17 April 2024

ASOS plc
Global Online Fashion Destination

Interim results for the 26 weeks to 3 March 2024

Strong progress on speed and profit initiatives under Back to Fashion strategy

Summary financial results

£m	26 weeks to 3 Mar 2024 (HY24)	Six months to 28 Feb 2023 (HY23)	Change	Adjusted LfL CCY change
Headline measures[1]				
Adjusted group revenue[2,3]	1,497.5	1,838.5		(18%)
Adjusted gross margin	40.3%	42.9%	(260bps)	
Cost to serve[4]	41.5%	42.7%	(120bps)	
Adjusted EBITDA	(16.3)	4.6	(20.9)	
Adjusted EBIT	(98.1)	(69.4)	(28.7)	
Adjusted loss before tax	(120.0)	(87.4)	(32.6)	
Net debt	(348.8)	(431.7)	+82.9	
Free cash outflow	(21.1)	(258.8)	+237.7	
Statutory measures				
Group revenue	1,505.8	1,840.6	(18%)	
Gross margin	40.0%	36.1%	+390bps	
Operating loss	(246.8)	(272.5)	+25.7	
Loss before tax	(270.0)	(290.9)	+20.9	

Strategic update and results summary

- Strong progress on Back to Fashion strategic priorities to make ASOS faster, more agile, and more profitable:
  - Delivered c.£240m year-on-year ('YoY') improvement in H1 free cash flow (outflow of c.£21m) through disciplined inventory and cost management, representing our strongest H1 cash performance since 2017.
  - Ahead of plan on stock reduction with £593m stock at H1 (vs. FY24 objective of c.£600m). Approximately half of the stock reduction came from the clearance of stock over 12 months old.
  - Sold through c.83% of AW23 stock in H1, representing a 17ppt YoY improvement and resulting in two-thirds reduction in volume of AW stock carried forward vs. prior year.
  - Increased stock turn on newness by more than 40% YoY with a c.10ppt YoY improvement in 12-week sell through - indicative of better and more relevant product under the new model.
  - Flexible models scaling well: Test & React running at c.5% own-brand sales and already above 30% in launch category (ASOS Design Jersey Tops); Partner Fulfils running at c.5% of partner brand GMV.
  - Structurally improved profitability with cost to serve[4] down 120bps to 41.5% of sales despite volume deleverage over fixed costs and UK brand marketing investment.
- As previously announced, H1 FY24 sales -18% as we annualised actions taken during FY23 to improve core profitability under the Driving Change agenda and with H1 intake c.-30% YoY as we right-size stock levels.
- Over 60% of sales from product now excluded from promotions. However, adjusted gross margin down 260bps YoY due to planned discounting to clear old stock. Further clearance activity planned in H2 to unlock the full benefit of the new commercial model from FY25. Gross margin drag in H1 from heightened mix of old product sales estimated over 5ppt. Consequently, adjusted EBITDA ('AEBITDA') loss of £16.3m in the half.
- Reiterating guidance for FY24 sales decline of 5 to 15%, positive adjusted EBITDA and cash generation. Further clearance activity planned in H2 to unlock the full benefit of the new commercial model from FY25.
- AEBITDA for FY25 expected to be significantly higher than FY23 and FY24 driven by: (1) materially higher gross margin following removal of old stock and higher full-price sales mix of flexible stock models; and (2) ongoing transformation of the business following cost action already taken in FY23 and H1 FY24.
- Further strengthening of company leadership including appointment of new CFO detailed in separate RNS.

ASOS plc

Global Online Fashion Destination

Interim results for the 26 weeks to 3 March 2024

José Antonio Ramos Calamonte, Chief Executive Officer said:

"At the beginning of this year we explained that FY24 would be a year of continued transformation for ASOS as we take the necessary actions to deliver a more profitable and cash generative business. Under our Back to Fashion strategy, we set out three priorities for the year – to offer the best and most relevant product, to strengthen our relationship with customers and to reduce our cost to serve. We have delivered on each of these in the first half of the year, including right-sizing our stock ahead of target to drive our best first half cash performance since 2017 and seeing excellent results in our Test & React model, which is growing at pace. ASOS is becoming a faster and more agile business, and we are reiterating our guidance for the full year as we lay the foundations for sustainably profitable growth in FY25 and beyond."

CEO Review

We started this journey with a clear target in mind, to turn ASOS into a company that delivers sustainable, profitable growth. That meant three things: i) to provide our customers with the best and most relevant product through better stock management and an obsession with speed; ii) to reduce our cost to serve, removing waste and improving our use of data; iii) to strengthen our relationship with customers, ensuring ASOS is top-of-mind for fashion. Over the last six months we have seen progress on all fronts.

We have seen good momentum in our transformation to make ASOS faster and more agile, bringing the most exciting product to our fashion-loving twenty-something consumers from both our own brands and the best partner brands. Product produced through our Test & React model, which brings product from design to site in less than 3 weeks, is amongst our top sellers every week, with strong full-price sell-through and a gross margin of 58%. This is still a small part of our business but we are scaling it at pace, now accounting for close to 40% of sales in one of the product categories we launched with in November. I have the confidence that this model will be truly transformational for ASOS, both for our customers and for the profitability and cash generation of our business model. With better product and more disciplined stock management, over 60% of our sales now come from product excluded from any markdown or promotions.

We have also made great progress in reducing our cost to serve, ensuring we focus our spending in areas that truly benefit our customer and deliver the experience they value most. We reduced our cost to serve ratio below the prior year despite the deleverage of some of our fixed costs from the decline in sales. At the same time, we made considerable headway in strengthening our relationship with customers, increasing our visibility across social media platforms by increasing organic product seeding to more than 300 influencers per month, building relevance for our core customer and ensuring ASOS is top-of-mind for fashion.

This strong stock discipline and cost management has delivered our strongest H1 cash performance since H1 FY17, but the impact of our meaningful strategic progress on profit was concealed by the action we took to reduce our stock. We have successfully sold through a significant volume of the old stock that accumulated under our old commercial model, particularly over the Covid period. At the same time we reduced intake by c.30% YoY in the period, primarily to facilitate the right-sizing of stock, but also due to delays in shipments cause by disruption to ocean freight routes to avoid the Red Sea. The result of this is a sub-optimal level of newness and higher proportion of sales of old stock, providing a less compelling customer proposition and creating a drag on sales and gross margin over FY23 and FY24. However, it is the medicine we needed to take. Our progress over the last six months means we can feel confident that from FY25 we'll have the right level of newness to excite our customers again.

While we can be proud of what we've achieved so far, there is always more to do. We are relentlessly focussed on delivering even more against each of these priorities throughout the remainder of H2 FY24.

Progress against our FY24 priorities:

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

At its core, ASOS is about bringing exciting product to our fashion-loving twenty-something customers and inspiring them to be whoever they want to be. With our combination of prominent own brands including ASOS Design, Topshop and Topman alongside a curated edit of the most relevant assortment from our partner brands, we are uniquely positioned to offer exclusive product while also meeting the desires of our target customer. As I set out in November, a key mechanism by which we can offer the *most relevant* product is by becoming faster and more agile, principles which we have successfully embedded at the heart of both our new commercial model and our culture.

Our Test & React capability, which brings stock into the business on a two-to-three week lead time, will ensure that ASOS is the first place that our customers are able to access the latest trends. We have made good progress in scaling this model to a run-rate of c.5% of own-brand since launch in November and are now working with suppliers in Turkey and Morocco as well as the UK. Test & React was initially launched in the strategically important ASOS Design Womenswear Jersey Tops and Jersey Eveningwear Dresses categories, together responsible for close to 20% of ASOS Design Womenswear sales. Test & React has already scaled to over 20% of the Jersey Eveningwear Dresses category and in Jersey tops is approaching 40%. We have now rolled out Test & React to other categories such as Soft Wovens and will expand into Denim in the second half. We are on track to hit our Test & React target of exiting the year with a run-rate of c.10% of own-brand mix and achieving c.30% in the mid-term. Gross margin on Test & React product in H1 was c.58%, an exceptional achievement despite higher sourcing costs as a result of strong full-price sell-through turning on just 3 weeks cover. These impacts will become more visible in our group performance as Test & React becomes a larger part of our mix in FY25 and beyond.

Beyond Test & React, we are working hard to increase speed to market across all our own design product, significantly reducing lead times, particularly in long lead regions. While still in its early stages we have achieved promising results, with a c.30% reduction in lead times achieved by a number of key suppliers of Jersey, Denim and Dresses. These initiatives will ultimately enable ASOS to get product to market faster and to hold fewer units of each style, meaning more relevant product for our customers while also reducing inventory risk and improving profitability and cash generation.

On the partner brands side, we've started to ramp up our flexible fulfilment models with Partner Fulfils making up c.5% of partner brand sales by the end of H1. At FY23 we set out plans to double both the percentage of GMV and the number of brands operating on Partner Fulfils over the course of this year. Partner Fulfils allows us to be more flexible in how we collaborate with our brand partners, while simultaneously providing increased width (i.e. expanding the product range available on the ASOS platform) and depth (i.e. allowing us to continue fulfilling orders on our bestsellers when our wholesale stock is depleted). This is all without taking on inventory risk and hence provides the ability to churn slow-moving styles off the site without any cost to ASOS. For our brand partners, it provides access to our 21m fashion-loving twenty-something customers with the flexibility to match supply to demand across different distribution channels, including their own online distribution. In December, we also launched a pilot of ASOS Fulfilment Services ('AFS'), partnering with Spanish brand Scalpers. We will continue to analyse data from this pilot and iterate the programme throughout the remainder of FY24 before implementing our learnings as we scale AFS in FY25.

This approach will make ASOS a more profitable business going forward, with less stock risk because shorter lead times enable lower initial purchase orders on own-brand and because of stockless partner brand models. We will also 'clear as we go' on product that doesn't work well. Our approach to managing fashion-led stock under the new commercial model involves removing aged stock from our model by clearing product close to the season in which it is relevant. This avoids very deep aged clearance discounts, improving gross margin and ensuring a better customer experience by presenting more fresh, relevant product.

As expected, the significant steps forward we have made over the first half are not reflected in the profit we have reported for the period. As you already know, the business accumulated c.£550m of stock between FY20 and FY22. This reality meant that throughout FY23 and FY24 we have had to significantly reduce new intake (by c.30% in H1 FY24) while heavily discounting old stock in order to reach our goal of holding c.£600m of inventory by FY24, so that we can operate fully on our new commercial model in FY25. We reached our goal early with H1 FY24 inventory of £593m. As already explained, this clearing progress has had a direct impact on our adjusted gross margin (310bp YoY impact from higher discounting). Driving sales to old product also cannibalises slow-moving product in mid-season and end-of-season sales, increasing the discount required to clear it, as well as diluting our fashion-centric customer proposition. Pleasingly, despite this overhang, we sold through 83% of our AW23 product in H1, a 17ppt improvement on the prior year. We still have old Spring Summer stock to clear in H2 while seasonally relevant, but we feel we have laid strong foundations for a significantly better product proposition in FY25, which will come with substantially higher gross margins and pre-Covid EBITDA margin (c.6%), as previously guided.

2. Reduce our cost to serve, remove waste and improve our use of data

We are laser-focused on ensuring the investments we make, both in terms of cost and time, help us play to our strengths and further our strategic goals. Actions taken over FY23 and the first half of FY24 have reduced our cost to serve[4] by 120bps to 41.5% of sales, which is a notable achievement in the face of volume deleverage over our fixed cost base and the incremental investment we decided to make into full funnel marketing. The improvement is the result of hundreds of initiatives, some of the more material of which are:

- Consolidation of our delivery network: A consolidation of parcel volumes to fewer delivery partners across multiple regions has lowered our contracted rates in the half, with the associated benefit continuing through H2. The cessation of split orders from our two UK distribution centres in H1 FY23, alongside removal of Covid levies and fuel surcharges, has further reduced our distribution costs. Distribution costs as a percentage of sales have fallen by 100bps on the year, from 12.5% to 11.5%.
- Warehouse optimisation: We have delivered a reduction in both variable and fixed warehouse costs. As of October, all UK and Rest of World ('RoW') orders are fulfilled from an automated distribution centre, reducing the variable cost to serve. Further variable cost savings have been delivered through the optimisation of shift patterns, which have more than offset headwinds from continued wage inflation in the high single digits. Fixed costs were also reduced by the sell-down of aged stock enabling the gradual closure of off-site storage facilities in H1 FY23, as well as the implementation of leaner management structures in our fulfilment centres. In total, warehouse costs as a percentage of sales reduced by 130bps YoY in H1, from 12.4% to 11.1%.
- Head office: Other costs have also fallen as a percentage of sales, the most significant element of which relates to the cost of head office staff. Following the headcount reduction in January 2023 we have continued to find efficiencies in our structure, including in relation to vacancies. As such, staff costs have declined by 12.5% YoY despite offsetting headwinds from wage inflation running at mid-single digits.

Looking ahead to H2, we expect incremental savings from the mothballing of both the Lichfield fulfilment centre and closure of the Selby returns facility, the timing of which means the impact on H1 has been limited. The decision to mothball the Lichfield site was taken on the basis that the business will hold less stock under the new commercial model and therefore the capacity provided by the facility was no longer necessary to support ASOS' future growth. With the majority of automation spend already committed, we completed the project in March and site closure is scheduled for the end of May. Mothballing the site is expected to result in cost savings of c.£20m p.a. from FY25, with automation spend of c.£16m incurred post-impairment treated as an adjusting item through our P&L rather than capex. The site will be marketed for sale and is a versatile, fully automated pick-and-pack distribution centre suitable for use in a range of industries, and as such we hope to recover a portion of our investment. In the absence of an offer, a non-cash impairment charge of c.£114.7m has been taken against the asset on our balance sheet.

It is worth reiterating that we will never stop in our journey to optimise our operations, instilling continuous improvement at the heart of our culture. Beyond the projects outlined above, we have improved the data in our logistics operations to better scrutinise our shipping performance and therefore improve customer experience, we are upgrading our Product Lifecycle Management ('PLM') systems and processes which will significantly improve our speed, accuracy, and efficiency, and we are improving our use of data to increase the efficiency of our marketing activity, amongst many other things.

3. Strengthen our relationship with consumers

ASOS' relationship with consumers is most critically about exciting them with the most relevant product, brought to life in an inspirational way for fashion-loving twenty-somethings. One of the biggest drivers of traffic, conversion and customer retention is therefore our product. The other critical component is creating the most inspirational shopping experience for our customers. With our initiatives to deliver better and more relevant product now well-entrenched and scaling, over the second half of the year we will focus on our customer-based initiatives. We will provide more detail of this work and update on our progress at our full year results in the Autumn.

Once we have product that is more relevant and a proposition that genuinely inspires our customers, we will then turn up our marketing to amplify our brand message. During our FY23 results, we announced a change of direction in our approach to marketing, returning to our roots of cultural marketing, content marketing and organic social media to provide inspiration and ensure ASOS is top-of-mind for fashion for our core customer.

In November we launched our UK brand campaign 'ASOS Your Way'. Alongside the campaign itself, we collaborated with top social talent to maximise reach across all platforms and combined this with the first pulse of our experiential guerilla marketing campaign 'ASOS IRL'. As we explained in November, the impact of upper funnel marketing lags by around twelve months, but in the short-term we used test and control groups to isolate the uplift generated by the campaign activities. Early results demonstrated a 10% uplift in new customers and a 2% uplift in organic web visits immediately following the activations. Meanwhile, our first ever pop-up store in central London was visited by more than 6,000 customers across the four days it was open. The campaign achieved a combined paid and organic reach of over 30 million unique users, and in the weeks following we saw a 17% YoY uplift in branded search[5]. We are looking to build on this success with our March activation, 'ASOS Unreal Finds', which aims to reposition ASOS as a destination for style discovery and source of fashion inspiration through bespoke and personalised recommendations.

In support of this new approach, we have launched an always-on multi-faceted social and influencer programme providing us with the opportunity to showcase our brand across platforms, building relevance for our core customer. Our approach involves partnering with both micro and mega influencers, increasing our organic product seeding globally to over 300 influencers per month, with scope to grow further in H2. Concurrently, we have increased our on-site inspiration through the scaling of our Buy the Look functionality. As a multi-brand player and with our unique styling and studio capability, we can provide customers with inspiration for 'looks' not just items, with benefits for our basket economics. We have now created over 42,000 looks based on our re-imagined Buy the Look, available to customers globally across Mobile Web, iOS, and Android platforms. Early control tests have shown the average basket value of orders that include a Buy the Look product is around 55% higher than average, and baskets are larger as well as more valuable, with a basket almost doubling in size when at least one Buy the Look product is included.

Leadership Updates

Alongside our interim results, we are also pleased to welcome three new appointments to our Management Committee, as well as Christine Cross, who has been appointed as an Independent Non-Executive Director of the Company from 16 April 2024 and will Chair the Remuneration Committee.

As announced by separate RNS this morning, Dave Murray will join ASOS as CFO on 29 April 2024. He joins with more than two decades' experience across a range of finance roles in the retail and e-commerce industry, including at Sainsbury's, Amazon, Farfetch, and most recently as CFO of MatchesFashion. Interim CFO Sean Glithero will continue for a period to ensure a smooth transition and leaves with our deepest thanks and well wishes.

Dave will be joined on the Management Committee by Rasila Vaghjiani, who will join ASOS as EVP, People, in July; and Anthony Ben Sadoun, who joined ASOS as EVP, Digital Product in February. EVP, Digital Product is a newly created role which reflects our commitment to developing a customer experience.

Outlook & guidance

In H1 FY24 we delivered our strongest H1 cash generation since H1 FY17 because of our stock discipline and cost management. Our guidance for FY24 and FY25 remain unchanged and we are committed to accelerating towards an 8% EBITDA margin in the mid-term, enabling ASOS to be sustainably cash generative on an ongoing basis. As set out in our FY23 results announcement:

- Our mid-term priorities are leveraging our strengths: to offer the best & most relevant product; be a destination for style; build a customer journey created around fashion and excitement; and offer competitive convenience. These things will drive our economic model, delivering stronger order economics and 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. Our priorities of accelerating towards our new commercial model and strengthening our relationship with consumers require investment in the near term into marketing and the discounting of aged stock to exit the year with a clean stock position, including using offsite clearance channels where necessary.
- As such, our expectations for FY24 are unchanged:
    - Sales decline of 5 to 15%, with P4 FY23 trends continuing through the first half of FY24 and a return to growth in the final quarter of FY24.
    - Adjusted EBITDA positive.
    - Stock back to pre-Covid levels (c.£600m as previously communicated).
    - Capex of c.£130m[6].
    - Positive cash generation, reducing our net debt position.

Our next update will take place following the end of the FY24 reporting period.

José Antonio Ramos Calamonte
Chief Executive Officer

Notes

[1] The alternative performance measures used by ASOS are explained, defined and reconciled to statutory measures on pages 41-44.
[2] Adjusted revenue includes retail sales, wholesale and income from other services, excluding jobber income.
[3] Like-for-like ('LfL') sales are adjusted to remove the benefit of one additional day of trading in H1 FY24 (4 September 2023 to 3 March 2024) vs. H1 FY23 (1 September 2022 to 28 February 2023). The impact of the additional day is less than 1%.
[4] Cost to serve defined as operating expenses (excluding depreciation and amortisation and excluding adjusting items) as a percentage of adjusted revenue.
[5] Data from campaign performance studies comparing test and control groups in Nov/Dec 2023.
[6] Excluding Lichfield automation capex of £20.4m capitalised and subsequently impaired.

Financial Review

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

					26 weeks to 3 March 2024		
£m	**UK**	**EU**	**US**	**RoW[1]**	**Total reported**	**Adjusting items[2]**	**Total adjusted**
Retail sales[3]	647.0	512.2	167.3	107.0	1,433.5	-	1,433.5
Income from other services[4]	29.1	15.2	23.0	5.0	72.3	(8.3)	64.0
Total revenue	**676.1**	**527.4**	**190.3**	**112.0**	**1,505.8**	**(8.3)**	**1,497.5**
Cost of sales					(903.5)	10.2	(893.3)
Gross profit					**602.3**	**1.9**	**604.2**
Distribution expenses					(172.6)	-	(172.6)
Administrative expenses					(677.6)	146.8	(530.8)
Other income					1.1	-	1.1
Operating loss					**(246.8)**	**148.7**	**(98.1)**
Finance income					5.4	-	5.4
Finance expense					(28.6)	1.3	(27.3)
Loss before tax					**(270.0)**	**150.0**	**(120.0)**

During the 26 weeks to 3 March 2024 ('the period') ASOS realised an adjusted loss before tax of £120.0m as sales were impacted by continued challenges in the market backdrop, including higher cost-of-living pressures and the impact of profit initiatives taken in FY23 under our Driving Change agenda. The focus of these changes is improving stock-health and clearing aged inventory to improve cash flow and provide an efficient, sustainable operating model into future periods. While hindering top-line growth, these initiatives are simultaneously providing material, ongoing savings throughout our cost base.

The reported loss before tax of £270.0m for the period includes adjusting items totalling £150.0m; including £139.3m relating to the mothballing of our Lichfield fulfilment centre, announced in our FY23 results. £114.7m of this is non-cash and represents the impairment of the tangible, intangible and right-of-use assets associated with the facility. The remaining amount associated with this programme, including £16.5m non-capitalised spend, £6.9m exit provisions and £1.2m in other costs is expected to be cash-settled in future periods.

Outside of the Lichfield programme, other adjusting items include £2.4m relating to property reviews, £1.9m associated with the FY23 stock-write-off programme and £1.0m relating to other initiatives. There was a further £5.4m adjusting item for the amortisation of the Topshop brands as in prior periods.

During the second half of the previous financial year we aligned our internal and external reporting periods to increase reporting efficiency. Previously external reporting was based on calendar months with the half-year results covering a period from 1 September 2022 to 28 February 2023. This year the reporting period is from 4 September 2023 to 3 March 2024 and is therefore one trading day shorter than the H1 FY23 results. The impact of this on group sales growth was c.0.6% and the associated profit and cash flow impact is immaterial.

Revenue

Total sales for the half declined by 18%[5] as we have continued to annualise the impact of actions taken during FY23 to improve profitability. We continued to reduce intake in the half (c.-30% YoY) to right-size our stock position and newness was further limited by disruption to Red Sea shipping routes.

Strategic trading decisions facilitated improved profitability over the crucial Black Friday period despite lower sales YoY. We also took the opportunity to optimise discounting through the period to drive clearance of old and aged stock. Concurrently, we have taken further steps to increase profitability of our best performing stock through a more targeted discount strategy, with increased use of promo exclusions that help to protect fast-selling full price stock. These have however had some impact on conversion, which fell by 20 bps vs. H1 FY23.

	26 weeks to 3 March 2024	Six months to 28 February 2023	Change
Active customers (m)[6]	**21.4**	24.9	*(14.1%)*
Average basket value (£)[7]	**41.16**	40.84	*0.8%*
Average basket value CCY (£)[8]	**41.48**	40.84	*1.6%*
Average order frequency[9]	**3.4**	3.7	*(8.1%)*
Total shipped orders (m)	**34.8**	43.2	*(19.4%)*
Total visits (m)	**1,189.2**	1,389.5	*(14.4%)*
Conversion[10]	**2.9%**	3.1%	*(20bps)*

Active customers declined c.14% YoY, continuing trends seen in previous periods as we focus on improving the profitability of our customers. Average basket value ('ABV') CCY increased by 1.6%, as an increase in average selling price driven by product mix more than offset the markdown investment used to clear aged inventory.

Performance by market

United Kingdom

UK	**26 weeks to 3 March 2024**
Total Sales	**(16%)**
Visits	**(14%)**
Orders	**(19%)**
Conversion	**(30bps)**
ABV	**+3%**
Active Customers	**7.5m / (13%)**

Sales in the UK declined by 16% YoY against a difficult consumer backdrop as a result of the cost-of-living challenges which particularly impact the younger ASOS customer demographic. A stronger delivery proposition, supported by increased robustness in delivery networks post-peak and the launch of 'ASOS Your Way' supported sales during November and December. However, in the post-Christmas period, intake challenges associated with the disruption to ocean freight through the Red Sea, alongside a more strategic approach to promotions targeting clearance of old stock while excluding strong performers impacted conversion, which was down 30bps YoY.

Active customers were down 13% YoY, broadly tracking sales trends based on the same factors. The lower demand in the market also impacted visits throughout the period which were down 14% YoY. ABV was up 3% YoY as mix impacts more than offset discounting, while orders were down 19% YoY indicating that profit actions are positively influencing customer behaviour to underpin basket economics.

Europe

EU	26 weeks to 3 March 2024
Total Sales	**(11%) / (11%) CCY**
Visits	**(14%)**
Orders	**(14%)**
Conversion	**-**
ABV	**(2%) / 3% CCY**
Active Customers	**9.5m / (11%)**

Total sales were down 11% YoY with weak demand in a number of key markets in the period. Colder weather provided some support in the first quarter, driving a mix into higher average selling price ('ASP') Autumn-Winter products, which helped improve the overall ABV despite higher levels of promotional activity to clear older inventory.

Despite headwinds to top-line growth created by actions under the Driving Change agenda, share in core markets has proved resilient. France was particularly challenging in the half, however a more aggressive promotional stance in January, during Soldes, allowed us to grow share and capitalise on demand through this key trading period. Meanwhile, Germany has historically had a particularly high cost to serve with some of the highest return rates in the world experienced across the industry. As such, the profit initiatives introduced in this market have been among the widest-ranging, including delays to the launch of high returning categories such as formal dresses, reduced prominence of certain product categories in customer communications and on the ASOS homepage, and changes to delivery charging infrastructure to align with best-in-class local competitors. Despite weakness in the German market overall market share has held up well, indicating that the changes introduced have not negatively impacted our proposition relative to competitors.

United States

US	26 weeks to 3 March 2024
Total Sales	**(29%) / (25%) CCY**
Visits	**(16%)**
Orders	**(26%)**
Conversion	**(30bps)**
ABV	**(8%) / (2%) CCY**
Active Customers	**2.6m / (19%)**

Total US sales fell by 25% YoY, reflecting challenges in visits down 16% due to general market weakness, strong competition bolstered by high levels of promotional aggression, and our more restrained approach to paid media spend with a focus on increasing return on investment. Conversion also declined 30bps YoY as a result of the wide-ranging actions taken throughout last year to improve the region's profitability.

Rest of World

RoW	26 weeks to 3 March 2024
Total Sales	**(35%) / (36%) CCY**
Visits	**(16%)**
Orders	**(40%)**
Conversion	**(40bps)**
ABV	**10% / 8% CCY**
Active Customers	**1.8m / (26%)**

Rest of World ('RoW') sales fell by 36% YoY reflecting the annualisation of the widespread profitability measures outside our core geographies which were implemented towards the end of H1 FY23, including price increases and changes to our delivery proposition. This can be seen in the key trading metrics with reduced visits and conversion partially offset by ABV up 8%, building on the double-digit ABV increase already achieved last financial year.

Gross margin

Adjusted gross margin[2] fell 260bps YoY to 40.3%. Increased discounting as part of our planned activities to accelerate clearance of old and aged stock as we transition to the 'New commercial model' was responsible for 310bps of gross margin decline. On a reported basis gross margin improved by 390bps, primarily due to the c.£130m stock write-off programme in the prior year which was treated as an adjusting item.

The lower freight rates contracted in FY23 continued to provide a benefit to gross margin in the half, although surcharges imposed to reflect re-routing of ocean freight to avoid the Red Sea alongside highly selective use of air freight for high priority shipments will reduce this benefit in the second half of the year. These impacts will be offset by supply chain efficiencies elsewhere in our P&L.

Operating expenses

£m	**26 weeks to 3 March 2024**	**% of sales[13]**	Six months to 28 February 2023	% of sales[13]	Change
Distribution costs	**(172.6)**	**(11.5%)**	(229.8)	(12.5%)	*(24.9%)*
Warehousing	**(166.1)**	**(11.1%)**	(227.9)	(12.4%)	*(27.1%)*
Marketing	**(100.8)**	**(6.7%)**	(109.9)	(6.0%)	*(8.2%)*
Other operating costs	**(182.1)**	**(12.2%)**	(218.1)	(11.9%)	*(16.5%)*
Cost to serve (excl. D&A and adj. items)	**(621.6)**	**(41.5%)**	**(785.7)**	**(42.7%)**	**(20.9%)**
Depreciation and amortisation	(81.8)	(5.5%)	(74.0)	(4.0%)	10.5%
Total operating costs (excl. adjusting items)	**(703.4)**	**(47.0%)**	**(859.7)**	**(46.8%)**	**(18.2%)**
Adjusting Items	(146.8)	(9.8%)	(78.5)	(4.2%)	87.0%
Total operating costs	**(850.2)**	**(56.8%)**	**(938.2)**	**(51.0%)**	**(9.4%)**

Despite volume declines, cost to serve fell by 120bps to 41.5% of sales in the half as operating expenses excluding depreciation, amortisation and adjusting items decreased by 20.9% YoY, with supply chain efficiencies (i.e. reduced warehouse and distribution costs) providing a combined benefit of c.£119m. This improvement has outpaced the reduction in revenue with a combined benefit of 2.3% to AEBITDA.

Distribution costs at 11.5% of sales decreased by 100bps YoY primarily as a result of the optimisation of our UK fulfilment operations in FY23 to avoid split orders. Lower YoY volumes provided a headwind in the half, reducing the benefit from volume-based rebates and rates. However, through working with our key delivery partners across each region we have been able to continue to mitigate the impact of this as well as the ongoing pressure on fuel rates and other inflationary cost increases.

Warehouse costs as a percentage of sales decreased by 130bps YoY to 11.1% despite the deleveraging of fixed costs from reduced volumes. Initiatives from our Driving Change agenda in FY23 have annualised into the first half, including the network rationalisation activities and closure of offsite storage and returns-processing facilities all providing YoY benefits. The refined peak trading strategy drove lower, more profitable volumes during this critical period which alongside the easing of labour challenges following general declines in the e-commerce sector post-Covid drove further benefits. Peak incentives and pre-peak excess labour both significantly reduced YoY.

Marketing costs decreased by 8.2% YoY. However, as a result of volume deleverage on our fixed spend and the introduction of the UK brand and upper-funnel marketing activity announced at FY23, marketing as a percentage of revenue increased 70bps YoY to 6.7%.

Other operating costs fell by £36.0m or 16.5% YoY. However, as a % of revenue they increased by 30bps to 12.2% of revenue. The reduction in absolute spend represents the continued benefits from right-sizing our fixed cost base throughout FY23. Headcount was 9.2% lower at the end of the period compared to H1 FY23, which was delivered through both the Driving Change agenda activities in FY23 as well as continued management focus on controlling vacancies, providing c.£13m benefit to operational costs YTD. Technology spend also reduced, despite inflationary pressures with benefits from the Driving Change agenda annualising alongside continued focus on cost efficiency.

Depreciation and amortisation costs (excluding adjusting items) as a percentage of sales increased by 150bps YoY. In addition to the deleveraging impact of lower revenue; similarly to our FY23 results, the absolute depreciation and amortisation charge increased, primarily as a result of the growth in intangible assets including data services, operations systems and improvements to web and payments platforms.

Interest

A finance expense (excluding adjusting items) of £27.3m was incurred compared to £20.5m in H1 FY23. This reflected rising interest rates (SONIA at c.5.2% throughout the period, vs. an average of c.2.9% in the six months to 28 February 2023) as well as a higher margin payable post the May 2023 refinancing (see Net Debt, Refinancing and Liquidity section below).

Finance income of £5.4m includes interest earned on deposits at financial institutions. A higher level of return in the period to 3 March 2024 compared to the £2.5m in H1 FY23 reflects the higher average cash balance and rising global interest rate environment.

Taxation

The reported effective tax rate is 9.9% based on the reported loss before tax of £270.0m. This is lower than the H1 FY23 effective tax rate due to the impact of derecognising £34.8m of deferred tax assets in the period.

Earnings per share

Both basic and diluted loss per share were 204.3p (H1 FY23: basic and diluted loss per share of 218.7p). The lower loss per share is a function of the increase in shares in issue following the equity raise in May 2023, partially offset by the increased loss for the period of £243.2m (H1 FY23: £218.2m). 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 March 2024.

Free cash flow

£m	**26 weeks to 3 March 2024**	Six months to 28 February 2023
AEBITDA	**(16.3)**	4.6
Share based payments & non-cash items incl. in AEBITDA	**3.2**	7.9
Cash impact of adjusting items	**(7.7)**	(23.0)
Income tax received	**5.2**	23.5
Decrease/(Increase) in inventory (excl. stock-write-off)[12]	**175.5**	(27.6)
(Increase) in other working capital[13]	**(66.7)**	(113.6)
Operating cash flow	**93.2**	**(128.2)**
Purchase of property, plant & equipment and intangible assets	**(86.1)**	(115.0)
Payment of lease liabilities (principal)	**(12.5)**	(12.1)
Interest received	**5.4**	2.5
Interest paid	**(21.1)**	(6.0)
Free cash flow (before financing)	**(21.1)**	**(258.8)**
Proceeds from borrowings	**-**	250.0
Refinancing fees	**-**	(3.9)
Cash flow	**(21.1)**	**(12.7)**

There was a free cash outflow[14] (before items relating to financing) of £21.1m for the half, an improvement of £237.7m YoY with the reduction in inventory driving a £175.5m inflow (+£203.1m YoY) during the period.

Cash was used to fund capital investments of £86.1m, a reduction of £28.9m or 25.1% YoY with spend lower across both intangible assets and property, plant and equipment. This figure includes £20.4m of spend in the period relating to the Lichfield fulfilment centre which has subsequently been impaired; excluding this, the total capital investment would total £65.7m for the period.

Net debt, refinancing and liquidity

£m	**26 weeks to 3 March 2024**	Six months to 28 February 2023
Convertible bond (fair value of debt component)	**471.1**	457.3
Term loan & RCF, including accrued interest	**187.7**	258.0
Nordstrom loan	**20.3**	22.0
Put option liability	**2.0**	3.0
Borrowings	**681.1**	**740.3**
Cash & cash equivalents	**(332.3)**	(308.6)
Net debt (excluding lease liabilities)	**348.8**	**431.7**

Excluding lease liabilities, net debt at 3 March 2024 was £348.8m, an increase in the half of £29.3m, with a free cash outflow of £21.1m being the primary movement. The non-cash change in the fair value of the convertible bond and unwind of capitalised fees accounting for the remaining movement. Net debt was £82.9m lower YoY.

Cash and undrawn facilities totalled £361.2m at 3 March 2024 (H1 FY23: £408.6m) and included cash and cash equivalents of £332.3m (H1 FY23: £308.6m). The strong progress on inventory in the period has reduced the available RCF under the Bantry Bay facility to £28.9m which remains undrawn (H1 FY23: undrawn Old RCF of £100.0m).

Sean Glithero
Interim Chief Financial Officer

Notes

[1] Rest of World.
[2] The adjusting items are explained in note 3 of the financial statements.
[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] Includes retail sales, wholesale and income from other services, adjusted for the impact of foreign exchange translation, non-underlying jobber income and the impact of one additional trading day in H1 FY24.
[6] Active customers defined as having shopped in the last 12 financial months.
[7] Average basket value is defined as adjusted net retail sales divided by shipped orders.
[8] Average basket value CCY is calculated as adjusted constant currency net retail sales divided by shipped orders.
[9] Average order frequency is calculated as total shipped orders in the last 12 financial months divided by active customers.
[10] Conversion is calculated as total shipped orders divided by total visits.
[11] As a percentage of adjusted revenue.
[12] Stock-write-offs associated with our driving change agenda in FY23, which accounted for a £127.5m reduction in inventory during H1 FY23.
[13] Includes working capital movements associated with adjusting items; a breakdown is included on page 44.
[14] Free cash flow is net cash generated from operating activities, less payments to acquire intangible and tangible assets, payment of the principal portion of lease liabilities and net finance expenses.

Investor and analyst meeting:

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

To access live please dial +44 208 080 6591 and use Meeting ID: 835 5126 0264 and passcode: 677000. A live stream of the event will be available here.

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

For further information:

Investors:
Holly Cassell, ASOS Head of Investor Relations — Tel: 020 7756 1000

Media:
Jonathan Sibun / Will Palfreyman, Teneo — Tel: 020 7353 4200

Background note

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

Forward looking statements:

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

CONSOLIDATED INCOME STATEMENT
for the 26 weeks to 3 March 2024

	Note	**26 weeks to 3 March 2024** Adjusted £m	Adjusting items (note 3) £m	Total £m	Six months to 28 February 2023 Adjusted £m	Adjusting items (note 3) £m	Total £m
Revenue		**1,497.5**	**8.3**	**1,505.8**	1,838.5	2.1	1,840.6
Cost of sales		**(893.3)**	**(10.2)**	**(903.5)**	(1,049.2)	(126.7)	(1,175.9)
Gross profit		**604.2**	**(1.9)**	**602.3**	789.3	(124.6)	664.7
Distribution expenses		**(172.6)**	**-**	**(172.6)**	(229.8)	-	(229.8)
Administrative expenses		**(530.8)**	**(146.8)**	**(677.6)**	(629.9)	(78.5)	(708.4)
Other income		**1.1**	**-**	**1.1**	1.0	-	1.0
Operating loss		**(98.1)**	**(148.7)**	**(246.8)**	(69.4)	(203.1)	(272.5)
Finance income	5	**5.4**	**-**	**5.4**	2.5	-	2.5
Finance expense	5	**(27.3)**	**(1.3)**	**(28.6)**	(20.5)	(0.4)	(20.9)
Loss before tax		**(120.0)**	**(150.0)**	**(270.0)**	(87.4)	(203.5)	(290.9)
Income tax (charge)/credit	6	**(1.7)**	**28.5**	**26.8**	22.2	50.5	72.7
Loss for the financial period		**(121.7)**	**(121.5)**	**(243.2)**	(65.2)	(153.0)	(218.2)
Loss per share				**pence per share**			pence per share
Basic per share	7			**(204.3)**			(218.7)
Diluted per share	7			**(204.3)**			(218.7)

All activities are continuing.

The notes on pages 19 to 36 form part of this condensed consolidated financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 26 weeks to 3 March 2024

	26 weeks to 3 March 2024 £m	Six months to 28 February 2023 £m
Loss for the financial period	**(243.2)**	(218.2)
Items that will not be reclassified to consolidated income statement		
Net fair value losses on cash flow hedges	**(2.8)**	(13.3)
Tax on items that will not be reclassified	**1.2**	2.4
	(1.6)	(10.9)
Items that may be subsequently reclassified to consolidated income statement		
Net fair value gains on cash flow hedges	**-**	13.7
Fair value movements reclassified from cash flow hedge reserve to consolidated income statement	**(6.8)**	1.1
Tax on items that may be reclassified	**1.7**	(0.2)
	(5.1)	14.6
Other comprehensive (loss)/income for the period	**(6.7)**	3.7
Total comprehensive loss for the period attributable to owners of the parent company	**(249.9)**	(214.5)

The notes on pages 19 to 36 form part of this condensed consolidated financial information.

CONSOLIDATED BALANCE SHEET
at 3 March 2024

	Note	**3 March 2024**	3 September 2023	28 February 2023
		£m	£m	£m
Non-current assets				
Goodwill and other intangible assets	8	**691.7**	700.5	703.6
Property, plant and equipment	9	**289.0**	362.6	367.4
Right-of-use assets	10	**265.8**	295.2	299.9
Investment properties	10	**9.4**	10.9	12.8
Derivative financial assets		**0.4**	4.1	9.7
Deferred tax assets	6	**50.9**	17.8	15.2
		1,307.2	1,391.1	1,408.6
Current assets				
Inventories		**592.5**	768.0	978.4
Trade and other receivables		**81.8**	81.4	63.4
Derivative financial assets		**12.9**	22.4	25.2
Cash and cash equivalents	16	**332.3**	353.3	308.6
Current tax assets		**3.5**	9.4	3.9
		1,023.0	1,234.5	1,379.5
Current liabilities				
Trade and other payables	12	**(633.0)**	(680.4)	(837.3)
Borrowings	15	**(2.3)**	(1.5)	(9.3)
Lease liabilities	10	**(34.8)**	(25.3)	(29.8)
Derivative financial liabilities		**(3.3)**	(6.0)	(11.2)
Provisions	13	**(3.0)**	(2.0)	(1.7)
		(676.4)	(715.2)	(889.3)
Net current assets		**346.6**	519.3	490.2
Non-current liabilities				
Borrowings	15	**(678.8)**	(671.3)	(731.0)
Lease liabilities	10	**(268.3)**	(303.7)	(316.1)
Derivative financial liabilities		**(0.5)**	(0.5)	(3.8)
Provisions	13	**(86.6)**	(68.2)	(54.2)
		(1,034.2)	(1,043.7)	(1,105.1)
Net assets		**619.6**	866.7	793.7
Equity attributable to owners of the parent				
Called up share capital		**4.2**	4.2	3.5
Share premium		**322.6**	322.6	245.7
Other reserves		**65.3**	73.1	75.1
Retained earnings		**227.5**	466.8	469.4
Total equity		**619.6**	866.7	793.7

The notes on pages 19 to 36 form part of this condensed consolidated financial information.

These unaudited condensed consolidated interim financial statements for the 26 weeks to 3 March 2024 were approved by the Board on 16 April 2024.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 26 weeks to 3 March 2024

	Called up share capital £m	Share premium £m	Other reserves[1] £m	Retained earnings[2] £m	Total equity £m
As at 4 September 2023	**4.2**	**322.6**	**73.1**	**466.8**	**866.7**
Loss for the period	**-**	**-**	**-**	**(243.2)**	**(243.2)**
Other comprehensive loss for the period	**-**	**-**	**(6.7)**	**-**	**(6.7)**
Total comprehensive loss for the period	**-**	**-**	**(6.7)**	**(243.2)**	**(249.9)**
Cash flow hedges gains and losses transferred to non-financial assets	**-**	**-**	**(1.1)**	**-**	**(1.1)**
Share-based payments charge	**-**	**-**	**-**	**4.0**	**4.0**
Tax relating to share option scheme	**-**	**-**	**-**	**(0.1)**	**(0.1)**
Balance as at 3 March 2024	**4.2**	**322.6**	**65.3**	**227.5**	**619.6**
As at 1 September 2022	3.5	245.7	82.4	683.3	1,014.9
Loss for the year	-	-	-	(218.2)	(218.2)
Other comprehensive income for the year	-	-	3.7	-	3.7
Total comprehensive income/(loss) for the year	-	-	3.7	(218.2)	(214.5)
Cash flow hedges gains and losses transferred to non-financial assets	-	-	(11.0)	-	(11.0)
Share-based payments charge	-	-	-	4.0	4.0
Tax relating to share option scheme	-	-	-	0.3	0.3
Balance as at 28 February 2023	3.5	245.7	75.1	469.4	793.7

[1] Other reserves includes the cash flow hedge reserve, currency translation reserve and convertible bond reserve.

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

The notes on pages 19 to 36 form part of this condensed consolidated financial information.

CONSOLIDATED CASH FLOW STATEMENT
for the 26 weeks to 3 March 2024

	26 weeks to 3 March 2024	Six months to 28 February 2023
Operating loss	**(246.8)**	(272.5)
Adjusted for:		
Depreciation of property, plant and equipment, right-of-use assets and investment property	**28.9**	34.5
Amortisation of other intangible assets	**58.3**	48.8
Impairment charges on non-financial assets	**115.8**	28.9
Share-based payments charge	**3.2**	3.3
Other non-cash items	**-**	4.6
Decrease in inventories	**175.5**	99.9
(Increase)/decrease in trade and other receivables	**(0.4)**	28.8
Decrease in trade and other payables	**(52.8)**	(142.0)
Increase in provisions	**6.3**	14.0
Cash generated from/(used in) operating activities	**88.0**	(151.7)
Net income tax received	**5.2**	23.5
Net cash generated from/(used in) operating activities	**93.2**	(128.2)
Investing activities		
Purchase of other intangible assets	**(53.4)**	(68.8)
Purchase of property, plant and equipment	**(32.7)**	(46.2)
Interest received	**5.4**	2.5
Net cash used in investing activities	**(80.7)**	(112.5)
Financing activities		
Drawdown of revolving credit facility	**-**	250.0
Refinancing amendment fees paid	**-**	(3.9)
Repayment of principal portion of lease liabilities	**(12.5)**	(12.1)
Interest paid	**(21.1)**	(6.0)
Net cash (used in)/generated from financing activities	**(33.6)**	228.0
Net decrease in cash and cash equivalents	**(21.1)**	(12.7)
Opening cash and cash equivalents	**353.3**	323.0
Effect of exchange rates on cash and cash equivalents	**0.1**	(1.7)
Closing cash and cash equivalents	**332.3**	308.6

The notes on pages 19 to 36 form part of this condensed consolidated financial information.

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 26 weeks to 3 March 2024 (comparative financial period six months to 28 February 2023; prior financial period 1 September 2022 to 3 September 2023). The financial information comprises the results of the Company and its subsidiaries.

2. Basis of preparation

The interim financial statements for the 26 weeks to 3 March 2024 have been prepared in accordance with the UK-adopted IAS 34, "Interim Financial Reporting" and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. The interim financial statements should be read in conjunction with the Group's Annual Report and Accounts for the financial period from 1 September 2022 to 3 September 2023, which was prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The interim financial statements are unaudited, but have been reviewed by the auditors. The financial information presented herein does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The Annual Report and Accounts for the period from 1 September 2022 to 3 September 2023 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 of the Companies Act 2006.

The financial information contained in the Interim Results is presented in sterling, rounded to the nearest million (£m) unless otherwise stated.

2.1. Changes in presentation

Consistent with the presentation in the Annual Report and Accounts, the cash flow hedge reserve, convertible bond reserve and translation reserve have been grouped and presented as Other Reserves in the consolidated balance sheet, and within the consolidated statement of changes in equity. The amounts were separately presented in the prior year interim financial statements.

2.2. Going concern

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

The Directors have considered the Group's 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 future performance based on expected consumer demand, market forces and internal business initiatives.

2. Basis of preparation continued

The review included the continued availability of existing borrowings, principally related to the Bantry Bay debt facility and issued convertible bonds, details of which can be found in note 15. At 3 March 2024, the Group was fully drawn on the £200m term loan with Bantry Bay, and had an available undrawn Revolving Credit Facility ("RCF") of £28.9m, 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, defined as available cash, cash equivalents and amounts undrawn under the RCF.

Key assumptions – forecasting business cash flows

The assessment of the Group's going concern position required significant management judgement, particularly with regard to the key input assumptions to the financial forecast, and the range of reasonably possible outcomes of those assumptions. The economic environment has remained challenging throughout H1 FY24 with cost of living pressures continuing to impact consumer spending on discretionary items, and the outlook remains uncertain. For the purposes of the Group's going concern assessment, the Directors have therefore made assumptions on the likely future cash flows in the uncertain macro environment. The assumptions considered include the continued transition to the Group's new operating model delivering improved stock sell-through at full price, 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 improved but remains challenging, resulting in assumed year-on-year Group reported sales declines in H2 FY24 of between 0% and (10)%, returning to year-on-year mid-single digit sales growth in the latter part of the assessment period. The base case also assumes improved adjusted gross margin performance in H2 FY24 vs the first half, resulting in a modest year-on-year increase vs H2 FY23, with up to c.300bps year-on-year growth in FY25.

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 plotted by half, with more severe downside sensitivities being applied to areas with greater levels of assumption-based improvements. Sensitivities mapped against the base case within the downside case are highlighted below:

Downside vs base case	H2 FY24	H1 FY25	H2 FY25
Sales	(13%)	(20%)	(22%)
Margin	(260bps)	(290bps)	(190bps)
Working capital impact (average)	£(113m)	£(115m)	£(113m)

Should the Group see such significant events materialise it has several mitigating actions that can be implemented to manage liquidity risk, such as deferring capital investment spend, reducing stock levels through flexible intake, 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 minimum liquidity threshold.

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 breach. Such scenarios would have to see an aggregate c.35% decline in sales over the base case, or a decline in gross margin from the base case of c.500bps across the entire assessment period. Both are considered remote based on results of previous significant economic events and recent trading performance.

2. Basis of preparation continued

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 interim financial statements, with no material uncertainty to disclose.

2.3. Accounting policies

The Group has considered the following amendments to published standards that are effective for the Group for the financial period beginning 4 September 2023 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.

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report and Accounts for the financial period from 1 September 2022 to 3 September 2023.

2.4. Significant accounting judgements and key sources of estimation uncertainty

The preparation of the interim 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.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the financial period 1 September 2022 to 3 September 2023, with the exception of the recognition of deferred tax assets which has been added as a key source of estimation uncertainty this period. Refer to note 6 for further information.

2.5. Alternative performance measures (APMs)

In the reporting of financial information, the Directors use various APMs. These APMs are defined and reconciled on pages 41-44, and 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.

3. Adjusted earnings before tax

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

The 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.

3. Adjusted earnings before tax continued

Income statement

26 weeks to 3 March 2024	**Revenue**	**Cost of sales**	**Administrative expenses**	**Finance expenses**	**Total before tax**	**Tax**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Commercial operating model change	**8.3**	**(10.2)**	**-**	**-**	**(1.9)**	**0.5**	**(1.4)**
Property-related costs	**-**	**-**	**(140.4)**	**(1.3)**	**(141.7)**	**35.5**	**(106.2)**
Other strategic initiatives	**-**	**-**	**(1.0)**	**-**	**(1.0)**	**0.2**	**(0.8)**
Amortisation of acquisition intangibles	**-**	**-**	**(5.4)**	**-**	**(5.4)**	**1.3**	**(4.1)**
Derecognition of deferred tax assets	**-**	**-**	**-**	**-**	**-**	**(9.0)**	**(9.0)**
	8.3	**(10.2)**	**(146.8)**	**(1.3)**	**(150.0)**	**28.5**	**(121.5)**

Six months to 28 February 2023	Revenue	Cost of sales	Administrative expenses	Finance expenses	Total before tax	Tax	Total
	£m	£m	£m	£m	£m	£m	£m
Driving change agenda							
Commercial operating model change	2.1	(121.8)	(8.5)	-	(128.2)	32.3	(95.9)
Property-related costs	-	-	(49.4)	-	(49.4)	12.4	(37.0)
Other strategic initiatives	-	-	(10.6)	(0.4)	(11.0)	2.7	(8.3)
Non-underlying sales tax	-	(4.9)	(4.9)	-	(9.8)	1.8	(8.0)
Amortisation of acquisition intangibles	-	-	(5.1)	-	(5.1)	1.3	(3.8)
	2.1	(126.7)	(78.5)	(0.4)	(203.5)	50.5	(153.0)

Cash flow statement

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

	26 weeks to 3 March 2024	Six months to 28 February 2023
	£m	£m
Commercial operating model change	**(0.9)**	(0.9)
Other strategic initiatives	**(6.8)**	(22.1)
Total adjusting items within operating cash flow	**(7.7)**	(23.0)

Of the net cash outflow in the current year, £10.4m relates to net expenditure incurred in the prior year.

Commercial operating model change

During the prior year, the Board approved the introduction of a new commercial operating model. 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 has had to clear old stock acquired under its previous ways of working. As such and in addition to clearance via its own platform, ASOS has been utilising offsite clearance routes to support its transition to the new model, and as a result additional costs were recognised in the prior financial year totalling £133.2m (28 February 2023: £128.2m). This comprised losses on stock cleared during the period, net of income received, as well as provisions for stock that would be sold through alternative clearance channels (i.e. not via the ASOS website).

The Group has continued to sell through this inventory during the half-year, with additional costs of £1.9m predominantly relating to changes in expected income rates.

3. Adjusted earnings before tax continued

Property-related costs

In October 2023, the Board approved the commencement of a process to either sell or mothball the Lichfield fulfillment centre, following completion of the automation project during the current financial year. The site is not yet being actively marketed, however during the period the Group commenced activities to vacate and mothball the site. As a result, costs of £139.3m have been incurred, which are analysed further below. Comparative amounts relate to similar costs recognised in the prior period, for other properties which were agreed would be vacated last year.

	£m	£m
Lichfield		
Impairment of property, plant and equipment (a)	**(97.7)**	(5.7)
Impairment of intangible assets (a)	**(1.8)**	(1.7)
Impairment of right of use assets (a)	**(15.2)**	(21.5)
Non-capitalised spend (b)	**(16.5)**	-
Onerous occupancy costs (c)	**(6.9)**	(17.0)
Accelerated depreciation (d)	**-**	(3.5)
Other	**(1.2)**	-
	(139.3)	(49.4)
Other		
Impairment of investment property	**(1.1)**	-
Other	**(1.3)**	-
Total property initiatives	**(141.7)**	(49.4)

a) Impairment of assets following activity to vacate the site. The recoverable amount for Lichfield was based on its value-in-use, and determined to be £nil on the basis that the site would be mothballed.
b) Following activity to commence vacating Lichfield at the end of January 2024, the Group considered whether subsequent committed spend to complete the automation could be capitalised and concluded not, on the basis that it was no longer probable that the spend would result in future economic benefits. The spend has therefore been recognised in the income statement during the period, outside of adjusted profit. Prior to this date, the spend incurred was considered capital.
c) Onerous contract costs that the Group is contractually committed to due to being party to the lease. Upon initial recognition of such 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.
d) Where sites are to be vacated in a later period, the remaining useful economic lives of corresponding sites are reassessed to align with closure dates, resulting in an acceleration in depreciation of these assets. The accelerated depreciation (over and above the charge absent the closure decision) is recognised within adjusting items.

Costs incurred in FY23 in relation to property initiatives totalled £60.7m, bringing total costs to date on property initiatives to £202.4m.

Other strategic initiatives

Other strategic initiatives relate to external consultancy costs incurred during the period as the Group continues to enact its Driving Change strategy that was announced during the FY22 results.

Amortisation of acquired intangible assets

The amortisation of acquired intangible assets is adjusted for as the acquisition that the amortisation relates to was outside business-as-usual operations for ASOS. These assets would not normally be recognised outside of a business combination, therefore the associated amortisation is adjusted.

Derecognition of deferred tax assets

Deferred tax assets of £34.8m were derecognised in the period, of which £9.0m was recognised outside adjusted profit. Further information is included in note 6.

4. Segmental analysis

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

The Chief Operating Decision Maker has been determined to be the Management Committee. 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).

The following sets out the Group's revenue in the key geographic markets in which customers are located:

	26 weeks to 3 March 2024				
	UK	**EU**	**US**	**Rest of world**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Retail sales	**647.0**	**512.2**	**167.3**	**107.0**	**1,433.5**
Income from other services	**29.1**	**15.2**	**23.0**	**5.0**	**72.3**
Total revenue	**676.1**	**527.4**	**190.3**	**112.0**	**1,505.8**
Cost of sales					**(903.5)**
Gross profit					**602.3**
Distribution expenses					**(172.6)**
Administrative expenses					**(677.6)**
Other income					**1.1**
Operating loss					**(246.8)**
Finance income					**5.4**
Finance expense					**(28.6)**
Loss before tax					**(270.0)**
Non-current assets[1]	**858.8**	**182.4**	**179.5**	**-**	**1,220.7**

	Six months to 28 February 2023				
	UK	EU	US	Rest of world	Total
	£m	£m	£m	£m	£m
Retail sales	775.1	572.7	244.3	172.7	1,764.8
Income from other services	28.6	13.9	24.9	8.4	75.8
Total revenue	803.7	586.6	269.2	181.1	1,840.6
Cost of sales					(1,175.9)
Gross profit					664.7
Distribution expenses					(229.8)
Administrative expenses					(708.4)
Other Income					1.0
Operating loss					(272.5)
Finance income					2.5
Finance expense					(20.9)
Loss before tax					(290.9)
Non-current assets (as at 28 February 2023)[1]	1,013.7	183.4	151.4	-	1,348.5
Non-current assets (as at 3 September 2023)[1]	994.1	177.9	162.0	-	1,334.0

1 Excluding goodwill, derivative financial assets and deferred tax assets.

5. Finance income and expenses

	26 weeks to 3 March 2024 £m	Six months to 28 February 2023 £m
Finance income		
Interest on deposits	**5.4**	2.5
Finance expenses		
Interest on borrowings	**(29.5)**	(19.1)
IFRS 16 lease interest	**(2.5)**	(2.9)
Provisions – unwind of discount	**(1.4)**	(0.6)
Interest capitalised	**4.8**	1.7
Total finance expense	**(28.6)**	(20.9)
Net finance expense	**(23.2)**	(18.4)

6. Taxation

	26 weeks to 3 March 2024 £m	Six months to 28 February 2023 £m
Current year overseas tax	**0.1**	0.6
Adjustment in respect of prior year corporation tax	**2.6**	(2.9)
Total current tax expense/(credit)	**2.7**	(2.3)
Origination and reversal of temporary differences	**(65.3)**	(71.1)
Derecognition of deferred tax assets	**34.8**	-
Adjustment in respect of prior years	**1.0**	0.7
Total deferred tax credit	**(29.5)**	(70.4)
Total income tax credit in income statement	**(26.8)**	(72.7)
Analysed as:		
Tax on adjusted profit	**1.7**	(22.2)
Tax on items excluded from adjusted profit	**(28.5)**	(50.5)
Total income tax credit in income statement	**(26.8)**	(72.7)
Effective tax rate	**9.9%**	25.0%

Income tax is recognised on management's estimate of the weighted average effective annual income tax rates for corporate and deferred taxes expected for the full financial year, including stock provision adjustments but excluding all other adjusting items (refer to note 3 for adjusting items), prior year adjustments, share based payments and derivatives, which are recognised on an actuals basis. The estimated average annual tax rate used for the 26 weeks to 3 March 2024 is 24.1% compared to 20.8% for the six months to 28 February 2023.

The reported effective tax rate is 9.9% based on the reported loss before tax of £270.0m.

Significant source of estimation uncertainty – Recognition of deferred tax assets
In accordance with IAS 12 'Income Taxes', the company recognises deferred tax assets to the extent that it is probable that future taxable profit will be available, against which the deductible temporary differences and the carry-forward of unused tax losses can be utilised. In line therefore with the judgements and estimates disclosed with going concern (refer note 2) and impairment (refer note 11), the recognition of deferred tax assets requires the Group to make significant estimates about the future profitability of its operations.

In determining the amount of deferred tax assets recognised, management makes estimates of future taxable profits and the period over which deferred tax assets will be recoverable. In making these estimates, management considers the current and projected financial performance of the Group, including profit margins, revenue growth, and cost management strategies, which are derived from management forecasts and consistent with those used as part of the Group's going concern and impairment assessments. Risk adjustments are then applied, with a greater adjustment applied to periods where there is less evidence of profits, in particular, those further in the future. The Group also considers the timing and amount of deductible temporary differences.

6. Taxation continued

As at 3 March 2024, the Group has recognised net deferred tax assets amounting to £50.9m. A further £34.8m of deferred tax assets in relation to losses have not been recognised.

The Group believes that it is probable that future taxable profits will be sufficient to utilise the recognised deferred tax assets, however actual outcomes could differ from these estimates due to changes in the factors mentioned above. A movement of +/-10% in the forecast taxable profits would increase/decrease the amount of deferred tax asset recognised by £16m, which is considered a reasonably possible change.

The deferred tax assets derecognised relate to losses on a mix of adjusted and non-adjusted items. Therefore the derecognition has been apportioned between adjusted and unadjusted profit in proportion to the total tax losses arising within each category, with £9.0m recognised outside adjusted profit, and £25.8m within adjusted profit.

7. (Loss)/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.

	26 weeks to 3 March 2024	Six months to 28 February 2023
Weighted average share capital		
Weighted average shares in issue for basic earnings per share (no. of shares)	**119,034,795**	99,775,925
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)	**119,034,795**	99,775,925
Loss after tax for the financial period (£m)		
Loss attributable to owners of the parent company for basic earnings per share	**(243.2)**	(218.2)
Interest expense on convertible bonds[2]	**-**	-
Diluted loss attributable to owners of the parent company for diluted loss per share	**(243.2)**	(218.2)
Basic loss per share (pence per share)	**(204.3)**	(218.7)
Diluted loss per share (pence per share)	**(204.3)**	(218.7)

[1]Dilutive shares and interest not included where their effect is anti-dilutive.
[2]The impact of convertible bonds has been excluded as it is not assumed they will be exercised

8. Goodwill and other intangible assets

	26 weeks to 3 March 2024 £m	Period to 3 September 2023 £m	Six months to 28 February 2023 £m
Net book value			
At the beginning of the period	**700.5**	683.9	683.9
Additions	**51.3**	126.5	70.2
Amortisation charge	**(58.3)**	(104.7)	(48.8)
Impairment charge	**(1.8)**	(5.2)	(1.7)
At the end of the period	**691.7**	700.5	703.6

The net book value comprises:

	3 March 2024 £m	3 September 2023 £m	28 February 2023 £m
Net book value			
Goodwill	**35.2**	35.2	35.2
Software	**428.6**	432.0	443.6
Customer relationships	**15.1**	16.6	18.2
Brands and domain names	**195.9**	199.8	203.8
Assets under construction	**16.9**	16.9	2.8
At the end of the period	**691.7**	700.5	703.6

Details of the impairment charges are included in note 3 and relate to the Group's fulfilment centre in Lichfield.

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.

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. Refer to note 11 for further information on impairment testing for the half-year.

9. Property, plant and equipment

	26 weeks to 3 March 2024 £m	Period to 3 September 2023 £m	Six months to 28 February 2023 £m
Net book value			
At the beginning of the period	**362.6**	351.7	351.7
Additions	**40.0**	47.9	36.8
Depreciation charge	**(15.9)**	(31.4)	(15.4)
Impairment charge	**(97.7)**	(5.6)	(5.7)
At the end of the period	**289.0**	362.6	367.4

Details of the impairment charges are included in note 3 and relate to the Group's fulfilment centre in Lichfield.

The net book value of property, plant and equipment comprises:

	3 March 2024 £m	3 September 2023 £m	28 February 2023 £m
Net book value			
Property, plant and equipment	**204.7**	245.3	259.2
Computer equipment	**6.6**	10.9	13.2
Assets under construction	**77.7**	106.4	95.0
At the end of the period	**289.0**	362.6	367.4

At 3 March 2024, capital commitments contracted, but not provided for by the Group, amounted to £83.7m (28 February 2023: £156.8m; 3 September 2023: £147.5m).

10. Leases

Right-of-use assets
See below for the carrying amounts of right-of-use assets and the movements during the period:

	26 weeks to 3 March 2024 £m	Period to 3 September 2023 £m	Six months to 28 February 2023 £m
At the beginning of the period	**295.2**	380.3	380.3
Remeasurements / modifications	**(1.2)**	(9.6)	(24.1)
Impairment charge	**(15.2)**	(20.0)	(21.5)
Depreciation charge	**(12.5)**	(35.9)	(19.1)
Transfers to investment property	**-**	(12.8)	(12.8)
Foreign exchange differences	**(0.5)**	(6.8)	(2.9)
At the end of the period	**265.8**	295.2	299.9

Details of the impairment charges are included in note 3 and relate to the Group's fulfilment centre in Lichfield.

The Group presents additions to right-of-use assets in line with the disclosure requirements of IFRS 16 'Leases'. In doing so, remeasurements/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 prior year and relate to sites the Group sublets, or that are currently vacant with the intention of subletting. The current net book value of investment property is £9.4m (28 February 2023: £12.8m; 3 September 2023: £10.9m).

Right of use assets comprise entirely of leases for land and buildings.

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

	26 weeks to 3 March 2024 £m	Period to 3 September 2023 £m	Six months to 28 February 2023 £m
At the beginning of the period	**329.0**	380.1	380.1
Remeasurements / modifications	**(12.9)**	(21.1)	(20.5)
Payments	**(15.0)**	(28.0)	(15.0)
Interest expense	**2.5**	5.6	2.9
Foreign exchange differences	**(0.5)**	(7.6)	(1.6)
At the end of the period	**303.1**	329.0	345.9
Current	**34.8**	25.3	29.8
Non-current	**268.3**	303.7	316.1
Total	**303.1**	329.0	345.9

Remeasurements/modifications to the lease liability balance are primarily driven by lease term reassessments during the period, as the Group reassessed its likelihood to exercise certain break options.

Income statement / cash flow disclosures
The following amounts are included in the Group's consolidated financial statements in respect of its leases:

	26 weeks to 3 March 2024 £m	Six months to 28 February 2023 £m
Income statement		
Depreciation charge for right-of-use assets and investment property	**(13.0)**	(19.1)
Interest expense on lease liabilities	**(2.5)**	(2.9)
Expense relating to short-term leases	**(0.5)**	(0.3)
Expense relating to leases of low value assets that are not shown above as short-term leases	**(0.1)**	(0.2)
Impairment charge for right-of-use assets and investment property	**(16.3)**	(21.5)
Sub-let income relating to leases under IFRS 16	**0.7**	0.7
Cash flow		
Total cash outflow for leases comprising interest and capital payments	**(15.6)**	(15.5)

11. Impairment of non-financial assets

Impairment is assessed by measuring the recoverable amount of the cash generating unit (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.

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. The exception to this is for property assets that have been agreed to be vacated, which are then treated as a separate CGU for impairment testing. As a result the Lichfield assets were treated as a separate CGU following the decision to vacate the site (refer to note 3 for further detail).

Composition of CGU

For impairment testing purposes, the CGU comprises the following:

	As at 3 March 2024 £m
Goodwill and other intangible assets	**691.7**
Property, plant and equipment	**289.0**
Right-of-use assets	**265.8**
	1,246.5

Identification of impairment indicator

Given the reported loss 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.

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. 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% (3 September 2023: 2.0%; 28 February 2023: 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:

At 3 March 2024		**At 3 September 2023**		**At 28 February 2023**	
Post-tax rate	**Pre-tax rate**	**Post-tax rate**	**Pre-tax rate**	**Post-tax rate**	**Pre-tax rate**
12.5%	14.7%	13.0%	15.6%	10.1%	11.7%

11. Impairment of non-financial assets continued

Outputs
Outside of specific impairments recognised during the period in relation to the Group's fulfilment centre in Lichfield, or other strategic initiatives as part of the Group's Driving Change agenda, no further impairments were identified as a result of the impairment review described above.

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). 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.

	Sensitivity
Discount rate (post-tax) increase of:	0.6%
Long term growth rate decrease of:	(0.8%)
A reduction in forecast annual growth rates of:	(0.5%)
A reduction in forecast gross margin in each year of:	(0.3%)
An increase in forecast fixed overheads of:	3.7%

The reduction in forecast annual growth rates above is equivalent to reducing revenue in each year of the forecast by (2.0%).

12. Trade and other payables

	26 weeks to 3 March 2024	Period to 3 September 2023	Six months to 28 February 2023
	£m	£m	£m
Trade payables	**108.7**	71.3	110.7
Other payables	**113.0**	174.7	207.4
Accruals	**247.8**	238.7	307.1
Returns provision	**87.4**	108.2	111.9
Deferred revenue	**51.5**	52.1	81.8
Taxation and social security	**24.6**	35.4	18.4
	633.0	680.4	837.3

13. Provisions

	Dilapidations	Onerous occupancy	Total
	£m	£m	£m
As at 4 September 2023	**53.4**	**16.8**	**70.2**
Recognised	**12.2**	**6.9**	**19.1**
Utilised	**-**	**(1.0)**	**(1.0)**
Unwinding of discount	**1.0**	**0.4**	**1.4**
Foreign Exchange differences	**(0.1)**	**-**	**(0.1)**
As at 3 March 2024	**66.5**	**23.1**	**89.6**
Current	**-**	**3.0**	**3.0**
Non-current	**66.5**	**20.1**	**86.6**
As at 3 March 2024	**66.5**	**23.1**	**89.6**
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 2022	41.9	-	41.9
Recognised	0.4	17.0	17.4
Utilised	-	(0.1)	(0.1)
Effects of movements in discount rates	(4.0)	-	(4.0)
Unwinding of discount	0.5	0.1	0.6
Exchange differences	0.1	-	0.1
As at 28 February 2023	38.9	17.0	55.9
Current	-	1.7	1.7
Non-current	38.9	15.3	54.2
As at 28 February 2023	38.9	17.0	55.9

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.

Onerous occupancy provisions are recognised where the Group no longer operates from a leased property, for the least net cost of exiting from the contract.

14. Financial instruments

Financial instruments by category

Set out below are the accounting classifications of each class of financial assets and liabilities:

	Amortised cost	Fair value through profit or loss	Total
	£m	£m	£m
As at 3 March 2024			
Derivative financial assets	**-**	**13.3**	**13.3**
Cash and cash equivalents	**332.3**	**-**	**332.3**
Trade and other receivables[1]	**52.9**	**-**	**52.9**
Derivative financial liabilities	**-**	**(3.8)**	**(3.8)**
Lease liabilities	**(303.1)**	**-**	**(303.1)**
Trade and other payables[2]	**(543.2)**	**-**	**(543.2)**
Borrowings	**(679.1)**	**(2.0)**	**(681.1)**
	(1,140.2)	**7.5**	**(1,132.7)**

	Amortised cost	Fair value through profit or loss	Total
	£m	£m	£m
At 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	Fair value through profit or loss	Total
	£m	£m	£m
At at 28 February 2023			
Derivative financial assets	-	34.9	34.9
Cash and cash equivalents	308.6	-	308.6
Trade and other receivables[1]	38.7	-	38.7
Derivative financial liabilities	-	(15.0)	(15.0)
Lease liabilities	(345.9)	-	(345.9)
Trade and other payables[2]	(720.1)	-	(720.1)
Borrowings	(740.3)	-	(740.3)
	(1,459.0)	19.9	(1,439.1)

[1]Excludes prepayments and VAT receivables
[2]Excludes deferred income and any amounts in relation to taxation

Derivative financial instruments are currently held at fair value on the balance sheet – all are within level 2 of the fair value hierarchy. During the period, the put option liability relating to own share repurchases (refer to note 15) was moved from amortised cost to fair value through profit and loss. Comparatives have not been restated on the grounds of materiality. The option is within level 3 of the fair value hierarchy, however detailed level 3 disclosures are not provided as the liability is not material.

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. This also applies to the old revolving credit facility that was drawn down as at 28 February 2023.

14. Financial instruments continued

	Fair value hierarchy	Carrying amount £m	Fair value £m
As at 3 March 2024			
Term loan	**2**	**(187.7)**	**(245.3)**
Convertible bond	**1**	**(471.1)**	**(311.4)**
Nordstrom loan	**2**	**(20.3)**	**(23.8)**
Total		**(679.1)**	**(580.5)**

	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[1]	2	(20.4)	(23.1)
Total		(669.6)	(616.7)

	Fair value hierarchy	Carrying amount £m	Fair value £m
As at 28 February 2023			
Convertible bond	1	(457.3)	(347.2)
Nordstrom loan[1]	2	(22.0)	(26.2)
Total		(479.3)	(373.4)

[1]The methodology for calculating the fair value of the Nordstrom loan has been refined during the period. Prior period comparatives have been updated to allow for meaningful comparison.

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)

15. Borrowings

	3 March 2024 £m	3 September 2023 £m	28 February 2023 £m
Convertible bond	**(471.1)**	(464.4)	(457.3)
Term Loan	**(187.7)**	(184.8)	-
Nordstrom loan	**(20.3)**	(20.4)	(22.0)
Put option liability	**(2.0)**	(3.2)	(3.0)
Revolving credit facility (including accrued interest)	**-**	-	(258.0)
Total	**(681.1)**	(672.8)	(740.3)
Current	**(2.3)**	(1.5)	(9.3)
Non-current	**(678.8)**	(671.3)	(731.0)
Total	**(681.1)**	(672.8)	(740.3)

Convertible debt

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 ("RCF") (together the "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. Both the senior term loan and RCF (when drawn) bear interest at a margin above SONIA. The amount available in relation to the RCF at the period end was £28.9m. The RCF incurs commitment fees at a market rate and is currently undrawn.

The Facilities are subject only to a minimum liquidity covenant defined as cash and cash equivalents plus amounts undrawn under the RCF. The 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/put option liability

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, which was partially repaid during the period ended 3 September 2023. The loan attracts interest at a market rate of 6.5% per annum. As part of this agreement a written put option was provided to Nordstrom over their shares in ASOS Holdings Limited, valued at £2.0m as at 3 March 2024. This option is exercisable on the third, the fifth and the tenth anniversaries of the partnership.

16. Analysis of net debt

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	Borrowings	Cash and cash equivalents	Total
	£m	£m	£m	£m
As at 4 September 2023	**(329.0)**	**(672.8)**	**353.3**	**(648.5)**
Cash flow movements	**15.0**	**18.6**	**(26.5)**	**7.1**
Cash flow excluding interest payments	12.5	-	(21.1)	(8.6)
Net interest paid/(received)	2.5	18.6	(5.4)	15.7
Non-cash movements	**10.9**	**(26.9)**	**5.5**	**(10.5)**
Movement in lease liabilities	12.9	-	-	12.9
Foreign exchange impacts	0.5	-	0.1	0.6
Other non-cash movements	(2.5)	(26.9)	5.4	(24.0)
As at 3 March 2024	**(303.1)**	**(681.1)**	**332.3**	**(651.9)**
Net debt (excluding leases)				**(348.8)**

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
Other non-cash movements	(5.6)	(42.4)	4.5	(43.5)
At 3 September 2023	(329.0)	(672.8)	353.3	(648.5)
Net debt (excluding leases)				(319.5)

As at 1 September 2022	(380.1)	(475.9)	323.0	(533.0)
Cash flow movements	15.0	(246.9)	(15.2)	(247.1)
Cash flow excluding interest	12.1	(250.0)	(12.7)	(250.6)
Net interest paid/(received)	2.9	3.1	(2.5)	3.5
Non-cash movements	19.2	(17.5)	0.8	2.5
Movement in lease liabilities	20.5	-	-	20.5
Foreign exchange impacts	1.6	-	(1.7)	(0.1)
Other non-cash movements	(2.9)	(17.5)	2.5	(17.9)
At 28 February 2023	(345.9)	(740.3)	308.6	(777.6)
Net debt (excluding leases)				(431.7)

Other non-cash movements include accrued interest and fair value movements.

The cash and cash equivalents balance includes uncleared payment provider receipts of £57.7m, which are typically due within 3 business days (28 February 2023: £44.6m; 3 September 2023: £63.3m).

Included within cash and cash equivalents is £7.9m (28 February 2023: £1.7m; 3 September 2023: £4.1m) of cash collected on behalf of partners of the Direct to Consumer fulfilment proposition 'Partner Fulfils'. ASOS Payments Limited and the Group are entitled to interest amounts earned on the deposits. Amounts are held in a segregated bank account and are settled on a monthly basis.

17. Related parties

The Group's related party transactions are with the Employee Benefit Trust, Link Trust, key management personnel and other related parties as disclosed in the Group's Annual Report and Accounts for the period ended 3 September 2023.

Transactions with other related parties
During the period, the Group made purchases of inventory, net of VAT, totalling £27.8m (28 February 2023: £38.9m; 3 September 2023: £65.9m) and earned commission income from Partner Fulfils sales totalling £0.1m (28 February 2023: £0.1m; 3 September 2023: £0.2m). All were from Aktieselskabet af 5.5.2010, a company which has a significant shareholding in the Group.

At 3 March 2024, the amount due to Aktieselskabet af 5.5.2010 was £8.7m (28 February 2023: £8.1m; 3 September 2023: £6.8m). In addition, a rebate of £nil (28 February 2023: £0.1m; 3 September 2023: £0.1m) was received during the period from Aktieselskabet af 5.5.2010.

There have been no other material changes to the Group's related party transactions during the 26 weeks to 3 March 2024.

18. Contingent liabilities

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

As previously reported, ASOS is currently party to legal proceedings in overseas territories which the Group is robustly defending. The claim considers the laws applicable to the sale of goods in the relevant territory, under which the claimants are seeking a financial remedy for alleged breaches by ASOS of local laws. The claim remains in its early stages, and will be heard in two phases. Completion of such a claim can be a lengthy process, with a final court decision of the first phase potentially taking up to two years after the initial hearing. The claim and its defence are relatively complex, there are multiple factual and legal defences to the claims and the Group intends to defend them vigorously. The Group therefore cannot make an assessment of the likely outcome of the litigation, or the potential quantum of any liability were it to arise or the potential impact on the Group at this stage. Furthermore, management are of the opinion that, given the early stages of the claim, disclosure of any potential quantification could be prejudicial to the Group at this time.

As disclosed in the FY23 annual accounts, the Group has made a voluntary disclosure to an overseas tax authority in relation to potentially overclaimed VAT. As explained, whether or not the VAT was overclaimed was ultimately dependent on the relevant tax authority's view. The overseas tax authority has now concluded that the VAT was correctly charged to ASOS, hence ASOS was correct in recovering the VAT and no repayment or multi-party non-cash agreement is necessary. This issue is therefore considered successfully resolved without the liability crystalising. The Group notes that there are a small number of suppliers who should likely have historically charged VAT on services but have not. The Group will notify the relevant suppliers of this and any amount payable will not be material and will be able to be reclaimed by ASOS from the overseas tax authority in the normal course of business.

Principal risks and uncertainties

The Board have reviewed the Group's risk environment including in relation to the ongoing macroeconomic situation and global financial instability and conflicts. Following their review they have concluded that the principal risks and uncertainties which could impact the Group over the remaining 26 weeks of the financial period 4 September 2023 to 1 September 2024 remain materially unchanged from those set out in our Annual Report and Accounts for the period ended 3 September 2023.

The Group's principal risks are listed below and set out in more detail on pages 46 to 51 of the Group's FY23 Annual Report and Accounts, a copy of which is available on the Group's website, www.asosplc.com.

- Macroeconomic changes
- Supply Chain disruption
- Strategic programmes fail to deliver required outcome
- Data breach
- Foreign exchange rate exposure
- Sustainability & climate change
- Cyber security incidents
- Market dynamics and impact on our business
- Availability of technology services
- Ethical trade issues
- Failure to comply with legislation or regulation
- Engagement, capability & retention of talent

Statement of Directors' responsibilities

The Directors confirm that this set of Condensed Consolidated Interim Financial Statements has been prepared in accordance with UK adopted IAS 34 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, and that the Interim Management Report herein includes a true and fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- that the report contains a fair review of important events that have occurred during the first 26 weeks of the financial year, and their impact on the condensed set of financial statements, and of the principal risks and uncertainties for the remaining 26 weeks of the financial year; and
- material related-party transactions in the first 26 weeks and any material changes in the related-party transactions described in the last annual report.

The Directors of ASOS plc are listed on the Group's website: https://www.asosplc.com/this-is-asos/our-leadership/board-directors/

By order of the Board

José Antonio Ramos Calamonte
Chief Executive Officer

INDEPENDENT REVIEW REPORT TO ASOS PLC

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Our conclusion

We have reviewed ASOS Plc's condensed consolidated interim financial statements (the "interim financial statements") in the interim results of ASOS Plc for the 26 week period ended 3 March 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the consolidated balance sheet as at 3 March 2024;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results of ASOS Plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

INDEPENDENT REVIEW REPORT TO ASOS PLC CONTINUED

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the interim results, including the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
London
16 April 2024

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 adjusted revenue number for the impact of year-on-year changes in the hedge rate on hedged sales and year-on-year spot rate movement on unhedged sales. 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. The current year also adjusts for the impact of one additional trading day in H1 FY24.	This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results.

	26 weeks to 3 March 2024 £m	Six months to 28 February 2023 £m	% growth %
Group revenue	**1,505.8**	1,840.6	(18%)
Adjusted items	**(8.3)**	(2.1)	
Impact of foreign exchange translation and LFL financial periods[1]	**4.3**		
Revenue at constant currency	**1,501.8**	1,838.5	(18%)

1 Removing the impact of the one extra trading day in HY24

	Six months to 28 Feb 2023 £m	Six months to 28 February 2022 £m	% growth %
Group revenue	1,840.6	2,004.1	(8%)
Impact of foreign exchange translation	(46.0)	-	-
Revenue at constant currency	1,794.6	2,004.1	(10%)

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure
Retails 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. The measure is reconciled in note 4.
Adjusted revenue	Revenue	Revenue excluding the impact of adjusting items.	A measure of 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.	

	26 weeks to 3 March 2024 £m	Six months to 28 February 2023 £m
Revenue	**1,505.8**	1,840.6
Adjusting items	**(8.3)**	(2.1)
Adjusted revenue	**1,497.5**	1,838.5
Gross profit	**602.3**	664.7
Adjusting items	**1.9**	124.6
Adjusted gross profit	**604.2**	789.3
Gross margin	**40.0%**	36.1%
Adjusted gross margin %	**40.3%**	42.9%

Alternative Performance Measures (APMs) continued

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure
Adjusted EBIT	Operating loss	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 / income base. Used by management to monitor the performance of the business each month.
Adjusted loss before tax	Loss 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.	

	26 weeks to 3 March 2024 £m	Six months to 28 February 2023 £m
Operating loss	**(246.8)**	(272.5)
Adjusting items excluding finance costs (note 3)	**148.7**	203.1
Adjusted EBIT	**(98.1)**	(69.4)
Net finance costs (note 5)	**(23.2)**	(18.4)
Add back adjusting finance costs (note 3)	**1.3**	0.4
Adjusted loss before tax	**(120.0)**	(87.4)
Group revenue	**1,505.8**	1,840.6
Adjusting items	**(8.3)**	(2.1)
Adjusted Group revenue	**1,497.5**	1,838.5
Adjusted EBIT margin	**(6.6%)**	(3.8%)

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.	Adjusted EBITDA is used to review the Group's profit generation and the sustainability of ongoing capital reinvestment and finance costs.

	26 weeks to 3 March 2024 £m	Six months to 28 February 2023 £m
Adjusted EBIT	**(98.1)**	(69.4)
Add back depreciation and amortisation (per cash flow)	**87.2**	83.3
Add back impairment (per cash flow)	**115.8**	28.9
Less depreciation and amortisation excluded from adjusted profit[1]	**(5.4)**	(9.3)
Less impairment excluded from adjusted profit	**(115.8)**	(28.9)
Adjusted EBITDA	**(16.3)**	4.6

1 The prior year comparative includes £0.7m depreciation costs included within the costs incurred for the commercial operating model

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 16. A reconciliation is included below:

	3 March 2024 £m	28 February 2023 £m
Cash and cash equivalents	**332.3**	308.6
Borrowings	**(681.1)**	(740.3)
Lease liabilities	**(303.1)**	(345.9)
Net borrowings	**(651.9)**	(777.6)
Add back lease liabilities	**303.1**	345.9
Group net debt	**(348.8)**	(431.7)

Alternative Performance Measures (APMs) continued

<table>
<tr><th>Performance measure</th><th>Closest IFRS measure</th><th>Definition</th><th>How ASOS uses this measure</th></tr>
<tr>
<td>Free cash flow</td>
<td>No direct equivalent</td>
<td>Free cash flow is net cash generated from operating activities, adjusted for payments to acquire intangible and tangible assets, the payment of the principal portion of lease liabilities and net finance expenses.</td>
<td>
A measure of the cash generated by the Group outside cash flows relating to financing, which allows management to better assess the cash being generated by the business.
A reconciliation to the Group cash flow is shown below:
<table>
<tr><th></th><th>26 weeks to 3 March 2024 £m</th><th>Six months to 28 February 2023 £m</th></tr>
<tr><td>Cash used generated from/(used in) operations (per cash flow)</td><td>93.2</td><td>(128.2)</td></tr>
<tr><td>Purchase of tangible and intangible assets</td><td>(86.1)</td><td>(115.0)</td></tr>
<tr><td>Repayment of principal portion of lease liabilities</td><td>(12.5)</td><td>(12.1)</td></tr>
<tr><td>Net interest paid</td><td>(15.7)</td><td>(3.5)</td></tr>
<tr><td>Free cash flow[1]</td><td>(21.1)</td><td>(258.8)</td></tr>
</table>
1 The Group has updated its definition to remove fees in relation to any financing transactions carried out by the Group to enable meaningful comparison of financial information as the fees were one-off and the inclusion would not be reflective of the normal operations of the Group.
</td>
</tr>
<tr>
<td>Cost to serve</td>
<td>No direct equivalent</td>
<td>Operating expenses (excluding depreciation and amortisation and excluding adjusting items) as a percentage of adjusted revenue.</td>
<td>
Cost to serve reflects the underlying profitability of the business and demonstrates discipline on cost structure.
<table>
<tr><th></th><th>26 weeks to 3 March 2024 £m</th><th>Six months to 28 February 2023 £m</th></tr>
<tr><td>Operating expenses</td><td>850.2</td><td>938.2</td></tr>
<tr><td>Less depreciation and amortisation</td><td>(87.2)</td><td>(83.3)</td></tr>
<tr><td>Less adjusted operating expenses</td><td>(146.8)</td><td>(78.5)</td></tr>
<tr><td>Add back adjusted depreciation and amortisation[1]</td><td>5.4</td><td>9.3</td></tr>
<tr><td></td><td>621.6</td><td>785.7</td></tr>
<tr><td>Adjusted revenue</td><td>1,497.5</td><td>1,838.5</td></tr>
<tr><td>Cost to serve</td><td>41.5%</td><td>42.7%</td></tr>
</table>
1 The prior year comparative includes £0.7m depreciation costs included within the costs incurred for the commercial operating model
</td>
</tr>
</table>

Alternative Performance Measures (APMs) continued

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure
Other working capital movements (per Financial Review)	No direct equivalent	Removes working capital and cash movements relating to adjusted items.	To provide a reconciliation of the working capital movement in the Financial Statements to the other working capital movement in the Financial Review.

	26 weeks to 3 March 2024 £m	Six months to 28 February 2023 £m
(Increase)/decrease in other working capital (per Financial Review)	**(66.7)**	(113.6)
Comprises:		
Working capital per cash flow (excluding inventory)	**(46.9)**	(99.2)
Working capital relating to adjusted items	**(19.8)**	(14.4)
	(66.7)	**(113.6)**
Working capital relating to adjusting items:		
Adjusted items (note 3)	**(150.0)**	(203.5)
Add back adjusted impairment (note 3)	**115.8**	28.9
Add back adjusted depreciation (note 3)[1]	**5.4**	9.3
Add back commercial model change (note 3)[2]	**-**	127.5
Add back adjusted finance costs (note 3)	**1.3**	0.4
Adjusted working capital before cash impacts	**(27.5)**	**(37.4)**
Cash impact of adjusted items	**7.7**	23.0
Working capital relating to adjusted items	**(19.8)**	**(14.4)**

1 The prior year comparative includes £0.7m depreciation costs included within the costs incurred for the commercial operating model.

2 Prior year excludes £0.7m of depreciation already added back.