



12 April 2022

ASOS Plc

Global Online Fashion Destination

Interim Results for the six months to 28 February 2022

Accelerating operational and strategic progress

- Delivered 4% revenue growth (constant currency) and £14.8m adjusted profit before tax, both in line with guidance, despite industry-wide supply chain constraints impacting stock availability and ongoing COVID-19 restrictions
- Strong operational progress delivered year to date, with H2 stock position materially enhanced, driving increased newness and availability
- Encouraging progress on the implementation of the strategy outlined at the Capital Markets Day (CMD); centred on driving a more customer-centric organisation, accelerating pace of delivery across the Commercial function, and increasing emphasis on Data and Digital Product
- Save for the removal of Russia's contribution to H2 following the decision to suspend sales announced on 2 March 2022, guidance remains unchanged although an increasingly challenging external environment introduces a greater degree of risk than normal

Summary financial results

£m ¹	Six months to 28 February 2022	Six months to 28 February 2021	Change	CCY ² Change
Group revenues ³	2,004.1	1,975.9	1%	4%
Gross margin	43.1%	45.0%	(190bps)	
Operating (loss)/profit	(4.4)	109.7	(104%)	
Operating (loss)/profit margin	(0.2%)	5.6%	(580bps)	
Adjusted EBIT ⁴	26.2	116.2	(77%)	
Adjusted EBIT margin ⁴	1.3%	5.9%	(460bps)	
Adjusted profit before tax ⁴	14.8	112.9	(87%)	
Reported (loss)/profit before tax	(15.8)	106.4	(115%)	
Diluted earnings per share	(13.5p)	81.9p	(117%)	
Net (debt)/cash ⁴	(62.6)	92.0		

¹All numbers subject to rounding throughout this document; ²Constant currency is calculated to take account of hedged rate movements on hedged sales and spot rate movements on unhedged sales. Any reference to total or retail sales throughout the document is on a constant currency basis; ³Includes retail sales and income from other services; ⁴Definitions of the adjusted performance measures used above and throughout this document can be found in Note 12, page 33 of the Condensed Financial Statements.

Results Summary

- 4% revenue growth (CCY), as expected supply chain constraints impacted newness and stock availability
- Continued increase in active customers to 26.7m, up 0.3m over six months, with slower customer growth a result of cycling a period of exceptional customer acquisition in the prior year when High Street retail was closed
- Despite reduced stock availability impacting growth across all regions, both the UK (+8%) and US (+11% CCY) delivered a strong performance, with the US supported by a particularly strong peak trading period; EU remained subdued (+1% CCY) as COVID-19 restrictions impacted demand and RoW declined (-10% CCY) as delivery challenges continued
- Gross margin decreased by 190bps reflecting increased clearance activity and elevated freight costs; partially offset by cost efficiencies that delivered improvements in buying margins along with low to mid-single digit percentage increases across both ASOS and partner brands taking effect in January 2022

- Adjusted PBT of £14.8m reflecting the expected unwind of all COVID-19 related benefits (£48.5m) from H1 FY21 and planned investment in marketing; alongside significant cost inflation, most notably warehouse labour and freight, partially offset by cost efficiencies of c.£50m
- Reported revenue growth of 1% and reported loss before tax of £15.8m, reflecting costs of adjusting items which total £30.6m
- Net debt position of £62.6m reflecting negative working capital cycle in H1, amplified by accelerated stock build for '22 Spring / Summer to accommodate longer lead times and capital expenditure of £86.5m to support supply chain and technology investments outlined at the CMD

Operational & Strategic Update

- Strong operational progress in the first half of the year and ASOS enters the second half with a much-improved stock position driving increased newness and availability
- Leverage ASOS' Platform & Capabilities:
 - Successful roll out of Partner Fulfils in the UK in H1 to be followed by range extension and expansion to select countries within Europe by end of FY22
 - Highly successful optimisation of the Premier offer, supporting 24% growth in Premier subscribers
 - Continued improvements in data science to further personalise the experience, and next phase of data evolution and investments underway in support of the Data Strategy
- Amplify ASOS' Winning Offer:
 - Continued triple digit sales growth of Topshop brands (+193% year-on-year), particularly strong across the UK, US and Germany
 - Completed the reorganisation of the Commercial function to accelerate the pace and intensity of delivery, including the creation of 12 new business units centred around brands, geographies and emerging channels, providing increased autonomy and pace of decision making
- Driving International Expansion:
 - Roll out of broad reach marketing campaign across multiple platforms in test areas within the UK, US and France
 - Debut of select ASOS brands in two Nordstrom stores and on Nordstrom.com in November with further extensions to two new retail concepts in store in February
- Expansion of Executive structure to better align teams for delivery of the strategy; with newly created Strategy Board, led by COO and underpinned by expanded Executive team

Fashion with Integrity Update

- ASOS today published its first annual update as part of its FWI 2030 Programme, reporting progress in the period ending August 2021
- The full report is published [here](#)

Outlook

- Save for the removal of Russia's contribution to H2 following the decision to suspend sales announced on 2 March 2022, guidance remains unchanged
- More challenging external environment since guidance was provided in October 2021
- Greater risk in H2 than normal as the full impact of recent inflationary pressure on consumers and the potential impact on discretionary spend are yet to be felt
- Despite the external challenges, ASOS anticipates sales growth to accelerate in H2 supported by:
 - Improved stock profile
 - Easing of comparative growth rates
 - Return of event and holiday-led demand
 - Increased marketing investment to support international sales acceleration
 - Improved lead-times as supply chain constraints ease

- ASOS looks to the future with confidence and remains committed to the execution of its medium-term strategy in support of long-term growth acceleration

Mat Dunn, COO and CFO, said:

"ASOS has delivered an encouraging trading performance, against the continuing backdrop of significant volatility and disruption. The team has acted with determination and pace and is making good early progress on the strategic plan for the next phase of growth, as set out at our CMD last year. While much remains to be done, we have a clear plan for each of the three key pillars – our platform, consumer offer, and international expansion – and are already seeing positive signs of progress across the business. We're confident of the benefits these efforts will create and our continued ability to deliver."

"We've entered the second half of the year well placed, and believe that our stock position, with increased product availability and newness, will stand us in good stead. We remain mindful of the potential impact on demand from the growing pressures on consumer spend and will continue to be responsive to any changes in market conditions as we progress the work started in the first half to deliver on our ambitions."

Investor and Analyst conference call and presentation:

The Company will be hosting an in-person presentation for analysts and investors starting promptly at 09:30 at ASOS HQ, Greater London House, NW1 7FB, to be hosted by Mat Dunn and Katy Mecklenburgh. For those unable to attend in person a live webcast will be available, and a recording of the presentation will be uploaded to the ASOS investor relations website afterwards.

To access live please dial +44 (0) 330 088 5830, and use Meeting ID: 895 3501 6492. A live stream of the event will be available [here](#).

For further information:

ASOS Plc

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Background note

ASOS is a destination for fashion-loving 20-somethings around the world, with a purpose to give its customers the confidence to be whoever they want to be. Through its app and mobile/desktop web experience, available in ten languages and in over 200 markets, ASOS customers can shop a curated edit of over 100,000 products, sourced from nearly 900 global and local partner brands alongside a mix of fashion-led own-brand labels – ASOS Design, ASOS Edition, ASOS 4505, Collusion, Reclaimed Vintage, Topshop, Topman, Miss Selfridge and HIIT. ASOS aims to give all of its customers a truly frictionless experience, with an ever-greater number of different payment methods and hundreds of local delivery 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.

Important information

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, the Company 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.

ASOS Plc (“the Group”)
Global Online Fashion Destination
Interim Results for the six months to 28 February 2022

Overview

ASOS delivered results in line with guidance with total sales growth of 4% on a constant currency basis (CCY) (1% on a reported basis) and adjusted Profit Before Tax of £14.8m (reported loss of £15.8m, after £30.6m of adjusting items).

In the first half of the year, supply chain disruption played out as expected with capacity constraints across both sea and air freight causing delays and inflating costs. The demand environment was also impacted by increased COVID-19 caseloads and sporadic lockdowns, particularly in Europe, along with a rebalancing of demand between online and offline channels. Despite this, ASOS delivered a successful peak period, particularly in the US, and successfully launched its fourth fulfilment centre to increase stockholding and optimise availability. The scale-up of this facility has progressed more quickly than anticipated, adding incremental capacity during peak, and performing ahead of original capacity expectations. ASOS has made strong operational progress in the first half of the year and approaches the second half with a much-improved stock position along with increased newness and optimised stock availability. Returns rates have picked up in P2, however they have not exceeded pre-pandemic levels as sales mix returns to a more traditional balance of product demand.

Active customers have grown by 0.3 million since year end to 26.7 million, reflecting 7% growth year-on-year with 1.8 million net additions over the past 12 months as ASOS cycled a period of strong customer acquisition in the prior year aided by lockdowns and store closures which drove customers online. With the reopening of physical stores, ASOS has seen a rebalancing of demand between online and offline channels as customers have returned to the High Street, whilst the impact of reduced product availability and the resulting impact on newness has also affected new customer acquisition in the first half. Pleasingly though, online share of overall sales remains higher than pre-pandemic levels in all key territories, and ASOS has seen improvements in frequency and conversion as customers have increasingly engaged with more aspects of the offer.

In November, the ASOS leadership team presented a full Capital Markets Day (CMD), outlining the change required to shift the Company to the next phase of its growth, centred on accelerating growth outside the UK. ASOS has proceeded at pace to roll out this strategy, known internally as ‘ASOS Reimagined’, in support of the CMD objectives. Additionally, ASOS has accelerated its organisational re-design in support of these objectives to improve the pace and delivery of the Commercial function whilst elevating its focus on Data and Digital Technology Product.

Financial Performance

ASOS delivered against its first half guidance of mid-single digit sales growth, with adjusted Profit Before Tax of £14.8m and an adjusted PBT margin of 0.7%. This reflected the unwind of all COVID-19 related benefits received in H1 FY21 of £48.5m as expected, as returns rates normalised and the Company saw increased demand for going-out product. Furthermore, ASOS delivered adjusted EBIT of £26.2m, representing an adjusted EBIT margin of 1.3%, which was a 460bps decline year-on-year and a 210bps decline after excluding the COVID-19 related benefits from the prior year comparative.

Gross Margin reduced by 190bps in the first half of the year, driven by increased rates of clearance to shift slow-moving and late arriving Spring/Summer stock that was left over at the end of the prior season, along with elevated freight costs as a result of supply chain constraints. This was, however, an improvement on P1 gross margin performance (-400bps versus last year) with the improvement in P2 driven by pricing benefits as low to mid-single digit percentage price increases across ASOS and partner brands took effect to mitigate cost inflation; along with sourcing benefits driving an improvement in buying margins.

ASOS has faced significant inflationary pressures as the industry wrestles with the increased cost of warehouse labour, freight and delivery costs. The Company has looked to offset these across the year through continued cost efficiencies and scale leverage and is pleased to have delivered c.£50m in operational efficiencies in the first half to largely offset both forecast and shock cost escalations. Despite these short-term cost pressures, ASOS has continued to invest to capture the significant long-term opportunities by increasing its marketing investment to 6.0% as a percentage of sales, up from 5.5% in the comparator period.

The net debt position of £62.6m reflects ASOS' typical working capital outflow in H1, however this was amplified by an accelerated stock build for '22 Spring / Summer, to accommodate longer lead times and mitigate supply chain constraints, as well as the delayed intake of '21 Autumn / Winter stock which is held in storage for '22 Autumn / Winter. Capital expenditure was £86.5m in support of the supply chain and technology investments outlined at the CMD as part of ASOS' medium-term strategy. This includes capital expenditure in support of the automation programmes at Lichfield and Atlanta, both expected to complete by the end of FY23, along with technology investments into the customer experience and data capabilities.

Performance by Market

UK

After an exceptionally successful FY20 and FY21 in the UK, the first half presented a period of tough comparatives. Notwithstanding this, total sales grew a pleasing 8% to £895.5m, despite cycling a period of lockdown restrictions which caused the closure of hospitality venues and physical retail stores last year, particularly in P2. The expected reduction in stock availability and newness, driven by supply chain constraints, weighed on performance. Additionally, Omicron-related uncertainty drove weakness around big sale events in January which further impacted growth. Demand for going-out wear continued its recovery despite Omicron uncertainty over the Christmas period, and has been further supported by the removal of all COVID-19 restrictions in February.

Despite these factors, ASOS added a further 1m new customers year-on-year, with 0.3m new customers added since FY21. Furthermore, ASOS delivered growth in orders, visits, and average order frequency as well as improvements in conversion. The number of Premier subscribers grew by 23% supported by a global Premier Party in October, and a Premier Day in the UK in February.

EU

Europe delivered revenue growth of 1% CCY to £577.4m, as the region was particularly impacted by supply chain constraints which in turn impacted on stock availability, along with continued COVID-19 restrictions throughout much of the period as Delta and Omicron waves hit the region. Germany performed well in the first half of the year, driven by increased demand for going-out wear, however this was offset by a weaker trading period in France where the return of customers to the High Street was more pronounced. Pleasingly, Premier subscribers grew by 13% with subscriptions in Germany (+41%) and Ireland (+91%) reflecting substantial growth, with Ireland's growth supported in part by the Premier Day in February.

While Average Basket Value (ABV) stepped back and visits remained flat, orders and average order frequency grew, and conversion improved. Active customers grew by 6% year-on-year, however remained broadly unchanged since FY21.

US

The US delivered revenue growth of 11% CCY to £252.7m. This was particularly pleasing against a backdrop of supply chain constraints and port congestion which impacted ASOS' ability to effectively stock its fulfilment centre in Atlanta, and resulted in low stock availability in high demand categories. Despite these challenges, a strong promotion programme and underlying demand generated the highest ever peak sales month in the US in November. Furthermore, February also saw strong customer engagement supported by successful Superbowl, Single's Day and Presidents' Day events. ASOS expanded its Wholesale business in the US further, as the existing strategic partnership with Nordstrom included products from ASOS Design online and in select Nordstrom stores, with wholesale sales supportive of overall growth in the US during H1.

Active customers grew by 6% year-on-year to 3.5m customers, and remained broadly flat versus year-end, with a 58% growth in Premier subscribers. Total visits stepped back year-on-year, however conversion, constant currency ABV (CCY ABV) and average order frequency increased reflecting a more intentional shopping visit. Whilst it is still early days, these trends show that customers are engaging with more parts of the ASOS offer, including Premier, and additional categories such as Face + Body and Sportswear.

Rest of World (RoW)

RoW total sales declined by 10% CCY versus last year to £278.5m, as low stock availability impacted all markets and delivery lead times remained a constraint, particularly to Australia and Israel. In addition to this, demand in Australia was weaker as the country began to exit lockdown from September and customers returned to the High Street. Consequently, both orders and visits declined and ABV stepped back driven by higher markdown.

RoW active customers were flat, but Premier subscribers grew by 45% year-on-year, supported by the resumption of the Premier offer in Australia. Growth in the customer base was also constrained by the extended delivery proposition and lower levels of stock availability impacting consumer choice and newness.

As announced in the RNS on 2 March 2022, sales in Russia have been suspended following the invasion of Ukraine. In FY21 Russia represented c.4% of Group revenue and contributed approximately £20m to Group profit.

Strategic Performance Update

ASOS' strategy, as outlined at the CMD, is focused on fashion-loving 20-somethings, ensuring it offers relevant product, at relevant price points, with an onsite experience and delivery methods that are tailored to their needs. With a model combining exclusive own-brand product and a platform for partner brands, ASOS is well-positioned to pursue the sizeable opportunity, represented by a Total Addressable Market which the Company believes may be in the region of £430bn in the UK, US, Europe, and core RoW territories by 2030.

ASOS' strategy focuses on three key areas in the medium term:

1. **Leveraging its platform and capabilities** through further enhancements to the customer experience including the next stage of personalisation, tailored category experiences, and the

amplification of ASOS' Premier offer; along with expansion of the ASOS platform with the launch of its Partner Fulfilment programme, targeting c.5% of GMV; underpinned by the next phase of ASOS' Operational Excellence programme, focused on increasing operational efficiencies as it implements a Lean programme across the business.

2. **Amplifying its winning offer** by transforming its loved ASOS brands into truly iconic brands, whilst improving speed to market and leveraging the strength of its design, buying and merchandising teams to incubate and create new brands, with the objective of adding at least £1bn to annual own-brand sales; along with the expansion of Face + Body and Sportswear which are both strategic categories for future growth.
3. **Driving international expansion** by truly localising the offer and investing in marketing to support an acceleration in international growth rates, which includes doubling the size of the combined US and Europe business.

In the first half, ASOS has made good progress in support of these objectives, particularly in platform and capability development which will serve to support the international expansion in the medium term. Furthermore, ASOS has accelerated its organisational re-design to improve the pace and delivery of the Commercial function whilst elevating Data and Digital Product. Each of these areas of progress against the strategy in H1 are expanded on as follows:

1. Leveraging ASOS' Platform and Capabilities

ASOS successfully launched its Partner Fulfilment pilot with adidas and Reebok in the UK in November. The initial roll out focused on offering additional availability of the existing ASOS range where product had sold out in ASOS' own fulfilment centres. By the end of February, Partner Fulfilment accounted for c.8% of adidas and c.7% of Reebok gross sales in the UK on ASOS.com. This has since been expanded to include additional styles that are not currently stocked in ASOS' fulfilment centres, adding width to ASOS' existing range and providing increased choice to customers. This is expected to expand to c.500 new styles in the UK by the end of the financial year. ASOS is also on track to launch Partner Fulfilment in select countries within Europe by the end of FY22 in partnership with adidas and Reebok. By the end of FY22, ASOS also expects to have onboarded additional brands to its Partner Fulfilment programme.

ASOS has made good progress on improving its customer experience through the ongoing deployment of data science to personalise the experience. ASOS has continued to iterate and test the in-house personalised search results algorithm; as well as adding personalised search results on the app. ASOS has completed its Data Strategy in the first half and is currently mobilising the next phase of the data evolution and investments. This involves developing a larger data product team, improving data governance to drive more value, enhancing the data architecture for future scalability and agility, and growing the Company's data science capability.

At the CMD in November, ASOS reiterated the importance of its Premier offer in driving increased customer loyalty and improved customer economics, with Premier customers in the UK shopping five times as frequently as non-Premier customers. To deliver improved Premier participation in non-UK markets, ASOS undertook a thorough review and optimised pricing in key markets to better tailor the offer locally. The Company also launched a Global Premier Party in October, along with a Premier Day in February for the UK and Ireland. These initiatives, combined with strong underlying growth, have driven 24% growth in Premier subscribers across the Group, led by 58% year-on-year growth in Premier subscribers in the US, with RoW +45%, UK +23% and Europe +13%.

2. Amplifying ASOS' Winning Offer

ASOS has completed the reorganisation of its Commercial function in support of its "create, curate, convert" strategy outlined at the CMD through the creation of 12 new business units centred around brands,

geographies and emerging channels to create a more customer-centric organisational structure and increase autonomy and pace of decision making.

Topshop brands continued their growth trend delivering growth of 193% year-on-year as it grew its share of ASOS sales by 390bps over the last year. Growth rates remain strong across the UK, US and Germany, with all maintaining triple digit growth rates when compared to Topshop brands sales on the ASOS platform last year. Topshop visits growth remained strong in the run up to the anniversary of the acquisition across all key markets, and particularly in the UK. Topshop customers shopped with higher frequency on average and were more likely to be Premier customers and buy Face + Body products. This was also true among Topman customers, who had a higher frequency and were more likely to place more than 10 orders a year. Both Topshop and Topman customers were highly valuable with a higher average customer value across key markets than ASOS' group average.

3. Driving International Expansion

ASOS is well-positioned to accelerate international growth, with strong foundations in place having built a winning customer offer combining exclusive ASOS fashion brands with a curated edit of nearly 900 partner brands, supported by investments in infrastructure and technology, enabling ASOS to ensure an attractive user experience combined with next-day-delivery that is offered to more than 85% of our customers globally. ASOS' customer proposition is particularly strong in the UK, and the focus is now on replicating this in the US and Europe through the localisation of both operations and customer experience, along with the growth of a relevant assortment and an increase in marketing investment in international territories to drive enhanced awareness.

The enhancement of local operations has progressed well with Trade Heads appointed for US, France and Germany and Southern Europe. In the second half of the year ASOS will focus on localising the assortment, with a particular focus on the US where ASOS Edition, ASOS Luxe and plus sizes resonate well. This is further supported by an experiential presence that showcases our product to US consumers, which ASOS has explored through its partnership with US-based retailer Nordstrom.

In November, ASOS debuted its first drop with Nordstrom, with an edit of ASOS Design, ASOS Edition and ASOS Luxe ranges available in two physical Nordstrom stores – Bellevue and Century City - and on Nordstrom.com, with ASOS Curve exclusively available online. In February, this was extended further to two retail concepts at The Grove in Los Angeles - Nordstrom I ASOS Glass Box and Nordstrom I ASOS Pop-Up at The Grove featuring 120 options across Womenswear and Menswear. Additionally, customers can also now collect their ASOS.com orders at the Topshop by Nordstrom store at The Grove in Los Angeles, as well as Nordstrom Bellevue and Nordstrom Century City. An expanded assortment of ASOS product is now also available for customers to shop on Nordstrom.com. In H2, there will be a further ASOS I Nordstrom drop in 10 stores and on Nordstrom.com, and Topshop and Topman will launch in Canada in six stores and on Nordstrom.ca.

This year, ASOS has embarked on a broad reach marketing campaign with the first phase rolled out on a "test and learn" basis targeting 18 to 34-year-old females with the aim of building up awareness and consideration. This was rolled out across multiple platforms including TikTok, YouTube, Snapchat, Hulu and Roku for a period of 90 days during peak across core test areas within the UK, US and France. The initial test received both positive feedback and constructive criticism which have been incorporated as learnings and will be iterated on for the next round of testing. The scale-up of the broad reach marketing campaign is currently expected to take place towards the back end of FY22.

Organisational Realignment in Support of the Strategy:

In support of its strategy, ASOS has expanded its Executive structure to help better align teams for the delivery of its strategy. These changes in organisational design are key to driving operational effectiveness across the business, improving change management, and organising the Company around key business divisions to deliver new growth opportunities at pace. At its core, the strategy is focused on developing people and ensuring ASOS has the talent and capability to execute its plans, enabling it to execute more consistently at scale in tandem with an organisational design that unlocks potential and sets ASOS up for its next phase of growth. This programme is expected to last for at least the next 12 months, with costs expected to be £10m-£15m in H2 FY22.

Following the strategy refresh, ASOS has created a Strategy Board to oversee the implementation of the strategy to drive the business forward, consisting of the Chief Operating Officer & Chief Financial Officer, Chief Commercial Officer, Chief Growth Officer and Chief Technology Officer. The Strategy Board will be supported by the expanded Executive Team, which includes:

- Two newly created roles leading the elevated focus on product and data – a Chief Product Officer and Chief Data Officer
- The roles of Group Communications Director, Group Supply Chain Director, and General Counsel & Company Secretary have been elevated to the Executive Team
- The remaining roles on the Executive Team are the Chief People Officer and Interim CFO

Following the successful strategy refresh, Patrik Silén, Chief Strategy Officer, has left ASOS. In addition, Jo Butler, Chief People Officer, and Robert Birge, Chief Growth Officer, have also left the business.

Fashion With Integrity FY21 Results

- ASOS today published its first annual update as part of its FWI 2030 Programme, reporting progress in the period ending August 2021.
- The Company has shown progress across all four goals underpinning its FWI 2030 Programme
- The full report is available [here](#).
- Highlights include:
 - Reduction in Scope 1 and 2 emissions / order of 59%
 - 42% reduction in transport emissions / £ profit
 - 100% of all Tier 1 to 3 ASOS own-brand suppliers mapped
 - Launch of a new package of policies to provide crucial support to colleagues of all genders and circumstances going through health-related life events

Outlook

Since ASOS provided guidance in October, the external environment has become more challenging. The business, however, has performed well, delivering results in line with guidance and successfully absorbing significant incremental cost pressures, predominantly from wage increases and freight inflation. There is greater risk than normal as the full impact of recent inflationary pressures and the potential impact on the discretionary spend on our customers is yet to be felt. ASOS has acted decisively to manage the factors within its control and the business enters the second half of the year with a much-improved stock profile, and has worked hard to mitigate the direct impact of inflation by locking in the majority of the cost base for the remainder of the financial year.

Despite the external challenges, sales growth is expected to accelerate in the second half due to: the improved stock position; the easing of the strong comparative growth rates that ASOS hurdled in the first half of the

year, particularly in the UK; the return of event and holiday-led demand; increased marketing investment to accelerate international sales; and an improved delivery proposition as supply constraints ease. All of this is underpinned by the strength of the ASOS brand and the breadth of our offer. While there remains a proportion of the cost base that may be susceptible to further inflation, second half profitability will be supported by low to mid-single digit percentage price increases across both ASOS and partner brands which were implemented in H1.

Save for the removal of Russia's contribution to H2 following the decision to suspend sales, as announced on 2 March, we are maintaining guidance for the full year. The exclusion of Russia is expected to reduce full year revenue growth by approximately 2%, adjusted PBT by £14 million and a working capital outflow associated with a rebalancing of stock. However, it is clear that the outlook has become less certain, and much will depend on how broader consumer discretionary spend evolves over the coming months. This uncertainty introduces a greater degree of risk to our performance than normal.

Notwithstanding the near-term uncertainty, ASOS looks to the future with confidence, founded on significantly improved operational grip and increasingly strong foundations which will accelerate long-term growth as execution continues at pace on the delivery of the strategy set out at the CMD in November 2021.

Mathew Dunn

Chief Operating Officer & Chief Financial Officer

Patrick Kennedy

Senior Independent Director &
Chair of the Audit Committee

Financial review

Overview

	Six months to 28 February 2022				
	UK	EU	US	RoW ¹	Total
	£m	£m	£m	£m	£m
Retail sales ²	867.2	564.1	226.0	270.1	1,927.4
Income from other services ³	28.3	13.3	26.7	8.4	76.7
Total revenue	895.5	577.4	252.7	278.5	2,004.1
Cost of sales					(1,140.9)
Gross profit					863.2
Distribution expenses					(255.6)
Administrative expenses					(612.0)
Operating loss					(4.4)
Net finance expense					(11.4)
Loss before tax					(15.8)

Adjusted Performance Measures⁴	
Operating loss	(4.4)
Adjusting items ⁵	30.6
Adjusted operating profit	26.2
Net finance expense	(11.4)
Adjusted profit before tax	14.8

1 Rest of World

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

3 Income from other services comprises delivery receipts payments, wholesale sales and marketing services

4 The adjusted performance measures used by ASOS are defined and explained on page 33

5 Adjusting items for the six months to 28 February 2022 are shown on page 13. Further detail on these items is on page 33

	Six months to 28 February 2022	Six months to 28 February 2021	Change
Active customers ¹ (m)	26.7	24.9	7%
Average basket value ²	£38.47	£41.09	(6%)
Average order frequency ³	3.70	3.45	7%
Total shipped orders (m)	50.1	46.7	7%
Total visits ⁴ (m)	1,587.2	1,581.4	0%
Conversion ⁵	3.2%	3.0%	20bps

¹Defined as having shopped in the last 12 months as at 28 February 2022, ²Average basket value is defined as net retail sales divided by shipped orders. This was changed at the end of FY21 from the previous definition, which calculated the metric based on gross sales

³Calculated as last 12 months' total shipped orders divided by active customers, ⁴Restated visits, previously reported number 1,585.1,

⁵Calculated as total orders divided by total visits

Total sales grew 4% constant currency (CCY), in line with guidance for H1, against a backdrop of expected supply chain constraints, which impacted product availability and newness across all markets, along with demand and returns rate volatility related to the emergence of the Omicron variant. Overall growth was largely driven by performance in the UK and US markets, which grew 8% and 11% CCY respectively, supported by strong peak performance, successful customer engagement through key trading events, the strengthening of ASOS' Premier offer, and the continued strength of the Topshop brands as the Company marked the one year anniversary of acquisition of these iconic brands. EU growth was 1% CCY, as demand was particularly impacted by uncertainty in the market following an increase in COVID-19 cases and associated restrictions in the period.

RoW was down 10% CCY as ASOS' delivery proposition continued to be impacted by the reduction in flights servicing key territories in the region.

Active customers grew in the first half by 0.3m to reach 26.7m, up 7% year-on-year and 1% since year-end, with Premier customers growing by 24% year-on-year. H1 last year saw strong acquisition and reactivation of customers who were driven online by the closure of physical retail stores, conditions which have not been as widespread or stringent in the current year. This has led to a rebalancing of demand which, along with lower levels of stock availability, has impacted customer acquisition in H1. Taken together, these factors have contributed to slower growth in active customers, a trend expected to improve in H2 as comparatives ease and stock availability returns to normal levels. Focusing on Premier customers, the traction seen from the enhanced offering in key markets has been pleasing, with growth of 23% in the UK and 58% in the US versus last year, and 10% and 17% respectively versus year-end.

Reported loss before tax and adjusted profit before tax reduced by 115% and 87% to (£15.8m) and £14.8m respectively. Adjusting items for the half totalled £30.6m comprised of: (i) £7.9m costs incurred in relation to accelerating the ASOS strategy, (ii) £5.5m relating to ASOS' transition to a Main Market listing, (iii) £18.3m for a one-off, non-cash impairment charge relating to the right-of-use asset and associated fixtures and fittings at ASOS' Leavesden office because of the decision to vacate and sublet unused space to third parties, (iv) (£6.4m) relating to the release of a provision for employee and other costs relating to the Topshop acquisition, (v) £5.3m relating to the amortisation of acquired intangible assets. Further detail on each of these items can be found on page 33.

The reduction in profitability year-on-year reflects the unwind of the COVID-19 tailwind of £48.5m referenced at H1 last year as the product mix and returns rates have normalised. Additional factors include a reduction in gross margin of 190bps, due to elevated freight and duty costs and higher markdown activity to clear slow-moving '21 Spring / Summer stock; and an increase in operating costs, reflecting planned increases in marketing investment and inflationary cost pressures, particularly in warehouse labour. These elevated costs have been largely offset by strong cost efficiency initiatives across gross profit, supply chain, marketing, and other parts of the fixed cost base.

ABV was down year-on-year, driven by higher markdown and promotion activity related to the clearance of slow-moving '21 Spring / Summer stock, and the higher year-on-year returns rate.

UK performance

UK KPIs	Six months to 28 February 2022
Total sales	+8%
Visits	+8%
Shipped orders	+13%
Conversion	+20bps
ABV	-4%
Active customers	8.8m (+13%)

ASOS saw strong performance in the UK during the first half, as sales, visits, and orders continued to grow despite the exceptional nature of the comparator period, where physical retail stores and hospitality venues were closed due to lockdowns. The peak trading months of November and December saw customers engage

well with ASOS' offer, whilst Face + Body and Sportswear continued to perform well. Since acquisition the Topshop brands have been strong performers in the UK, sustaining the triple digit sales growth seen in H2 FY21 throughout H1 FY22.

Active customers grew to 8.8m, +13% versus last year and +4% since year-end, with Premier customers growing to just under 2m, +23% versus last year and +10% since year-end, reflecting the ongoing resonance of the offer and the success of the Premier Days held in October and February.

Visits growth was 8%, while conversion increased by 20bps. ABV stepped back 4% as the level of markdown and promotion increased, driven by the clearance of slow-moving '21 Spring / Summer stock and the investment made over peak trading to capture the demand in the market.

EU performance

EU KPIs	Six months to 28 February 2022
Total sales	+1% CCY
Visits	Flat
Shipped orders	+5%
Conversion	+10bps
ABV	-7%
ABV (CCY) ¹	-3%
Active customers	10.5m (+6%)

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

EU sales growth was +1% CCY, reflecting the impact of the fourth COVID-19 wave on demand and returns rates.

Within the EU, Germany grew mid-single digits as visits remained strong and customers engaged well with promotions. The period also ended positively following the removal of restrictions. In contrast, the French market was more challenging as customers returned to the reopened High Street leading to lower visits and weaker sales. This was more pronounced in P1, where sales declined year-on-year, however the decline in sales slowed in P2 as a more localised approach to promotion during the Soldes period drove improved performance.

Active customers were up 6% versus last year, as the Company cycled a strong period of growth in the comparative period. However, there was evidence to suggest that changes made to the Premier proposition across key EU territories proved compelling for customers, with subscriptions increasing year-on-year in Germany (+41%) and Ireland (+91%) in particular. Growth of 11% in Sportswear was also pleasing, and, along with Premier, highlights that customers are becoming more engaged with the full ASOS offer. Growth in the Topshop brands remained strong in Germany, more than doubling versus the equivalent period last year.

ABV stepped back 3% CCY (reported -7%) on the year which, as with the UK, reflected higher markdown and promotional activity. Visits were flat, but shipped orders grew at 5% as conversion improved year-on-year.

US performance

US KPIs	Six months to 28 February 2022
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Total sales	+11% CCY
Visits	-7%
Shipped orders	Flat
Conversion	+20bps
ABV	Flat
ABV (CCY)	+2%
Active customers	3.5m (+6%)

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

US sales grew by 11% CCY. From a retail sales perspective, performance was supported by strong promotion mechanics and underlying demand and was particularly pleasing given the port congestion and supply chain disruption which inhibited ASOS' ability to fully service the available demand. In addition to this, February saw strong customer engagement, driven by successful promotions around the Superbowl, Single's Day, and Presidents' Day, as well as stronger visits and conversion. In addition, ASOS has continued to expand its wholesale partnership with Nordstrom, which now includes products from ASOS Design sold on Nordstrom.com in addition to Topshop and Topman.

In the year since the acquisition of the Topshop brands, customers in the US have responded positively to the increased range on offer, reflecting the resonance of the brand in market. Total sales have grown triple digit versus the equivalent period last year, with customer metrics reinforcing the appeal the brands have for ASOS' core customer.

Active customers were up 6% versus last year and broadly flat versus year-end, whilst the enhanced Premier proposition introduced at the start of the financial year drove a 58% increase in Premier customer numbers versus last half year, and a 17% increase since the start of the current year. Whilst it is still early days, trends show that more US customers are engaging with more parts of the ASOS offer, including Premier and additional categories such as Face + Body and Sportswear. Whilst this drives benefits in customer engagement, with frequency up 2% versus last year, the growth of Premier has also driven growth in delivery income.

RoW performance

RoW KPIs	Six months to 28 February 2022
Total sales	-10% CCY
Visits	-6%
Shipped orders	-8%
Conversion	-10bps
ABV	-6%
ABV (CCY)	-2%
Active customers	3.9m (Flat)

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

RoW sales were back 10% CCY versus last year, as the delivery proposition to key RoW markets remained relatively uncompetitive. Visits have been weak across the period, particularly in Australia as the country exited lockdown in October and customers returned to the High Street, whilst performance was also constrained by low product availability across all RoW markets. Consequently, shipped orders fell at a faster rate than visits, and ABV was suppressed by higher markdown.

RoW active customers have remained flat versus last half year and year-end, with new customer growth and reactivations slowing down. Growth in the customer base was also constrained by the extended delivery proposition and lower availability.

As announced in the RNS on 2 March 2022, sales in Russia have been suspended following the invasion of Ukraine. In FY21 Russia represented c.4% of Group revenue and contributed approximately £20m to Group profit and for FY22, the suspension of sales is expected to reduce Group revenue by 2% and Group profit by £14m, with the impact on profit reflecting that ASOS' profits are predominantly earned in H2 each year.

Gross margin

Gross margin reduced by 190bps in the period driven by heightened clearance activity relating to slow-moving '21 Spring / Summer stock and elevated freight costs. This was an improvement from P1, which saw gross margin step back 400bps versus last year, as initiatives to improve buying margin were actioned, and low to mid-single digit price increases were implemented.

Operating expenses

£m	Six months to 28 February 2022	% of sales	Six months to 28 February 2021	% of sales	Change
Distribution costs	(255.6)	12.8%	(247.9)	12.5%	30bps
Warehousing	(207.2)	10.3%	(171.9)	8.7%	160bps
Marketing	(119.7)	6.0%	(108.9)	5.5%	50bps
Other operating costs	(186.1)	9.3%	(184.7)	9.3%	-
Depreciation and amortisation	(68.4)	3.4%	(60.4)	3.1%	30bps
Adjusting items ¹	(30.6)	1.5%	(6.5)	0.4%	110bps
Total operating costs	(867.6)	43.3%	(780.3)	39.5%	380bps

¹ Further detail on adjusting items can be found on page 13 and page 33.

Operating expenses increased 11% to £867.6m and increased by 380bps as a percentage of sales, reflecting inflationary pressure, growth investments, and the one-off costs mentioned above.

Distribution costs have increased by 30bps year-on-year due to the continued normalisation of the returns rate, with the impact partly offset by successful contract negotiations with carriers in key markets and carrier mix, as we were able to re-allocate volume to less expensive suppliers.

Warehousing costs have increased as expected due to high rates of labour rate inflation, which ASOS has met to maintain recruitment levels. This is expected to be a structural change within the market. Warehouse costs have also been impacted by the launch of Lichfield as a manual facility which has, as expected, had a further drag on profitability. This is because units previously despatched from Barnsley, which is highly automated, have been fulfilled from Lichfield instead at a lower efficiency and consequently a higher cost per unit. This is a short-term cost drag, expected to reverse once automation is completed in the second half of FY23. Across the more established sites, we continue to drive improvements in efficiency – particularly in Eurohub – whilst the closure of the returns site at Swiebodzin and reallocation of volume to the other returns sites in Europe, has improved efficiency and reduced fixed costs within the EU returns network. The Lean programme has also supported supply chain in identifying further areas for efficiency, supporting operational excellence initiatives.

Marketing costs increased by 50bps as a percentage of sales as expected, as investment in broad reach marketing began. The first phase utilised the test and learn approach and spend was increased across the ASOS social platforms to drive engagement.

Other operating costs, excluding adjusting items, are flat year-on-year due to increased leverage of the fixed cost base of the business, as well as benefits derived from operational excellence initiatives across procurement and technology.

Depreciation and amortisation costs as a percentage of sales are up 30bps year-on-year, excluding the amortisation on acquired intangibles, driven by depreciation relating to the Truly Global Retail system, which went live in March 2021, and Lichfield, which went live in August 2021.

Interest

Net interest costs were £11.4m in the period, an increase of £8.1m year-on-year mainly driven by interest costs incurred on the convertible bond issued in April 2021.

Taxation

The reported effective tax rate is 14.6% based on the reported loss before tax of £15.8m. The H1 reported tax rate is different from the full year forecast rate of 22.0% due to a greater portion of full year profits being earned in H2 in the current year, meaning the impact of the adjustments have a larger impact on the effective tax rate in H1 FY22 than they did in the prior years. The reported tax rate is below the prior year comparative of 23.1%.

Going forward, ASOS expects the effective tax rate to continue to be higher than the prevailing rate of UK corporation tax due to permanently disallowable items and the impact of the new tax rate on deferred tax balances arising in the year.

Earnings per share

Both basic and diluted loss per share was 13.5p, falling by 117% versus last year (H121: basic and diluted earnings per share of 82.1p and 81.9p). This was driven by a reported loss before tax of £15.8m, down from profit before tax of £106.4m last year. 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 six months ended 28 February 2022.

Cash flow

There was a £262.1m decrease in net cash (cash and cash equivalents less borrowings) in the period, driven by a working capital outflow of £243.2m reflecting ASOS' typical working capital cycle but more exaggerated than last year due to the accelerated stock build for '22 Spring / Summer in response to longer lead times. Capital expenditure of £86.5m is split across supply chain, as the automation programmes continue in Lichfield and Atlanta, and technology, as investments continue to be made into key parts of ASOS' infrastructure.

CONSOLIDATED UNAUDITED STATEMENT OF TOTAL COMPREHENSIVE INCOME
Interim Results for the six months to 28 February 2022

	Six months to 28 February 2022 (unaudited) £m	Six months to 28 February 2021 (unaudited) £m
Revenue	2,004.1	1,975.9
Cost of sales	(1,140.9)	(1,085.9)
Gross profit	863.2	890.0
Distribution expenses	(255.6)	(247.9)
Administrative expenses	(612.0)	(532.4)
Operating (loss)/profit	(4.4)	109.7
Finance income	0.1	0.1
Finance expense	(11.5)	(3.4)
(Loss)/profit before tax	(15.8)	106.4
Income tax credit/(expense)	2.3	(24.6)
(Loss)/profit for the period	(13.5)	81.8
(Loss)/profit for the period attributable to owners of the parent company	(13.5)	81.8

Alternative Performance Measures (note 12)		
Operating (loss)/profit	(4.4)	109.7
Adjusting items:		
Strategic acceleration costs ('ASOS Reimagined')	7.9	—
Main market transition costs	5.5	—
Impairment of Leavesden assets	18.3	—
Employee and other liabilities relating to Topshop acquisition	(6.4)	—
Amortisation of acquired intangible assets	5.3	0.6
One-off acquisition and integration costs	—	5.9
Adjusted EBIT	26.2	116.2
Net finance expenses	(11.4)	(3.3)
Adjusted profit before tax	14.8	112.9

CONSOLIDATED UNAUDITED STATEMENT OF TOTAL COMPREHENSIVE INCOME (CONTINUED)
Interim Results for the six months to 28 February 2022

	Six months to 28 February 2022 (unaudited) £m	Six months to 28 February 2021 (unaudited) £m
(Loss)/profit for the period	(13.5)	81.8
Net translation movements offset in reserves	0.1	(0.1)
Net fair value gains on derivative financial instruments	31.0	31.5
Income tax expense relating to these items	(5.5)	(6.0)
Other comprehensive income for the period¹	25.6	25.4
Total comprehensive income for the period attributable to owners of the parent company	12.1	107.2
Earnings per share for the period attributable to owners of the parent company (note 5)		
Basic	(13.5p)	82.1p
Diluted	(13.5p)	81.9p

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

CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN EQUITY
Interim Results for the six months to 28 February 2022

	Called up share capital £m	Share premium £m	Retained earnings ¹ £m	Employee Benefit Trust reserve (EBT) ² £m	Hedging reserve £m	Equity portion of convertible bond £m	Translation reserve £m	Total equity £m
At 1 September 2021	3.5	245.7	711.9	2.1	14.3	58.9	(2.4)	1,034.0
Loss for the period	–	–	(13.5)	–	–	–	–	(13.5)
Other comprehensive income for the period	–	–	–	–	25.5	–	0.1	25.6
Total comprehensive (loss)/income for the period	–	–	(13.5)	–	25.5	–	0.1	12.1
Share-based payments charge	–	–	1.9	–	–	–	–	1.9
Tax relating to share option scheme	–	–	(0.8)	–	–	–	–	(0.8)
Balance as at 28 February 2022	3.5	245.7	699.5	2.1	39.8	58.9	(2.3)	1,047.2
	Called up share capital £m	Share premium £m	Retained earnings ¹ £m	Employee Benefit Trust reserve (EBT) ² £m	Hedging reserve £m	Equity portion of convertible bond £m	Translation reserve £m	Total equity £m
At 1 September 2020	3.5	245.7	577.0	2.0	(15.8)	–	(2.1)	810.3
Profit for the period	–	–	81.8	–	–	–	–	81.8
Other comprehensive income/(loss) for the period	–	–	–	–	25.5	–	(0.1)	25.4
Total comprehensive income/(loss) for the period	–	–	81.8	–	25.5	–	(0.1)	107.2
Net cash received on exercise of shares from EBT²	–	–	–	0.2	–	–	–	0.2
Share-based payments charge	–	–	5.0	–	–	–	–	5.0
Tax relating to share option scheme	–	–	1.4	–	–	–	–	1.4
Balance as at 28 February 2021	3.5	245.7	665.2	2.2	9.7	–	(2.2)	924.1

¹ Retained earnings includes share-based payments reserves

² Employee Benefit Trust and Link Trust

CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Called up share capital £m	Share premium £m	Retained earnings ¹ £m	Employee Benefit Trust reserve (EBT) ² £m	Hedging reserve £m	Equity portion of convertibl e bond £m	Translation reserve £m	Total equity £m
At 1 September 2020	3.5	245.7	577.0	2.0	(15.8)	–	(2.1)	810.3
Profit for the year	–	–	128.4	–	–	–	–	128.4
Other comprehensive loss for the year	–	–	–	–	30.1	–	(0.3)	29.8
Total comprehensive income/(loss) for the year	–	–	128.4	–	30.1	–	(0.3)	158.2
Issue of convertible bond	–	–	–	–	–	58.9	–	58.9
Recognition of gross obligation to purchase own shares	–	–	(2.8)	–	–	–	–	(2.8)
Net cash received on exercise of shares from EBT ²	–	–	–	0.1	–	–	–	0.1
Share-based payments charge	–	–	9.4	–	–	–	–	9.4
Tax relating to share option scheme	–	–	(0.1)	–	–	–	–	(0.1)
Balance as at 31 August 2021	3.5	245.7	711.9	2.1	14.3	58.9	(2.4)	1,034.0

¹Retained earnings includes share-based payments reserves

²Employee Benefit Trust and Link Trust

CONSOLIDATED UNAUDITED STATEMENT OF FINANCIAL POSITION
Interim Results for the six months to 28 February 2022

	At 28 February 2022 (unaudited) £m	At 28 February 2021 (unaudited) £m	At 31 August 2021 (audited) £m
Non-current assets			
Goodwill ¹	35.2	23.4	33.1
Other intangible assets	629.1	613.6	619.1
Property, plant and equipment	679.4	628.6	659.2
Derivative financial assets	14.7	14.5	13.4
	1,358.4	1,280.1	1,324.8
Current assets			
Inventories ¹	986.4	694.6	807.1
Trade and other receivables	87.4	86.8	57.7
Derivative financial assets	40.8	27.9	23.5
Cash and cash equivalents	406.7	92.0	662.7
Current tax asset	8.7	–	8.7
	1,530.0	901.3	1,559.7
Current liabilities			
Trade and other payables	(927.0)	(823.3)	(956.1)
Borrowings	(1.4)	–	(3.8)
Lease liabilities	(24.9)	(20.0)	(23.9)
Derivative financial liabilities	(6.5)	(24.1)	(14.2)
Current tax liability	–	(9.0)	–
	(959.8)	(876.4)	(998.0)
Net current assets	570.2	24.9	561.7
Non-current liabilities			
Lease liabilities	(320.2)	(309.6)	(305.0)
Deferred tax liability	(45.6)	(22.0)	(41.3)
Provisions	(45.9)	(38.0)	(43.2)
Derivative financial liabilities	(1.8)	(11.3)	(3.6)
Borrowings	(467.9)	–	(459.4)
	(881.4)	(380.9)	(852.5)
Net assets	1,047.2	924.1	1,034.0
Equity attributable to owners of the parent			
Called up share capital	3.5	3.5	3.5
Share premium	245.7	245.7	245.7
Employee Benefit Trust reserve ²	2.1	2.2	2.1
Hedging reserve	39.8	9.7	14.3
Translation reserve	(2.3)	(2.2)	(2.4)
Equity portion of convertible bond	58.9	–	58.9
Retained earnings	699.5	665.2	711.9
Total equity	1,047.2	924.1	1,034.0

¹During the period these balances have been adjusted as a result of a change to the provisional acquisition date fair values during the remeasurement period. Please see note 9 for further details

²Employee Benefit Trust and Link Trust

CONSOLIDATED UNAUDITED STATEMENT OF CASH FLOWS
Interim Results for the six months to 28 February 2022

	Six months to 28 February 2022 (unaudited) £m	Six months to 28 February 2021 (unaudited) £m
Operating (loss)/profit	(4.4)	109.7
Adjusted for:		
Depreciation of property, plant and equipment	30.0	31.0
Amortisation of other intangible assets	43.7	30.0
Impairment of assets	18.9	0.1
Increase in inventories	(181.3)	(159.4)
(Increase)/decrease in trade and other receivables	(30.2)	0.7
(Decrease)/increase in trade and other payables	(31.7)	25.1
Share based payments charge	1.5	4.2
Other non-cash items	0.3	(1.6)
Income tax refunded/(paid)	2.0	(15.1)
Net cash (outflow)/inflow from operating activities	(151.2)	24.7
Investing activities		
Payments to acquire intangible assets	(53.4)	(50.9)
Payments to acquire property, plant and equipment	(33.1)	(9.7)
Payments to acquire assets in a business combination	–	(266.0)
Finance income received	0.1	0.1
Net cash used in investing activities	(86.4)	(326.5)
Financing activities		
Net cash inflow relating to EBT ¹	–	0.2
Principal portion of lease liabilities	(13.4)	(11.1)
Finance expense paid	(5.5)	(2.8)
Net cash utilised in financing activities	(18.9)	(13.7)
Net decrease in cash and cash equivalents	(256.5)	(315.5)
Opening cash and cash equivalents	662.7	407.5
Net decrease in cash and cash equivalents	(256.5)	(315.5)
Effect of exchange rates on cash and cash equivalents	0.5	–
Closing cash and cash equivalents	406.7	92.0

¹ Employee Benefit Trust and Link Trust

CONSOLIDATED UNAUDITED STATEMENT OF CASH FLOWS (CONTINUED)
Interim Results for the six months to 28 February 2022

	Six months to 28 February 2022 (unaudited) £m	Six months to 28 February 2021 (unaudited) £m
Adjusted Performance Measures (note 12)		
Net cash (outflow)/inflow from operating activities	(151.2)	24.7
Adjusted for:		
Payments to acquire intangible assets	(53.4)	(50.9)
Payments to acquire property, plant and equipment	(33.1)	(9.7)
Principal portion of lease liabilities	(13.4)	(11.1)
Finance expense paid	(5.5)	(2.8)
Free cash flow	(256.6)	(49.8)
Impact of adjusting items	7.8	–
Adjusted free cash flow	(248.8)	(49.8)

NOTES TO THE FINANCIAL INFORMATION

Interim Results for the six months to 28 February 2022

1. Preparation of the consolidated financial information

a) General information

ASOS Plc ('the Company') and its subsidiaries (together, 'the Group') is a global fashion retailer. The Group sells products across the world and has websites targeting the UK, US, Australia, France, Germany, Spain, Italy, the Netherlands, Russia, Sweden, Denmark and Poland. The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the UK. The address of its registered office is Greater London House, Hampstead Road, London, NW1 7FB.

The interim financial statements have been reviewed, not audited, and were approved by the Board of Directors on 11 April 2022.

b) Basis of preparation

The interim financial statements for the six months to 28 February 2022 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 transitioned to UK-adopted International Accounting Standards for financial periods beginning after 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The interim financial statements should be read in conjunction with the Group's Annual Report and Accounts for the year to 31 August 2021, which was prepared in accordance with IFRSs as issued and adopted by the IASB.

The interim financial statements have been reviewed, not audited, and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The Annual Report and Accounts for the year to 31 August 2021 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 Group's business activities, together with the factors that are likely to affect its future developments, performance and position, are set out on pages 5 to 11. The Financial Review on pages 12 to 17 describes the Group's financial position and cash flows.

Going concern

The Directors have reviewed current performance and cash flow forecasts, and are satisfied that the Group's forecasts and projections, taking account of potential changes in trading performance, show that the Group will be able to operate within the level of its available facilities for the foreseeable future. The Directors have therefore continued to adopt the going concern basis in preparing the Group's financial statements.

Statement of Directors' responsibilities

The Directors confirm that, to the best of their knowledge, these condensed interim financial statements have been prepared in accordance with UK-adopted IAS 34, "Interim Financial Reporting" and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

1. Preparation of the consolidated financial information (continued)

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

Accounting policies

The interim financial statements have been prepared in accordance with the accounting policies set out in the Group's Annual Report and Accounts for the year to 31 August 2021.

Accounting estimates

During the period, in accordance with IAS 16, "Property, Plant and Equipment and IAS 38, "Intangible Assets", management have reviewed the useful economic life ("UEL") of all asset groups. Management have reviewed all asset categories and, where appropriate, increased or decreased the UEL to align with the expected life of the asset. This change includes reassessment of UELs on the automation assets within ASOS' fulfilment centres, the systems which support these assets as well as the systems directly connected with the Total Global Retail programme ("TGR").

The impact of this reassessment, effective from 1 September 2021, is a decrease in the amortisation and depreciation charge of £5.6m in the six-month period ending 28 February 2022.

The updated useful lives are as follows:

- Right of use assets: depreciated over remaining lease term which is typically between seven and twenty-five years
- Fixtures, fittings, plant and machinery: depreciated over five to fifteen years or over the remaining lease term where applicable
- Computer equipment: depreciated over three to five years according to the estimated life of the asset or over the remaining lease term where applicable
- Capitalised software development cost: amortised over the assets' expected economic lives, normally between five and seven years, except for major technical infrastructure projects which have an expected economic life of between ten and fifteen years

Significant accounting judgements and key sources of estimation uncertainty

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results might differ from these estimates.

In preparing these condensed interim financial statements the significant judgements made by management and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 August 2021 as outlined in the Group's Annual Report and Accounts on page 99.

2. Principal risks and uncertainties

The Board have concluded, following a reassessment of emerging risks in relation to the Russia/Ukraine conflict, that the principal risks and uncertainties which could impact the Group over the remaining six months of the financial year to 31 August 2022 are unchanged from those set out in the Annual Report and Accounts for the year to 31 August 2021. The applicable risks are summarised as follows:

- Operational risks, including:
 - Transformation projects are delayed or fail to deliver;
 - Supply chain disruption;
 - Understanding local market context, globally;
 - Sustainability and climate change;
 - Failure to comply with legislation or regulation; and
 - Ethical trade or sourcing issues in our supply chain
- Market risks, including:
 - Geopolitical uncertainty including the Russia/Ukraine conflict;
 - Shift in e-commerce market dynamics;
 - Cyber threat and data security;
 - Key third party supplier or service provider failure and business continuity; and
 - Foreign exchange movement

These are set out in detail on pages 36 to 43 of the Group's Annual Report and Accounts for the year to 31 August 2021, a copy of which is available on the Group's website, www.asosplc.com. Information on financial risk management is also detailed on pages 111 to 114 of the Annual Report.

3. Segmental analysis

Per IFRS 8 the Chief Operating Decision Maker has been determined to be the Executive Committee which receives information on the revenue and associated metrics of the Group in key geographical territories. Management monitors and makes decisions considering the entire Group. The Group has reviewed its assessment of reportable segments under IFRS 8, "Operating Segments" and concluded that the Group continues to have one reportable segment.

3. Segmental analysis (continued)

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

Six months to 28 February 2022 (unaudited)					
	UK	EU	US	RoW¹	Total
	£m	£m	£m	£m	£m
Retail sales	867.2	564.1	226.0	270.1	1,927.4
Income from other services ²	28.3	13.3	26.7	8.4	76.7
Total revenue	895.5	577.4	252.7	278.5	2,004.1
Cost of sales					(1,140.9)
Gross profit					863.2
Distribution expenses					(255.6)
Administrative expenses					(612.0)
Operating loss					(4.4)
Net finance expense					(11.4)
Loss before tax					(15.8)

¹ Rest of World

² Income from other services comprises delivery receipt payments, marketing services, commission on partner-fulfilled sales and revenue from wholesale sales.

Six months to 28 February 2021 (unaudited)					
	UK	EU	US	RoW¹	Total
	£m	£m	£m	£m	£m
Retail sales	800.4	580.1	225.7	313.7	1,919.9
Income from other services ²	25.4	14.3	7.2	9.1	56.0
Total revenue	825.8	594.4	232.9	322.8	1,975.9
Cost of sales					(1,085.9)
Gross profit					890.0
Distribution expenses					(247.9)
Administrative expenses					(532.4)
Operating profit					109.7
Net finance expense					(3.3)
Profit before tax					106.4

¹ Rest of World

² Income from other services comprises delivery receipt payments and marketing services.

Due to the nature of its activities, the Group is not reliant on any individual major customers.

The total amount of non-current assets excluding goodwill and derivatives located in the UK is £986.0m (31 August 2021: £994.1m), EU (Germany): £188.3m (31 August 2021: £193.6m), US: £134.2m (31 August 2021: £90.6m) and RoW: £nil (31 August 2021: £nil). The individual countries within the EU and RoW do not meet the definition of material per IFRS 8 for a reportable segment and therefore have been assessed as not material for separate reporting in this disclosure.

4. Taxation

Income tax credit/(expense) 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 excluding non-underlying costs, prior year adjustments, share based payments and derivatives, which are recognised on an actuals basis. The estimated average annual tax rate used for the six months to 28 February 2022 is 22.0% compared to 23.1% for the six months to 28 February 2021.

The reported effective tax rate is 14.6% based on the reported loss before tax of £15.8m. The H1 reported tax rate is different from the full year forecast rate due to a greater portion of full year profits being earned in H2 in the current year, meaning the adjustments have a larger impact on the effective tax rate in H1 FY22 than they did in the prior years. The reported tax rate is below the prior year comparative of 23.1% due to the period reporting a loss before tax.

Going forward, ASOS expects the effective tax rate to continue to be higher than the prevailing rate of UK corporation tax due to permanently disallowable items and the impact of the new tax rate on deferred tax balances arising in the year

5. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the period. Own shares held by the Employee Benefit Trust and Link Trust are eliminated from the weighted average number of ordinary shares.

Diluted earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the period, adjusted for the effects of potentially dilutive share options.

	Six months to 28 February 2022 (unaudited)	Six months to 28 February 2021 (unaudited)
	No. of shares	No. of shares
Weighted average share capital		
Weighted average shares in issue for basic earnings per share	99,675,829	99,574,955
Weighted average effect of dilutive options	–	303,613
Weighted average shares in issue for diluted earnings per share	99,675,829	99,878,568
Earnings (£m)		
Earnings attributable to owners of the parent	(13.5)	81.8
Diluted earnings attributable to owners of the parent for diluted earnings per share	(13.5)	81.8
Basic earnings per share	(13.5p)	82.1p
Diluted earnings per share	(13.5p)	81.9p

The Group has issued a convertible bond which is potentially convertible into 6,277,464 shares. These are not included in the calculation of diluted earnings per share because they are anti-dilutive for the six months ended 28 February 2022. The convertible bond could potentially dilute basic earnings per share in the future.

5. Earnings per share (continued)

There are 81,186 options relating to various employee share schemes which have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the six months ended 28 February 2022. These options could potentially dilute basic earnings per share in the future.

6. Capital expenditure and commitments

During the period, the Group capitalised intangible assets of £53.5m (28 February 2021: £296.9m) and property, plant and equipment of £68.0m (28 February 2021: £44.4m) of which £32.9m relates to an increase in the Atlanta right of use asset as a result of a reassessment of the probability of exercising extension clauses. At the period end capital commitments contracted, but not provided for by the Group, amounted to £166.4m (28 February 2021: £49.1m).

A one-off, non-cash, impairment charge of £18.3m relating to the right-of-use assets and associated fixtures and fittings at part of the ASOS' Leavesden office was recognised in the period. This is required under IAS 36 as a result of the decision to vacate and sublet part of the building to third parties.

7. Contingent liabilities

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

At 28 February 2022, the Group had contingent liabilities of £nil (31 August 2021: £6.4m). The £6.4m previously recognised was in relation to employee and other liabilities recognised as part of the business combination which have now expired and have been released in full.

8. Financial instruments

	Six months to 28 February 2022 (unaudited) £m	Six months to 28 February 2021 (unaudited) £m	Year to 31 August 2021 (audited) £m
Financial assets			
Derivative assets used for hedging at fair value	55.5	42.4	36.9
Amortised cost ¹	71.8	72.1	49.2
Cash and cash equivalents	406.7	92.0	662.7
Financial liabilities			
Derivative liabilities used for hedging at fair value	(8.3)	(35.4)	(17.8)
Lease liabilities	(345.1)	(329.6)	(328.9)
Amortised cost ²	(1,442.2)	(861.3)	(1,462.3)

¹ Financial assets at amortised cost include trade and other receivables but exclude prepayments

² Financial liabilities at amortised cost include trade payables, accruals, borrowings, provisions and other payables

8. Financial instruments (continued)

The Group operates internationally and is therefore exposed to foreign currency transaction risk, primarily on sales denominated in US Dollars, Euros, Australian Dollars and Russian Roubles. The Group's policy is to mitigate foreign currency transaction exposures where possible and the Group uses financial instruments in the form of forward foreign exchange contracts and vanilla options to hedge future highly probable foreign currency cash flows.

These forward foreign exchange contracts are classified above as derivative financial assets and liabilities and are classified as Level 2 financial instruments under IFRS 13, "Fair Value Measurement." This is consistent with the prior period. There have been no transfers between fair value levels in the period. They have been fair valued at 28 February 2022 with reference to forward exchange rates that are quoted in an active market, with the resulting value discounted back to present value. The approach to fair valuation can be seen within the Group's Annual Report and Accounts for the year ended 31 August 2021. All forward foreign exchange contracts were assessed to be highly effective during the period to 28 February 2022. All derivative financial liabilities at 28 February 2022 mature within three years based on the related contractual arrangements.

The Group has in place a £350.0m revolving credit facility (RCF) available until July 2024. At 28 February 2022 the Group had drawn down £nil of the RCF (31 August 2021: £nil).

9. Business combination

On 4 February 2021, the Group acquired the trade and assets of a number of businesses from the administrators of Arcadia Group Limited. The businesses were purchased out of administration for total consideration of £292.4m.

Purchase consideration	Restated £m	Adjustments to provisional figures £m	As previously reported £m
Cash paid	264.8	–	264.8
Contingent consideration	27.6	–	27.6
Total purchase consideration	292.4	–	292.4

The fair value of assets and liabilities acquired was £258.3m. This includes £219.4m in relation to the Topshop, Topman, Miss Selfridge and HIIT brands and £38.9m of other net assets. The fair value of assets acquired was less than the fair value of the consideration by £34.1m, which has been recognised as goodwill. The goodwill is attributable to the workforce, the high profitability of the acquired business and expected synergies. It will not be deductible for tax purposes.

9. Business combination (continued)

The assets and liabilities recognised as a result of the acquisition at 4 February 2021 are as follows:

Fair value of net assets acquired	Restated (final) £m	Adjustment to provisional figures £m	As previously reported £m
Intangible assets ¹	243.8	-	243.8
Inventories	25.5	(2.1)	27.6
Total assets acquired	269.3	(2.1)	271.4
Contingent liability	(6.4)	-	(6.4)
Deferred tax liability	(4.6)	-	(4.6)
Total liabilities acquired	(11.0)	-	(11.0)
Net identifiable assets acquired at fair value	258.3	(2.1)	260.4
Goodwill arising on acquisition	34.1	2.1	32.0
Purchase consideration transferred	292.4	-	292.4

¹Intangible assets include brands of £219.4m relating to Topshop, Topman, Miss Selfridge and HIIT and reflects their fair value at the acquisition date. They are estimated to have a useful economic life of between 10 and 30 years. Also acquired were wholesale customer relationships with a fair value of £24.4m which are estimated to have a useful economic life of 8 years.

Separately to the acquisition of the trade and assets outlined above, the Group also agreed to assume a number of purchase orders that were placed with suppliers by the Arcadia Group prior to the acquisition. Inventory amounts have been recorded in line with the requirements of IAS 2 upon receipt, when control transfers.

In accordance with IFRS 3, 'Business combinations' the acquisition accounting has now been finalised.

a) Acquisition related costs

Acquisition-related costs of £2.0m were incurred and have been included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows for the year ended August 2021.

b) Contingent consideration

The contingent consideration arrangements primarily relate to amounts ASOS.com will pay to the Arcadia administrators in relation to qualifying inventory totalling £21.6m upon collection. Following the acquisition, in FY21 a £1.4m reduction to inventory consideration was agreed in relation to inventory sourced from Arcadia Sourcing Regions not in line with ASOS.com's sourcing strategy, or where ethical concerns existed. As at 28 February 2022 the consideration amounts have been settled in full.

c) Contingent liability

A contingent liability of £6.4m was recognised in relation to employee and other liabilities. The Group's assessment of the fair value of these liabilities represents the probability adjusted possible outcome. As at 28 February 2022 the risk has fully expired and the provision has been released.

10. 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 year to 31 August 2021. There have been no material changes to the Group's related party transactions during the six months to 28 February 2022.

11. Post balance sheet events

On 2 March 2022 the Group announced its intention to cease trading with Ukraine and Russia given the ongoing conflict, as the circumstances arose after the reporting date the event has been concluded to be non-adjusting. The exclusion of Russia is expected to reduce full year revenue growth by approximately 2% and adjusted profit before tax by £14m.

12. Alternative performance measures (APMs)

ASOS 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	Definition	How we use the measure
Retail sales	Internet sales recorded net of an appropriate deduction for actual and expected returns, relevant vouchers and sales taxes.	A measure of the Group's trading performance focused 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.
Adjusted EBIT	Profit before tax, interest, and the adjusting items defined below. Adjusted EBIT margin is the Adjusted EBIT divided by total sales.	A measure of the Group's underlying profitability for the period, as well as the basis for ASOS' medium term targets as set out at the CMD on 10 November 2021.
Adjusted profit before tax	Profit before tax and the adjusting items defined below.	A measure of the Group's underlying profitability for the period and used by management to monitor the performance and profitability of the business each month.
Net cash/(debt)	Cash and cash equivalents less any borrowings drawn down at period-end, but excluding outstanding lease liabilities.	A measure of the Group's liquidity.
Adjusted free cash flow	Adjusted free cash flow is net cash generated from operating activities, adjusted for payments to acquire intangible and tangible assets, the payment of the principal portion of lease liabilities, and finance expense paid, but excluding the payment of adjusting items.	A measure of the underlying cash generated by ASOS outside cash flows relating to financing transactions, and excluding the impact of non-underlying transactions.

12. Alternative performance measures (APMs) (continued)

Adjusting items

To calculate the alternative performance measures listed above, adjustments have been made for items of income or expenditure arising from activities outside the ordinary course of business. These items are quantitatively or qualitatively material, and incremental or unusual in nature, meaning they do not reflect the business' usual cost base.

- 'ASOS Reimagined', a multi-year programme which will enable the business to accelerate delivery of its strategy and medium term plan through the resetting, restructuring, and reimagining of ASOS' operating model, brands, relationships and platforms. This is expected to last for at least the next 12 months, with costs expected to be £10m-£15m in H2 FY22.
- ASOS' transition to the Main Market of the London Stock Exchange, which was completed on 22 February 2022.
- The release of a contingent liability relating to employee and other costs, which was originally recognised as part of the Topshop acquisition in February 2021.
- A one-off, non-cash, impairment charge relating to the right-of-use assets and associated fixtures and fittings at part of the ASOS' Leavesden office. This is required under IAS 36 as a result of the decision to vacate and sublet part of the building to third parties.
- Amortisation of acquired intangible assets is also adjusted for as the acquisition the amortisation relates to was outside business-as-usual operations for ASOS. Across the industry this is included as an adjusting item and therefore to aid comparability ASOS has adopted the same approach.

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 6 month period ended 28 February 2022 (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.

What we have reviewed

The interim financial statements comprise:

- the consolidated unaudited statement of financial position as at 28 February 2022;
- the consolidated unaudited statement of total comprehensive income for the period then ended;
- the consolidated unaudited statement of cash flows for the period then ended;
- the consolidated unaudited 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.

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.

Our responsibility is to express a conclusion on the interim financial statements in the Interim results based on our review. 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.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. 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.

PricewaterhouseCoopers LLP
Chartered Accountants
London
11 April 2022