced market share, increased costs, and tax penalties.

In our Taskforce on Climate-related Financial Disclsoures (TCFD) section on pages 19 to 30, we have presented a full overview of our material transition and physical climate-related risks and opportunities. This is based on scenario analyses prepared in FY22 and reviewed in FY23 to ascertain if any material changes were needed. In FY24 we will be updating our analyses to reflect any changes needed following the finalisation and implementation for our new commercial model, and any changes to our related plans, metrics and targets through updating our Fashion with Integrity (FWI) Strategy. The new analyses will improve our understanding the related risks and opportunities and support our aim of being consistent with all recommendations of the TCFD Guidance in the next 1-2 years.

Our FWI programme in part seeks to evolve our exposure to external risks in this area and has been embedded within our operations for many years. We still know that there is more to do to meet our own expectations and those of our stakeholders, and to make sure ASOS remains viable in the future.

How do we manage the risk?

- FWI Strategy covering targets for Net Zero, Circularity, DEI and Transparency. Progress is monitored by our established ESG Committee of the Board and driven by associated management working groups.
- Working with partners to conduct specific climate risk assessments to better understand risks and impacts to the business.
- Working to reduce our emissions through efficiency and carbon reduction projects, in support of our net zero goals.
- Implemented materials sourcing and circularity strategies which seek to reduce our impact on the planet. Proactive engagement with suppliers to work toward meeting our FWI goals.
- Activities towards improving our systems and processes to accurately measure our environmental impact and enable tracking and measurement of our progress towards our goals.

7 Cyber security incidents

Risk movement

Risk owner Chief Technology Officer and Chief Information Security Officer

What's the risk?

A successful malware infection, phishing attempt, ransomware or disruptive attack, or Distributed Denial of Service (DDoS) attack due to malicious activity by an internal or external threat actor, enabled by inadequate internal or third-party technical controls to prevent, detect, or respond. This could result in data loss, operational disruption, non-compliance with regulations, and loss of customer confidence.

The cyber security risk landscape has continued to evolve, with threats becoming increasingly prevalent, sophisticated, organised and aggressive. This increase in environmental risk requires continual improvement activities by our Cyber Security team to manage our ongoing risk exposure.

How do we manage the risk?

- Our refreshed security strategy sets out our security and fraud prevention plan along with roadmaps for delivery of ongoing control and process enhancements.
- Our Cyber Security team implements and monitors security tools and controls to ensure effective and efficient security and fraud prevention operations. Improvements to security policies, procedures, and capabilities have continued during FY23 including the outsourcing of our security operations centre to a specialist managed security services provider to improve our detection and response capabilities.
- We have continued to seek out and work with independent third-party security specialists that provide periodic penetration tests.
- Access management controls across our business increase our protection against phishing and malware attacks, while our refreshed programme of cyber awareness campaigns improves ASOSers' knowledge of cyber security management approaches and requirements.
- We monitor evolving threats and adapt our controls and processes to minimise or mitigate their potential impacts.

8 Market dynamics and impact on our business

Risk movement

Risk owner Senior Director of Strategy & Corporate Development

What's the risk?

E-commerce is a rapidly evolving and highly competitive market, populated by large multi-brand marketplaces, well-established fashion brands, disruptive new entrants and a growing online re-seller market. Online penetration is also experiencing a period of normalisation following abnormally high growth during the COVID-19 pandemic and increasing competition from traditional, store-based retailers who have also invested heavily in their online offers. Failure to keep pace with the sector, both in terms of proposition and customer awareness, could result in declining relevance and market share among our target demographic of fashion-loving 20-somethings.

How do we manage the risk?

- Our focus in FY23 has been to ensure the business is operating in a way that is sustainably profitable, resulting in declining sales and a loss of customers against a challenging economic backdrop.
- Looking ahead to FY24 and beyond, we are committed to strengthening our competitive advantage through our business model and right to win, including:
  - Ensuring we have the best product, both from our own and partner brands, with increased flexibility supported by our new commercial model.
  - Positioning ASOS as a destination for style via our differentiated visual language and inspiring customers based on whole outfits.
  - Creating a compelling and distinct brand and unparalleled customer experience.
  - Providing a competitive level on convenience in terms of delivery, returns and payment options.
- We continue to apply a disciplined approach to all capital allocation.

Principal risks and opportunities continued

9 Availability of technology services

Risk movement

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Risk owner Chief Technology Officer

What's the risk?

We rely on many different technical services and systems throughout the customer journey, from website to fulfilment, to the product itself. This means that failure of our systems and services due to a lack of resilience, system or service provider over-reliance, or a lack of disaster recovery planning could 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.

Migration of our remaining corporate systems to the cloud has decreased the likelihood of the risk materialising and the Tech Service Recovery Programme that will improve our capability in recovering our data through mechanisms such as automation in the event of a disaster is also underway. The availability of our customer experience across our website and app has significantly exceeded our internal service targets over the past year.

How do we manage the risk?

- The Tech Service Recovery Programme is the next phase in maturing our capability to recover our data in the event of a cyber-attack through further development of playbooks and embedding as much automation into the process as possible. Continuity plans continue to be in place to ensure we can recover key services in the event of a disaster or disruption.
- Our Reliability Engineering practice regularly reviews the service providers critical to our customer journey to ensure they have the necessary level of resilience in place.
- All new suppliers go through a rigorous selection and onboarding process and supplier performance is monitored on an ongoing basis.
- Our Service Governance function is maturing its capability to ensure any risks are appropriately managed, our third parties are effectively governed, and we have appropriate controls in place to minimise any risk of our services becoming unavailable.

10 Ethical trade issues

Risk movement

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Risk owner Senior Product Director

What's the risk?

Illegal or unethical practices are one of the key risks in our supply chain. The violation of labour rights and of worker safety can be caused by, or go undetected through, 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 working in our supply chain have a safe working environment where their human rights are respected and protected. Our stakeholders, including customers, want to be confident about where their products come from and to be reassured that workers are not harmed in their manufacture and fulfilment. Failure to manage this risk effectively could lead to incorrect reporting and product claims, prevent us from managing progress against our improvement targets, fines and litigation, and a loss investor and customer confidence.

As global regulatory scrutiny in this area is increasing so is our risk exposure, which requires us to be even more diligent when monitoring risks in our supply chain with a clear focus on prevention. Upcoming mandatory legislation in this area will also impact our monitoring and prevention of these risks in our supply chain. These changes have been considered when assessing our 'Failure to comply with legislation or regulation' principal risk on page 51.

How do we manage the risk?

- We have developed a series of policies and guidelines based on the Ethical Trading Initiative base code and International Labour Organisation Fundamental Conventions, which suppliers are contractually obliged to agree to and comply with as part of the onboarding process. This includes the ASOS Code of Integrity which 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.
- We monitor compliance with our ethical trade policies and requirements through our industry-leading audit programme. This includes an Unapproved Subcontracting Policy to enable full visibility of our supply chain in tiers 1-3.
- 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. We also use 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.
- We continue to work closely with our supply chain to monitor and mitigate unauthorised subcontracting in factories.
- In FY23 we completed a Human Rights Saliency Assessment focused on gender, freedom of association, modern slavery and wages. The output has been used to devise our updated Human Rights Strategy which we expect to publish in January 2024.
- Rolled out our mandatory Modern Slavery training for all ASOSers.

11 Failure to comply with legislation or regulation

Risk movement

Risk owner General Counsel & Company Secretary

What's the risk?

Strategic expansion into new business sectors creates new legal, regulatory and governance complexities. Our existing markets are subject to complex and increasing regulatory or legislative changes and policies across a range of areas including digital, product, supply chain, technology, payments, consumer protection, financial, data privacy, climate and environmental, corporate governance (including ongoing reforms), and taxation (including indirect taxes). It is sometimes difficult to anticipate and plan for such changes before resulting requirements are clear. All of this increases our risk exposure.

The speed and severity of evolving requirements requires robust processes to identify and monitor upcoming changes, model their impacts and identify appropriate and timely responses. These developments could lead to increased operating and compliance costs and other financial impacts, including in relation to our competitiveness and market share, as well as exposure to potential fines, litigation, business disruption and reputational damage if emerging risks are not adequately managed or mitigated.

As part of a broader review of environmental claims used across the fast fashion retailer sector, in July 2022, the UK Competition and Markets Authority (CMA) opened an investigation into ASOS and two other fashion retailers in relation to environmental claims used in connection with the promotion and sale of fashion products (CMA Green Claims Investigation). ASOS continues to co-operate with the CMA Green Claims Investigation.

How do we manage the risk?

- Our Governance Working Group is in place to monitor, review and manage wider governance risks across the ASOS business, and ensure ASOS is disciplined in its business activities.
- Horizon scanning processes (which include the Horizon Scanning Working Group that meets bi-monthly) which aim to identify upcoming legislative and regulatory change, and identify key risks and the required actions needed to ensure ASOS remains compliant.
- Clear policies and procedures in place and regularly reviewed and updated to ensure ASOS complies with legislative and regulatory requirements.
- Providing regular training to ASOSers on relevant legislative or regulatory requirements, including an annual compliance passport which all ASOSers are required to undertake to ensure they are aware of their responsibilities.

12 Engagement, capability, and retention of talent

Risk movement

Risk owner Interim Chief People Officer

What's the risk?

Inability to retain and keep talent with the relevant capabilities and calibre engaged due to increased workloads, increased external progression opportunities, and inflationary pressures on pay, could impact our ability to successfully achieve our objectives and lead to a loss of institutional knowledge. Although we have seen a reduction in attrition rates during FY23, significant changes in leadership combined with the amount of ongoing organisational development could cause short-term uncertainty and a potential spike in attrition.

How do we manage the risk?

- Putting processes in place for assessing ASOSer leadership capabilities and behaviours, taking actions to retain top talent, and understanding present and potential future leadership gaps and progression needs.
- Workstreams to amplify our Employer proposition around DEI, reward, development, culture and dynamic working.
- Workforce planning and sourcing activities for both current and future requirements.
- Continue to manage employee sentiment through engagement and culture surveys with resulting action plans and engagement with our ASOSers.

Risks on our horizon

A key part of our Risk Management approach is identifying, monitoring and planning mitigation or response for risks on our horizon. The complex and challenging macro economic landscape including inflation and cost-of-living crisis continues to evolve, shifting necessary focus and response needed. We expect this to continue to impact supply chain, people, operations and customer behaviours as these events progress and continue to interact. We will continue to monitor the related risks over the coming year to ensure we are prepared to respond proactively and adapt to these increasing challenges.

In addition to the areas of significant uncertainty already discussed in this report, we are also mindful of the following emerging risks and opportunities and continue to monitor them:

- The accelerated use of Artificial Intelligence and Machine Learning across all industries with both free and cost-effective off-the-shelf tools coming to market. Whilst there are opportunities from using such technology there are also potential risks, including with the Intellectual Property rights of data uploaded or created, and cyber security and data privacy implications.
- Economic and financial pressures including the cost-of-living crisis could increase ASOSer, third-party supplier, and customer motivation or perceived justification for fraud, two of the three elements of the fraud triangle. We are monitoring data and reporting for possible increases in fraudulent activity.
- Under the latest timetable, upcoming changes to Corporate Governance requirements by the Financial Conduct Authority must be implemented by ASOS for the start of our FY26 period. As for many affected businesses, based on current understanding the changes ASOS must make are both complex and significant. An effective transformation approach will be needed to ensure we can meet our future obligations. Changes are also still subject to the outcome of consultation so some requirements could still be subject to change.
- Fast-paced technological change and development could lead to unexpected disruption including through changes in how customers interact with us, how we must do business, and what customers want, if we are not prepared.

Long-term viability statement

The group's prospects are assessed primarily through its strategic planning process, which covers a period of five years, and is reviewed by the Board with involvement throughout from both the CFO and CEO. Whilst the Board reviews a five year plan, the final two years are indicative movements, with the initial three years considered an appropriate time period for the Group's long-term plan as it facilitates an appropriate balance between the short-term characteristics of the business, such as uncertain demand cycles and changing consumer behaviour, and the need for longer term planning in relation to financing, investment and supply chain 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 opportunities 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, driven particularly by the potential wider consequences of reduced disposable income (from increased interest rates and inflation); and
- scope for further cost mitigation.

i. 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 2026 is appropriate because:

- 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 Group's long-term planning cycle as detailed above, and the structure of the long-term incentive scheme for senior management.

ii. Assessment of viability:

The assessment of the Group's viability commenced with a review of the liquidity headroom as at 3 September 2023, available through the Group's cash, cash equivalents and debt facilities, utilising a three-year forward forecast (the base case). Sales growth rates utilised for the first year of the base case reflect year-on-year declines of (5)% to (15)%, with subsequent periods thereafter returning to double digit year-on-year growth. The base case also assumes modest year-on-year improvements in adjusted gross margin during FY24, with up to c300bps growth vs FY23 for the remainder of the assessment period.

The forecasted cashflows across the assessment period were tested against the single covenant of £90m minimum liquidity.

In the latter stages of the assessment period, the Group's two key financing arrangements expire or require renewal. Details of the financing arrangements are as follows;

- £500m convertible bond issue maturing in April 2026, which the Group does not expect to be exercised based on the conversion price of £79.65.
- £275m debt facility with a specialist lender, comprising of a £200m term loan and £75m revolving credit facility ("RCF"). This agreement is due for renewal in April 2026, with an option to extend if certain conditions are met.

The Group also estimated the impact of severe but plausible downside scenarios aligned to the Group's principal risks and opportunities, identifying the principal risks from pages 46 to 51 which could have a significant impact on the viability of the Group. These were then stress-tested using a combined scenario where the below risks were modelled as materialising over the three-year period. Available mitigating actions were considered as part of the assessment. These include deferring capital investment spend and enhancing cost management practices in order to support a sufficient level of liquidity headroom during the viability assessment period.

In the unlikely scenario of additional risks materialising, ASOS has control measures in place and additional mitigations that in practice would prevent or nullify the impact of any such occurrences.

Reviewing the forecasted liquidity across the viability assessment period, the Group would be required to refinance to replace a proportion of the liquidity lost upon the convertible bond expiry under both the base case and severe yet plausible downside case.

Based on these assessments and other matters considered by the Board, on the assumption that additional funding is secured ahead of the convertible bond maturity, the Directors confirm that they have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due through the three year viability period ending 31st August 2026.

iii. Going concern:

The Directors considered it appropriate to adopt the going concern basis in preparing the financial statements which are shown on pages 99 to 165.

Scenario	Associated principal risk	Description
Macroeconomic downturn and loss of market share	Macroeconomic changes Strategic programmes fail to deliver required outcome Market dynamics and impact on our business	A global economic downturn began in FY22 following the invasion of Ukraine and has continued into FY23, forecast to continue into late FY24. More recently, increased levels of inflation and interest rate increases have led to a reduction in disposable income for the Group's core customer group, contributing to a contraction in consumer demand, driving like-for-like declines across the business. Management have applied a downside scenario with suppressed trading due to the economic uncertainty experienced during the last 12 months. 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 7% per annum, resulting in Year 3 of the assessment being 20-25% lower than base case. The severe downturn in sales modelled reflects the volatile and uncertain nature of the macro-economic environment.
Gross Margin Performance	Macroeconomic changes Strategic programmes fail to deliver required outcome Market dynamics and impact on our	A degradation in gross margin of c.200bps vs the base case across the assessment period due to: • Increased discounting required to satisfy consumer spending habits if the challenging macro economic impact was prolonged • Increased requirement for stock clearance in the transition to the new operating model, if sales were not to meet the base plan Management has applied a downside scenario to reflect a potential increase in discounting and stock clearance in the event of the macro economic environment not improving throughout the assessment period. A lack of improvement could result in both the consumer demand being geared towards discounted product, but also a slower sell through of existing stock resulting in increased levels of clearance being required.
Working capital cash impact	Data breach Cyber security incidents Market dynamics and impact on our business	An incremental working capital outflow of up to £100m has been modelled, constituting an outflow of cash in Year one of the assessment period. This would capture any potential impact of regulatory fines or impacts in relation to potential data breaches, cyber security events or any other events impacting the Group's ongoing working capital.
Climate change	Sustainability and climate change	The Group's transition to being a lower carbon business and the physical effects of global warming could potentially impact the business, in particular through changes to regulations, legislation and resulting requirements, the need to implement low-carbon technology, changing customer preferences, and increases in the cost of raw materials and capital. Areas of the Group's operations and supply chain are also exposed in varying degrees to the risks associated with extreme weather events in the longer-term, which include drought, heat stress, and flooding. The business has a range of possible full or partial mitigations available for these risks. Further details are provided in the Task Force on Climate-related Financial Disclosures section on page 19. The Group is in the final stages of developing and embedding its new commercial model and is updating its FWI Strategy, metrics and targets. These activities could affect the Group's current understanding of the potential risks, the details of possible mitigations, and so the inputs and assumptions needed to accurately calculate potential quantitative outcomes. Due to this the Group has not been able to model a specific scenario in relation to climate-related risks but note that the impact of the risks outlined above would be to reduce revenue or gross margin, or to increase operating costs, and hence are covered by other assessments above.

The 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.

José Antonio Ramos Calamonte
Chief Executive Officer
31 October 2023

Board of Directors

Jørgen Lindemann
Chair

José Antonio Ramos Calamonte
Chief Executive Officer

Mai Fyfield
Senior Independent Director

William Barker
Non-executive Director

Wei Gao
Independent Non-executive Director

Marie Gulin-Merle
Independent Non-executive Director

Natasja Laheij
Independent Non-executive Director

Jose Manuel Martínez Gutiérrez
Independent Non-executive Director

Nick Robertson
Founder and Non-executive Director

Anna Maria Rugarli
Independent Non-executive Director

Emma Whyte
General Counsel & Company Secretary

Committee key

A — Audit Committee
N — Nomination Committee
● — Denotes Chair of a Committee
R — Remuneration Committee
E — ESG Committee

01 Jørgen Lindemann
Chair

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

External Appointments: CEO of Viaplay Group and Board Member of Vivino APS

Experience: Jørgen has strong experience of leading digital-first businesses. He is currently CEO of Viaplay Group, the Swedish-based entertainment streaming service.

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 Kongregate, Non-executive Director; DreamHack, Chair; Turtle Entertainment, Chair; NOVA Broadcasting Group, Chair; Reach for Change, Board Member; FTV Prima, Non-executive Director and Co-Chair; CTC Media Inc, Non-executive Director and Co-Chair; and, most recently, Chair of Miinto, the Danish-based online fashion marketplace.

Committees N ●

02 José Antonio Ramos Calamonte
Chief Executive Officer

Appointed: June 2022

External Appointments: None

Experience: José joined ASOS 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.

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.

03 Mai Fyfield
Senior Independent Director

Appointed: November 2019

External Appointments: Non-executive Director of Roku, a US-listed entity, BBC Commercial Holdings 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 A N R ●

04 William Barker
Non-executive Director

Appointed: September 2023

External Appointments: CEO of Camelot Capital Partners LLC, Executive Chairman of Tapi Carpets & Floors Limited and Synnovia Limited and Board Member of Re:Build Manufacturing LLC

Experience: William is the founder and CEO of Camelot Capital Partners LLC, a California-based investment management company and has a wealth of retail and commercial experience. William is also the Executive Chairman of Tapi Carpets & Floors, Executive Chairman of Synnovia, a UK manufacturing conglomerate and is also a founding investor and Board Member of Re:Build Manufacturing LLC. Previously William was the Executive Chairman of Life is Beautiful, a music and entertainment festival in the USA and was an advisor to Tony Hsieh, the founder of Zappos.

05 Wei Gao
Independent Non-executive Director

Appointed: February 2023

External Appointments: Venture Partner at Madrona

Experience: Wei has a wealth of e-commerce and operating experience, having worked in various roles at Amazon over 16 years, latterly as Technical Advisor to the CEO and Vice President Grocery, Tech, Product and Supply Chain. Most recently Wei was Chief Operating Officer of Hopin, the online events platform, until July 2022. Wei brings a depth of relevant industry knowledge across international commerce, business transformation and data-driven decision-making.

Committees A E N

06 Marie Gulin-Merle
Independent Non-executive Director

Appointed: February 2023

External Appointments: Global Vice President of Ads Marketing of Google and Advisor to the Marketing Standards Board of the General Assembly, a company which focuses on education and career transformation

Experience: Marie has more than 20 years of experience in marketing and digital transformation, working in technology and fashion. Prior to joining Google in 2019, Marie was Chief Marketing Officer of Calvin Klein Inc and Chief Digital Officer of its parent company, PVH Corp. Marie also spent 17 years of her career at L'Oréal, latterly as Group Chief Marketing Officer USA, where she successfully transformed the company's marketing functions.

Committees R

Board of Directors continued

07 Natasja Laheij
Independent Non-executive Director

Appointed: April 2023

External Appointments: Senior Finance Director at Google EMEA, Chair of Google Payments Limited and Audit Chair of Vandemoortele

Experience: Natasja has more than 25 years of experience in international commercial and financial management, e-commerce, tech, consumer electronics, telco and retail in B2C and B2B environments through her roles in Deloitte Australia, Sony Ericsson, Apple and as CFO Amazon Fashion Europe.

Committees A R

08 Jose Manuel Martínez Gutiérrez
Independent Non-executive Director

Appointed: April 2023

External Appointments: CEO and Executive Director of Bimba y Lola and Independent Non-executive Director of Ecoalf

Experience: Jose Manuel has more than 30 years of experience in the retail and fashion industry, initially as a Strategy Consultant at McKinsey before moving into leadership roles at international fashion businesses. At Inditex, he was Director of Distribution and Operations, responsible for the global product distribution model of the group. He later served for six years as CEO and Executive Director of Esprit.

Committees A E

09 Nick Robertson
Founder and Non-executive Director

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

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. Nick 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 E

10 Anna Maria Rugarli
Independent Non-executive Director

Appointed: June 2023

External Appointments: Vice President of Japan Tobacco International, Executive Director of Japan Tobacco International SA and Non-executive Director at Prada Group

Experience: Anna Maria is a sustainability and CSR expert with more than 20 years of experience working with leaders in global apparel, including Nike Inc. and VF Corporation. She has specialised in creating innovative strategies to address some of the most pressing environmental and social challenges faced by the industry today, as well as providing end-to-end oversight through implementation and roll-out.

Committees E

11 Emma Whyte
General Counsel & Company Secretary

Appointed: March 2023

External Appointments: None

Experience: Emma is General Counsel & Company Secretary, leading ASOS' Legal, Company Secretarial, Data Protection and Compliance teams. As Company Secretary, Emma supports the ASOS Plc Board and Committees.

Emma joined ASOS in 2021 as Group Legal Director. Previously she was the Associate General Counsel at the Fung Group and Global Brands Group Plc, and prior to that a senior lawyer at Tesco Plc. Emma spent five years at Slaughter and May, where she qualified as a UK solicitor in the Corporate team.

Management Committee

José Antonio Ramos Calamonte
Chief Executive Officer
See biography on *page 55*

Emma Whyte
General Counsel & Company Secretary
See biography on *page 56*

Sean Glithero
Interim Chief Financial Officer

Cliff Cohen
Chief Technology Officer

Dan Elton
Senior Director – Customer

Fiona Gaughan
Senior Global Commerce & Channels Director

Elena Martínez Ortiz
Senior Product Director

Vanessa Spence
Senior Creative Director

Christoph Stark
Senior Director Global Logistics & Supply Chain

Sean Trend
Senior Director of North America

Jag Weatherley
Senior Director of Operations

Michelle Wilson
Senior Director of Strategy & Corporate Development

Management Committee continued

12 Sean joined ASOS in February 2023 and took over as Interim CFO in May 2023. Sean supports the CEO in implementing the Group's strategy and is responsible for setting, and reporting on, financial goals, objectives and budgets and for overseeing risk, internal controls and Internal Audit.

Prior to ASOS, Sean was CFO at Matchesfashion and Funding Circle Holdings Plc where he led their IPO in 2018. Prior to this, Sean spent 11 years at Auto Trader Group Plc helping to transition to business from print to online as well as helping IPO the business in 2015 as CFO. Sean started his career in audit and then corporate finance at EY.

13 Cliff joined ASOS in May 2015 and is responsible for driving the technology strategy, delivery and operations globally, encompassing all of our customer online experiences, data platforms, supply chain, operational and business systems.

Prior to ASOS, Cliff spent eight years delivering major technology change for M&S and his final role at M&S was Interim CIO. Prior to this Cliff spent the first 12 years of his career delivering major technology transformation programmes with Accenture within their retail industry group.

14 Dan joined ASOS in March 2023 and is responsible for customer experience and marketing across the business.

Dan was most recently Chief Customer Officer at Made.com, where he was responsible for the end-to-end customer experience. He also brings diverse experience in fashion and sports from his time at Google, as well as in senior marketing roles at both Sainsbury's and Tesco.

15 Fiona, since 2014, has held positions at ASOS, including Womenswear Merchandising Director and her current role as Senior Global Commerce and Channels Director. In her current capacity, Fiona leads Global & Digital Trading, Planning, Pricing, Intake, Wholesale, and Markets at ASOS. She oversees commercial activities in all markets, aligning with ASOS' strategic and commercial objectives, both short-term and long-term.

Before joining ASOS, Fiona spent 14 years at Arcadia, managing Merchandising and Branch Planning in various product areas. She also serves on the Board of Governors for the Fashion Retail Academy and Fashion Retail and Awards.

16 Elena joined ASOS in 2022 as ASOS Design Womenswear Director before becoming Senior Product Director in 2023. Elena is responsible for the entire Product division including own brands such as ASOS Design Womenswear, ASOS Design Menswear, Topshop, Topman, Venture Brands and third-party Brands, Face + Body and Sportswear.

Prior to joining ASOS, Elena built her career working at Inditex for Stradivarius, in a multitude of roles which saw her working in Barcelona and across Asia, setting up Sourcing Representative offices in Shanghai, Dhaka and Delhi and leading multi-disciplined teams of designers, buyers, merchandisers, planners and technicians.

17 Vanessa joined ASOS in 2007 and has held a number of roles relating to Design, Studios & Creative, developing a cohesive look and feel to the ASOS ranges, trends and collaborations. Having worked in fashion retail for over 20 years, Vanessa is responsible for the creative direction of the ASOS brand.

Prior to joining ASOS, Vanessa held design roles at Arcadia and Pepe Jeans. Vanessa sits on the Board of Governors for the Fashion Retail Academy and Creative UK and joined the Fashion Minority Alliance in 2020 as one of their resident experts in Fashion Retail.

18 Christoph joined ASOS in January 2023 and leads the Supply Chain, Logistics and Customer Care teams.

Christoph has over 15 years' experience across fulfilment, supply chain and logistics and has held senior leadership roles in several high-profile international online retailers, including serving as Vice President Logistics for fashion retailer Zalando in Berlin, Germany, and Vice President Global Fulfilment for Wayfair (home & living) in Boston, USA.

19 Sean joined ASOS in 2017 and is recently responsible for our North America Operations. Previously Sean acted as a Senior Director supporting the CEO in day-to-day operations as well as running Insights, Analytics, Data Governance and several strategic projects.

Prior to this role, Sean has had various roles in ASOS across finance including, most recently, Director of Commercial Finance, as well as other senior roles across Finance including Financial Planning and Analysis and Financial Control. Before ASOS Sean spent several years as Group Financial Controller at CRUK and in Audit and Advisory at Deloitte.

20 Jag joined ASOS in 2012 and is currently Senior Director of Operations. In her role, Jag is responsible for streamlining strategic initiatives, overseeing programme management and communicating objectives to departments, ensuring we remain focused. Jag oversees the PMO, Transformation, Change, Business Technical L&D Academy and Procurement teams.

Prior to this, Jag has held a number of roles in the business, starting as a Head of Merchandising in Womenswear for both our own brands and our third-party brand partnerships, before moving into the Operations, Change and Transformation space in 2019. Prior to joining ASOS Jag was a Merchandiser for Topshop where she started her career.

21 Michelle joined ASOS as Senior Director of Strategy & Corporate Development in April 2023 and is responsible for Strategy, Corporate Responsibility (FWI), Investor Relations and Communications.

Michelle joined ASOS from Berenberg Investment Bank, where she led Retail and Ecommerce Equity Research before moving into Investment Banking acting as board advisor to retail and consumer businesses and most recently leading Berenberg's Corporate Finance team for Continental Europe. Previously she held audit and mergers & acquisitions roles at EY.

Corporate Governance Report

Chair's Governance statement

Dear shareholder

I am pleased to present the Corporate Governance Report for the period ended 3 September 2023. This should be read in conjunction with the compliance report on page 61, which shows how the Company has complied with the UK Corporate Governance Code 2018.

It has been a challenging year amidst a tough macroeconomic environment and cost-of-living crisis, and I am proud of the way the Board, management team and our ASOSers have worked together to make progress towards our new commercial model, deliver profit optimisation and cost saving initiatives under the Driving Change agenda. In addition, we negotiated a successful £275m debt refinancing alongside a £75m institutional equity raise and £5m equity retail offer, which creates a stable base for the continued execution of our strategy and future return to growth. We have a great culture at ASOS, which shines through when colleagues pull together to deliver solid performance. As a Board we continued to operate within our robust governance framework and kept a focus on business as usual activities throughout this period of strategic change. Solid governance underpins everything we do as a Board, and we are clear about our responsibilities to deliver against our strategic priorities.

We continued to make important changes to the Board's composition during the year, as explained in detail below. My role as Chair was to ensure that high standards of corporate governance were maintained throughout the transition periods and that our new Board members received thorough inductions and training to enable them to carry out their duties as listed company Directors.

I was delighted to take on the role of designated Non-executive Director for employee engagement. I am passionate about ensuring we maintain the disruptive culture that we are known for and have thoroughly enjoyed meeting more of our ASOSers through our Voices Network employee forum, 'fireside chats' and site visits to listen to our ASOSers' views and experiences whilst working at ASOS, as explained in more detail on pages 35 and 68.

Leadership changes

As disclosed last year, Mat Dunn stepped down as Executive Director on 31 October 2022. Mat was instrumental in ensuring the Group continued to make strategic progress despite difficult market conditions post-pandemic and on behalf of the Board I would like to thank him again for his hard work and support throughout his time with us.

Sean Glithero took over from Katy Mecklenburgh as Interim CFO in May 2023. Katy made a valuable contribution throughout her time as Interim CFO and we wish her all the best in her new external CFO role. Sean brings a wealth of financial experience with a track record of delivery across a range of digital and fashion businesses. We are continuing with our search for a CFO to lead our finance function on a permanent basis.

We also reported in last year's Annual Report that Karen Geary, Luke Jensen and Eugenia Ulasewicz would not seek re-election at the FY22 Annual General Meeting (AGM). Luke stepped down from the Board on 31 October 2022, Karen stepped down from the Board on 1 December 2022 and Eugenia stepped down from the Board at the conclusion of the AGM on 11 January 2023. I would like to reiterate my thanks to them all for their contribution to the Board and the Committees they served on throughout their tenure.

Patrick Kennedy stepped down from the Board and his roles as Senior Independent Director, Chair of the Audit Committee and member of the Remuneration and Nomination Committees on 5 April 2023 to focus on other business activities. I would like to extend my gratitude to Patrick for the contribution he made to ASOS throughout his tenure, in particular his contribution to our move to the Main Market and his support during a period of management and Board transition. We wish him well for the future. Mai Fyfield was appointed as Senior Independent Director with effect from 5 April 2023 following Patrick's departure from the Board.

Following a review of the balance of skills, knowledge and diversity of the Board, and an extensive search process led by myself as Chair and Chair of the Nomination Committee, we strengthened our Board with five new Independent Non-executive Directors during the period to 3 September 2023, each of whom brings varied experience and a differentiated skill set. We also took the opportunity to review and refresh the membership of our Board Committees throughout the period.

Marie Gulin-Merle joined the Board as Independent Non-executive Director and was appointed as a member of the Remuneration Committee on 1 February 2023. Wei Gao also joined the Board as Independent Non-executive Director on 1 February 2023, and was appointed as a member of the Audit Committee with effect from the same date. Wei was subsequently appointed as a member of the Nomination Committee with effect from 5 April 2023 and as a member of the ESG Committee with effect from 26 June 2023.

Natasja Laheij and Jose Manuel Martínez Gutiérrez both joined the Board as Independent Non-executive Directors on 11 April 2023. Natasja was appointed Chair of the Audit Committee and as a member of the Remuneration Committee with effect from 11 April 2023 and Jose Manuel was appointed as a member of the Audit Committee with effect from his date of appointment. Jose Manuel was subsequently appointed as a member of the ESG Committee on 26 June 2023.

Corporate Governance Report
continued

Anna Maria Rugarli joined the Board as Independent Non-executive Director and was appointed as Chair of the ESG Committee on 26 June 2023.

Post-period end, William Barker was appointed as Non-executive Director on 20 September 2023. William is the founder and CEO of Camelot Capital Partners LLC ("Camelot Partners") which, as at the date of his appointment and as at the date of this report, held a 14.02% interest in the Company. Given William's relationship with Camelot Partners, which is a significant shareholder, in accordance with the UK Corporate Governance Code 2018, William joined the Board as a Non-independent Non-executive Director.

Biographies of the Board, including the Committees on which our Non-executive Directors serve, can be found on pages 55 to 56 and further information on the selection and appointment process can be found in the Nomination Committee Report on pages 77 to 79.

We are now well placed to benefit from the refreshed skills that our new Directors bring to the Board as we enter FY24.

Strategy

We are equipped with a highly experienced Board with expertise across Product, Brand, Marketing, Supply Chain, Technology, Sustainability, Strategy and Finance. We held a collaborative Board strategy day in July 2023 in conjunction with the Management Committee where we were able to discuss and debate our Right to Win, analyse the risks and opportunities for the business, conduct deep dives into important strategic matters and identify our key focus areas for the year ahead. As a Board, we will closely monitor Management's execution of their strategy and continue to provide challenge and support on the strategic direction of the Company.

Board evaluation

Due to the Board and Leadership changes throughout the year, we took the decision not to do a Board evaluation prior to year-end, as we would normally do. Instead, we are currently conducting an externally facilitated Board evaluation which commenced late in FY23 and will complete in early FY24. This decision allowed our new Board members more time to embed within the Company, attend more Board and Committee meetings and for us all to work together as a Board, albeit for a short time in order to provide more valuable feedback as part of the review. The process of our external Board evaluation is explained further on page 67.

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 Company has applied the principles and complied with the provisions of the UK Corporate Governance Code 2018, with the following exceptions:

- Provision 5: Between the period of Karen Geary stepping down from the Board on 1 December 2022 and my formal appointment as designated Non-executive Director for employee engagement on 5 April 2023, we did not have a designated Non-executive Director to engage with the wider workforce. However, in the interim period José and I held a 'fireside chat' with our ASOSers and since I took on this role I have conducted numerous employee engagement activities to ensure the role was covered thoroughly. See pages 35 and 68 for more information.
- Provision 21: Although a Board evaluation commenced in late FY23, it has not yet concluded. It was agreed that the evaluation would be more beneficial once the new Directors had more time to embed within the Board. See page 67 for further information.
- Provision 24: Between the period of Eugenia Ulasewicz stepping down from the Board and Audit Committee on 11 January 2023 and Wei Gao's appointment to the Board and Audit Committee on 1 February 2023, the Audit Committee had two members rather than three – no Audit Committee meetings were held during this time. In addition, between the period of Patrick Kennedy stepping down from the Board and Audit Committee on 5 April 2023 and the appointment of Natasja Laheij to the Board and Audit Committee on 11 April 2023, the Audit Committee had two members rather than three – no Audit Committee meetings were held during this time.
- Provision 32: Between Eugenia Ulasewicz stepping down from the Board and Remuneration Committee on 11 January 2023 and Marie Gulin-Merle's appointment to the Board and Remuneration Committee on 1 February 2023, the Remuneration Committee had two members rather than three – no Remuneration Committee meetings were held during this time.
- Provision 36: The Remuneration Policy, which includes a policy for post-employment shareholding requirements, received shareholder approval at the AGM on 11 January 2023 and subsequently ASOS became compliant with this provision. ASOS was not compliant from the beginning of the financial year up until the date of the AGM.
- Provision 38: With effect from 1 December 2022 the pension contribution rate for Executive Directors was set to 5% to align pension contribution rates for Executive Directors with those available to the workforce. From the start of the period until 31 October 2022, Mat Dunn held office as Executive Director with a pension contribution of 10%, therefore ASOS was non-compliant with this provision during this time.

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
31 October 2023

Board composition

The Board is currently composed of an Independent Non-executive Chair, one Chief Executive Officer (CEO) who is an Executive Director and eight Non-executive Directors, six of whom are considered to be independent. Nick Robertson, Founder and Non-executive Director, is not considered to be independent under the Code due to his former role as CEO of the Company. William Barker is not considered to be independent under the Code due to his relationship with Camelot Capital Partners LLC, which is a significant shareholder of the Company.

There were several changes to the composition of the Board of Directors during the year with the retirement of Mat Dunn, Luke Jensen, Karen Geary, Eugenia Ulasewicz and Patrick Kennedy and the appointments of Marie Gulin-Merle, Wei Gao, Natasja Laheij, Jose Manuel Martínez Gutiérrez and Anna Maria Rugarli. In addition, Mai Fyfield took over as appointed Senior Independent Director with effect from 5 April 2023 when Patrick Kennedy stepped down from the Board. The Company's Interim CFO is not an Executive Director, however an extensive search is underway for a permanent CFO who will join the Board as an Executive Director. Biographies for the Directors as at the date of this report are set out on pages 55 to 56.

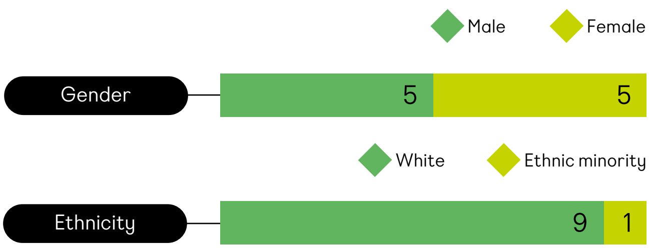
Board diversity

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. When making new appointments to the Board and its Committees, suitably qualified applicants from a diverse pool will be considered with no restrictions on protected characteristics such as age, gender, sexual orientation, religion, ethnic background or other personal attributes.

We are pleased to report that we meet the target for women on Boards set by the FTSE Women Leaders Review and Financial Conduct Authority and currently have a 50% female representation on our Board with a female Senior Independent Director. We also meet the Parker Review target to have at least one Director from an ethnic minority. It is our intention that we maintain a diverse Board noting that all appointments are made on merit, taking into account suitability for the role, composition and balance of the Board, to ensure that the Board has the right mix of skills, experience, independence and knowledge to perform effectively.

BOARD DIVERSITY



How the Board operates

Board meetings

The Board held six scheduled meetings during the year. Additional Board meetings were held in relation to projects as and when required such as the re-financing.

The table on page 62 sets out attendance at all scheduled Board and Committee meetings held during the period ended 3 September 2023. Directors are expected to attend all Board and relevant Committee meetings, however certain pre-existing commitments meant that some Directors could not join all meetings, as explained in the notes to the table.

Where possible, Board meetings are scheduled at least one year in advance. When adhoc meetings are scheduled, sometimes at short notice for time critical matters, it may not always be possible to ensure attendance by the full Board. However, Board papers for the meeting are shared with all Board members and any Board member who's not able to attend is able to comment on matters to be discussed and is able to receive a full briefing from the Chair.

In conjunction with the Company Secretarial team, forward-looking agendas are prepared for the Board and its Committees to ensure that the Board discharges its duties on a timely basis throughout the year taking into account strategy, forecast and budget planning and the Company's financial reporting cycle. The Chair meets with the CEO and Company Secretary in advance of each Board meeting to agree the agenda and papers for each meeting. Board and Committee meeting packs are distributed well in advance of each meeting to allow appropriate time to review the information to be discussed.

Compliance with the UK Corporate Governance Code 2018

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P	Linking remuneration with purpose and strategy	80 to 85
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Corporate Governance Report
continued

	Board meetings		Committee meetings								Strategy day	
			Audit		Remuneration		Nomination		ESG			
	Eligible to attend	Scheduled meetings attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
José Antonio Ramos Calamonte	6	6/6	–	–	–	–	–	–	–	–	1	1/1
Mat Dunn[1]	2	2/2	–	–	–	–	–	–	–	–	–	–
Mai Fyfield[2]	6	6/6	5	5/5	7	7/7	2	2/2	1	1/1	1	1/1
Wei Gao[3]	2	2/2	2	2/2	–	–	2	2/2	1	1/1	1	1/1
Karen Geary[4]	2	1/2	–	–	4	4/4	–	–	1	1/1	–	–
Marie Gulin-Merle[5]	2	2/2	–	–	2	1/2	–	–	–	–	1	1/1
Luke Jensen[6]	2	2/2	2	2/2	–	–	–	–	–	–	–	–
Patrick Kennedy[7]	4	4/4	3	3/3	5	4/5	2	2/2	–	–	–	–
Natasja Laheij[8]	1	0/1	2	2/2	2	1/2	–	–	–	–	1	0/1
Jørgen Lindemann	6	6/6	–	–	–	–	4	4/4	–	–	1	1/1
Jose Manuel Martínez Gutiérrez[9]	1	1/1	2	2/2	–	–	–	–	1	1/1	1	1/1
Nick Robertson[10]	6	6/6	–	–	–	–	–	–	2	1/2	1	1/1
Anna Maria Rugarli[11]	1	1/1	–	–	–	–	–	–	1	1/1	1	1/1
Eugenia Ulasewicz[12]	4	3/4	3	3/3	5	5/5	–	–	1	1/1	–	–

1 Mat Dunn stepped down from the Board on 31 October 2022.
2 Mai Fyfield stepped down from the ESG Committee with effect from 26 June 2023 following Committee composition changes and her additional time commitment as Senior Independent Director and member of the Nomination Committee with effect from 5 April 2023.
3 Wei Gao was appointed to the Board and joined the Audit Committee on 1 February 2023, joined the Nomination Committee on 5 April 2023 and joined the ESG Committee on 26 June 2023.
4 Karen Geary stepped down from the Board on 1 December 2022. She was unable to attend a Board meeting in October 2022 due to pre-existing commitments, however a full briefing was given to Karen following the meeting.
5 Marie Gulin-Merle was appointed to the Board and joined the Remuneration Committee on 1 February 2023. Marie was unable to attend a Remuneration Committee meeting due to a pre-existing commitment, however a full briefing was given to Marie following the meeting.
6 Luke Jensen stepped down from the Board on 31 October 2022.
7 Patrick Kennedy stepped down from the Board on 5 April 2023. Patrick was unable to attend a Remuneration Committee meeting in September 2022 due to a diary conflict. A full briefing was given to Patrick following the meeting.
8 Natasja Laheij was appointed to the Board and appointed as Audit Committee Chair and a member of the Remuneration Committee with effect from 11 April 2023. She was unable to attend the first scheduled Board meeting, Strategy day and a Remuneration Committee meeting following her appointment due to an existing diary conflict which was set prior to joining the Board. A full briefing was given to Natasja on the proceedings at the meetings.
9 Jose Manuel Martínez Gutiérrez was appointed to the Board and joined the Audit Committee with effect from 11 April 2023. Jose joined the ESG Committee with effect from 26 June 2023.
10 Nick Robertson was unable to attend an ESG Committee meeting in November 2022 due to a diary conflict. A full briefing was given to Nick following the meeting.
11 Anna Maria Rugarli joined the Board and was appointed as Chair of the ESG Committee with effect from 26 June 2023.
12 Eugenia Ulasewicz stepped down from the Board on 11 January 2023. She was unable to attend a Board meeting in December 2022 due to pre-existing commitment. A full briefing was given to Eugenia following the meeting.

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, the Non-executive Directors and our Committees.

The Board

The Board is collectively responsible for the long-term sustainable success of the Group by ensuring that ASOS, its subsidiaries and all its businesses are managed for the long-term benefit of all shareholders, while having regard for our employees, customers, suppliers, and our operational impact on our communities and the environment. It sets the Group's purpose, strategy and values and is accountable to shareholders for ensuring that the Group is appropriately managed and achieves its objectives in a way that is supported by the right culture and behaviours. The Board sets the Group's risk appetite, and reviews the controls applied to operate the business in line with that appetite. It determines, monitors and oversees risk management processes, financial controls and audit processes to ensure ASOS operates effectively and sustainably in the long term.

Chief Executive Officer

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

Chair

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

Senior Independent Director

- Provides a sounding board for the Chair.
- Serves as an intermediary for the Non-executive Directors, where necessary.
- Leads the Non-executive Directors' performance appraisal of the Chair and is available to meet with shareholders, if and when necessary, if they have any concerns about the business which have not been resolved through normal channels.

Non-executive Directors

- Exercise independent judgement and constructively challenge the Executive Directors and the senior management team, scrutinising performance against objectives.
- Provide strategic guidance to the Company, utilising their wealth of knowledge, insight and experience in their specialist areas.
- Have a pivotal role in the appointment and removal of Executive Directors and the Company's corporate governance framework as a whole.

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 on the website at asosplc.com. Details of each of the Committee's activities during the period are set out in the Committee reports on pages 69 to 93. Each Committee has access, at the cost of the Group, to the resources, information and advice that it deems necessary to enable the Committee to discharge its duties.

Audit Committee

The Audit 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 Group's accounting policies, critical estimates and significant judgements
- Review the effectiveness of the internal and external audit processes and report internal and external audit findings to the Board
- Review the effectiveness of the Group's internal controls, including the process for the evaluation, assessment and management of risk
- Oversee the Group's whistleblowing, compliance, security and fraud prevention procedures

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More information on the composition, responsibilities and activities of the Audit Committee are set out in the Audit Committee Report on ***pages 69 to 74***.

Nomination Committee

The Nomination 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 Leaders
- 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

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More information on the composition, responsibilities and activities of the Nomination Committee are set out in the Nomination Committee Report on ***pages 77 to 79***.

Remuneration Committee

The Remuneration 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 the Executive Directors, the Chair and other members of the Management Committee
- Monitor, review and approve the levels and structure of remuneration for other Senior Leaders 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 Management Committee
- Review and approve any material termination payment

—

More information on the composition, responsibilities and activities of the Remuneration Committee are set out in the Directors' Remuneration Report on ***pages 80 to 93***, along with our Remuneration Policy and details of how that policy was implemented during the period to 3 September 2023.

ESG Committee

The ESG Committee's principal responsibilities are to:

- Approve the Group's Fashion with Integrity (FWI) Strategy, including related targets and key performance indicators (KPIs)
- Provide oversight on the execution of the FWI Strategy and the Group's progress against its targets and KPIs in relation to ESG, including ESG risk management
- Provide oversight of the key policies and programmes required to implement the ESG strategy
- Review practices and initiatives of the Group relating to ESG matters to ensure they remain effective
- 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

—

More information on the composition, responsibilities and activities of the ESG Committee are set out in the ESG Committee Report on ***pages 75 to 76***.

Disclosure Committee

Assists the Board in discharging obligations under the Market Abuse Regulation and Listing Rules with regard to the management and disclosure of inside information, and provides oversight of the accuracy and timeliness of the Group's financial and corporate disclosures, or any other material information, as per the regulatory framework.

Management Committee

The Board delegates responsibility for the day-to-day management of the Group to the Management Committee. Led by the CEO, the Management 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.

Corporate Governance Report
continued

How the Board operates

Board meetings (continued)

Matters to be approved by the Board are constructively challenged and decisions are taken democratically following discussion, and any actions arising from Board and Committee meetings are recorded and then followed up by the person responsible.

Any concerns that a Director may have would be noted in the minutes of the meeting. Furthermore, if any Director resigns and has any concerns about the business, the Chair would engage with the resigning Director and ensure that the Board receives feedback of those concerns in the form of a letter addressed to the Chair.

During the year, the Chair met with the Non-executive Directors without the Executive Directors being present.

The Board has 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. 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 Leaders 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. Directors' and Officers' Liability insurance is maintained for all Directors.

Time commitment

The Nomination Committee has primary responsibility for monitoring time commitments of Directors and ensuring that each Non-executive Director has the requisite time to discharge their duties as Directors effectively. The Nomination Committee, led by the Chair, is satisfied that all Non-executive Directors have sufficient time to commit to their role on the Board. Any changes to the time commitments and interests of its Directors are reported to and, where appropriate, agreed with the rest of the Board. The Board is satisfied that the number of external appointments held by each Director are appropriate and none of the Directors are considered to be over-boarded and have the requisite time to fulfil their obligations to the Company.

Board appointments and inductions

On the recommendation of the Nomination Committee, the Board makes decisions regarding the appointment and removal of Directors and there is a formal, rigorous and transparent procedure for appointments. Each new Director receives a full, structured and tailored induction. A comprehensive information pack is provided to Directors during the onboarding process containing detailed management information pack on the business, corporate governance and compliance. Meetings are organised with other Board members, relevant members of the Management Committee and external advisors. Directors are also invited to a tour of the ASOS offices and studios in London.

Succession planning

The Nomination Committee, and the Board as a whole, regularly discuss succession planning for all Directors and Senior Leaders of the Company, taking into account the challenges and opportunities facing the Company, the leadership needs of the organisation and the skills and expertise needed on the Board and Senior Leaders in the future. The work of the Nomination Committee for this area is described in detail on pages 78 to 79.

Risk management and internal controls

The Board has overall responsibility for determining the nature and extent of the significant risks the Company is willing to take in achieving its strategic objectives, maintaining sound risk management and internal control systems and commenting on such matters in line with the Company's reporting obligations. During the period the Board conducted a robust assessment of the Company's emerging and principal risks. Further information on the Company's approach to risk management and internal controls can be found on pages 44 to 45 and 73 to 74.

Conflicts of interest

Each Director has a duty to declare any potential conflict of interest prior to appointment, and on an ongoing basis. We have effective procedures in place to monitor and deal with any potential or actual conflict of interest that could impair judgement. No Director would be included with a discussion where there was a conflict of interest. If a conflict required approval this would be appropriately minuted, together with the rationale behind the decision, and appropriate records would be kept.

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 assesses culture in a variety of ways as detailed on pages 35 and 68.

Board activities

The main topics reviewed, monitored, considered, debated and approved by the Board during the period are outlined below. Meeting agendas are agreed in advance by the Chair in conjunction with the CEO, Interim CFO and Company Secretary to ensure the appropriate balance of standing agenda items, strategic or functional deep dives and governance matters. 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	• Reviewed and approved changes to the Group's commercial operating model including a re-allocation of resources and improved inventory management. • Approved an amendment and extension to the Company's £350m Revolving Credit Facility (RCF), with existing covenants ceasing to apply until February 2024, providing the Group with enhanced flexibility. • Subsequently approved a new £275m financing facility alongside a fully underwritten non-pre-emptive cash placing of new ordinary shares to raise proceeds of c.£75 million and a retail offer to raise c.£5m, which replaced the previous RCF. • Considered strategic matters at a designated strategy day.
Financial and operational performance	• Received detailed and transparent updates from the CEO and Interim CFO at each scheduled meeting. • Monitored financial performance against budgets and forecasts and discussed any deviations from expectations at each scheduled meeting. • Reviewed performance against the Group's KPIs. • Regularly reviewed progress against the Company's Driving Change agenda. • Reviewed and approved the Company's trading updates, full and half-year results and the Annual Report and Accounts. • Reviewed and approved Group budgets for FY23. • Review performance updates relating to technology infrastructure, technical capabilities, cyber and data privacy.
People and culture	• Received periodic leadership updates including key actions for succession planning for senior executives and leaders within the Group to ensure 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. • The Board received feedback from the designated Non-executive Director for employee engagement on their experiences meeting ASOSers. • Reviewed progress made against our Be Diverse KPIs as part of our Fashion with Integrity strategy.
Governance and risk	• Reviewed and approved Group policies including an updated Share Dealing Policy and Anti-Money Laundering, Anti-Fraud and Anti-Facilitation of Tax Evasion policies. • Reviewed the results of the Board and Committees' FY22 internal evaluation, discussed recommendations and agreed key themes to focus on for FY23. • Received updates and recommendations from the Committee Chairs following each Committee meeting. • Received updates from the General Counsel & Company Secretary regarding legal, governance and compliance matters at each meeting. • Reviewed and approved changes to the Disclosure Committee's Terms of Reference to expand its remit to include oversight of the management and disclosure of inside information in line with the regulatory framework. • Reviewed the Group's principal risks taking into account the risk appetite, and discussed how these risks and opportunities should best be managed within the Group. • Received feedback and insights from the Chair gathered from meetings with the Company's top shareholders. • Received briefings from the Company's brokers and training from the Company's lawyers.
Markets	• Reviewed reports from the Investor Relations team at each scheduled meeting, containing market updates and shareholder feedback. • Assessed performance relative to peers. • Assessed our target customers and considered customer acquisition models and the customer experience. • Received an update on brand and customer health at the Board strategy day. • Considered geographical markets.
Fashion with Integrity (FWI)	• Oversight of FWI Strategy through our ESG Committee.

Corporate Governance Report
continued

Principal decisions FY23

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

Matter considered	Deliberations	Stakeholders
Commercial Operating Model	In October 2022 we announced that the Board had deliberated and approved a new commercial model to enhance our customer proposition and improve the business's profitability. ASOS should be a destination for fashion, and our historical approach to buying and clearance resulted in a large amount of older, less relevant product on site. The new model will result in more relevant product, higher full-price sales, and a lower inventory requirement in the medium term. To facilitate a faster transition, the Board agreed to a one-off write down of certain inventories to reshape the inventory portfolio – further information is included within Note 3 of the financial statements. The needs of stakeholders including customers, suppliers, employees and shareholders were considered in this decision and it was agreed that the new commercial model would generate benefits for all groups.	Customers ASOSers Shareholders Suppliers
Re-Financing and Equity Raise	In May 2022 the Board approved a new long-term £275m financing facility alongside a fully underwritten non-pre-emptive cash placing of new ordinary shares to raise proceeds of c.£75m thus strengthening the Company's balance sheet. The Board agreed that the new capital structure would provide increased flexibility against a challenging macroeconomic backdrop and the stability to focus on long-term value creation. The new asset-based financing facility provides simplicity under a single lender and is covenant light. The Board agreed that retail investors should be given the opportunity to participate in the equity raise, and therefore approved a separate c.£5m retail offer of new ordinary shares in the capital of the Company alongside the institutional Placing, in line with Pre-Emption Group guidelines, to balance the needs of other stakeholders. The Board considered its stakeholder groups when approving the new financing package, and concluded that the re-financing and the equity raise were in the best interests of the Company and would promote the success of the Company for the benefit of our stakeholders over the long term.	Customers ASOSers Shareholders Suppliers

Board evaluation

The Board recognises that a formal evaluation of the Board, its Committees and individual performance is an important tool to identify opportunities for improvement and to enhance overall Board effectiveness on an ongoing basis. The Company completed an internal Board evaluation in FY22. Given the Board and Leadership changes during the period, noting that we onboarded five new Non-executive Directors between February and July 2023, we concluded that it would be more valuable to allow our new Directors to settle into their roles and for the Board to have the opportunity to get to know each other and go through more Board and Committee cycles together before embarking on a formal evaluation process. However, it was felt important to commence a review as soon as practical, once all Directors had been through at least one Board and Committee cycle. As such, the Chair and the Senior Independent Director agreed to appoint an external specialist firm to conduct a Board effectiveness review and evaluation.

Following consideration of various external Board evaluation providers, Mr Chris Saul of Christopher Saul Associates was appointed to facilitate an external evaluation process. Chris Saul is highly respected in this area and has assisted a number of FTSE organisations to assess and improve Board effectiveness. Chris Saul does not have any connection with the Company or any individual Director.

A description of how the Board evaluation has been conducted thus far is as follows.

Scoping

Chris Saul initially met with the Chair, Senior Independent Director and the General Counsel & Company Secretary to discuss and agree the objectives of the review and any areas of specific focus and a timetable was drafted based on the Board calendar.

Document review

Chris was provided with a selection of relevant Board and Committee agendas, papers and minutes for review.

Board and Committee observation

Chris attended the next scheduled Board and Committee meetings, which took place in early October 2023, to review the practical arrangements and proceedings at meetings and to assess the Board and Committee dynamics.

Interviews

Chris held one-to-one interviews with each Board member that held office in FY23 in October 2023, eight of which were held in person and one was via video conference. Chris also met with the Company Secretary, the Interim CFO and other Senior Leaders including the Chief People Officer and Head of Internal Audit & Risk, who regularly participate in parts of Board and Committee meetings.

Feedback

Due to the timing of the Board and Committee meetings cycle, and the close proximity to finalising this Annual Report and Accounts, there has not been sufficient time for the Board evaluation process to conclude and for the Board to receive and discuss feedback. However, we will share the findings, together with resulting actions and how those actions have been followed up on, in next year's report.

FY23 focus

As a result of the previous internal Board evaluation, the key areas of focus for FY23 are shown below, together with resulting actions throughout the period:

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.	• The Board received regular reports of performance against KPIs throughout the period. Information on how the Board engaged with each stakeholder group during the period can be found on pages 34 to 37 and 68.
Executive team: Improve the Board's dynamic with the Executive Committee by increasing engagement and providing support onboarding new members of the Executive team.	• Throughout the period, the Management team was refreshed, and the Executive team was formally replaced by a wider Management Committee to allow simplification of ASOS' decision-making processes and to enable greater agility within the business. The Management Committee attended a strategy day with the Board in July 2023 which was extremely beneficial to build relationships between the Management Committee and the Board. Many Management Committee members have regular interaction with the Non-executive Directors who provide advice and support where necessary.
Board resources: Improve the quality of Board papers by reducing the length and introducing a summary cover note.	• Standard Board paper templates were rolled out during the period to provide consistency across all Board and Committee papers, and to provide more structure, with summary cover notes and more awareness regarding what is being asked of the Board. Board papers have reduced in length to draw out key points for discussion and approval.

Corporate Governance Report
continued

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 period, our designated Non-executive Director for employee engagement was Karen Geary until she stepped down from the Board on 1 December 2022 and thereafter Jørgen Lindemann with effect from 5 April 2023.

The Board engages with our ASOSers and monitors the Company's culture in a variety of ways:

Direct engagement

Through direct engagement, our Board members are able to witness first-hand how our values are lived and embedded throughout the Group, to assist the Board in monitoring and assessing culture.

During their respective tenures as Board employee engagement representatives during the period, Karen and Jørgen were able to gauge the sentiment of our ASOSers first hand through numerous meetings with a cross section of our ASOSers to discuss topics including cost-of-living, ASOS culture, wellbeing and remuneration as described in more detail below and on pages 35 and 83. Updates were provided to the Board following all engagement activities to ensure ASOSers' views are kept at the centre of the Group's decision-making.

In September 2022, Karen Geary met with the Voices Network employee forum to provide our Voice representatives with an opportunity to engage with the Board on Executive remuneration. The Q&A session was hosted by Caroline Ross, our Interim Chief People Officer, and covered both Executive remuneration and wider workforce pay, including outlining the structure and different elements to an Executive Director's remuneration package, and how pay is determined for the wider workforce.

In February 2023, Jørgen and José hosted a fireside chat with ASOSers to discuss their career insights and experiences, with people not able to join in person offered the opportunity to join and ask questions online. A shorter recording was made available to those who couldn't attend.

Since April 2023, Jørgen has engaged with our ASOSers on numerous occasions to discuss various matters such as our ASOS Vibe survey, ASOS strategy and our Diversity, Equity & Inclusion Strategy. Jørgen has attended two Voices Network meetings and, more recently, he attended our Leavesden office to conduct focus groups with our ASOSers regarding life at ASOS, spent time with the Customer Care Leadership team and attended a full Customer Care team cascade meeting focusing on their progress delivering their strategic priorities so far and celebrating team success.

Our CEO regularly engages directly with our ASOSers through regular townhall meetings and hosts 'CEO Coffee Chats' where 10 to 15 of our ASOSers can sign up each month and meet with him to discuss any matters that our ASOSers feel are important.

Nick Robertson, Non-executive Director and Founder, attended and presented at our Leaders Day in March 2023 and reflected on ASOS' journey so far.

Indirect engagement

The Board received the results of the employee engagement survey, ASOS Vibe, which provides key insights into people data and trends and levels of engagement, together with the areas of focus for the Company for the forthcoming year.

For more information on Our People see pages 14 to 15.

Shareholder engagement

The Board is committed to creating value for its shareholders and takes its responsibility to maintain effective dialogue with investors very seriously. The Company has a single share class in issue and all shareholders benefit from the same rights. The Board does not take any decisions or actions, such as selectively disclosing confidential information, that would unfairly advantage any one shareholder or group of shareholders over our wider shareholder base. The CEO and Interim CFO of the Company meet all major shareholders after interim and full year results while the Investor Relations team are in regular contact with investors throughout the year.

During FY23 we engaged with investors on a range of topics including Company performance against its strategy, its approach to ESG issues, governance and Board composition, and Directors' remuneration as explained in detail on pages 36 and 82.

In a new initiative for FY23, the Investor Relations function is represented at the most senior level in the business by the Senior Director of Strategy & Corporate Development, with a seat on the Company's Management Committee. Steps have been taken to ensure that full-year and other public announcements are as meaningful, understandable, transparent and comparable as possible, with this information also made available on the Company's corporate website asosplc.com.

Our Section 172 Companies Act Statement on page 34 details how the views of our employees, shareholders and other stakeholders have been considered and shared with the Board during the period.

Constructive use of the AGM

The AGM is the principal forum to meet, and engage in dialogue with, all shareholders who wish to attend to enable the Board to hear their views and enable shareholders to ask questions, although engagement is possible at other times upon request. The most recent AGM was held on 11 January 2023 at our head office in London. The Chair and all other Directors with exception of Eugenia Ulasewicz (who did not offer herself for re-election and stepped down from the Board at the AGM) 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.

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 presentation.

Audit Committee Report

Committee Chair
Natasja Laheij

Members
Mai Fyfield · Wei Gao · Jose Manuel Martínez Gutiérrez

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 Group's accounting policies, and significant estimates and judgements.
- Review the effectiveness of the internal and external audit processes and report internal and external audit findings to the Board.
- Review the effectiveness of the Group's internal controls, including the process for the evaluation, assessment and management of risk.
- Oversee the Group's whistleblowing, compliance, security and fraud prevention procedures.

Terms of Reference

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

The Audit Committee's attendance at meetings is detailed in the table on page 62.

Audit Committee Chair's statement

I am pleased to present the Audit Committee ("Committee") Report for the period ended 3 September 2023. This report should be read in conjunction with the compliance report on page 61, which shows how the Company has complied with the UK Corporate Governance Code 2018 (the "Code").

This report provides an insight into the Committee's activities during the period, sets out how the Committee operates and the key areas of focus for the year ahead.

The composition of the Committee changed during the period as a result of Board changes:

- I joined the Committee as Chair upon my appointment to the Board on 11 April 2023, replacing Patrick Kennedy who stepped down from the Board and as Committee Chair with effect from 5 April 2023.
- Luke Jensen stepped down from the Board and Committee with effect from 31 October 2022.
- Eugenia Ulasewicz stepped down from the Board and Committee with effect from 11 January 2023.
- Wei Gao was appointed to the Board and Committee on 1 February 2023.
- Jose Manuel Martínez Gutiérrez joined the Committee upon his appointment to the Board on 11 April 2023.

The Board considers all Committee members to be independent Non-executive Directors for the purposes of the Code.

I would like to thank my predecessor as Audit Chair, Patrick Kennedy, for his valued contribution to the Committee throughout the period.

I was appointed as Committee Chair given my extensive international commercial and financial experience in e-commerce and retail environments, and given my external role as Chair of the Audit Committee of Vandemoortele, an international food company. The Board is therefore satisfied that I have the requisite recent and relevant financial experience to Chair the Committee. Furthermore, all Committee members have competence relevant to the sector in which the Company operates. The biographies of the Committee members can be found on pages 55 to 56.

We continue to track developments with the UK Government's corporate governance reforms so that we are ready to adapt to the changes to requirements in the forthcoming years. As a Committee, we are considering the implications of the recently published Audit Committees and External Audit: Minimum Standard, which became effective in May 2023, to identify any actions we need to take to ensure our compliance.

Natasja Laheij
Audit Committee Chair
31 October 2023

Audit Committee Report continued

Committee activities

The Committee operates with a forward-looking agenda which is prepared in conjunction with the Chief Financial Officer and Company Secretarial team, to ensure the Committee's duties are fulfilled on a timely basis around the Group's financial reporting cycle.

The Committee held five scheduled meetings during the period and the attendance by Committee members can be seen on page 62. The Committee, on behalf of the Board, provides oversight of the Group's risk management processes. Following each meeting, the Committee Chair reports to the Board on the main discussion points of the Committee.

Although not members of the Committee, the Board Chair, CEO, Interim CFO, General Counsel & Company Secretary and Head of Internal Audit & Risk are also invited to attend Committee meetings unless they have a conflict of interest. The Group's External Auditor, PwC, is also invited to attend Committee meetings. The Committee Chair and members regularly meet with both the External and Internal Auditors in private. As is needed, the Committee also receives advice from advisors on any tax or legal issues which may arise.

Fair, balanced and understandable

One of the Committee's key roles is to advise the Board that it is satisfied that the Annual Report and Financial Statements are fair, balanced and understandable (see page 98) and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy. In doing so, the Committee ensures that disclosures reflect the underlying supporting information whilst challenging management where appropriate, with any required updates made if necessary. The External Auditor supports this process, in the course of its statutory audit, by auditing the accounting records of the Group against agreed accounting practices, relevant laws and regulations. In addition, the Committee:

- Reviewed the processes and controls that underpin the Annual Report preparation including confirmation that the reporting team and senior management were fully aware of the requirements and their responsibilities.
- Received an advanced draft of the whole Annual Report and provided feedback on it, with amendments made to incorporate any feedback ahead of final approval.
- Was provided with a list of the key matters included in the Annual Report, highlighting both positive and negative influences.
- Reviewed and discussed the key factors considered in determining whether the Annual Report is fair, balanced and understandable.

The Committee recommended to the Board that the Annual Report 2023 is fair, balanced and understandable while providing the necessary information to assess the Company's position and performance, business model and strategy.

External Auditor

PwC continued as the Company's auditor for FY23 following re-appointment at the Company's Annual General Meeting on 11 January 2023.

The Committee has primary responsibility for recommending the re-appointment of the External Auditor to the Board before the resolution is put to shareholders at the Company's Annual General Meeting. The Committee believes that it is in the best interest of its members for PwC to remain as External Auditor and we therefore recommend that PwC be re-appointed as Company auditors for FY24.

External audit effectiveness

The Board has delegated authority to oversee the relationship with the External Auditor, and to review audit effectiveness to the Committee. The audit scope, approach, materiality and areas of focus are agreed well in advance of the audit to align on expectations and timeframes. A feedback session is held following each audit to discuss what went well and to identify areas for continuous improvement to feed into the next audit planning process.

The Committee assesses audit effectiveness through review of the quality of the audit reports and ancillary documents provided by the auditors, consideration to the views of the Interim CFO and his senior finance team and through collective views of the audit partner and his team.

The Committee holds private sessions with PwC without management present to discuss feedback from the audit. The Committee ensures that the External Auditor has challenged management and received the access it required to conduct an effective audit, and in a timely manner. If PwC has any concerns about access to information, or the information received, it would be reported to the Committee in order for the Committee to fulfil its delegated responsibilities.

The Committee Chair also meets with the audit partner, Neil Grimes, privately and he is authorised to contact the Committee Chair at any time if he wishes to raise any matters of concern.

Based on this collective analysis, the Committee is satisfied that PwC had applied appropriate and robust focus and challenge throughout the audit.

External Auditor independence and objectivity

Any non-audit services provided must be in accordance with the Group's Non-Audit Services Policy, which states that:

- the CFO has pre-approved authority to commission the External Auditor to undertake non-audit work for a specific project expected to be less than £50,000;
- non-audit services expected to be between £50,000 and £250,000 must be approved by the Committee Chair;
- non-audit services expected to be over £250,000 must be approved by the Committee Chair and one other Committee member before being carried out.

Before commissioning non-audit services, the Committee must ensure that there is no issue as regards to independence and objectivity and other potential providers are adequately considered. 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, consideration is given to whether the skills and experience make the External Auditor the most suitable supplier of the non-audit service, taking into account independence or objectivity, 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.

The Committee's principal activities during the period included:

Financial reporting	**Integrity of the financial statements and formal announcements** • The Committee reviewed the Annual Report and Accounts, and supporting information, and concluded that the Annual Report was fair, balanced and understandable as detailed above. • Reviewed the full and half-year results announcements. **Significant financial and reporting matters** • Reviewed key accounting judgements and estimates applied in the preparation of the Group's financial results. These included inventory provisioning, particularly updates following the Group's transition to its new commercial model, management's assessment of items to be excluded from adjusted profit before tax and the assumptions/judgements included within management's going concern, viability and impairment reviews. More information can be found in Significant financial reporting matters and judgements on page 72. **Assumptions in support of going concern and viability assessments** • The Committee considered the viability and going concern statements and their underlying assumptions. • The Committee evaluated going concern over an 18-month period, which included a review of financial plans and assumptions, access to financing and the challenging economic environment and the adaptability of financial plans. • The Committee also considered the appropriateness of a three-year viability assessment period after modelling the impact of certain scenarios arising from the Group's principal risks. • More information can be found in the Long-term viability statement on pages 52 to 53, the Going Concern statement on page 113, and the Significant financial reporting matters and judgements on page 72. **Financial Reporting Council (FRC) review letter** • In June 2023, ASOS received a letter from the Corporate Reporting Review Team of the FRC in relation to its regular review and assessment of the quality of corporate reporting in the UK. • The letter focused on FY22 with queries on the following main areas: – The assumptions and disclosures made in relation to the carrying value of inventory ,specifically with regards to the Group's new commercial model, and whether it represented an adjusting or non-adjusting post balance sheet event as at the FY22 year-end. – Disclosures in relation to inventory provisions. – The assumptions and disclosures made in relation to going concern. – The impact of changing discount rates on the dilapidation provisions held. – The FRC's review was based solely on the 2022 Annual Report and Financial Statements and therefore did not benefit from prior discussion with the Company on the underlying detail. ASOS responded to the FRC and proposed additions to future disclosures, following which the review was closed. Enhanced disclosures have been included in the 2023 financial statements.
External audit	• Reviewed and agreed the scope of the external audit process prior to commencement of the FY23 audit. • Considered the External Auditor's reports on the full year and half year results. • Appraised the effectiveness and performance, independence, and objectivity of our External Auditor. • Considered the external audit fees and terms of engagement. • Reviewed and approved non-audit services and approved updates to the Non-Audit Services Policy.
Risk and internal controls	• Reviewed and provided oversight of the Group's risk management and internal controls processes and 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. • Received updates on current or threatened material litigation. • Reviewed the Group's Whistleblowing Policy and escalation matrix and updates on whistleblowing matters. • Reviewed the Group's Gifts & Hospitality Policy, approach to training, and updates on Gifts & Hospitality matters.

Audit Committee Report continued

Committee's principal activities continued

Internal audit	• Monitored and reviewed the effectiveness and independence of the Internal Audit function. • Reviewed Internal Audit reports and monitored the implementation of Internal Audit actions. • Reviewed Internal Audit's strategy and operating model. • Oversaw the implementation and status of outstanding actions arising from the Financial Position and Prospectus Procedures undertaken as part of the Company's move to the Main Market. • Reviewed and approved changes to Internal Audit's FY23 plan of work and broader strategy to ensure this remained aligned to priorities under our Driving Change agenda. • Reviewed and approved Internal Audit's plan of work for FY24 based on assessment of the Group's key financial, operational and compliance risks, and strategic aims.
Other matters	• Considered matters relating to the Company's refinancing activities during the period including the equity raise. • Received updates on tax matters and approved the Group's Tax Strategy. • Received an update on the Group's approach to Business Continuity Management. • Received regular updates from the Chief Information Security Officer and Chief Technology Officer for monitoring and reviewing cyber security activities. • Reviewed cyber security processes and systems including a review of the Group's ransomware response and recovery plan. • Received updates relating to the UK Government's activities following the 2022 consultation in restoring trust in audit and corporate governance.

Significant financial reporting matters and judgements

Area of focus	Actions taken
Going concern and viability	The Committee undertook a detailed review of the financial liquidity of the Group over an 18-month period to support the going concern assessment, and a three-year period to support the viability assessment. In doing so, the Committee challenged management's assessment of forecast cash flows, including sensitivity to trading and expenditure plans, and for the potential impact of certain scenarios, including reductions to forecast revenues and margin, and working capital outflows. The Committee also considered the Group's financing facilities and compliance with the related liquidity covenant. 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, with no material uncertainties noted. It was also concluded that the Group is able to meet its liabilities as they fall due over the viability period of three years, however on the condition that the Group successfully refinances the convertible bond that matures in April 2026. This has been clearly highlighted within the Long-term viability statement. For further information, see pages 52 to 53.
Inventory provisions	The Committee considered the inventory provision for FY23, noting its increase since FY22. Gross inventory as at 3 September 2023 totals £892.4m against which an inventory provision of £124.4m has been recognised – this is significant compared to FY22 (£31.3m) due to the material stock write-off provisions recognised during the year following the approval of the Group's new commercial model. Management provided the Committee with updates on the work performed to validate the appropriateness of key estimates used in respect of inventory provisions. Particular consideration was given to the overall level of provisioning and updates to methodology as the Group transitions to its new commercial model. The Committee concluded that the methodology for calculating the net realisable values of inventories, including management's estimates on provisions, was appropriate.
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. The adjusted loss before tax this year was £(70.3)m, and adjusted EBIT £(29.0)m (2022: £22.0m and £44.1m) – the excluded items are detailed within Note 3 of the financial statements. The Committee is satisfied that the presentation of these items is clear, applied consistently across years, in line with Group policy and that the level of disclosure is appropriate.
Impairment of non-financial assets	The Committee reviewed and challenged management's impairment testing of tangible and intangible assets, including goodwill. The Committee considered the key assumptions and methodologies for value in use models in order to conclude on their appropriateness. This included challenging projected cash flows, discount rates and reviewing sensitivities. No impairments were noted as a result of the review. The Committee was satisfied with the outcomes of the impairment reviews and that appropriate disclosures had been made.

External Auditor independence and objectivity (continued)

The fees paid to PwC for the financial period to 3 September 2023 were £1.6m (2022: £1.2m). This included £1.3m for audit services. The Committee reviewed and discussed the fee proposal and was engaged in agreeing the audit scope.

In FY23, PwC provided non-audit services of £0.3m for its work on the half year review of our interim results. The total fees for non-audit services represented 35% of the Group audit fee payable to PwC during the period.

The Committee agreed that the non-audit services provided during the financial period should be provided by the External Auditor due to their in-depth knowledge of the business and is therefore an efficient means of receiving non-audit services.

The Committee also assesses the independence and objectivity of the External Auditor through open dialogue with the auditor, feedback from the Board, the Internal Audit team and management and through analysis of judgements, audit findings and audit actions.

Furthermore, consideration is given to the length of service of the audit partner. Neil Grimes was appointed as audit partner for FY22, following the former audit partner rotating off and is considered by the Committee to have a good understanding of the Group and acts with integrity.

The Committee was comfortable with 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.

Following review, the Committee concluded that PwC remained objective and independent in its role as External Auditor.

External audit tender

PwC has acted as the Group's statutory External Auditor since 2008. A competitive tender process for the Group's statutory External Auditor contract took place in FY22, whereby it was concluded that PwC would remain as the Company's External Auditor.

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 as the audit tender undertaken on the step up to the Main Market was for FY24 rather than FY22, being the first year end following entry to the Main Market. The Committee considered that it was beneficial to delay the appointment to FY24 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 2022, 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.

Employment of former External Auditors

Any employment of former employees of External Auditors would be considered on a case-by-case basis and would take into account the Auditing Practices Board's Ethical Standards on such appointments. Any such appointments would require approval from the CFO, the Committee or the Board depending on the seniority of the appointment.

Internal Audit

The Internal Audit function supports the Board and Committee by providing independent assurance as to the adequacy and effectiveness of the internal controls which manage risks across the Group and support delivery of its objectives. The Committee review and approve Internal Audit's plan of work for each financial period and monitor progress against it in each meeting, The plan is based on Internal Audit's assessment of the Group's key financial, operational and compliance risks and strategic aims. During the period the Committee additionally reviewed and approved changes to Internal Audit's FY23 plan of work to ensure this remained aligned to the Group's priorities under the Driving Change agenda.

The following key internal audits were completed during the period: Key Fraud Controls, Payroll Phase 1 – General IT Controls, Cloud Resilience Follow-Up, Authorised Economic Operator (AEO) Reauthorisation Project, Partner Fulfils, Payroll Controls, IT Security Hygiene & Basics, Fashion with Integrity Update Report FY22 – Data Validation, and Barnsley WMS IT General and Security Controls. The reports outline Internal Audits findings on the risk management systems and processes which are in place and are shared with the relevant Management Committee member. The Management Committee member is responsible for ensuring the timely implementation of any report recommendations and subsequent actions resulting from the audit. Summaries of reports are also shared with the Committee for review and discussion and any actions arising are monitored by the Committee.

During the period the Committee reviewed the effectiveness of Internal Audit using an in-house assessment, actions from Internal Audit's ongoing Quality Assurance and Improvement Programme (QAIP), and feedback provided by management and Committee members. The Committee considers the Internal Audit function to operate effectively and that the quality, experience and expertise of the function is appropriate for the Group.

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 matters 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 to determine appropriate mitigation, taking into account the Group's risk appetite.

The Management 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 Interim CFO and the Head of Internal Audit & Risk, to ensure there is an integrated focus on applying and evolving risk management and internal controls throughout the Group.

The key elements of the Group's internal controls in relation to financial reporting and risk management include:

- Established organisation structures with clear lines of responsibility and management and committee structures to facilitate regular performance reviews and decision-making.
- Robust budgeting, forecasting and financial reporting processes.
- Board discussion and approval of strategy, objectives, annual planning process and budgets.
- Regular management monitoring and consideration of developments in accounting regulations and best practice in financial reporting, including keeping the Committee updated on upcoming changes. Where appropriate, developments are reflected in the Group's financial statements. Financial reporting recommendations from the External Auditor, the FRC and others are assessed to ensure continuous improvement in the quality of the Group's financial statements. The Committee and the Board review the draft Annual Report and Accounts, and receive reports from management and the External Auditor on significant accounting judgements, changes in accounting policies and estimates and any other significant matters relating to Group's financial reporting.

Audit Committee Report continued

- Key policies, procedures and guidelines that underpin the development, financing and operations of the business. This includes policies for Delegation of Authority, Whistleblowing, Anti-Bribery and Corruption, Anti-Facilitation of Tax Evasion, and Anti-Fraud that are embedded within and enforced through ASOS' procedures, processes and controls. Compliance is monitored through the activities of central functions including Finance, Risk Management, Legal, Compliance, People Experience, Technology, Data Privacy, Tax, Treasury, Company Secretarial, Health and Safety and Security.
- Regular management reviews of the risks to achieving the Group's objectives that include identifying mitigating controls and actions and tracking their completion.
- Embedded whistleblowing processes that enable concerns to be reported confidentially and on an anonymous basis for investigation. The Committee reviews a summary of whistleblowing reports and outcomes every quarter.
- Ongoing Committee review of the scope and results of Internal Audit's work across the Group and monitoring of management's implementation of identified remedial actions.
- Regular discussion of the Group's principal risk profile and emerging risks, including review of how inherent and residual risk exposures have changed during the period, and any developments regarding mitigating controls and actions.

Based on the activities above, 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 FY23 and up to the date on which these financial statements were approved. No significant failings or weaknesses were identified.

Our functional Risk Registers are formally reviewed every six months to ensure that all existing risks are captured and their potential likelihood and impact are understood. The process also identifies mitigating factors, controls and any further actions needed to manage the risks, as well as considering any new emerging risks that require monitoring. The reviews feed into a robust assessment of the Group's principal and emerging risks which the Committee and the Board review bi-annually.

Progress and key themes coming out of the risk reviews are reported to the Management Committee and the Audit Committee.

More details on our approach to risk management are provided on pages 44 to 45.

Whistleblowing

The Whistleblowing Policy, which was reviewed and re-approved by the Committee during the period, outlines the ways the Group's employees can report concerns about suspected impropriety or wrongdoing (whether financial or otherwise). The Company has an independent, confidential and anonymous whistleblowing tool (Spot) which is externally hosted. Employees can use the portal or contact a Whistleblowing Officer to raise and report any problems or concerns they may have. Any matters reported are investigated by one of our nominated Whistleblowing Officers and are escalated to the Committee as appropriate. Whistleblowing is a standing item on the Committee's agenda with reporting on the nature, and where appropriate content, of submissions received during the prior quarter submitted to each meeting. The Committee also receives updates on training in this area.

Cyber security

The Committee received and endorsed an updated security strategy in January this year. A new Chief Information Security Officer ("CISO") joined ASOS at the end of the last fiscal year and updated the strategy using a threat and risk-based approach which identified four priority improvement areas for delivery this year. The Group keeps up to date with progress on a quarterly basis where emerging threats and key cyber and physical security incidents are reviewed. In addition to the updated strategy, a key focus for the year has been rebuilding the Cyber Security leadership team, led by the CISO.

Anti-bribery and corruption

We have a zero-tolerance approach to bribery and corruption and is committed to conducting business in an ethical and honest manner. We are committed to acting professionally, fairly and with integrity, in all business dealings and relationships, wherever in the world we operate. Anti-bribery and corruption training forms part of the new starter training when ASOSers join, and is then completed annually thereafter, to ensure all ASOSers are aware of their responsibilities in this area and we implement and enforce systems to prevent bribery.

ESG Committee Report

Committee Chair
Anna Maria Rugarli

Members
Wei Gao · Nick Robertson · Jose Manuel Martínez Gutiérrez

Committee responsibilities

The Committee's principal responsibilities are to:

- Approve the Group's Fashion with Integrity (FWI) Strategy, including related targets and key performance indicators (KPIs).
- Provide oversight on the execution of the FWI Strategy and the Group's progress against its targets and KPIs in relation to ESG, including ESG risk management.
- 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.
- 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 ESG Committee are available on our website, asosplc.com.

The ESG Committee's attendance at meetings is detailed in the table on page 62.

ESG Committee Chair's statement

I am pleased to present the ESG Committee ("Committee") Report for the period ended 3 September 2023 and my first report as Committee Chair.

The composition of the Committee changed during the period following Board changes:

- I joined the Committee as Chair upon my appointment to the Board on 26 June 2023, replacing Eugenia Ulasewicz who stepped down from the Board and Committee with effect from 11 January 2023.
- Karen Geary stepped down from the Board and Committee with effect from 1 December 2022.
- Mai Fyfield stepped down from the ESG Committee with effect from 26 June 2023 given the additional time commitment required following her appointment as Senior Independent Director.
- Wei Gao and Jose Manuel Martínez Gutiérrez joined the Committee with effect from 26 June 2023.

The Committee members bring a wide range of skills and experience. As Chair, I have more than 20 years of experience working with leaders in global apparel and specialise in creating innovative strategies to address some of the most pressing environmental and social changes facing the industry.

I am delighted that Wei and Jose Manuel have joined the Committee this year and am grateful for the continued expertise of Nick; they will all help in driving the ESG strategy forward through the FWI programme. Nick also remains Chair of the ASOS Foundation, a position he has held since 2013.

The Committee met twice during the period and provided updates to the Board following each meeting. Whilst not members of the Committee, the CEO, Senior Director of Strategy & Corporate Development and other Senior Leaders with responsibility for ESG are invited to attend the Committee meetings.

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

- A review of the FY22 KPIs and initiatives review as well as the FY23 priorities for the four goals: Be Net Zero, Be More Circular, Be Transparent and Be Diverse.
- Consideration of the changing regulatory landscape for ESG reporting and how these changes would be prepared for internally and implemented into the strategy over the coming years.
- A review of the process for the preparation of the ESG-related disclosures in last year's Annual Report, following the first year of disclosures relating to the Task Force on Climate-Related Financial Disclosures.
- An overview of, and updates in relation to, the CMA Green Claims Investigation, including ASOS' responses to the CMA's various requests for information.

ESG Committee Report continued

As there were many changes to the Committee's composition at the end of June 2023, including the appointment of myself as Chair, the Committee's second meeting in August 2023 focused on:

- Introductions to the FWI team with an overview of the current FWI Strategy, history and approach taken.
- An overview of ASOS' reporting and compliance responsibilities and obligations.
- Horizon scanning for the Committee to understand the upcoming changes to legislation, such as the EU Corporate Sustainability Due Diligence Directive, to ensure we can be ready for the new requirements which will require additional reporting in the future.
- A deep dive on the four key goals of the FWI Strategy.
- An update in relation to the latest status of the CMA Green Claims Investigation.

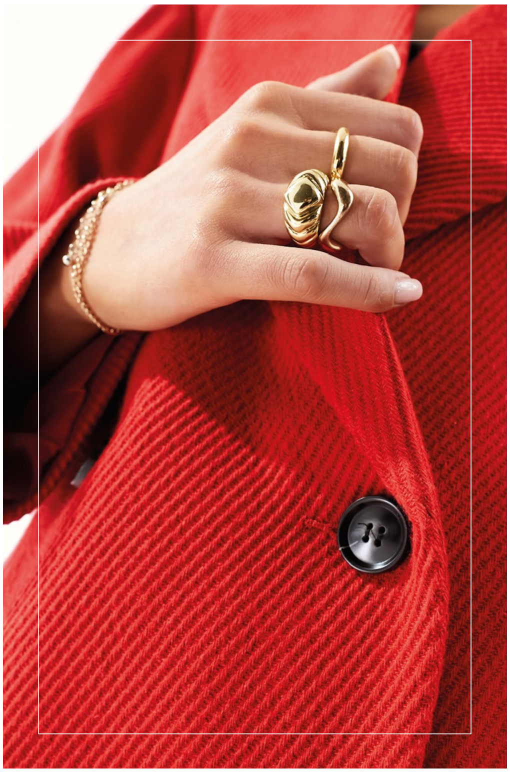
FWI is our programme for managing sustainability and corporate responsibility at ASOS. First launched in 2010, it was refreshed in 2021 with the introduction of four goals: Be Net Zero, Be More Circular, Be Transparent and Be Diverse. These goals are a key tool in managing and prioritising our activity across People and Planet.

As with last year, we published a Fashion with Integrity Progress Update alongside our half-year results, looking back on the previous financial year. This FY22 Progress Update can be accessed on the website at asosplc.com and further information can be found on pages 16 to 18 of this report.

Since the relaunch of the strategy in 2021, legislation around ESG has evolved and reporting requirements have increased both in volume and complexity.

Therefore, this year we are reviewing and, where necessary, revising both our FWI targets and the KPIs that we use to track and monitor progress. This will ensure we are remaining true to our core FWI principles, whilst also being transparent on our performance using the most relevant metrics. The revised FWI Strategy is set to be published in 2024.

Anna Maria Rugarli
ESG Committee Chair
31 October 2023



Nomination Committee Report

Committee Chair
Jørgen Lindemann

Members
Mai Fyfield   Wei Gao

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 Leaders.
- 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 Nomination Committee are available on our website, asosplc.com.

The Nomination Committee's attendance at meetings is detailed in the table on page 62.

Nomination Committee Chair's statement

I am pleased to present the Nomination Committee ("Committee") Report for the period ended 3 September 2023. This report should be read in conjunction with the compliance report on page 61, which shows how the Company has complied with the UK Corporate Governance Code 2018 (the "Code").

Throughout the period, the Committee has concentrated on the composition of the Board and its Committees, succession planning, including assessing the talent pipeline and diversity and inclusion.

Composition of the Board and its Committees

There were several Board changes during the period. As reported in last year's Annual Report and Accounts, Mat Dunn stepped down from the Board as Executive Director on 31 October 2022 and Luke Jensen, Karen Geary and Eugenia Ulasewicz did not seek re-election at our last Annual General Meeting and stepped down from the Board on 31 October 2022, 1 December 2022 and 11 January 2022 respectively. This created the opportunity for the Board, led by the Nomination Committee and myself as Chair, to refresh the Board. We assessed the balance of knowledge, skills and diversity of our remaining Board members and conducted an assessment to identify the key traits, experience and skillsets that potential board candidates should have. This led to an extensive search process to find at least three new Non-executive Directors to complement our Board, together with a search for a permanent Chief Financial Officer.

True Search, an independent executive search consultancy, which has no connection with ASOS or any of its Directors, was engaged during the period to assist us with our search and provided us with a list of diverse candidates from different backgrounds based on our rigorous selection criteria. We also used our network to source a strong list of candidates.

Following interviews with the Chair and other Board members, the Nomination Committee recommended to the Board that Marie Gulin-Merle and Wei Gao be appointed to the Board as Independent Non-executive Directors given Marie's extensive marketing and digital experience and Wei's wealth of e-commerce and operating experience. Furthermore, the Committee recommended that Marie should join the Remuneration Committee and that Wei should join the Audit Committee with effect from their joining date. The Board approved the recommendations and Marie and Wei were both appointed to the Board and Committees as set out above with effect from 1 February 2023.

Following Patrick Kennedy's departure from the Board on 5 April 2023, the Committee discussed and approved the recommendation to the Board that Natasja Laheij should be appointed as Independent Non-executive Director and, given her extensive financial experience and experience as Audit Chair, that she should replace Patrick as Chair of the Audit Committee, and as a member of the Remuneration Committee.

The Committee also agreed that Jose Manuel Martínez Gutiérrez would be an ideal candidate to join the Board given his strong commercial and fashion experience and recommended his appointment as Independent Non-executive Director and as a member of the Audit Committee. The Board subsequently approved the appointments and Committee positions as above with effect from 11 April 2023.

Nomination Committee Report continued

Given our commitments to our Fashion with Integrity (FWI) programme, it was felt that the Board would benefit from someone with strong ESG and sustainability experience to chair the ESG Committee. Following an extensive search and interview process, the Committee recommended the appointment of Anna Maria Rugarli to the Board as Independent Non-executive Director and ESG Committee Chair, which was approved by the Board and Anna Maria joined our Board on 26 June 2023.

Given the many changes to the Board and its Committees, the Committee further recommended that the ESG Committee be reshaped. Given Mai Fyfield's appointment as Senior Independent Director in place of Patrick Kennedy with effect from 5 April 2023, and the fact Mai represents the Board on the Audit Committee, Nomination Committee and chairs the Remuneration Committee, Mai stepped down from the ESG Committee and the Committee recommended that the ESG Committee should comprise Anna Maria Rugarli as Chair, with Jose Manuel Martínez Gutiérrez and Wei Gao as fellow members along longstanding ESG Committee member, Nick Robertson. These changes were approved with effect from 26 June 2023 to coincide with Anna Maria's appointment. Post-period end, the Committee recommended the appointment of William Barker to the Board as Non-executive Director as set out on page 61.

I am delighted to have Marie, Wei, Natasja, Jose Manuel, Anna Maria and William on the Board to share their extensive experience, knowledge and insights with their fellow Directors and Senior Leaders.

The Committee deemed Marie, Wei, Natasja, Jose Manuel and Anna Maria as independent upon appointment in accordance with the independence requirements cited within the Code. Due to the fact William is founder and CEO of Camelot Capital Partners LLC, which is a significant shareholder of the Company, William joined the Board as a Non-independent Non-executive Director in accordance with the Code.

The Committee was satisfied that all our new Non-executive Directors have the requisite time to carry out their role and fiduciary duties as a Director and any additional external appointments of Directors would require approval by the Board. The Committee and the Board periodically assesses the external time commitments of Directors to ensure that they continue to have sufficient time to fulfil their responsibilities as a Director and that no one is over-boarded.

Succession planning

In addition to focusing on Board succession planning throughout the period, last year we reported that a key focus for FY23 would be on the composition of the Executive Committee and succession planning for senior roles. The Company made great strides during the period and, as explained on page 67, we replaced the Executive Committee with a Management Committee model and several senior hires were onboarded during the period.

Board and Management Committee diversity

Our gender identity and ethnic background data in accordance with Listing Rule 9.8.6(R)10 in the format set out in Listing Rule 9 Annex 2.1 is presented below. For this purpose, our Management Committee represents our Executive Management as defined by Listing Rule 9.

Gender Identity as at 3 September 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO[1], SID and Chair)	Number of Management Committee members	Percentage of Management Committee
Men	5	50%	2	6	50%
Women	5	50%	1	6	50%
Other categories	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Ethnic background as at 3 September 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO[1], SID and Chair)	Number of Management Committee members	Percentage of Management Committee
White British or other White (including minority-white groups)	9	90%	3	6	50%
Mixed/Multiple Ethnic Groups	–	–	–	1	8%
Asian/Asian British	1	10%		1	8%
Black/African/Caribbean/Black British	–	–	–	1	8%
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	3	25%

1 The Interim CFO is not a Director therefore the CFO has been excluded from this analysis.

The search for a permanent CFO is ongoing and the Committee will continue to focus on the Senior Leader talent requirements, and the key actions being taken around talent management, to ensure the continued ability of the Company to compete effectively in the marketplace. We are moving towards a more proactive and future focused approach to identify and grow top talent, taking tangible actions to grow our talent pipeline. The Committee will continue to monitor progress in this area.

Board evaluation

As explained in detail on page 67, the annual Board evaluation process was delayed to allow our new Non-executive Directors time to embed within the Board. The Nomination Committee will review the results of the Board evaluation when feedback is provided from the external Board evaluator.

Diversity, Equity & Inclusion

A Board comprising the right balance of skills, experience and diversity in its broadest sense, including diversity of thought, encourages more effective discussions and better decision-making and is best placed to support a company in delivering its strategic objectives. When recommending new appointments to the Board and its Committees, suitably qualified applicants from a diverse pool will be considered, with no restrictions on protected characteristics such as age, gender, sexual orientation, religion or ethnic background and Board appointments will always be made on merit.

Diversity targets

We continue to monitor targets set by the FTSE Women Leaders Review, the Financial Conduct Authority and the Parker Review regarding gender and ethnic diversity and the Committee is pleased to report that we meet these external target. As at the date of this report:

- We have 50% of the Board represented by women
- The position of Senior Independent Director is currently held by a woman
- We have one Board member from an ethnic minority background.

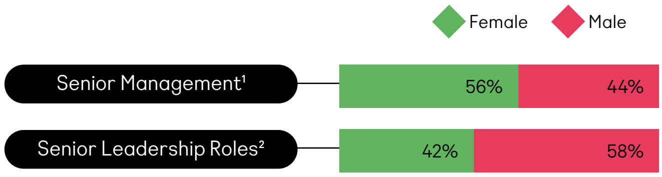
Senior Leaders' diversity

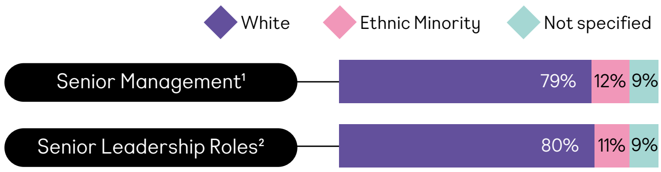
Our approach to Board diversity sets the tone for Diversity, Equity & Inclusion (DEI) throughout the business. We are committed to treating everyone the same, encouraging our differences and aim for our ASOSers to reflect our diverse customer base.

As a Committee, we have reviewed progress made against our 'Be Diverse' goal of our FWI Strategy, which sets out our commitment to driving DEI across every aspect of our business. Internally, we define our senior leaders as those with 'Head of' roles and above ("Senior Leaders"), but we are conscious that the UK Corporate Governance Code 2018 (the "Code") defines senior management as the first layer of management below board level, in our case the Management Committee, and their direct reports. Under the Code definition, which covers 100 roles, we have 56% female representation across senior management roles. However, when using our broader internal Senior Leaders metric, which covers our top 236 leaders, we have 42% female representation and aspire to increase this. For transparency, we are reporting both metrics. We are pleased that we have strong female leadership but hold ourselves to a higher standard, to ensure balanced representation under a broad definition of leaders.

There was no difference to our ethnic diversity between the two definitions. We would like to see a more diverse representation of our society within our Senior Leadership team and this remains a key focus of our hiring approach at senior level. Although we continue to encourage employees to provide demographic information, this is optional therefore it can hinder us having a true understanding of our employee base. DEI will continue to be a focus area for the Committee in FY24.

As at our financial period end of 3 September 2023, our gender and ethnicity balance across Senior Leadership roles was:





1 Defined as the Management Committee and their direct reports across 100 roles in accordance with the UK Corporate Governance Code 2018.
2 Defined as 'Head of' and above positions across 236 roles.

Further information on our Be Diverse goal, and our approach to DEI can be found on pages 15 and 18.

Our Committee's focus for FY24

Our focus as a Committee as we enter FY24 is on:

- Executive succession planning, notably the search for a permanent CFO.
- Senior Leadership succession planning below Board level, including oversight of the talent pipeline and development.
- Progress against DEI commitments and objectives.

Jørgen Lindemann
Nomination Committee Chair
31 October 2023

Directors' Remuneration Report

Remuneration Committee Chair's statement

Committee Chair
Mai Fyfield

Members
Marie Gulin-Merle   Natasja Laheij

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 Management Committee.
- Monitor, review and approve the levels and structure of remuneration for other Senior Leaders 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 Management Committee.
- Review and approve any material termination payment.

Terms of Reference

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

The Remuneration Committee's attendance at meetings is detailed in the table on page 62.

Dear shareholder

On behalf of the Board, I am pleased to present the Remuneration Committee's report for the period to 3 September 2023. I took over as Chair of the Committee at the beginning of 2023, and I would like to thank my predecessor, Karen Geary, for her contribution as Committee Chair since 2019 and her support to me during the transition. I would also like to thank Patrick Kennedy and Eugenia Ulasewicz, who stepped down from the Board and Committee during the year, for their service.

Business context

In October 2022, we set out our Driving Change agenda, which focuses on delivering key operational improvements and disciplined capital allocations, to turn the business around and ensure that we are well positioned to drive profitable growth over the longer term. The agenda consists of four pillars: 1. Renewed commercial model; 2. Stronger order economics and lighter cost profile; 3. Robust and flexible balance sheet; and 4. Reinforced leadership and culture.

The Driving Change agenda is delivering. Whilst ASOS realised a loss for the full year against a very challenging trading environment, we delivered on our target of returning to profit in the second half of the year. On realising £300m of cost savings and profit initiatives, we delivered more than a 30% year-on-year improvement in order profitability and H2 adjusted EBIT was up more than 100% year-on-year, despite the decline in sales. We have delivered sales and profit broadly in line with guidance and whilst weak sales in July and August significantly impacted year-end cash, this is mainly a timing effect. The Board and management continue to focus on executing the final stages of the Driving Change agenda and developing the foundations for the next phase of growth.

Directors' Remuneration Policy

ASOS plc listed on the Main Market of the London Stock Exchange in February 2022 and our first binding vote on the Directors' Remuneration Policy took place at our AGM in January 2023. This rolled over the policy we had operated as an AIM-listed company for a number of years, with the addition of some enhanced governance features reflecting expected practice for Main Market listed companies. The Committee was very pleased that c.99% of our shareholders supported the Policy.

Given that this is a time of significant turnaround for ASOS, the Committee is keeping the Policy under regular review to ensure it remains well aligned to our strategy. Therefore, in FY23, we carried out a full review of the framework, which included several detailed conversations with management and our appointed advisors in which we considered a range of approaches. The conclusion of that review was that for FY24, our current framework of an annual bonus and ASOS Long-Term Incentive Scheme (ALTIS) remains the most suitable and will best motivate management to achieve the strong operational performance required to deliver our strategy. This next period is pivotal in the turnaround of the business, and the Committee firmly believes that an incentive structure linked to robust, relevant financial and strategic performance metrics is right for us at this time. The Committee believes that given the current share price level, the existing ALTIS framework presents an opportunity for sufficient upside potential to motivate management during this critical time.

Our Annual Report on Remuneration sets out how the Policy was put into practice during FY23 and how it will be implemented in FY24. Together with this statement it will be put to an advisory vote at the upcoming Annual General Meeting.

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

- Considered the alignment of executive remuneration with the strategy of ASOS and the effectiveness of the Directors' Remuneration Policy, including a review of alternative structures.
- Shared the proposed implementation of the Policy for FY24 with our largest shareholders in advance.
- Reviewed and confirmed the outcomes of the FY23 annual bonus and the FY21 three-year ASOS Long Term Incentive Scheme (ALTIS) awards for Executive Directors and senior management.
- Reviewed and approved the Chair's, CEO's and Senior Leaders' pay and benefits during FY23, in the context of their performance, Company performance, stakeholder and shareholder experiences.
- Set performance measures for the FY24 annual bonus and ALTIS awards for the CEO and senior management, in line with our Remuneration Policy.
- Considered the treatment of the impact of corporate activity and financing activity on reward schemes.
- Reviewed and approved changes to the structure of incentives below Board.
- Considered the relationship between executive pay and wider workforce pay, and reviewed gender and ethnicity pay gap data.
- Considered corporate governance developments and market practice relating to executive and wider workforce pay.
- Engaged with employee representatives on executive pay and pay across the wider workforce.

Directors' Remuneration Report continued

Remuneration outcomes for the period ended 3 September 2023

Below sets out the performance outcomes of our FY23 annual bonus and FY21 ALTIS.

FY23 annual bonus

The annual bonus for FY23 was based 15% on revenue, 25% on adjusted profit before tax, 35% on adjusted free cash flow and 25% on strategic and ESG measures. The strategic and ESG element was measured on DEI (female and ethnic minority leadership goals), stock turn and cost mitigation performance.

Whilst some progress was made against the strategic measures, the financial metrics were not met and the Committee determined that no bonus will be paid to the Executive Directors for FY23.

FY21 ALTIS

The FY21 ALTIS was based on revenue growth (35%), diluted EPS (35%) and relative TSR (30%) over the three-year period to 3 September 2023.

Performance against the three measures was below threshold and so the overall vesting level for the FY21 ALTIS was 0%.

Remuneration in FY24

Salary

The Committee reviewed the CEO's salary and determined to award a salary increase of 4% with effect from 1 December 2023. This is slightly below the average increase for the wider workforce.

The salary for the new CFO will be set on appointment.

Annual bonus

The maximum opportunity remains as 150% of salary under the Policy. The Committee reviewed the performance measures and determined that for FY24, the bonus would include a single financial measure (weighting 75%): adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) less capital expenditure (Capex). This measure of performance has been chosen because it is a good proxy for operational cash, and is what management will be focused on delivering for the year ahead. The remaining 25% will be measured against targets for closing stock, adjusted gross margin and cost to serve. These strategic measures were carefully chosen to ensure that they are aligned to our most critical business priorities for FY24 which are in turn pivotal to the turnaround of the business.

ALTIS

To align with our strategic focus on profitability and cash generation over growth, the Committee determined that for the FY24 grant, performance will be measured entirely on adjusted EBIT.

While the Committee recognises that this is a change from our recent practice, where we have included three or four measures in the ALTIS, given our strategic focus on returning the business to profit and ensuring that future growth is sustainable and profitable, we considered it absolutely right that the FY24 ALTIS award should entirely align with the achievement of stretching EBIT targets. The targets are disclosed on page 84.

ESG continues to be a vital component of our strategy. To ensure that management incentives continue to be strongly aligned to the delivery of our Fashion with Integrity pillars, the ALTIS will include an ESG modifier. As we do not wish to detract from our emphasis on profitability and believe that including a downwards only modifier is more appropriate than providing the potential to earn additional reward, we concluded that we would not incorporate ESG as a standalone measure. The modifier will allow the Committee to reduce the level of awards vesting by up to 15% if, based on a holistic assessment of performance over the three-year period by the ESG Committee, appropriate progress has not been achieved.

The maximum opportunity is 250% of salary under the Policy. The Committee is conscious that the share price has declined since the last ALTIS award was granted in November 2022 and has carefully considered whether it would be appropriate to reduce the award to reflect this. Following discussions, the Committee decided not to reduce the award levels as it believes the upside potential that could be delivered through share price growth will ensure that management are fully motivated to deliver the strategy during this critical time. The EBIT targets will only be achieved if there is a significant turnaround in performance, which should in turn lead to an improvement in the share price and increase the value of awards, allowing for significant management rewards for delivering improved shareholder value. We believe this will also provide an attractive reward proposition for an incoming CFO.

To ensure that the value of awards vesting is appropriate, as is our usual practice and consistent with our Policy and market norms, the Committee will review performance outcomes in the context of wider business and share price performance prior to confirming any vesting.

We shared our approach for the FY24 ALTIS with our largest shareholders in September 2023. The feedback we received was broadly supportive of the change in measures. One significant shareholder felt that the ESG modifier was too low. We responded to this feedback by increasing the modifier to 15 per cent. Where ESG measures are included with a LTIP within the FTSE 350, their typical weighting would be 15%. Management are also supportive of the approach.

Annual remuneration votes FY 2022 AGM

	Total votes cast	Votes for	Votes against	Votes withheld (abstentions)
Directors' Remuneration Report	67,445,531	97.23%	2.77%	1,511
Directors' Remuneration Policy	67,378,489	98.95%	1.05%	68,553

Votes for · Votes against · Votes withheld (abstentions)

Wider workforce remuneration

During the period, the Committee reviewed the remuneration framework for the population below Board. In order to align with our strategic focus on profitability and retain critical talent, it is imperative that the broader leadership team and senior management are appropriately incentivised. The Committee therefore reviewed ALTIS participation below Board and determined to make some adjustments to the approach. Below Executive Director level, ALTIS eligible participants may receive either ALTIS awards, a combination of ALTIS and restricted shares, or just restricted shares, depending on their grade. Where restricted shares are awarded, these are subject to an underpin.

Whilst not formally 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. We also brought forward the implementation of the UK real Living Wage pay rates by three months in December 2022. 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%, and a one-off payment of £500, and an additional support with lunch vouchers. Our annual pay review also targeted higher increases at our lower paid employees.

Colleague engagement

My predecessor, Karen Geary, held a dedicated session with our employee engagement network, the ASOS Voices Network. The session covered both executive remuneration and wider employee remuneration matters, including outlining the structure and different elements of an Executive Director's remuneration package, and the proposed Remuneration Policy for Executive Directors. During the course of the year, Jørgen Lindemann met regularly with the Voices Network so providing another opportunity for employees to provide feedback on actions taken on reward during the past year and we regularly ask employees for their feedback on how fair they feel they are rewarded.

Board changes

Mat Dunn stepped down as Chief Operating Officer and Chief Financial Officer on 31 October 2022, and left the Company on 31 December 2022. Details of his remuneration arrangements on departure were fully disclosed in last year's Directors' Remuneration Report, but are provided again on page 88.

Wei Gao, Marie Gulin-Merle, Natasja Laheij, Jose Manuel Martínez Gutiérrez and Anna Maria Rugarli all joined the Board as Non-executive Directors in the year. Their fees are in line with the Policy; current Non-executive Director fee levels are shown on page 86.

Reporting changes

As noted earlier in this Annual Report, the FY23 financial period covers the period from 1 September 2022 to 3 September 2023. The reporting in this Directors' Remuneration Report has been adjusted to reflect this.

Concluding remarks

On behalf of the Committee, I would like to thank shareholders for their consideration of the changes to the measures for our FY24 incentive schemes. The Committee looks forward to engaging with investors over the year ahead as we consider our future remuneration approach. In the meantime, we look forward to receiving your support for the Directors' Remuneration Report at the upcoming AGM.

Mai Fyfield
Remuneration Committee Chair
31 October 2023

Annual Report on Remuneration

Summary of FY24 implementation of Remuneration Policy

ASOS Plc listed on the Main Market of the London Stock Exchange in February 2022 and submitted our Remuneration Policy ("the Policy") for binding shareholder approval for the first time at the 2023 AGM. In line with the regulations, the approved Policy for ASOS' Executive and Non-executive Directors will operate for up to the three years from the date of approval.

The purpose of the 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 table summarises the main elements of the Policy, along with details of the implementation for the year ending 1 September 2024. The full Policy can be found in our 2022 Annual Report (available at asosplc.com).

Element	Purpose and link to strategy	Operation	Implementation for FY24
Base salary	Reflects an individual's responsibilities, experience and performance in their role.	Reviewed annually, with changes effective from 1 December. Salary increases will normally be in line with the typical level of increase awarded to other employees.	The CEO will receive an increase of 4% which is slightly below the average increase for the wider UK workforce. His salary will therefore be £728,000. The salary of the new CFO will be set upon appointment.
Pension	To contribute financially during post-retirement.	Defined contribution arrangement or salary supplement. Contribution aligned to the wider workforce, which is currently 5% of base salary.	The pension allowance for the CEO is 5% of salary, in line with the rate available for the majority of the workforce. The pension allowance for new Executive Directors including the new CFO will follow the same approach.
Other benefits	To support the personal health and wellbeing of employees. To reflect and support ASOS culture.	Package of taxable benefits offered through our flexible benefits scheme, ASOS Extras, which offers all employees a fixed value depending upon their seniority, and can be used either to buy a variety of benefits or be taken in cash. The Executive Directors currently receive a flexible benefits allowance of £12,500 per annum. Other benefits include private medical insurance, life assurance and group income protection.	No change.
Annual bonus	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.	Maximum opportunity of 150% of salary with a one-year performance period. Performance may be based on a mix of financial, operational, strategic and individual measures, with at least 50% based on financial measures. 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 Committee retains 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. Malus and clawback provisions apply.	The CEO's maximum will be 150% of salary. The performance measures will be: • 75% financial: EBITDA less capex • 25% strategic: closing stock, adjusted gross margin and cost to serve Adjusted EBITDA less capex has been selected because it is a good proxy for operational cash and is what management will be focused on delivering for the year ahead. The strategic measures were carefully chosen to ensure that they are aligned to our most critical business priorities for FY24 which are in turn pivotal to the turnaround of the business. The annual bonus targets are commercially sensitive and will be disclosed at the end of the performance year, as in prior years.
ASOS Long Term Incentive Scheme (ALTIS)	Supports the strategy and business plan by incentivising and retaining the ASOS senior management team in a way that is aligned with both ASOS' long-term financial performance and the interests of shareholders.	Maximum opportunity of 250% of salary in normal circumstances (although the ALTIS rules allow for grants of up to 500% of salary in any given year). Three-year performance period and two-year holding period. Awards may vest based on financial, non-financial and strategic performance conditions which are aligned to the Company's strategy. 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. Malus and clawback provisions apply.	The CEO will receive an award of 250% of salary. To align with our strategic focus on profitability, the Committee has determined that for the FY24 grant, performance will be measured entirely on adjusted EBIT performance. Page 82 of the Annual Statement provides further discussion on the reasons for the change. For the FY24 grant the Committee decided that, at threshold performance, vesting will be 15%, rather than the 25% set out in the Policy. The targets for FY26 are therefore as follows: • Threshold (15% vesting): £60m • Target (62.5% vesting): £120m • Maximum (100% vesting): £165m To preserve the link between long-term incentives and ESG performance, a modifier will apply whereby any awards vesting due to EBIT performance may be reduced by up to 15%, based on a holistic assessment by the ESG Committee of performance against our FWI pillars over the three-year period.

Element	Purpose and link to strategy	Operation	Implementation for FY24
Share ownership guidelines	Increases alignment between the Board and shareholders. Shows a clear commitment by all Executive Directors to creating value for shareholders in the long term.	The shareholding guideline for Executive Directors is 200% of salary and they will normally be expected to hold 50% of any shares acquired on vesting until the guideline have 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.	No change.
All-employee share plan	Increase alignment between employees and shareholders in a tax-efficient manner. Supports retention of employees.	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.	No change.
Non-executive Director fees	Provide fees appropriate to time commitments and responsibilities of each role.	Paid monthly in cash, with fees reviewed periodically. Supplementary fees are paid for holding additional roles, for example Committee Chairs, Committee members and the Senior Independent Director. The Chair receives a consolidated fee. Reasonable business expenses (together with any tax thereon) may be reimbursed. 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.	The Non-executive Directors' fees were last reviewed in October 2022. No changes were made to the annual 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 2018. The Committee considers that the Company's executive remuneration framework addresses the following factors:

Clarity	The Committee has provided clear disclosures regarding our Policy, its alignment to our purpose and strategy, and the necessary performance requirements. The changes we made to the Policy in FY23 and our approach to implementation for FY24 support the delivery of our strategy. We consulted with our shareholders and employees on the new Policy and provided clarity on the relationship between the successful implementation of our strategy and executive remuneration and we shared our approach to implementation of the FY24 Policy with shareholders in advance.
Simplicity	Our remuneration structures, including their rationale and operation, are simple to understand and familiar to stakeholders.
Predictability	Our 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, by ensuring the Committee understands the remuneration of the wider workforce and engaging with stakeholders.

Executive Directors' service contracts

It is our policy that any Executive Director should have a rolling service contract with an indefinite term, but a fixed period of notice of termination. The services of any Executive Director may be terminated on a maximum of 12 months' notice by the Company or the individual. Our usual approach to remuneration when an Executive Director leaves is explained in our Policy. Executive Directors' contracts are available to view at the Company's registered office.

Annual Report on Remuneration continued

Details of how the Policy has been applied in the financial period to 3 September 2023 are set out below. The Committee considers that the Policy operated as intended in the period. Certain information within this section has been audited and is highlighted as such.

Directors' remuneration table (audited)

The remuneration of the Directors for the financial period to 3 September 2023 and the year to 31 August 2022 is set out in the tables below.

Executive Director		Base salary £	Benefits[1] £	Pensions[2] £	Total fixed £	Bonus £	LTIP[3] £	Total variable £	**Total remuneration £**
José Antonio Ramos Calamonte[4]	**2023**	**705,753**	**73,734**	**35,288**	**814,775**	**–**	**–**	**–**	**814,775**
	2022	126,615	23,254	5,833	155,702	–	–	–	155,702
Mat Dunn[5]	**2023**	**87,500**	**2,831**	**8,750**	**99,081**	**–**	**–**	**–**	**99,081**
	2022	566,932	23,160	54,924	645,016	–	16,708	16,708	661,724
Total	**2023**	**793,253**	**76,565**	**44,038**	**913,856**	**–**	**–**	**–**	**913,856**
	2022	693,547	46,414	60,757	800,718	–	16,708	16,708	817,426

Non-executive Director		Base fee £	Additional fee £	Total expenses[6] £	Total remuneration £	Basis for additional fee
Jørgen Lindemann[7]	**2023**	**352,876**	**0**	**64,410**	**417,286**	**–**
	2022	71,339	3,750	35,516	110,605	Member of Audit and Nomination Committees until appointed Chair of Board on 1 August 2022
Mai Fyfield	**2023**	**56,692**	**17,346**	**–**	**74,038**	**SID, Remuneration Committee Chair and Member of Audit and Nomination Committees**
	2022	55,922	5,208	–	61,130	Member of Audit, Remuneration and ESG Committees
Wei Gao[8]	**2023**	**33,263**	**3,005**	**35,714**	**71,982**	**Member of Audit, Nomination and ESG Committees**
	2022	–	–	–	–	–
Karen Geary[9]	**2023**	**14,271**	**3,807**	**1,105**	**19,183**	**Remuneration Committee Chair, Member of Nomination and ESG Committees until 1 December 2022**
	2022	55,922	13,750	12,218	81,890	Remuneration Committee Chair, Member of Nomination and ESG Committees
Marie Gulin-Merle[10]	**2023**	**33,263**	**1,479**	**8,373**	**43,115**	**Member of Remuneration Committee**
	2022	–	–	–	–	–
Luke Jensen[11]	**2023**	**9,372**	**833**	**60**	**10,265**	**Member of Audit and Nomination Committees until 31 October 2022**
	2022	55,922	3,750	1,430	61,102	Member of Audit and Nomination Committees
Patrick Kennedy[12]	**2023**	**33,504**	**14,896**	**2,615**	**51,015**	**SID, Audit Committee Chair, Member of Remuneration and Nomination Committees until 5 April 2023**
	2022	35,702	15,744	19,590	71,036	SID, Audit Committee Chair, Member of Remuneration and Nomination Committees
Natasja Laheij[13]	**2023**	**22,486**	**4,999**	**–**	**27,485**	**Audit Committee Chair and Member of Remuneration Committee**
	2022	–	–	–	–	–
Jose Manuel Martínez Gutiérrez[14]	**2023**	**22,486**	**1,484**	**7,997**	**31,967**	**Member of Audit and ESG Committees**
	2022	–	–	–	–	–
Nick Robertson[15]	**2023**	**56,692**	**2,521**	**–**	**59,213**	**Member of ESG Committee**
	2022	55,922	1,458	–	57,380	Member of ESG Committee
Anna Maria Rugarli[16]	**2023**	**10,899**	**1,938**	**–**	**12,837**	**ESG Committee Chair**
	2022	–	–	–	–	–
Eugenia Ulasewicz[17]	**2023**	**20,447**	**5,455**	**27,988**	**53,890**	**ESG Committee Chair, Member of Audit and Remuneration Committees until 11 January 2023**
	2022	55,922	9,583	122,750	188,255	ESG Committee Chair, Member of Audit and Remuneration Committees
Total	**2023**	**666,251**	**57,763**	**148,262**	**872,276**	
	2022	386,651	53,243	191,504	631,398	

1 José Antonio Ramos Calamonte is entitled to a relocation allocation 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. His 2022 benefits figure has been restated to reflect qualifying amounts for 2022 and any expenses not captured in time for the prior year's report.
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.
2 Since his appointment, José has received a pension contribution of 5% of salary, in line with the wider workforce. Mat Dunn's contribution level reduced from 10% to 5% of salary on 1 December 2022.
3 For 2023, this includes the FY21 ALTIS award as detailed on page 87. The performance targets were not met and no part of the award vested. The figures for 2022 are the adjusted figures to show the share price of £5.59 on the vesting date of 31 October 2022 (previously shown as £29,561 for Mat Dunn).
4 José was appointed CEO on 16 June 2022, therefore only his remuneration between 16 June 2022 and 31 August 2022 is shown in his 2022 figure.
5 Mat stepped down from the Board on 31 October 2022 and remained employed until 31 December 2022. His 2023 remuneration is calculated to 31 October 2022. He 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 2022 base salary in the table. He did not receive any such allowance for any part of 2023.

6 The taxable expenses include travel and other expenses related to their role and have been grossed up for tax, where applicable. The 2022 expenses for Jørgen Lindemann, Patrick Kennedy and Eugenia Ulasewicz have been restated to reflect qualifying amounts for 2022 and any expenses not captured in time for the prior year's report.
7 Jørgen Lindemann was appointed as Non-executive Director on 1 November 2021 and Chair of the ASOS Plc Board on 1 August 2022.
8 Wei Gao was appointed to the Board on 1 February 2023.
9 Karen Geary stepped down from the Board on 1 December 2022.
10 Marie Gulin-Merle was appointed to the Board on 1 February 2023.
11 Luke Jensen stepped down from the Board of 31 October 2022.
12 Patrick Kennedy was appointed Non-executive Director, Senior Independent Director and Chair of the Audit Committee on 13 January 2022. He stood down from the Board on 5 April 2023.
13 Natasja Laheij was appointed to the Board on 11 April 2023.
14 Jose Manuel Martínez Gutiérrez was appointed to the Board on 11 April 2023.
15 Nick Robertson donated all of his base service fee and his additional fee to the ASOS Foundation.
16 Anna Maria Rugarli was appointed to the Board on 26 June 2023.
17 Eugenia Ulasewicz was appointed Chair of the newly established ESG Committee on 1 February 2022. She stepped down from the Board on 11 January 2023.

Annual bonus for the period ended 3 September 2023 (audited)

The annual bonus plan for the period ended 3 September 2023 was based on the following financial metrics:

	Weighting	Threshold	Target	Maximum	Performance achieved	Outcome
Financial metrics						
Adjusted PBT[1]	25%	£18m	£35m	£52m	£(70.3)m	0%
Revenue growth[2]	15%	(7)%	(5)%	(1)%	(11)%	0%
Adjusted Free Cash Flow[3]	35%	£(70)m	£(35)m	£0m	£(190.4)m	0%

1 Adjusted for £226m of adjusting items. See page 117.
2 Constant currency basis.
3 See page 169 for reconciliation.

The remainder of the bonus (25%) was based on a combined ESG and strategic measure with performance measured against targets for Diversity, Equity & Inclusion (DEI), group stock turn and cost mitigation.

Whilst progress was made against the strategic measures, the financial metrics were not met and the Committee determined that no bonus will be paid to the Executive Directors for FY23.

FY21 ALTIS awards vesting for performance to 3 September 2023 (audited)

The ALTIS awards with a performance period ending on 3 September 2023 are due to vest on 31 October 2023. These awards were based on revenue growth, diluted EPS and relative TSR over the three-year performance period from 1 September 2020 to 3 September 2023. The performance targets and level of achievement against those targets were as follows:

Measures	Weighting	Targets	Percentage vesting	Actual achievement	Vesting
Revenue growth[1]	35%	Below 12.2%	0%	2.7%	0%
		12.2%	25%		
		Between 12.2% and 22.2%	Between 25% and 100%[2]		
		22.2% or above	100%		
Diluted EPS[1]	35%	Below 161.2p	0%	(38.3)p[3]	0%
		161.2p	25%		
		Between 161.2p and 206.7p	Between 25% and 100%[2]		
		206.7p or above	100%		
Relative TSR	30%	Below median	0%	Below median	0%
		At median	25%		
		Between median and upper quartile	Between 25% and 100%[2]		
		At or above upper quartile	100%		

1 The targets were adjusted in May 2021 for the Topshop brands acquisition (in February 2021) and the convertible bond issue (in April 2021). Details were disclosed on pages 91-92 of the 2022 Annual Report and Accounts.
2 Straight-line interpolation between points in the range.
3 Consistent with the approach taken in previous years, actual performance for the diluted EPS condition has been assessed using an adjusted profit before tax of £(70.3)m, 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 as described in footnote 1.

Performance against the three measures was below threshold and so the overall vesting level for the FY21 ALTIS was 0%.

ALTIS awards granted in the year (audited)

In the period under review, an ALTIS award was granted to the CEO, José Antonio Ramos Calamonte, on 28 November 2022. Details of the award are as follows:

Details of vesting:

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	271,739	£1.75m	25%	01.09.22 – 31.08.25

1 Based on the 28-day average share price of £6.44 as at 25 November 2022.

Annual Report on Remuneration continued

The performance conditions for these awards are in the table below, with performance measured over the three-year period from 1 September 2022 to 31 August 2025, and vesting on 31 October 2025:

Measures	Weighting	Threshold performance (25% vesting)[2]	Maximum performance (100% vesting)
EPS growth[1]	30%	61.2p	128.8p
Revenue growth (CAGR)[1]	30%	2.1%	8.0%
Relative TSR	25%	Median	Upper quartile
ESG – FWI goals	15%	See below[3]	See below[3]

1 EPS targets are for the final year of the performance period. Revenue growth targets represent average p.a. growth rates compared to FY22 reported revenue.
2 For Revenue and EPS growth, there is straight-line vesting between threshold and target (62.5% vesting) and between target and maximum. For TSR, there is straight-line vesting between threshold and maximum.
3 ESG performance will be assessed based on the extent of the Company's progress toward the Company's four FWI goals: (1) Be Net Zero; (2) Be More Circular; (3) Be Transparent; (4) Be Diverse and achievement of the FY23 and FY25 externally stated commitments. The Committee will determine what level of vesting is appropriate considering the overall progress achieved, taking advice from the ESG Committee.

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.

Payments for loss of office (audited)

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 restructured its Executive team. The combined CO&FO role was discontinued after the restructuring. Mat continued in his roles and as a member of the Board until 31 October 2022 and remained employed until 31 December 2022 to provide transitional support.

Details of payments and entitlements made to Mat Dunn during the period to 3 September 2023, following his stepping down from the Board on 31 October 2022 and until he left employment on 31 December 2022, are set out below:

	£
Base salary	87,500
Pension	6,563
Benefits	2,834
Payment in lieu of notice period	327,174
Legal and outplacement costs	35,000
Total	**459,071**

Mat's remuneration arrangements on departure were in line with the leaver treatment set out in the Policy and are summarised as follows:

- Mat received his usual salary and normal benefits during the remainder of his employment and thereafter received an amount in lieu of his salary for the remainder of his 12-month notice period to 15 August 2023.
- Mat was eligible to receive a bonus in respect of FY23, pro-rated to the date he stepped down from the ASOS Plc Board (31 October 2022), assessed and paid in the normal way.
- Mat's FY20 ALTIS vested as normal on 31 October 2022 (as outlined on page 91 of the 2022 Annual Report and Accounts). Given that the combined CO&FO role was not retained in the new executive team, the Committee treated 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 and will vest on the normal vesting date, subject to the satisfaction of applicable performance conditions. He was not entitled to a FY23 ALTIS award.
- He was also 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 financial period to 3 September 2023.

Payments to past Directors (audited)

There were no payments made to any past Directors during the financial period to 3 September 2023.

Directors' interests in share plans (audited)

Director	Share option scheme	Date of grant	31 August 2022 (no. of shares)	Granted during the period to 3 September 2023 (no. of shares)	Lapsed during the period to 3 September 2023 (no. of shares)	Vested during the period to 3 September 2023 (no. of shares)	As at 3 September 2023 (no. of shares)	Vest date/ period
José Antonio Ramos Calamonte	ALTIS[1]	16.02.21	12,511	–	–	–	12,511	31.10.23
	ALTIS[1]	23.11.21	21,433	–	–	–	21,433	31.10.24
	RSU[2]	14.01.22	20,319		–	20,319	–	50% on 31.10.22 and 50% on 30.04.23
	ALTIS[1]	23.06.22	20,612		–	–	20,612	31.10.24
	ALTIS[1]	28.11.22	–	271,739	–	–	271,739	31.10.25
Mat Dunn[3]	ALTIS[1]	20.11.19	27,173	–	24,184	2,989	–	31.10.22
	ALTIS[1]	20.11.20	25,633	–	5,694	–	19,939	31.10.23
	ALTIS[1]	23.11.21	48,791	–	27,136	–	21,655	31.10.24

1 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.
2 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 was subject to continued employment. These awards were granted before José Antonio Ramos Calamonte was appointed to the main Board.
3 Mat Dunn stepped down as CO&FO on 31 October 2022. As set out on page 88, he was treated as a good leaver in respect of inflight FY21 and FY22 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 2022, the date of his departure.

Directors' shareholdings (audited)

The Directors who held office at 3 September 2023 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. A post-employment shareholding guideline was introduced in the current Policy, whereby normally the full in-employment guideline must be held for one year following stepping down from the Board, and half the in-employment guideline for the second year following stepping down from the Board.

Director	Beneficially owned as at 31 August 2022 (no. of shares)	Beneficially owned as at 3 September 2023 (no. of shares)	Outstanding share options (ALTIS) (no. of shares)	Shareholding guideline met
José Antonio Ramos Calamonte	3,705	24,322	326,295	No
Jørgen Lindemann	62,052	130,052	N/A	N/A
Mai Fyfield	2,000	2,000	N/A	N/A
Wei Gao	–	–	N/A	N/A
Marie Gulin-Merle	–	–	N/A	N/A
Natasja Laheij	–	–	N/A	N/A
Jose Manuel Martínez Gutiérrez	–	–	N/A	N/A
Nick Robertson	2,886,414	2,636,025	N/A	N/A
Anna Maria Rugarli	–	–	N/A	N/A

Former Directors	Beneficially owned as at 31 August 2022 (no. of shares)	Beneficially owned as at date of resignation from Board (no. of shares)
Mat Dunn[1]	20,644	22,187
Karen Geary[2]	641	641
Luke Jensen[3]	15,733	15,733
Patrick Kennedy[4]	53,000	53,000
Eugenia Ulasewicz[5]	500	500

1 As at 31 October 2022.
2 As at 1 December 2022.
3 As at 31 October 2022.
4 As at 5 April 2023.
5 As at 11 January 2023.

Post-period end, William Barker was appointed as Non-executive Director on 20 September 2023. William is the founder and CEO of Camelot Capital Partners LLC ("Camelot Partners") which, as at the date of his appointment and as at the date of this report, held 16,722,381 shares in the Company, representing 14.02% of the Company's issued share capital.

There were no other changes to the Directors' share interests between 3 September 2023 and 31 October 2023.

Annual Report on Remuneration continued

Pay gap reporting

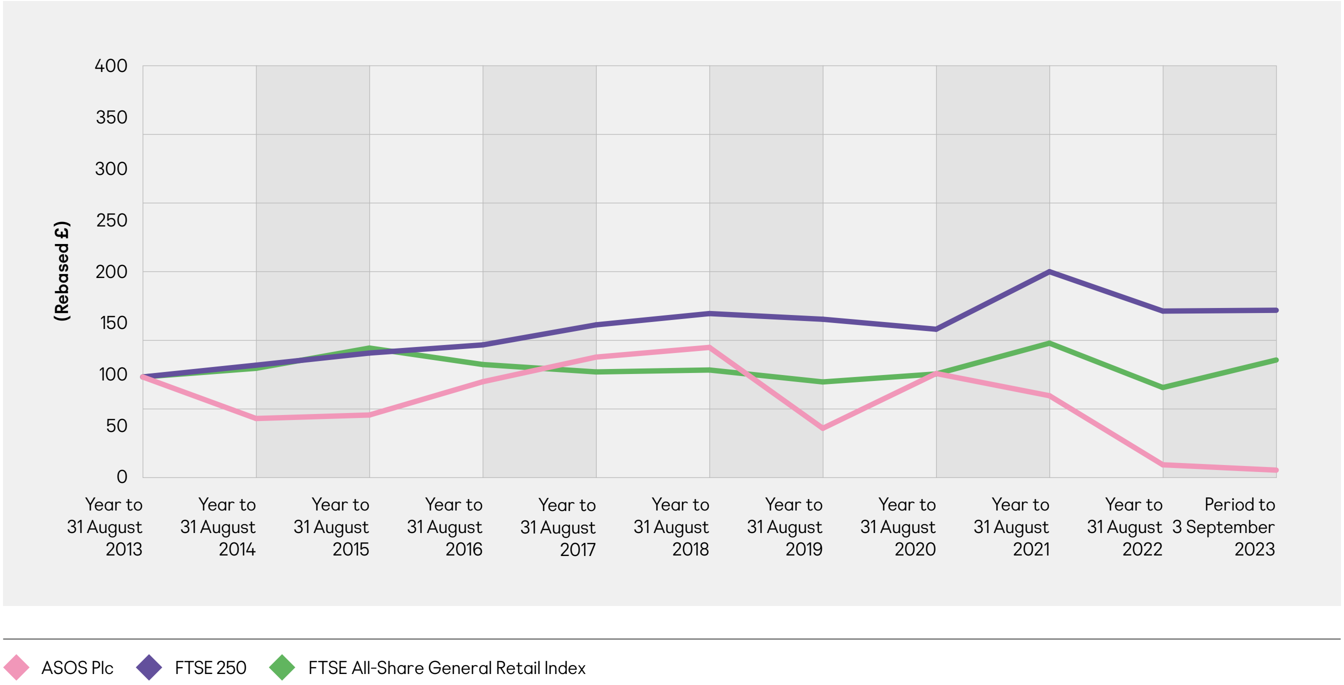
Diversity continues to be a key area of focus for ASOS, and we published our most recent Gender and Ethnicity Pay Gap report in March 2023. Our UK gender pay gap is not a symptom of unequal pay for equal work among men and women, but reflects the fact that there are more men than women in senior roles. We acknowledge that we are still on our journey to achieve at least 50% female representation and over 15% ethnic minority representation across our leadership teams.

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.

All our FWI reports and policies, including our Gender and Ethnicity Pay Gap report, can be found at asosplc.com/fashion-with-integrity/reports-and-policies/.

Performance and CEO remuneration comparison

This graph shows the value, by 3 September 2023, of £100 invested in ASOS Plc on 31 August 2013 compared with that of £100 invested in the FTSE 250 and the FTSE All-Share General Retail Indices. These indices are relevant to the Company in terms of size and sector respectively, 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 period ends.



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 2014	Year to 31 August 2015[4]	Year to 31 August 2016[5]	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[6]	Period to 3 September 2023
Total remuneration (£)[1]	337,193	81,280	1,199,520	3,072,259	2,904,614	848,487	1,730,323	1,726,859	252,782	814,775
Annual bonus %[2]	–	–	70.0%	65.0%	–	–	93.7%	89.9%	0%	0%
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.
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 1 September 2015.
6 During the year to 31 August 2022, Nick Beighton stepped down as CEO on 11 October 2021 and José Antonio Ramos Calamonte was appointed CEO on 16 June 2022, therefore this column shows the remuneration Nick received between 1 September 2021 and 11 October 2021 (£97,080) and the remuneration José received between 16 June 2022 and 31 August 2022 (£155,702). José had not joined the Company when the FY20 ALTIS was awarded. No bonus was paid in FY22.

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.

	FY23			FY22			FY21			FY20		
% change	Salary/ Fees	Benefits[11]	Bonus	Salary/ Fees[10]	Benefits[11]	Bonus	Salary/ Fees	Benefits[11]	Bonus	Salary/ Fees	Benefits[12]	Bonus
All employees	9%	8%	0%[1]	13%	-5%	-100%	16%	38%	8%	7%	13%	100%
Executive Directors												
José Antonio Ramos Calamonte[2]	457%	217%	–	–	–	–	–	–	–	–	–	–
Non-executive Directors[3]												
Jørgen Lindemann[4]	370%	81%	–	–	–	–	–	–	–	–	–	–
Mai Fyfield[3,5]	21%	0%	–	11%	-100%	–	–	300%	–	–	–	–
Wei Gao[6]	0%	–	–	–	–	–	–	–	–	–	–	–
Marie Gulin-Merle[6]	0%	–	–	–	–	–	–	–	–	–	–	–
Natasja Laheij[6]	0%	–	–	–	–	–	–	–	–	–	–	–
Jose Manuel Martínez Gutiérrez[6]	0%	–	–	–	–	–	–	–	–	–	–	–
Nick Robertson[3]	3%	0%	–	4%	-100%	–	–	–	–	–	-97%	–
Anna Maria Rugarli[6]	0%	–	–	–	–	–	–	–	–	–	–	–
Former Directors											–	–
Mat Dunn[7]	-85%	-88%	–	25%	29%	-100%	5%	2%	49%	1%	9%	100%
Karen Geary[3,8]	-74%	-91%	–	7%	383%	–	–	6900%	–	–	–	–
Luke Jensen[3,8]	-83%	-96%	–	8%	608%	–	–	400%	–	–	–	–
Patrick Kennedy[9]	-6%	-87%	–	–	–	–	–	–	–	–	–	–
Eugenia Ulasewicz[3,8]	-60%	-77%	–	19%	7240%	–	–	–	–	–	–	–

1 No payments were made under the Group annual bonus in FY22 and FY23. Some employees received payments under other bonus schemes, however as this was only a small population of the wider Group, this payment has been excluded from this calculation to allow for meaningful comparison year on year. No bonus was paid in FY19.
2 José Antonio Ramos Calamonte was appointed CEO part way through FY22, therefore his 2022 single figure showed part year data for the period 16 June 2022 to 31 August 2022. His 2023 single figure reflects a full year in role.
3 The base fee for Non-executive Directors was increased to £56,230 effective 1 December 2021. No increase was applied the following year.
4 Jørgen Lindemann joined the Board on 1 November 2021 and was appointed Chair on 1 August 2022, therefore his 2022 single figure showed part year data. His 2023 single figure reflects a full year in role.
5 Mai Fyfield joined the Board part way through FY20. She was appointed Chair of the Remuneration Committee on 1 January 2023.
6 Wei Gao, Marie Gulin-Merle, Natasja Laheij, Jose Manuel Martínez Gutiérrez and Anna Maria Rugarli joined part way through FY23.
7 Mat Dunn stepped down from the Board on 31 October 2022. During FY22, he received an additional temporary salary allowance of £5,000 per month to reflect his additional responsibilities leading the day-to-day operation of the business on a temporary basis until the CEO was appointed. During FY21, his target and maximum bonus opportunity was increased to align with the CEO. He was appointed to the Board part way through FY19 on 23 April 2019.
8 Karen Geary, Luke Jensen and Eugenia Ulasewicz were appointed part way through FY20 and all stepped down during FY23.
9 Patrick Kennedy joined the Board part way through FY22 and stepped down part way through FY23.
10 Change in fees for the Non-executive Directors have been restated this year to align with the single figure methodology.
11 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, FY22 and FY23.
12 Reduction in benefits in FY20 was due to a reduction in expenses claimed during that year.

CEO pay ratio

The table below shows the ratio of the total remuneration paid to the CEO for 2022/23 against the upper quartile, median and lower quartile full-time equivalent remuneration of ASOS' UK employees. This is the fourth year of reporting a pay ratio and data from the last two financial years is shown for comparison.

	Method	P25	P50	P75
2022/23	Option C	26:1	16:1	11:1
2021/22[1]	Option C	9:1	5:1	4:1
Full-year equivalent 2021/22[1]	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

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 Antonio Ramos Calamonte between 16 June 2022 and 31 August 2022. The ratio has been recalculated this year to reflect the actual value of Nick's FY20 ALTIS on the vesting date and the restatement of José's 2022 benefits figure (as described on page 86). This has reduced the ratio from 6:1 to 5:1. 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 had been CEO for the full financial year.

Annual Report on Remuneration continued

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 3 September 2023, and their total remuneration was calculated, including salary, benefits, flex allowance and pension as at that date plus 2022/23 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	£28,822	£47,071	£68,683
Total remuneration	£31,025	£49,832	£77,452

The Committee is satisfied that the median pay ratio for FY23 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. The pay ratio for the past two years (based on the full-time equivalent figure for 2021/22) has been lower than in the two years prior due in part to a nil payout on the annual bonus, compared to a payout near maximum in 2019/20 and 2020/21.

Relative importance of spend on pay

The following table shows ASOS' actual spend on pay (for all employees) relative to loss before tax. 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]

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

Loss before tax (£million)[2]

2 See consolidated income statement for more information.

Non-executive Directors' dates of appointment

All Non-executive Directors have letters of appointment in place with remaining terms as follows, subject to re-appointment at the Company's Annual General Meeting:

Non-executive Director	Date of appointment	Notice period	Appointment end date in accordance with letter of appointment[1]	Total length of service as at 3 September 2023
Jørgen Lindemann[2]	1 November 2021	3 months	31 July 2025	1 year 10 months
Mai Fyfield[3]	1 November 2019	3 months	31 October 2025	3 years 10 months
Wei Gao	1 February 2023	3 months	31 January 2026	7 months
Marie Gulin-Merle	1 February 2023	3 months	31 January 2026	7 months
Natasja Laheij	11 April 2023	3 months	10 April 2026	5 months
Jose Manuel Martínez Gutiérrez	11 April 2023	3 months	10 April 2026	5 months
Nick Robertson[4]	6 June 2000	3 months	31 August 2024	23 years 3 months
Anna Maria Rugarli	26 June 2023	3 months	25 June 2026	2 months
William Barker[5]	20 September 2023	3 months	19 September 2026	–

1 All Non-executive Directors' appointments are subject to their re-election at the AGM each year.
2 Jørgen Lindemann was appointed as Chair of the Board on 1 August 2022 following initial appointment to the Board as Non-executive Director on 1 November 2021.
3 Mai Fyfield was initially appointed for a three-year term commencing 1 November 2019 which was extended for a subsequent three years in October 2022.
4 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 1 September 2015.
5 William Barker was appointed post-period end.

Overview of Remuneration Committee

Composition of the Remuneration Committee

The Remuneration Committee currently comprises three independent Non-executive Directors: Mai Fyfield (Chair), Marie Gulin-Merle and Natasja Laheij. Karen Geary, Patrick Kennedy and Eugenia Ulasewicz also served on the Committee for part of the year (Karen Geary as Chair). 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 composition and effectiveness

Details of the Committee's experience can be found on pages 55 and 56. As explained on page 67, the annual evaluation of the Board and its Committees was delayed for FY23 and has not yet completed.

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 £59,450 in the period to 3 September 2023 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 received advice relating to remuneration matters from Slaughter and May on reward and legal matters respectively. As a matter of course, the Committee also received advice and assistance as needed from our Interim Chief People Officer, Reward Director, 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 FY25.
- Approve package for new CFO (at time of appointment).
- Review and approve any salary increases for the Executive Committee.
- Determine FY24 annual bonus outcome and FY22 ALTIS awards vesting.
- Approve any bonus, ALTIS or other awards intended to operate during FY25.
- Continue to monitor regulatory and legislative developments.

Directors' Report

The Directors present their report, together with the audited financial statements for the period ended 3 September 2023.

Results and dividends

The Group's results for the period ended 3 September 2023 are set out on pages 100 to 159.

As last year, the Directors do not recommend the payment of a dividend (2022: £nil).

Strategic Report

This is set out on pages 2 to 53 of the Annual Report and includes an indication of likely future developments.

Corporate Governance

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 61. A description of the composition and activities of the Board and its Committees, including our approach to diversity, is set out on pages 61 and 65. A full version of the Code is available from the Financial Reporting Council website at frc.org.uk.

Risk management and principal risks

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 73 to 74. A description of the principal risks facing the business, and the Group's approach to managing those risks, is on pages 44 to 51. Information on the Group's foreign currency risks is set out in Note 22 of the financial statements.

Significant events since the end of the financial period

Information on post balance sheet events can be found in Note 29 on page 159.

Share capital

The issued share capital of the Company as at 31 October 2023, being the last practicable date prior to this report, was 119,236,850 ordinary shares of 3.5 pence each. Details of the authorised and issued share capital, together with the details of shares issued during the period to 3 September 2023, are shown in Note 21 to the financial statements. 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 acquisition of the Company's own shares

The Company was also authorised by shareholders the AGM in January 2023 to replace the existing authority (as granted by shareholders at the AGM held on 7 December 2021) to purchase its own shares in the market up to a maximum of 5% of the issued share capital of the Company (excluding treasury shares). No shares were bought back under this authority during the financial period to 3 September 2023. This is a standard authority which is renewable annually and the Directors will be seeking to renew this authority at the next AGM.

Directors and their interests

The following Directors have held office since 1 September 2022 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
Mai Fyfield	1 November 2019
William Barker	20 September 2023
Wei Gao	1 February 2023
Marie Gulin-Merle	1 February 2023
Natasja Laheij	11 April 2023
Jose Manuel Martínez Gutiérrez	11 April 2023
Nick Robertson	6 June 2000
Anna Maria Rugarli	26 June 2023
Mat Dunn	Stepped down on 31 October 2022
Patrick Kennedy	Stepped down on 5 April 2023
Karen Geary	Stepped down on 1 December 2022
Luke Jensen	Stepped down on 31 October 2022
Eugenia Ulasewicz	Stepped down on 11 January 2023

Biographies of the Directors as at the date of this report are set out on pages 55 to 56.

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 appointment and retirement of Directors is governed by the Company's Articles of Association, the UK Corporate Governance Code 2018, the Companies Act 2006 and other related legislation.

The interests of the Directors, and their persons closely associated, in the share capital of the Company as at 3 September 2023, along with details of Directors' share options and awards, are contained in the Directors' Remuneration Report on pages 80 to 93. At no time during the period 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. This was in place throughout the period and up to the date of approval of the financial statements. 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 and was and remains in force as at the date of approval of the financial statements.

Articles of Association

Our Articles of Association can only be amended by special resolution of the shareholders and are available for inspection on our website at asosplc.com.

Branches

The Group has a branch of ASOS.com Limited registered in the Netherlands. Further details are provided on page 166, together with a full list of Group subsidiaries.

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 period, we used both the Employee Benefit Trust (EBT) and the Link Trust (LT) to satisfy awards granted under our Save As You Earn, ASOS Long Term Incentive Scheme (ALTIS) and Share Incentive Plan (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 Market 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 29 September 2023, 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	32,309,749	27.10%
Camelot Capital Partners LLC	16,722,381	14.02%
Frasers Group Plc[1]	12,666,816	10.62%
Hargreaves Lansdown Asset Management	4,341,636	3.64%
Schroders Plc	3,971,755	3.33%

1 Frasers Group Plc holds further sold put options over 8.49% of ASOS' existing share capital which have been disclosed to the market in line with DTR5.3.1.

As at 29 September 2023, the EBT and LT (combined) held 228,814 shares in the Company (2022: 229,182 shares). The EBT and LT are both recognised within the EBT reserve for accounting purposes.

The Group's accounting policies are detailed within Note 2 to the financial statements and movements are detailed in the Consolidated Statement of Changes in Equity on page 111.

Employees with disabilities

We are an inclusive employer and continue to belong to the Disability Confident scheme. We are committed to taking the right steps in ensuring our recruitment, training and development processes and culture remain accessible for people with disabilities.

We operate with a diverse sourcing approach, fully embedded into our talent acquisition team's recruitment process, offering guaranteed interviews to any candidates with disabilities or neurodiverse conditions, who meet the minimum eligibility criteria for the role. Along with creating more inclusive job advertisement templates, we've launched hiring manager training to support those making recruitment decisions in understanding inclusive best practice, including around biases, within a candidate's interview process.

See pages 14 to 15 for more information.

Research and development

The Group undertakes research and development activities in relation to software development. The deferred tax impact on Research and Development tax relief claimed on qualifying spend is disclosed in Note 9.

Political donations

No political donations have been made during this financial period (2022: £nil).

Annual General Meeting

A separate circular providing the Notice of Annual General Meeting and details of the resolutions to be put to the meeting will be sent to shareholders in due course and will be available to view on asosplc.com.

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.

Directors' Report continued

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 16 to 30.

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
Post balance sheet events (if applicable)	159
Likely future developments in the business	42
Financial instruments and financial risk management	144 to 152
Risk management and principal risks	44 to 45, 73 to 74
Corporate Governance Report	54 to 98
Employee engagement	14 to 15, 35, 68
Stakeholder engagement and s.172 statement	34 to 37
Viability Statement & Going Concern	52 to 53, 113
Details of long-term incentive schemes	154 to 156
Statement of capitalised interest	130
Related party transactions	156
Greenhouse gas emissions, energy consumption and energy efficiency action	19 to 31
Climate-related disclosures consistent with TCFD	19 to 31

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 2 to 53. 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

Emma Whyte
Company Secretary
31 October 2023

Non-financial and sustainability information statement

The table below constitutes the Company's non-financial and sustainability information statement as required by sections 414CA and 414CB of the Companies Act 2006 (as amended by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022) with the table disclosed below and other disclosures throughout the Strategic Report. The climate-related financial disclosures of the Company are contained within the Task Force on Climate-related Financial Disclosures (TCFD) section, on pages 19 to 30 of this Annual Report. Our policies can be viewed on our website asosplc.com which also contains a wide range of non-financial and sustainability information.

Reporting requirement	Relevant policies and documents which govern our approach	Annual Report section	Page
Climate change and sustainability	• Environmental Policy • Fashion with Integrity (FWI) programme – Be Net Zero goal	• Task Force on Climate-related Financial Disclosures (TCFD) • Streamlined Energy & Carbon Reporting (SECR)	19 to 30 31
Environmental and social matters	• Environmental Policy • FWI programme • Responsible sourcing policies including Chemical Policy & Restricted Substances List, Cotton Sourcing Policy, Animal Derived Materials Policy • Policy on Gender Equality in the Supply Chain • Group Tax Strategy • Stakeholder engagement	• TCFD • SECR • ESG Committee Report • FWI Report • Principal risks and opportunities • Section 172 statement	19 to 30 31 75 to 76 16 to 18 46 to 51 34
ASOSers	• Code of Conduct • Health & Safety Policy • Whistleblowing Policy • FWI programme – Be Diverse	• Our people • Stakeholder engagement • Governance Report – Engagement with ASOSers • FWI Report • Directors' Report – Employees with disabilities	12 to 15 34 to 37 68 16 to 18 95
Human rights	• Modern Slavery Statement • Anti-Slavery & Human Trafficking Policy • Child Labour Remediation & Young Worker Policy • Freedom of Association and Collective Bargaining Policy • Migrant Workers Policy • Global framework agreement with IndustriALL • Whistleblowing Policy	• FWI Report • Stakeholder engagement • Principal risks and opportunities	16 to 18 34 to 37 46 to 51
Anti-bribery & corruption	• Code of Conduct • Anti-Bribery & Corruption Policy • Gifts & Entertainment Policy	• Audit Committee Report • Directors' Report	69 to 74 94 to 96
Risk management	• Risk Management Standard • ASOS Risk Taxonomy	• Risk management • Principal risks and opportunities • TCFD – climate-related risks	44 to 45 46 to 51 27
Business model		• Business model	6 to 7
Non-financial KPIs		• KPIs • FWI Strategy	32 to 33 16 to 18

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards. The Directors have also chosen to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework.

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and 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 for the Group financial statements, and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 and regulation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation and regulation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group'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 the relevant financial reporting framework, 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.

Emma Whyte
Company Secretary
31 October 2023

Financial Statements

Independent auditors' report to the members of ASOS Plc

Report on the audit of the financial statements

Opinion

In our opinion:

- ASOS Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 3 September 2023 and of the group's loss and the group's cash flows for the period from 1 September 2022 to 3 September 2023;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements 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 2023 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 3 September 2023; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the period 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 Note 6 to the financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope	• 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 96% 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 96% of the Group's revenue and 95% of the Group's loss before tax.
Key audit matters	• Capitalisation of internal staff costs (group) • Valuation of inventory (group) • Going concern assessment in response to economic uncertainties (group) • Classification of adjusting items (group) • Carrying value of assets (group and parent)
Materiality	• Overall group materiality: £10,600,000 (2022: £11,500,000) based on 0.3% of revenue. • Overall company materiality: £9,000,000 (2022: 9,100,000) based on 1% of total assets. • Performance materiality: £7,950,000 (2022: £8,625,000) (group) and £6,750,000 (2022: £6,825,000) (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.

Carrying value of assets and Classification of adjusting items are new key audit matters this year. 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 7 and 11 in the financial statements. The Group continued to invest in its operational infrastructure having spent £126.5m (2022: £120.5m) on intangible assets. Within capital additions are £58.3m (2022: £51.0m) of internal staff costs, which primarily relate to intangible assets. 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 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.
Valuation of inventory (group)	
Refer to Note 15 in the financial statements. As at 3 September 2023, the Group held gross inventories of £892.4m (2022: £1,109.7m), against which a provision of £124.4m (2022: £31.3m) 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. The Group's methodology to calculate inventory provisions has been updated this year to include provisions for inventory which is expected to be sold via offsite channels as well as through the website. Provisions are calculated using estimates of loss rates and website sell through rates, both of which are calculated based on historical data from the prior 12 month's sales when categorizing the stock by price status and age banding. A subsequent review is performed by management based on the year end price status and forecast mark down rates, as linked to the approved FY24 budget, to assess the sufficiency of the provision. The provisions held at 3 September 2023 also include a provision for the specific write down of inventory, identified to be sold via off-site channels to facilitate the Group's transition to its new commercial model which commenced in the current period. The quantum of the total inventory balance 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.	We reviewed management's provisioning policy and the resulting provisions applied, which include significant elements relating to: • Forecast loss rates for inventory expected to be sold via the website; • Forecast loss rates for inventory expected to be sold via offsite channels; and • A specific write down of inventory, identified to be sold via off-site channels to facilitate the Group's transition to its new commercial model. We tested the mathematical integrity of management's provision calculations. We validated the inputs into the models 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 have reviewed management's assessment of the year end price status and forecast mark down rates, as linked to the approved FY24 budget. We recalculated the forecast net losses and for a sample of inventory items obtained corroborating evidence to validate their selling price and cost. We have also reviewed the post year end losses as part of this assessment. 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	How our audit addressed the key audit matter
Going concern assessment in response to economic uncertainties (group) 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.	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 estimation 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.
Classification of adjusting items (group) Refer to note 3 in the financial statements The Group discloses an adjusted measure of profit in order to provide shareholders with additional insight into the year-on-year performance of the business. Adjusted loss before tax of £70.3m (2022: profit before tax of £22.0m) is presented against an IFRS measure of loss before tax of £296.7m (2022: £31.9m). The £226.4m (2022: £53.9m) of adjusted items before tax are those which are significant either by virtue of their size and/or nature, the inclusion of which could, in management's view, distort comparability between periods to either reported performance or individual financial statement line items. The quantum of adjusting items and the level of judgement involved to ensure that performance of the business is not distorted made this an area of focus.	We have performed audit procedures to test the magnitude of the charge on a sample basis across all elements of the adjusting items. As part of this sample testing we also understood the nature of the items and management's rationale for classification as an adjusting item. We have considered whether the disclosure as adjusting items is appropriate taking account of the size and nature of the items and management's disclosed accounting policy. Based on the procedures performed, we noted no material issues arising from our work.
Carrying value of assets (group and parent) Refer to Note 14 in the Group financial statements and Note 3 in the Company financial statements. As at 3 September, the Group had balances relating to Goodwill, Intangibles, Property, Plant and Equipment and Right of use assets totalling £1,358.3m (2022: 1,415.9m). Due to the Group's trading performance in the period and fall in share price, there is an indicator that these balances might be impaired. At 3 September 2023, the Company had amounts due from subsidiary undertakings of £837.9m (2022: £853.5m), of which £1.4m (2022: £111.0m) was classed as current and £836.5m (2022: £742.5m) 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. Management has assessed the carrying value of these assets using a value in use model and concluded that no impairment is required. Due to the fact that the VIU model includes assumptions about future performance which are judgemental in nature, we determined this to be a key area of focus.	We have obtained management's impairment assessment which uses a value in use model to support the recoverability of the goodwill and other intangibles, property plant and equipment and right of use assets in the Group accounts and the intercompany receivable in the Company accounts and undertook the following procedures: • We ensured the calculations included within the model were mathematically accurate and obtained supporting evidence for the assumptions used ensuring consistency with IAS 36. • We compared the forecasts used with the latest Board-approved plans and challenged the key assumptions used within the model to which the value was most sensitive, including the discount rate, future revenue growth and improvement in gross profit margin. In assessing management's plans, we considered the Group's historical forecasting accuracy. • We used our valuation specialists to assist us in our audit of the discount rate and long term growth rate used. • We considered other sources of information to assess whether management's conclusion that there was no impairment was reasonable. This included a consideration of third party industry reports and other market based valuations. • We considered the adequacy of management's disclosure in respect of the impairment assessment and the key sensitivities in their estimates. In relation to the company assessment, in addition to the above procedures we evaluated management's expected credit loss assessment under IFRS 9 in respect of the intercompany receivables. 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 96% 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 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 96% of the Group's revenue and 95% 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.

The impact of climate risk on our audit

As part of our audit procedures, we have considered the potential impact of climate change on the Group's business and its financial statements.

The Group continues to develop its assessment of the potential impacts of climate change as explained throughout the Strategic Report and in more detail on pages 19 to 30.

As part of our audit, we have obtained management's climate-related risk assessment and held discussions with management, together with our own climate change experts, to understand the process of identifying climate related risks, the determination of mitigating actions and the impact on the Group's financial statements.

Management has assessed that the most likely impacted financial statement 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 considered the impact of climate change and any climate change related commitments on the potentially impacted financial statement line items.

We have not identified any matters as part of this work which are inconsistent with the disclosures in the Annual Report or would lead to any material adjustments to the financial statements.

Independent Auditors' Report to the members of ASOS Plc – continued

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	£10,600,000 (2022: £11,500,000).	£9,000,000 (2022: 9,100,000).
How we determined it	0.3% of revenue	1% of total assets
Rationale for benchmark applied	In determining materiality, we considered both loss before tax and revenue as the acceptable benchmarks. We considered loss before tax to be an appropriate benchmark due to the Group's focus on delivering an acceptable short-term return. We considered total revenue to be appropriate given the focus of investors on revenues and top line growth. This provided a wide range of acceptable materiality levels. In our judgement, the Group is currently experiencing volatile profits or losses but less volatile revenues and their operations remain largely consistent year on year. We therefore consider revenue to remain an appropriate benchmark to use, The materiality selected therefore is consistent at approximately 0.3% of revenue based on which we determined a materiality of £10,600,000.	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 £4,020,000 and £10,070,000. 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% (2022: 75%) of overall materiality, amounting to £7,950,000 (2022: £8,625,000) for the group financial statements and £6,750,000 (2022: £6,825,000) 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 £530,000 (group audit) (2022: £575,000) and £450,000 (company audit) (2022: £575,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

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;
- Understanding the impact of foreign exchange sensitivities on the cash flows;
- 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 facility agreement with the lenders and ensuring that management's calculations of headroom against the minimum liquidity covenant 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. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

Based on 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 period ended 3 September 2023 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.

Independent Auditors' Report to the members of ASOS Plc – continued

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 and company 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 UK and overseas tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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:

- 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;
- 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 (of which none were identified);
- Incorporating elements of unpredictability to the nature or extent of audit procedures performed by us;
- 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not 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 16 years, covering the years ended 31 March 2008 to 3 September 2023.

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
31 October 2023

Consolidated Income Statement

For the financial period 1 September 2022 to 3 September 2023

		1 September 2022 to 3 September 2023			Year ended 31 August 2022		
	Note	Adjusted £m	Adjusting items (Note 3) £m	Total £m	Adjusted £m	Adjusting items (Note 3) £m	Total £m
Revenue	4	**3,538.0**	**11.5**	**3,549.5**	3,936.5	–	3,936.5
Cost of sales		**(1,974.6)**	**(115.9)**	**(2,090.5)**	(2,219.0)	–	(2,219.0)
Gross profit		**1,563.4**	**(104.4)**	**1,459.0**	1,717.5	–	1,717.5
Distribution expenses		**(429.7)**	**–**	**(429.7)**	(523.7)	–	(523.7)
Administrative expenses		**(1,164.7)**	**(115.1)**	**(1,279.8)**	(1,170.3)	(53.9)	(1,224.2)
Other income		**2.0**	**–**	**2.0**	20.6	–	20.6
Operating (loss)/profit	6	**(29.0)**	**(219.5)**	**(248.5)**	44.1	(53.9)	(9.8)
Finance income	8	**5.0**	**–**	**5.0**	0.9	–	0.9
Finance expense	8	**(46.3)**	**(6.9)**	**(53.2)**	(23.0)	–	(23.0)
(Loss)/profit before tax		**(70.3)**	**(226.4)**	**(296.7)**	22.0	(53.9)	(31.9)
Income tax credit/(expense)	9	**17.4**	**56.2**	**73.6**	(5.3)	6.4	1.1
(Loss)/profit for the financial period		**(52.9)**	**(170.2)**	**(223.1)**	16.7	(47.5)	(30.8)

(Loss) per share		**pence per share**	pence per share
Basic per share	10	**(213.0)**	(30.9)
Diluted per share	10	**(213.0)**	(30.9)

All activities in the current and prior period are continuing.

The notes on pages 113 to 159 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the financial period 1 September 2022 to 3 September 2023

	Note	1 September 2022 to 3 September 2023 £m	Year ended 31 August 2022 £m
Loss for the financial period		**(223.1)**	(30.8)
Items that will not be reclassified to Group income statement			
Net fair value (losses)/gains on cash flow hedges	24	**(60.1)**	51.2
Tax on items that will not be reclassified	9	**9.7**	(13.4)
		(50.4)	37.8
Items that may be subsequently reclassified to Group income statement			
Net translation movements offset in reserves		**(0.3)**	0.3
Net fair value gains/(losses) on cash flow hedges	24	**30.5**	(25.9)
Fair value movements reclassified from cash flow hedge reserve to Group income statement	24	**1.7**	(15.6)
Tax on items that may be reclassified	9	**(7.7)**	9.5
		24.2	(31.7)
Other comprehensive (loss)/income for the period		**(26.2)**	6.1
Total comprehensive loss for the period attributable to owners of the parent company		**(249.3)**	(24.7)

The notes on pages 113 to 159 form an integral part of these financial statements.

Consolidated Balance Sheet

As at 3 September 2023

	Note	3 September 2023 £m	31 August 2022 £m
Non-current assets			
Goodwill and other intangible assets	11	**700.5**	683.9
Property, plant and equipment	12	**362.6**	351.7
Right-of-use assets	13	**295.2**	380.3
Investment Properties	13	**10.9**	–
Derivative financial assets	24	**4.1**	27.0
Deferred tax assets	9	**17.8**	–
		1,391.1	1,442.9
Current assets			
Inventories	15	**768.0**	1,078.4
Trade and other receivables	16	**81.4**	88.2
Derivative financial assets	24	**22.4**	41.4
Cash and cash equivalents	17	**353.3**	323.0
Current tax assets		**9.4**	23.0
		1,234.5	1,554.0
Current liabilities			
Trade and other payables	18	**(680.4)**	(993.3)
Borrowings	19	**(1.5)**	(1.4)
Lease liabilities	13	**(25.3)**	(24.3)
Derivative financial liabilities	24	**(6.0)**	(21.0)
Provisions	20	**(2.0)**	–
		(715.2)	(1,040.0)
Net current assets		**519.3**	514.0
Non-current liabilities			
Borrowings	19	**(671.3)**	(474.5)
Lease liabilities	13	**(303.7)**	(355.8)
Deferred tax liabilities	9	**–**	(58.2)
Derivative financial liabilities	24	**(0.5)**	(11.6)
Provisions	20	**(68.2)**	(41.9)
		(1,043.7)	(942.0)
Net assets		**866.7**	1,014.9
Equity attributable to owners of the parent			
Called up share capital	21	**4.2**	3.5
Share premium	21	**322.6**	245.7
Other reserves	21	**73.1**	82.4
Retained earnings		**466.8**	683.3
Total equity		**866.7**	1,014.9

The notes on pages 113 to 159 form an integral part of these financial statements.

The consolidated financial statements of ASOS Plc, registered number 4006623, on pages 99 to 159, were approved by the Board of Directors and authorised for issue on 31 October 2023 and were signed on its behalf by:

José Antonio Ramos Calamonte
Chief Executive Officer

Consolidated Statement of Changes in Equity

For the financial period 1 September 2022 to 3 September 2023

	Note	Called up share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
As at 1 September 2022		**3.5**	**245.7**	**82.4**	**683.3**	**1,014.9**
Loss for the period		**–**	**–**	**–**	**(223.1)**	**(223.1)**
Other comprehensive loss for the period		**–**	**–**	**(26.2)**	**–**	**(26.2)**
Total comprehensive loss for the period		**–**	**–**	**(26.2)**	**(223.1)**	**(249.3)**
Cash flow hedges gains and losses transferred to non-financial assets	24	**–**	**–**	**16.9**	**–**	**16.9**
Share issue	21	**0.7**	**76.9**	**–**	**–**	**77.6**
Share-based payments charge	25	**–**	**–**	**–**	**6.4**	**6.4**
Tax relating to share option scheme	9	**–**	**–**	**–**	**0.2**	**0.2**
Balance as at 3 September 2023		**4.2**	**322.6**	**73.1**	**466.8**	**866.7**
As at 1 September 2021		3.5	245.7	70.8	714.0	1,034.0
Loss for the year		–	–	–	(30.8)	(30.8)
Other comprehensive income for the year		–	–	6.1	–	6.1
Total comprehensive income/(loss) for the year		–	–	6.1	(30.8)	(24.7)
Cash flow hedges gains and losses transferred to non-financial assets	24	–	–	5.5	–	5.5
Share-based payments charge	25	–	–	–	0.8	0.8
Tax relating to share option scheme	9	–	–	–	(0.7)	(0.7)
Balance as at 31 August 2022		3.5	245.7	82.4	683.3	1,014.9

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

Consolidated Cash Flow Statement

For the financial period 1 September 2022 to 3 September 2023

	Note	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Operating loss		**(248.5)**	(9.8)
Adjusted for:			
Depreciation of property, plant and equipment, right-of-use assets and investment property	6	**67.8**	61.0
Amortisation of other intangible assets	6	**104.7**	88.8
Impairment charges on non-financial assets	6	**32.1**	19.2
Share-based payments charge	25	**5.2**	0.6
Other non-cash items		**1.8**	(4.9)
Settlement of contingent consideration in relation to employee benefits		**–**	(6.0)
Decrease/(increase) in inventories		**310.4**	(258.7)
Decrease/(increase) in trade and other receivables		**12.7**	(34.2)
(Decrease)/increase in trade and other payables		**(304.9)**	21.5
Increase/(decrease) in provisions		**16.8**	(1.3)
Cash used in operating activities		**(1.9)**	**(123.8)**
Net income tax received		**18.3**	3.4
Net cash generated from/(used in) operating activities		**16.4**	(120.4)
Investing activities			
Purchase of other intangible assets		**(136.2)**	(109.2)
Purchase of property, plant and equipment		**(41.7)**	(73.7)
Interest received		**4.5**	0.9
Net cash used in investing activities		**(173.4)**	(182.0)
Financing activities			
Proceeds from issue of ordinary shares	21	**77.6**	–
Proceeds from borrowings	19	**200.0**	–
Drawdown of revolving credit facility	19	**250.0**	–
Repayment of borrowings	19	**(251.7)**	–
Refinancing fees	19	**(30.8)**	–
Repayment of principal portion of lease liabilities	13	**(22.4)**	(26.3)
Interest paid		**(33.6)**	(11.1)
Net cash generated from/(used in) financing activities		**189.1**	(37.4)
Net increase/(decrease) in cash and cash equivalents		**32.1**	(339.8)
Opening cash and cash equivalents		**323.0**	662.7
Effect of exchange rates on cash and cash equivalents		**(1.8)**	0.1
Closing cash and cash equivalents		**353.3**	323.0

Notes to the Consolidated Financial Statements

For the financial period 1 September 2022 to 3 September 2023

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 countries that include the UK, US, Australia, France, Germany, Spain, Italy, Sweden, the Netherlands, Denmark and Poland. The Company is a public limited company whose shares are publicly traded on the London Stock Exchange. The Company is incorporated and domiciled in the UK and the address of its registered office is Greater London House, Hampstead Road, London NW1 7FB.

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

2 SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

2.1 Basis of preparation

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

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

Significant accounting policies have been included in the relevant notes to which the policies relate, and those relating to the financial statements as a whole can be read further below. Unless otherwise stated, significant accounting policies have been applied consistently to all periods presented in the financial statements.

2.2 Changes in presentation

Other comprehensive income

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

Consolidated balance sheet

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

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

The comparatives have also been updated to reflect these changes.

Consolidated cash flow statement

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

2.3 Going concern

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

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

The review included the continued availability of existing borrowings, principally related to the new Bantry Bay debt facility and issued convertible bonds, details of which can be found in Note 19. At 3 September 2023, the Group was fully drawn on the £200m term loan with Bantry Bay, and had an undrawn Revolving Credit Facility ("RCF") of £75m, with a maturity of April 2026, along with £500m convertible bonds with a maturity of April 2026. The only covenant the Group is subject to under the debt facilities is a minimum liquidity covenant of £90m, based on available cash and cash equivalents and amounts undrawn under the RCF, which is the primary test within the going concern assessment.

Key assumptions– forecasting business cash flows

The assessment of the Group's going concern position required significant management judgement, including in determining the key assumptions that have the greatest impact on forecasts of future business performance and the range of reasonably possible outcomes of those assumptions. The economic environment has remained challenging throughout FY23 with cost of living pressures continuing to impact customer spending and sentiment. It is not known how long this will continue to directly impact the business and consumer behaviour, nor the impact that a changed economy will have on consumers over the going concern period. For the purposes of the Group's going concern assessment, the Directors have therefore made assumptions on the likely future cash flows in the uncertain macro environment. The assumptions considered include the

Notes to the Consolidated Financial Statements – continued

2 SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES – CONTINUED

continued transition to the Group's new operating model and subsequent working capital improvements, as well as a marginal improvement in the macro trading environment, with the online fashion market assumed to return to growth on an aggregated basis across the Group's key territories. The base case assumes the market backdrop within the initial going concern period is to remain challenging, resulting in assumed year-on-year Group sales declines in FY24 of between (5)% and (15)%, returning to year-on-year double digit sales growth and subsequent market share gains by the end of the assessment period. The base case also assumes modest year-on-year improvements in adjusted gross margin during FY24, with up to c.300bps growth vs FY23 towards the end of the assessment period.

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

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

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

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

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

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

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

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

2.4 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.

a) 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. The results of subsidiaries are included in the income statement from the date of acquisition or, in the case of disposals, up to the effective date of disposal. Intercompany transactions and balances between Group companies are eliminated upon consolidation.

A list of all the subsidiaries of the Group is included on page 166 of the annual report. 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.

2 SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES – CONTINUED

b) 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.

c) Foreign currencies

The consolidated financial statements are presented in pound sterling, which is the ultimate parent company's functional currency. Transactions in foreign currencies are translated to the functional currency at the exchange rate on the date of the transaction.

At each balance sheet date, monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The assets and liabilities of the Group's foreign operations are translated into Pounds Sterling at exchange rates prevailing at the balance sheet date. Profits and losses are translated at average exchange rates for the relevant accounting periods. Exchange differences arising are recognised in the consolidated statement of comprehensive income/(loss) and are included in the Group's translation reserve. Such translation differences are recognised as income or expenses in the period in which the operation is disposed of.

2.5 Amendments to published standards

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

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

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

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

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

2.6 Alternative performance measures (APMs)

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

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

Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes. The APMs that the Group has focused on in the period are defined and reconciled on pages 167 to 170. All of the APMs relate to the current period's results and comparative periods.

2.7 Significant accounting judgements and estimates

The preparation of the Group's financial statements requires the use of judgements, estimates and assumptions in applying the Group's accounting policies to determine the reported amounts of assets, liabilities, income and expenses.

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 these estimates. Any revisions to accounting estimates are applied prospectively. The Audit Committee considers estimates and judgements made by management, as detailed in the Audit Committee Report on pages 69 to 74.

Notes to the Consolidated Financial Statements – continued

2 SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES – CONTINUED

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the reporting period end, that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are as below:

- Impairment of non-financial assets – refer to Note 14
- Inventory valuation – refer to Note 15

Critical accounting judgements

Critical judgements, apart from those involving estimations, that are applied in the preparation of the consolidated Group financial statements are as below:

- Going concern – refer to Note 2.3
- Identification of adjusting items – refer to Note 3
- Lease term – refer to Note 13

Changes to judgements and estimates

The following areas, disclosed as key sources of estimation uncertainty or critical accounting judgements in the prior year, are no longer considered as such:

- Returns provisions have been removed as a key source of estimation uncertainty, on the basis that a reasonable possible change in the estimated returns rate (based on year-on-year movements) does not cause a material change to the carrying amount of the related assets nor liabilities.
- The depreciation and amortisation of property, plant and equipment and other intangible assets has been removed as a key source of estimation uncertainty. Whilst useful economic lives remains an estimate, it is not considered that this estimate has a significant risk of causing a material adjustment to the carrying amount of the relevant assets in the next financial period.
- Legal contingencies has been removed as a significant judgement, on the basis that the assessment of whether the Group's existing contingent liabilities should be provided for does not require significant judgement.
- The judgement around post balance sheet events included as a significant judgement in the prior year related specifically to the commercial model change. This is now in-year activity, and therefore post balance sheet events are no longer included as a critical accounting judgement.

The impairment of non-financial assets, assumptions pertaining to going concern, and the assessment of lease terms were added as key sources of estimation uncertainty and critical accounting judgements in the year.

Impact of climate change on the Group's judgements and estimates

In assessing the Group's judgements and sources of estimation uncertainty, consideration has been given to the impact of climate change risk on these. With the exception of the impairment of non-financial assets (refer to Note 14), it is not considered that climate change risks have any material impacts on the Group's judgements or sources of estimation uncertainty for the following reasons:

Estimate/judgement	Explanation
Inventory valuation	• In line with the Group's TCFD disclosures on page 19, transitional risk analysis has been focused on the short term (i.e. 2025). Inventory is a current asset, and therefore by definition expected to be sold within one year, and therefore there is considered little risk to inventory valuation for climate-related issues.
Going concern	• Similarly, the going concern analysis covers the period to February 2025 (i.e. very early 2025), therefore there is not considered to be an impact on the going concern assessment.
Identification of lease terms	• Judgement is related to the Group's lease portfolio, for which the risk from climate change is not considered material. The warehouses and head office sites are located in areas which the Group would not expect to be physically impacted by climate change.
Identification of adjusting items	• Relates to in-year activity therefore not impacted by climate change.

2.8 Climate change within the financial statements

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 19, 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 2.3
- Significant accounting judgements, estimates and assumptions – Note 2.7
- Property, plant and equipment, right of use assets and intangible assets – Note 12
- Impairment of non-financial assets – Note 14

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.

3 ADJUSTED PROFIT BEFORE TAX

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

Critical accounting judgement – identification of adjusted items

The assessment of whether to adjust certain items requires judgement, and covers the nature of the item, the cause of its occurrence and the scale of impact of that item on reported performance and individual financial statement line items, as well as consistency with prior 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.

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

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

Driving change agenda

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

a) **A renewed commercial model:** A new approach to buying, merchandising, managing and clearing stock designed to increase flexibility and improve stock turn, increasing full price sales and generating cash.

b) **Stronger order economics and a lighter cost profile:** Actions to improve order profitability in all markets while reducing costs in all parts of the business.

c) **Robust, flexible balance sheet:** Ensuring sufficient flexibility in the Group's balance sheet to successfully execute its strategy while aligning investment with capacity requirements to ensure a more efficient allocation of capital.

d) **Enabled by a reinforced leadership team and refreshed culture:** Reinforcing the Senior Leadership team with strategic hires while embedding a more innovative culture at all levels.

Notes to the Consolidated Financial Statements – continued

3 ADJUSTED PROFIT BEFORE TAX – CONTINUED

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

Commercial operating model

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

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

Property related costs

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

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

a) Impairment of assets for sites vacated during the financial period. The related assets have been written off in full.

b) The remaining useful economic lives of corresponding sites have been reassessed to align with closure dates, resulting in an acceleration in depreciation of these assets. The existing depreciation of these assets (depreciation that would have been recognised absent of a closure decision) is recognised within adjusted profit, whereas accelerated depreciation above this is recognised outside of adjusted profit.

c) Exit provisions relate to onerous contract costs on leased sites that have been identified for closure. Upon initial recognition of exit provisions, management uses its best estimates of the relevant costs to be incurred as well as expected closure dates. This excludes business rates on leased property which are recognised in the period they are incurred. Whilst the properties remain vacant, ongoing expenses relating to lease interest, onerous provision unwinds and business rates will be reported outside adjusted profit given they do not relate to operational sites of the Group.

d) Relates to negotiated exit costs to vacate certain leased sites ahead of the lease end date.

Other strategic initiatives

Other priorities for FY23 communicated at the FY22 results included: (i) stronger order economics and a lighter cost profile, (ii) a robust, flexible balance sheet, and, (iii) a reinforced leadership team and refreshed culture. ASOS has progressed with each of these priorities during the period, with costs of £31.0m incurred and excluded from adjusted profit. These predominantly relate to external consultancy costs to support the launch of the programme and the identification of initiatives (£8.9m), severance costs (£7.7m), costs incurred associated with the revolving credit facility covenant waiver and subsequent refinancing during the year (£8.1m – refer to Note 19 for more detail) and other business restructuring costs (£6.3m). The Driving Change agenda has replaced the Group's ASOS Reimagined programme that commenced in the prior year.

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

Amortisation of acquired intangible assets

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

Other items

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

3 ADJUSTED PROFIT BEFORE TAX – CONTINUED

Prior year adjusting items

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

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

Classification as adjusting items

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

Cash flow impact of adjusting items

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

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

Other strategic initiatives includes £30.8m fees paid in relation to refinancing included within cash flows from financing activities, as detailed in Note 19.

An additional property initiative was approved after the balance sheet date for which costs are expected next year that will be excluded from adjusted profit. Refer to Note 29 for additional information.

4 REVENUE

Accounting policy

Revenue recognition

Revenue is income arising from the sale of goods and services in the ordinary course of the Group's activities, net of value added taxes. Revenue is recognised when performance obligations are satisfied, at the transaction price allocated to that obligation. Further information is included below.

Retail sales

Retail sales represent the majority of the Group's revenue, and consist of internet sales. Revenues are recorded net of an appropriate deduction for actual and expected returns, relevant vouchers and sales taxes. Revenues for goods are recognised on dispatch to the customer instead of delivery to the customer for practical reasons. The impact of this is assessed at each reporting period and is immaterial to group revenue and profits.

It is the Group's policy to sell its products to the retail customer with a right to return. The value of goods to be returned is estimated based on historical returns, and is recorded as a deduction to revenue, with a corresponding refund liability recognised within trade and other payables. A separate right of return asset is recognised and included within inventory which represents the right to recover product from the customer.

The Group does not operate any loyalty programmes. Deferred revenue in relation to gift card redemptions is estimated on the basis of historical redemption rates, and recognised within revenue in line with redemptions.

Notes to the Consolidated Financial Statements – continued

4 REVENUE – CONTINUED

Revenue from other services

Revenue from other services relates to premier subscription income, marketing income earned from the website, commission income, delivery receipt payments and revenue recognised in relation to wholesale sales.

Income relating to the Group's ASOS Premier subscription (which span a year) is recognised on a straight-line basis throughout the year's subscription. Income from marketing services is recognised as performance obligations are completed in line with the terms and conditions of each contract.

For commission income, 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 of whether to recognise revenue as principal or agent considers whether the Group controls the relevant goods prior to sale to the end customer. The level of judgement involved is not considered material to the Group.

In line with retail sales, delivery receipts and wholesale revenue are recognised on dispatch to the customer instead of at delivery. The impact is not material to the Group's results.

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Retail sales	**3,388.2**	3,772.6
Premier subscription income	**24.7**	24.6
Marketing and other services[1]	**20.7**	17.3
Delivery receipts	**72.7**	74.5
Wholesale revenue	**43.2**	47.5
	3,549.5	3,936.5

1 Marketing and other services includes commission income

5 SEGMENTAL ANALYSIS

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

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

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

5 SEGMENTAL ANALYSIS – CONTINUED

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

	1 September 2022 to 3 September 2023				
	UK £m	EU £m	US £m	Rest of World £m	Total £m
Retail sales	**1,494.6**	**1,127.3**	**443.6**	**322.7**	**3,388.2**
Income from other services (Note 4)	**59.8**	**29.4**	**57.5**	**14.6**	**161.3**
Total revenue	**1,554.4**	**1,156.7**	**501.1**	**337.3**	**3,549.5**
Cost of sales					**(2,090.5)**
Gross profit					**1,459.0**
Distribution expenses					**(429.7)**
Administrative expenses					**(1,279.8)**
Other income					**2.0**
Operating loss					**(248.5)**
Finance income					**5.0**
Finance expense					**(53.2)**
Loss before tax					**(296.7)**
Non-current assets[1]	**994.1**	**177.9**	**162.0**	**–**	**1,334.0**

	Year to 31 August 2022				
	UK £m	EU £m	US £m	Rest of World £m	Total £m
Retail sales	1,703.3	1,142.6	472.7	454.0	3,772.6
Income from other services (Note 4)	59.5	27.4	58.7	18.3	163.9
Total revenue	1,762.8	1,170.0	531.4	472.3	3,936.5
Cost of sales					(2,219.0)
Gross profit					1,717.5
Distribution expenses					(523.7)
Administrative expenses					(1,224.2)
Other Income					20.6
Operating loss					(9.8)
Finance income					0.9
Finance expense					(23.0)
Loss before tax					(31.9)
Non-current assets[1]	1,006.7	188.8	185.2	–	1,380.7

1 Non-current assets above exclude goodwill, derivative financial assets and deferred tax assets.

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

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

Notes to the Consolidated Financial Statements – continued

6 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Depreciation and amortisation:		
Property, plant and equipment	**31.4**	30.7
Right-of-use assets	**35.9**	30.3
Investment properties	**0.5**	–
Other intangible assets	**104.7**	88.8
Impairment of non-financial assets:		
Property, plant and equipment	**5.6**	9.9
Right-of-use assets	**20.0**	9.3
Investment properties	**1.3**	–
Other intangible assets	**5.2**	–
Onerous contract charges	**18.3**	–
Net foreign exchange gains	**–**	(6.3)
Auditors' remuneration:		
Audit and audit-related services:		
Statutory audit of parent company and consolidated financial statements	**1.1**	0.8
Statutory audit of the Company's subsidiaries pursuant to legislation	**0.2**	0.2
	1.3	1.0

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 69 to 74. Costs related to non-audit services provided by the Group's auditors were £0.3m (2022: £1.4m).

7 STAFF COSTS INCLUDING DIRECTORS' REMUNERATION

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

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Wages and salaries	**192.1**	168.9
Social security costs	**21.5**	22.2
Pension costs	**8.3**	7.8
Share-based payments charge (Note 25)	**6.4**	0.8
Gross total	**228.3**	199.7
Less: staff costs capitalised in relation to capital projects	**(58.3)**	(51.0)
	170.0	148.7

7 STAFF COSTS INCLUDING DIRECTORS' REMUNERATION – CONTINUED

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

	1 September 2022 to 3 September 2023	Year to 31 August 2022
By activity:		
Fashion	**1,120**	1,215
Operations	**1,249**	1,219
Technology	**983**	825
	3,352	3,259

Despite the increase in average employees since the 2022 financial year, there has been a reduction in employees during the period with 3,405 employees as at 31 August 2022 and 3,042 employees as at 3 September 2023 due to headcount reductions during the period.

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 consolidated income statement on an accruals basis as they become payable under the scheme rules.

The aggregate compensation to key management personnel, being the Directors of ASOS Plc (executive and non-executive) and the members of the Management Committee was as follows:

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Short-term employee benefits	**5.1**	4.8
Post-employment benefits	**0.3**	0.2
Share-based payments charge/(credit)	**0.9**	(0.8)
Joining costs and loss of office costs	**0.5**	–
	6.8	4.2

Components of the highest-paid Director's remuneration are detailed in the Directors' remuneration table on page 86.

Directors' aggregate emoluments and pension payments are detailed in the Directors' Remuneration Report on pages 84 to 93, along with Directors' interests in issued shares and share options on page 89.

8 FINANCE INCOME AND EXPENSES

Accounting policy

Finance income and costs are recognised in the consolidated income statement as it is earned on financial instruments measured at amortised cost, using the effective interest rate method.

Finance costs directly attributable to the acquisition or construction of qualifying assets are capitalised. Qualifying assets are those that necessarily take a substantial period of time to prepare for their intended use, and for the Group relate to the automation projects within its fulfilment centres. All other finance expenses are recognised in the consolidated income statement in the period in which they occur.

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

9 TAXATION

Accounting policy

Current tax

Current tax is the expected tax payable based on the taxable profit for the period, using 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 tax is charged or credited to the income statement, except when it relates to items charged to equity or other comprehensive income.

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to the consolidated statement of changes in equity or the consolidated statement of comprehensive income/(loss), in which case the deferred tax is also recognised in equity, or other comprehensive income, respectively.

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.

Current and 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, in either the taxable entity or different taxable entities, and where there is an intention to settle the balances on a net basis.

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

9 TAXATION – CONTINUED

Reconciliation of tax charge

The effective tax rate of 24.8% (2022: 3.4%) is higher than (2022: lower than) the blended rate of corporation tax in the UK of 21.5% (2022: 19.0%). The blended UK corporation tax rate of 21.5% for the period reflects the increase in rate from 19% to 25% from 1 April 2023. The differences are explained below:

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Loss before tax	**(296.7)**	(31.9)
Tax on loss at standard rate of UK corporation tax of 21.5% (2022: 19%)	**(63.8)**	(6.0)
Effects of:		
Expenses not deductible for taxation purposes	**3.9**	2.8
Tax incentives	**(1.1)**	(1.7)
Rate differences: overseas tax	**0.5**	0.3
UK tax rate differential	**(10.0)**	2.4
Tax adjustments on share-based payments	**0.6**	2.7
Adjustment in respect of prior years	**(3.7)**	(1.6)
Total tax credit in the income statement	**(73.6)**	(1.1)

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group is currently assessing the impact, and has applied the exception under the IAS 12 amendment for recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

Tax recognised in other comprehensive income

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Deferred tax charge on net translation movements offset in reserves	**–**	0.6
Deferred tax (credit)/charge on movement of derivative financial instruments	**(2.0)**	3.3
	(2.0)	3.9

Tax recognised in the statement of changes in equity

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Deferred tax (credit)/charge on movement in tax base of share options	**(0.2)**	0.7

Notes to the Consolidated Financial Statements – continued

9 TAXATION – CONTINUED

Deferred tax analysis

The movements in deferred tax assets and liabilities during the financial period, prior to the offsetting of the balances within the same tax jurisdiction, are shown below:

	Accelerated capital allowances £m	Share-based payments £m	Derivatives and foreign exchange £m	Losses £m	Research and development expenditure credit £m	Other £m	Total £m
As at 1 September 2021	(19.9)	2.5	(3.8)	–	(16.1)	(4.0)	(41.3)
Charge to income statement	(7.0)	(2.8)	–	–	(2.6)	(0.4)	(12.8)
Charge to other comprehensive income	–	–	(3.9)	–	–	–	(3.9)
Charge to equity	–	(0.7)	–	–	–	–	(0.7)
Balance sheet credit for withheld tax	–	–	–	–	0.5	–	0.5
As at 31 August 2022	**(26.9)**	**(1.0)**	**(7.7)**	**–**	**(18.2)**	**(4.4)**	**(58.2)**
(Charge)/credit to income statement	**(7.4)**	**0.6**	**–**	**84.9**	**(2.6)**	**(2.6)**	**72.9**
Credit to other comprehensive income	**–**	**–**	**2.0**	**–**	**–**	**–**	**2.0**
Credit to equity	**–**	**0.2**	**–**	**–**	**–**	**–**	**0.2**
Balance sheet credit for withheld tax	**–**	**–**	**–**	**–**	**0.9**	**–**	**0.9**
As at 3 September 2023	**(34.3)**	**(0.2)**	**(5.7)**	**84.9**	**(19.9)**	**(7.0)**	**17.8**

The other deferred tax liability comprises:

	As at 3 September 2023 £m	As at 31 August 2022 £m
Unpaid pension expenses	**0.4**	0.3
Capitalised borrowing costs	**(5.4)**	–
Temporary differences arising on acquired customer relationships	**(4.1)**	(4.9)
Temporary deductions arising on the amortisation of acquired brands	**(0.8)**	(0.5)
Temporary differences arising as a result of IFRS 16	**2.9**	0.7
	(7.0)	(4.4)

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):

	As at 3 September 2023 £m	As at 31 August 2022 £m
Deferred tax – US	**2.9**	0.7
Deferred tax – UK	**14.9**	(58.9)
	17.8	(58.2)

The deferred tax assets have increased significantly due to the losses recognised in the current period, which cannot be utilised in earlier years. To assess the recognition of this asset, Group forecasts, consistent with those used for the going concern, viability and impairment assessments, have been reviewed, and indicate that the Group will generate sufficient taxable profits to fully utilise its tax losses. The Group is expected to generate taxable income from FY25 onwards. The losses can be carried forward indefinitely and have no expiry date. Based on these forecasts, the recognition of deferred tax assets is not considered to be a significant judgement nor estimate, however the forecasting of cash flows relies on management assumptions for which further detail is included within Note 2.3.

10 EARNINGS PER SHARE

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

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

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

1 Dilutive shares and interest not included where their effect is anti-dilutive
2 The impact of convertible bonds on the weighted average share capital has been excluded as it is not assumed they will be exercised

11 GOODWILL AND OTHER INTANGIBLE ASSETS

Accounting policy

Goodwill

Goodwill represents the excess of the fair value of the consideration of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is considered to have an indefinite useful life. Goodwill is tested for impairment annually and again whenever indicators of impairment are detected and is carried at cost less any provision for impairment.

Brands and customer relationships

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 on a straight-line basis. Amortisation is included within administrative expenses in the consolidated income statement. These assets are assessed for impairment if there is a triggering event. Any impairment in value is charged to the consolidated income statement in the period in which it occurs. Acquired brands and customer relationships relate to brand names and wholesale customer relationships acquired from the Arcadia Group and are amortised over their expected useful lives of between 8 and 30 years.

Computer software

Capitalised software development costs are stated at historic cost less accumulated amortisation and impairment. Amortisation is calculated on a straight-line basis over the assets' expected economic lives of between 5 and 15 years and recognised within administrative expenses in the consolidated income statement.

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. Software under development is held at cost less any recognised impairment loss.

Notes to the Consolidated Financial Statements – continued

11 GOODWILL AND OTHER INTANGIBLE ASSETS – CONTINUED

Cloud software agreements

Software as a Service (SaaS) arrangements are service contracts providing the Group with the right to access a cloud provider's application software over the contract period. Typically such arrangements involve ongoing licence fees to obtain access to the cloud provider's application software, as well as upfront costs incurred to configure or customise the SaaS solution. Configuration and customisation costs are capitalised in the following instances as intangible assets:

- The Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor.
- The costs incurred meet the definition of and recognition criteria for an intangible asset. This includes for example the development of software code that enhances or modifies, or creates additional capability to, existing systems controlled by the Group.

Where these conditions are not met, costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

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

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

12 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment is stated at historical cost less accumulated depreciation and any recognised provision for impairment. Capital work in progress is held at cost less any recognised provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Property, plant and equipment is depreciated on a straight-line basis to its residual value over its anticipated economic useful life of:

Fixtures, fittings, plant and machinery:	5 to 15 years
Computer hardware:	3 to 5 years

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

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

Notes to the Consolidated Financial Statements – continued

12 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Interest capitalised

	As at 3 September 2023 £m	As at 31 August 2022 £m
Included within additions	**4.8**	2.2
Accumulated capitalised interest (net of disposals) included within cost	**7.0**	2.2
Accumulated capitalised interest (net of disposals) held within net book value	**7.0**	2.2
Capitalisation rate	**5.3%**	3.4%

Climate change

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. This includes consideration over climate change-related risks which may impact the useful lives of the Group's assets, such as the impact of flood risks on fulfilment centres. During the year, no changes were made to the remaining useful lives of the Group's assets as a result of climate change risks.

13 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 to 6 years.

Accounting policy

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease, when the underlying asset is available for use. The cost of right-of-use assets comprises the amount of lease liabilities recognised, any initial direct costs incurred, lease payments made at or before the commencement date and less any lease incentives received. Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any subsequent remeasurement of lease liabilities.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease and are measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments and variable lease payments that depend on an index or a rate (using the relevant rate at the commencement date of the lease), less any lease incentives receivable. Any variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs, however the Group currently has no such variable lease payments. Contracts may contain both lease and non-lease components, in which case the Group allocates the consideration in the contract to the different components based on their relative stand-alone prices.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease (a break clause), if it is reasonably certain not to be exercised.

After the commencement date of the lease, the lease liability is subsequently measured at amortised cost using the effective interest rate method. The carrying amount of lease liabilities is remeasured when there is a change in the future lease payments due to a change in the lease term such as a recognition of an extension or break option, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and low value assets

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, in line with the practical expedient of IFRS 16. Short-term leases are leases with a term of 12 months or less. Low-value leases mainly comprise IT equipment.

13 LEASES – CONTINUED

Right-of-use assets

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

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

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

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

Lease liabilities

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

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

Notes to the Consolidated Financial Statements – continued

13 LEASES – CONTINUED

Maturity analysis for lease liabilities

	As at 3 September 2023 £m	As at 31 August 2022 £m
Contractual undiscounted cash flows		
Within one year	**30.5**	32.0
Within two to five years	**126.2**	130.3
Within five to ten years	**133.5**	152.5
Within ten to fifteen years	**52.0**	88.2
In more than fifteen years	**18.5**	26.3
	360.7	429.3
Future finance charge on lease liabilities	**(31.7)**	(49.2)
Present value of future leases	**329.0**	380.1

Critical accounting judgement – lease terms

The inclusion of a lease extension period or lease break period in the lease term is a key judgement for the Group and considers all relevant factors that create an economic incentive for it to exercise them. For leased properties, this includes the current and expected profitability of the respective site, as well as the length of time until the option can be exercised. Any changes to the Group's judgement over lease terms will impact both the right-of-use asset and lease liability.

Set out below are the undiscounted future rental payments not currently included within the reported lease liability for where lease extensions have not been included. The value for where lease breaks have been assumed is nil.

	As at 3 September 2023 £m	As at 31 August 2022 £m
Extension options expected not to be exercised	**129.2**	98.4

Following the commercial model update announced in October 2022, a review of the Group's leased warehousing estate was conducted, and it was concluded that it could no longer be seen as reasonably certain that the extension options on one of the Group's leased sites would be exercised. The lease term has been reassessed from 15 to 5 years with a commensurate decrease in the right-of-use asset and lease liability of £22.5 million.

Amounts recognised in the consolidated income statement

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Depreciation charge for right-of-use assets and investment property (excluding impairment)	**(36.4)**	(30.3)
Interest expense on lease liabilities	**(5.6)**	(5.4)
Expense relating to short-term leases	**(2.3)**	(0.5)
Expense relating to leases of low value assets that are not shown above as short-term leases	**(0.4)**	(0.4)
Impairment charge for right-of-use assets	**(20.0)**	(9.3)
Sub-let income relating to leases under IFRS 16	**1.4**	0.9
Total amounts recognised in income statement	**(63.3)**	(45.0)
Total cash outflow for leases comprising interest and capital payments	**(28.0)**	(31.7)

13 LEASES – CONTINUED

Group as lessor

Lessor accounting

The Group sublets leased properties relating to unused office capacity. Where the Group subleases assets, the sublease classification (as a finance lease or operating lease) is assessed with reference to the head lease right-of-use asset. This assessment considers, among other factors, whether the sublease represents the majority of the remaining life of the head lease. All subleases have been assessed to be operating leases, and the related assets reclassified to investment properties. Investment property assets are carried at cost less accumulated depreciation and any recognised impairment in value. The depreciation policies for investment property are consistent with those described for right-of-use assets. Operating lease income is recognised as earned on a straight-line basis over the lease term.

An analysis of investment properties is included below:

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Net book value		
Opening balance	–	–
Transfers to investment property	12.8	–
Modifications	(0.1)	–
Impairment charge	(1.3)	–
Depreciation charge	(0.5)	–
Closing balance	**10.9**	–

The direct operating expenses arising from investment property in the period was immaterial. There are additionally no restrictions or relevant contractual obligations involved in the sublet of these properties.

The estimated fair value of the Group's investment property is £12.5m. This fair value has been determined by applying an appropriate rental yield to the rentals earned by the investment property. A valuation has not been performed by an independent valuer.

Rental income is receivable as follows:

	As at 3 September 2023 £m	As at 31 August 2022 £m
Minimum lease payments receivable on leases of investment properties are as follows:		
Within one year	1.2	0.1
Within two to five years	4.5	5.3
Within five to ten years	6.1	6.6
In more than ten years	–	–

Notes to the Consolidated Financial Statements – continued

14 IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill

Goodwill is not amortised but is reviewed for impairment at least annually (or more frequently where there is an indication that the asset may be impaired) by assessing the recoverable amount of each cash-generating unit (CGU), or group of cash generating units, to which the goodwill relates.

Impairment is assessed by measuring the recoverable amount of the CGU, calculated as the higher of fair value less cost to dispose and value-in-use. Where the carrying value of the CGU exceeds the recoverable amount an impairment loss is recognised in the income statement. The impairment charge is allocated first against goodwill and then pro rata over other assets within the CGU by reference to the carrying amount of each remaining asset in the unit. Impairment losses recognised for goodwill are not subsequently reversed.

Goodwill at ASOS predominantly relates to that recognised as part of the acquisition of Topshop, and is monitored on an entity wide basis at the reporting segment level as a singular CGU, the ASOS Group CGU.

Other non-financial assets

Property, plant and equipment (PPE), right-of-use assets, and finite-lived intangible assets are assessed on an ongoing basis to determine whether there is an indication that the net book value is no longer supportable. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to dispose and its value-in-use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and an impairment loss is recognised immediately in the income statement.

Where an impairment loss on other non-financial assets subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a credit to the consolidated income statement.

Cash generating units

Cash generating units are deemed the smallest group of assets that independently generate cash inflows and are independent of the cash flows generated by other assets. It was determined that the Group only has one CGU (the Group level), on the basis that the majority of assets within the Group are shared (i.e. software assets that support the entire Group), therefore unable to be allocated on a reasonable or consistent basis in any other way.

Composition of CGU

For impairment testing purposes, the CGU comprises the following:

	As at 3 September 2023 £m
Goodwill and other intangible assets	**700.5**
Property, plant and equipment	**362.6**
Right-of-use assets	**295.2**
	1,358.3

Identification of impairment indicator

Given the reported loss recognised during the period, combined with the volatility within the macro-economic environment and the market capitalisation of the Group being below the Group's net assets, an indicator of impairment was deemed to exist during the financial period.

14 IMPAIRMENT OF NON-FINANCIAL ASSETS – CONTINUED

Approach and assumptions

The recoverable amount for the CGU has been determined using a value-in-use calculation which is based upon the cash flows expected to be generated, derived from the latest budget and forecast data which are reviewed by the Board, and consistent with those used for the Group's going concern and viability assessments. Budget and forecast data reflects both past experience and future expectations of market conditions. The key assumptions in measuring the value-in-use are as follows:

Assumption	Details
Cash flow years/assumptions	• Derived from medium term forecasts reviewed by the Board which cover a period of five years, then extrapolated to perpetuity with an assumed growth rate of 2% (2022: 1.5%) • Whilst the value-in-use excludes lease rentals (a financing cash flow under IFRS 16 'Leases') an estimated cash outflow for future lease renewals is assumed from the current lease end dates
Discount rate	• A post tax discount rate representing the Group's weighted average cost of capital (WACC), subsequently grossed up to a pre-tax rate using an iterative calculation that yields the same value in use when tax cash flows are excluded. • The post-tax WACC has been calculated using the capital asset pricing model, the inputs of which include a long-term risk-free rate based on government bond rates, an equity risk premium and levered debt premium benchmarked to externally available data, and an average beta derived from a comparator group. • The resulting discount rates are:

2023		2022	
Post-tax rate	Pre-tax rate	Post-tax rate	Pre-tax rate
13.0%	15.6%	10.4%	12.7%

Outputs

Outside of specific impairments recognised during the period in relation to sites identified for exit, or other strategic initiatives as part of the Group's Driving Change agenda (refer to Note 3), no further impairments were identified as a result of the impairment review described above.

Key source of estimation uncertainty – assumptions in relation to impairment assessment

Of the above assumptions, the value-in-use calculations are most sensitive to changes in the discount rate, the long-term growth rate and forecast cash flows (comprising revenue, gross margin and fixed overheads). As noted above, cash flows are derived from forecasts reviewed by the Board, and in line with those used for the going concern and viability assessments. Sales growth rates utilised for the first year of the plan reflect year-on-year declines of (5)% to (15)%, with subsequent periods thereafter returning to double digit year-on-year growth. The plan also assumes modest year-on-year improvements in adjusted gross margin during FY24, with up to c300bps growth vs FY23 over the remaining years. The following table shows the amount by which the assumptions would have to change to make the recoverable amount equal to the carrying value to show the headroom sensitivity. It is not considered that a reasonable possible change in fixed overheads would cause an impairment, therefore it is not included below.

	Sensitivity
Discount rate (post-tax) increase of:	2.6%
Long term growth rate decrease of:	(3.6)%
A reduction in forecast annual growth rates of:	(1.8)%
A reduction in forecast gross margin in each year of:	(1.2)%

The reduction in forecast annual growth rates above equates to a reduction in forecast revenue in each year of (6.9)%.

Climate change

As detailed within the Group's TCFD report on page 19, updated quantified scenario analysis in relation to climate still needs to be performed due to the Group being in the final stages of developing and embedding its new commercial model, which will impact the Group's supply chain and the inputs needed when calculating appropriate metrics. In addition the Group is also updating its FWI Strategy and completing a review of its associated metrics and targets, including plans for the Group's Be Net Zero pillar. As a result, the cash flows used for impairment testing have not been adjusted for climate risks. Sensitivities, however, are provided showing the impacts of changes in revenue and gross margin.

Notes to the Consolidated Financial Statements – continued

15 INVENTORIES

Accounting policy

Inventories comprise goods held for resale and are valued at the lower of cost and net realisable value using the weighted average cost basis. Cost comprises the purchase price and any other directly attributable costs incurred in bringing the inventories to the present location and condition, less trade discounts and rebates. Net realisable value is the estimated selling price in the ordinary course of business less variable selling expenses.

	As at 3 September 2023 £m	As at 31 August 2022 £m
Gross finished goods	**892.4**	1,109.7
Inventory provision	**(124.4)**	(31.3)
Net inventory recognised on consolidated balance sheet	**768.0**	1,078.4

The carrying value of inventory shown in the Balance Sheet includes a £52.1m (2022: £69.7m) right to recover asset in relation to the inventory expected to be received back from customers as returns. The amount of inventories recognised as an expense and charged to cost of sales for the period was £2,104.6m (2022: £2,219.0m). The prior year has been updated to include foreign exchange gains and losses in relation to inventory purchases.

Key source of estimation uncertainty – inventory provisions

Following the approval and implementation of the new commercial model during the financial period, additional provisions were recognised to write down inventory that has been identified to be sold via offsite clearance to reshape the Group's inventory portfolio and facilitate the Group's transition to the new model. The provisions wrote inventory down to its net realisable value, being expected income less any related selling costs. The increase year-on-year is largely due to these provisions. Further information is included within Note 3.

In addition to these specific provisions, the Group's approach to inventory provisioning is to hold a net realisable value provision for inventory based on forecast expected loss rates as well as consideration of current and forecast economic conditions. The Group's methodology to calculate inventory provisions has been updated this period to also now include provisions for inventory which is expected to be sold via offsite channels.

The provisions are calculated using estimates of loss rates and website sell through rates, both of which are calculated based on historical data from the prior 12 months' sales when categorising the stock by price status and age banding. Provisions recognised are net of any expected proceeds to be received.

The provisions are therefore most sensitive to the following assumptions:

- Forecast loss rates
- Forecast sell through rates
- Sales price assumptions

The movement in the Group's provisions based on reasonable possible changes to the above assumptions are as follows:

Sensitivity	(Decrease)/ increase in provision £m
Using loss rates from FY22	(6.6)
A change in the anticipated sell through rates of +/- 5%	(5.4) / 7.1
A change in the anticipated sales price of +/- 10%	(0.7) / 0.7

Inventory provisions are adjusted at each reporting period rather than throughout the period to ensure inventory is not carried at an amount greater than net realisable value. Write-downs and write-backs of inventory balances are therefore represented by net movements in the inventory provision, which, excluding inventory provisions recognised as part of the commercial model transition, totalled a cost of £19.3m this period (2022 £9.1m credit). Provisions/write-downs recognised during the financial period as part of the transition to the new commercial model totalled £122.7m, and are part of the £133.2m total costs excluded from adjusted profit – refer to Note 3. There have been no reversals of the commercial model transition provisions during the year.

16 TRADE AND OTHER RECEIVABLES

Accounting policy

Trade receivables are non-interest bearing and are stated at invoice value less an allowance for expected credit losses, using the simplified approach under IFRS 9, with adjustments for factors specific to each receivable.

	As at 3 September 2023 £m	As at 31 August 2022 £m
Trade receivables	**28.4**	40.8
Other receivables	**27.7**	14.9
Provision for doubtful debts	**(0.4)**	(0.1)
Trade and other receivables net of provision for doubtful debts	**55.7**	55.6
Prepayments	**12.9**	15.3
Accrued income	**12.8**	17.3
	81.4	88.2

The other receivables balance includes £nil of UK VAT receivables (2022: £9.5m). Included within accrued income and other receivables are amounts relating to supplier income totalling £3.3m (2022: £3.4m). Accrued income predominantly comprises contract assets for which expected credit losses are £0.6m (2022: £nil).

Expected credit losses

The Group's exposure to credit risk is minimal given that the customer base is large and unrelated and that the overwhelming majority of customer transactions are settled through cash or secure electronic means. New parties wishing to obtain credit terms with the Group are credit checked prior to invoices being raised and credit limits are determined on an individual basis.

As at 3 September 2023 £m	Not due	0 – 30 days past due	30 – 60 days past due	60 – 90 days past due	90 – 180 days past due	Over 180 days past due	Total
Trade receivables	**6.2**	**3.6**	**9.9**	**3.1**	**4.2**	**1.4**	**28.4**
Other receivables	**5.0**	**7.4**	**2.8**	**6.9**	**1.0**	**4.6**	**27.7**
Gross carrying amount	**11.2**	**11.0**	**12.7**	**10.0**	**5.2**	**6.0**	**56.1**
Allowance for expected credit losses	**–**	**–**	**–**	**–**	**(0.1)**	**(0.3)**	**(0.4)**
Net carrying amount	**11.2**	**11.0**	**12.7**	**10.0**	**5.1**	**5.7**	**55.7**

As at 31 August 2022 £m	Not due	0 – 30 days past due	30 – 60 days past due	60 – 90 days past due	90 – 180 days past due	Over 180 days past due	Total
Trade receivables	0.1	19.8	8.8	6.2	2.6	3.3	40.8
Other receivables	10.4	5.0	(0.2)	(2.2)	0.8	1.1	14.9
Gross carrying amount	10.5	24.8	8.6	4.0	3.4	4.4	55.7
Allowance for expected credit losses	–	–	–	–	–	(0.1)	(0.1)
Net carrying amount	10.5	24.8	8.6	4.0	3.4	4.3	55.6

Major counterparties

The Group has nil (2022: nil) major counterparties with receivables totalling £nil (2022: £nil).

Notes to the Consolidated Financial Statements – continued

17 CASH AND CASH EQUIVALENTS

Accounting policies

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.

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.

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

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

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

18 TRADE AND OTHER PAYABLES

Accounting policy

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.

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

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

18 TRADE AND OTHER PAYABLES – CONTINUED

Deferred revenue

Contract liabilities represent consideration received for performance obligations not yet satisfied, and relate to gift card liabilities where the majority of the liability (c. 90%) is expected to be settled within a year, customer orders not yet shipped and unearned premier subscription income.

Gift cards	As at 3 September 2023 £m	As at 31 August 2022 £m
At the beginning of the period	**25.1**	29.3
Purchases	**130.5**	144.3
Released to the income statement	**(134.3)**	(148.5)
At the end of the period	**21.3**	25.1
Orders awaiting shipment and premier subscriptions	**30.8**	29.3
Total deferred revenue	**52.1**	54.4

19 BORROWINGS

Accounting policies

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 amortised cost 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.

Other loans/borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of attributable transaction costs, and subsequently recorded at amortised cost using the effective interest method until extinguished.

Arrangement costs for loan facilities (such as the Group's revolving credit facility) are capitalised and amortised over the life of the facility at a constant rate.

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

Notes to the Consolidated Financial Statements – continued

19 BORROWINGS – CONTINUED

Convertible bonds

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

Term loan

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

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

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

Nordstrom Loan

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

Refinancing fees included in cash flow

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

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

20 PROVISIONS

Accounting policy

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Provisions for onerous contracts are recognised when the Group believes that the unavoidable costs of meeting or exiting the contract exceed the economic benefits expected to be received under the contract.

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

Dilapidation provisions

Dilapidations are recognised where there is a present obligation to repair and restore leased properties to their preoccupancy state at the end of the lease term. They are measured at the present value of the expenditures expected to be required to settle the obligation, calculated using a nominal pre-tax annual discount rate, based on government bond yields of an appropriate tenure within the country that the lease is held. No adjustments are made to the discount rate for inflation as inflationary increases are already included in the undiscounted cash flows. Similarly, risk is also considered when determining the cash flows, therefore no adjustments are made to the discount rate for risk. The discount rates used range from 2.7% to 4.7% (2022: 1.7% to 3.5%). The increase in the provision due to the passage of time is recognised as interest expense and the additional amounts recognised arise as a result of re-estimation of the forecasted costs.

The timing of forecast cash outflows is linked to the underlying lease expiry dates, with the next most significant outflow anticipated to occur in 2028. Whilst there is inherent uncertainty in terms of the quantum of cash outflows expected, they represent management's best estimates for individual properties, with reference to previous experience and size of leased property. It is not considered that there is a significant risk of material adjustment to the carrying amounts of dilapidation provisions due to such estimates, and therefore they are not disclosed as a significant source of estimation uncertainty to the Group.

Notes to the Consolidated Financial Statements – continued

20 PROVISIONS – CONTINUED

Onerous occupancy provisions

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

Cash flows are discounted to present value using a nominal pre-tax annual discount rate, based on government bond yields of an appropriate tenure within the country that the lease is held. No adjustments are made to the discount rate for inflation as inflationary increases are already included in the undiscounted cash flows. As the cash flows are known due to being contractual, the discount rate is not adjusted for risk. The discount rates for onerous occupancy provisions are 4.3% to 4.4%.

Where the Group is able to exit lease contracts before the expiry date or agree sublets, this results in the release of any associated property provisions. Such events are subject to the agreement of landlords, therefore the Group makes no assumptions on the ability to either exit or sublet a property until a position is agreed. Utilisation of the above amounts is expected to be incurred in conjunction with the profile of the leases to which they relate. Refer to Note 3 for more detail on the amount recognised in the period.

Whilst all provisions are sensitive to the discount rate used, given they are derived from government bond yields, it is not considered that there is a significant risk of a reasonable possible change in management's estimate resulting in a material movement in the provisions.

21 SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES

Accounting policy

Ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

	As at 3 September 2023 Number of ordinary shares	As at 31 August 2022 Number of ordinary shares	**As at 3 September 2023 £m**	As at 31 August 2022 £m
Called up share capital				
Allotted, issued and fully paid ordinary shares of 3.5p	**119,236,850**	99,940,235	**4.2**	3.5
Share premium account				
Share premium			**322.6**	245.7

The movements in the called up share capital and share premium are as follows:

	Number of ordinary shares	**Share capital £m**	**Share premium £m**
As at 1 September 2022	**99,940,235**	**3.5**	**245.7**
Allotted in respect of share option schemes	**202,814**	**–**	**–**
New shares issued	**19,093,801**	**0.7**	**76.9**
As at 3 September 2023	**119,236,850**	**4.2**	**322.6**
As at 1 September 2021	99,837,096	3.5	245.7
Allotted in respect of share option schemes	103,139	–	–
As at 31 August 2022	99,940,235	3.5	245.7

In May 2023, the Group completed a placing of new ordinary shares, raising gross proceeds of £75.0m in support of its Driving Change agenda. A total of 17,938,292 new ordinary shares were placed at an issue price of 418.1 pence per share. At the same time, the Group completed a retail offer of 1,155,509 new ordinary shares at an issue price of 418.1 pence per share, raising gross proceeds of £4.8m. Share issue fees totalling £2.2m were incurred.

21 SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES – CONTINUED

Other reserves

The table below sets out the movements in other reserves:

	Cash flow hedge reserve £m	Currency translation reserve £m	Convertible bond reserve £m	Other reserves £m
As at 1 September 2022	**26.2**	**(2.7)**	**58.9**	**82.4**
Net translation movements	**–**	**(0.3)**	**–**	**(0.3)**
Net fair value gains/(losses) on cash flow hedges	**(29.6)**	**–**	**–**	**(29.6)**
Fair value movements reclassified from cash flow hedge reserve to consolidated income statement	**1.7**	**–**	**–**	**1.7**
Tax on above items	**2.0**	**–**	**–**	**2.0**
Cash flow hedges gains and losses transferred to non-financial assets	**16.9**	**–**	**–**	**16.9**
Balance as at 3 September 2023	**17.2**	**(3.0)**	**58.9**	**73.1**
As at 1 September 2021	14.3	(2.4)	58.9	70.8
Net translation movements	–	0.3	–	0.3
Net fair value gains/(losses) on cash flow hedges	25.3	–	–	25.3
Fair value movements reclassified from cash flow hedge reserve to consolidated income statement	(15.6)	–	–	(15.6)
Tax on above items	(3.3)	(0.6)	–	(3.9)
Cash flow hedges gains and losses transferred to non-financial assets	5.5	–	–	5.5
Balance as at 31 August 2022	26.2	(2.7)	58.9	82.4

Currency translation reserve

The currency translation reserve accumulates foreign exchange differences arising on the translation of net assets in foreign operations which are recognised in Other Comprehensive Income. The cumulative amount is reclassified to retained earnings when the related investment is disposed.

Cash flow hedge reserve

The cash flow hedge reserve represents the effective portion of gains or losses on derivatives designated and that qualify as cash flow hedges. Amounts are transferred to the balance sheet and included within the initial cost of the asset in which is being hedged, or to the income statement, as appropriate.

Convertible bond reserve

The convertible bond reserve represents the equity component of the £500m convertible bond issued in April 2021.

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). Investment in own shares are recorded at cost, net of directly attributable costs for the purchase of issued, or issuance of new shares, and recognised within equity (within retained earnings). The costs of operating the Trusts are borne by the Group and are not material.

	As at 3 September 2023			As at 31 August 2022		
	Market value £m	Nominal value £m	Number of ordinary shares	Market value £m	Nominal value £m	Number of ordinary shares
Investment in own shares	**1.0**	**–**	**228,814**	1.6	–	229,182

Notes to the Consolidated Financial Statements – continued

22 FINANCIAL 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 reviewed annually and approved by the Audit Committee.

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders through an appropriate balance of debt and equity funding, while maintaining a strong credit rating and sufficient headroom. There have been no changes to capital risk management policies during the period. Refer to Note 27 for the value of the Group's net debt and the consolidated statement of changes in equity for the value of the Group's equity.

The Board can manage the Group's capital structure by diversifying the debt portfolio, issuing new shares or repurchasing shares in the open market and flexing capital expenditure. From time to time, the Employee Benefit Trust may purchase shares in the Company from the open market for the purpose of satisfying awards under the Group's employee share plans however the Group does not currently operate a defined share buy-back plan.

The Revolving Credit Facility and Term Loan have a single repeating financial covenant as detailed in Note 2.3. Part of the Group's capital risk management is to ensure compliance with the financial covenant included within the Group's borrowing facilities. There were no breaches of financial covenants in the financial period.

Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its financial obligations as they fall due.

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 3 September 2023, the Group had a revolving credit facility of £75m that is available until April 2026, of which £nil was drawn down at the period end. In addition, a term loan of £200m was fully drawn at the period end. Borrowings under the revolving credit facility and term loan bear interest at a rate linked to SONIA. Commitment interest is payable on the daily undrawn balance of the RCF. Further details are included within Note 19.

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.

22 FINANCIAL RISK MANAGEMENT – CONTINUED

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows or an estimate of cash flows in respect of floating interest rate liabilities.

As at 3 September 2023	Less than 1 year £m	1 to 2 years £m	2 to 5 years £m	Over 5 years £m
Term loan	**31.1**	**31.1**	**218.1**	**–**
Convertible bond	**3.8**	**3.8**	**503.8**	**–**
Nordstrom loan	**1.3**	**1.3**	**4.0**	**20.3**
Obligation to repurchase own shares	**–**	**–**	**–**	**4.9**
Trade and other payables[1]	**578.5**	**–**	**–**	**–**
Derivatives – gross settled				
Cash inflows	**1,023.1**	**107.8**	**–**	**–**
Cash outflows	**(1,008.7)**	**(102.5)**	**–**	**–**

As at 31 August 2022	Less than 1 year £m	1 to 2 years £m	2 to 5 years £m	Over 5 years £m
Convertible bond	3.8	3.8	503.8	–
Nordstrom loan	1.4	1.4	4.3	21.9
Obligation to repurchase own shares	–	–	–	4.9
Trade and other payables[1]	880.9	–	–	–
Derivatives – gross settled				
Cash inflows	1,141.9	502.7	134.2	–
Cash outflows	(1,116.6)	(480.4)	(126.4)	–

1 Excludes deferred revenue and any amounts in relation to taxation.

The maturities of lease liabilities are disclosed separately in Note 13.

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 consolidated balance sheet are net of allowances for doubtful receivables.

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.

The Group considers its maximum exposure to credit risk to be as follows:

	As at 3 September 2023 £m	As at 31 August 2022 £m
Trade and other receivables	**68.5**	63.4
Cash and cash equivalents	**353.3**	323.0
Derivative financial assets	**26.5**	68.4
Total	**448.3**	454.8

Trade and other receivables above exclude prepayments and VAT receivables.

Notes to the Consolidated Financial Statements – continued

22 FINANCIAL RISK MANAGEMENT – CONTINUED

Interest rate risk

Interest rate risk is the risk of increased costs arising from unexpected movements in interest rates impacting the Group's borrowing portfolio. Interest on financial instruments is classified as fixed rate if interest resets on the instruments are less frequent than once every 12 months. Interest on financial instruments is classified as floating rate if interest resets on the instruments occur every 12 months or more frequently.

The Group is exposed to cash flow interest rate risk on its revolving credit facility to the extent that this is utilised, and £200m term loan. The Group's outstanding convertible bond pays a fixed coupon.

The mix of the Group's financial assets and liabilities at the balance sheet date was as follows:

	As at 3 September 2023			As at 31 August 2022		
	Fixed £m	**Floating £m**	**Total £m**	Fixed £m	Floating £m	Total £m
Cash and cash equivalents	**–**	**353.3**	**353.3**	–	323.0	323.0
Borrowings	**(488.0)**	**(184.8)**	**(672.8)**	(475.9)	–	(475.9)
Total	**(488.0)**	**168.5**	**(319.5)**	(475.9)	323.0	(152.9)

The Group considers that a 100 basis point movement in interest rates is a reasonable measure of volatility. The sensitivity of floating rate balances to a change of 100 basis points in the interest rate (or such lesser amount as would result in a zero rate of interest) at the balance sheet date is shown below:

	As at 3 September 2023 Impact on pre-tax profit £m	As at 31 August 2022 Impact on pre-tax profit £m
Change in floating rate +/-100bps	**0.6/(0.6)**	4.0/(4.0)

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.

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 an 18-month period, with up to 100% coverage of the net unmatched exposure for the first six months preceding the forecast cash flows, and coverage decreasing from a maximum of 94% to 26% between months 7 and 18. These forward foreign exchange contracts are classified as Level 2 derivative financial instruments under IFRS 13, 'Fair Value Measurement'.

The following table illustrates the hypothetical sensitivity of the Group's reported profit before tax and other comprehensive income 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.

22 FINANCIAL RISK MANAGEMENT – CONTINUED

The following assumptions were made in calculating the sensitivity analysis:

- Exchange rate fluctuations on currency derivatives that form part of an effective cash flow hedge relationship affect the cash flow hedge reserve in equity and the fair value of the hedging derivatives, with no impact on the consolidated income statement
- All hedge relationships are fully effective

Positive figures represent an increase in profit before tax or in other comprehensive income.

	Profit before tax		Other comprehensive income	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Sterling strengthens by 10% against:				
US dollar	**1.2**	(0.3)	**5.8**	4.8
Euro	**18.6**	17.6	**(0.1)**	0.2
Australian dollar	**(0.3)**	(0.2)	**(0.5)**	1.3
Sterling weakens by 10% against:				
US dollar	**(1.4)**	0.3	**(7.1)**	(4.8)
Euro	**(22.8)**	(17.6)	**0.2**	(0.2)
Australian dollar	**0.3**	0.2	**0.7**	(1.3)

The above sensitivities are calculated with reference to a single moment in time and are subject to change due to a number of factors including fluctuating trade payable, cash balances and changes in the currency mix. In addition, each of the sensitivities is calculated in isolation while, in reality, foreign currencies do not move independently. The sensitivity calculation has been refined during the year with prior year sensitivities updated as appropriate.

Notes to the Financial Statements – continued

23 FINANCIAL INSTRUMENTS

Accounting policies

See accounting policies as follows:

- Trade and other receivables – Note 16
- Cash and cash equivalents – Note 17
- Trade and other payables – Note 18
- Leases – Note 13
- Borrowings – Note 19
- Derivative financial instruments – Note 24

Financial instruments by category

The carrying amount of the Group's financial assets and financial liabilities as at the balance sheet date are as follows:

	Amortised cost £m	Fair value through profit or loss £m	Total £m
As at 3 September 2023			
Derivative financial assets	**–**	**26.5**	**26.5**
Cash and cash equivalents	**353.3**	**–**	**353.3**
Trade and other receivables[1]	**68.5**	**–**	**68.5**
Derivative financial liabilities	**–**	**(6.5)**	**(6.5)**
Lease liabilities	**(329.0)**	**–**	**(329.0)**
Trade and other payables[2]	**(578.5)**	**–**	**(578.5)**
Borrowings	**(672.8)**	**–**	**(672.8)**
	(1,158.5)	**20.0**	**(1,138.5)**

	Amortised cost £m	Fair value through profit or loss £m	Total £m
As at 31 August 2022			
Derivative financial assets	–	68.4	68.4
Cash and cash equivalents	323.0	–	323.0
Trade and other receivables[1]	63.4	–	63.4
Derivative financial liabilities	–	(32.6)	(32.6)
Lease liabilities	(380.1)	–	(380.1)
Trade and other payables[2]	(880.9)	–	(880.9)
Borrowings	(475.9)	–	(475.9)
	(1,350.5)	35.8	(1,314.7)

1 Trade and other receivables excludes prepayments and VAT receivables
2 Trade and other payables excludes deferred revenue and any amounts in relation to taxation

Only derivative financial instruments are currently held at fair value on the balance sheet – all are within level 2 of the fair value hierarchy.

23 FINANCIAL INSTRUMENTS – CONTINUED

Carrying amount versus fair value

Set out below is a comparison of the carrying amount and the fair value of financial instruments that are carried in the financial statements at a value other than fair value. The fair value of financial assets and liabilities are based on prices available from the market on which the instruments are traded. Where market values are not available, the fair values of financial assets and liabilities have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values of cash and cash equivalents, trade receivables, and trade payables are assumed to approximate to their book values.

	Fair value hierarchy	Carrying amount £m	Fair value £m
As at 3 September 2023			
Term loan	**2**	**(184.8)**	**(248.7)**
Convertible bond	**1**	**(464.4)**	**(344.9)**
Nordstrom loan	**2**	**(20.4)**	**(28.2)**
Total		**(669.6)**	**(621.8)**

	Fair value hierarchy	Carrying amount £m	Fair value £m
As at 31 August 2022			
Convertible bond	1	(451.0)	(371.7)
Nordstrom loan	2	(22.0)	(21.9)
Total		(473.0)	(393.6)

Fair value hierarchy is defined as:

- Level 1 fair value measurements are derived from quoted market prices (unadjusted) in active markets for identical assets or liabilities at the balance sheet date. This level includes listed equity securities and debt instruments on public exchanges;
- Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments is determined by discounting expected cash flows at prevailing interest rates;
- Level 3 fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Offsetting financial instruments

There are no financial assets and financial liabilities that are offset in the Balance Sheet.

Notes to the Consolidated Financial Statements – continued

24 DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy

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 the net unmatched exposure of future highly probable forecast foreign currency cash flows.

These derivative financial instruments are designated as cash flow hedges, and are initially measured at fair value on the contract date and then measured at fair value at subsequent reporting dates. To qualify for hedge accounting, the Group documents, at the inception of the hedge, the hedging risk management strategy, the relationship between the hedging instrument and the hedged item or transaction, the nature of the risks being hedged and an assessment of the effectiveness of the hedging relationship to ensure it is highly effective on an ongoing basis.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the income statement. Where the hedged item subsequently results in the recognition of a non-financial asset such as inventory or property, plant and equipment, the amounts accumulated in other comprehensive income are included in the initial cost of the asset. For all other cash flow hedges, the amounts accumulated in other comprehensive income are recognised in the consolidated income statement when the hedged item or transaction affects the income statement.

Where derivatives do not qualify for hedge accounting, any changes in the fair value of the derivative financial instrument are recognised in the income statement as they arise.

The effects of hedge accounting on the Group's financial position and performance

The table below provides a breakdown of the Group's derivatives in cash flow hedges as well as derivatives not in a formal hedge accounting relationship:

	As at 3 September 2023				As at 31 August 2022			
	Asset		Liability		Asset		Liability	
	Fair value £m	Notional £m	Fair value £m	Notional £m	Fair value £m	Notional £m	Fair value £m	Notional £m
Foreign currency derivatives								
Inventory hedges	**7.2**	**165.7**	**(1.2)**	**25.7**	48.1	459.0	(4.6)	8.2
Capex hedges	**0.5**	**5.8**	**(0.9)**	**18.5**	4.3	36.9	–	–
Sales hedges	**18.6**	**(341.9)**	**(3.8)**	**(53.9)**	10.4	(152.8)	(28.0)	(511.3)
Derivatives not in a formal hedging relationship								
Foreign currency derivatives	**0.2**	**59.5**	**(0.6)**	**180.2**	5.6	273.4	–	–
Total	**26.5**	**(110.9)**	**(6.5)**	**170.5**	68.4	616.5	(32.6)	(503.1)

During the financial period, the Group revised its hedging policy, reducing the period over which hedges are layered (prior to the related cash flows being hedged) from 36 months to 18 months. Any hedges held falling outside of the revised policies were terminated during the period. The net hedging gains and losses held in other comprehensive income in relation to these was not material.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts are identical to the hedged risk components. 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. Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments;
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument compared to the hedged items;
- Changes to the forecasted cash flows of hedged item.

The derivatives have been fair valued at 3 September 2023 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.

24 DERIVATIVE FINANCIAL INSTRUMENTS – CONTINUED

The table below analyses the Group's 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.

As at 3 September 2023	1 to 6 months	Maturity 6 to 12 months	More than one year
US dollars (highly probable forecast purchases)			
Notional amount (in £m)	**66.6**	**109.3**	**39.8**
Average GBP:USD contract rate	**1.31**	**1.28**	**1.30**
Euro (highly probable forecast sales)			
Notional amount (in £m)	**(86.6)**	**(97.0)**	**(25.6)**
Average GBP:EUR contract rate	**1.14**	**1.15**	**1.14**
Australian dollars (highly probable forecast sales)			
Notional amount (in £m)	**(23.7)**	**(28.9)**	**(15.7)**
Average GBP:AUD contract rate	**1.74**	**1.78**	**1.74**
Other (highly probable forecast sales)			
Notional amount (in £m)	**(50.6)**	**(44.9)**	**(22.8)**
Average GBP: Other contract rate	**Various currencies**		

As at 31 August 2022	1 to 6 months	Maturity 6 to 12 months	More than one year
US dollars (highly probable forecast purchases)			
Notional amount (in £m)	114.8	115.8	273.4
Average GBP:USD contract rate	1.31	1.29	1.30
Euro (highly probable forecast sales)			
Notional amount (in £m)	(60.3)	(47.4)	(156.3)
Average GBP:EUR contract rate	1.12	1.14	1.13
Australian dollars (highly probable forecast sales)			
Notional amount (in £m)	(53.2)	(46.5)	(67.0)
Average GBP:AUD contract rate	1.82	1.83	1.87
Other (highly probable forecast sales)			
Notional amount (in £m)	(68.3)	(57.4)	(107.6)
Average GBP: Other contract rate	Various currencies		

Notes to the Consolidated Financial Statements – continued

24 DERIVATIVE FINANCIAL INSTRUMENTS – CONTINUED

The impact of the hedged items on the Group's financial statements is as follows:

1 September 2022 to 3 September 2023	Change in value of hedged item for calculating hedge ineffectiveness £m	Change in value of hedging instrument for calculating hedge ineffectiveness £m	Cumulative impact on cash flow hedge reserve £m
Hedges of foreign currency sales	**(30.5)**	**30.5**	**14.8**
Hedges of foreign currency inventory purchases	**53.8**	**(53.8)**	**4.5**
Hedges of foreign currency purchases of property, plant and equipment	**6.3**	**(6.3)**	**2.1**

Year ended 31 August 2022	Change in value of hedged item for calculating hedge ineffectiveness £m	Change in value of hedging instrument for calculating hedge ineffectiveness £m	Cumulative impact on cash flow hedge reserve £m
Hedges of foreign currency sales	25.9	(25.9)	(17.4)
Hedges of foreign currency inventory purchases	(44.9)	44.9	43.6
Hedges of foreign currency purchases of property, plant and equipment	(6.3)	6.3	6.2

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:

1 September 2022 to 3 September 2023	Opening £m	Fair value movements recognised in other comprehensive income £m	Amounts reclassified £m	Closing £m	Reclassification recognised in
Hedges of foreign currency sales	**(17.4)**	**30.5**	**1.7**	**14.8**	**Revenue**
Hedges of foreign currency inventory purchases	**43.6**	**(53.8)**	**14.7**	**4.5**	**Inventory**
Hedges of foreign currency purchases of property, plant and equipment	**6.2**	**(6.3)**	**2.2**	**2.1**	**Property, plant and equipment**
Tax	**(6.2)**	**2.0**	**–**	**(4.2)**	
	26.2	**(27.6)**	**18.6**	**17.2**	

Year ended 31 August 2022	Opening £m	Fair value movements recognised in other comprehensive income £m	Amounts reclassified £m	Closing £m	Reclassification recognised in
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	

25 SHARE-BASED PAYMENTS

Accounting policies

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.

The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or options granted, excluding the impact of any non-market vesting conditions. All share options are valued using an option-pricing model. This fair value is charged to the income statement over the vesting period of the share-based payment scheme with a corresponding increase in equity, 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 a 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.

The grant by the Company (ASOS Plc) of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

The Group incurred a cost of £5.2m (2022: £0.6m) net of capitalised costs totalling £1.2m (2022: £0.2m) related to share-based payments during the financial period to 3 September 2023.

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.

A reconciliation of SAYE movements is shown below:

	1 September 2022 to 3 September 2023		1 September 2021 to 31 August 2022	
	Number of options (no. of shares)	**Weighted average exercise price (pence)**	Number of options (no. of shares)	Weighted average exercise price (pence)
Outstanding at beginning of period	**287,037**	**1,933**	216,410	3,326
Granted	**1,497,390**	**298**	265,897	1,355
Lapsed	**(438,434)**	**1,209**	(195,270)	2,690
Exercised	**–**	**–**	–	–
Outstanding at end of period	**1,345,993**	**350**	287,037	1,933
Exercisable at end of period	**4,323**	**914**	643	5,028

The weighted average share price for options exercised over the period was nil pence (2022: nil pence). The weighted average remaining contractual life of options outstanding at 3 September 2023 was 2.3 years (2022: 1.8 years).

Notes to the Consolidated Financial Statements – continued

25 SHARE-BASED PAYMENTS – CONTINUED

The fair value of SAYE options granted during the current and prior periods was calculated using the Black-Scholes model, assuming the following inputs:

	1 September 2022 to 3 September 2023	1 September 2021 to 31 August 2022
Share price (pence)	**665**	2,546
Exercise price (pence)	**532**	2,057
Expected volatility (%)	**63**	72
Expected life (years)	**2.1**	3.1
Risk-free rate (%)	**3.3**	0.6
Dividend yield	**–**	–
Weighted average fair value of options (pence)	**298**	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. Only 2,901 options remain outstanding at the period end (2022: 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 84, are met. These options grants are settled on exercise through issue of new ordinary shares by the Company.

Options granted under the ALTIS are shown below.

	1 September 2022 to 3 September 2023 (no. of shares)	1 September 2021 to 31 August 2022 (no. of shares)
Outstanding at beginning of period	**790,724**	790,562
Granted	**1,564,478**	441,460
Lapsed	**(510,069)**	(339,110)
Exercised	**(24,413)**	(102,188)
Outstanding end of period	**1,820,720**	790,724

The weighted average remaining contractual life of share options outstanding at 3 September 2023 was 1.8 years (2022: 1.3 years). Details of shares conditionally allocated at 3 September 2023 are set out below:

Date of grant	As at 3 September 2023 (no. of shares)	As at 31 August 2022 (no. of shares)
ALTIS '19	**–**	223,627
ALTIS '20	**160,375**	188,644
ALTIS '21	**290,158**	378,453
ALTIS '22	**1,370,185**	–
Total	**1,820,718**	790,724

25 SHARE-BASED PAYMENTS – CONTINUED

The fair value of options granted during the current and prior periods under the ALTIS EPS performance conditions were calculated using the Black-Scholes model and the fair value of options granted under the ALTIS TSR (Total Shareholder Return) performance conditions were calculated using the Monte Carlo model. Both sets of inputs are shown below:

	1 September 2022 to 3 September 2023		1 September 2021 to 31 August 2022				
	Grant 1	Grant 2	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Share price (pence)	**642**	**406**	2,601	2,056	1,373	860	697
Exercise price (pence)	**–**	**–**	–	–	–	–	–
Expected volatility (%)	**72.4**	**69.8**	72.8	67.9	66.3	74.0	60.2
Expected life (years)	**2.9**	**2.4**	2.9	2.7	2.5	2.4	2.2
Risk-free rate (%)	**3.2**	**4.6**	0.5	1.3	1.6	2.2	2.8
Dividend yield	**–**	**–**	–	–	–	–	–
Weighted average fair value of options for EPS performance condition (pence)	**642**	**406**	2,601	2,056	1,373	860	697
Weighted average fair value of options for TSR performance condition (pence)[1, 2]	**270**	**171**	1,480	1,170	781	489	397

1 Inputs to the Monte Carlo model for all grants from 2023 were as follows: share price of 642 pence, exercise price of nil, expected volatility of 57.0%, expected life of 2.8 years, risk-free rate of 3.2% and dividend yield of nil.
2 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.

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

Restricted Stock Unit (RSU)

Similar to the ALTIS schemes, 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 members remain in employment to the end of the vesting period. These options granted are settled on exercise through issue of new ordinary shares by the Company.

Options granted under the RSU are shown below.

	1 September 2022 to 3 September 2023 (no. of shares)	1 September 2021 to 31 August 2022 (no. of shares)
Outstanding at beginning of period	**114,294**	11,920
Granted	**323,208**	127,422
Lapsed	**(29,235)**	(17,883)
Exercised	**(178,401)**	(7,165)
Outstanding end of period	**229,866**	114,294

The weighted average remaining contractual life of share options outstanding at 3 September 2023 was 0.4 years (2022: 0.7 years).

Notes to the Consolidated Financial Statements – continued

25 SHARE-BASED PAYMENTS – CONTINUED

No performance conditions were included in the fair value calculations. The fair value per option granted during the period and the assumptions used in the calculation as well as details of shares conditionally allocated are as follows:

Date of grant	Fair value of options (pence)	As at 3 September 2023 (no. of shares)	As at 31 August 2022 (no. of shares)
26.04.21	**5,222**	**–**	3,830
14.01.22	**2,270**	**–**	100,836
30.08.22	**727**	**4,814**	9,628
19.01.23	**761**	**104,996**	–
31.05.23	**354**	**120,056**	–
		229,866	114,294

26 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 2022 and the period from 1 September 2022 to 3 September 2023 other than remuneration disclosed in Note 7.

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

During the period, £nil (2022: £nil) was received by the Trusts on exercise of employee share options.

Transactions with other related parties

During the period, the Group made purchases of inventory, net of VAT, totalling £65.9m (2022: £75.9m) from Aktieselskabet af 5.5.2010, a company which has a significant shareholding in the Group. At 3 September 2023, the amount due to Aktieselskabet af 5.5.2010 was £6.8m (2022: £8.8m) in addition to a release to the P&L in relation to rebates of £0.1m (2022: £0.2m).

27 NET DEBT RECONCILIATION

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

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

Notes to the Consolidated Financial Statements – continued

28 COMMITMENTS AND CONTINGENCIES

Capital commitments

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

	As at 3 September 2023 £m	As at 31 August 2022 £m
Fixtures and fittings	**71.3**	101.5
Intangible assets	**76.2**	104.5
	147.5	206.0

Subsidiary audit exemptions

The following UK subsidiary undertakings are exempt from the requirements of the Companies Act 2006 (the 'Act') relating to the audit of individual accounts by virtue of section 479A of the Act.

Name	Company number	Name	Company number
ASOS Global Limited	07817472	Covetique Limited	07491491
ASOS Marketplace Limited	07289272	Crooked Tongues Limited	06579850
ASOS Payments Holdings Limited	13337408	Eight Paws Projects Limited	07990751
ASOS Projects Limited	08218702	Mornington & Co (No.1) Limited	08506761
ASOS Transaction Services Limited	08207408	Mornington & Co (No.2) Limited	08506877
ASOS Ventures Limited	09356546		

28 COMMITMENTS AND CONTINGENCIES – CONTINUED

Contingent liabilities

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

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

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

29 POST BALANCE SHEET EVENTS

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

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

Company balance sheet

As at 3 September 2023

	Note	3 September 2023 £m	31 August 2022 £m
Non-current assets			
Investments in subsidiaries	2	**65.9**	59.5
Amounts due from subsidiary undertakings	3	**836.5**	742.5
		902.4	802.0
Current assets			
Amounts due from subsidiary undertakings	3	**1.4**	111.0
Current liabilities			
Current payable to subsidiary undertaking	4	**(1.4)**	(111.0)
Non-current liabilities			
Non-current payable to subsidiary undertaking	4	**(467.3)**	(450.9)
Net assets		**435.1**	351.1
Equity			
Called up share capital	5	**4.2**	3.5
Share premium	5	**322.6**	245.7
Convertible bond reserve		**58.9**	58.8
Retained earnings	6	**49.4**	43.1
Total equity		**435.1**	351.1

The loss after tax for the financial period was £0.1m (2022: loss of £3.5m). Notes 1 to 7 are an integral part of the financial statements.

The financial statements of ASOS Plc, company number 4006623, on pages 160 to 165, were approved by the Board of Directors and authorised for issue on 31 October 2023 and were signed on its behalf by:

José Antonio Ramos Calamonte
Chief Executive Officer

Company Statement of Changes in Equity
For the financial period from 1 September 2022 to 3 September 2023

	Called up share capital £m	Share premium £m	Convertible bond reserve £m	Retained earnings £m	Total £m
As at 1 September 2022	3.5	245.7	58.8	43.1	351.1
Loss for the period and total comprehensive loss	–	–	–	(0.1)	(0.1)
Share issue	0.7	76.9	–	–	77.6
Share-based payments contribution	–	–	–	6.4	6.4
Adjustment	–	–	0.1	–	0.1
As at 3 September 2023	**4.2**	**322.6**	**58.9**	**49.4**	**435.1**
As 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
As at 31 August 2022	3.5	245.7	58.8	43.1	351.1

Retained earnings includes the share-based payments reserve.

Notes to the Company Financial Statements

For the financial period from 1 September 2022 to 3 September 2023

1 BASIS OF PREPARATION

The parent company's financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 as applicable to companies using FRS 101. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the Standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition measurement and disclosure requirements of UK-adopted international accounting standards.

The Company transitioned to FRS 101 during the financial period to 3 September 2023. FRS 101 sets out amendments to IFRS as adopted by the UK that are necessary to achieve compliance with the Companies Act and related regulations. These amendments had no impact on the statement of comprehensive income, balance sheet or statement of changes in equity for the Company for the period of transition.

The financial period represents the financial period 1 September 2022 to 3 September 2023 (prior financial period 1 September 2021 to 31 August 2022).

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of IAS 7 to present a cash flow statement
- The requirements of paragraph 17 of IAS 24 'Related Party Transactions', to disclose information related to key management personnel, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries
- The requirements of paragraphs 30 and 31 of IAS 8 to disclose information assessing the possible impact of new standards issued but which are not yet effective
- The requirements of IFRS 7 and IFRS 13 for disclosure of financial instruments and fair values
- The requirements of IFRS 2, to disclose information related to share-based payment arrangements
- The requirements of IAS 1 to present comparative information in respect of certain assets and the disclosure information related to capital management.

The financial statements are presented in pound sterling, rounded to the nearest million unless otherwise stated. They have been prepared on the going concern basis under the historical cost convention.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented an income statement nor a statement of comprehensive income for the Company alone.

Amendments to published standards

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

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

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

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

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

Significant accounting judgements and estimates

The preparation of the Company's financial statements requires the use of judgements, estimates and assumptions in applying the Company's accounting policies to determine the reported amounts of assets, liabilities, income and expenses.

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 these estimates. Any revisions to accounting estimates are applied prospectively. None of the estimates and judgements used in preparation of the Company accounts are considered significant.

2 INVESTMENTS IN SUBSIDIARIES

Accounting policy

Investments in subsidiaries are carried at cost less any impairment loss in the financial statements of the Company. At each reporting period, the Company assesses the carrying amounts of its investments to determine whether there is any indication of impairment. Where such an indication exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the investment is less than its carrying amount, the investment is written down to its recoverable amount. Any impairment loss is immediately recognised in the income statement.

In accordance with IFRS 2, ASOS.com Limited (a subsidiary of the Company) 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 period from 1 September 2022 to 3 September 2023, ASOS.com Limited recognised a charge of £6.4m (2022: £0.8m) in respect of share-based payment arrangements. Accordingly, this is included within investment additions within the table below.

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
At the beginning of the period	**59.5**	58.7
Additions	**6.4**	0.8
At the end of the period	**65.9**	59.5

An impairment test over the investment in subsidiaries was performed at the period-end, with no impairments identified. Where value-in-use calculations have been used to estimate the recoverable amounts of the investments, sensitivity analysis has been performed. The analysis indicates that there is sufficient headroom such that a reasonably possible change to key assumptions would not result in any impairment in any of the Company's investments in subsidiaries.

3 AMOUNTS DUE FROM SUBSIDIARY UNDERTAKINGS

Accounting policy

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.

	As at 3 September 2023 £m	As at 31 August 2022 £m
Current	**1.4**	111.0
Non-current	**836.5**	742.5
	837.9	853.5

Included within non-current receivables are interest-bearing amounts of £493.8m (2022: £493.8m). The remainder is non-interest bearing. All amounts are repayable on demand. Current receivables has reduced in the period as a result of amounts due to and due from subsidiary undertakings being net-settled.

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 financial period.

Notes to the Company Financial Statements – continued

4 AMOUNTS DUE TO SUBSIDIARY UNDERTAKINGS

Accounting policy

Amounts due to subsidiary undertakings are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method.

	As at 3 September 2023 £m	As at 31 August 2022 £m
Current	**1.4**	111.0
Non-current	**467.3**	450.9
	468.7	561.9

Current amounts due to subsidiary undertakings have reduced in the period as a result of amounts due to and due from subsidiary undertakings being net-settled. 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 19 of the Group financial statements.

5 CALLED UP SHARE CAPITAL AND SHARE PREMIUM

Accounting policy

Ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	As at 3 September 2023 Number of ordinary shares	As at 31 August 2022 Number of ordinary shares	As at 3 September 2023 £m	As at 31 August 2022 £m
Called up share capital				
Allotted, issued and fully paid ordinary shares of 3.5p	**119,236,850**	99,940,235	**4.2**	3.5
Share premium account				
Share premium			**322.6**	245.7

The movements in the called up share capital and share premium are as follows:

	Number of ordinary shares	Share capital £m	Share premium £m
As at 1 September 2022	99,940,235	3.5	245.7
Allotted in respect of share option schemes	202,814	–	–
New shares issued	19,093,801	0.7	76.9
As at 3 September 2023	**119,236,850**	**4.2**	**322.6**
As at 1 September 2021	99,837,096	3.5	245.7
Allotted in respect of share option schemes	103,139	–	–
As at 31 August 2022	99,940,235	3.5	245.7

In May 2023, the Company completed a placing of new ordinary shares, raising gross proceeds of £75.0m in support of the Group's Driving Change agenda. A total of 17,938,292 new ordinary shares were placed at an issue price of 418.1 pence per share. At the same time, the Company completed a retail offer of 1,155,509 new ordinary shares at an issue price of 418.1 pence per share, raising gross proceeds of £4.8m. Share issue fees totalling £2.2m were incurred.

6 RETAINED EARNINGS

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
As at 1 September 2022 and 1 September 2021	**43.1**	45.8
Loss for the financial period and total comprehensive loss	**(0.1)**	(3.5)
Share-based payments contribution	**6.4**	0.8
As at 3 September 2023 and 31 August 2022	**49.4**	43.1

7 CONTINGENT LIABILITIES AND GUARANTEES

Contingent liabilities

Refer to Note 28 of the Group financial statements.

Guarantees

Via the statutory audit exemptions as disclosed on page 158, ASOS Plc will guarantee all outstanding liabilities that the relevant subsidiaries are subject to as at the financial year ended 3 September 2023 in accordance with section 479C of the Act, as amended by the Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012.

Related Undertakings of the ASOS Group

In accordance with section 409 of the Companies Act 2006 and Schedule 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, a full list of related undertakings, registered office address and the percentage of share class owned as at 3 September 2023 are disclosed below. All shares held are ordinary shares unless otherwise stated.

Name of company	Country of incorporation	Proportion of ordinary shares held	Holding	Nature of business
ASOS Intermediate Holdings Limited	UK	100%	Direct	Holding company
Mornington & Co (No. 1) Limited	UK	100%	Direct	Vehicle for implementation of ALTIP
Mornington & Co (No. 2) Limited	UK	100%	Direct	Vehicle for implementation of ALTIP
ASOS.com Limited[1,2]	UK	100%	Indirect	Internet retailer
Crooked Tongues Limited	UK	95%	Indirect	Internet retailer
Covetique Limited	UK	100%	Indirect	Discontinued internet marketplace
ASOS Marketplace Limited	UK	100%	Indirect	Internet marketplace
ASOS Global Limited	UK	100%	Indirect	Holding company
Eight Paw Projects Limited	UK	100%	Indirect	Brand management company
ASOS US, Inc	US	100%	Indirect	Employer of marketing staff based in the US
ASOS Germany GmbH	Germany	100%	Indirect	Employer of supply chain staff based in Germany
ASOS France SAS	France	100%	Indirect	Non-trading company
ASOS Transaction Services France SAS	France	100%	Indirect	Payment processing company
ASOS Australia Pty Limited	Australia	100%	Indirect	Non-trading company
ASOS Canada Services Limited	Canada	100%	Indirect	Non-trading company
ASOS Transaction Services Limited	UK	100%	Indirect	Holding company
ASOS Transaction Services Australia Pty Limited	Australia	100%	Indirect	Payment processing company
ASOS US Sales, LLC	US	100%	Indirect	Payment processing company
ASOS Projects Limited[3]	UK	100%	Indirect	Holding company
ASOS Ventures Limited	UK	100%	Indirect	Non-trading company
ASOS (Shanghai) Commerce Co. Limited	China	100%	Indirect	Discontinued internet retailer
ASOS Payments UK Limited	UK	100%	Indirect	Payment processing company
ASOS Payments Europe B.V.	Netherlands	100%	Indirect	Payment processing company
ASOS Payments Holdings Limited	UK	100%	Indirect	Holding company
Cornwall (Jersey) Limited	Jersey	100%	Indirect	Vehicle for issue of convertible bond
ASOS Holdings Limited	UK	90%	Indirect	Brand management company

1 ASOS.com Limited has a 7.2% interest in Needle and Thread Design Holdings Limited.
2 ASOS.com Limited additionally has a branch registered in the Netherlands
3 ASOS Projects Limited has a 2.9% interest in Action Artificial Intelligence Limited.

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 uses this measure
Revenue growth at constant currency	None	ASOS calculates constant currency (CCY) growth by adjusting the current year reported revenue number for the impact of year-on-year changes in the hedge rate on hedged sales and year-on-year spot rate movements on unhedged sales. The current period also adjusts for the impact of the three additional trading days in FY23. This provides revenue growth on a like-for-like basis vs. last year, giving users of the accounts a better view of underlying sales performance that is not impacted by exchange rate fluctuations.	This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results.

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m	Growth %
Adjusted revenue[1]	**3,448.0**	3,859.7	(11)%
Impact of foreign exchange translation, Jobber income excluded from adjusted profit, and LFL financial periods	**101.5**	–	–
Excluding Russia	**–**	76.8	–
Group revenue	**3,549.5**	3,936.5	(10)%

1 Adjusted revenue, stated on a constant currency basis, excluding Russia from H1 FY22, and removing the impact of the 3 extra trading days in FY23.

	Year to 31 August 2022 £m	Year to 31 August 2021 £m	Growth %
Revenue at constant currency	3,972.7	3,910.5	2%
Impact of foreign exchange translation	(36.2)	–	–
Group revenue	3,936.5	3,910.5	1%

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure
Retail sales	Revenue	Internet sales recorded net of an appropriate deduction for actual and expected returns, relevant vouchers, discounts and sales taxes. Retail sales exclude income from delivery receipt payments, marketing services, commission on partner-fulfilled sales and revenue from wholesale sales.	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 4.
Adjusted revenue	Revenue	Revenue excluding the impact of adjusting items.	A measure of the Group's revenue and gross profitability, excluding the impact of any adjusting items. Reconciliation is shown below:
Adjusted gross margin	None	Gross profit divided by revenue and excluding the impact of adjusting items.	

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Revenue	**3,549.5**	3,936.5
Adjusting items	**(11.5)**	–
Adjusted revenue	**3,538.0**	3,936.5
Gross profit	**1,459.0**	1,717.5
Adjusting items	**104.4**	–
Adjusted gross profit	**1,563.4**	1,717.5
Gross margin %	**41.1%**	43.6%
Adjusted gross margin %	**44.2%**	43.6%

Alternative Performance Measures (APMs) – continued

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure
Adjusted EBIT	Operating (loss)/profit	Profit before tax, interest, and any adjusting items excluded from adjusted profit before tax (see below).	A measure of the Group's underlying profitability for the period, excluding the impact of any transactions outside of the ordinary course of business and not considered to be part of ASOS' usual cost base. Used by management to monitor the performance of the business each month.
Adjusted (loss)/profit before tax	(Loss)/profit before tax	Adjusted (loss)/profit before tax excludes items recognised in reported profit or loss before tax which, if included, could distort comparability between periods. In determining which items to exclude, the Group considers items which are significant either by virtue of their size and/or nature, or that are non-recurring.	

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Operating loss	**(248.5)**	(9.8)
Adjusting items excluding finance costs (Note 3)	**219.5**	53.9
Adjusted EBIT	**(29.0)**	44.1
Net finance costs (Note 8)	**(48.2)**	(22.1)
Add back adjusting finance costs (Note 3)	**6.9**	–
Adjusted (loss)/profit before tax	**(70.3)**	22.0
Group revenue	**3,549.5**	3,936.5
Adjusting items	**(11.5)**	–
Adjusted Group revenue	**3,538.0**	3,936.5
Adjusted EBIT margin	**(0.8)%**	1.1%

Details of adjusting items are included within Note 3.

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure
Adjusted EBITDA	No direct equivalent	Adjusted EBIT above, adjusted for depreciation, amortisation and impairments	EBITDA is used to review the Group's profit generation and the sustainability of ongoing capital reinvestment and finance costs.

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Adjusted EBIT (above)	**(29.0)**	44.1
Add back depreciation and amortisation (per cash flow)	**172.5**	149.8
Add back impairment (per cash flow)	**32.1**	19.2
Less depreciation and amortisation excluded from adjusted profit[1]	**(19.6)**	(10.7)
Less impairment excluded from adjusted profit[2]	**(31.5)**	(18.5)
Adjusted EBITDA	**124.5**	183.9

1 Comprises £18.3m within property initiatives, and £1.3m within the commercial operating model change
2 Comprises £28.6m within property initiatives, and £2.9m within strategic initiatives

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure
Net cash/ (debt)	No direct equivalent	Cash and cash equivalents less the carrying value of borrowings (including accrued interest) drawn down at period-end, but excluding outstanding lease liabilities.	A measure of the Group's liquidity. Information is included in Note 27. A reconciliation is included below:

	As at 3 September 2023 £m	As at 31 August 2022 £m
Cash and cash equivalents	**353.3**	323.0
Borrowings	**(672.8)**	(475.9)
Lease liabilities	**(329.0)**	(380.1)
Net borrowings	**(648.5)**	(533.0)
Add back lease liabilities	**329.0**	380.1
Group net debt	**(319.5)**	(152.9)

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure
Free cash flow	No direct equivalent	Free cash flow is net cash generated from operating activities, less payments to acquire intangible and tangible assets, payment of the principal portion of lease liabilities and net finance expenses.	A measure of the cash generated by the Group outside cash flows relating to M&A and financing transactions, which allows management to better assess the cash being generated by the business. A reconciliation to the Group cash flow is shown below:
Adjusted free cash flow	No direct equivalent	Free cash flow, excluding the cash flow impact of adjusting items within operating cash flows. This metric would also exclude the impact from any M&A or financing transactions carried out by the Group. A performance measure for the FY23 annual bonus.	

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Cash generated from/(used in) operations (per cash flow)	**16.4**	(120.4)
Purchase of tangible and intangible assets	**(177.9)**	(182.9)
Repayment of principal portion of lease liabilities	**(22.4)**	(26.3)
Net interest paid	**(29.1)**	(10.2)
Free cash flow	**(213.0)**	(339.8)
Cash flow impact of adjusting items	**53.4**	18.2
Refinancing fees (in financing cash flows)	**(30.8)**	–
Adjusted free cash flow	**(190.4)**	(321.6)

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure
Adjusted diluted EPS	Diluted EPS	Diluted EPS measure used for ATLIS awards, assessed using adjusted (loss)/profit after tax, and with the convertible bond treated as dilutive.	A measure of the Group's diluted EPS and is used as the basis for assessing the outturn of the Group's ALTIS scheme targets. A reconciliation of the Group diluted EPS is shown below:

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
Adjusted profit after tax	**(52.9)**	16.7
Add back P&L impact of convertible bond (net of tax)	**10.4**	7.6
Adjusted profit after tax for diluted EPS calculation	**(42.5)**	24.3
Shares (k)	**104,729**	99,940
Convertible bond shares (k)	**6,277**	6,277
Shares for diluted EPS calculation	**111,006**	106,217
Adjusted diluted EPS	**(38.3)p**	22.9p

Company Information

Registered office
Greater London House
Hampstead Road
London
NW1 7FB

Registered in England
Company Number 4006623

Company Secretary
Emma Whyte

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Registrars
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Lawyers
Slaughter and May
1 Bunhill Row
London
EC1Y 8YY

Joint brokers
J.P. Morgan Cazenove
25 Bank Street
London
E14 5JP

Deutsche Numis Securities Limited
45 Gresham Street
London
EC2V 7BF

Berenberg
60 Threadneedle Street
London
EC2R 8HP

Financial PR
Teneo
The Carter Building
11 Pilgrim Street
London
EC4V 6RN

Shareholder Information

Share dealing enquiries

Link Group – Share Dealing
Central Square
29 Wellington Street
Leeds
LS1 4DL

0371 664 0445 (Calls are charged at the standard geographic rate and will vary by provider)

Outside UK **+44 (0) 371 664 0445** (Calls outside the United Kingdom are charged at the applicable international rate)

Lines are open Monday – Friday 8am – 4:30pm

Email: info@linksharedeal.com

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Find out more at www.sharegift.org.uk or by telephoning **020 7930 3737**.

Share fraud warning

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Conduct Authority (FCA) has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

Protect yourself

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

- Get the name of the person and organisation contacting you.
- Check the Financial Services Register at http://www.fca.org.uk to ensure they are authorised.
- Use the details on the FCA Register to contact the firm.
- Call the FCA Consumer Helpline on **0800 111 6768** if there are no contact details on the Register or you are told they are out of date.
- Search our list of unauthorised firms and individuals to avoid doing business with.

Remember: if it sounds too good to be true, it probably is!

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

Report a scam

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at http://www.fca.org.uk/scams, where you can find out about the latest investment scams. You can also call the Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

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ASOS Plc

Greater London House
Hampstead Road
London
NW1 7FB
United Kingdom
Tel: +44 (0)20 7756 1000

Company information

Registered in England 4006623
VAT number: 788 6225 77