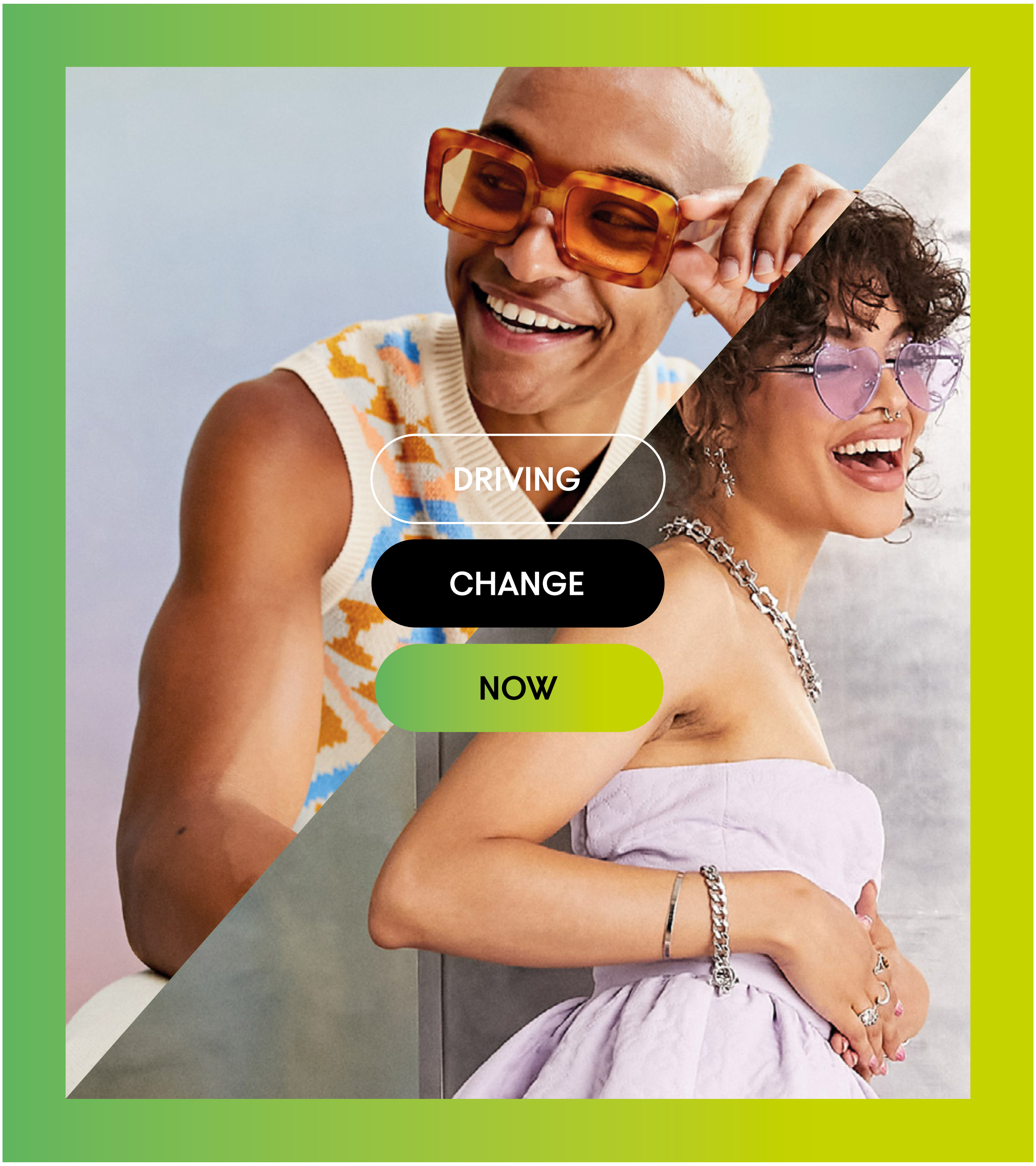


asos

ASOS Plc Annual Report and Accounts 2022

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.

Highlights

Revenue ↑ 2%[1]

£3,936.5m

2021: £3,910.5m

Topshop brands

105%

YoY sales growth

Operating loss ↓ 105%

(£9.8m)

2021: £190.1m

Adjusted profit before tax[2] ↓ 89%

£22.0m

2021: £193.6m

Reported loss before tax ↓ 118%

(£31.9m)

2021: £177.1m

Premier subscribers

12% YoY growth

Active customers

26.4 million

45%

Female representation at combined leadership level[3]

22%

ASOSers identify as an ethnic minority[4]

1 On a constant currency basis.
2 Adjusted profit before tax excludes items recognised in reported profit or loss before tax which, if included, could distort comparability between periods. In determining which items to exclude, the Group considers items which are significant either by virtue of their size and/or nature, or that are non-recurring.
3 Defined as Head of and above.
4 At ASOS, we collect information on ethnicity using the same fields and classifications as the Office of National Statistics to align reporting to benchmarks. We currently use the term 'ethnic minority'.

Chair's statement

"We are confident we are on the right path and that our unique business model, combined with the strength of our brand, our offer and our people, means ASOS is well-positioned to succeed and to create long-term shareholder value."

There is no doubt that 2022 has been a challenging year for ASOS. As well as navigating an incredibly turbulent external environment, it has also been a year of significant change within our business. I would therefore like to start by thanking our dedicated and hardworking ASOSers, as well as our shareholders and partners, for their continued strong support.

ASOS has a powerful business model, which enables customers to shop for the very best fashion – choosing from our ASOS brands or from a curated choice of the world's best leading third-party brands. This unique combination remains central to our strategy, providing our customers with all their fashion needs in one place. And it is this global platform and scalability which provides us with a solid foundation to deliver our ambition to become the go-to destination for fashion-loving 20-somethings.

But, as we continue to face a highly uncertain economic and geopolitical environment, it is clear we must sharpen our focus on improving operations, performance, flexibility and relevance, as well as capitalising on our core strengths – the strong ASOS brand and compelling customer offer. There is much for us to do, but together, the Board and management are confident that, by becoming less complex and more agile, ASOS will overcome the continued economic challenges ahead.

New leadership

José Antonio Ramos Calamonte's appointment as Chief Executive Officer was announced alongside my appointment as Chair in June 2022. José brings a wealth of experience as a multichannel, international retailer and a track record of driving innovation. In his previous role as ASOS' Chief Commercial Officer, a role he held since January 2021, José took responsibility for driving our product and trading strategy globally, encompassing design, sourcing, garment technology, buying and merchandising, global trading, ASOS Studios and creative.

José has a clear set of priorities. He is taking firm action now to build upon our core strengths and accelerate the changes needed to strengthen the business based on four key principles: simplicity; speed to market; operational excellence; and flexibility and resilience.

Together, we have been working closely to identify the necessary actions to ensure we tackle our self-imposed operational issues and emerge from this period of economic uncertainty as a stronger business. Under his leadership, we will ensure that ASOS has the necessary discipline with regards to capital allocation and returns. By executing against our clearly-stated priorities, we will return to delivering the kind of sustainable growth on which we can continue to build.

The Board looks forward to working with José and his Executive team, as it is strengthened, to support and challenge them as the Company delivers on its customer proposition and value creation strategy.

Board changes

After nearly nine years of service – latterly as Chair – Ian Dyson stepped down from the Board this year. Ian made a great contribution to ASOS during his tenure. I would like to take this opportunity to thank Ian and wish him well for in his future endeavours.

Mat Dunn will step down from his roles as Chief Operating Officer and Chief Financial Officer at the end of October, as part of the restructuring of our Executive team. I would like to reiterate my thanks to Mat, who has made an enormous contribution to ASOS over the past three years, and also during his time as interim CEO.

Karen Geary steps down as a Non-executive Director on 1 December 2022. I would like to thank Karen for her significant contribution to ASOS, particularly in her role as Remuneration Committee Chair and as the Board's designated representative for employee engagement. My thanks also go to Eugenia Ulasewicz and Luke Jensen, Non-executive Directors, who have decided not to seek re-election at the Company's next Annual General Meeting (AGM). Luke will step down from the Board on 31 October 2022 and Eugenia will step down at the close of the AGM.

Finally, I am delighted that Patrick Kennedy joined the Board as Senior Independent Director in January 2022. His wise counsel has been invaluable during a period of uncertainty and change.

Outlook

I have been clear here about the unprecedented geopolitical and macroeconomic challenges we face and what we need to do to change ASOS for the better. As a Board, we recognise that the value creation over the period has been disappointing.

We are taking all the right actions to deliver a better and more resilient business and to deal with what is likely to be a lengthy period of continued uncertainty. As we progress, we will continue to be guided by ASOS' purpose, to give our customers the confidence to be whoever they want to be, and by our Fashion with Integrity strategy, which underpins our drive to be a responsible company that delivers benefits for people and minimises our impact on the planet.

We are confident that we are now on the right path and that our unique business model, combined with the strength of our brand, our offer and our people, means ASOS is well-positioned to succeed and to create long-term shareholder value.

I am optimistic about our prospects and would like to take this opportunity to thank again all our colleagues, suppliers, brand partners, loyal customers and you, our investors.

Jørgen Lindemann
Chair

Chief Executive Officer's statement

"We go into this new year with our eyes firmly on our vision – to become the go-to global destination for fashion-loving 20-somethings and to deliver sustainable long-term growth in the interests of our customers, ASOSers, investors and all our other stakeholders."

This is a critical time for all retailers. Customers are feeling increasingly squeezed by the economy and are thinking incredibly carefully about what they buy – and, crucially, where they shop.

For ASOS, this means that we cannot stand still. Since taking over as ASOS' CEO in June, I have made it my priority to connect with all of our stakeholders – our customers, ASOSers, suppliers, partners and our investors – to really understand what makes them tick and use this knowledge to power our business through the challenging times ahead, and to form a clear view of what ASOS will need to do differently to succeed through the turbulent times ahead.

Against the backdrop of an incredibly challenging climate, the strength of our brand and our compelling customer offer has enabled our business to deliver a resilient performance this year. But I know we can, and should, be achieving far more. To truly rise to this challenge, we must unleash ASOS' full potential.

As I reflect on what we have delivered this past year, it is important to start by thinking about the power of ASOS' purpose – to give our customers the confidence to be whoever they want to be. This underpins everything we do and, along with our Fashion with Integrity strategy, has guided how we do business as we drive to be a responsible company, delivering positive benefits for people, whilst minimising our impact on the planet.

These are amazing things to stand for as a company. In addition, we have a brand which is highly relevant, and a close connection with our customers. This year, we have been the partner of choice for many of the world's biggest brands, delivering innovative collaborations that give our customers a reason to keep choosing ASOS. Highlights have included:

- Following a successful pilot with Adidas and Reebok in the UK, our Partner Fulfils programme expanded into our key territories in Europe.

- We have continued to collaborate with our brand partners on new collections. Within sportswear, we leveraged our in-house talent to collaborate with Nike on a campaign that highlighted the best of Nike footwear styled with a curated edit of ASOS Design, Topshop and COLLUSION clothing.
- Our Adicolor 70s collection with Adidas gave our customers a megamix of retro-inspired styles, drawing on archive Adidas colours and the iconic Trefoil. The campaign was the biggest ASOS Media Group shoot to date, showcasing a 60+ piece collection which launched in the UK, EMEA and the US.

We have also shown what is possible when we challenge ourselves to innovate within our own brands and customer experience:

- The launch of the next chapter for Topshop and Topman, including the first collection conceived and created entirely under ASOS' ownership. This year, Topshop more than doubled its sales in line with our ambitions when we acquired the brand back in February 21.
- In March, we launched a successful collaboration of a different kind – COLLUSION with ASOS Marketplace – which saw three independent ASOS Marketplace boutiques collaborate with COLLUSION to rework samples into a capsule wardrobe. The project offered one-off pieces and helped promote ASOS Marketplace while upcycling clothing that otherwise would not have been sold. One hundred percent of the profits were kept by the boutiques.
- We have also seen 12% growth in our global Premier customer base, with Premier customers shopping 3.5x more than an average ASOS customer. Our Premier offer is key to driving loyalty and engagement among our customer base as well as increasing our average customer value over time.

All of this shows us that ASOS is a strong and creative business. But it is also clear that we have not done enough to harness our strengths, or to cement our position in key markets outside the UK. Indeed, the lack of meaningful growth and scale in our key international markets – the US, France and Germany – has been one of our main challenges, so we must rethink how we can better leverage our leading position in the UK to reignite our international operations.

Over the next 12 months, it is therefore my mission to implement a clear change agenda that will create a stronger ASOS. It will see us take decisive action in four priority areas to reorient our business towards the future: simplicity; speed to market; operational excellence; and flexibility and resilience.

With our short-term focus being firmly on building resilience, our longer-term priority is to ensure ASOS generates sustainable growth. In parallel to these actions, we have therefore launched a comprehensive review of our capital and resource allocation across markets, of our customer acquisition channels and of our end-to-end operations. To support this change agenda, we have renewed our commercial model and are improving our inventory management, we have proactively secured additional financial flexibility with our banks – and will also make a non-cash stock write-off to reduce cost and complexity in FY23 (more information can be found on page 153).

Fashion with Integrity must also remain a key part of our DNA as we build ASOS' future – this has been bought into even sharper focus this year by the Competition and Markets Authority (CMA) investigation that followed the publication of the Green Claims Code. As we continue to co-operate with the CMA in their important work, we are steadfast in our commitment to provide clear and accurate information about our products – as well as to offering our customers products that don't compromise the ethics and values that we share with them.

We know the external market will continue to be tough but getting this right will make sure we offer every one of our fashion-loving customers a compelling experience and forward-looking style inspiration. We cannot achieve any of this without the hard work of our ASOSers, who continue to bring their all to our business to provide the best experience for our c.26 million customers every day. There is much for us to do together – and I am excited for the potential ahead.

As we enter the new financial year, I want to say a big 'thank you' to our customers for their loyalty. Every decision we make is to ensure we give them the very best fashion, shopping experience and style inspiration. We go into this new year with our eyes firmly on our vision – to become the go-to global destination for fashion-loving 20-somethings and to deliver sustainable long-term growth in the interests of our customers, ASOSers, investors and all our other stakeholders.

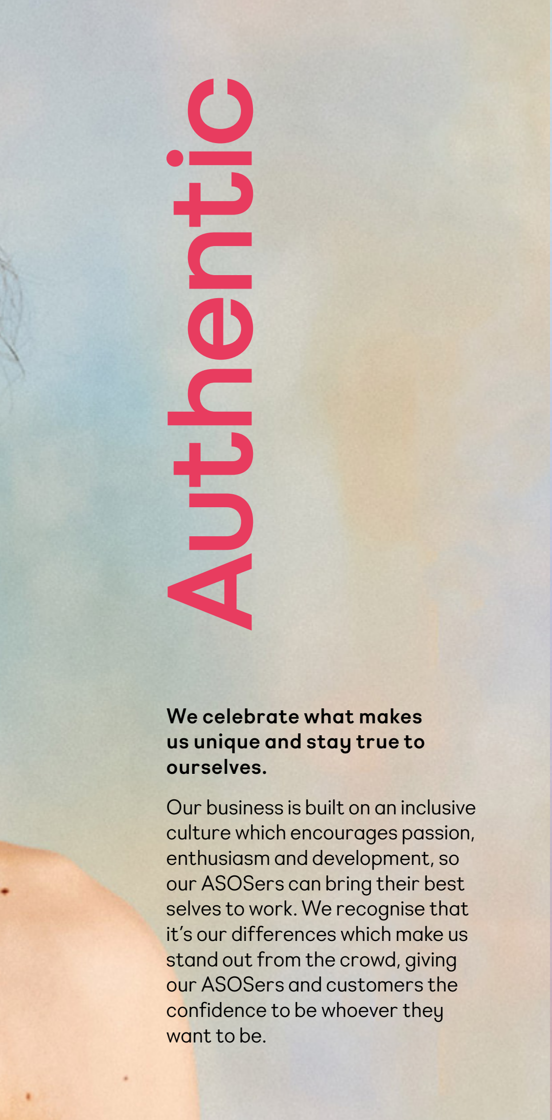
José Antonio Ramos Calamonte
Chief Executive Officer

Our values

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

That's why our purpose is to give fashion-loving 20-somethings the confidence to be whoever they want to be.

We are guided by our values



Authentic

We celebrate what makes us unique and stay true to ourselves.

Our business is built on an inclusive culture which encourages passion, enthusiasm and development, so our ASOSers can bring their best selves to work. We recognise that it's our differences which make us stand out from the crowd, giving our ASOSers and customers the confidence to be whoever they want to be.

Brave

We've been bold and ambitious from the start – it's in our DNA.

We're empowered to try something different with the freedom to fail, turning left when others turn right. We use our voice to drive us forward, speaking up on the things our people and customers care about and challenging the status quo.

Creative

We have a curious and adventurous spirit – it's who we are and runs through everything we do.

We balance leadership with learning by being comfortable as an innovator and when following in the footsteps of others. Our products and platform are fuelled by creative passion and a deep understanding of our customers, allowing us to empower millions of people around the world.

Disciplined

Great work doesn't happen by chance.

We need to take time in our pursuit of excellence, honing our skills, perfecting our craft, executing our plans, being comfortable with the uncomfortable and bridging the gap between goals and accomplishments. It's a strategy that allows us to create an ASOS that's built for future success.

Our brands

asos DESIGN

The biggest brand in the ASOS portfolio, which caters for all moments of a 20-something's life, covering all of our consumer types and occasions.

asos LUXE

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

asos EDITION

Offers unique occasion and day wear designed for the most memorable moments of a 20-something's life.

asos 4505

Performance activewear across both menswear and womenswear, including indoor training, outdoor activity, ski and rest-days.

actual.

Inspired by classic sportswear shapes, varsity and collegiate styles, with a logo print focus.

WEEKEND COLLECTIVE

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

CROOKED TONGUES

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

daysocial

A logo-based skate label for menswear, targeted at the younger end of the 20-something customer age range.

Reclaimed VINTAGE

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

COLLUSION

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

AsYou

A glam brand for GenZ.

©Dark Future™

The menswear trend leisure label for go-to easy everyday updates with a twist, including minimalist, laid-back styles and a strong logo aesthetic.

HIIT

A sports lifestyle brand, providing accessible activewear made to workout or hang out.

TOPMAN

A UK menswear brand with an established smart to casual aesthetic and a unique London spirit, helping customers shop for every moment from modern essentials to formal wear.

TOPSHOP

An iconic UK brand with an established fashion authority and a unique London spirit. Championing the very best of its heritage, while embracing the new and celebrating its iconic styles.

Miss Selfridge

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

Our people

The people behind the brand

We want the experience of our people to be like no other – an experience that ASOSers love, where they learn, collaborate, embrace change and can be authentic, brave, creative and disciplined in everything they do.

Understanding our people

It's more important than ever to listen to our people and understand how they're feeling. We launched the ASOS Vibe in January 2021, giving us another tool alongside our employee forum, the Voices Network, to get feedback from employees and managers. This way we know how our people really feel about working at ASOS, so we can then focus action on the areas that matter most.

A record 2,747 people (86%) gave their feedback in our most recent pulse survey – six percentage points above the global benchmark. Our overall engagement score has increased by two points since August 2021, and although this is a great move in the right direction, we know we still have work to do.

We continue to work with the Voices Network, our employee forum that brings together and amplifies ASOSer voices, so we can help shape and create an experience like no other. From gathering ideas and insights, to championing Group-wide campaigns, the Voices Reps make sure ASOSer views are a big part of all decisions. They have been massively important in shaping our approach to 'Dynamic Working' and employee wellbeing.

Our designated Non-executive Director for employee engagement, Karen Geary, has also continued to meet with the Voices Reps and other ASOSers, making sure feedback is considered by the ASOS Plc Board.

10%

of the combined Leadership team identify as an ethnic minority*

22%

of ASOS overall identify as an ethnic minority*

*At ASOS, we collect information on ethnicity using the same fields and classifications as the Office of National Statistics to align reporting to benchmarks. We currently use the term 'ethnic minority'.

3,351

ASOSers

(as at 31 August 2022)

Supporting our people

The health and wellbeing of our people is a huge priority for us. We have continued to run an ongoing campaign of events to raise awareness of the support we offer and break down the stigma that sadly still exists around various health and wellbeing challenges. Some of the things we have done this year include: a series of panel events featuring our ASOSers sharing their stories about mental health for Mental Health Awareness Week, bringing in guest speakers to debunk myths, rebranding our Employee Assistance Programme so our people know what support is available to them and to make the service more visible and appealing. We have also run five sessions for managers to give them the confidence and competence to proactively manage their team's wellbeing, plus the tools to positively intervene at the right times.

Most recently, we've trained 106 ASOSers across the world to be Mental Health Aware with Mental Health First Aid England. Our 'Reach Out Reps' are now on hand to lend a listening ear, and provide first line support, however our ASOSers are feeling and signpost colleagues to professional help.

Added to the mental health support we offer, this year we were proud to launch a new package of policies to provide crucial support to colleagues of all genders and circumstances going through health-related life events. These new policies provide support to any ASOSer experiencing pregnancy loss, fertility treatment, the menopause, and wider health-related life events that require paid leave, such as cancer treatment or gender reassignment surgery.

This framework helps ASOSers to take any time away from work they need, while also recognising the impact of such common life events, and breaking down taboos around these issues. The policies are gender-neutral, and apply to everyone, whoever they are and whatever their circumstances.

We know all of us face unexpected challenges in life and through launching these new policies, we have reassured our ASOSers that they will be supported, personally and financially, throughout any difficult times.

Attracting and retaining amazing people

This year we have invested in a leading-edge 'cloud-based' recruitment technology (SmartRecruiters) to revolutionise the way we hire. This technology will transform the way we interact and engage with our ASOSers, helping us to better understand the talent we have and enabling greater internal mobility. It will also enable us to proactively identify external communities of talent, including from under-represented groups, such as women, ethnic minorities, and those with a disability.

A key part of our attraction and retention strategy has been engaging and attracting diverse, international talent through the launch of our new Employee Value Proposition – 'Be whoever you want to be at ASOS' – powering our employer brand. Alongside this, we're building a brand new careers website, which will feature many of our existing ASOSers and will help to showcase the variety of great career opportunities that we offer. We are also developing a specific Tech Value Proposition (TVP) to create powerful reasons for people to take Tech roles at ASOS. The new TVP is currently in development and has diversity and inclusion at its heart. It will power our Tech employer brand and help us become the Tech employer of choice.

Apprenticeships

Our market is more and more competitive and candidate-driven, where the skills we need now and in the future are in high demand. That is why we believe in the power of apprenticeships and why they are so important for our Learning and Development team. We know they can unlock potential, build future capabilities and develop the next generation of leaders. We use the apprenticeship levy to create incredible development opportunities that allow workplace application, alongside achieving recognised qualifications.

This year, we've made a big investment in our apprenticeship delivery team to deliver a best-in-class experience, and we have huge growth ambitions for the next 12 months.

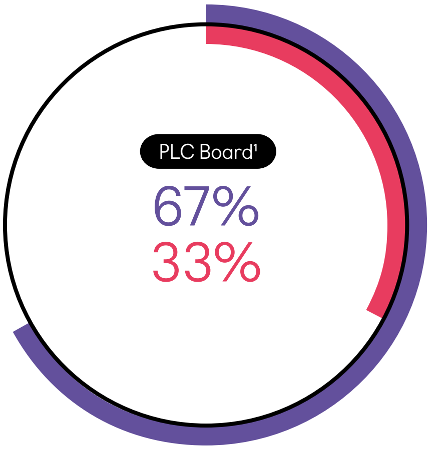
- We now have 198 ASOSers enrolled across 18 apprenticeship standards, from level 3 programmes (equivalent to A levels) through to level 7 (equivalent to a Masters degree).
- 71 apprentices have successfully completed and graduated from their programme since 2017.

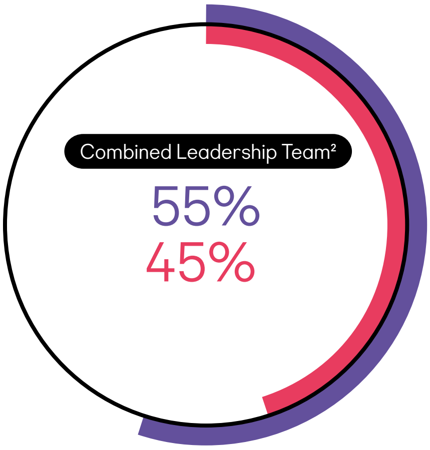
We're using our apprenticeship levy to build a diverse pipeline of leaders for the future. For example, our Future Leaders programme launched last year and prioritised mid-level ethnic minority females, giving them an opportunity to get a Level 5 management qualification and setting them up for success in their next career move. 80% of this group's ASOSers have now completed the programme and the remaining 20% will complete by December 2022.

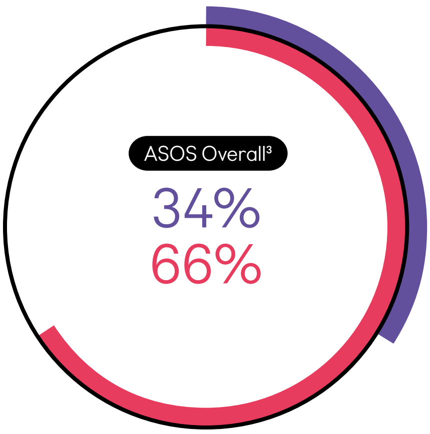
The apprenticeship levy also gives ASOSers the chance to develop 21st Century data skills through our partnership with Multiverse, the EdTech start-up on a mission to build an alternative to university, to extend its Data Academy and develop data skills across its business. 73 ASOSers are enrolled in the Data Academy so far. Nationally, only 18% of today's data science roles are occupied by women and 11% of data teams don't have any women in them at all (Women in Data: Driving Change as a Data Coach, Team Multiverse, March 2021), which is why we're massively proud that 63% of our group are female and more than 12% identify as an ethnic minority.

NUMBER OF WOMEN HOLDING LEADERSHIP POSITIONS AS AT 31 AUGUST 2022

Male Female







1 There were three women and six men on the ASOS Plc Board as at 31 August 2022.
2 Percentage of women in our 238 Leadership roles (defined as Head of and above).
3 Percentage of women employed by ASOS as at 31 August 2022.

Our people continued

Our efforts in this area mean, in June 2022, we were ranked number 84 in the Top 100 Apprenticeship Employers by the National Apprenticeship Service and Department for Education. This is the first time we have appeared in these rankings and shows our continued investment and success in this space. Over 500 employers applied for a place on the list, with only 100 being shortlisted. We are the only online fashion retailer to make the list.

Developing our people

In March 2022 we launched a new Group-wide learning offer empowering ASOSers in their own careers. This can be accessed via the Learning Hub which is 'always on', giving ASOSers the chance to level-up their knowledge, skills and behaviours through face-to-face and virtual workshops, as well as 16,000+ online courses powered by LinkedIn Learning.

A continued focus on Diversity, Equity & Inclusion

This year Diversity, Equity & Inclusion (DEI) has been a key focus area for ASOS. We have offered unconscious bias training for years in various forms. However, we know this kind of training only goes some way to changing behaviour and creating a truly inclusive place to work. That's why we have designed and launched a best-in-class learning programme that goes beyond the protected characteristics and traditional DEI training, and instead encourages self-reflection and supports every ASOSer to become a DEI advocate.

The programme is not guaranteed to make every ASOSer inclusive, and doesn't contain an exhaustive list of things ASOSers can say or not say when it comes to DEI; instead, we aim to challenge thinking and behaviour and encourage people to do things differently. We want every ASOSer to use their everyday influence for positive, inclusive cultural change.

The programme is seven chapters long, each consisting of a bitesize film and a piece of learning content. The programme features our own ASOSers sharing their lived experiences and shows the power of getting comfortable with being uncomfortable, promotes active listening and drives empathy. The film for our first chapter won the Gold award in the Attitudinal Training category at the 2022 New York Festivals TV & Film Awards.

As well as the main chapters, all ASOS Leaders have gone through an experiential and immersive event to provoke vulnerability and empower them to truly engage in the DEI conversation and take proactive accountability for leading inclusively. From September 2022 this will be rolled out to all line managers.

Alongside this programme, we have continued to run a series of events to encourage conversation and raise awareness across all notions of identity. We're driving inclusion for all our people through our employee networks, of which we now have five, focusing on Race Equality, Women In Tech, LGBTQ+, Parents & Families and Disability. Our 'All IN' events series feature changemakers, innovators and collaborators, who touch on all aspects of DEI – from race equality and intersectionality, to celebrating different cultures and perspectives. This year was particularly special for our LGBTQ+ network who marched in three Pride parades (London, Berlin and Belfast), celebrating safe spaces for self-expression.

Rewarding our efforts in this area, this year we were ranked number 8 on The Inclusive Top 50 UK Employers list, a definitive list of UK-based organisations that promote inclusion across all protected characteristics, throughout each level of employment within their organisation, and we won the D&I award at The Rewards 2021.

Celebrating our people

Every single ASOSer plays an important part in helping us become the world's number-one fashion destination for fashion-loving 20-somethings.

That's why this year, as a direct result of our people's feedback in the Vibe survey, we launched the ASOS Aces recognition platform. With this, ASOSers can send e-cards based on our values to shine a light on the great work that happens across ASOS every day. What's more, to round up the year, we hosted the ASOS Aces awards. Nominated by peers, and anonymously judged by our Voices Reps and Executive team, these awards recognised the eight people and one team that have truly shone this year. The winners received travel vouchers of £2,000 to treat themselves to a trip of a lifetime.

Finally, we also launched ASOS Celebrates: a fun, new, in-person monthly events series, which has involved new product launches, marking milestones and anniversaries, and celebrating our people. It's designed to help our ASOSers come together and celebrate the things that make ASOS what it is.

75%

of the apprentices

who completed between 1 September 2021 and 31 August 2022 continue to be employed by ASOS

6%

of ASOSers are apprentices

62

learning & development workshops held

588

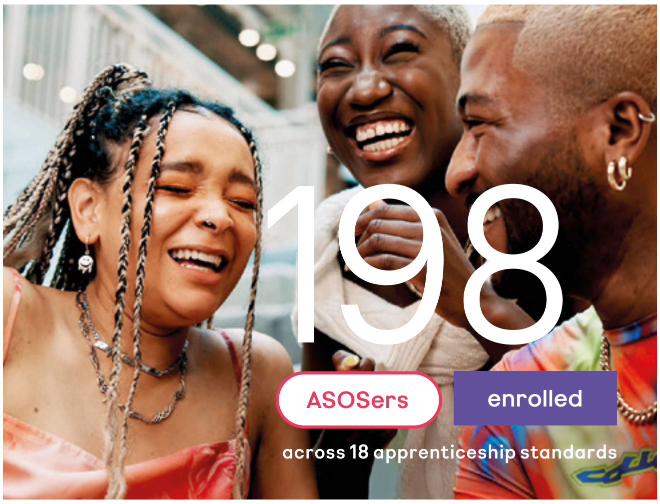
ASOSers have attended a workshop

Diversity

Of new apprentices

Female	74%
Ethnic minority[1]	44%
Declared learning difficulty or disability	7%

1 Ethnic minority as defined on page 10.



new apprenticeship starts in the last academic year

Key performance indicators

Our key performance indicators help us measure both the financial value we create for our shareholders, and our strategic value as we grow our business and deliver our purpose.

Key financial measures

Group revenue

Retail sales, delivery receipts and other revenues from continuing operations

+2%[1] +4%[3]

2022	£3,936.5m
2021	£3,910.5m

Gross margin

Gross profit as a percentage of revenue

-180bps

2022	43.6%
2021	45.4%

Adjusted EBIT[2]

Adjusted profit before interest, tax, depreciation and amortisation

-79%

2022	£44.1m
2021	£206.6m

Adjusted EBIT margin[2]

Adjusted profit before interest, tax, depreciation and amortisation as a percentage of revenue

-420bps

2022	1.1%
2021	5.3%

Key strategic measures

Active customers

Number of customers having shopped in the last 12 months as at 31 August

0% +2%[4]

2022	26.4m
2021	26.4m

Total orders

Total orders placed

+5% +6%[4]

2022	99.7m
2021	95.2m

Total visits

Number of visits to ASOS.com via any device

-2% +1%[4]

2022	3,030.5m
2021	3,102.7m[6]

Average order frequency

Last 12 months' total orders divided by active customers

+5% +5%[4]

2022	3.78
2021	3.61

Our key financial measures have been chosen to show the Group's growth (group revenue) and profitability (gross margin, Adjusted EBIT and profit before tax, and Diluted EPS). Together these KPIs provide a view of how effectively the Group is balancing each of these priorities in generating a return for shareholders.

Our key strategic measures have been chosen to provide insight on the Group's customers for the reporting period, allowing users of the accounts to determine historic and future trends. Orders, visits (incl. mobile device visits), average order frequency, and conversion all help to show how engaged customers have been with ASOS' proposition during the period, whilst the number of active customers provides a view of how effectively the group has driven customer acquisition and managed churn during the period.

Net ABV is a function of average selling price (ASP) and average basket size (ABS) and gives a view of order value before taking into account operating costs.

NPS has been removed from the key performance indicators as this is no longer used as a target for ASOS' incentive schemes and therefore, whilst still tracked by the business, is no longer a key KPI. A new KPI has been added for Average Order Frequency as this helps to measure how engaged our customers are with the ASOS offering.

Adjusted profit before tax[2]

-89%

2022 £22.0m

2021 £193.6m

Diluted EPS

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

-124%

2022 (30.9)p

2021 128.5p[5]

Net assets

-2%

2022 £1,014.9m

2021 £1,034.0m

Net ABV

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

-4%[1]

-3%[4]

2022 £38.21

2021 £39.75

Mobile device visits

Number of visits to ASOS.com on any mobile device divided by total visits

+190bps

+200bps[4]

2022 87.9%

2021 86.0%

Group conversion

Percentage of visits that convert to an order

+20bps

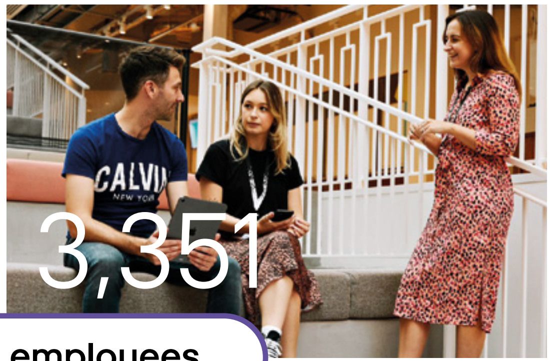
+20bps[4]

2022 3.3%

2021 3.1%

1 On a constant currency basis.
2 Defined and reconciled to the closest IFRS measure on page 130 of the Annual Report.
3 On a constant currency ex-Russia basis.
4 KPI is quoted on an ex-Russia basis.
5 2021 figure restated, please refer to Note 9 on page 136 for more information.
6 2021 figure restated, previously reported at 3,091.8m.

A year in review



3,351

employees

across

8 sites in 6 countries

£3,936.5m

Revenue

£22.0m

adjusted profit before tax

£(31.9)m

reported loss before tax

Northern Ireland Tech Hub

In September, we announced our first Assured Skills Academy and new Tech Hub in Belfast, which opened in March, and will create more than 180 roles over three years.

Ethnicity Pay Gap

In October, we published our Ethnicity Pay Gap Data for the first time, showing median pay for ethnic minority employees is now 5.9% higher compared to their white counterparts, a 21.2% improvement in the overall median ethnicity pay gap since 2020.

First drop of ASOS clothing hit Nordstrom stores

November saw the first drop of ASOS clothing hit Nordstrom stores in the US, building on our strategic partnership with the leading US retailer. The edit covered everything from casual to dressy and was curated to give Nordstrom customers the best ASOS has to offer across key collections including ASOS Design, ASOS Edition and ASOS Luxe.

1.2m

Orders per month

Lichfield

Our fourth fulfilment centre in Lichfield was also formally opened in November – the site can now process 1.2 million orders per month.

Health-related life events policies

We launched a new package of policies to provide crucial support to colleagues of all genders and circumstances going through health-related and life events including pregnancy loss, the menopause, cancer treatment, gender reassignment surgery or domestic violence, enabling ASOSers to take the time away from work that they need, while also increasing awareness of the impact of such common life events, and breaking down the taboos around these issues.

Anti-Slavery International

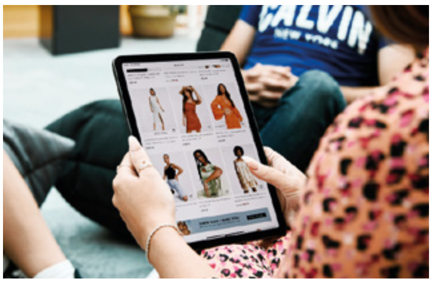
In January, we signed a new three-year partnership to 2025 with Anti-Slavery International, the world's oldest human rights organisation, to support ASOS in delivering its ambitious Fashion with Integrity programme. Anti-Slavery International has acted as ASOS' 'critical friend' since 2017, providing advice, guidance and critique on ethical trade and tackling modern slavery.

Microsoft Cloud

February saw us sign a new cloud agreement with Microsoft to use the Microsoft Cloud as our preferred cloud platform for the next five years. Harnessing Microsoft Azure and its AI capabilities enables us to unlock new experiences and tech capabilities, such as ASOS' Partner Fulfils programme, expanding the range and availability of products, and maximising demand conversion, customer choice and stock availability.

Customer resale trial with Thrift+

June also saw us launch a trial with Thrift+, making 30,000 bags available to customers so their clothes can get a second lease of life through resale, while receiving credit to donate to charity, purchase second-hand fashion on Thrift+ or redeem as ASOS vouchers.



Extending our Data Academy with Multiverse

In July we partnered with Multiverse, the EdTech startup on a mission to build an alternative to university and corporate training, to extend our Data Academy and further develop data skills across the business. Funded through the apprenticeship levy, 73 ASOSers have been enrolled in the Data Academy so far, which gives participants the opportunity to develop data skills across three different programmes.

Our new CEO* and Chair**

In June, we announced the appointment of José Antonio Ramos Calamonte as Chief Executive Officer and Jørgen Lindemann as Chair of ASOS Plc.

Our business model

Doing 20-something fashion better than anybody else

Leverage our platform and capabilities

01

To drive greater product choice and evolve our capabilities to ensure greater executional ability.

Double down on our winning offer

02

Continuing to evolve and improve and not stand still in the market.

Truly localise our offer and invest in marketing to win in our most important markets

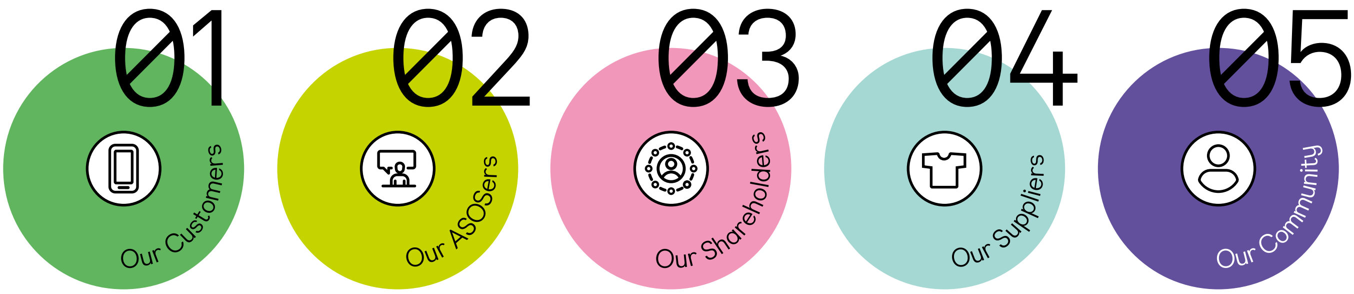
03

To drive the next phase of our growth.

...underpinned by our corresponding strategic priorities.

Stakeholder engagement

We are committed to actively engaging with our stakeholders.



S.172(1) statement and stakeholder engagement

The Board is accountable to its stakeholders and understands the importance of incorporating stakeholder considerations into the Board discussions and decision-making.

The Directors continue to ensure they act in a way which is in good faith and most likely to promote the success of the Group over the long term for the benefit of shareholders, and in doing so, also having regard for the Group's key stakeholders and other matters set out in section 172(1) (a) to (f) of the Companies Act 2006, being:

- the likely consequences of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Directors have identified the Group's key stakeholders to be: customers, shareholders, employees, suppliers and the community. Each stakeholder group has their own individual priorities, of which the Directors are aware and have regard to. These priorities are considered, where appropriate, in the Board's decision-making. This is not only the right thing to do but is also vital in achieving the Group's long-term objectives.

–

How the Board considered key stakeholders within its discussions and decision-making can be found on *page 67*.

Our mission is to be the world's number one destination for fashion-loving 20-somethings.

Our key stakeholders play a fundamental role in helping us achieve this mission, and therefore strong stakeholder engagement is pivotal in achieving our long-term objectives and driving long-term value creation.

–

How the Board considered our key stakeholders in their decision-making during the year can be found on *page 67*.

Our Customers

Why they are important...

Our goal is to create and curate products and experiences to inspire fashion-loving 20-somethings. To stay relevant to our 20-something audience, it is essential we never lose touch with what matters to them, whoever and wherever they are. It's vital we engage frequently with our customers to ensure we can provide them with what they want, when they want it. Being in regular contact with our customers helps us to tailor our product offering and content to stay relevant to our customers, which is key to our long-term success.

How ASOS engaged during the year

- Held a series of events and competitions specifically targeted at our Student customers, such as on-campus events, to increase our level of engagement with them.
- Launched exclusive events for Premier customers, such as 'Premier Party' – a Premier exclusive 25% off code, as well as Premier-only competitions.
- To improve product relevancy to customers, we have further improved the penetration of our personalised product results pages and further localised our catalogue selection, as well as creating more entry points for customers to discover products.
- To support our Live Chat strategy, we launched Virtual Assistants across our major markets. These are helping our customers resolve queries without the need to speak to anyone.
- Deployed a market-specific contact strategy for English speaking markets through Customer Care, giving us market specialisms and improved performance across those markets.
- Introduced a Transactional Net Promoter Score survey system called InMoment, delivering emails requesting scoring and feedback from customers following an interaction with Customer Care. This has given us scores by market and verbatim feedback which we have been able to build improvement plans against.

How the Board engaged during the year

- The Board reviewed an update on the Company's customer experience strategy, discussing how ASOS can best enhance customer experience to strengthen our competitive advantage and brand differentiation, creating distinction and relevancy in the global market to promote the long-term success of the business.

Our ASOSers

Why they are important...

We're determined to create an employee experience like no other, where our ASOSers can be whoever they want to be. An experience that ASOSers love, where they learn, collaborate, embrace change, and can be authentic, brave, creative and disciplined in everything they do. Where ASOSers can push boundaries, challenge expectations and help drive our journey to becoming the world's number one destination for fashion-loving 20-somethings and, ultimately, our long-term success.

How ASOS engaged during the year

- Our employee engagement survey, ASOS Vibe, helped us to find out how engaged our ASOSers are and where we need to focus our improvements.
- Our employee forum, the Voices Network, continued to be a key internal driver of employee engagement, removing barriers to two-way conversations, building a positive social partnership between ASOSers and Leaders and amplifying all voices to help shape the current and future ASOS experience.
- We launched two new internal communication channels – Yammer and The Buzz – to keep ASOSers updated on news from across the business and enable them to join in conversations.
- Monthly ASOS Celebrates events to celebrate the amazing things happening across ASOS.
- Hosted our ASOS Aces awards recognising our teams' amazing work.
- Hosted the ASOS Party – an event to reward and re-engage our people.
- Regular Townhalls hosted by members of the Executive Committee, to connect ASOSers with our strategy, and 'CEO Insider' comms sharing the latest news from our CEO.
- Our new Learning Hub went live, a tool to support the career development of our ambitious ASOSers.

How the Board engaged during the year

- Karen Geary, designated Non-executive Director for employee engagement, engaged with ASOSer representatives during the year to discuss matters such as cost-of-living, executive remuneration, the ASOS Vibe and our Diversity, Equity & Inclusion strategy. Key views and sentiment were fed back to the Board.
- Ian Dyson attended a Townhall during the year while he was Chair, giving ASOSers a chance to ask questions directly to the Board.
- The results of the ASOS Vibe survey were reviewed and discussed by the Nomination Committee and key information was fed back to the Board.

More information on ASOSer engagement can be found on *pages 10 to 13*.

Stakeholder engagement continued

Our Shareholders

Why they are important…

A key objective for the Board is to create value for shareholders. Our mission, purpose, values and strategy strive to deliver long-term, sustainable growth for our shareholders.

How ASOS engaged during the year

- Throughout the year our Investor Relations team regularly engaged with our larger shareholders.
- Our Chair, CEO, CO&FO and Director of Investor Relations held a number of virtual and in-person roadshows following key announcements including our Full-Year Results, Capital Markets Day, Main Market Listing, Half-Year Results and following the CEO and Chair appointments.
- In November 2021, we held a Capital Markets Day to set out to shareholders how we will deliver our medium-term targets.
- The Chair, Senior Independent Director and Committee Chairs are all available to meet with shareholders, where requested.
- Our Annual General Meeting (AGM) is a key way for shareholders to meet face-to-face to discuss our annual performance and strategy, and we look forward to welcoming shareholders at the next AGM.

How the Board engaged during the year

- The Board receives regular updates on shareholder and analyst sentiment and peer analysis.
- During the year, Karen Geary, Chair of the Remuneration Committee, engaged in a consultation exercise with our largest shareholders to discuss executive remuneration and our approach to remuneration for FY23.
- The Company's broker was invited to present an update on shareholder insights, providing the Board with an external overview of shareholder views and priorities for consideration within their decision-making.

More information on our engagement with our shareholders can be found on *pages 67 to 68*.

Our Suppliers

Why they are important…

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

How ASOS engaged during the year

- We have a dedicated Ethical Trade team that manages our Ethical Trade programme and works with third-party auditors in key product regions to understand country-specific issues, ensuring ethical standards are being upheld and regularly engaging with local and international stakeholders.
- In June 2022, we held a supplier and factory workshop in Bulgaria to provide a refresh on our ethical standards and policies, sourcing strategy, and sustainability requirements.
- We funded the Fashion-Workers Advice Bureau (FAB-L) along with seven other brands, to provide garment workers in Leicester with free support and advice, and we continue to promote the activities of the team.
- Formally launched the Just Good Work (JGW) Mauritius app, funded by ASOS. The app informs migrant workers on their rights and responsibilities throughout the recruitment process and during their stay in Mauritius.
- We are an early signatory to the International Accord for Health & Safety and are looking forward to exploring the expansion of its standard and success to other countries, to create a safer and sustainable working environment.
- Following the outbreak of the war in Ukraine, we sent a statement to our European suppliers and third-party branded partners about our expectations on the employment of refugees in our supply chain, and have shared guidance to respond to the risk of exploitation of this group.
- Launched a Global Modern Slavery Handbook, developed by Anti-Slavery International, to support our partner brands in understanding what modern slavery is, what can be done to help prevent it and how to meaningfully report on the actions taken, following current legal requirements and best practice.
- Published the ASOS Third-party Brands Ethical Policy to set out the standards and responsibilities that brands are required to follow and implement throughout their supply chain, and the minimum standards that their products supplied to us must meet.

How the Board engaged during the year

- The Board is committed to ensuring that we continue to operate responsibly in everything we do as part of our Fashion with Integrity programme, including the way we manage our supply chain. The Board receives regular briefings from management in respect of our supply chain.

Our Community

Why they are important…

Operating responsibly in everything we do is not just incredibly important to our business and our people, it is also key to driving positive outcomes for the communities in which we operate. From the way we manage our supply chain, to how we address environmental challenges such as plastic waste, it all matters. We want to be a force for good, so we can support the people who support us. That's why we've continued to actively engage with local communities, charities and government – helping drive positive change.

How ASOS engaged during the year

- We have engaged with national government on a range of policy issues, including responding to consultations on the case for an Online Sales Tax and the future regulation of the Buy Now, Pay Later sector.
- Strengthened relationships with local government and regional stakeholders, including welcoming the local MP, council leader, and local business organisations to our new Lichfield fulfilment centre to celebrate its formal opening.
- Published our first economic contribution report to highlight our contribution to the economy and society in the UK and around the world.
- Promoted our international growth and investment by hosting a visit to our Atlanta fulfilment centre by the UK Minister of Exports.
- The ASOS Foundation has continued to partner with charities to provide infrastructure, training and support to enable disadvantaged young people to reach their potential in the UK, Kenya and India.
- We've also continued to support our local community in Barnsley, home to our main UK fulfilment centre, through the ASOS Foundation's funding of the first corporate sponsor for OnSide's state-of-the-art Barnsley Youth Zone.

How the Board engaged during the year

- The Board approved a donation from ASOS.com Limited to ASOS Foundation.
- Board members attended the ASOS Foundation's fundraising golf and Gala dinner events.

Chief Executive Officer's operational review

ASOS is a business with c.26 million customers, c.£4bn revenue, a market-leading position in the UK and enormous potential. In the UK, ASOS is a strong business with a high contribution margin, supported by a fully automated and efficient warehouse footprint. Brand awareness is strong, and we have built a highly relevant and locally tailored product offer that resonates strongly with our 8.9 million UK consumers, of which 1.9 million are Premier customers. On average, our UK customers shop every second month on the ASOS platform, with Premier customers shopping more than double that frequency.

Outside the UK, however, I see a significant need to improve the way we operate to unlock the opportunity of our global reach. In recent years, the quest for growth has resulted in ASOS becoming excessively capital intensive, too complex and overstretched globally, which has resulted in a lack of meaningful growth and scale in its key international markets of the US, France and Germany. While the international business makes a positive contribution and there are pockets of strength in key territories, we are disappointed in our performance, given the extent of our historical capital investment, particularly in the US. This investment in a large, multi-region supply chain network has increased cost and complexity, not fully offset by delivery incomes. With this in mind, we will revisit our approach to resource and capital allocation to ensure a focused approach.

We have historically underinvested in marketing relative to peers, with allocation across markets not effectively prioritised or managed effectively to ensure a return on investment, and more than 80% of marketing investment focused on performance marketing, leaving insufficient spend focused on driving longer-term brand awareness. As a result of this, customer acquisition slowed in FY22, whilst the cost to acquire a new customer increased. We have also become increasingly reliant on the use of markdown and promotions as a tool to attract customers, resulting in reduced newness for customers which has contributed to the erosion of gross margin in recent years. The implementation of the new commercial model and structure will enable us to operate a shorter buying cycle, enhancing speed to market and improving curation, and result in a change in stockholding requirements going forward.

In this tough economic environment, we will continue to build on our core strengths – the ASOS brand, the carefully curated range of Partner Brands on offer, our strong fashion credibility and market-leading position in the UK. ASOS is a fashion destination, and we will double down on our commitment to fashion to succeed in the current environment.

We are taking firm action now to accelerate the changes needed to address these issues and will take the opportunity to develop a stronger organisation, built on four key principles: simplicity; speed to market; operational excellence; and flexibility and resilience. In doing so, we will emerge well-positioned to drive profitable growth over the longer term.

Over the next 12 months, we are focused on delivering key operational improvements and disciplined capital allocation through four key actions:

- *Renewed commercial model:* Following the completion of the commercial reorganisation in FY22, changes in our approach to merchandising and buying will be accelerated in support of a more competitive proposition and tighter stock cover. This will result in:
  - A shorter buying cycle with enhanced speed to market that enables a more relevant and better curated customer offer.
  - A more flexible approach to stock that utilises ASOS' Partner Fulfils capability to reduce stock held in our fulfilment centres and ensure more near-shore sourcing using a 'Test and React' model.
  - A differentiated approach to stock clearance, introducing more off-site routes to clear product earlier in its lifecycle which will, in turn, reduce markdown and increase the proportion of full-price sales.
- *Stronger order economics and a lighter cost profile:* After years of high growth, the operating model has become inefficient. We will take action to improve order economics and ensure a sustainable level of profitability in all markets, whilst focusing efforts on key markets. We will co-ordinate this effort with a clear focus on optimising our cost base, improving supply chain efficiencies, and eliminating excess costs through increased controls.
- *Robust, flexible balance sheet:* Our future investment will be aligned with capacity requirements to ensure a more efficient allocation of capital, while planned strategic investment in technology will be maintained in support of an improved customer experience. In addition, we have sufficient headroom on our facilities, ensuring flexibility in the short term.
- *Enabled by a reinforced leadership team and refreshed culture:* Simplifying decision-making processes to encourage a culture of innovation and creativity across the business, while reinforcing the senior leadership team with strategic key hires.

Progress against these changes will be evidenced by gross margin expansion, increased stock turn, faster speed to market and more effective capital deployment.

In parallel, we are focused on creating a business capable of generating long-term sustainable growth for investors and there is a comprehensive review underway of our capital allocation. This includes a review of our operating model, marketing investment, capital and resource allocation and its deployment across geographies, customer acquisition channels and digital and data capabilities.

We will do all of this whilst remaining committed to Fashion with Integrity and to providing the best possible experience for our customers, but with the knowledge that these commitments are best delivered by a sustainable, profitable business with the ability to invest accordingly.

Operational highlights

Despite a highly volatile and difficult macroeconomic backdrop in the second half of the year, we have made progress in key operational areas which will underpin performance in the medium term. These areas of progress are outlined as follows:

1. Gaining flexibility through Partner Fulfils

In support of future margin expansion, we have successfully launched Partner Fulfils in the UK in partnership with Adidas and Reebok, now accounting for 11% of Adidas total UK sales and 10% of Reebok total UK sales through the ASOS platform. This programme now consists of both a 'depth model', whereby product that is out of stock at one of our fulfilment centres is fulfilled directly to our consumers via Adidas or Reebok, and a 'width model', whereby product that is incremental to the current range offered by us is fulfilled directly by the partner brands. In September 2022, Partner Fulfils was further expanded to Europe in partnership with Adidas and Reebok across Germany, France, Spain and Italy.

2. Further development of the Premier programme, the platform to grow loyal consumers

We set out the importance of our Premier offer in driving increased customer loyalty and improved customer economics at our Capital Markets Day (CMD) in November 2021. We optimised pricing in 10 markets outside the UK to offer a more tailored local Premier proposition, which supported 12% growth in the global Premier customer base, with average order frequency of Premier customers c.3.5x more than an average ASOS customer. This is key to driving increased customer loyalty and engagement.

3. Accelerating our data infrastructure and capabilities

A key inhibitor to our progress is the need for a stronger data organisation and improved data science capability. In the first half, we completed a full data strategy plan, focused on: developing a larger data product team; improving data governance to drive more value, enhancing the data architecture for future scalability, and growing our data science capability. Whilst we have made some progress in the second half, by expanding the data science and engineering teams and evolving our data architecture to support future growth and complexity, there remains more to be done in this space to truly transform ASOS into a digital organisation.

4. Topshop growth shows the potential of our own brands

Within the ASOS brands portfolio, the Topshop brands have contributed to both revenue growth and gross margin expansion across all key territories 18 months on from the acquisition. Topshop brands posted strong sales growth of 105% year-on-year in FY22, with growth of more than 200% in the US supported by the wholesale partnership with Nordstrom. Topshop and Topman are now available online and in store in more than 100 locations in the US and Canada, also as a result of the Nordstrom partnership. At the Group level, Topshop jeans are now the leading womenswear jeans brand on site, and the Topshop brands have also exhibited strong growth in the dresses category.

On 29 September 2022, we launched the next chapter for Topshop and Topman. The new product collection marks the first season conceived and created entirely under ASOS ownership. To ensure a future-facing approach, we have introduced the following: (i) a digital-first approach with a dedicated storefront, a first for ASOS; (ii) greater inclusivity through the launch of Topshop Curve, the first time the brand will be available from sizes 16 to 28; and (iii) a global approach through the continuation of the partnership with Nordstrom.

5. Our collaborations show the value of its platform to Partner Brands

We continue to offer a unique proposition to partner brands, enabling them to access new consumers and occasions. In the second half, we have continued to partner in new ways to showcase relevant products to consumers. We partnered with Netflix to deliver Reclaimed Vintage x Stranger Things, which launched on site to coincide with the release of season four of the hit Netflix series. The range was searched over 50,000 times and was a sell-out with 10,000 units sold. It resonated particularly strongly with our female customers, who made up 87% of purchases with nearly half of those under the age of 25.

Within the sportswear category, we collaborated with Nike to create a campaign highlighting best-in-class Nike footwear styled with a curated edit of ASOS Design, Topshop and COLLUSION clothing. This leveraged our in-house creative and studio functions along with the ASOS Media Group to elevate the product through fashion-led campaigns, demonstrating our unique offer to our partner brands. This campaign led to an uplift in Nike campaign line sales by 124% in the first week.

6. ASOS X Nordstrom, a new growth formula for US

In July 2021, we announced our strategic partnership with Nordstrom, aimed primarily at building brand awareness and engagement in North America. ASOS Design has now launched in 14 stores in the US, with an expanded collection available on Nordstrom.com, alongside the launch of a Click & Collect option in Nordstrom stores for orders placed on ASOS.com. This was further supported by the launch of two retail concept stores earlier in the year at The Grove in Los Angeles, featuring the Nordstrom I ASOS Glass Box and the Nordstrom I ASOS Pop Up at The Grove aimed at building awareness for the ASOS brand.

José Antonio Ramos Calamonte
Chief Executive Officer

Performance by market

UK performance

UK KPIs	Year to 31 August 2022
Total Sales	+7%
Visits	+7%
Orders	+10%
Conversion	20bps
ABV	-3%
Active Customers	8.9m (+5%)

In the UK, revenue growth in the first half, despite a period of tough prior year comparatives, continued into the second half with strong seasonal demand for summer products in the early part of the Spring/Summer season. Consumer behaviour, however, underwent a marked change from April 2022 when consumers faced accelerating inflation and pressure on disposable incomes and reduced demand for transitional product at the start of the Autumn/Winter season. This effect on consumer behaviour became most apparent via the impact on return rates, as these increased from May 2022 to levels close to pre-pandemic.

Despite this, the UK delivered good revenue growth for the year of 7% to £1,762.8m and the performance of the Topshop brands remained strong throughout the year, delivering strong sales growth year-on-year, despite annualising the acquisition in February 2021, reflecting the resonance of the brand with our customers. Whilst overall online penetration stepped back year-on-year, we continued to grow our share of the adult online apparel market by 140bps to 10.1% in FY22. Demand also shifted into occasion wear, supporting average selling price (ASP) growth. We delivered growth in active customers to 8.9 million, an increase of 5% versus FY21, whilst Premier customers also grew 6%, driven in part by successful Premier Days held in October 2021 and February 2022. This has supported increased order frequency in the UK by 5% which, along with increased visits, orders, and conversion, continues to show our ability to attract, retain, and engage customers in our home market. However, average basket value (ABV) and average units per basket (ABS) declined in the period, reflecting both the clearance activity carried out in H1 to sell-through late arriving Spring/Summer '21 stock and investments in promotion in H2, and the higher return rate, which was driven by the shift out of lockdown categories and back into occasion wear.

EU performance

EU KPIs	Year to 31 August 2022
Total Sales	-1% (+2% CCY)
Visits	+2%
Orders	+7%
Conversion	10bps
ABV	-7%
ABV (CCY)[1]	-4%
Active Customers	10.9m (+5%)

The EU delivered sales growth of 2% in Europe to £1,170.0m as the region became increasingly exposed to higher energy costs and inflationary pressures. Growth did, however, accelerate in P4 to 9% as the Company cycled a period of softer comparatives.

On a territory basis, trading in Germany and France was impacted by territory-specific factors, which weighed on consumer demand and spending power. In Germany, the impact of the energy crisis and government measures to address this appear to have impacted consumer confidence in H2, whilst in France the shift from online back to the high-street has been stronger than in other territories. Despite this, our visits share has remained relatively consistent in these territories, whilst sales performance was stronger in other EU markets.

Active customers continued to grow by 5%, despite the deterioration in consumer confidence and spending power, while Premier customer numbers also increased by 33%, following the re-launch of the proposition in key EU territories in late-summer 2021.

ABV declined by 4% on the year (CCY (-7% on a reported basis)), which reflected higher markdown in H1 and the step up in return rates from April to above pre-pandemic levels, as Northern European territories increasingly leveraged Buy Now Pay Later payment methods and country mix shifted in favour of territories with higher return rates. This was partly offset by customers mixing into higher priced items and pricing increases which drove up ASPs.

We observed a step back in ABV and ABS resulting from the step up in return rates, but delivered growth in orders, visits, conversion, average order frequency and ASP in the region.

US performance

US KPIs	Year to 31 August 2022
Total Sales	+14% (+10% CCY)
Visits	-8%
Orders	-1%
Conversion	20bps
ABV	+8%
ABV (CCY)[1]	+4%
Active Customers	3.4m (-1%)

Our total US sales grew by 10% year-on-year to £531.4m, supported by triple-digit Topshop and Topman growth, the expansion of wholesale and a more locally relevant offer. The US saw increased demand for occasion wear, supported by the exclusive range of ASOS Design dresses designed for the US consumer. These factors combined to drive a 4% increase in ABV versus FY21 (CCY (+8% on a reported basis)), as customers shopped higher price point items, whilst return rates remained well below pre-pandemic levels.

Conversion increased 20bps year-on-year, despite both orders and visits falling, while Premier customers increased by 19%. Customer acquisition slowed in the US in the second half as we paused our broad reach marketing campaign in response to current economic conditions and visits growth stepped back year-on-year. However, the number of Premier customers grew by 19%, driven by the optimisation of the Premier offer, as the proposition remains central to increasing customer engagement and driving loyalty.

A shift into dresses supported growth in ASP and ABV, and we also observed a 20bps uplift in conversion. However, orders and ABS stepped back.

Rest of World (RoW) performance

RoW KPIs	Year to 31 August 2022 excluding Russia[2]	Year to 31 August 2022 including Russia
Total Sales	-11% (-9% CCY)	-22% (-20% CCY)
Visits	-6%	-23%
Orders	-8%	-22%
Conversion	Flat	Flat
ABV	-3%	-2%
ABV (CCY)[1]	-1%	+1%
Active Customers	2.5m (-14%)	3.2m (-20%)

RoW sales declined by 9% to £472.3m (CCY excluding Russia (-20% CCY including Russia)). This reflects a slight improvement in the second half as delivery propositions improved post-pandemic. To assess year-on-year performance on a like-for-like basis, the KPIs quoted in this section all exclude Russia (calculated by removing Russia from the comparatives for H2 FY21).

On a territory basis, performance in Australia improved in H2, and particularly in P4, as Premier was reactivated and the delivery proposition returned to normal after the pandemic. There were also more positive signs in Saudi Arabia with both new customers and visits increasing in P4.

Active customers declined by 14% year-on-year as new customer acquisition remained challenging with a less competitive proposition relative to local players, as well as lower targeted investment in RoW. We observed growth in ASP alongside flat conversion; however, ABV, ABS, active customers, orders and visits stepped back (on an excluding Russia basis).

1 ABV (CCY) is calculated as constant currency net retail sales/shipped orders.
2 Calculation of metrics, or movements in metrics, on an ex-Russia basis involves the removal of Russia from H2 FY21 performance. This adjustment allows year-on-year comparisons to be made on a like-for-like basis following the decision to suspend trade in Russia on 2 March 2022.

Financial review

Overview[1]

	Year to 31 August 2022 UK £m	EU £m	US £m	RoW £m	Total £m
Retail sales[2]	1,703.3	1,142.6	472.7	454.0	3,772.6
Income from other services[3]	59.5	27.4	58.7	18.3	163.9
Total revenue	**1,762.8**	**1,170.0**	**531.4**	**472.3**	**3,936.5**
Cost of sales					(2,219.0)
Gross profit					**1,717.5**
Distribution expenses					(523.7)
Administrative expenses					(1,224.2)
Other income					20.6
Operating loss					**(9.8)**
Finance income					0.9
Finance expense					(23.0)
Loss before tax					**(31.9)**

Adjusted Performance Measures[4]	
Operating loss	**(9.8)**
Adjusting items[5]	53.9
Adjusted EBIT	**44.1**
Net finance expense	(22.1)
Adjusted profit before tax	**22.0**

KPIs excluding Russia[6]	Year to 31 August 2022	Year to 31 August 2021	Change
Active customers[7] (m)	**25.7**	25.3	*2%*
Average basket value[8]	**£37.85**	£39.52	*(4%)*
Average basket value CCY[9]	**£38.22**	£39.52	*(3%)*
Average order frequency[10]	**3.88**	3.70	*5%*
Total shipped orders (m)	**99.7**	93.7	*6%*
Total visits (m)	**3,019.8**	2,976.3	*1%*
Conversion[11]	**3.3%**	3.1%	*20bps*
Mobile device visits	**87.9%**	85.9%	*200bps*

KPIs including Russia	Year to 31 August 2022	Year to 31 August 2021	Change
Active customers[7] (m)	**26.4**	26.4	*0%*
Average basket value[8]	**£37.85**	£39.75	*(5%)*
Average basket value CC[9]	**£38.21**	£39.75	*(4%)*
Average order frequency[10]	**3.78**	3.61	*5%*
Total shipped orders (m)	**99.7**	95.2	*5%*
Total visits[12] (m)	**3,030.5**	3,102.7	*(2%)*
Conversion[11]	**3.3%**	3.1%	*20bps*
Mobile device visits[13]	**87.9%**	86.0%	*190bps*

1 All revenue growth figures are stated at constant currency unless otherwise indicated.
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 of delivery receipt payments, marketing services, commission on partner-fulfilled sales and revenue from wholesale sales.
4 The adjusted performance measures used by ASOS are defined and explained on page 161.
5 Adjusting items for the year to 31 August 2022 are shown on page 130. Further detail on these items is on pages 130-131.
6 Calculation of metrics, or movements in metrics, on an ex-Russia basis involves the removal of Russia from H2 FY21 performance. This adjustment allows year-on-year comparisons to be made on a like-for-like basis following the decision to suspend trade in Russia on 2 March 2022. The exception to this is visits, where we have also excluded any visits from Russia in H2 FY22, in addition to H2 FY21.
7 Defined as having shopped in the last 12 months as at 31 August.
8 Average basket value is defined as net retail sales divided by shipped orders.
9 Average basket value is defined as net retail sales divided by shipped orders, calculated on a constant currency basis.
10 Calculated as last 12 months' total shipped orders divided by active customers.
11 Calculated as total shipped orders divided by total visits.
12 FY21 restated visits, previously reported at 3,091.8m.
13 FY21 restated mobile device visits, previously reported at 83.2%.

We delivered total sales growth of 4%[1] (1% on a reported revenue basis[2]) with an adjusted profit before tax (PBT) of £22.0m (adjusted PBT margin of 0.6%), in line with guidance. The reported loss before tax of £31.9m is stated after £53.9m of adjusting items. Adjusted earnings before interest and tax (EBIT) were £44.1m, representing an adjusted EBIT margin of 1.1%, a 420bps decline year-on-year.

The second half of the year proved more challenging than we expected. While we had expected an acceleration in revenue growth against weaker comparatives, inflationary pressures on consumers increased markedly as the year progressed, and impacted consumers' confidence and discretionary income. As a result, growth in the second half was lower than had been anticipated. We also saw an increase in return rates through the year, rising above pre-pandemic levels from May onwards. Together, these led to higher inventory levels across all fulfilment centres, further exacerbated by our immediate withdrawal from Russia on 2 March 2022.

We delivered revenue growth in the UK and US of 7% and 10% respectively. Growth in Europe of 2%, while Rest of World (RoW) declined by 9%[3]. Active customers[4] have grown by 2% from 25.3 million at the end of FY21 to 25.7 million at the end of FY22, however, growth in active customers slowed in the second half as customer acquisition became more challenging.

Gross margin reduced by 180bps, in line with guidance. The reduction reflected the anticipated contractually higher sea freight rates year-on-year, along with the full-year impact of increased promotional activity. This was partially offset by lower markdown costs in the second half year-on-year, along with improvements in buying margins and the benefit of mid-single digit price increases across ASOS brands for both Spring/Summer and Autumn/Winter collections.

We increased our UK and RoW capacity during the year, bringing the Lichfield fulfilment centre online in August 2021. This gave rise to an anticipated increase in shipping and warehouse costs, given the ensuing manual fulfilment costs and split orders. Furthermore, FY22 was marked by significant inflationary pressures across labour, freight and delivery costs, with the impact on profitability exacerbated by elevated inventory levels and an increase in return rates across the year. We were able to partially mitigate these cost headwinds by reducing planned marketing investment, in addition to securing continued cost and operational efficiencies. As a result of these actions, we delivered c.£120m in cost mitigation to largely offset cost escalations through Lean programme efficiencies, payment optimisation and returns process optimisation.

Cash outflow of £339.8m reflects primarily the working capital outflow associated with an increase in inventory driven by: (i) a marked slowdown in demand driven by global economic uncertainty; (ii) the timing impact of FY21 stock that was only received in FY22 as a result of supply chain delays; (iii) the impact of increased returns; and (iv) the early receipt of FY23 stock in FY22. Capital expenditure totalled £182.9m in support of the planned automation programmes at Lichfield and Atlanta; technology investments into digital platforms, business systems and infrastructure in support of the development of the marketplace integration platform required for Partner Fulfils; continued optimisation of the customer experience in support of new features and improvement in conversion; and investments in support of progress against our data strategy.

Total sales grew 4%[5], against a challenging backdrop in FY22. Since our last update in June 2022, trading weakened in August as customers faced increased cost-of-living challenges and delayed spend on Autumn/Winter categories. We delivered sales growth of 7% in the UK, reflecting good performance against a challenging backdrop. The US grew by 10% supported by the expansion of wholesale, which annualised in P3, and a more locally relevant consumer offer. The EU grew by 2%, with stronger growth in P4 (+9%) as we cycled a period of weaker comparatives, however, overall performance for the year remained muted as return rates trended higher than pre-pandemic levels in some territories. RoW declined by 9%[3] as it continued to be impacted by poor delivery propositions in the first half and increased local competition, however ASOS noted an improvement in H2 as delivery disruptions eased and ASOS was able to return to more normalised delivery propositions.

Active customers grew by 2%[4], reflecting a slowdown in customer acquisition in the second half. Visits increased by 1%[6] and the increase in orders and frequency was reflective of increased consumer engagement and more intentional purchasing. ABV stepped back by 3%[7] as return rate increases year-on-year were only partly offset by increased prices and a mix back into higher price point product categories.

Gross margin reduced by 180bps, in line with guidance. The reduction reflected the anticipated contractually higher sea freight rates year-on-year, along with the full-year impact of increased promotional activity. This was partially offset by lower markdown costs in the second half year-on-year, along with improvements in buying margins and the benefit of mid-single digit price increases across ASOS brands for both Spring/Summer and Autumn/Winter collections.

We delivered adjusted profit before tax of £22.0m, in line with the lower end of guidance, a reduction of 89% year-on-year. Adjusting items for the year totalled £53.9m and comprised of: (i) £25.4m costs incurred in relation to accelerating the ASOS strategy through the change programme, (ii) £5.7m relating to our transition to a Main Market listing, (iii) £18.5m for a non-cash impairment charge relating to the right-of-use asset and associated fixtures and fittings at our 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 costs relating to the Topshop acquisition, (v) £10.7m relating to the amortisation of acquired intangible assets. Taking these adjusting items into account, we delivered a reported loss before tax of £31.9m.

Also included within adjusted profit before tax for the year is the net impact of Russia, which had an estimated negative £14m impact on profit versus our original expectations for the year. This impact arose due to the immediate decision to suspend sales on 2 March 2022, amounting to c.2% of sales, and from additional costs incurred to clear through the resulting excess stock and fulfilment centre inefficiencies. Also included in the net loss of £14m was a gain of £19.3m, recognised as other operating income, from closing out Russian Roubles hedges no longer required.

Gross margin

Gross margin was down 180bps year-on-year, mainly driven by increased markdown and elevated freight costs.

The increase in markdown was primarily concentrated in H1, as the clearance activity which started in P4 FY21 to sell-through late arriving Spring/Summer '21 stock continued into the Autumn/Winter season and investments were made during peak in response to competitors' offers. This improved in H2 as a period of heavier discounting in the prior year was cycled, generating a small improvement year-on-year. Freight and duty costs were elevated throughout the year with an adverse impact of 180bps, driven by higher rates in the market due to reduced supply and our decision to use air freight to accelerate intake for peak. This improved in H2 as our contracted ocean freight rates were favourable against those available in the market, albeit higher year-on-year. This allowed greater control of costs in H2, as well as the ability to allocate volume in a more cost-efficient way across intake lanes.

1 Total revenue growth CCY excluding Russia of 4% (+2% CCY including Russia).
2 1% reported revenue growth including Russia.
3 RoW declined by 9% CCY excluding Russia and by 20% CCY including Russia.
4 Active customers grew by 0.4m year-on-year to 25.7 million excluding Russian active customers (flat at 26.4m including Russian active customers).
5 Total sales grew 4% CCY excluding Russia, 2% CCY including Russia and 1% on a reported basis including Russia.
6 Group visits increased by 1% excluding Russia in FY22 and declined 2% including Russia.
7 Group ABV declined 3% on a constant currency basis excluding Russia and declined 4% on a constant currency basis including Russia.

Financial review continued

These increases were partially offset by mid-single digit price increases across ASOS brands, as well as improvements in buying margin and the growth of Topshop (which has a higher retail gross margin) as an in-house brand for the whole year. Whilst helping to offset the cost pressure in gross margin, action on pricing was also taken to mitigate the inflation seen elsewhere in the P&L.

Gross profit also benefitted from favourable breakage rates on historic gift cards and gift vouchers issued for out of policy returns. Updated redemption rates of these vouchers have shown that these are being redeemed in lower quantities than initially expected, and this has therefore led to a benefit of £7.5m being recognised as revenue in FY22.

Operating expenses

£m	Year to 31 August 2022	% of sales	Year to 31 August 2021	% of sales	Change
Distribution costs	**(523.7)**	***13.3%***	(509.5)	*13.0%*	*(3%)*
Warehousing	**(427.0)**	***10.8%***	(356.4)	*9.1%*	*(20%)*
Marketing	**(223.5)**	***5.7%***	(200.9)	*5.1%*	*(11%)*
Other operating costs	**(380.7)**	***9.7%***	(376.6)	*9.6%*	*(1%)*
Depreciation and amortisation	**(139.1)**	***3.5%***	(129.5)	*3.3%*	*(7%)*
Total operating costs (excl. adjusting items)	**(1,694.0)**	***43.0%***	(1,572.9)	*40.2%*	*(8%)*
Adjusting items	**(53.9)**	***1.4%***	(13.4)	*0.4%*	*(302%)*
Total operating costs	**(1,747.9)**	***44.4%***	(1,586.3)	*40.6%*	*(10%)*

Operating costs excluding adjusting items increased 8% year-on-year and by 280bps as a percentage of sales, reflecting inflationary pressures, adverse return rates and investment in marketing.

Distribution costs have increased by 30bps year-on-year, largely due to the increased return rate but partially mitigated by successful supplier negotiations and the continuation of a flexible carrier strategy which has reduced the use of higher cost lanes. A further impact on distribution costs has arisen from the launch of the Lichfield fulfilment centre and an increase in 'split-orders', where a parcel is shipped from both Lichfield and Barnsley to fulfil a single order. Whilst benefitting the customer proposition by ensuring maximum stock availability, it has increased the costs required to fulfil such orders.

Warehouse costs have increased due to increased labour inflation across all sites. This is expected to be a structural change within the market. Further adverse impacts on warehouse costs during the year have been driven by the launch of Lichfield as a manual facility and higher stock levels. The impact from Lichfield arises because some units that were previously despatched from Barnsley, which is highly automated, are now fulfilled from Lichfield at a lower level of efficiency. We have continued to take action to mitigate inflationary pressures through improvement and simplification of the supply chain network in FY22, notably the closure of Swiebodzin to enhance the efficiency of the EU returns network, as well as savings realised under the Lean programme which has been deployed across the fulfilment centres.

At the start of the year, it was anticipated that marketing costs would rise by 100bps for FY22. The actual increase of 60bps, to 5.7%, reflects initial investments being made in broad reach and product marketing, which were deployed on a test and learn basis during the year. Further investment was initially planned for H2 but was postponed as the economic environment worsened and consumer sentiment deteriorated. Spend on performance marketing was also slightly up year-on-year, as investments were made to capture demand; however, the impact of this overall increase was limited by allocation of spend to more efficient channels.

Other operating costs, excluding adjusting items, were broadly flat year-on-year due to increased operating leverage, as well as benefits derived from operational excellence initiatives across areas such as customer care, payments and returns.

Depreciation and amortisation costs as a percentage of sales were up 20bps year-on-year, excluding the amortisation on acquired intangibles. This was driven by the annualisation of depreciation relating to the Truly Global Retail system, which went live in March 2021, and the launch of the Lichfield fulfilment centre in August 2021. This increase was partially offset by a revision of the useful economic lives of automation and technology assets to bring these into line with our business plans and industry standards, which reduced the charge for the year by £11.5m.

Other operating income

Other operating income was £20.6m for the year, up from £nil in FY21. This includes £1.2m of income received following the decision during the year to sublet part of our site at Leavesden, and a £19.3m gain from closing out Russian Roubles hedges, which were no longer required following the decision to suspend trade in Russia on 2 March 2022.

Interest

Net interest costs were £22.1m in the period, an increase of £9.1m year-on-year mainly driven by interest costs incurred on the convertible bond issued in April 2021, as well as the annualisation of interest due on the loan from Nordstrom, which started accruing from July 2021.

Taxation

The reported effective tax rate (ETR) is 3.4%, based on the reported loss before tax of £31.9m. The rate has moved from the prior year comparative of 27.5%, which was based on a profit before tax of £177.1m, and from the HY forecast of 22.0%, based on a forecasted profit. The movement from profitability to making a relatively small loss, means the expected adjustments have had a greater absolute impact, and reduced rather than increased the ETR. The impact of the enacted April 2023 rate change on fixed asset movements, together with a higher adjustment for share-based payments due to the fall in share price during the year, have been the other drivers of the ETR movement.

Earnings per share

Both basic and diluted loss per share were (30.9p), falling by 124% versus last year (FY21: basic and diluted earnings per share of 128.9p and 128.5p[1]). This was driven by a reported loss before tax of £31.9m, down from reported profit before tax of £177.1m last year. The potentially convertible shares related to both the convertible bond and employee share schemes have been excluded from the calculation of diluted loss per share as they are anti-dilutive for the year ended 31 August 2022.

Cash flow

There was a cash outflow for the year of £339.8m, and we ended the year with a net debt position of £152.9m. This was mainly driven by a working capital outflow of £272.7m and CAPEX investment of £182.9m, offsetting EBITDA of £140.0m.

The working capital outflow reflects the higher year-on-year inventory position as we ended the year with stock of £1,078.4m (FY21: £807.1m) resulting from: (i) a marked slowdown in demand driven by global economic uncertainty; (ii) the timing impact of FY21 stock that was only received in FY22 as a result of supply chain delays; (iii) the impact of increased returns; and (iv) the early receipt of FY23 stock in FY22.

Capital expenditure totalled £182.9m in support of the planned automation programmes at Lichfield and Atlanta; technology investments into digital platforms, business systems and infrastructure in support of the development of the marketplace integration platform required for Partner Fulfils; continued optimisation of the customer experience in support of new features and improvement in conversion; and investments in support of ASOS' progress against our data strategy.

Mat Dunn
Chief Operating Officer and Chief Financial Officer

1 Diluted earnings per share for the year to 31 August 2021 has been restated. The previously disclosed number was 125.5p, and further information on the change can be found in Note 9, page 136 of the Financial Statements.

Outlook

Trading has remained volatile into the start of FY23, with September 2022 trading showing a slight improvement relative to August 2022. Against the backdrop of significant volatility in the macroeconomic environment, it is very difficult to predict consumer demand patterns for the upcoming year. Within the UK, we expect a decline in the apparel market over the next 12 months but remain confident in our ability to take share against that backdrop.

As a consequence of moving to the new commercial model, we will right-size our stock portfolio in the first half resulting in a non-cash write-off of £100m–£130m. Given the exceptional nature of the write-off, it will be treated as an adjusting item. We will begin to operate with lower stock levels in the second half due to the lead time on orders and deliveries. In addition to this, we expect c.£40m of adjusting items relating to the change programme, and Topshop brand amortisation.

We have reviewed our capital expenditure for FY23 and taken action to reduce spend appropriately, while still ensuring our long-term competitiveness. As a result, we are reviewing the phasing of our automation projects in Atlanta and Lichfield to better align with expected capacity requirements. We will, however, continue with purposeful technology investments in customer experience and digital improvements.

Taken together, over the next 12 months, we expect:

- The combination of lower freight costs (c.100bps), the measures taken in support of the new commercial model and a lighter cost structure to more than offset the impact of both inflationary headwinds in our cost base and expected cost of elevated return rates over the next 12 months.
- H1 loss driven by the usual profit phasing and exacerbated by elevated markdown to clear stock resulting from the change in commercial model, with the contractual freight rate decline year-on-year and cost mitigations expected to mostly benefit the second half.
- Capex of £175m-£200m, below the previously guided £200m-£250m mid-term range.
- An expected free cash flow in the range of (£100m)-£0m, with the business expected to return to cash generation in the second half as the new commercial model begins to have a positive impact on gross margin and working capital, and the cost reduction impacts accelerate.
- To navigate the continued macroeconomic volatility, we have agreed additional financial flexibility through the renegotiation of core banking covenants, with cash and committed facilities of over £650m at year end.

In conclusion, we are fully focused on creating long-term sustainable growth, and are confident that these short-term operational measures, combined with a longer-term focus on creating a more digitally based organisation, with a more efficient operating model, a reinvented customer acquisition dynamic, and a global footprint that optimises capital allocation, will enable us to deliver on our strategic ambitions.

Fashion with

In September 2021, we launched our new 2030 Programme for Fashion with Integrity, reaffirming our commitment to doing business responsibly by minimising our impact on the planet and delivering positive benefits for people.

This programme has four key goals: Be Net Zero, Be More Circular, Be Transparent and Be Diverse. Underpinning each is a series of metrics and key performance indicators (KPIs) so we can measure and communicate our progress.

Through this financial year we have focused both on embedding these KPIs within the business and beginning to deliver against our targets. We published our first ever Fashion with Integrity (FWI) Progress Update report in April 2022, reporting back on our results in FY21 and giving a glimpse into our key activities for FY22.

Read our FY21 FWI Progress Update report on ***asosplc.com/ fashion-with-integrity***

This report provides a further update on our FY22 progress towards these goals. More details on these, and performance against our KPIs for FY22, will be published in our next Progress Update report in April 2023.

integrity

For a full definition of our goals and KPIs and our latest full-year performance data for FY21, head to asosplc.com/fashion-with-integrity

Be Net Zero

KPI 01
Reduce Scope 1 and 2 emissions/order by 87% by 2030 vs 2018/19 baseline

FY22 update
We've rolled out an energy management system across all key operational sites with our partners, Amber Energy. This helps us to regularly track energy consumption as well as identify and deliver energy-efficiency projects.

KPI 02
Reduce own-brand product emissions/£profit by 58% by 2030 vs 2018/19 baseline (Scope 3)

FY22 update
We've continued to engage our suppliers on sustainability. Over 70% of Tier 1 and 22% of Tier 4 factories by volume have now completed the Higg FEM (Facility Environmental Module), offering a view into their environmental performance. We also held a supplier webinar series and directly engaged with a proportion of our Tier 1 & 4 factories on reducing carbon and energy use.

KPI 03
Reduce transportation emissions/£profit by 58% by 2030 vs 2018/19 baseline

FY22 update
We've explored ways of engaging customers on less carbon-intensive delivery methods and are looking at more ways to do this across key territories. We have set up a new partnership with Maersk for the inbound movement of goods and, to support this, together we are developing a sustainability roadmap.

KPI 04
Two-thirds of partner brands (by emissions) signed up to setting targets in line with Science Based Targets initiative requirements by 2025 (Scope 3)

FY22 update
We've engaged over 300 partner brands through a new self-assessment questionnaire which has been updated to include information on their environmental impact and carbon emission reduction targets. We've also started to create open resources to guide and educate brands towards reducing emissions and setting verified Science-based Targets.

Fashion with Integrity continued

For a full definition of our goals and KPIs and our latest full-year performance data for FY21, head to asosplc.com/fashion-with-integrity/

Be More Circular

KPI 01
100% of own-brand products made from recycled or more sustainable materials by 2030

FY22 update
We've developed and rolled out a new sustainable material certification database, onboarding our largest sustainable material suppliers. We've also expanded our list of approved more sustainable materials to include materials such as ECONYL® regenerated nylon and TENCEL™ x REFIBRA™.

KPI 02
We commit to defining our public-facing circularity strategy by 2023 so we can embed circular design principles by 2030

FY22 update
In November, we co-published an external version of our circular design guidebook with the Centre for Sustainable Fashion, UAL. In June, we launched our second circular design collection, building on what we learnt from our first collection at the start of FY21.

KPI 03
100% of own-brand packaging will be made from recycled materials and be widely recyclable by 2025

FY22 update
As part of our commitment to reduce the amount of packaging we use, we removed unnecessary product packaging from Topshop and Topman ranges.

KPI 04
Facilitate programmes for recycling and reuse in key markets by 2030

FY22 update
As part of the launch of our second Circular Design Collection in June, we launched a partnership with pre-loved clothing resale platform Thrift+, making it easier for our customers to extend their clothes' life.

Be Transparent

KPI 01
100% of ASOS own-brand products will have supply chains mapped to raw material level by 2030, extending our existing supply chain mapping

FY22 update
We've completed 536 audits since September 2021, covering 73% of our supply chain. All suppliers inherited from the acquisition of Topshop, Topman, Miss Selfridge and HIIT have now been audited. As part of our work on mapping our raw material supply chain, we've mapped 75% of our viscose supply chain (Tiers 1-5).

KPI 02
100% of partner brands on ASOS will have committed to the Transparency Pledge and ASOS Ethical Trading policy by 2025

FY22 update
Our self-assessment questionnaire for partner brands has been updated to include, as a minimum requirement, their commitment to sign the Transparency pledge. A new third-party brands Ethical Trade Policy was published on the ASOS Plc website with communications sent to all third-party brands in May.

KPI 03
From 2023, we will publish annual human rights strategy and implementation reports for independent monitoring by existing partners and external campaign groups

FY22 update
We've started a Human Rights saliency assessment which will help us to prioritise our activities in this area.

KPI 04
Customers will easily be able to view and interact with information on the sustainability credentials of 100% of ASOS brand products by 2030

FY22 update
This remains really important to us, so we are actively working on trialling solutions, including using QR codes on product labels to give more transparency.

Be Diverse

KPI 01

At least 50% female and over 15% ethnic minority representation across our combined leadership team by 2023 and at every leadership level by 2030

FY22 update

Female representation across combined leadership team has increased to 45% with ethnic minority representation increasing to 10%. We'll report more on these figures in April 2023.

KPI 02

Over 40% female representation in Technology, Product Management and Data Science roles by 2030

FY22 update

Female representation across these roles has increased to 31%.

KPI 03

Zero statistically significant differences in engagement scores and functional attrition rates across all demographics from 2030, with all ASOSers able to be their authentic selves at work

FY22 update

This year, we've taken a number of steps to ensure everyone at ASOS has the confidence to be whoever they want to be. While there remains a 3pt difference between our highest and lowest engaged demographics, we are closing the gap.

KPI 04

We'll publish a Diversity, Equity and Inclusion strategy and roadmap for the ASOS platform, our customers and our people by 2023

FY22 update

We are working to develop this strategy, which includes a range of external programmes. We successfully partnered with the British Paralympic Association, kitting out ParalympicsGB teams at the Tokyo and Beijing Games for formal and ceremonies wear. We also launched our second South Asian wedding collection and developed a new partnership with the Safe Space Alliance for Pride 2022.

Governance and reporting

Since September 2021, we have further developed and embedded our business-wide approach to ESG governance. We launched our ESG Committee in March 2022 (more information can be found on page 82), and its remit is to review how we are delivering our FWI strategy, and how we manage wider ESG risks and opportunities. To support this Committee, we have created two internal working groups: the FWI Working Group, which meets monthly, and the Governance Working Group, which meets bi-monthly. Both have helped to drive forward FWI and the wider ESG agenda.

We have completed our first Task Force on Climate-related Financial Disclosures (TCFD) risk assessment, more information on which can be find at asosplc.com/fashion-with-integrity/limited-assurance. We've also responded to the CDP Climate & Water questionnaires for the first time and continued to respond to benchmarks such as the Sustainable Apparel Coalition Brand and Retail Module. We were proud to be the top-scoring British company in the 2022 Fashion Transparency Index, again showing our commitment to a more transparent future for fashion.

On 29 July 2022, the UK's Competition and Markets Authority (CMA) announced that it had opened an investigation into certain fashion retailers, including ASOS, following the publication of the Green Claims Code. ASOS is committed to playing its part in making fashion more sustainable, including providing clear and accurate information about its products, and is co-operating with the investigation, which is ongoing.

Task Force on Climate-related Financial Disclosures (TCFD)

With the notable increase in frequency and severity of extreme weather events, there is growing public expectation for action around climate.

Both consumers and investors are pressing organisations to disclose how they contribute to climate change, how they will be impacted and how they address it. Sustainability and climate change has long been one of our principal risks (page 50) and our commitment to tackling climate change and creating a more sustainable future for fashion spans over a decade.

This has been recently reinforced by our new 2030 vision for Fashion with Integrity (FWI), centred around four key goals to become a more diverse, net-zero business with transparency and circularity at its heart.

—

Read more about FWI on ***pages 32-35***.

We also understand that climate change is not just a future threat but a subject impacting the business and its strategy today. We welcome the TCFD framework and are happy to disclose our first response to these reporting recommendations this year.

This is our first response to the TCFD reporting recommendations and although we have included disclosures against all 11 recommendations, there is room for improvement. We have included climate-related financial disclosures consistent with the TCFD's Recommendations and Recommended Disclosures (detailed below) with the exception of Strategy (a) and Strategy (b).

Strategy (a)

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

- The physical risk assessment disclosed in this report only considered ASOS direct operations and the ASOS own-brand supply chain. Although these provide the most direct risk to ASOS, we understand that there will be physical climate risks associated with our partner brands and within the wider distribution supply chain. We will look to include these aspects of the ASOS business in future assessments in the short term (1-2 years).

Strategy (b)

Describe the impact of climate-related risks and opportunities on the Company businesses, strategy, and financial planning:

- We have described the impact of climate-related risks and opportunities on our Company's business and strategy using a qualitative approach. In future assessments in the short term (1-2 years), we will look to disclose the financial impacts of the assessed risks and opportunities and provide further detail on how they affect financial planning.
- We will also ensure that in future assessments in the short term (1-2 years), we will drive more consistency between different risk and opportunity types to ensure they are comparable with regard to their impact on the business. In this report, the individual severity of physical risk exposure (of low/medium/high within the individual risk narrative) has been disclosed in relation to each individual assessment methodology and is therefore not directly comparable with other risk types.

TCFD 2021 revised annex – 11 disclosure recommendations

GOVERNANCE

a) Describe the board's oversight of climate-related risks and opportunities.
   — page 37

b) Describe management's role in assessing and managing climate-related risks and opportunities.
   — page 37

STRATEGY

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.
   — pages 38-44

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
   — pages 38-44

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
   — pages 38-44

RISK MANAGEMENT

a) Describe the organisation's processes for identifying and assessing climate-related risks.
   — page 44

b) Describe the organisation's processes for managing climate-related risks.
   — page 44

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.
   — page 44

METRICS AND TARGETS

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
   — page 44

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
   — page 44

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.
   — pages 33-35 and 44

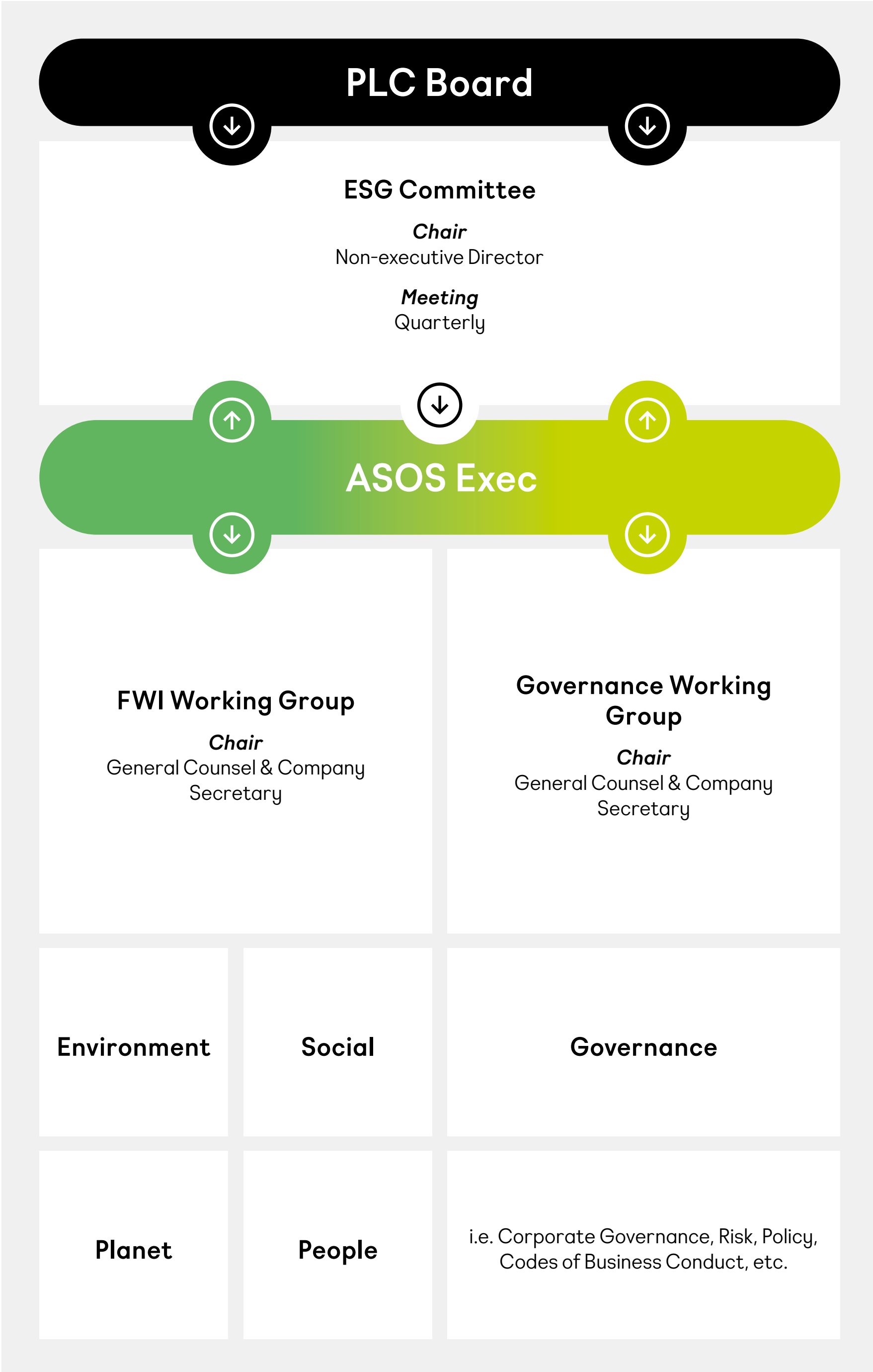
Governance

Climate-related risks and opportunities are reviewed at the highest level of our Company. We have recently evolved our corporate governance structure regarding environmental, social and governance (ESG) issues, including climate change, in recognition of the importance of these issues to the future of the business.

The highest level of governance is the Board-level ESG Committee, a delegated body of Non-executive Directors which provides oversight on behalf of and to the ASOS Plc Board in relation to the Group's ESG strategy and activities, including around the subject of climate change. The ESG Committee meets formally four times per year and feeds back to the ASOS Plc Board after every meeting. It is led by Independent Non-executive Director Eugenia Ulasewicz and is comprised of independent Non-executive Directors Karen Geary and Mai Fyfield, as well as ASOS Founder and Non-executive Director Nick Robertson. Eugenia Ulasewicz and Karen Geary are members of Chapter Zero, the UK chapter of the Climate Governance Initiative, and have experience of sitting on ESG Committees for other companies. This year the ESG Committee has focused on increasing its detailed understanding of the FWI 2030 strategy and reviewing performance against goals, KPIs and key initiatives. It also approved the first FWI Progress Update report published in April 2022.

Reporting into this Board-level ESG Committee are our FWI Working Group and Governance Working Group, both chaired by the General Counsel & Company Secretary, Anna Suchopar, who acts as the key liaison between the ASOS Plc Board and the Executive team. These Working Groups are comprised of a cross-functional team of senior leadership, representing all key areas of the business. The FWI Working Group was responsible for the formation of the new FWI strategy announced in September 2021. The group oversaw the development of the strategy and associated commitments, including our verified science-based carbon reduction targets. The FWI Working Group meets monthly and the Governance Working Group meets bi-monthly, with both reporting updates to the ESG Committee on a quarterly basis.

In addition, as sustainability and climate change has been identified as a principal risk (page 50), it is considered as part of the six-monthly risk review conducted by the Company's Audit Committee and reported to the ASOS Plc Board annually. The General Counsel & Company Secretary has executive responsibility for wider ASOS risk management and ensures consistency in approach between all teams managing climate-related risks and opportunities. Executive remuneration is partly weighted towards FWI targets, which includes climate targets (see the Directors' Remuneration Report on page 84).



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

Strategy

To better understand our climate-related risks and opportunities and their potential impacts on the business and our strategy, this year we conducted in-depth analysis with leading consultants, Willis Towers Watson. Together, we've conducted scenario analysis to identify and understand the potential risks and opportunities for ASOS over relevant time horizons. These scenarios are not predictions or forecasts, however they provide the business with a directional understanding of how the business may be impacted in the future, depending on how trends may continue or change. The scenario analysis completed assesses two primary types of risk and opportunity: physical risks and opportunities, and transition risks and opportunities.

Physical

Methodology

Physical risks are related to the physical impacts of climate change and include both acute events and chronic shifts. Acute physical risks, such as flooding and wildfire, are happening today but are expected to worsen for given regions in severity and/or in occurrence (frequency) in the future. Chronic physical risks are longer-term in nature and include changes in climatic conditions such as heat stress, drought and sea level rise.

The methodology used to evaluate the physical risks to ASOS' business considered two plausible climate scenarios, as defined by the Intergovernmental Panel on Climate Change (IPCC): a below 2°C scenario **(1.5°C scenario)** and a **4°C scenario**, in line with IPCC representative pathways (RCP) and shared social economic pathways (SSP) **RCP 2.6** (SSP1) and **RCP 8.5** (SSP5) respectively. In a below 2°C scenario, the transition to a lower carbon economy has occurred although there will still be some significant physical risks. In a 4°C scenario, minimal transition has occurred, and the physical risks will dominate. Acute and chronic physical risks have been assessed for 2030, 2050 and beyond to 2100 under the RCP scenarios, along with the present-day outlook.

Asset by asset exposure analysis for a range of climate risks at the present day, as well as for future projections, was undertaken for ASOS' own operations (offices, fulfilment centres, returns processing centres), Tiers 1-3 of ASOS own-brand supply chain, and key raw material sourcing regions (Tier 5) for two most-used natural materials: cotton and viscose. All ASOS operational assets were analysed and for the ASOS own-brand supply chain, 45 out of the top 50 suppliers by value were assessed. This totalled 265 supply chain locations across Tier 1-3 and represented 60% of the total own-brand intake value and 62% of all materials by weight. Partner brands fell outside of scope for our first scenario analysis this year, however, we will look to include these in future assessments in the short term (1-2 years).

Data used for this analysis includes leading models and databases used within the insurance industry for pricing of risk; climate models; published research; and information from the IPCC. The climate risks are derived from several data sources including Willis Towers Watson's own tools (Global Peril Diagnostic and Climate Diagnostic), data from Munich Re's climate change hazard databases and Cotton 2040 initiative's Planning for Climate Adaptation, and research findings from UKCP18, CCRA, ABI and the IPCC. Please note, risks impacting raw materials have only been assessed under the 4°C (RCP8.5) scenario, due to the source data used for this assessment.

Findings and mitigation actions

The physical climate risk profile of ASOS is heavily skewed towards the supply chain and global sourcing regions. While our own facilities and operations carry relatively small climate risk, the own-brand supply chain covered in this assessment is exposed to a variety of changes and possible negative impacts in both the low and high emission scenarios, now and throughout the century. Each physical risk has been assessed according to its unique modelled data and criteria. We have summarised the findings of this analysis to help communicate comparability between physical risks and how they change over time by each scenario. The summary findings and risk mitigation actions can be found overleaf.

Physical Risk Type	Physical Risk Description	Low Emissions Scenario –1.5°C global warming (RCP2.6)	High Emissions Scenario –4°C global warming (RCP8.5)	Mitigation Actions
Chronic	**Drought:** Impacts water resources as well as cotton growing and forestry. Limited impact on own operations however there could be material impact for the supply chain, particularly for facilities which rely heavily on water for manufacturing, such as dyeing materials. Short-term drought can also affect yields particularly at key stages of the growth cycle of cotton.	**Own operations:** All offices and fulfilment centres have a very low or low exposure to drought. **Suppliers:** 43% of ASOS' suppliers covered in this analysis are currently considered to have at least a medium level of exposure to drought. Suppliers will see no significant increase to drought risk over time.	**Own operations:** Offices under operational control see an increase in risk, whereas fulfilment centres do not see a change in risk profile. **Suppliers:** By 2050, 62% of ASOS' suppliers covered in this analysis could be exposed to at least a medium level of drought, rising to 88% by the end of the century. **Raw materials:** By 2040, ASOS' main cotton sourcing regions are likely to have a medium to high risk of short- and long-term drought.	**Own operations:** No mitigation actions currently due to low levels of risk but we will continue to monitor this risk to inform our approach as needed. **Suppliers:** In calendar year 2021, 107 Tier 1 (manufacturing level) facilities completed the Higg Index Facility Environmental Module (FEM) representing 45% of our own-brand intake by volume. This includes an assessment from either the WWF Water Risk Filter or the WRI Aqueduct Tool. Suppliers are then able to understand their water use and their water risk in a local context. **Raw materials:** Increasing transparency of the supply chain will give us better visibility of our exposure to drought to manage risks. Switching to 100% more sustainable cotton will mitigate this risk. This includes sourcing recycled cotton as an alternative to virgin cotton, as well as sourcing cotton from a certified standard such as Organic, which provides farmers with support and training in climate mitigating strategies, such as managing drought and identifying drought-resistant cotton seed varieties.
Chronic	**Heat stress:** Can impact the working conditions within facilities and require a level of adaptation to ensure the health & safety of workers. It can also pose a significant risk to cotton and viscose sourcing if regions are exposed to prolonged heat stress (temperatures consistently over 40°C).	**Own operations:** Currently, our fulfilment centre in Atlanta is the only location considered to be exposed to a high level of heat stress. No significant increase is anticipated to the current risk of heat stress in operations. **Suppliers:** Currently, most of ASOS' suppliers covered in this analysis have a medium or higher level of exposure to heat stress. Under this scenario, higher heat stress is developed by 2030, which sustains to 2050 and beyond.	**Own operations:** Some of our fulfilment centres, for example Atlanta, could see increased exposure to heat stress and annual heat wave days beyond 2050. **Suppliers:** Currently, most of the suppliers covered in this analysis have a medium or higher level of exposure to heat stress. Under this scenario, higher heat stress is further developed by 2030, increasing in severity beyond 2050. **Raw materials:** Some sourcing regions for cotton are projected to have increased risk of heat stress by 2040, which would result in more days exposed to temperatures over 40°C, posing significant risk to cotton yields.	**Own operations:** Ensuring appropriate health & safety measures in own operations, including heat management systems and air conditioning. **Suppliers:** Working with suppliers closely and inspecting factories for sufficient ventilation systems and other relevant risks such as humidity, air quality and temperature. **Raw materials:** Reducing our reliance on virgin cotton by increasing the volume of recycled cotton in our ranges. Increased transparency of our supply chain will support identification of direct risks and impacts.
Acute	**Wildfire:** Impacts key infrastructure including buildings, roads and utilities. Threat to human life, agricultural crops and forests. May cause disruptions to supply chain and distribution, and costs of raw materials like viscose.	**Own operations:** Currently there is no significant risk or significant increase over time under this scenario. **Suppliers:** Currently a medium proportion of ASOS' suppliers covered in this analysis have a significant wildfire risk. By 2030, this risk is likely to increase slightly with more factories exposed to wildfire conditions.	**Own operations:** Currently there is no significant risk or significant increase over time under this scenario. **Suppliers:** By 2050s, this risk increases slightly in comparison to the low emission scenario. **Raw materials:** By 2040, some cotton growing regions (e.g. India, Pakistan and US) could have material exposure to wildfire risk.	**Own operations:** No mitigation actions currently due to low levels of risk but we will continue to monitor this risk and review our approach accordingly. **Raw materials:** Increased visibility of our supply chain will give us a greater understanding of our exposure to high-risk regions. Reducing our reliance on virgin cotton will reduce this risk for the business.

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

Physical Risk Type	Physical Risk Description	Low Emissions Scenario –1.5°C global warming (RCP2.6)	High Emissions Scenario –4°C global warming (RCP8.5)	Mitigation Actions
Acute & Chronic	**Flooding:** The key implications include damage to buildings and equipment, facilities access issues and possible delays in resuming operations in supply chain and distribution. It can also impact cotton crops and plantations. This includes the impacts from increased coastal and fluvial flooding and sea level rise.	**Own operations:** Flooding has very little contribution to the risk profile in the present-day with little change under this scenario as all locations continue to have a low exposure. **Suppliers:** A low number of ASOS' suppliers covered in this analysis are considered as having an existing medium to high risk of flooding with no significant change over time.	**Own operations:** The risk specific to ASOS operations remains low overall. **Suppliers:** The frequency of flood increases slightly for all exposed assets by 2030 with no further risk increase to 2050 and beyond. **Raw materials:** In the short term, river flood changes for cotton growing regions are not significant, although there is currently medium risk in some regions today. Coastal flood and sea level rise pose a more significant risk to certain regions by 2040.	**Own operations:** No mitigation actions currently due to low levels of risk but we will continue to monitor this risk and review our approach accordingly. **Suppliers:** ASOS requires manufacturing facilities to complete the Higg FEM annually, this includes an assessment from either the WWF Water Risk Filter or the WRI Aqueduct Tool. Suppliers are then able to understand their water use and their water risk. **Raw materials:** Reducing our reliance on virgin cotton by increasing the volume of recycled cotton in our ranges. Increased transparency of our supply chain will support identification of direct risks and impacts.

Using the findings from scenario analysis, ASOS has identified climate migration as a potential significant social risk directly resulting from the chronic and acute climate-related risks. A description of this risk and mitigation actions are provided below.

Risk Description	Mitigation Actions
Climate migration (supply chain) – climate change is leading to the forced displacement of people and contributing to worsening living conditions. The Institute for Economics and Peace (IEP) estimates that by 2050, 1.2 billion people could be displaced globally due to climate change and natural disasters. A working paper by Cornell NCP highlights that by 2030 it is expected there will be massive internal displacement in Bangladesh, China, and Vietnam. These three countries are key sourcing regions for ASOS. The United Nations estimates that women make up 80% of climate refugees.	During FY23 we will complete a Human Rights Saliency Assessment to inform our forthcoming Human Rights Strategy and strengthen our Human Rights Due Diligence framework to protect workers, including those impacted or displaced by climate change. Our 'critical friendship' with Anti-Slavery International (ASI) enables us to form relationships with relevant stakeholders on the ground, working to support those affected. We are also strengthening our Global Framework Agreement with IndustriALL Global Union and working towards mature industrial dialogues for just worker representation.

Summary

According to the analysis completed, we can summarise that the most material physical climate-related risks for ASOS are drought, heat stress, wildfire and flooding. In the low emission scenario, the modelling suggests that all ASOS operations maintain low levels of risk in each area, with the supply chain experiencing some increased exposure to heat stress and wildfire risks up to 2050.

In the high emission scenario, our analysis indicated that ASOS operations again experience generally low risk levels with some increase for drought and heat stress beyond 2050. For suppliers and raw materials, exposure to chronic and acute risks, in particular drought and heat stress, increases to 2050 and beyond with an increase in the severity of flooding and wildfires.

Furthermore, we identify climate migration to provide a further social risk as these chronic and acute physical risks shift over time. Our mitigation actions largely focus around implementing our FWI programme, our sourcing strategy, and our ongoing work on human rights.

Transition

Methodology

Transition risks and opportunities are affected by the pace and timing of decarbonisation of the global economy. It is affected by changes to markets, technology, policy and legislation and the behaviour of key stakeholders, including customers and investors. To understand these factors and their impact on ASOS we looked at two primary scenarios plausible with transitioning to a lower carbon economy: below ~1.5°C (achieving global net zero CO_2 emissions by 2050) and below ~ 2°C. The approach to building scenarios follows guidance issued by the TCFD in their Guidance on Scenario Analysis for Non-Financial Companies document. The scenarios are constructed from a variety of sources, including the Shared Socioeconomic Pathways (SSPs) which informed the Sixth Assessment Report (AR6) developed by the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA) and the NGFS (Network for Greening the Financial System).

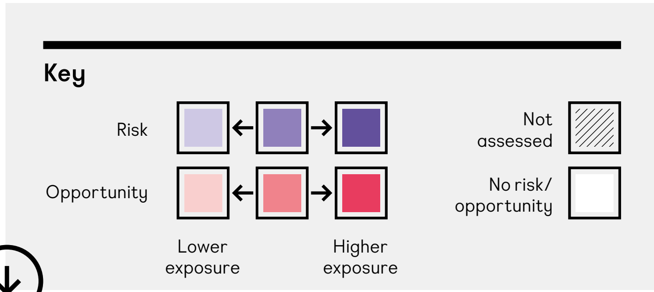
It is widely understood that risks associated with the transition to a lower carbon economy will manifest more quickly than the physical risks associated with climate change, and therefore different time horizons of 2025 (short term) and 2030 (medium term) were used for this assessment. ASOS' Be Net Zero KPIs and associated Science-based Targets are also aligned to this 2030 (medium term) time horizon. The assessment was conducted using the ASOS Enterprise Risk Management (ERM) impact and likelihood rating criteria to ensure consistency across wider ASOS risk assessments.

Risk and opportunity areas across ASOS' entire value chain were discussed and agreed with Willis Towers Watson, leveraging its experience in conducting similar studies and using public domain research. These risks and opportunities were then assessed in terms of impact and likelihood via a series of subject matter expert interviews with senior business leaders across key ASOS departments, taking into consideration the full ASOS value chain.

Following the completion of the analysis it was understood that within the timescales reviewed, the two scenarios exhibited very similar risk and opportunity profiles, so for the purpose of this report the findings have been combined.

Findings

The transition risk and opportunity areas assessed included: Policy & Legal, Technology, Market and Reputation. A breakdown of these areas and the individual topics assessed can be found below as well as a summary of the potential exposure experienced in both the short and medium term.



Risk	Risk name	Risk		Opportunity	
		2025	2030	2025	2030
01	Policy & Legal				
a	Pricing of GHG Emissions (Scope 1 and 2)				
b	Climate Change Litigation				
c	Mandates and Regulation of Products				
d	Enhanced Emissions-Reporting Obligations				
02	Technology				
a	Substitution of Existing Technologies to Lower Emission Options				
03	Market				
a	Changing Consumer Preferences				
b	Increased Cost of Raw Materials				
c	Cost of Capital				
d	Emissions Offset				
04	Reputation				
a	Investment Risk				
b	Stakeholder Risk				
c	Employee Risk				

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

Risk	Risk Type	Risk Description	Risk Impact	Opportunity	Mitigation/Response
01	Policy & Legal	**Included the possible pricing of GHG emissions and/or a direct carbon tax. This risk area also includes mandates and regulation of products, climate litigation and enhanced reporting requirements.** **Network for Greening the Financial System (NGFS) has been used as a primary source for carbon price estimates. All figures represent mid-points between the highest and lowest regional forecasts for carbon prices.**	As the ASOS Scope 1 and 2 carbon emissions are relatively small, the impact of this risk remains moderate, using ASOS' ERM scales. It is not expected that climate change litigation poses a significant risk and enhanced emissions-reporting obligations remains a low risk with the potential to increase beyond 2025, depending on the requirements brought into place. The most significant category within this area is mandates and regulation of products in key ASOS markets. This is already being experienced across some parts of the ASOS value chain (for example extended producer responsibility legislation in the UK and EU) and has the potential to become a more significant area beyond 2025 for wider product categories.	The policy and legal category was not considered to provide any significant opportunities for our business at this stage.	– ASOS is focused on reducing carbon emissions, with the setting of science-based targets which have been approved by the Science Based Targets initiative (SBTi). – ASOS reducing Scope 1 and 2 carbon emissions and targeting 87% reduction/order by 2030 vs 2018/19 baseline year (page 33). This will reduce our exposure to any potential future GHG pricing mechanism which is mandated to a company's direct operations. – Switching to more sustainable materials in both packaging and products with the goal of achieving 100% more sustainable materials in ASOS own-brand products by 2030 and 100% of own-brand packaging made from more sustainable or recycled materials by 2025 (page 34). Whilst this is currently a voluntary activity and target for us, it pre-empts and mitigates potential future regulation of products. – Improving transparency across the supply chain via Be Transparent FWI goals (page 34). This reduces policy and legal risks by allowing us to identify and fix issues and ensuring external partners and audiences can track our impact.
02	Technology	**The substitution of existing technologies to lower emission options provides both an important risk and opportunity for the business.**	There is a risk that ASOS may fail to implement or take full advantage of these technologies, potentially resulting in a lack of competitiveness and increased requirement for investment. There is also a risk of suppliers passing on the cost of their investment in such technology to ASOS.	Across the value chain, technology improvements towards lower-carbon alternatives will provide us the opportunity to reduce emissions, drive efficiency and improve quality.	– This year, we have started working directly with key ASOS suppliers that contribute to ASOS' Scope 3 emissions to assess carbon reduction potentials via Carbon Tech Assessments (CTAs) and identify suppliers to take part in Aii's Carbon Leadership Program[1], funded by ASOS. The programme will deliver a five-year action plan for suppliers, including key financial investments with payback periods. – In calendar year 2021, 107 Tier 1 (manufacturing level) facilities completed the Higg Index Facility Environmental Module (FEM) representing 45% of our business by volume. We are continuing to roll out FEM further down our supply chain, particularly to Tier 4 suppliers, who contribute the most to our supply chain carbon emissions, so we can identify opportunities to support suppliers in reducing their energy and carbon emissions with new and existing technology and clear payback periods. – Developing robust delivery plans for FWI goals to help prioritise the implementation of initiatives and the allocation of resource and investment to the right areas. – Working with key suppliers to trial new technology using lower-impact processes such as digital printing.

1 https://apparelimpact.org/apparel-impact-institute-carbon-leadership-project

Risk	Risk Type	Risk Description	Risk Impact	Opportunity	Mitigation/Response
03	Market	**Within the market in which we operate, several changes may result in risk and opportunities for ASOS. Changing consumer preferences are expected to intensify the potential increase in demand for more sustainable products and services.** **This risk area also includes the cost of raw materials, the cost of capital and voluntary emission offsets.**	Not responding to these changing consumer preferences may result in residual risk. As the wider market moves to using more sustainable materials in packaging and products, it may result in an increased cost of these raw materials as demand and supply constraints interact. ASOS, like many fashion brands, aims to increase its use of more sustainable materials which may impact sourcing availability and strategy. ASOS also has a commitment to achieving net zero carbon emissions across its value chain by 2030. Although it is expected that a large amount of these emissions will be eliminated via carbon emission reductions in line with our Science-Based Targets, a residual amount will need to be neutralised through emissions offsets. We have a target to be carbon neutral in our direct operations (offices, fulfilment centres, deliveries and returns) from 2025. The pricing and mechanisms for securing appropriate offsets across the value chain is uncertain. As we decarbonise the business and work to deliver our FWI goals ahead of 2030, the accuracy of these forecasts will improve.	Capitalising on this opportunity by catering to increased consumer demand for more sustainable products could provide a positive business impact in the future. While wider market changes may create risk by increasing the cost of raw materials, increased demand coupled with support from governments and greater investment from the fashion industry may increase supply and reduce costs. There is an opportunity to scale lower-emission technologies such as fibre-to-fibre recycling, which would increase yield of recycled fabric while reducing waste. Building increased transparency of the supply chain and investing in sustainable materials will enable better security of supply and pricing. Additionally, we are seeing across industry that the cost of capital can be reduced when linking financial instruments to ESG targets and positive performance. As the ASOS FWI strategy grows in maturity the opportunity to realise these benefits will become greater.	– Continue investing in ASOS FWI goals to reduce carbon emissions and drive greater circularity across the business (pages 33-34). – Continue building transparency of the supply chain (Tiers 1-5). – Provide effective and accurate consumer communication to help customers make more informed purchase decisions and create further opportunities for customers to recycle, resell or donate pre-loved products.
04	Reputation	**The perspectives of key stakeholders as the global economy transitions to a low-carbon future will provide risk and opportunity for ASOS. It is understood that investors are increasingly knowledgeable and aware of sustainability when making investment decisions.**	There is an inherent risk that stakeholders, including customers, may perceive ASOS negatively. Conversely, effective delivery of efforts in sustainability may result in positive external perceptions of our business.	We can leverage this reputational shift and gain new and greater investment from investors by delivering against our FWI 2030 strategy and understanding and managing our wider ESG risk. Prospective employees are increasingly making decisions on where to work based on these factors. Additionally, other key stakeholders such as NGOs and brand partners are increasingly interested in ASOS' ESG performance and strategy. Meeting the requirements and expectations of those stakeholders will be important to maintain positive relationships into the future.	– Understanding the requirements and opinions of our stakeholders and ensuring we are reflecting these in our FWI strategy. – Delivering against our new 2030 FWI commitments and effectively communicating this progress to key stakeholders, externally and internally. – Continue to improve transparency in ESG reporting including further external assurance on data.

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

Summary

It is understood that ASOS will be exposed to both transition risk and opportunity between today and 2030, across all primary areas: policy and legal, market, technology, and reputation. The mandates and regulation of products are an existing risk which is likely to evolve between now and 2025 and beyond to 2030. Technology will continue to transform, potentially creating risks but also unlocking opportunities for efficiency. The market in which ASOS operates is likely to change, with consumer preferences and the cost of materials shifting to present both risk and opportunity. Finally, the reputation of the Company will continue to be affected by the issue of climate change and managing our relationship with key stakeholders will be key to our future success.

Risk management

Sustainability and climate change is named as one of our principal risks (page 50) and it is assessed and managed as part of our wider risk management approach. The analysis of climate change and sustainability risk has focused on both physical risks and transition risks.

Our assessment of physical climate-related risks has used leading models and databases within the insurance industry to ensure outputs are robust and comparable to Willis Towers Watson studies. The analysis conducted to understand our climate-related risks and opportunities associated with the transition to a lower-carbon economy has used the ASOS Enterprise Risk Management approach to ensure outputs are comparable across our wider risk landscape. The project team included representatives from the ASOS risk team, who fed into the process and reviewed its findings.

ASOS has an ESG risk register which is formally reviewed every six months. This encapsulates multiple risks across the ESG landscape and feeds directly into our principal risks. The findings from the climate-related physical and transition risk and opportunity assessments will be fed into this ESG risk register to ensure alignment and a consistent management approach.

Metrics and targets

The metrics used to assess climate-related risks and opportunities are Scope 1, 2 and 3 emissions, which are calculated and reported on an annual basis. You can find our latest full Scope 1-2 footprint for FY22 in the table below. Our Scope 3 footprint for our most recent full-year reporting cycle (FY21) is 1,506,834 tCO_2e. Due to the detail involved in calculating our Scope 3 emissions, we will be sharing our entire footprint for FY22 in our next FWI Progress Update report, which will be published in April 2023 on our website asosplc.com/fashion-with-integrity/reports-and-policies/.

In September 2021, we launched a new set of carbon reduction targets verified by the SBTi. These KPIs can be found on page 33. A full breakdown of our climate-related targets, 2030 goals and associated KPIs is available in our FWI 2030 strategy paper on asosplc.com/fashion-with-integrity/.

ASOS has published its carbon emissions since 2012 and has recently launched a new set of carbon reduction targets, verified by the SBTi in 2021. We have also recently committed to report our full Scope 1, 2 and 3 carbon emissions on an annual basis, you can find these for the most recently completed reporting year (FY21) on our website asosplc.com/fashion-with-integrity/reports-and-policies/.

We also publish our up-to-date Scope 1 and 2 emissions in line with the Streamlined Energy and Carbon Reporting (SECR) requirements within this Annual Report, which can be found on page 108.

For FY22, we have also enhanced our reporting by seeking external assurance for our Scope 1 and 2 emissions for the first time. PricewaterhouseCoopers LLP (PwC) conducted an independent limited assurance engagement on selected GHG emissions data (shown with the symbol Ⓐ) for the year ended 31 August 2022 in accordance with International Standard on Assurance Engagements 3000 (revised), and the International Standard on Assurance Engagements 3410, issued by the International Auditing and Assurance Standards Board. A copy of PwC's report and our methodology to which it relates is available on our website asosplc.com/fashion-with-integrity/limited-assurance/. This will add further robustness to our data and transparency, and we will be working with PwC in the coming months to develop an assurance plan for wider FWI and ESG metrics.

In April 2022, we published our first FWI Progress Update report for FY21. This report includes updates across all our FWI metrics and targets for FY21, and progress made within the first half of FY22. We will be publishing our next FWI Progress Update report in the coming months for the FY22 reporting period and integrating further ESG metrics and data points.

This report will be available on our website asosplc.com/fashion-with-integrity/reports-and-policies/.

Location based emissions	Unit of measurement	FY22	FY21	% change
Total global Scope 1 emissions from combustion of gas	tCO_2e	3,351Ⓐ	3,602	-7%
Total global Scope 2 emissions from purchased electricity – location based	tCO_2e	11,497Ⓐ	11,338	1%
Total global gross location based emissions	tCO_2e	14,848	14,940	-1%

Market based emissions	Unit of measurement	FY22	FY21	% change
Total global Scope 2 emissions from purchased electricity – market based	tCO_2e	2,860Ⓐ	3,150	-9%
Total global gross market based emissions	tCO_2e	6,211	6,752	-8%

Non-financial information statement

The table below constitutes the Company's non-financial information statement as required by sections 414CA and 414CB of the Companies Act 2006. In addition, our website asosplc.com contains a wide range of non-financial information.

Reporting requirement	Relevant policies and documents which govern our approach	Annual Report section	Page
Environmental & social matters	• Environmental Policy • Responsible sourcing policies including chemicals, restricted substances, cotton, animal derived materials • Fashion with Integrity (FWI) 2030 programme – Be Net Zero & Be More Circular goals • Group Tax Strategy • Stakeholder engagement	• Task Force on Climate-related Financial Disclosures (TCFD) • ESG Committee • FWI Report • Principal risks and opportunities • Section 172 statement	36-44 82 32-35 48-53 20
ASOSers	• Code of Business Conduct • Health & Safety Policy • Whistleblowing Policy • FWI 2030 programme – Be Diverse goal	• Our people • Stakeholder engagement • FWI Report • Directors' Remuneration Report – employee engagement • Directors' Report – employment policies	10-13 20-23 32-35 87 107
Human rights	• Human rights policies on migrant workers, child labour, global framework agreement with IndustriALL • Whistleblowing Policy	• FWI Report • Stakeholder engagement • Principal risks and opportunities	32-35 20-23 48-53
Anti-bribery & corruption	• Code of business conduct • Anti-Bribery & Corruption Policy • Gifts & Entertainment Policy • Data privacy • Cyber security	• Audit Committee Report • Directors' Report	72 106
Risk management	• Risk Management Standard • ASOS Risk Taxonomy	• Risk management • Principal risks and opportunities • TCFD – climate-related risks	46-47 48-53 36-44, 50
Business model		• Business model	18-19
Non-financial KPIs		• KPIs • FWI 2030 programme	14-15 32-35

Risk management at ASOS

At ASOS, we know we need to take risks to grow for tomorrow and at the same time protect ASOS and our ASOSers against unrewarded threats.

Therefore, we seek conscious risk taking, empowering our people to take risks within our new framework, but also to pause and think about how to manage and control or mitigate the risks we are exposed to, and to escalate risks that are significant and or are outside of our risk appetite.

Our new Risk Management Standard applies to every part of our business and it has been evolved in a manner that is appropriate for our rapidly changing business and our unique culture. It empowers us to identify our key risks and opportunities and enables us to manage them appropriately to meet our strategic objectives and support sustainable growth.

Our approach to risk management

Identifying risks and opportunities is a continual process, which plays a key part in our day-to-day decision-making and operations. Creating a culture that is risk-aware, while being opportunity-driven, enables us to continue to move at pace at what we do.

Protect

Many of the risks we manage relate to compliance with the laws, regulations, and our own policies, which protect ASOS and our ASOSers today. We have a low appetite for breaches of these rules – in such cases, we work towards minimal risk taking.

Anticipate

Everywhere we operate, we are exposed to external risks. These are only increasing in prominence: regulatory change, conflict and civil unrest, pandemics, cyber-attacks and many others. Whilst external risks may be threats to achieving our strategic objectives, they can also present significant opportunity. Although we have little ability to prevent such risks from occurring, it is our choice as to how prepared we are, and how we respond. Our ability to anticipate and prepare for, or respond to, these can give us a competitive advantage.

Grow

In the competitive markets in which we operate, we strive to improve how we do things, as well as to innovate and grow.

In making the many strategic decisions that those ambitions require, we seek to take a proportionate level of risk for growth and competitive advantage – but we must take the right risks in the right way. We do this by identifying, understanding and managing risks in line with our risk appetite.

Roles and responsibilities

Our Board and Executive team's priority is to protect and grow ASOS as a whole. To help them do this we have categorised our complete risk universe in the ASOS Risk Taxonomy. Each of the risks we document in our risk registers are linked to this Taxonomy so the information aggregates and flows in an organised way. This lets us see the full picture to make strategic decisions and allocate resources.

Understanding what may prevent us from achieving our strategy and how we are going to respond to these risks is key. This is underpinned by the information provided by all ASOSers when recording and escalating the risks that matter the most, in a consistent way.

Protect today's values

Establish the foundations to protect against unrewarded threats.

Make it easy to manage risk.

Anticipate what is on the horizon

Look beyond today and bring the outside in.

Build resilience and beat the competition.

Take risk to **Grow** for tomorrow

Take the right risks, at the right time, in the right way.

Make great things happen.

Proactive and forward-thinking, with real insights and intelligence to inform decision makers.
Focus on the right things, with effective and efficient control proportionate to the risk.

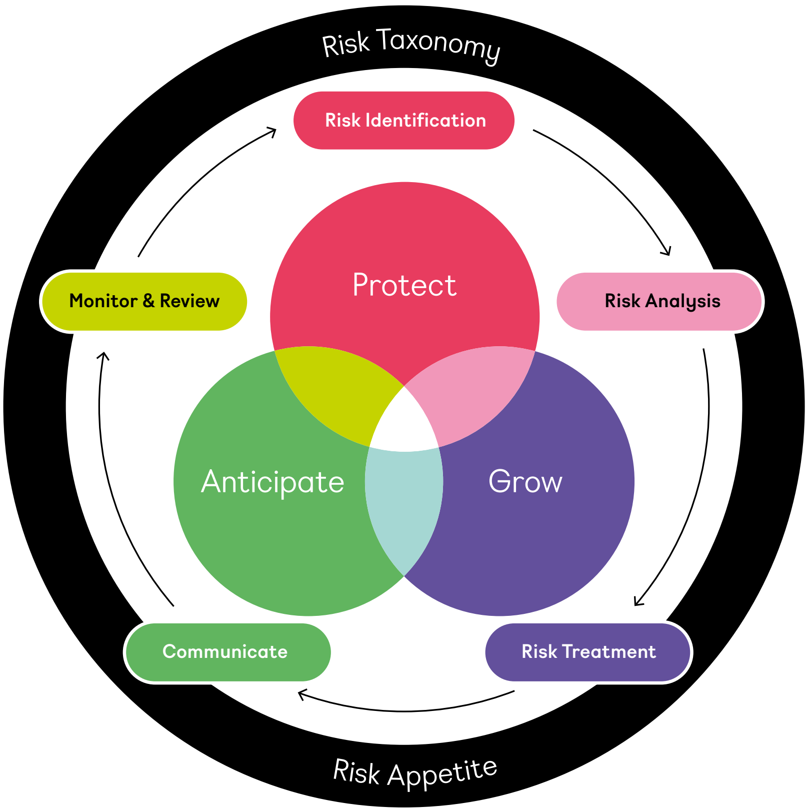
Risk appetite

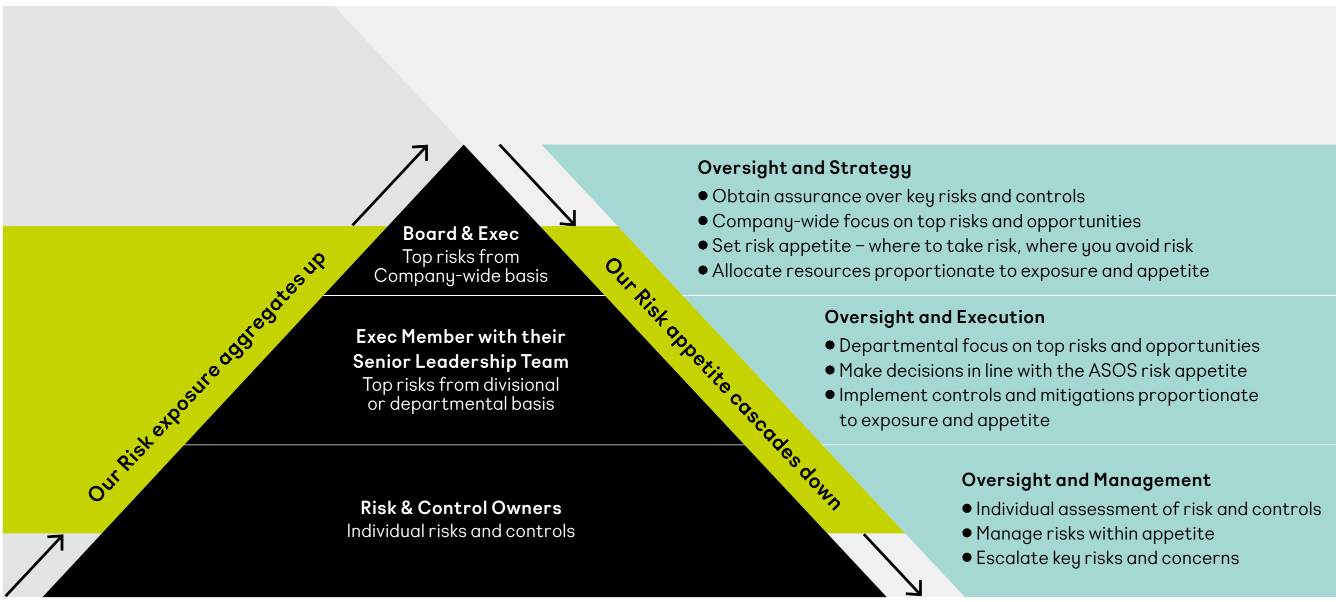
Risk appetite is how much risk we are willing to take, or not take, for different types of risks. This is at the heart of our risk management approach, and our risk appetite helps us in taking the right risks, in the right way, at the right time to take advantage of opportunities. Our risk appetite is set by risk category and has been set and approved by the Audit Committee, to allow us to take and avoid risk in line with their mandate.

Our risk appetite is set by category of risk and operates on a 3-point scale ranging from: (i) risk averse, (ii) risk balanced and (iii) risk seeking. This 3-point scale informs the desired approach to the control environment, assurance plans and treatment of the risk and provides a framework for our ASOSers to operate within.

Risk assurance

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





Principal risks and opportunities

As a global company, our principal risks and opportunities are created through the complex nature of our operation, scale and ambition, and we know that emerging risks can change quickly and can be heavily influenced by the macroeconomic environment. This year has certainly demonstrated how quickly the risk landscape can evolve.

Russia's invasion of Ukraine and the subsequent ongoing war has impacted supply chains, people and operations worldwide. The knock-on effect on geopolitical and global financial instability, inflation, energy shortages and the resulting impact on cost of living is already impacting our people, customers and partners. In addition, whilst many government prescribed restrictions have been lifted, we continue to feel the impact of the COVID-19 pandemic through elevated supply chain costs and shifts in the employment market including talent availability, a competitive recruitment market and wage inflation. Combined with changing expectations regarding ways of working (particularly location and flexibility) it is harder to find and retain the right talent.

As we navigate these uncertainties and changes, we continue to scan the horizon to ensure that we identify emerging risks as soon as possible and react early where needed to either mitigate or take advantage of opportunities.

Risk movement key

↑ Increased risk ↓ Decreased risk ↕ Stable Δ New risk

Macroeconomic changes

Risk movement ↑

Risk owner Chief Financial Officer

What's the risk?
Specific macroeconomic and geopolitical changes and uncertainty can influence our business by impacting our ability to trade across borders, influencing customer behaviours, diminishing our customer proposition, and, ultimately, impacting our financial performance.

The Russian invasion of Ukraine, ongoing challenges from the COVID-19 pandemic, and Brexit are all being felt. We are currently facing political unrest and instability, significant inflation which is causing a cost-of-living crisis and the associated risks of recession and labour availability in our supply chain remains challenging. We have already seen the increase in cost-of-living impacting ASOSers and our customers. Customer purchasing behaviour has changed, with returns increasing as customers have less disposable income. Inflation is seen right through the supply chain and globally we are facing into potential energy rationing this coming winter.

How do we manage the risk?
We continue to monitor the many and variable macroeconomic risks, resulting customer behaviours and market dynamics to put into place mitigating measures to prepare for any further volatility, including:

- The Executive Committee and Operating Board continue to monitor, model and assess the potential outcomes and supply and demand impact of recession, inflation, geopolitical events (including COVID-19, Brexit and Russian invasion of Ukraine) and cost-of-living increases.
- We have a diverse, multifaceted sourcing and supply chain involving multiple suppliers and locations to minimise an over-reliance on an individual country and/or supplier or brand, and so we can use our extensive network in the event of capacity or capability changes.
- Further strengthening our balance sheet to improve resilience.

Supply chain disruption

Risk movement ↕

Risk owner Group Supply Chain Director

What's the risk?
Global or local supply chain disruption and/or crises (caused by events such as political unrest and global pandemic) cause issues in our inbound (e.g. supplier or carrier failures) or outbound (e.g. carrier or fulfilment centre disruptions) supply chain, which impacts our ability to deliver what our customers want, when they want it.

The Russian invasion of Ukraine and our decision to cease trading in Russia has impacted our supply chain through increasing our inventory holding in Europe as well as causing significant inflation in our cost base. The impact of Brexit and the COVID-19 pandemic is still felt in our operations, for example, we continue to face disruption and congestion in US ports and have ongoing labour availability challenges. Whilst continuing to be challenging, we have learnt significant lessons about how to strengthen the resilience of our supply chain and continue to evolve this every year.

How do we manage the risk?

- Monitoring & Forecasting – we continuously monitor demand and availability to adjust intake accordingly.
- We have multiple delivery methods, routes, ports and carrier strategies to minimise risk of disruptions.
- Continuously evolving Supply Chain Business Continuity strategies and plans to respond to incidents and we have fed in the lessons learnt from the COVID-19 pandemic.
- Creation of additional storage solutions to accommodate any anticipated stock build caused by disruptions to supply chain.
- Automation of our fulfilment centres to increase throughput capacity and productivity.
- Ongoing relationship management with carriers and suppliers to ensure early warnings of disruption and to agree mitigation actions.
- Driving process improvements on stock visibility with our new Global Supply Chain Management Partner, improving lead time and cost.
- Enhancing our contracts with carriers to drive clearer terms and requirements.
- Designing and building our own inbound visibility platform for launch in FY23.

Transformation projects fail to deliver required outcome

Risk movement

Risk owner Chief Executive Officer

What's the risk?

We are going through several transformational changes to ensure the business continues to be successful as it evolves and grows. New technology, systems and processes are essential enablers to continuing to evolve at pace. At the same time, delivering transformation is complex and can cause disruption in the business as changes are implemented. This can lead to increased cost and lost opportunities. Transformation success is reliant on the right capability and capacity to deliver the changes and can be dependent on internal and external inputs. Issues with access to capability and capacity, or the execution of dependencies can cause delays and risk failure to deliver outcomes or adapt to the change. This can lead to business disruption and duplication, which can cause challenges in achieving strategic objectives.

The focus this year has been on progressing core initiatives alongside further evaluation and prioritisation of strategic initiatives given the economic environment, leveraging internal and external opportunities. Whilst delivery confidence has increased with delivery plans further solidified, ambition levels have also increased for the coming years. The prioritisation of our transformation workstreams for FY23 will balance achievability with ambition and will focus on four actions targeted at improving ASOS' ability to navigate the existing uncertainty by: renewing its commercial model and improving inventory management to increase flexibility within logistics operations; simplifying and reducing its cost profile; ensuring a robust and flexible balance sheet; and reinforcing the leadership team and refreshing the culture.

How do we manage the risk?

- An Executive-led governance structure is in place to oversee the transformation. A Design Authority reviews proposed changes to assess integrity of design and viability of business case, with final business case approval granted by an Investment Board.
- ASOS' Transformation Management Office (TMO) has been established to drive and monitor transformation programmes, including managing transformation risks.
- The Transformation Portfolio is organised into Transformation Themes, with each Theme responsible for a set of transformation workstreams. Each Theme has an assigned responsible lead and Executive Sponsor. The Theme Lead and Executive Sponsor oversee and manage progress, risks, dependencies and impacts.
- Internal and/or external assurance review exercises are used to validate progress and project readiness including delivery gates and programme health checks.
- Regular updates on progress and key issues and risks for the major programmes are provided to the ASOS Plc Board and Audit Committee. This is enabled by detailed programme management from the TMO.
- Strategic Transformation objectives are embedded into the Executive team's individual objectives.

Data breach

Risk movement

Risk owner Chief Technology Officer and General Counsel

What's the risk?

As an online retailer, we use data for several different reasons, including to process orders, receive payment and engage with our customers on a regular basis. With c.26.4 million active customers worldwide, we work with a variety of third-party suppliers, and employ thousands of ASOSers – with that comes a lot of responsibility to protect the integrity of data being used and processed, and it means that we will always be a target for cyber threats.

Deliberate theft or accidental loss of confidential ASOS or customer data, due to inadequate technical controls, employee breach, targeted attack, or error, could cause reputational damage, regulatory non-compliance and lead to significant financial penalties, and a loss of employee or customer confidence.

As an area of constant focus, we continue to drive improvements and this year we have:

- Completed a Data Privacy Key Controls internal audit.
- Conducted a separate data protection maturity benchmarking exercise and are developing a roadmap to future-proof the Data Protection function, to support our broader business activities and enhance our privacy programme.
- Run a data breach ransomware business continuity scenario exercise with the Executive team, with learnings fed back and developed into a full response plan.

How do we manage the risk?

- Our Data Protection Officer (DPO) is an independent role and can audit any information store used by ASOS or its contracted third parties.
- The Data Protection team works across the business to make sure we have visibility of the collection, use and reuse of data and any new projects that require customer or employee data, while also putting in place the right training and awareness. Our Chief Information Security Officer (CISO) and DPO work together to ensure key data risk areas are prioritised and effective remediation or mitigation is put in place.
- Security controls and processes are assessed and updated continuously. The Cyber Security team continuously monitor for any internal or external signs of confidential data loss.
- Data and security requirements are embedded within our Procurement and Legal processes.
- Data protection training is provided to ASOS employees on an annual basis and awareness campaigns are rolled out on a more regular basis (e.g. Phishing tests).

Principal risks and opportunities continued

Foreign exchange rate exposure

Risk movement

Risk owner Chief Financial Officer

What's the risk?
We are a UK-based global online retailer selling products to customers across the world in many different currencies. Global growth and the growing number of customers shopping with us from international markets will continue to give rise to foreign exchange risk exposures through both foreign currency denominated income and expenses, given our reporting currency is Pound Sterling. These foreign exchange risk exposures could have an adverse impact on our profitability.

Our foreign exchange risk exposures have remained broadly consistent with the prior financial year, with the reduction in exposure to the Russian Rouble, from our exit of the Russian market, offset by growth in other international markets. However, we expect volatility in foreign exchange markets to be elevated over the next 12 months.

How do we manage the risk?
- We have evolved our foreign exchange risk management policy, so it remains robust and appropriate as our business operating model grows in complexity and our penetration of international markets grows.
- Our foreign exchange risk management policy considers emerging macroeconomic risks, which could give rise to heightened volatility in foreign exchange markets.
- We have increased the level of rigour in our financial planning and forecasting, including strengthening our lead indicators, which helps protect us against any adverse movements in foreign exchange rates.
- We continue to preserve profitability through capitalising upon natural hedges where they are present and supplementing them with the use of foreign exchange hedging instruments in line with our foreign exchange risk management policy.

Sustainability and climate change

Risk movement

Risk owner Chief Executive Officer

What's the risk?
The topic of sustainability and the impact we have on the planet is being talked about more and more. Our Fashion with Integrity (FWI) programme has been central to our operations for many years now. However, we know that there is always more that we need to do in this area to meet our own expectations and those of our stakeholders, to make sure ASOS remains viable in the future.

We face both risks related to the transition to a lower-carbon economy and the physical impacts of climate change, through our operation and supply chain. This includes changes in technology, market risks and how the Company's response to climate change affects its reputation. Physical risks can be event driven (acute) or longer-term shifts (chronic) in climate patterns.

This year we have conducted a full analysis, in line with Task Force on Climate-related Financial Disclosures (TCFD) requirements, to understand our transition and physical risks and their impacts in more detail. This can be found in the TCFD Report on page 36. In addition, our new FWI strategy and commitments have been communicated to the market and we have stood up a Board-level ESG Committee and associated working groups at a senior leadership level to continue to drive progress in this space. Assurance work on carbon emissions has also taken place to add further robustness to ASOS data, more information can be found on page 36.

How do we manage the risk?
- Working with partners to conduct specific climate risk assessments to better understand risks and impacts to the business.
- Development of our FWI strategy, covering targets for Net Zero, Circularity, Diversity, Equity & Inclusion (DEI), and Transparency.
- Reducing emissions through efficiency and carbon reduction projects, in support of Net Zero goals.
- Materials sourcing strategy and proactive engagement with suppliers.
- Further improving our systems and processes to accurately measure our environmental impact and reduce it.

Cyber security incidents

Risk movement

Risk owner Chief Technology Officer, Chief Information Security Officer

What's the risk?

The cyber security landscape is continuously evolving, with threats becoming more sophisticated, aggressive and more frequent. Our Cyber Security team continues to improve our security policies, procedures and security capabilities, to reduce risks related to confidential data loss, malware infections, ransomware, phishing attempts, DDoS attacks and insecure third-party software.

In response to the Russian invasion of Ukraine, the latest guidance from the National Cyber Security Centre was reviewed and a series of improvements were implemented. In August 2022, a new CISO was appointed to continue driving and maturing a robust strategic approach to security across ASOS.

How do we manage the risk?

- Our cyber strategy lays out our security and fraud prevention plan along with roadmaps for delivery of ongoing enhancements.
- Our Cyber Security team implements and monitors security tools and controls to ensure effectiveness and efficiency of our security and fraud prevention operations.
- We continue to seek out and work with independent third-party security specialists that provide periodic penetration and red team tests.
- Multi-factor authentication across our business increases our protection against phishing and malware attacks, while cyber awareness campaigns keep ASOSers aware of cyber security.
- We monitor the evolving threat and adapt our controls and processes accordingly.

E-commerce market dynamics and impact on our business

Risk movement

Risk owner Chief Executive Officer

What's the risk?

Our customers are experiencing an increasingly global and competitive e-commerce environment, including large scale multi-brand marketplaces, competitive fast fashion 20-something brands and e-commerce disruptors changing the way in which customers shop. Failure to evolve our business model, improve our product offer, and be top of mind for our audience in an increasingly competitive environment, could result in us losing opportunity and market share.

Throughout this year we have revisited, refined and prioritised our strategy, aiming to stay on top of market dynamic risks, make the most of opportunities identified and prioritise investments in the right places. Our customers have been hit hard by the cost-of-living increases (as already discussed in the Macroeconomic risk) and are demonstrating reduced disposable income and more choiceful shopping. New customer acquisition remains a top priority.

How do we manage the risk?

- Market and Pricing Strategy to evolve our business model and to achieve our 10-year vision and three-year plan, and to maintain our growth trajectory.
- Continue to drive the uniqueness of our product offering via exclusive products and ranges only available on ASOS.com.
- Leveraging our fashion credibility for 20-somethings, focusing on relevance through continuous reinvention and disruption. Delivered through style edits, exclusive products from brands, and at the same time, continuing to expand our diverse and inclusive products, including sustainable and modest ranges.
- Continuous revision of our capital allocation and tight cost control to ensure we adapt our operations and investments to the evolution of the markets, ensuring we invest in customer experience to retain and grow our relevance to customers.
- Use of technology and data to be more targeted and strategic in how we gain new customers and maximise the loyalty and lifetime value of existing customers through making our customer experience frictionless and inspiring.

Principal risks and opportunities continued

Key third-party technology service provider failure

Risk movement

Risk owner Chief Technology Officer

What's the risk?
We rely on different technical services and systems throughout the customer journey, from website to fulfilment, to the product itself. This means that failure of systems and services due to a lack of resilience, system or service provider over-reliance or a lack of disaster recovery planning may disrupt our operations and overall business. Any failure in day-to-day operations can impact how we process or fulfil customer orders, potentially resulting in reduced customer proposition, lost opportunity and lost customer confidence.

How do we manage the risk?
- In August 2022, ASOS completed the migration of our last remaining systems out of our third-party-managed datacentre into Azure enabling us to fully leverage the resiliency available in the cloud and significantly reducing our risk profile.
- In FY22 a dedicated Service Governance function has been created within Technology demonstrating our ongoing investment in service continuity and supplier relationship management.
- Our Reliability Engineering practice regularly review the service providers critical to our customer journey to ensure they have the necessary level of resiliency in place.
- All new suppliers go through a rigorous selection and onboarding process and our Procurement team monitors supplier performance on an ongoing basis.

Ethical trade issues

Risk movement

Risk owner Chief Executive Officer

What's the risk?
One of the key risks in our supply chain is of illegal or unethical practices, particularly the violation of labour rights and of workers safety caused by a lack of systems, processes, or resources to monitor traceability and transparency. At ASOS, we believe that it is our responsibility to ensure that those who are working in our supply chain have a safe working environment where human rights are respected and protected. Our stakeholders, including customers, want to be confident about where their products come from and want to be reassured those workers and the environment are not harmed in this process.

Global regulatory scrutiny and increasing progress towards mandatory legislation in this area require us to be even more diligent when monitoring risks in our supply chain with a clear focus on prevention. This is now recognised and assessed within the Principal Risk: Failure to comply with legislation or regulation (see next page).

The current geopolitical unrest and macroeconomic challenges mean that we are facing increased risk of unauthorised subcontracting in factories due to cost inflation, we will work closely with our supply chain to monitor and manage this risk. In June 2022, we relaunched our revised audit methodology aligning with our FWI strategy to ensure we meet our external obligations on human rights due diligence.

How do we manage the risk?
- We have developed a series of policies and guidelines based on the Ethical Trading Initiative base code and ILO Fundamental Conventions, which suppliers are contractually obliged to agree to as part of the onboarding process.
- We monitor compliance with our ethical trade policies and requirements through our industry leading audit programme. This includes an Unapproved Subcontracting Policy to ensure we have full visibility of our supply chain in tiers 1-3.
- The ASOS Code of Integrity (issued to all stock suppliers) includes a link to the ASOS Whistleblowing tool.
- Our in-country Ethical Trade teams and third-party auditors monitor our supply chain and support mitigation/remediation where we do identify risks/issues.
- Our Garment Technology teams check that the products we receive from our suppliers meet our quality standards and expectations before they go on our website.
- In-country compliance testing and quality control facilities, with enhanced testing and reporting capabilities to identify issues at source.
- We have global partnerships with NGOs such as Anti-Slavery International, and the trade union IndustriALL Global Union, as well as in-country partnerships with local independent workers rights organisations. We work with these organisations to ensure we are proactive in identifying and remediating issues within our supply chain.

Failure to comply with legislation or regulation

Risk movement

↑

Risk owner General Counsel

What's the risk?
Strategic expansion into new business sectors creates new regulatory and governance complexities, as do unanticipated or increasingly difficult regulatory changes, policies or penalties, such as a new tax, in the countries where we operate. Corporate governance reform, product and consumer protection regulations, and the rapidly developing climate and environmental regulations increase our risk exposure. Robust processes are required to identify and monitor these changes and model their impacts, with resources needed to respond appropriately and in a timely manner. These developments could lead to increased operating costs or other financial impacts, including the potential for fines, litigation, business disruption and reputational damage if such risks are not adequately mitigated.

We are seeing an increased complexity in this area due to external factors and new regulation on the horizon, such as UK SOX, increasing requirements within consumer, financial and potential climate change regulations as well as internal factors such as the authorisation of ASOS Payments UK as an electronic money institution and stepping up to premium listing. A new Head of Compliance role was established and joined the business in September 2022. In July 2022, the Competition and Markets Authority announced that it had opened an investigation into certain fashion retailers, including ASOS, following the publication of the Green Claims Code. ASOS is co-operating with the investigation, which is ongoing (see FWI report on page 35 for more information).

How do we manage the risk?
- Tax risk reviews, liaising with local tax authorities and quarterly internal tax co-ordination meeting with the Tax Governance Committee.
- ASOS Payments UK, as a FCA authorised electronic money institution in the UK, has established the essential regulatory governance and compliance controls are in place to meet our responsibilities in line with the requirements of the electronic money licence. This has included a dedicated individual responsible for maintaining the regulatory compliance and anti-money laundering compliance controls of ASOS Payments UK and ongoing horizon scanning for regulatory changes.
- In November 2021, we stood up the Governance Working Group, a cross-functional group of senior leaders from across the business designed to ensure that ASOS is disciplined in its governance.
- Horizon-scanning and mapping and managing wider governance risks and performance.

Inability to attract and retain talent

Risk movement

△

Risk owner Chief People Officer

What's the risk?
The loss of talent or inability to attract new talent with the relevant capabilities and calibre leading to sustained increased workloads. Against this backdrop we are also seeing changing norms in ways of working – an increased desire for flexibility in location both home and abroad and significant cost of living inflation, which are all contributing to a decline in our employee proposition. Significant changes in leadership combined with the amount of organisational development ongoing may cause short-term uncertainty and a potential spike in attrition. This could impact our ability to successfully achieve our objectives and could impact key business areas for a significant period.

The market for talent is candidate focused and pay inflation continues to grow rapidly across the board. Our ability to compete with the pay inflation required to acquire new and retain existing talent in key skill areas is becoming more challenging. Key FY22 leadership appointments included ASOS' new CEO and Chair, who are focused on defining the Company's new leadership team to deliver the ASOS Reimagined strategy and next phase of the Company's growth.

How do we manage the risk?
- Assessment of the capability that we have and require.
- Workforce planning and always on sourcing for talent covering both current and future talent.
- Work on and amplify our employer proposition around DEI, reward, culture and dynamic working.
- Continue to manage employee sentiment through engagement surveys and Vibe plans and engaging with our employee groups.

On our radar

The impact of COVID-19 and Brexit are still felt as described above, and the Russian invasion of Ukraine has caused further compounding impacts on supply chains, people and operations. Together these events are causing significant inflation and cost-of-living pressures, yet the full impact of this remains to be seen and globally we are heading into a difficult period. Customer behaviours are already reflecting this, and wage inflation is impacting the ability to attract and retain talent. We will continue to monitor these risks over the next year to ensure we are prepared to respond proactively and adapt to evolving and potentially increasing challenges.

In addition to the significant uncertainty already discussed, we are also mindful of the following emerging risks and opportunities and continue to keep these on our radar:

- Economic and financial pressures may lead to an increase in the risk of fraud, throughout our operations.
- Technological industry disruptors, such as the Metaverse and Artificial Intelligence may change how customers interact with us, how we do business and what customers want.
- Staying competitive in emerging markets through identifying and completing the required infrastructure at the right time whilst balancing potential recession and inflation challenges.
- Increasingly sophisticated cyber security threats.
- Enhanced activism and NGO activity particularly in the climate and ESG space.
- Employee activism is still prevalent with employees seeing social media or other external channels as a way to escalate their grievances.
- Trade unions have a stronger voice, and, as employees look for ways to increase pay or have their voices heard in different ways, there is a risk of union recognition.
- Quiet Quitting is a newly coined phrase where employees are not giving any discretionary effort as they tire of not being appreciated by employers.

Long-term viability statement

The preparation of the Viability Statement includes an assessment of the Group's ability to continue in operation and meet its future commitments and liabilities as they fall due over the three-year period of assessment.

Long-term plan and prospects

The group's prospects are assessed primarily through its long-term planning process, which covers a period of three years, and is reviewed by the Board with involvement throughout from both the CFO and CEO. Three years is selected as the appropriate time period for the Group's long-term plan as it allows an appropriate balance between the short-term characteristics of the business, such as demand cycles and changing consumer behaviour, and the need for longer term planning in relation to investment, supply chain and logistics planning.

The Group considers the following in the assessment of the strategic planning cycle and the long-term assessment of the business:

- The principal risks and uncertainties associated with the Group, and identification of new or changing emerging risks and how the Group responds to these.
- Macroeconomic trends within the global economy, geopolitical events, increasing costs, and market share.
- Changes in customer and competitor behaviour, potential wider consequences of reduced disposable income (from increased interest rates, fuel costs and inflation) and a loss of consumer confidence resulting in increased consumer saving.
- Scope for further cost mitigation.

The assessment period

ASOS continues to adopt a three-year assessment period to assess the Group's viability. The Board has determined that this assessment period to 31 August 2025 is appropriate because:

- This period is consistent to that used for the Group's strategic planning cycle as detailed above, and reflects the Directors' best estimates of the future prospects of the business.
- The Group does not earn revenue from long term contracts. Therefore changes to the Group's long term plan are predominantly as a result of changes to sales and cost assumptions which are inherently more difficult to predict beyond three years. Both have been stress-tested as part of the viability assessment.
- This period is also consistent with the structure of the long-term incentive scheme for senior management.

Assessment of viability

The assessment of the Group's viability commenced with a review of the liquidity headroom as at 31 August 2022, available through the Group's cash, cash equivalents and debt facilities, taking into consideration a conservative view of a three-year forecast (the base case). It was based on the assumption that the Revolving Credit Facility (RCF), which matures in 2024, would be refinanced with increased finance costs and that the Convertible Bonds issued with a maturity date of 2026 would remain in place and unconverted. The assessment included the recent amendment to the Group's Revolving Credit Facility agreement that was obtained in October 2022 – further detail is included within note 28 of the financial statements. The forecast includes significant assumptions on decreased revenue growth due to suppressed consumer spending appetite and increased costs from the current cost of living crisis.

Finally, the Group estimated the impact of severe but plausible scenarios aligned to the Group's principal risks and uncertainties and identified the principal risks from pages 48-53 which could have a significant impact on the viability of the Group. These were then stress-tested with a combined scenario where the below risks were modelled as materialising over the three-year period. Where required, available mitigating actions were considered as part of the assessment. These include deferring capital investment spend and enhancing cost management practices in order to demonstrate a sufficient level of liquidity headroom during the viability assessment period.

Scenario	Description	Associated principal risk
Macroeconomic downturn and loss of market share	A global economic downturn began in FY22 and is forecasted to continue into early FY24 leading to reduced disposable income (from increased fuel costs and inflation) and a loss of consumer confidence resulting in increased consumer saving. Geopolitical events such as the Ukraine war and issues with global supply has elevated inflation. These factors contribute towards a contraction in customer demand, driving like-for-like decline across our business. Management have applied a downside scenario with suppressed trading due to the economic uncertainty experienced during calendar year 2022. The scenario reflects an uncertain consumer outlook which reduces the projected annualised like-for-like sales growth contained within the base case during the 3-year period under review by 4% across FY23 and FY24. No additional decline in growth has been applied for FY25 as it is assumed that markets will improve in that period, however the growth is applied to a lower FY24 position as a result of the reductions modelled in FY23 and FY24 as indicated above.	• Macroeconomic trends • Transformation projects fail to deliver required outcomes • Shift in e-commerce market dynamics
Global supply pressures	A degradation in Gross Margin due to: • Further disruptions in supply chain, leading to stock intake challenges; and • Further increases in one or more of: raw material costs; freight costs; and warehousing costs, without the ability to mitigate through price increases. Management has applied a downside scenario to reflect supply chain disruptions and adverse movements in foreign exchange rates for the three year period under review by decreasing the gross margin by 1% to 2% during the assessment period. These movements equate to gross margin outturns which are less than the average gross margin over the past 5 years, which represents results the Group experienced over recent previous significant economic events such as Brexit, Covid and increased inflation witnessed in 2022. The sensitivities are therefore considered severe yet plausible.	• Supply chain disruption • Key third party supply chain failure • Foreign exchange rate exposure
Working capital cash shock	A working capital outflow of £75m has been modelled, constituting an outflow of cash in year one of the assessment period as a result of current market conditions. In addition, the impact of any regulatory fines has been considered. Given the volume and nature of the customer and supplier data the Group holds as an online business, a serious data or security breach could see financial penalty levied against the Group. Management has modelled the impact to be equivalent to c. 2% of FY22 Group net revenue in year two of the assessment period, representing a severe but plausible midpoint of a penalty levied.	• Data breach • Cyber security incidents
Climate change	Rising global temperatures and severity of extreme weather events, leading to a higher incidence due to fires and/or flooding to our warehouses and disruption to our global supply chain. Climate change may also lead to a reduction in revenue through a shift in customer behaviour. This could be considered as akin to the reduction in sales driven by the macroeconomic downturn and loss of market share. In practice, ASOS would protect revenue through diversification of sales, such as a shift into the second hand clothing market, or an increase in recycled and sustainably sourced products. Any impacts to margin, either due to a shift in product range or higher freight costs, are covered by the modelled reductions in gross profit margin included within supply chain disruption. The forecast cashflows incorporates current known cashflows to address climate change risks, including those associated with the Group's Net Zero commitment. As part of a severe but plausible scenario Management have modelled a major incident in FY23 leading to a loss of 50% of our warehouse in Barnsley. Further detail of the climate-related risks the Group faces, and our actions to mitigate these risks is provided in the Task Force on Climate-related Financial Disclosures section of the Annual Report on pages 36 to 44.	• Sustainability and climate change

Long-term viability statement continued

Reverse stress tests have also been performed on both the Group's revenue and gross margin to see how far these would need to decline to cause a liquidity event. Such results would have to see over a 15% decline in sales over the base case, or a decline in gross margin from the base case of between 3% and 8% at the Group's lowest liquidity points in the assessment period. Both are considered remote based on results of previous significant economic shock events, particularly on the basis that the Group is annualising the softer market growth and global supply chain crisis experienced this year.

The scenarios above are hypothetical and severe for the purpose of creating outcomes that have the ability to sufficiently threaten the viability of the Group; however, in the unlikely scenario of these acute circumstances materialising, ASOS has control measures in place that in practice would prevent and mitigate any such occurrences taking place. In addition, should the Group see such events unfold it has several mitigating actions it can implement to manage its liquidity risk as detailed above in order to demonstrate a sufficient level of liquidity headroom during the viability assessment period.

Taking into account the Group's current prospects and principal risks and uncertainties, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three years to 31 August 2025.

Going concern

As a consequence of the work performed to support the viability statement above, the Directors also considered it appropriate to adopt the going concern basis in preparing the financial statements which are shown on page 123.

This Strategic report has been prepared in accordance with the requirements of the Companies Act 2006, has been approved and signed on behalf of the Board.

Mat Dunn
Chief Operating Officer and Chief Financial Officer
28 October 2022