H1 FY24
Analyst Presentation

CEO Update
H1 FY23 Financial Results
Outlook
Q & A
H1 FY24
Analyst Presentation

- CEO Update
- H1 FY23 Financial Results
- Outlook
- Q & A
Making ASOS faster, more agile, and more profitable

FY24 priorities: better product, right-sizing stock, unlocking cash

- Stock <$600m ahead of target releasing £175m of cash
  - Newness performing well
  - Targeted markdown to clear older product: short-term impact on gross profit

- Test & React and Partner Fulfils each c.5% of own-brand / partner brand mix

- Reduced cost to serve despite volume deleverage and investment in marketing

- Sales down 18% due to:
  - FY23 profit actions
  - Intake down c.30%

- Reiterating FY24 guidance, laying the foundations for return to growth in FY25

- CFO appointment and strengthening of management team
Recap: our “Right to Win”
Leveraging our unique capabilities will drive sustainable profitability

...to be the world’s number one fashion destination for fashion-loving 20-somethings.

**Best product**
Presenting our customers with market leading assortment and unique curations of exclusive own brands and exciting 3P brands only available at ASOS

**Destination for style**
Providing brands with a platform to showcase their potential in a fashion context - the only place where consumers can experience their favourite brands through our differentiated visual language

**Compelling & distinct brand**
Showing up at every stage of the customer journey with our compelling and distinct brand to grow our share of voice, loyalty and brand advocacy

**Competitive convenience**
Offering a seamless end-end experience underpinned by a unique delivery, returns and payment proposition, with an appetite for innovation
In FY24, we are going Back to Fashion with three key priorities

1. **Most relevant product**
   Disciplined stock management and an obsession with speed

2. **Stronger customer relationships**
   Reigniting our brand and developing a fashion-led customer experience

3. **Reduced cost to serve**
   Disciplined capital allocation and operational excellence
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   Disciplined capital allocation and operational excellence
We are transforming our commercial model to make our own brands more exciting and to bring the most relevant product from the best partner brands on the planet.
Stock back to pre-Covid levels (c. £600m) ahead of plan

Disciplined stock management and clearance of old stock

-45%
New commercial model drives higher full-price sales and improved sell-through

Old stock clearance

c.50% of stock reduction from stock >12 months

5ppt headwind to gross margin

£175m of cash realised from stock

New season efficiency

AW sell-through + 17ppt

Turning 40% faster

Carry forward reduced by two-thirds
Partnering with brands
Offering customers a curated selection of brands

Growing top tier brands | Partner Fulfils c.5% branded sales

54 PF brands on boarded | AFS pilot underway

FY24 PF target: 2x brands & GMV | H1 exit rate already >2% GMV

ARKET | VEJA | Ann Summers | CONVERSE
Obsession with speed
Test & React on track for FY24 and mid-term ambition

- c.5% of own-brand sales
- Supplied from UK, Turkey & Morocco
- c.58% average gross margin
- Turning on 3 weeks cover

FY24 target: 10% OB sales
Mid-term: 30% OB sales

1. Most relevant product
Obsession with speed

Test & React launch categories already at mid-term target

- Launched in November in:
  - Jersey Eveningwear Dresses at c.20% T&R mix
  - Jersey Tops at c.40% T&R mix
- These two categories: c.20% ASOS Design WW
- Organic social driving scale and traffic
- Further growth from:
  - Growth in existing categories e.g. Soft Wovens
  - Expansion into new categories e.g. Denim in H2
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with three key priorities

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Recap: Our refreshed customer strategy to reinforce ASOS as a destination for fashion

- **Re-activate**
  - Win back churned customers
  - Reignite brand heat

- **Acquire**
  - Full funnel marketing

- **Prevent churn**
  - Reduce proactively
  - Grow value of customer base

- **Develop**
  - Stronger fashion relationships
  - Brand heat activations

**High value actions**

**Personalisation**

**Loyalty**
Recap: We will measure the impact of our investment into full funnel marketing using both leading and lagging indicators.

- **3 - 6 months**
  - Social share of voice
  - Brand search
  - Campaign performance (lift studies)

- **6 - 12 months**
  - Organic visits
  - Customers

- **> 12 months**
  - Brand health
  - Frequency
  - Higher overall ROAS
Testing full funnel
ASOS Your Way

572m impressions

Shoot cast including @wolffiecindy supported by 40+ influencers, generating a combined Gen-Z reach of 52M

First ASOS IRL Pop-Up visited by more than 6k customers in 4 days

Strategic OOH placements across 41 sites in London

Results

- New customers +10%
- Brand search YoY +17ppt
- Direct visits +2%

Data from campaign performance studies comparing Test and Control groups in Nov/Dec 2023
Moving up a gear

ASOS Unreal Finds

Higher reach:
1.5bn impressions

Elevated influencer strategy:
- Starring TikTok and podcast sensation @MadelineArgy and rapper @Aantslive
- Supported by 50 influencers with total following of 30.6m

Scaled OOH:
>4k placements across 8 cities

Positioning ASOS as somewhere fashion lovers can come to be inspired
Continuing the inspirational customer journey on site with improved Buy the Look

- >42,000 looks created
- Available on Mobile Web, iOS, & Android
- >55% higher ABV
- Almost 2x bigger basket

FY24 target: >50% of catalogue
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   Disciplined capital allocation and operational excellence
Strong progress on reducing both fixed & variable costs

Variable costs as a % of sales down c.80bps

Total fixed costs down >20%

H1 FY23

H1 FY24
Shift in business culture prioritising continuous improvement

- Reduced distribution cost per unit from split orders and delivery partner consolidation
- Rationalisation of logistics footprint leading to lower warehouse fixed cost
- Cost control in head office from discipline on headcount
- More effective use of data throughout the business
Recap: H1 strategic progress

- FY24 priorities: better product, right-sizing stock, unlocking cash
- Stock <£600m ahead of target releasing £175m of cash
  - Newness turning faster
  - Targeted markdown to clear older product: short-term impact on gross profit
- Test & React and Partner Fulfils each c.5% of own-brand / partner brand mix
- Reduced cost to serve despite volume deleverage and investment in marketing

Reiterating FY24 guidance, laying the foundations for return to growth in FY25
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H1 performance reflects discipline on costs with lower cost to serve despite reduction in sales

**Adjusted CCY Sales (£’m)**

<table>
<thead>
<tr>
<th></th>
<th>H1 FY23</th>
<th>H1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,838.5</td>
<td>1,497.5</td>
</tr>
</tbody>
</table>

**Adjusted Gross Margin (%)**

<table>
<thead>
<tr>
<th></th>
<th>H1 FY23</th>
<th>H1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>42.9%</td>
<td>40.3%</td>
</tr>
</tbody>
</table>

**Cost to Serve (%) of Sales**

<table>
<thead>
<tr>
<th></th>
<th>H1 FY23</th>
<th>H1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>42.7%</td>
<td>41.5%</td>
</tr>
</tbody>
</table>

**Adjusted EBITDA (£’m)**

<table>
<thead>
<tr>
<th></th>
<th>H1 FY23</th>
<th>H1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td></td>
<td>4.6</td>
</tr>
</tbody>
</table>

**Stock (£’m)**

<table>
<thead>
<tr>
<th></th>
<th>H1 FY23</th>
<th>H1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>978.4</td>
<td>592.5</td>
</tr>
</tbody>
</table>

**Free Cashflow (£’m)**

<table>
<thead>
<tr>
<th></th>
<th>H1 FY23</th>
<th>H1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>(258.8)</td>
<td>(21.1)</td>
</tr>
</tbody>
</table>

**Net Debt (£’m)**

<table>
<thead>
<tr>
<th></th>
<th>H1 FY23</th>
<th>H1 FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>431.7</td>
<td>348.8</td>
</tr>
</tbody>
</table>

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1 Excluding adjusting items. Please see RNS for full breakdown.
2 Cost to serve defined as operating expenses (excluding depreciation and amortisation and excluding adjusting items) as a percentage of adjusted revenue.
3 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.
4 Net debt is cash and cash equivalents less the carrying amount of any borrowings but excluding outstanding lease liabilities.
Key strategic indicators reflect our current and ongoing priorities

<table>
<thead>
<tr>
<th></th>
<th>Change vs. LY</th>
<th>Change vs. LY-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test &amp; React % of Own-Brand Sales*</td>
<td>+4.9%</td>
<td>+4.9%</td>
</tr>
<tr>
<td>Flexible Fulfilment % of GMV*</td>
<td>+160bps</td>
<td>+220bps</td>
</tr>
<tr>
<td>Adjusted Gross Margin</td>
<td>-260bps</td>
<td>-280bps</td>
</tr>
<tr>
<td>Cost to Serve %</td>
<td>-120bps</td>
<td>+310bps</td>
</tr>
<tr>
<td>Variable Contribution per Order</td>
<td>-4%</td>
<td>+5%</td>
</tr>
<tr>
<td>Stock Turn % Change</td>
<td>+31%</td>
<td>+1%</td>
</tr>
</tbody>
</table>

* Test & React % of Own-Brand Sales and Flexible Fulfilment % of GMV both based on exit rate for the half (i.e. month of February).
### Profit actions driving variation in segmental performance

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>EU</th>
<th>US</th>
<th>RoW</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Sales</strong></td>
<td>-16%</td>
<td>-11%</td>
<td>-25%</td>
<td>-36%</td>
<td>-18%</td>
</tr>
<tr>
<td><strong>Visits</strong></td>
<td>-14%</td>
<td>-14%</td>
<td>-16%</td>
<td>-16%</td>
<td>-14%</td>
</tr>
<tr>
<td><strong>Conversion²</strong></td>
<td>-30bps</td>
<td>-</td>
<td>-30bps</td>
<td>-40bps</td>
<td>-20bps</td>
</tr>
<tr>
<td><strong>Average Basket Value³</strong></td>
<td>+3%</td>
<td>+3%</td>
<td>-2%</td>
<td>+8%</td>
<td>+2%</td>
</tr>
<tr>
<td><strong>Total Orders</strong></td>
<td>-19%</td>
<td>-14%</td>
<td>-26%</td>
<td>-40%</td>
<td>-19%</td>
</tr>
<tr>
<td><strong>Active Customers⁴</strong></td>
<td>7.5m (-13%)</td>
<td>9.5m (-11%)</td>
<td>2.6m (-19%)</td>
<td>1.8m (-26%)</td>
<td>21.4m (-14%)</td>
</tr>
</tbody>
</table>

1 Segmental sales based on total sales, which includes retail sales and income from other services, and growth rates calculated on a constant currency basis (CCY), not LFL.
2 Conversion is calculated as the total number of products shipped divided by total visits.
3 Average Basket Value is calculated as adjusted net retail sales/number of orders in the period on a CCY basis.
4 Active customers defined as having shopped in the last 12 months.
260bps reduction in adjusted gross margin due to elevated markdown to clear old stock

Clearance
(310bps) from discounting to drive clearance of stock
60% of sales of product excluded from promo

Freight
Favourable freight rates under Maersk contract

Trade
Includes improved sourcing and buying margin

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1 Excluding adjusting items. Please see RNS for full breakdown
120bps reduction in cost to serve despite deleverage and marketing investment

<table>
<thead>
<tr>
<th></th>
<th>H1 FY24 % of sales</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Gross Margin(^1)</td>
<td>40.3%</td>
<td>(260bps)</td>
</tr>
<tr>
<td>Distribution</td>
<td>11.5%</td>
<td>(100bps)</td>
</tr>
<tr>
<td>Warehouse</td>
<td>11.1%</td>
<td>(130bps)</td>
</tr>
<tr>
<td>Marketing</td>
<td>6.7%</td>
<td>70bps</td>
</tr>
<tr>
<td>Other</td>
<td>12.2%</td>
<td>30bps</td>
</tr>
<tr>
<td>Cost to Serve(^2)</td>
<td>41.5%</td>
<td>(120bps)</td>
</tr>
</tbody>
</table>

\(^1\) Excluding adjusting items. Please see RNS for full breakdown
\(^2\) Cost to serve defined as operating expenses (excluding depreciation and amortisation and excluding adjusting items) as a percentage of adjusted revenue
Discipline on costs offsetting deleverage but with EBITDA loss due to elevated clearance

H1 FY24 Adjusted\(^1\) EBITDA (£‘m)

- H1 FY23 AEBITDA
- Volume
- Clearance
- Other
- Cost to Serve
- H1 FY24 AEBITDA

\(\text{\£4.6m} \quad \boxed{\text{\£16.3m}}\)

\(^1\text{Excluding adjusting items. Please see RNS for full breakdown.}\)
Bulk of adjusting items relate to Lichfield closure

<table>
<thead>
<tr>
<th>Commercial operating model change</th>
<th>(1.9)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property-related costs</td>
<td>(2.4)</td>
</tr>
<tr>
<td>Lichfield fulfilment centre</td>
<td>(139.3)</td>
</tr>
<tr>
<td>Amortisation of acquisition intangibles</td>
<td>(5.4)</td>
</tr>
<tr>
<td>Other items</td>
<td>(1.0)</td>
</tr>
<tr>
<td><strong>Total P&amp;L impact of adjusting items</strong></td>
<td>(150.0)</td>
</tr>
</tbody>
</table>

c.£30m cash impact from adjusting items with remainder mostly non-cash impairment
Progress on stock resulting in strong cash generation from working capital

H1 FY24 Free Cash Flow\(^1\) (£’m)

- **Capex**: H1 capex of £86m (c.£30m supply chain / £55m tech)
- **Inventory Movement**: £175m cash released from stock reduction to pre-Covid levels
- **Other Working Capital**: Includes impact on payables from reduced intake (timing only)
- **Closing Net Debt**: Closing net debt of £345m, £83m lower than at H1 FY23
- **Closing Cash**: Ample closing cash >£330m

Free cash outflow of £21m reflects a YoY improvement of £238m

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\(^1\)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.
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What to expect in H2

- Optimised stock profile
- More newness, improved assortment
- Test & React to 10% of own-brand sales
- Brand heat momentum
- Continuous improvement
Solid progress in H1
Reiterating FY24 and medium-term guidance

<table>
<thead>
<tr>
<th>FY24</th>
<th>FY25</th>
<th>Medium-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales -5% to -15%</td>
<td>Return to growth</td>
<td>Gross margin expansion towards 50%</td>
</tr>
<tr>
<td>Adjusted EBITDA positive</td>
<td>EBITDA margin around pre-COVID levels (c.6%)</td>
<td>EBITDA sustainably ahead of capex, interest, tax and leases</td>
</tr>
<tr>
<td>Stock below £600m</td>
<td></td>
<td>Inventory of c.100 days</td>
</tr>
<tr>
<td>Capex c.£130m</td>
<td></td>
<td>Capex to 3-4% of sales</td>
</tr>
<tr>
<td>Free cash flow generative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reducing net debt position</td>
<td></td>
<td></td>
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