

FY22 Results

19th October 2022

osos

Agenda

FY 22 Results

FY22 Financial Results

Driving Change at ASOS, Now

Building the future of ASOS



Driving Change, Now

- ▲ The UK, our core operation, delivered a good performance (+7%) supported by our curated offer, differential visual language and strong KPIs
- ▲ Strong Topshop performance (+105%) reinforcing revenue growth in the UK, US and EU
- ▲ Clear CEO diagnostic of the issues ASOS faces with strong plans to address
- ▲ Over the next 12 months ASOS will deliver on four key actions to navigate the current uncertain macroeconomic backdrop focused on:
 - Renewing our commercial model and improving our inventory management
 - Simplifying and reducing our cost profile
 - Ensuring a robust and flexible balance sheet
 - Refreshing our culture and our leadership team
- ▲ In parallel, we have launched a comprehensive review of ASOS' capital allocation across markets, of our customer acquisition channels, and of our end-to-end operations
- ▲ We have proactively agreed significant financial flexibility
- ▲ We expect to make a non-cash stock write-off of c.£100m to £130m, under our new commercial model, to reduce cost and complexity in FY23



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FY22 Financial Results

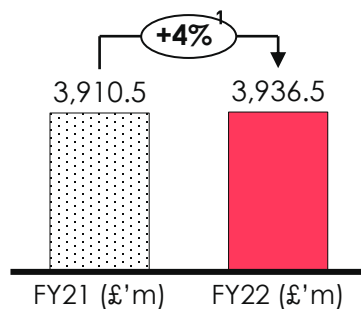
Driving Change at ASOS, Now

Building the future of ASOS

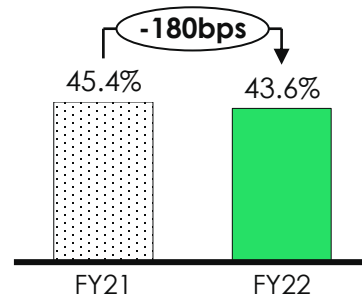


FY22 Headline Results

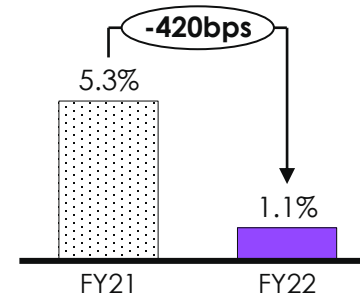
TOTAL SALES¹



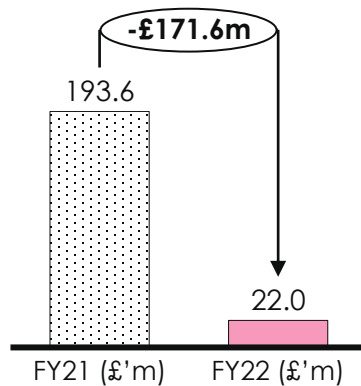
GROSS MARGIN



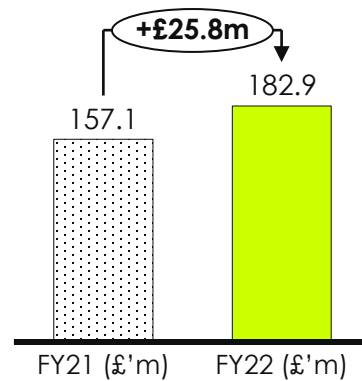
ADJUSTED² EBIT MARGIN



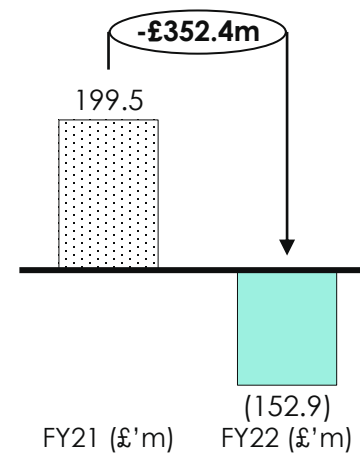
ADJUSTED² PBT



CAPEX³



NET CASH/(DEBT)⁴



¹Total sales growth based on constant currency sales growth and excludes Russian sales in H2 21

²Excluding adjusting items totalling £53.9m. Please see RNS for full breakdown

³Capex reflects cash capex and excludes any fixed asset additions in relation to the right use of assets as part of IFRS 16 and any Topshop brands acquired assets

⁴Net cash/(debt) is cash and cash equivalents less the carrying amount of any borrowings at year-end, but excluding outstanding lease liabilities

All sources: ASOS internal operational records



FY22 Operational Highlights

- Strong Topshop performance and launch of the next chapter for Topshop
- Successful launch of Partner Fulfils in the UK, Germany, France, Spain and Italy with Adidas and Reebok, with several additional brands planned for launch in October and November
- 12% growth in Premier customer base, shopping 3.5x more than an average ASOS customer, key to driving loyalty and engagement¹
- ASOS offers a unique proposition to its partner brands enabling access to new consumers and occasions through new and exciting partnerships
- Range of ASOS Design dresses designed exclusively for the US customer

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¹ASOS internal operational records



Operating KPI performance

Growth in key KPIs reflecting increased consumer engagement and more intentional purchasing, while ABV stepped back on the year as a result of the step up in returns

Group KPIs	FY22 ¹	Change vs LY
Visits	3,019.8m	+1% ↑
Mobile device visits	87.9%	+200bps ↑
Conversion	3.3%	+20bps ↑
ABV CC ²	£38.22	-3% ↓
Average Order Frequency ³	3.88	+5% ↑
Active Customers ⁴	25.7m	+2% ↑
Premier Customer growth	+12%	↑

Operating KPIs' performance



Active customers grew 2%, reflecting slowing customer acquisition YoY



Average order frequency increased by 5%, with an increase in orders, visits and conversion reflecting increased consumer engagement and more intentional purchasing



ABV CC stepped back (-3%) as return rates increases were only partly offset by higher prices and a mix back into higher price point products

¹ Group KPIs exclude Russian sales in H2 21

² ABV quoted on a constant currency basis excluding Russia

³ Calculated as last 12 months' total orders divided by active customers

⁴ Active customers defined as having shopped in the last 12 months as of 31 August

All sources: ASOS internal operational records

Key financials by segment



UK

Revenue growth supported by strong KPI performance despite tough consumer backdrop



EU

Growth impacted by weakening consumer outlook and increased return rates in H2



US

US growth supported by Topshop growing triple digits on the year and increased demand for occasion wear in H2



RoW

Performance in Australia improved in H2 as Premier was reactivated and delivery propositions returned to normal

	UK	EU	US	RoW ¹
Total sales CC ²	+7%	+2%	+10%	-9%
Visits	+7%	+2%	-8%	-6%
Conversion	+20bps	+10bps	+20bps	Flat
CC ABV ³	-3%	-4%	+4%	-1%
Average Order Frequency ⁴	5.9 (+5%)	2.9 (+2%)	2.4 (0%)	2.4 (+2%)
Active Customers ⁵	8.9m (+5%)	10.9m (+5%)	3.4m (-1%)	2.5m (-14%)
Premier Customer growth	+6%	+33%	+19%	+208%

¹ROW KPIs exclude Russian sales in H2 21

²Segmental sales based on total sales, which includes retail sales and income from other services, and growth rates calculated on a constant currency basis

³ABV CC metrics is calculated as net retail sales/number of orders in the period on a CC basis

⁴Calculated as last 12 months' total orders divided by active customers

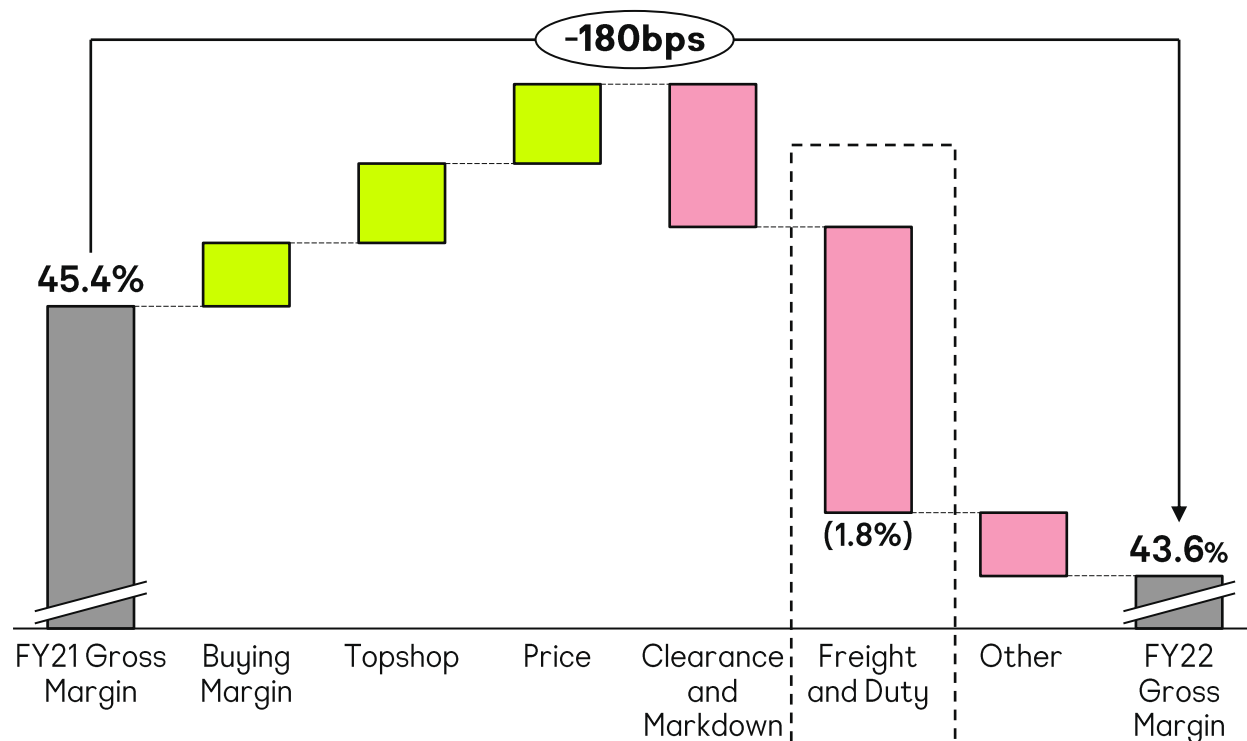
⁵Active customers defined as having shopped in the last 12 months as at 31 August

All sources: ASOS internal operational records

Gross Margin Evolution

Gross margin declined 180bps on the year primarily driven by increases in freight and duty and markdown

FY22 Gross Margin Bridge¹



Gross Margin impacts



Mid-single digit price increases across ASOS brands primarily impacting H2



Elevated clearance and markdown, with an improvement in H2 YoY



Improvements in buying margin as a result of operational excellence initiatives



Growth of Topshop supportive of gross margin expansion



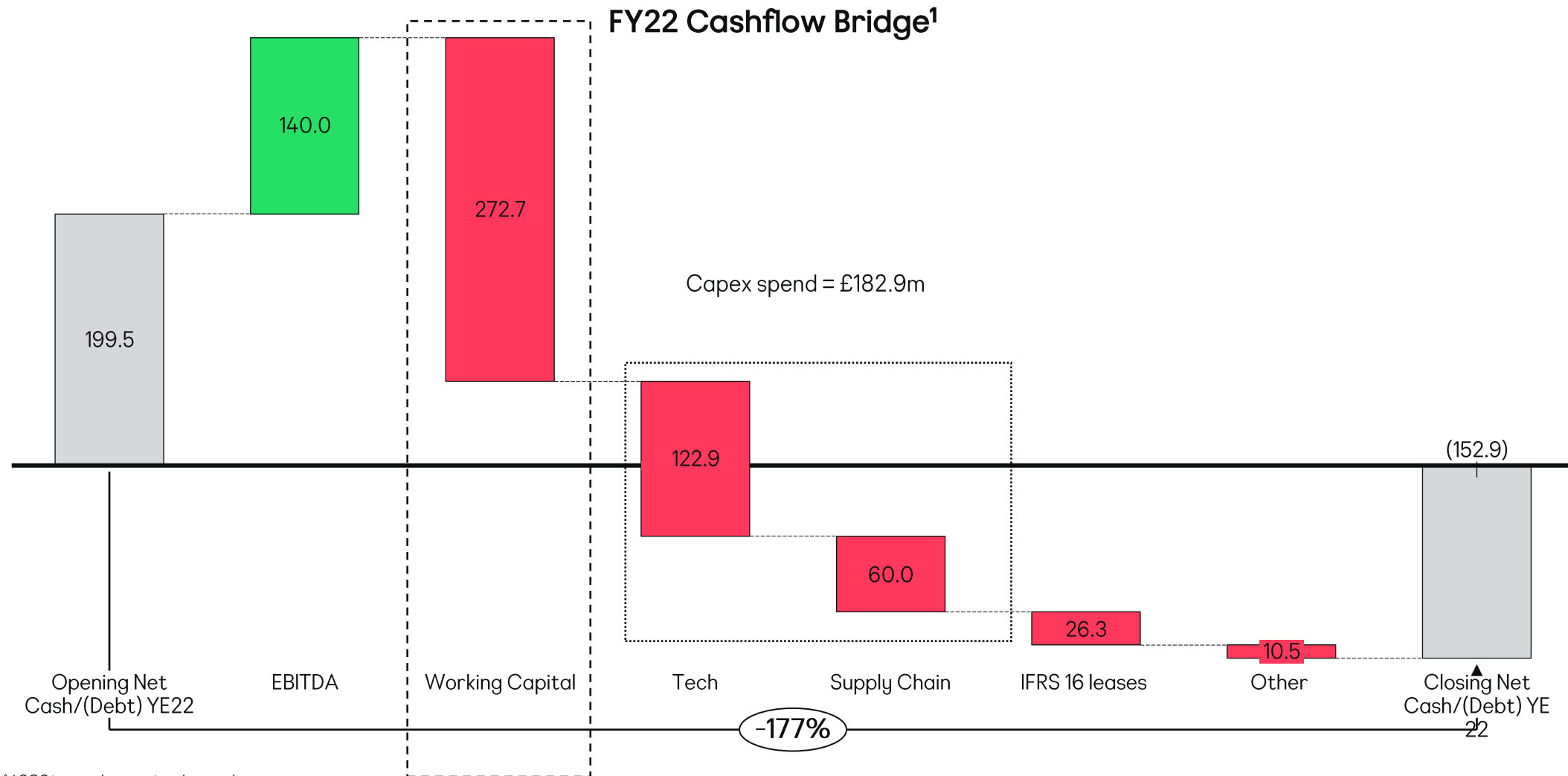
Freight and Duty headwinds reflective primarily of contractually higher sea freight rates YoY

Operational Cost Overview

	FY22 % of sales	FY21 % of sales	Change	Comments
Gross Margin	43.6%	45.4%	(180bps)	
Distribution Costs	(13.3%)	(13.0%)	(30bps)	<ul style="list-style-type: none"> • (100 bps) COVID unwind of return rates • Increase in split orders • Partially offset by supplier negotiations and flexible carrier strategy
Warehouse	(10.8%)	(9.1%)	(170bps)	<ul style="list-style-type: none"> • (80bps) COVID unwind of return rates • Labour inflation • Launch of Lichfield as a manual facility • Increased stock holding resulting in FC inefficiencies
Marketing	(5.7%)	(5.1%)	(60bps)	<ul style="list-style-type: none"> • Launch of broad reach marketing campaign in H1
Other Costs	(9.7%)	(9.6%)	(10bps)	<ul style="list-style-type: none"> • 10bps increase as inflationary pressures were offset through our operational excellence programme
Depreciation	(3.5%)	(3.3%)	(20bps)	<ul style="list-style-type: none"> • TGR depreciation annualisation
Other Income	0.5%	-	50bps	<ul style="list-style-type: none"> • Income from closing out of RUB hedge and Leavesden sublet
Adjusted EBIT Margin¹	1.1%	5.3%	(420bps)	
Interest	(0.5%)	(0.3%)	(20bps)	<ul style="list-style-type: none"> • Annualisation of convertible bond interest
Adjusted PBT Margin¹	0.6%	5.0%	(440bps)	
Adjusting Items	(1.4%)	(0.4%)	(100bps)	<ul style="list-style-type: none"> • See detailed breakdown in the RNS

¹Excluding adjusting items totalling £53.9m. Please see RNS for full breakdown
 Note: Above table subject to rounding
 All sources: ASOS internal operational records

Closing net debt position of £152.9m driven by working capital outflow primarily resulting from increased inventory levels



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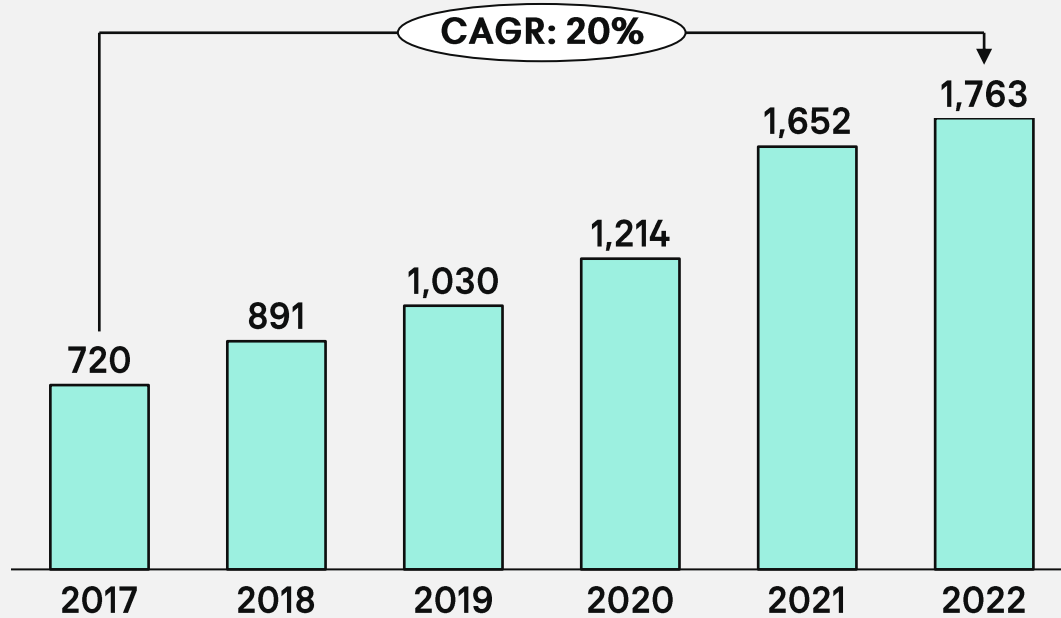
Driving Change at ASOS, Now

Building the future of ASOS



We have the capacity to champion style in a differentiated way as evidenced by our market leading position in the UK

UK Total Sales (£m)¹



Creators of
fashion



Curators of
fashion



Champions of
style



¹ASOS internal operational records

However, we have failed to reach that level of success in other markets

Despite a positive contribution, international operations are not delivering to our expectations...

...Driving an unsatisfactory performance

Complex and overstretched global footprint



Disappointing international sales growth and contribution given capital investment, particularly in the US

Commercial and marketing model not adapted to global operations



Weakening gross margin evolution



Slow traffic acquisition



Poor quality of engagement with consumers

Complex E2E operations not focused on speed to market



Slow stock turn



Slow time to market

Data and digital not effectively leveraged



Low data fluency



Not using digital advantage

Gaps in leadership and culture



Lack of drive for change

We have a plan to drive change now

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... and we will develop a stronger organisation built on four key principles:



1

Simplicity

2

Speed to Market

3

Operational Excellence

4

Flexibility & Resilience

To build an organisation resilient and focused on long term value creation

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A stronger organisation
built on four key principles:



Clear plan to improve resilience through **operational improvements** and disciplined capital allocation in the **short-term**

Comprehensive review of ASOS' capital allocation, focused on creating a business that **generates long-term sustainable growth** for investors



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Driving Change at ASOS, Now

Building the future of ASOS



A clear plan focused on delivering operational improvements and disciplined capital allocation in the short-term

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Renewed
commercial model



Stronger order
economics and
lighter cost profile



Robust and flexible
balance sheet



Refreshed
leadership team &
culture

Accelerated change in buying and merchandising resulting in a more curated customer offer and more efficient stock management

Opportunity



Improved Fashionability and flexibility of range

Immediate focus

- Embed new organisation focused on relevance and flexibility
- New business models to enable flexibility (Partner Fulfils, Fulfilled by ASOS, Test & React)
- New buying processes with reinforced controls
- Increase visibility of full-price product on site
- Customer engagement focused on relevance and story telling

Outcome



Gross margin



Working capital



Time to market



More efficient stock management

- Increased stock management discipline
- Faster routes to clear with more channels to clear stock and improved profitability and speed
- Right-sizing our stock portfolio in H1 resulting in a non-cash write off of £100m-£130m
- Reduce costs and complexity in our logistics network



Stock turn



Working capital



Logistic costs

Mitigate the impact of inflation and improve profitability

Opportunity



Improved order economics, especially outside key strategic markets

Immediate focus

- Revisit our positioning outside key strategic markets
 - Optimise prices and service levels
 - Revisit price of our delivery services
- Reduce split deliveries

Outcome



Margin per order



Split shipments



Logistics cost/order



Overhead costs



Intake margin

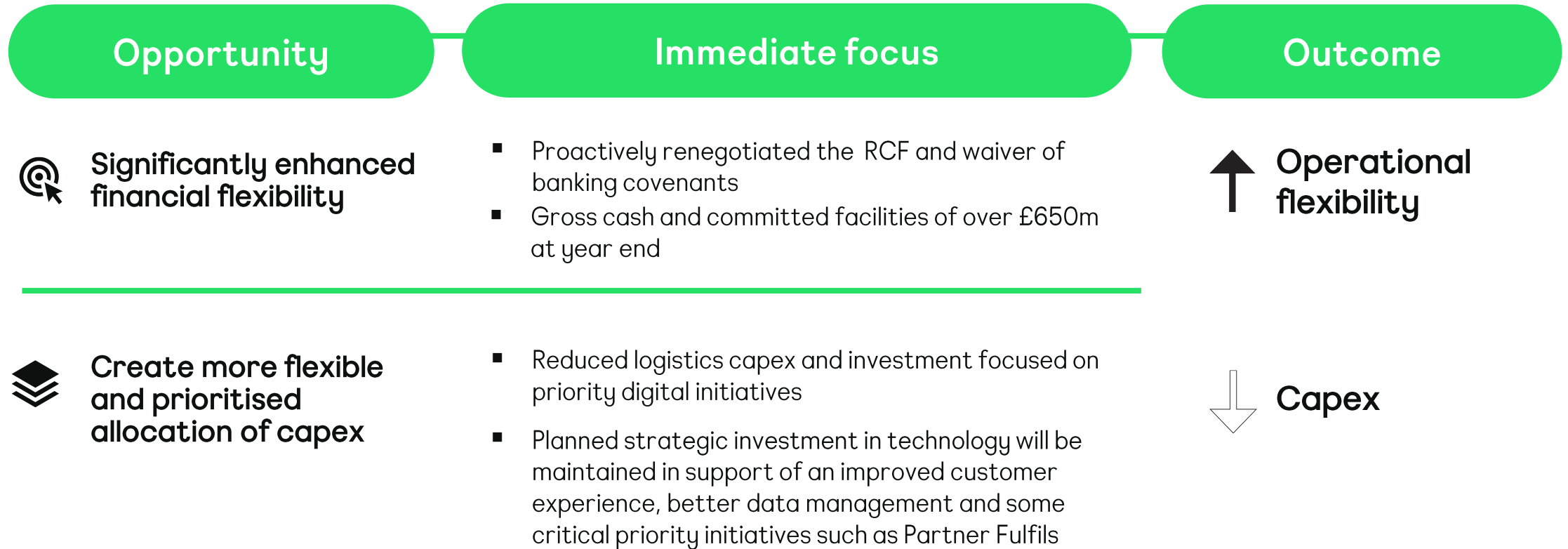
asos



Optimise our cost base

- Optimise our logistics costs
 - Consolidation of warehouses
 - Increase of operational efficiency
- Reduction of our overhead costs
 - Simplification of processes and organisation
 - Optimisation of promotional spend
 - Reduction of external spend
 - Rationalisation of assortment
- Improvement of freight costs

Enhanced flexibility to support agenda for change



4. Refresh leadership team and culture

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Focus the organisation on operations, simplify decision making and embed a high performance culture

Opportunity

Immediate focus

Outcome



Organisation focused on operations and commercial delivery

- New structure focused on Operations and speed to market
- Simplified decision making (fewer layers)
- Breaking down silos

Truly customer-focused organisation



Ensure the best internal and external talent

- Ensure development of internal talent
- Attraction of capabilities we are missing
- Ensure diversity (including international talent)

Speed and flexibility



Cultural refresh

- Simplicity and transparency
- Ownership and entrepreneurial culture
- Excellence and innovation

High performance culture

In parallel, we are undertaking a comprehensive review of our resource allocation principles focused on generating long-term sustainable growth

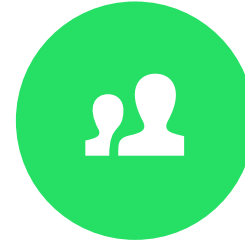
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Operating model



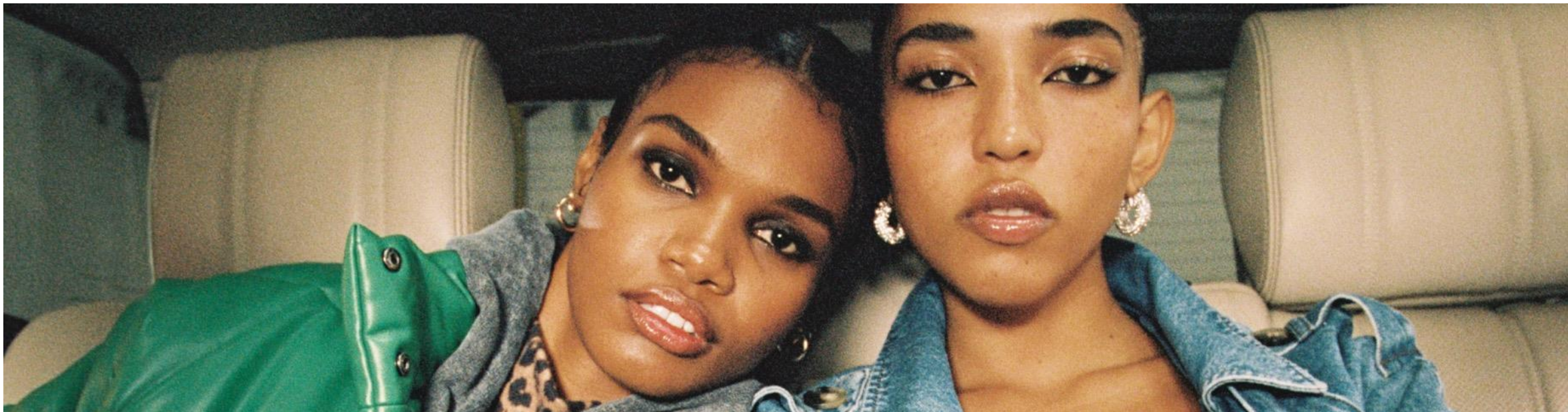
Investment across
geographies



Customer Acquisition
Strategy

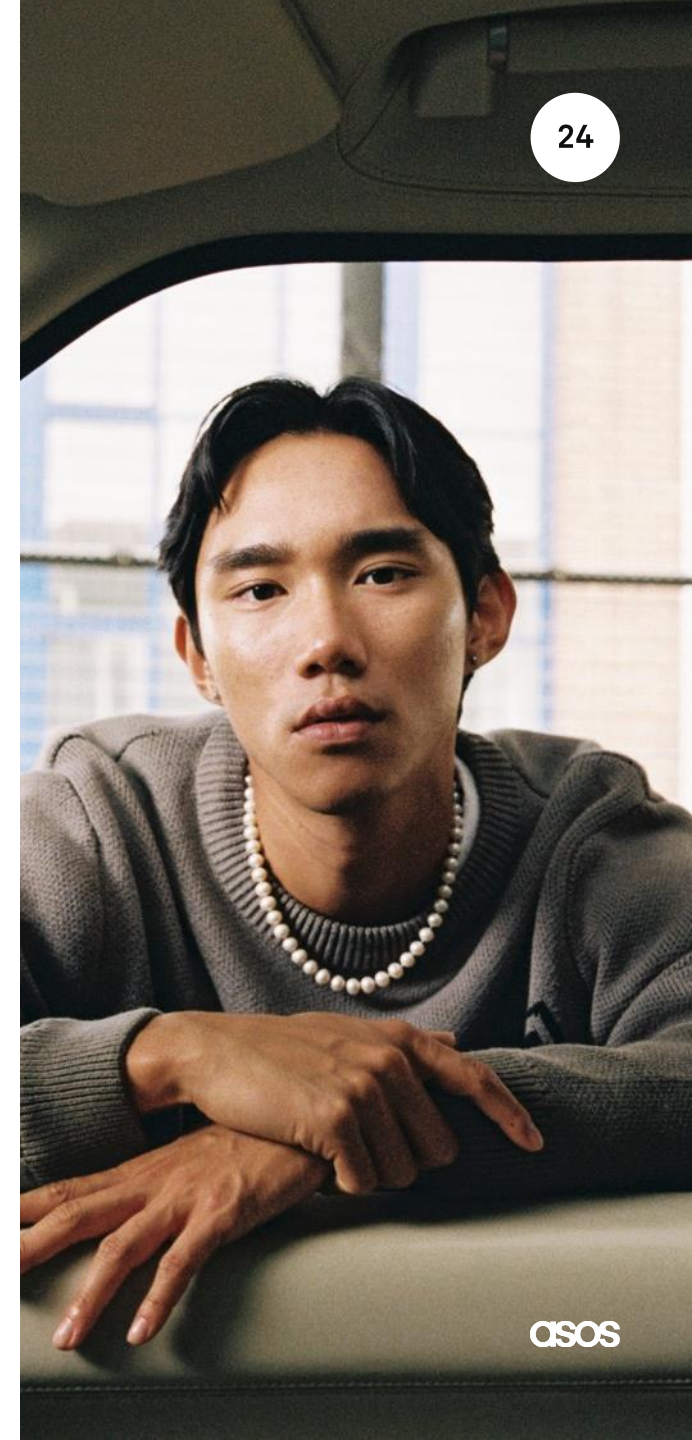


Digital and data



This plans is reflected in our critical KPIs for FY23

- ▲ Gross margin expansion through tighter stock buy, greater full-price mix, with freight costs reducing (freight costs reducing by c.100bps)
- ▲ A lighter cost structure with expected cost savings accelerating over the next 12 months
- ▲ These measures will more than offset the impact of anticipated inflationary headwinds and the cost of elevated return rates
- ▲ There will be a non-cash write-off of inventory, which will be treated as an adjusting item for adjusted EBIT and expected to be £100m-£130m. ASOS will begin to operate with lower stock levels in H2 due to the lead times on orders and deliveries
- ▲ There will also be c.£40m of adjusting items relating to our change programme and Topshop Brand amortisation
- ▲ H1 loss driven by the usual profit phasing and exacerbated by elevated markdown to clear stock resulting from change in commercial model, with contractual freight decline and cost mitigations expected to benefit mostly in H2
- ▲ Capex expected to be £175m-£200m, below the previously guided range of £200m-£250m in the mid term
- ▲ Expected free cash flow in the range of (£100m) – £0m and expected to return to cash generation in H2 as the new commercial model begins to have a positive impact on gross margin and working capital and the cost reduction impact accelerates
- ▲ To navigate the continued macroeconomic volatility, ASOS has agreed additional financial flexibility through the renegotiation of core banking covenants, with cash and committed facilities of over £650m at year end



Driving Change, Now

- Leverage strength of UK
- New organisation built upon:
 - ☐ Simplicity
 - ☐ Speed to market
 - ☐ Operation excellence
 - ☐ Flexibility and resilience
- Focused short term plan:
 - ☐ Less stock
 - ☐ Less cost
 - ☐ More cash
 - ☐ Refreshed leadership and culture
- Comprehensive review of resource allocation to deliver long-term sustainable growth



Q & A

The image features a solid black background. At the top and bottom edges, there are decorative horizontal bands composed of various white geometric shapes, including rectangles, squares, and L-shaped blocks, arranged in a somewhat random but rhythmic pattern. In the center of the image, the word "asos" is written in a large, white, lowercase, sans-serif font. The letters are bold and have a slightly rounded, modern feel. The 'a' and 's' are connected, as are the 'o' and 's'.