Agenda
H1 FY23 Results

Overview

CEO Update

H1 FY23 Financial Results

Outlook
Executing on Driving change agenda, creating strong foundations for sustainable profit and cash generation

Sales declined 7%¹ reflecting a challenging backdrop and planned profitability initiatives. Adjusted EBIT of (£69.4)m reflecting phasing of headwinds and benefits across FY23.

On track to deliver over £300m benefits, with over £100m delivered in H1 and more than 95% of H2 balance flowing from actions already taken.

Stock reduction ahead of plan (down 9% vs FY22 year end), with plan to reduce stock c.20% YoY by year end. Gross margin exit rate up over 300bps YoY.

Cash headroom of over £400m at H1 FY23. In May, amended and extended £350m RCF facility through to November 2024.

Simplified decision-making processes, promoted culture of innovation, and reinforced the senior leadership team with strategic key hires.

Remain focused on executing the final stages of Driving Change agenda, creating strong foundations for next phase of growth.

¹Total sales growth based on constant currency sales growth and excludes Russian sales in H1 FY22. All sources: ASOS internal operational records.
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H1 FY23 Financial Results
Outlook
The Driving Change agenda underpins ASOS' journey to sustainable profit and cash generation.

1. Renewed commercial model
2. Stronger order economics and lighter cost profile
3. Robust and flexible balance sheet
4. Refreshed leadership team & culture
01. Renewed commercial model

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

**Opportunity**

- Improved Fashionability and flexibility of range

**Immediate focus**

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

**Outcome**

- Gross margin
- Working capital
- Time to market

**More efficient stock management**

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

- Stock turn
- Working capital
- Logistic costs
01. Renewed commercial model

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

**Opportunity**

- Improved Fashionability and flexibility of range

**What we’ve achieved**

- Maintained gross margin\(^1\) in the face of headwinds
- Progress on stock (-9% vs plan of -5% on FY22)
- Extracted c.90% of stock identified for write off
- Central merchandise planning team created
- Decisive action taken to lower SS23 and AW24 intake

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\(^1\)Adjusted gross margin in H1 FY23 of 42.9%, vs. H1 FY22 43.1%. All sources: ASOS internal operational records.
01. Renewed commercial model

Structured approach to reducing stock with stock turn returning to pre-pandemic levels by FY24

Stock Balance & Stock Turnover

- Stock turnover
- Stock balance (£m)

FY20 | FY21 | FY22 | FY23 | FY24

Not to scale, illustrative purposes only

Pandemic, Supply chain disruption and old commercial model

- Historical lack of discipline on clearance
- Volatile demand, global supply chain issues
- Stock build ahead of expected sales growth

Driving Change

- Stock write-off
- New commercial model
- Reduced option width for SS23

New Model

- Restored width and optimised volume for AW23 and beyond
- Stock turn restored by FY24

Stock balance as per reported financial statements. Stock turnover based on stock balance and forward-looking COGs. All sources: ASOS internal operational records.
01. Renewed commercial model

ASOS is trialling new initiatives to increase long-term flexibility in the assortment

Own brand: Test & React

UK pilot across selected product categories to pressure test ASOS processes

- Success on ‘Test’ cycle: product to site in c.2 weeks
- ‘React’ cycles in progress: success will be measured by rate of sell through

Small initial purchase + product refinement based on customer reaction + replenishment based on demand

Benefits include:

- First to market on new trends
- ‘React’ not ‘repeat’: differentiated product based on learning
- Quicker turnover and less product into markdown

Potential to roll out across categories / geographies based on initial learnings
01. Renewed commercial model

ASOS is trialling new initiatives to increase long-term flexibility in the assortment

Partner brands: Partner Fulfils

Product available on ASOS platform but fulfilled directly by partner brands

Benefits include:

- Increased width / depth without inventory risk
- Additional flexibility in longer lead categories (e.g. sportswear)

Tech development to enable easier integration for new brands and better partner experience

From 2 brands in the UK at launch in FY22 to 24 brands in the UK and EU today

For one key sportswear brand, Partner Fulfils sales accounting for c.20% of sales mix in countries where we are live

All sources: ASOS internal operational records
02. Stronger order economics and lighter cost profile
Mitigate the impact of inflation and improve profitability

Opportunity

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

Optimise our cost base

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

Immediate focus

Outcome

- Margin per order
- Split shipments
- Logistics cost/order
- Overhead costs
- Intake margin
02. Stronger order economics and lighter cost profile
Mitigate the impact of inflation and improve profitability

Opportunity

- Improved order economics, especially outside key strategic markets
- Optimise our cost base

What we’ve achieved

- Over £100m of Driving Change benefits already realised
- Significant improvement in country-level profitability
- Discipline on marketing spend to drive ROI

All sources: ASOS internal operational records
02. Stronger order economics and lighter cost profile

Through Driving Change actions we have realised more than £100m of benefits in H1 split between four main categories

**Buying Optimisation**
Examples include:
- Reduction in duty and reprocessing costs
- Product specific actions to improve profitability, e.g. on bridalwear

**Pricing and Proposition**
Examples include:
- Changes to price and delivery proposition by country
- Dynamic pricing based on demand

**Supply Chain**
Examples include:
- Winding down of ancillary storage
- Reduced fulfilment from Lichfield
- Streamlining UK returns

**Other**
Examples include:
- Reduction of overheads
- Optimisation of marketing spend
- Consolidation of tech contracts

All sources: ASOS internal operational records
## 02. Stronger order economics and lighter cost profile

Profit optimisation measures have been taken to address unprofitable brands, geographies and customer behaviours.

<table>
<thead>
<tr>
<th>Target</th>
<th>Example</th>
<th>Solution</th>
<th>Outcome</th>
</tr>
</thead>
</table>
| From Oct 2022 | **Brand** | Example:  
- Strategic partner with multiple brands 
- Loss-making in FY22 | Removed promo on best performers 
- Reduced markdown in red pen events 
- Capped discount depth | • c.9m units sold in H1, +c.10% YoY  
• Swing to positive contribution |
| From Nov 2022 | **Country** | Poland:  
- Top 20 by sales 
- Loss-making in FY22 | Standard delivery charge reduced / no free delivery 
- Pricing changes 
- Reduced markdown and marketing | • Swing to positive contribution |
| From Mar 2023 | **Customer** |  
- 6% customers 
- Loss of c.£6 per order 
- Markdown focused, high returns, frequent orders | Disincentivise negative behaviours 
- Personalise approach by cohort | • Early stage |

All sources: ASOS internal operational records
03. Robust and flexible balance sheet

Enhanced flexibility to support agenda for change

Opportunity

Significantly enhanced financial flexibility

- Proactively renegotiated the RCF and waiver of banking covenants
- Cash and undrawn facilities of over £650m at FY22 year end

Create more flexible and prioritised allocation of capex

- Reduced logistics capex and investment focused on priority digital initiatives
- Planned strategic investment in technology will be maintained in support of an improved customer experience, better data management and some critical priority initiatives such as Partner Fulfils

Immediate focus

Outcome

Operational flexibility

Capex
03. Robust and flexible balance sheet

Enhanced flexibility to support agenda for change

Opportunity

Significantly enhanced financial flexibility

Create more flexible and prioritised allocation of capex

What we’ve achieved

Amended and extended £350m RCF facility through to November 2024

Robust balance sheet with cash and headroom of £400m at 28 February 2023

Capex scaled back in H2 capex via deferral of automation projects

Investment re-prioritised to support innovation in key initiatives
## 03. Robust and flexible balance sheet
Investment re-prioritised to support innovation in key initiatives

<table>
<thead>
<tr>
<th>Project</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>AI-based pricing elasticity tool to optimise markdown approach</td>
<td>Reduced markdown depth for top 40 brands over peak</td>
</tr>
<tr>
<td>“ASOS Drops” functionality</td>
<td>Limited drops to give customers a fairer chance to access in-demand product</td>
</tr>
<tr>
<td>Further development of Partner Fulfils</td>
<td>Infrastructure to add additional partners with a more efficient onboarding process</td>
</tr>
<tr>
<td>Flowline forecasting for ASOS Design products</td>
<td>Improvement of out of stock rate</td>
</tr>
<tr>
<td>Further development of personalisation functionaity</td>
<td>Personalising view of recently stocked products and increasing exposure to wider product range</td>
</tr>
</tbody>
</table>
04. Refresh leadership team and culture

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

**Opportunity**

- Organisation focused on operations and commercial delivery

**Immediate focus**

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

**Outcome**

- Truly customer-focused organisation
- Speed and flexibility
- High performance culture

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

- Cultural refresh
  - Simplicity and transparency
  - Ownership and entrepreneurial culture
  - Excellence and innovation
04. Refresh leadership team and culture

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

Opportunity

- Organisation focused on operations and commercial delivery

- Ensure the best internal and external talent

- Cultural refresh

What we’ve achieved

- New Management Committee operational
- Internal talent complemented by external hires
- Flatter structures enabling quicker decision-making
- Commitment to innovation and creativity
04. Refresh leadership team and culture

The ASOS Management Committee blends best-in-class external hires with home-grown talent

Management Committee

CEO
José Antonio Ramos Calamonte

Senior Customer Director
Dan Elton

Chief People Officer
Caroline Ross
Interim

General Counsel and Company Secretary
Emma Whyte

Technical Adviser to CEO & Senior Director of Operations
Sean Trend

Chief Financial Officer
Sean Glithero
Interim

Senior Creative Director
Vanessa Spence

Senior Director of Strategy & Corporate Development
Michelle Wilson

Senior Global Logistics, Supply Chain & Customer Care Director
Christoph Stark

Chief Technology Officer
Cliff Cohen

Senior Global Commerce & Channels Director
Fiona Gaughan

Director of Corporate Transformation
Jog Weatherley

Senior Product Director
Supported by WW, MW and Partner Brands Directors in the interim
Financial performance reflects focus on profit over top-line growth in a challenging trading environment

**Trading environment**

- Online penetration declined YoY but remains notably higher than pre-pandemic\(^1\)
  
  ![Graph showing online penetration trend](image)
  
  - 24 w/e 08 Mar 20
  - 24 w/e 06 Mar 22
  - 24 w/e 05 Mar 23

- c.20% of 16-35 year old UK shoppers “financially struggling”\(^2\)

- UK market position maintained with growing share in UK 16-35 year old online market\(^3\)

**Driving Change actions**

- Profitability actions by geography, brand and customer cohort

- Reduced investment in markdown in P2

- Right-sizing of stock reducing options short-term

- Discipline on marketing spend

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1\(^\text{ASOS calculation of online penetration being online spend / spend in total market (store and online) from Kantar Worldpanel GB Fashion Panel | Total clothing, footwear & accessories | Online | 24 w/e 3rd March 2023 vs. LY and LY2}}

2\(^\text{Kantar Worldpanel GB Fashion Panel | Total clothing, footwear & accessories | Online | 24 w/e 5th Feb 2023 vs. LY}}

3\(^\text{Kantar Total Market | Total Clothing, Footwear and Accessories | Top Retailers | Total, Online | 24 w/e 5th March 2023 vs. LY}}
H1 FY23 Headline Results

TOTAL SALES\(^1\) (£’m)

\[\frac{2,004.1}{1,840.6} = 7\%\]

ADJUSTED\(^2\) GROSS MARGIN (%)

\[\frac{43.1\%}{42.9\%} = 20bps\]

ADJUSTED\(^3\) EBIT MARGIN (%)

\[\frac{1.3\%}{(3.8\%)} = 510bps\]

ADJUSTED\(^4\) PBT (£’m)

\[\frac{(102.2)}{(87.4)} = \frac{14.8}{H1 FY22} \text{ to } \frac{(87.4)}{H1 FY23}\]

CAPEX\(^5\) (£’m)

\[\frac{86.5}{115.0} = 33\%\]

FREE CASH OUTFLOW\(^6\) (£’m)

\[\frac{(256.5)}{(262.7)} = \frac{(6.2)}{H1 FY22} \text{ to } \frac{(262.7)}{H1 FY23}\]

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\(^1\) Total sales growth based on constant currency sales growth and excludes Russian sales in H1 FY22.

\(^2\) Excluding adjusting items totalling £24.6m in H1 FY23 (H1 FY22: £nil). Please see RNS for full breakdown.

\(^3\) Excluding adjusting items totalling £203.3m in H1 FY23 (H1 FY22: £130.6m). Please see RNS for full breakdown.

\(^4\) Excluding adjusting items totalling £203.3m in H1 FY23 (H1 FY22: £130.6m). Please see RNS for full breakdown.

\(^5\) Capex reflects cash capex and excludes only fixed asset additions in relation to the right of use of assets as part of IFRS 16.

\(^6\) Free cash flow is calculated by adding back cash used in operating activities, cash used in investing activities and cash generated from financing activities and excluding ROF drawdown.

All sources: ASOS internal operational records.
Focus on profitability is delivering improved order economics and increased customer share of wallet at the expense of growth

<table>
<thead>
<tr>
<th>Group KPIs</th>
<th>H1 FY23¹</th>
<th>Change vs LY</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABV CC²</td>
<td>£39.86</td>
<td>+5%</td>
</tr>
<tr>
<td>Visits</td>
<td>1,384.6m</td>
<td>(5%)</td>
</tr>
<tr>
<td>Average Order Frequency³</td>
<td>3.7</td>
<td>(1%)</td>
</tr>
<tr>
<td>Active Customers⁶</td>
<td>24.9m</td>
<td>(2%)</td>
</tr>
<tr>
<td>Premier Customer growth</td>
<td>3.1%</td>
<td>(20bps)</td>
</tr>
<tr>
<td>Conversion⁶</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### ASOS UK Shoppers Share of Wallet⁶

<table>
<thead>
<tr>
<th></th>
<th>24 wks ended 6 Mar 2022</th>
<th>24 wks ended 5 Mar 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of Wallet</td>
<td>28.1%</td>
<td>28.6%</td>
</tr>
</tbody>
</table>

### Market Share (UK 16-35 year olds)⁷

<table>
<thead>
<tr>
<th></th>
<th>24 wks ended 8 Mar 2020</th>
<th>24 wks ended 6 Mar 2022</th>
<th>24 wks ended 5 Mar 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of Market</td>
<td>3.7%</td>
<td>5.9%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

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¹Group KPIs are on an ex-Russia basis in H1 FY22. ²ABV quoted on a constant currency basis excluding Russia. ³Calculated as last 12 months’ total orders divided by active customers. ⁴Active customers defined as having shipped in the last 12 months as at 28 February ⁵Adjusted as total shipped orders divided by total visits. ⁶Kantar ASOS Shoppers Online Spend 16-24 w/e 6th March 2023 vs LY. ⁷Kantar Total Market | Total Clothing, Footwear and Accessories | 16-35 year olds | Market Shares | 24 w/e 6th March 2023 vs LY and LY-2. All sources ASOS internal operational records.
# Key financials by segment

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>EU</th>
<th>US</th>
<th>RoW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sales CC^2</td>
<td>(10%)</td>
<td>Flat</td>
<td>(7%)</td>
<td>(12%)</td>
</tr>
<tr>
<td>Visits</td>
<td>(8%)</td>
<td>Flat</td>
<td>(1%)</td>
<td>(18%)</td>
</tr>
<tr>
<td>Conversion^3</td>
<td>(30bps)</td>
<td>(10bps)</td>
<td>(20bps)</td>
<td>(10bps)</td>
</tr>
<tr>
<td>CC ABV^4</td>
<td>+4%</td>
<td>+6%</td>
<td>+6%</td>
<td>+11%</td>
</tr>
<tr>
<td>Active Customers^5</td>
<td>8.6m (-2%)</td>
<td>10.6m (+1%)</td>
<td>3.2m (-9%)</td>
<td>2.5m (-7%)</td>
</tr>
<tr>
<td>Premier Customer growth</td>
<td>(13%)</td>
<td>+13%</td>
<td>(6%)</td>
<td>+78%</td>
</tr>
</tbody>
</table>

^1 Calculation of metrics, or movements in metrics, on an ex-Russia basis involves the removal of Russia from H1 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 H1 FY22, in addition to H1 FY22.

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

^3 Calculated as total shipped orders divided by total visits.

^4 ABV CC metrics is calculated as net retail sales / number of orders in the period on a constant currency basis.

^5 Active customers defined as having shipped in the last 12 months as at 26 February.

All sources: ASOS internal operational records.
On an adjusted basis, gross margin was broadly flat versus both H1 FY22 and P1 FY23 in the face of significant headwinds.

1. ASOS internal operational records
Phasing of Driving Change benefits and headwinds resulted in an adjusted EBIT loss in H1 FY23

**H1 FY23 Adjusted EBIT Bridge vs H1 FY22 (£'m)**

- **£26m**
- **£69m**

**Headwinds and mitigating Driving Change agenda initiatives**

**Headwinds**
- Inflation across all cost lines – average of mid-single digit on total cost base
- Return rate normalisation annualising in May 2023
- Supply chain inefficiencies from overstocking at beginning of the year – UK LCPF +16%
- Annualisation of incremental costs in FY22

**Driving Change agenda**
- Profit optimisation and cost saving measures across 78 workstreams
- H1 initiatives include supply chain cost savings (c.£27m), overhead savings (c.£12m) and marketing (c.£6m)

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*Excluding adjusting items totalling £203.1m in H1 FY23 (H1 FY22: £90.6m). Please see RNS for full breakdown.
ASOS internal operational records.*
## Warehouse and other costs reflecting the majority of headwinds

<table>
<thead>
<tr>
<th></th>
<th>H1 FY23 % of sales</th>
<th>Change vs H1 FY22</th>
<th>Key Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Gross Margin¹</td>
<td>42.9%</td>
<td>(20bps)</td>
<td>• Impact of Driving Change initiatives more than offsetting increased fuel surcharges</td>
</tr>
<tr>
<td>Distribution Costs</td>
<td>(12.5%)</td>
<td>30bps</td>
<td>• Headwinds of labour, consumables &amp; utilities inflation and return rate normalisation partially offset by Driving Change initiatives</td>
</tr>
<tr>
<td>Warehouse</td>
<td>(12.4%)</td>
<td>(210bps)</td>
<td>• Investment optimised in light of economic conditions and focus on profitable growth</td>
</tr>
<tr>
<td>Marketing</td>
<td>(6.0%)</td>
<td>Flat</td>
<td>• Wage and other overhead inflation, contractual increases and annualisation of headcount build in H2 FY22</td>
</tr>
<tr>
<td>Other Costs</td>
<td>(11.9%)</td>
<td>(260bps)</td>
<td></td>
</tr>
<tr>
<td>Depreciation and Amortisation</td>
<td>(4.0%)</td>
<td>(60bps)</td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>0.1%</td>
<td>10bps</td>
<td></td>
</tr>
<tr>
<td>Adjusted EBIT Margin²</td>
<td>(3.8%)</td>
<td>(510bps)</td>
<td></td>
</tr>
</tbody>
</table>

¹Excluding adjusting items totalling £0.4m in H1 FY23 (H1 FY22: £nil). Please see RNS for full breakdown.
²Excluding adjusting items totalling £203m. Please see RNS for full breakdown.

Note: Above table subject to rounding. All sources: ASOS internal operational records.
Free cash outflow derived from reported EBIT loss and H1-weighted capex

<table>
<thead>
<tr>
<th>HY23 Adjusted EBIT</th>
<th>HY23 Adjusting items</th>
<th>HY23 Reported EBIT</th>
<th>Working Capital</th>
<th>Tax</th>
<th>Capex</th>
<th>Other</th>
<th>HY23 Reported FCF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(£69m)</td>
<td></td>
<td>(£203m)</td>
<td></td>
<td>(£13m)</td>
<td></td>
<td></td>
<td>(£115m)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(£273m)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(£31m)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(£83m)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(£263m)</td>
</tr>
</tbody>
</table>

1 ASOS internal operational records
2 Other is mainly driven by non-cash impairments
3 FCF outflow (excluding RCF drawdown of £250m)
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Return to profit in H2 FY23 with headwinds abating and over 95% of Driving Change benefits from initiatives already in place

H2 FY23 Adjusted EBIT Bridge vs H2 FY22 (£m)¹

H2 FY22  Volume  Headwinds  Freight & duty  Driving Change Agenda  H2 FY23

<£100m
££200m

H2 Driving Change agenda

<5%
Not yet implemented

>95%
Implemented

Headwinds

Starting to ease:
- Mid-single digit inflation
- Return rate annualising in May 2023
- Improved efficiency from reduced inventory

Driving Change agenda

More than 95% of c.£200m H2 profit optimisation and cost benefits based on initiatives already in place

For example: supply chain initiatives all implemented and set to drive >£35m in H2 FY23 (c.£27m in H1 FY23)

¹ASOS internal operational records
Current trading & H2 outlook

Current trading:
- P2 sales momentum broadly continued into March and April (-15% CCY ex Russia) with approx. half of the sales decline driven by planned profitability measures.
- Gross margin run rate remains up over 300bps YoY.

H2 guidance:
- Sales (CCY ex Russia) decline of low double digit YoY
- Adjusted gross margin improvement of c.200bps YoY expected in H2 FY23, inventory reduction of c.20% YoY at FY23 year end
- Adjusted EBIT of £40-£60m (c.3% adjusted EBIT margin)
- Free cash inflow of over £150m (excluding all incremental refinancing costs), which equates to >£125m free cash inflow including refinancing costs
- Interest expense of c.£30m, including amortisation of arrangement fees and related costs
- Capex of £60-85m (in-line with FY23 guidance of £175-200m)
- EBIT impact of adjusting items in the range of £25m-£30m in, of which £15m is non-cash (mostly relating to the Driving Change agenda).

Full year guidance:
- FY23, free cash outflow (prior to incremental refinancing costs) will be around £100m (i.e. around the bottom end of the £0 to £100m outflow guidance provided at FY22

---

¹Total sales growth based on constant currency sales growth and excludes Russian sales in H1 FY22
All sources: ASOS internal operational records
Action taken over the last six months lays strong foundations for sustainable profitability and cashflow in H2 and beyond

Good progress in the rollout of new commercial model

Profit optimisation and cost initiatives on track

Refinanced to deliver robust and flexible balance sheet

Refreshed leadership team, simplified structure and focus on innovation
EBIT adjusting items for H1 totalled £203.1m, with a cash impact of £23m. Adjusting items for H2 guided to be in the range of £25-£30m

<table>
<thead>
<tr>
<th>Stock write off</th>
<th>H1 23 (£’m) EBIT impact</th>
<th>H2 23 expected EBIT impact (£’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property impairments</td>
<td>128.2</td>
<td>c.3</td>
</tr>
<tr>
<td>Other strategic initiatives of Driving Change agenda</td>
<td>49.4</td>
<td>5-10</td>
</tr>
<tr>
<td>Topshop brands amortisation</td>
<td>10.6</td>
<td>c.12</td>
</tr>
<tr>
<td>Non-underlying sales tax</td>
<td>5.1</td>
<td>c.5</td>
</tr>
<tr>
<td>Total of Adjusting Items</td>
<td>203.1</td>
<td>25-30</td>
</tr>
<tr>
<td>Cash impact of Adjusting Items</td>
<td>23.0</td>
<td>10-15</td>
</tr>
</tbody>
</table>

**Property impairments**

A number of Group-occupied sites were vacated in H1, including office and warehouse space, resulting in:

- One-off non-cash impairment charge to write down assets for sites vacated
- Accelerated depreciation charge on sites to be vacated in H2
- Exit provisions relating to onerous contract costs on leased sites identified for closure