

FY23 Results & Strategy Update

1 November 2023

The ASOS logo is displayed in a large, bold, black, lowercase sans-serif font. The letters are closely spaced, with the 'a' and 's' of 'asos' being particularly prominent. The logo is centered horizontally on the slide.

Agenda

FY23 Results

FY23 Financial Results

FY24 and Medium-Term Outlook

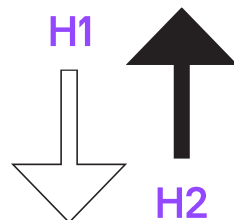
Our Right to Win



In FY23 we launched the Driving Change agenda to restore profitability

- We delivered on all four Driving Change agenda pillars:
 1. **Renewed commercial model** → tackled oldest stock, reduced intake, speed to market
 2. **Stronger order economics and a lighter cost profile** → £300m profit/cost savings, PPO¹ +30%
 3. **Robust and flexible balance sheet** → May 2023 refinancing / equity raise; H2 cash generation
 4. **Refreshed leadership and culture** → internal talent complemented with external hires
- Reflected in our performance with a much-improved H2:

Resetting model
in the face of
substantial H1
headwinds

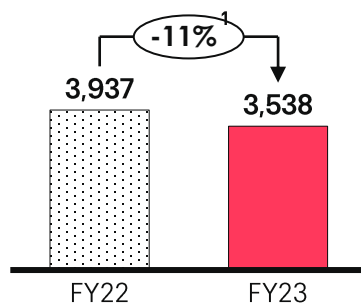


Self-help measures
resulting in H2
profit and cash
generation

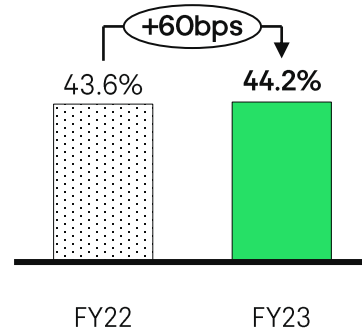
**ASOS ended FY23
a smaller but more
profitable business**

FY23 reflects improvement in H2 improvement as self-help measures took effect

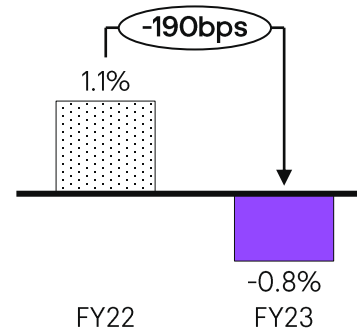
ADJUSTED TOTAL SALES¹ (£'m)



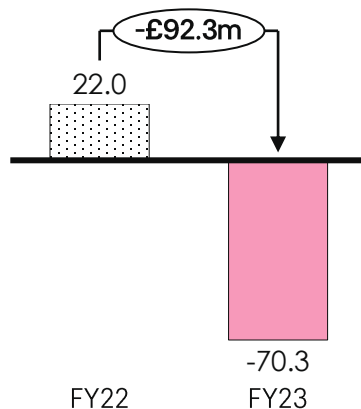
ADJUSTED² GROSS MARGIN (%)



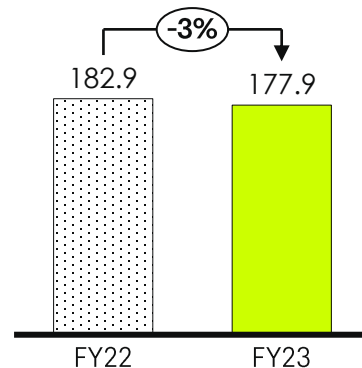
ADJUSTED² EBIT MARGIN (%)



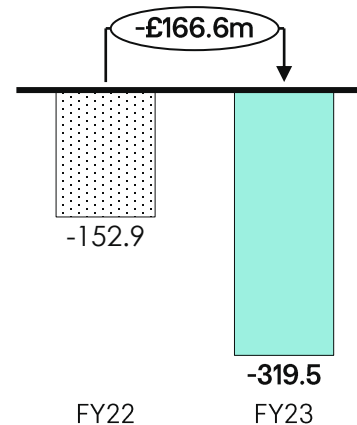
ADJUSTED² PBT (£'m)



CAPEX³ (£'m)



NET DEBT⁴ (£'m)



¹Total adjusted sales, on a CCY basis, excluding Russia from H1 FY22, and removing the impact of the 3 extra trading days in FY23

²Excluding adjusting items. Please see RNS for full breakdown

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

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

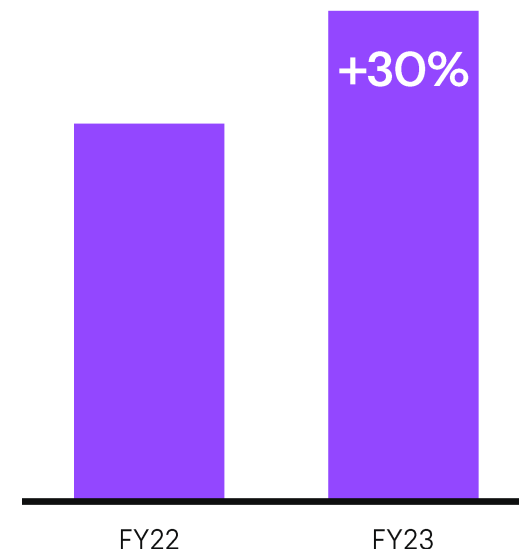


KPIs reflect changes to address unprofitable geographies, brands and customers driving order profitability +30%

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Group KPIs	FY23 ¹	Change vs LY
Visits	2,661m	-8% ↓
ABV CCY ²	£39.65	+5% ↑
Average Order Frequency ³	3.6	-6% ↓
Active Customers ⁴	23.3m	-9% ↓
Premier Customers		-11% ↓
Conversion ⁵	3.1%	-30bps ↓

Profit per Order⁷



ABV +5% due to pricing and mix into higher ASP categories



Order frequency -6% - fewer, larger baskets are more profitable



Active customers -9% due in part to profit actions



Maintained position as leading pureplay online retailer in the UK 16-35 apparel market⁶

¹ Group KPIs are on an ex-Russia basis in FY22. ² Average Basket Value defined as adjusted net retail sales divided by shipped orders, quoted on a constant currency basis excluding Russia. ³ Calculated as last 12 months' total shipped orders divided by active customers.

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

⁵ Calculated as total shipped orders divided by total visits

⁶ Kantar Top 20 Retailers | Total Channels vs Online | Total Adultwear | Under 35s | 24 w/e 20th August 2023 vs 2022

⁷ Profit per order is calculated as variable contribution divided by billed orders.

Focus on profitability visible in all segments, with variation in performance due to market conditions and our own actions

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UK

Performance impacted by inflation, weak sentiment, and challenging weather conditions



EU

More resilient performance with strong ABV offsetting declining volumes



US

Discipline on marketing reflected in softer traffic partially offset by higher ABV



RoW

Profit improvement measures including on pricing most significant in RoW with largest impact on customers and sales

	UK	EU	US	RoW ¹
Total sales CCY ²	-13%	-4%	-14%	-16%
Visits	-10%	-6%	-5%	-15%
Conversion ³	-40bps	-10bps	-40bps	-20bps
CCY ABV ⁴	+5%	+7%	+4%	+10%
Average Order Frequency ⁵	5.4 (-9%)	2.9 (-3%)	2.3 (-6%)	2.1 (-8%)
Active Customers ⁶	8.1m (-9%)	10.1m (-7%)	2.9m (-12%)	2.2m (-17%)
Profit Per Order ⁷	✓	✓	✓ ✓ ✓	✓ ✓

¹Calculation of metrics, or movements in metrics, on an ex-Russia basis involves the removal of Russia from FY22 performance. This adjustment allows YoY 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 ASOS have also excluded any visits from Russia in FY23, in addition to FY22.

²Segmental sales based on total sales, which includes retail sales and income from other services, and growth rates calculated on a constant currency basis, excluding Russia, and not LFL

³Calculated as total shipped orders divided by total visits

⁴ABV CCY metrics is calculated as adjusted net retail sales/number of orders in the period on a CCY basis

⁵Calculated as last 12 months' total shipped orders divided by active customers

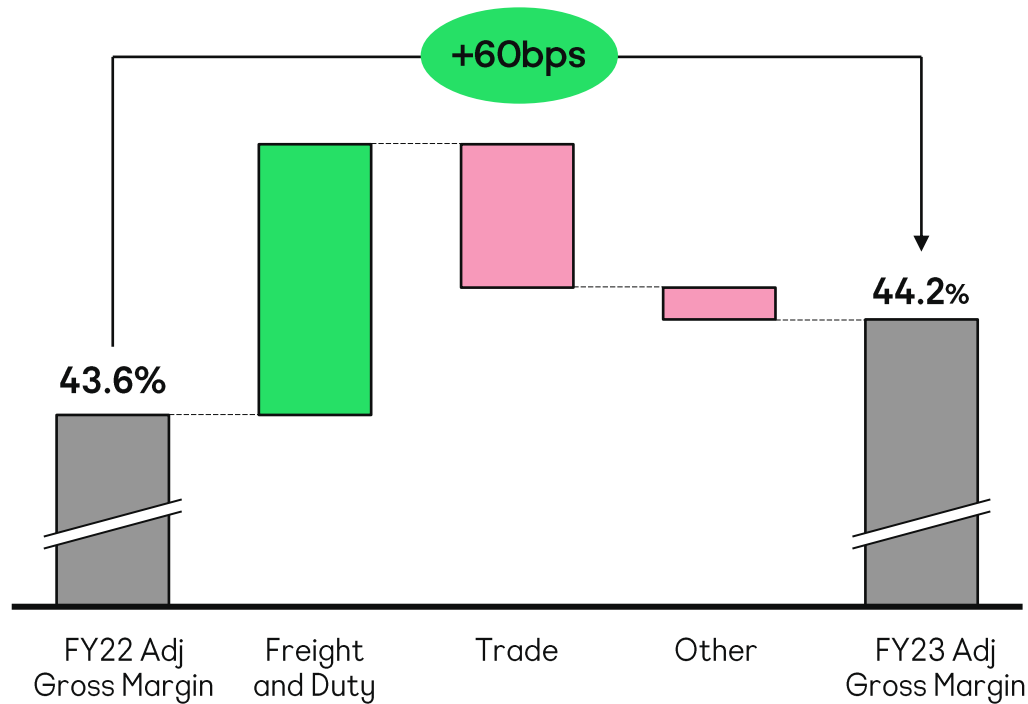
⁶Active customers defined as having shopped in the last 12 months

⁷Profit per order is calculated as variable contribution divided by billed orders

Improvement in adjusted gross margin driven by freight and pricing partially offset by increased markdown to clear stock

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FY23 Adjusted Gross Margin Bridge



Adjusted Gross Margin Impacts



Freight and duty benefit from better contracted rates



Elevated discounting to prioritise stock reduction

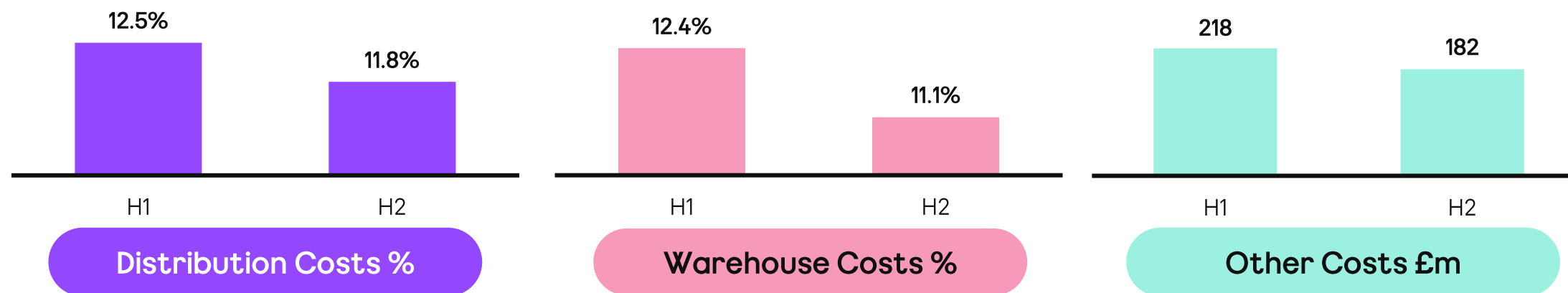


Improving own brand intake margin from improvements to sourcing

Cost saving initiatives introduced in H1 drove substantial improvements across multiple cost lines in H2

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	FY23 % of sales	Change
Adjusted Gross Margin¹	44.2%	+60bps
Distribution Costs	(12.1%)	+120bps
Warehouse	(11.8%)	(100bps)
Marketing	(5.5%)	+20bps
Other Costs	(11.3%)	(160bps)
Depreciation and Amortisation	(4.3%)	(70bps)
Other Income	0.1%	(40bps)
Adjusted EBIT Margin¹	(0.8%)	(190bps)



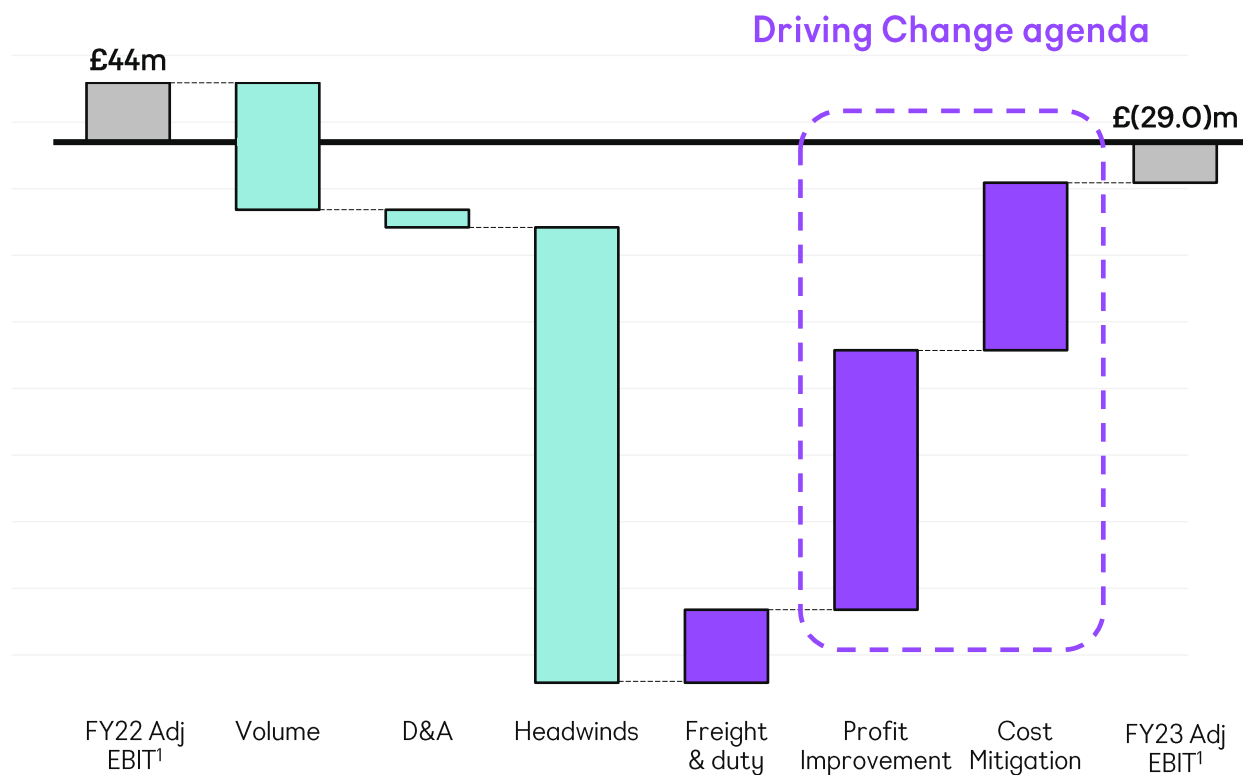
¹Excluding adjusting items. Please see RNS for full breakdown
Note: Above table subject to rounding

Driving Change agenda delivered >£300m of gross profit and cost benefits to mitigate inflation and increased returns

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FY23 Adjusted EBIT Bridge (£'m)

Headwinds vs. Tailwinds



Headwinds – H1 weighted

- ✗ Inflation, returns, annualisation and stock
- ✗ Deleverage impact of declining sales

Tailwinds – H2 weighted

- ✓ >£300m of profit / cost initiatives
- ✓ Freight benefits under long-term contract

¹Excluding adjusting items totalling £219.5m in FY23 (FY22: £53.9m). Please see RNS for full breakdown.

Adjusting items mostly relate to the Driving Change agenda

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Driving Change agenda	Total adjustments before tax
Commercial operating model change	(133.2)
Property-related costs	(60.7)
Other strategic initiatives	(31.0)
Amortisation of acquisition intangibles	(10.7)
Other items	9.2
Total	(226.4)

Key adjusting items



c.£130m stock write-off for transition to new model



95% of stock identified for offsite clearance sold

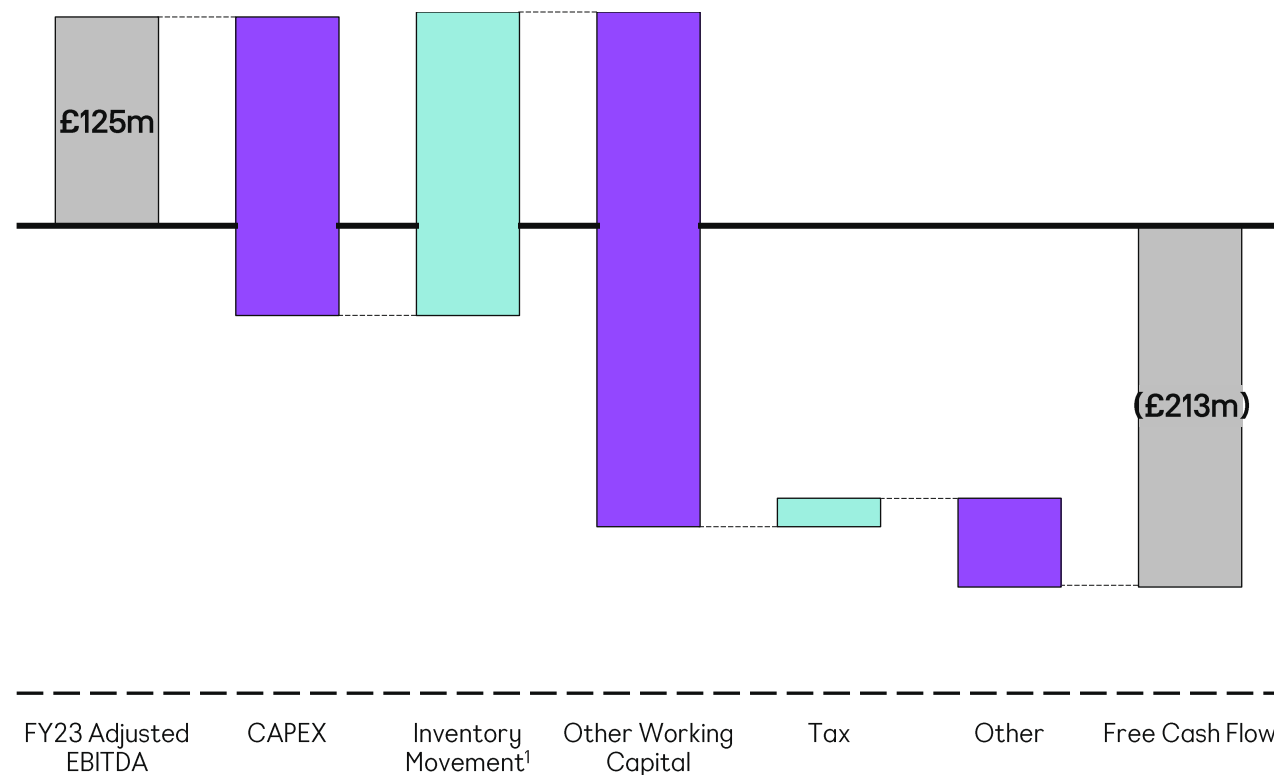


c.£53.8m cash outflow from adjusting items, of which £31m relates to refi fees

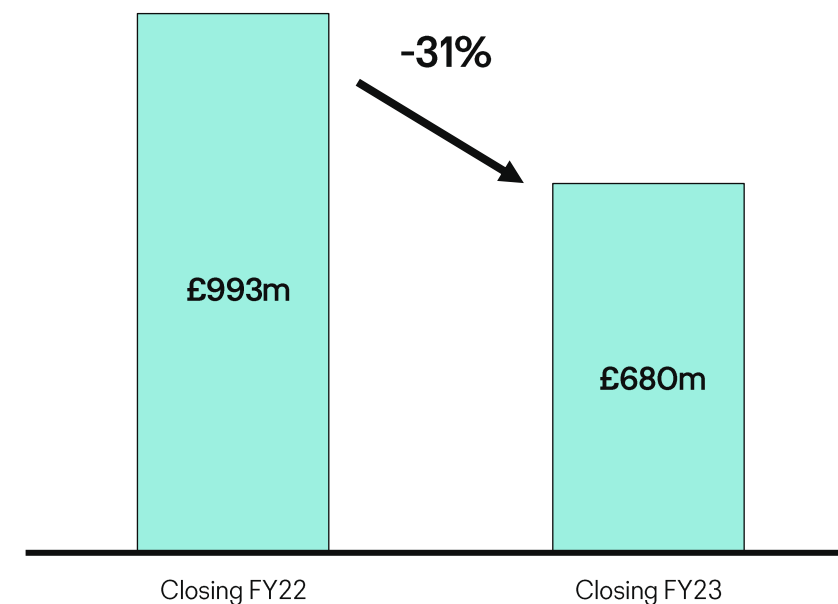
Free cashflow was adversely impacted by decline in payables primarily from reduced intake

11

FY23 Free Cash Flow Bridge (£'m)



Trade & Other Payables (£'m)

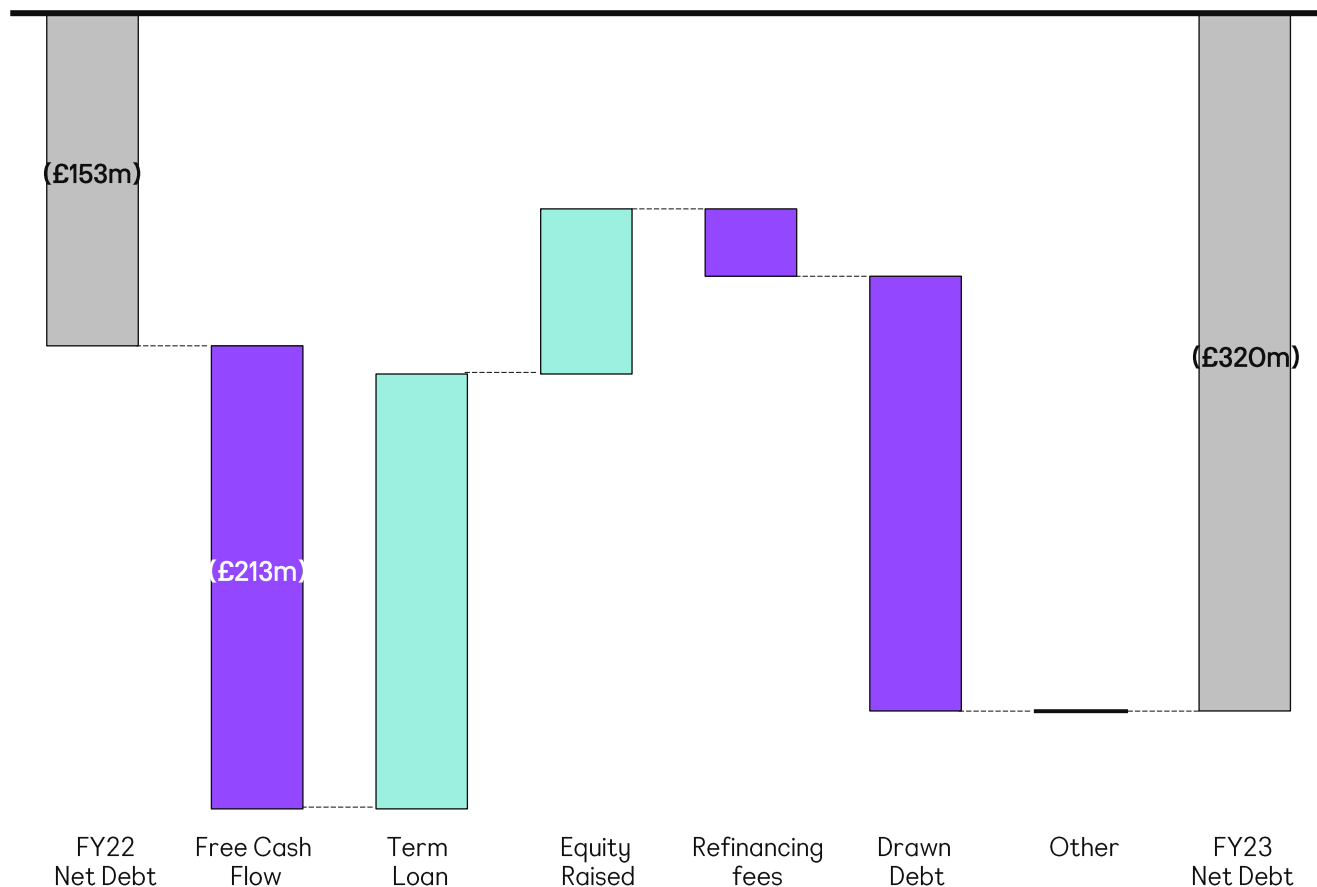


¹Movement in stock (excluding £130m non-cash write-off)

²Average payables days calculated as stock intake and operating costs for P4, over closing stock and non-stock creditor balances

Ended the year with £320m of net debt due to free cash outflow per previous slide

FY23 Net Debt Bridge



Net Debt Impacts



Free cash outflow (£213m) with cash generation in H2



May 2023 refinancing

Repayment of Old RCF (£250m) using:

- New £200m term loan
- Proceeds of c.£76m equity raise

£31m of fees

£75m New RCF undrawn



Closing liquidity of £428m

Agenda

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Our Right to Win



Investing in FY24 to ensure sustainably profitable & cash generative growth in FY25 and beyond

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FY24

- Sales -5% to -15%, with P4 trend continuing through H1
- Adjusted EBITDA positive
- Stock around £600m
- Capex c.£130m¹
- Free cash flow generative
- Reducing net debt position

FY25

- Return to growth
- EBITDA margin around pre-COVID levels (c.6%)

Medium-term

- Gross margin expansion towards 50%
- EBITDA sustainably ahead of capex, interest, tax and leases
- Inventory of c.100 days
- Capex to 3-4% of sales

¹ c.£45m automation investment at Lichfield fulfilment centre now treated as adjusting opex as on-site operations planned to cease in FY24

Agenda

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Our Right to Win



With strong foundations in place, FY24 will prioritise a shift Back to Fashion

16

Best & most relevant product

1



Destination for style

2



3



Exciting customer journey

4



Competitive convenience

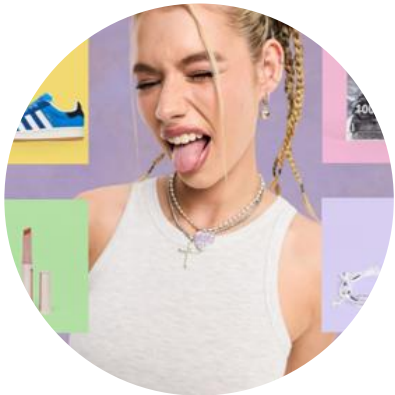
5

Disciplined capital allocation

This strategy will drive wide ranging benefits and lead to sustainable growth and cash generation



Destination for style



Best & most relevant product

Gross margin

Stock turn

Basket value

Customer acquisition

Customer journey around fashion

Full price sales

Churn

Costs to serve

Returns

Competitive convenience



1

Best & most relevant product



Best & most relevant product

Unique mix of own and partner branded product is a powerful driver of basket economics and customer value

c.40%

The role of ASOS own brands



Differentiation and exclusivity

71% of customers have purchased an own brand item



Acquire customers and drive traffic

55% of new customer orders contain own brand product



Authenticity as a destination for fashion

We are a fashion brand selling fashion, we truly understand the target customer and the industry

c.60%

Our role for partner brands



Access to global fashion-loving 20 somethings

Amplify brands to younger consumers and places they cannot reach by themselves



Fashion credibility and relevance

Reframe brands through a unique fashion-led visual approach



Profitable platform for growth

Provide brands with a brand-building and profitable distribution channel for growth

1

Best & most relevant product

Moving from...

- ✓ Exclusive own brand
- ✓ Strong brand relationships
- ✗ Too much stock
- ✗ Too much discounting
- ✗ Too slow to market
- ✗ Wholesale only model



Developing our model to prioritise speed and flexibility

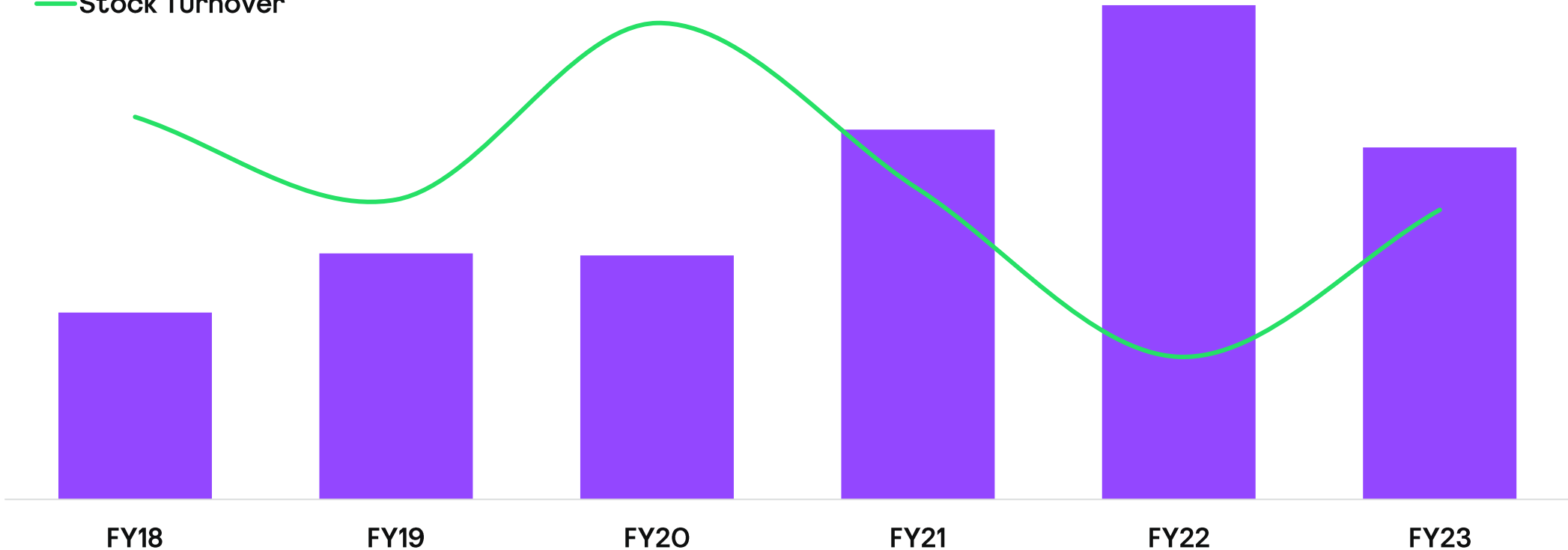
20

...to

- ✓ Exclusive own brand
- ✓ Strong brand relationships
- ✓ Better stock management
- ✓ Better sourcing
- ✓ Faster
- ✓ Better for brands

Stock Balance & Stock Turnover

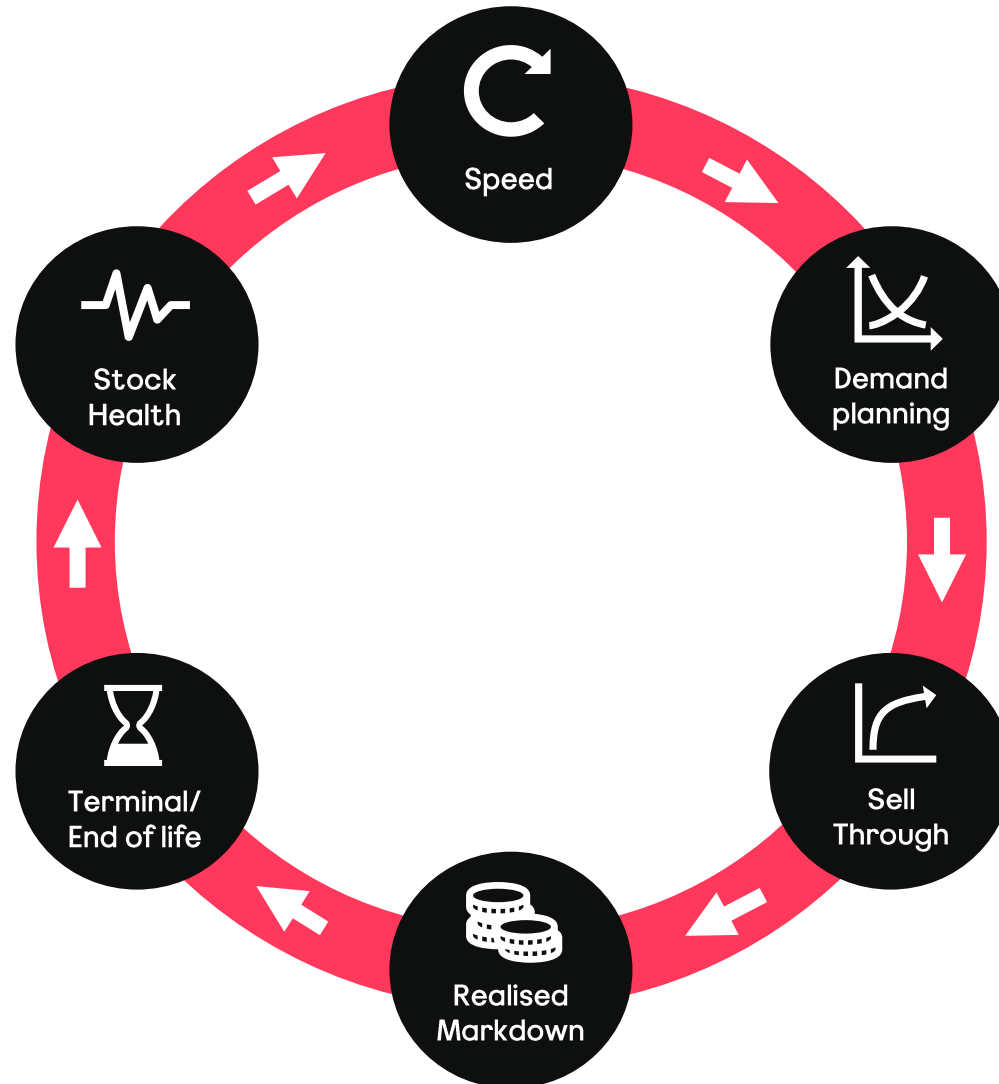
Stock
Stock Turnover



1

Better stock management

Our new operating model involves managing stock more tightly at all stages of its life



Starting stock

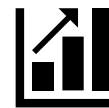
1. Clear old stock
2. Flexible and rigorous intake
3. In-season cleansing

Closing stock

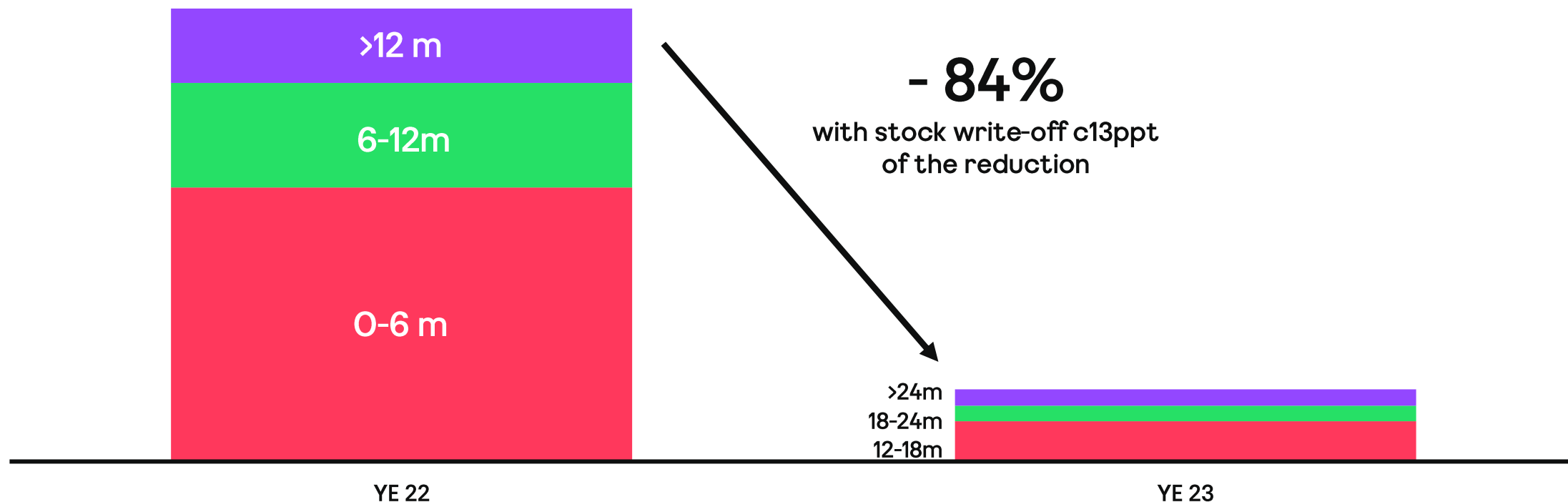
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FY22

FY23



We cleared through 84% of the £1.1bn stock carried forward from FY22

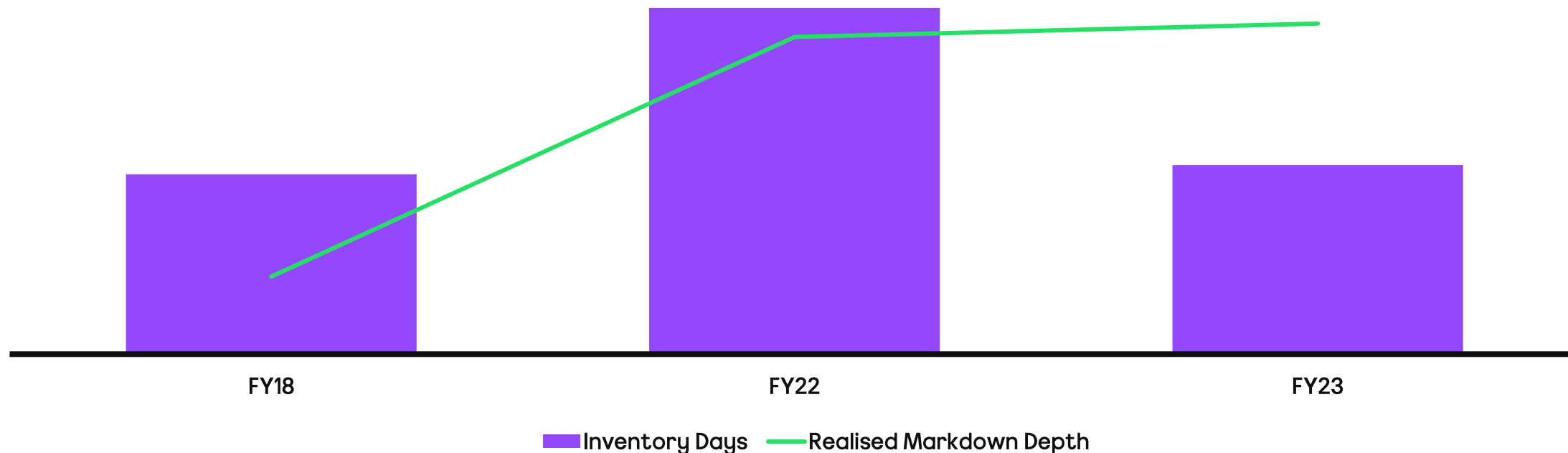


1

Better stock management

Short-term drag on gross margin until remaining old model stock is cleared in FY24

25

























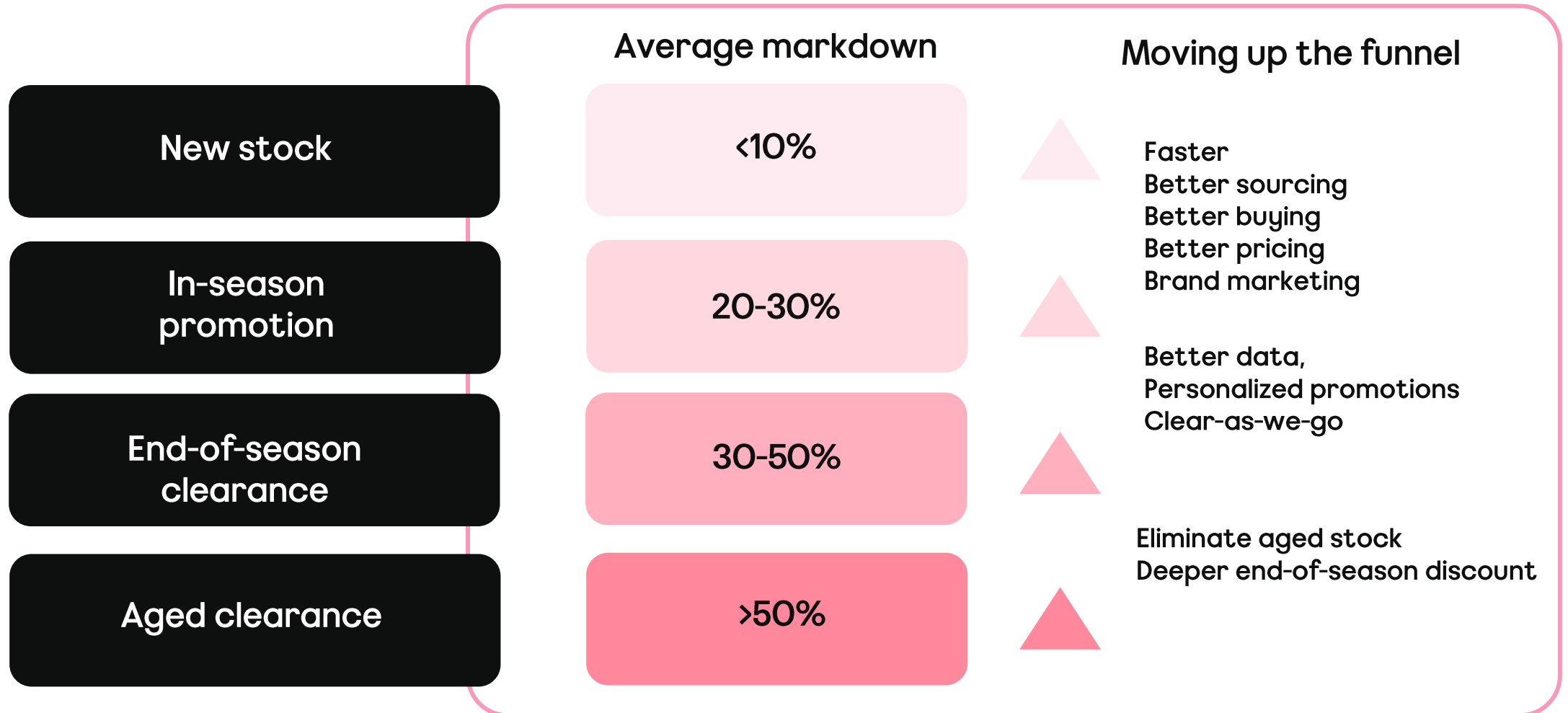
ASOS has not always been so promotional – by re-emphasising fashion we can drive a return to more full price sales

Starting stock

1. Clear old stock
2. Flexible and rigorous intake
3. In-season cleansing

Closing stock

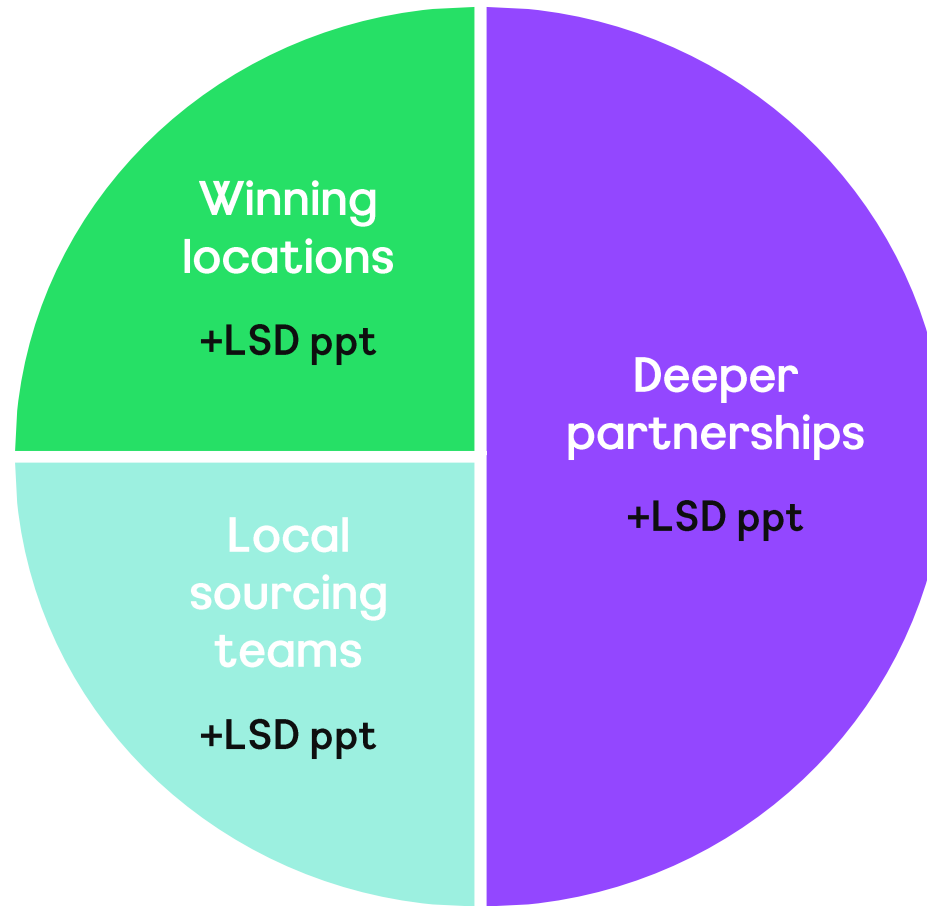
	1	2	3
FY22	FY23	FY24	FY25
			
			
	 		
	 		
			



Better sourcing

Sourcing improvements driving c.2ppt of own-brand intake margin in FY23 with more to come

Bangladesh
c.20% of mix by FY25
(c.10% in FY23)



Turkey sourcing
office from Sept 2023

Streamlined processes

Improved pricing

Improved quality

Better visibility of
sustainability and human
rights practices

1

Faster

In our business model, **speed is the key** to delivering the most relevant product for our customers

1

Faster

Test & React gives our quickest lead time with substantial margin benefits

30

Design to site within
c.2 weeks

Stock turn 3x
faster than BAU*

9,300 units sold

Discount depth
c.15ppt lower than
BAU*

Gross margin 5ppt
higher than average

Appealing to youngest
customer base

Targeting 30% of
own-brand sales in
mid-term

5,700 units sold



ASOS

* BAU: business as usual

1

Better for brands

Partner brands critical to our offer with relationships stronger than ever ³¹

1 | Brand activation

Reigniting the way we present brands to our **customers**

2 | Business models










Deploy new strategic win-win **business models**

3 | Engagement model

Redefine how we **engage** with brands as key growth partner

4 | Go-to-market

Accelerate go-to-market processes and **optimise** trading mechanisms

Model	Ownership	Fulfillment	Customer Sale	Today	FY24
 Wholesale				c.99% GMV	Remains high margin model & preference for high performing SKUs
 Partner fulfils	3P brand	3P brand		33 brands 6 markets 1% GMV	x2 brands markets GMV
 ASOS Fulfilment Services	3P brand			Ready for launch	First partner onboarded

2

Destination for style

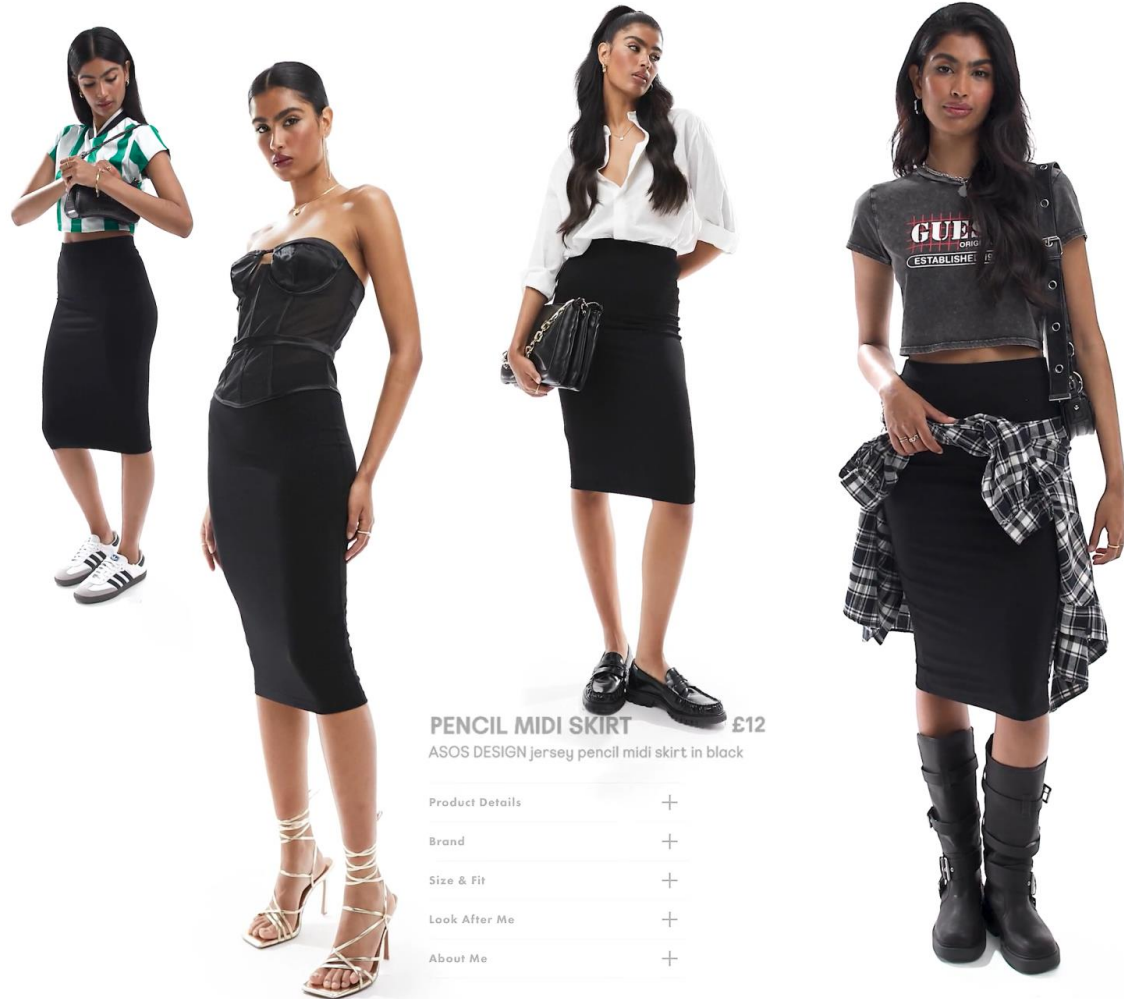


2

Destination for style

In fashion, context is everything: the same skirt can tell many different stories

34



2

Destination for style

Our market leading creative is critical to an inspirational customer experience

35



Distinct visual language attracting the best brands and products

Whole outfit, multi-brand approach driving larger baskets

GUESS

ASOS DESIGN

TOPSHOP

ASOS DESIGN



Driving customer engagement, loyalty and lifetime value

ASOS

2

Destination for style

A Brands love our unique interpretation of their product, providing access to new customers

36

“ASOS are our partnership of choice for the GenZ consumer.

The ASOS tone of voice, assortment curation, aesthetic and execution in bringing our products to life is unequivocally adding immense value and authenticity for our brands to our target consumer demographics.”

Director Menswear & Jeans, PVH



“ASOS provides a unique, credible and relevant connection to the Fashion minded, female, Gen-Z consumer in Europe.

This provides an opportunity to accelerate Sport with non-traditional demographics.”

Sales Director, Adidas EMEA



2

Destination
for style

A Outfit-led approach makes the same product relevant
regardless of personal style

60

MODERN LUXE

INSTA

GEN NOW



2

Destination for style

A Styling sets us apart from competitors and increases our visibility through access to top tier talent

38



asos



SHOP NOW



**FOREVER. PALERMO.
WORN BY JACK GREALISH**



ASOS.COM



asos

2

Destination
for style

B Multi-brand, outfit-based styling improves customer engagement and drives better basket economics

39

ASOS DESIGN MW BOMBER JACKET: £30



TOPMAN

ASOS DESIGN

TOPMAN

ALLSAINTS

RAINS

RI

ALLSAINTS

CONVERSE



ASOS DESIGN fisherman ribbed beanie
in black

£8.00

AllSaints Wilderness t-shirt in washed
black

£55.00

River Island slim fit jeans in black

£43.00

Converse Chuck 70 Hi unisex trainers
in black

£85.00

Basket value: £337

Basket value: £221

ASOS

2

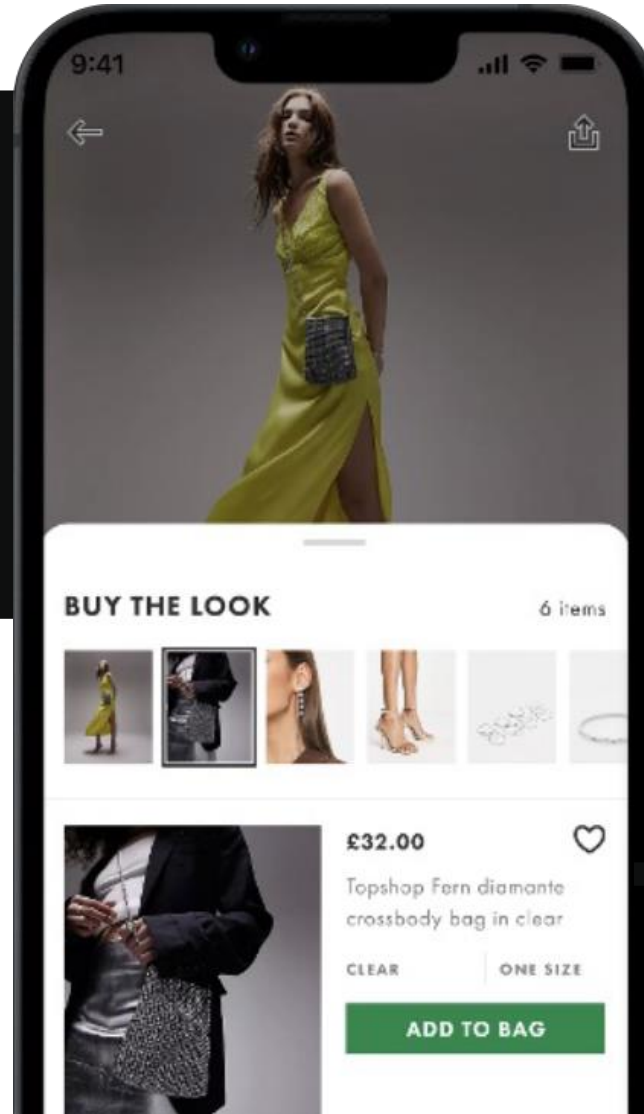
Destination for style

B Developing new tools to improve customer experience and reinforce our focus on fashion

40

Currently

- Based around products
- Machine-led
- Sub-optimal Cx



New approach

- Based around outfits
- Creative/fashion-led
- Out of stock recommendations
- Seamless shopping experience

Next steps:

- User generated content
- Connected looks

3

Customer journey around fashion

41



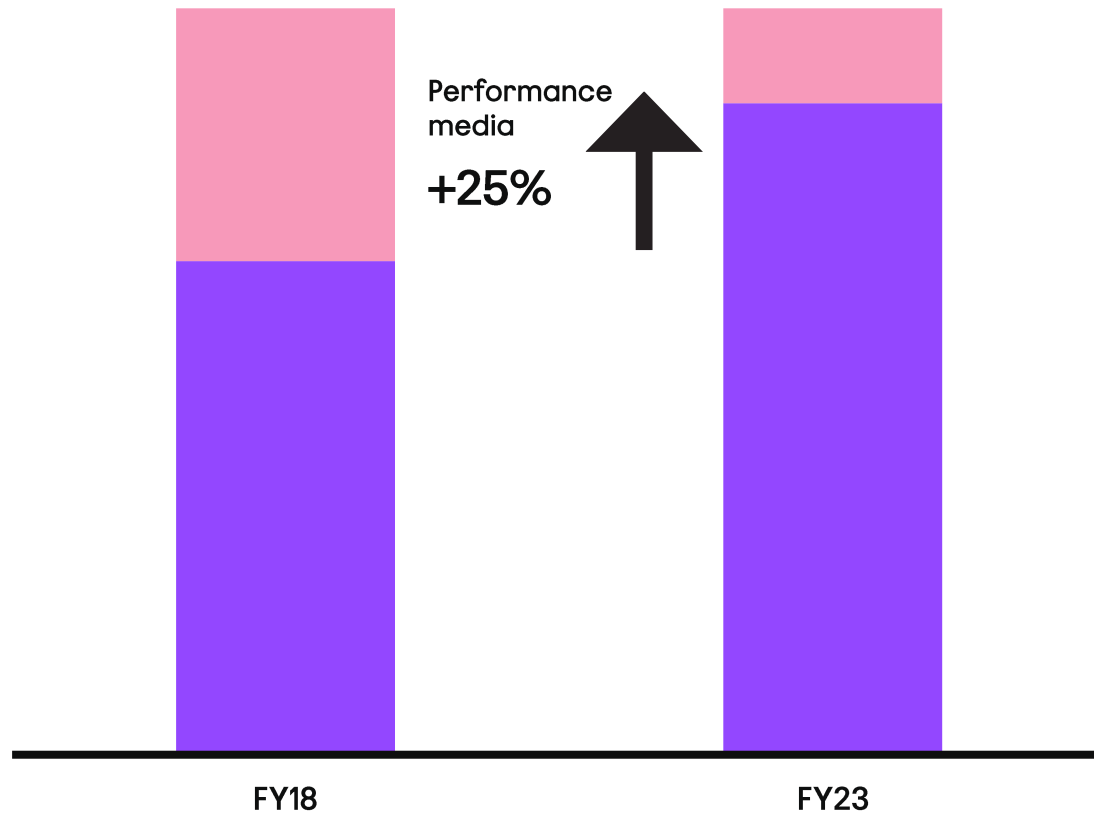
3

Customer journey around fashion

One-dimensional marketing approach means the ASOS brand lacks an emotional connection with our market

42

ASOS marketing mix



New customers falling to FY19 levels



Churn increasing, particularly among new customers



Declining share of branded search

Incremental £30m UK brand investment in FY24

3

Customer journey around fashion

Customer strategy will reinforce ASOS as a destination for fashion, engaging high quality customers

43



High value actions

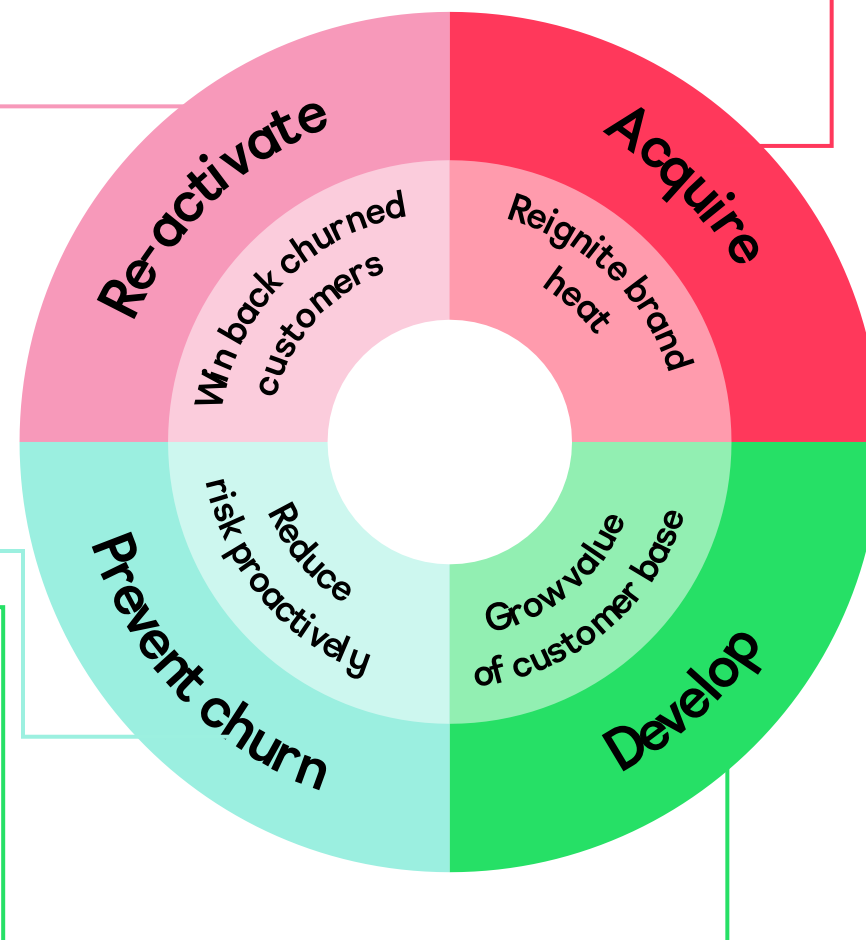


Personalisation



Loyalty

B



A



Full funnel marketing



Stronger fashion relationships



Brand heat activations

3

Customer journey around fashion

A

We will acquire customers by reigniting brand heat with a full funnel approach...

44



Implement full funnel marketing

Regular, disruptive marketing campaigns

Full media approach inclusive of TikTok mission, digital videos, OOH



Build stronger fashion relationships

Micro and mid-tier influencers

ASOSers featured in Social content

Brand ambassadors



Create moments of brand heat

Experiential pop-ups

Brand and Talent Collaborations

Cultural collaborations

3

Customer journey around fashion



Drive high value actions

- App downloads
- Premier subscriptions
- Multi-category shopping

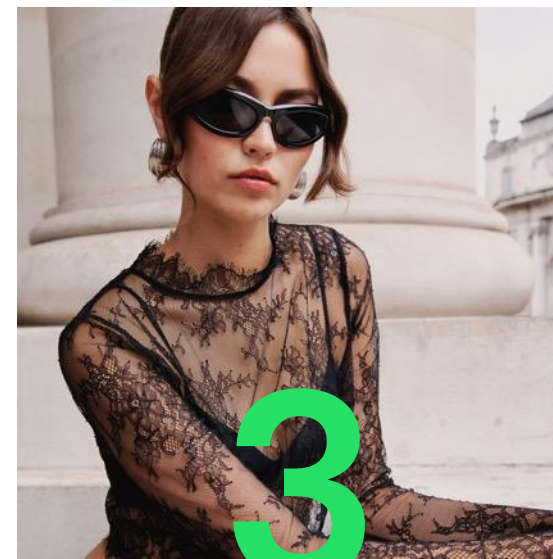
B

...Preventing churn and developing lifetime value by improving customer experience and rewarding loyalty



Enhancing personalisation

- 1:1 recommendations
- Personalised journey
- AI enabled promo and product offerings



Grow Loyalty and Premier programs

- Exclusive events and experiences
- Free gifts

3

Customer journey around fashion

Full funnel marketing has a different payback profile with greater medium-term benefits than performance marketing

46

3 – 6 months

6 – 12 months

> 12 months

Social share of voice

Organic visits

Brand health

Brand search

Customers

Frequency

Campaign performance (lift studies)

Higher overall ROAS

We will measure the impact of our investment using both leading and lagging indicators of success

3

Customer journey around fashion

In the UK we're launching a full funnel* brand campaign to drive brand reappraisal. The emphasis will be on social, as this is where our audience is, with 572m estimated impressions.

*Full funnel = marketing that aims to meet objectives at every stage of a consumers' relationship with a brand - by building awareness of the brand, by improving consideration to shop with that brand, to drive purchase, and to encourage repeat purchase and loyalty

Focusing on
individual
style as the
key emotional
driver for
confidence...

3

Customer journey
around fashion

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asos your way

3

Customer journey around fashion

49



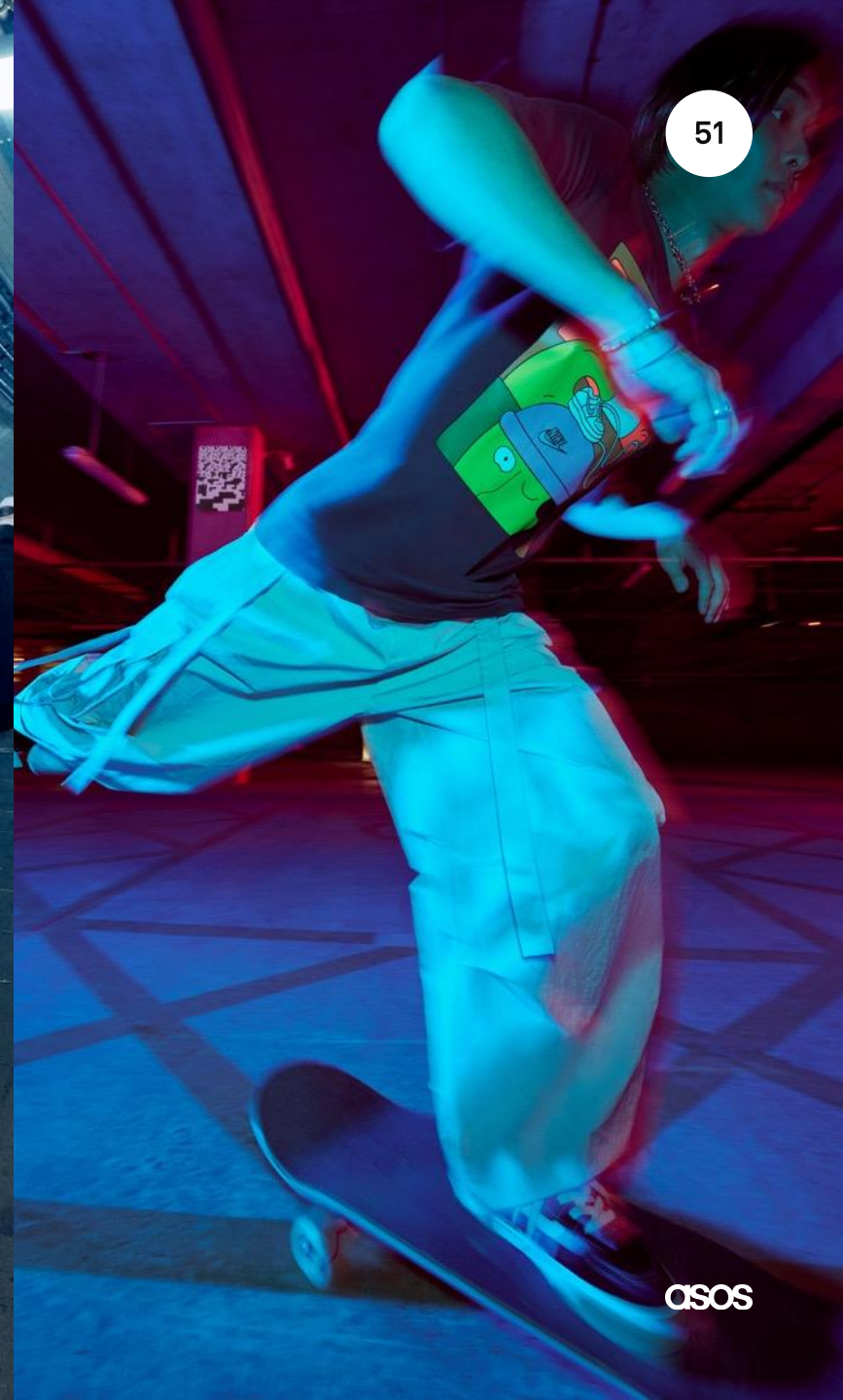
3

Customer journey around fashion



3

Customer journey around fashion



3

Customer journey around fashion

52



3

Customer journey around fashion

53

Crowdsourced
creators, with
40million
impressions
guaranteed
within 12 days



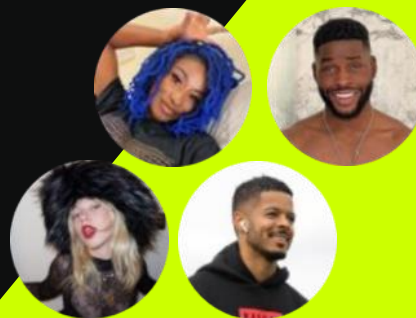
3 Customer journey around fashion

Building strong, bottom-up relationships with long-tail influencers creates authentic relationships

Potential reach of over 50M

Mega talent

Build Awareness / Broad Reach



Higher Individual Reach

Macro talent

Build Awareness / Broad Reach



Authentic Engagement

Micro/Mid Tier talent

Engagement & Awareness / Niche Audience / Affordable investment



Share of Voice

3

Customer journey
around fashion

55

ASOS IN REAL LIFE LONDON - NOVEMBER

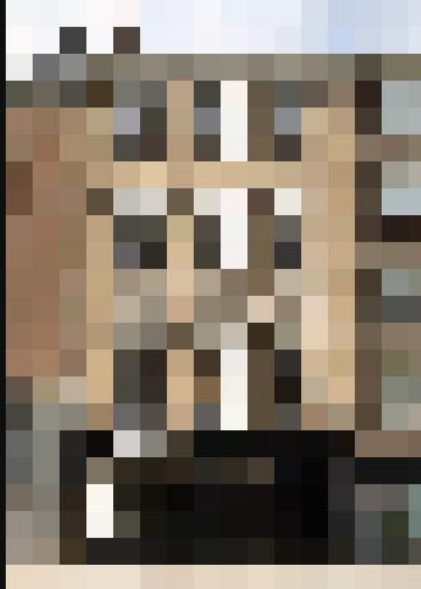


3

Customer journey around fashion

56

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LOCATION



PRODUCT



FACE & BODY



**IMMERSIVE
EXPERIENCE**

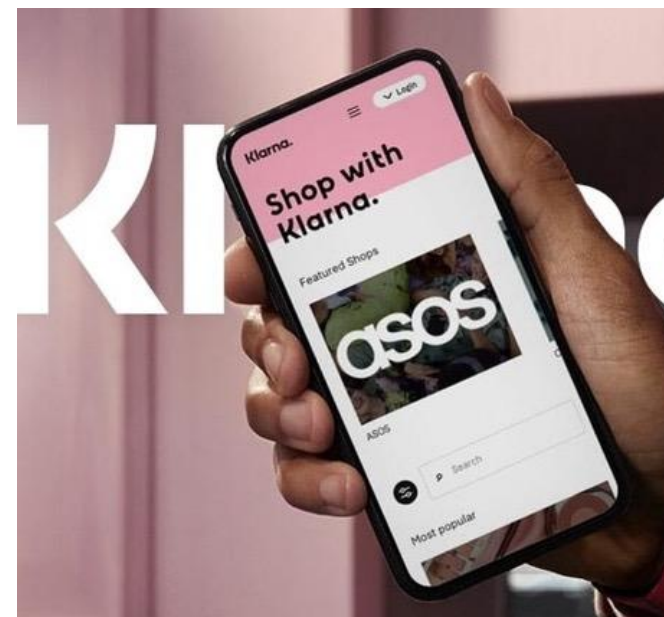


**SCHEDULE OF
EVENTS**

4

Competitive convenience

57



4

Competitive convenience

Convenience remains a key reason to shop online

58



CUSTOMERS WANT

fast delivery



CUSTOMERS WANT

free returns



CUSTOMERS WANT

payment options





We are a fast follower of innovation and will continuously evolve to offer what customers value most

4

Competitive
convenience

ASOS competes with the best for convenience in our core markets despite reducing cost to serve in FY23

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		Free delivery above MOV	NDD available	Free returns	BNPL payment options	Other local payments	
UK		✓	✓	✓	✓	✓	Delivery in 2 days to 95% of customers globally
US		✓	✓	✓	✓	✓	Free returns in core markets
DE		✓	✓	✓	✓	✗	
FR		✓	✓	✓	✓	✗	Locally relevant payment options including BNPL

4

Competitive convenience

Worldwide fast delivery and efficient returns are enabled by our capacity-optimised logistics network

60

Fulfilment centres

Atlanta

Barnsley

Lichfield

Berlin

Returns centres

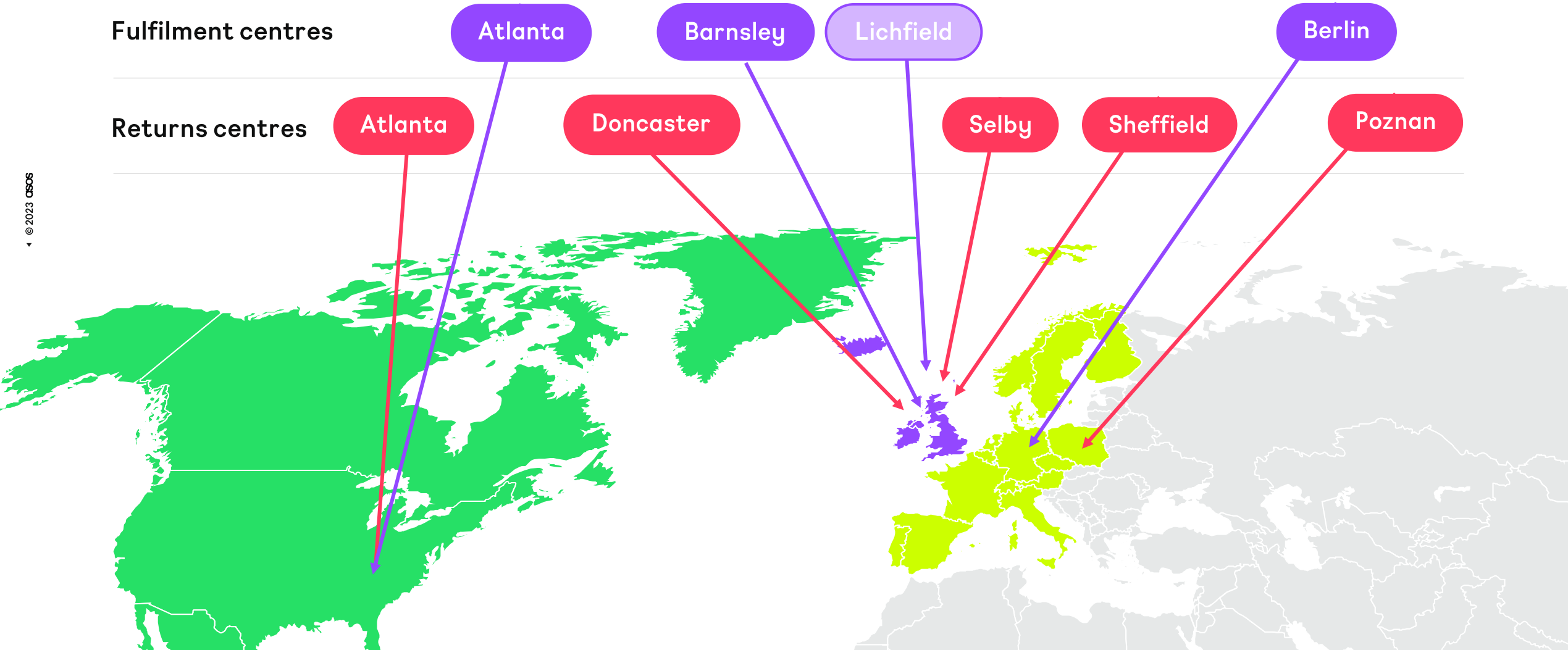
Atlanta

Doncaster

Selby

Sheffield

Poznan



5

Disciplined capital allocation

61



OSOS

5 Disciplined capital allocation

Efficient capital allocation model will allow us to eliminate waste and invest where we see opportunity

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A

Operational excellence

Removing waste to invest in opportunity

- New model
- Prioritisation
- 'Bad' returns

B

International model

Investment based on market segmentation

- Core
- Adjacent
- Non-core

C

Innovative tech

Innovation in priority areas at the right level of cost

- Improved use of data
- Machine learning capability
- Generative AI

D

Leadership & culture

Refreshed leadership with disruptive mindset at all levels

- Board
- Management Committee
- Business culture

5 Disciplined capital allocation

Our international model balances competitiveness with profitability

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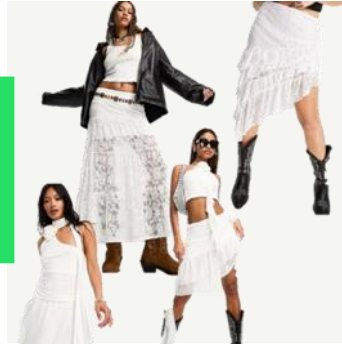
	Core	Adjacent	Non-core
Market structure	<ul style="list-style-type: none">▪ Big, profitable markets (or with the potential to be so)	<ul style="list-style-type: none">▪ Potential to be big, profitable, or both	<ul style="list-style-type: none">▪ Loss-making, or small and low-profit markets
Marketing	<ul style="list-style-type: none">▪ Dedicated marketing & localised social media	<ul style="list-style-type: none">▪ Light touch localised marketing	<ul style="list-style-type: none">▪ Market-specific only around key trading events
Proposition	<ul style="list-style-type: none">▪ Match best-in-class on delivery & returns▪ Premier offering	<ul style="list-style-type: none">▪ Competitive convenience	<ul style="list-style-type: none">▪ Optimised for profitability
Operations	<ul style="list-style-type: none">▪ Local DC capable of NDD▪ Small dedicated team	<ul style="list-style-type: none">▪ Utilise DCs of core countries▪ Shared resource	<ul style="list-style-type: none">▪ No dedicated resource
Wholesale	<ul style="list-style-type: none">▪ Highly selectively for Topshop	<ul style="list-style-type: none">▪ Highly selectively for Topshop	<ul style="list-style-type: none">▪ For all brands

Our future success is about being more ASOS

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Best & most relevant product

1



Destination for style

2



Exciting customer journey

3



Competitive convenience

4



5

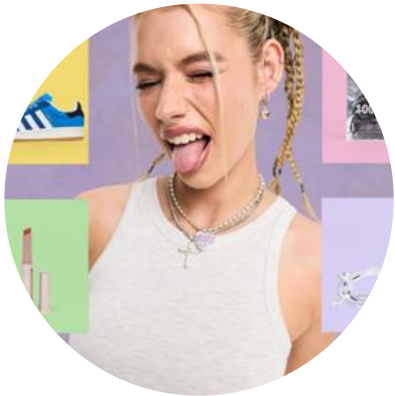
Disciplined capital allocation

ASOS

This strategy will drive wide ranging benefits and ultimately lead to sustainable growth and cash generation in FY25 and beyond



Destination for style



Best & most relevant product

Gross margin

Stock turn

Basket value

Customer acquisition

Full price sales

Churn

Costs to serve

Returns

Competitive convenience

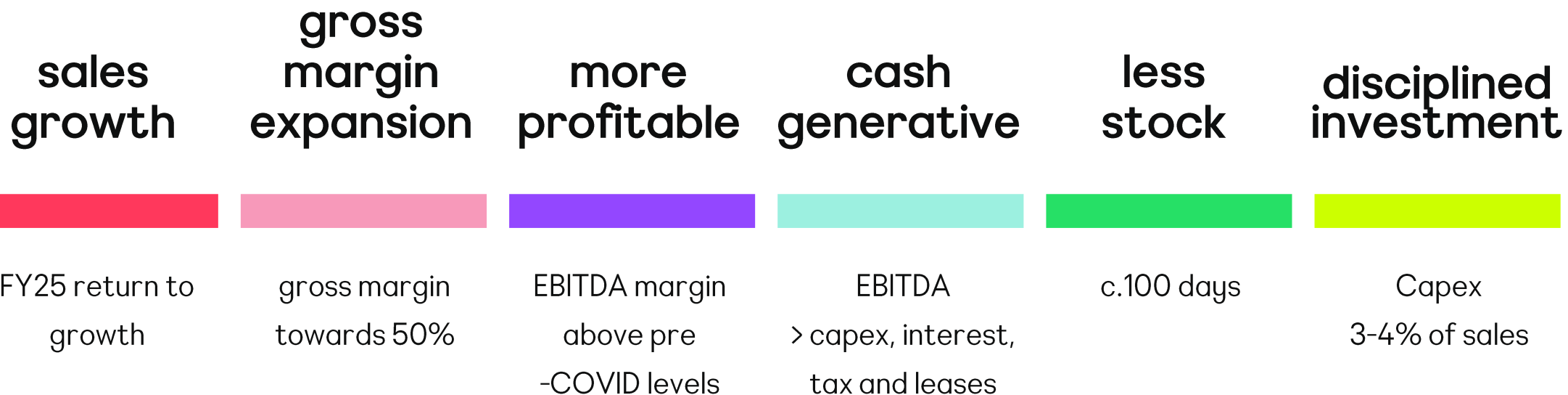


Customer journey around fashion



Sustainable growth and cash generation

By focusing on **what makes us unique**,
our model will drive sustainably profitable and
cash generative growth in the medium term





PENCIL MIDI SKIRT £12

ASOS DESIGN jersey pencil midi skirt in black

Product Details	+
Brand	+
Size & Fit	+
Look After Me	+
About Me	+

Q&A

asos