



1 February 2021

ASOS plc ("the Company")

**Acceleration of ASOS Brands strategy
Acquisition of Topshop, Topman, Miss Selfridge & HIIT**

- Acquisition of Topshop, Topman, Miss Selfridge and HIIT brands¹ for £265m
- Strategically compelling opportunity to acquire four strong, iconic fashion brands
 - Resonating with our core customer base; growth of 41% on ASOS in P1 FY21
 - Brands continued to grow well through effective models & retail channels in FY20
 - Established brand presence in UK, US and Germany
 - Complementary to existing ASOS Brand portfolio; increasing customer choice
- Clear plan to use our market leading capabilities to drive growth globally and accelerate our ASOS Brands strategy
 - Overlaying our world class design, buying and marketing capabilities to strengthen brands
 - Transforming the digital experience through full integration into the ASOS platform
 - All underpinned by our existing global warehouse and technology infrastructure
- Selecting the best retail partners to accelerate global opportunities; accelerating US strategy via Nordstrom partnership
- Financially attractive transaction
 - FY20 online and retail partner revenue of c.£265m; split c.60:40 brand online / retail partners and c.50:50 UK / international
 - Accretive to margin and double-digit return on capital (post tax) in first full year (FY22)
 - Fully funded from cash reserves; cash position remains robust
- Completion 4th February
 - FY21 incremental EBITDA to be offset by initial ramp up costs
 - Additional one-off restructuring and transaction costs of c.£20m

Nick Beighton, CEO, commented:

"We are extremely proud to be the new owners of the Topshop, Topman, Miss Selfridge and HIIT brands. The acquisition of these iconic British brands is a hugely exciting moment for ASOS and our customers and will help accelerate our multi-brand platform strategy. We have been central to driving their recent growth online and, under our ownership, we will develop them further, using our design, marketing, technology and logistics expertise, and working closely with key strategic retail partners in the UK and around the world."

Strategic Opportunity

This acquisition represents a compelling strategic opportunity in support of our mission to become the number one destination for fashion loving 20-somethings worldwide. These are strong brands that resonate well with our core customer base. Brand equity is strongest in the UK and they have an established presence in both the US and Germany, two of our key strategic markets.

The ASOS multi brand model has our ASOS brands at the core, supplemented by a curated edit of the best product from the most relevant brands globally. This transaction allows us to bring iconic brands in-house, allowing us to overlay our core strengths and transform them into leading digital first brands. As part of this, the acquired brands will join our Venture Brands portfolio alongside others including Collusion, AsYou and Reclaimed Vintage. We will retain their established brand and customer positioning, which is differentiated from our core ASOS Design and other ASOS Brands. This enhances our ability to increase choice for customers offering different customer styles, hero product and price points across our ASOS Brands.

Strengthening the Brands

The brands we have acquired are strong consumer facing brands that have continued to grow through key channels and we see a significant opportunity to drive further growth for these brands globally. We will do so through applying our industry leading design talent and online retail experience. They will also benefit from investment into customer engagement and brand positioning in line with our existing model.

Beyond this, we will work to maximise the opportunity for the brands global distribution. Our international warehouse infrastructure and localised online experiences will support continued growth through our own platform. In addition to this, there is significant scope for selective development of strategic retail partnerships. We see particular opportunity to increase the brands' reach and accelerate our US strategy via partnership with Nordstrom in this key market.

Integration

We will work to integrate these brands into our business quickly. Our capacity to do so is supported by our ability to use our existing warehouse and technology infrastructure. In addition, we will transition c.300 employees across design, buying and retail partnerships. As part of the integration process, we will undertake a thorough review of the supply chain to ensure it complies with all our Fashion with Integrity principles.

Across the remainder of the financial year, we will work to re-engage suppliers and rebuild stock to support our future trading plans. As part of this, we have worked with the administrators to ensure future continuity of supply and have taken on and placed some purchase orders accordingly. Our familiarity with these brands and our experience developing and running in house brands, together with our well-developed technology and warehouse infrastructure, gives us confidence in our ability to execute the transition with as little disruption as possible.

Financial Impact

The transaction values the brand assets at £265m and is fully cash funded from existing cash reserves. Additionally, we will purchase £30m of stock upfront to support initial trading before we migrate the brands into our normal working capital cycle. We expect to retain a net cash position at HY21, typically our lowest point of the year.

In 2019, before impact of COVID, the brands delivered total revenues of approximately £1bn across all channels, reflecting the strength of the brands' equity. Despite business and supply challenges over the last year, the brands continued to grow through online and retail partnership channels, with total revenues in 2020 of approximately £265m as brand sales via retail partners grew 16% and brand online sales grew 5%. Growth on our ASOS platform has been comfortably ahead of this level, at 41% in P1 FY21.

In FY21 we expect any incremental EBITDA to be offset by initial investment and ramp up costs as we focus on integration, engaging with retail partners and rebuilding stock to support our trading plans. Additionally, we expect to incur one-off restructuring and transaction costs of c.£20m.

We anticipate incremental sales in FY22 to be broadly flat to FY20 acquired brand sales as we focus on driving growth on our ASOS platform and through select strategic retail partnerships. The acquisition is expected to be margin accretive, with strong operating leverage given the relatively low incremental costs of operation once integrated onto the ASOS platform. We expect the transaction to deliver a double-digit return on capital (post tax) in the first full year.

Other Financial Information

In the most recent 52 weeks ended 29th August 2020 Topshop, Topman and Miss Selfridge made an unaudited EBITDA loss of (£1.8m) across all channels. HIIT was a sub-brand of Burton, which ASOS has chosen not to acquire, and accordingly profitability is less readily available but it is estimated that the brand generated a loss of approximately (£0.4m) across all channels.

¹ ASOS has acquired the intellectual property assets of Topshop, Topman, Miss Selfridge and HIIT from the joint administrators of Arcadia Group Limited and its relevant subsidiaries

Investor and Analyst conference call:

ASOS will be hosting a webcast for analysts and investors at 8.30am (UK time) today. Please join via the link: <https://analystspresentation.sparq.me.uk/> or dial +44 203 481 5237 , and use Meeting ID: 867 8710 8183

A recording of this webcast will be available on the ASOS Plc investor centre website later today: <http://www.asosplc.com/investors.aspx>

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Forward looking statements:

This announcement may include statements that are, or may be deemed to be, "forward-looking statements" (including words such as "believe", "expect", "estimate", "intend", "anticipate" and words of similar meaning). By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances, and actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Save as required by applicable law, the Company undertakes no obligation to publicly revise any forward-looking statements in this announcement, whether following any change in its expectations or to reflect events or circumstances after the date of this announcement.

Background note

ASOS is an online retailer for fashion-loving 20-somethings around the world, with a purpose to give its customers the confidence to be whoever they want to be. Through its market-leading app and mobile/desktop web experience, available in ten languages and in over 200 markets, ASOS customers can shop a curated edit of 85,000 products, sourced from 850 of the best global and local third-party brands and its mix of fashion-led in-house labels – ASOS Design, ASOS Edition, ASOS 4505 and Collusion. ASOS aims to give all of its customers a truly frictionless experience, with an ever-greater number of different payment methods and hundreds of local deliveries and returns options, including Next-Day and Same-Day Delivery, dispatched from state-of-the-art fulfilment centres in the UK, US and Germany.

ASOS's websites attracted 280.4 million visits during December 2020 (December 2019²: 233.8 million) and as at 31 December 2020 it had 24.5 million active customers³ (31 December 2019: 21.7 million), of which 7.6 million were located in the UK and 16.9 million were located in our international territories (31 December 2019: 6.7 million in the UK and 15.0 million internationally).

²Restated visits, previously reported number 239.0 million, ³Defined as having shopped in the last twelve months as at 31 December