

12 January 2023

ASOS plc ("the Company")
Trading Statement for the four months ended 31 December 2022 ("P1")

ASOS delivers significant progress on Driving Change agenda in P1
Confident in outlook, with significant improvement in profitability and cash generation expected in H2 FY23

- Revenue down 3%¹, broadly in line with expectations, reflecting challenging trading conditions and prioritisation of structural profitability improvements and cash generation through a more disciplined approach to capital deployment.
- Adjusted gross margin² broadly flat with encouraging progress through the period relative to prior year, with significant improvement expected in H2 FY23.
- Significant progress made against Driving Change agenda, with profitability measures identified for FY23 in excess of £300m; majority now in delivery phase with benefits accelerating in H2 FY23 to more than offset inflationary headwinds and normalisation of return rates.
- Balance sheet flexibility retained, with cash and undrawn facilities of c.£430m, in-line with plan and reflecting typical seasonal working capital flows.
- On track to reduce FY22 year-end inventory levels by c.5% by the end of H1 FY23, with a further improvement from increased stock turn expected in H2 FY23.
- Full-year guidance for cash outflow of (£100m) – £0m reiterated. ASOS continues to expect significantly improved profitability and cash generation in H2 FY23 and beyond, following H1 FY23 loss.

£m ⁱ	Four months to 31 December				CCY change ex Russia ⁱⁱⁱ
	2022	2021	CCY ⁱⁱ change	Reported change	
UK total sales	591.3	645.2	(8%)	(8%)	
EU total sales	417.3	390.2	6%	7%	
US total sales	198.1	172.6	(2%)	15%	
ROW total sales	129.8	185.1	(31%)	(30%)	(10%)
Total group revenue^{iv}	1,336.5	1,393.1	(6%)	(4%)	(3%)

ⁱAll numbers subject to rounding throughout this document, ⁱⁱConstant currency is calculated to take account of hedged rate movements on hedged sales and spot rate movements on unhedged sales, ⁱⁱⁱCalculation of metrics, or movements in metrics, on an ex-Russia basis involves the removal of Russia from September – December 2021 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, ^{iv}Includes retail sales, wholesale and income from other services. All references to segmental sales throughout the document are total sales unless otherwise stated.

P1 Results Summary

- Revenue decline of 3%, broadly in line with expectations, reflecting challenging trading conditions and the prioritisation of structural profitability improvements and cash generation through more disciplined approach to capital deployment. Trading in the period was volatile and we expect these trends to continue through this financial year, but basket economics have proved resilient.

¹All sales numbers quoted in this statement are at constant currency and exclude Russia from the FY22 comparative base period unless otherwise stated.

²Adjusted gross margin is the reported gross margin excluding the impact of a provision raised in relation to the previously announced stock write-off of c.£90m. The final stock write-off is expected to be at the upper end of the range of £100m-£130m with the balance of the provision expected to be booked in H1 FY23.

- UK sales down 8%, reflecting weak consumer sentiment. This was particularly significant in September, which was impacted by national newsflow, and December, which was affected by disruption in the delivery market. This resulted in earlier cut-off dates for Christmas and New Year deliveries, and ASOS reduced marketing spend in response. In addition, there was a strong comparative period in December 2021, as the Omicron COVID variant boosted online retail.
- EU sales grew 6%, driven by improved basket economics supported by price increases, and customer growth, with the Netherlands and Ireland notably strong.
- US sales fell 2%, with slower wholesale performance acting as a drag on retail sales.
- ROW sales fell 10% reflecting implementation of a range of strategic measures, including a reduction in performance marketing spend to optimise return on investment, and changes to delivery thresholds and charges.
- Active customers³ flat at 25.5m versus P1 FY22, reflecting the annualisation of benefits of COVID tailwinds to customer acquisition.
- Whilst adjusted gross margin (excluding the impact of the previously announced stock write-off) was broadly flat (-10bps to 42.9%), actions taken on pricing and the reduced use of air freight drove an encouraging progression through the period relative to the prior year. Reported gross margin declined by 690bps to 36.1%. A significant improvement in gross margin is expected in H2 FY23.

Driving Change

In October 2022, CEO José Antonio Ramos Calamonte outlined four key actions to drive rapid improvement in the Company's operations. ASOS has made significant progress in delivery of these actions in P1 FY23:

- Renewed commercial model:
 - Approximately half of the stock units identified for write-off already physically extracted from ASOS' core network.
 - Commercial flexibility strengthened with (i) expansion of Partner Fulfils from two to 23 brands across the UK and Europe, (ii) technology work for ASOS Fulfilment Services accelerated and now planned to complete development in H2 FY23, and (iii) trialling 'Test and React' in key categories.
 - Growth in full-price sales mix in P1 FY23 resulting from a shift in approach to clearance, implementing deeper discounts on a narrower range of assortment. Further improvement anticipated as inventory levels reduce.
- Stronger order economics and a lighter cost profile:
 - Identification of profit optimisation and cost mitigation measures with an estimated FY23 impact in excess of £300m; already in delivery phase, with benefits to be strongly H2-weighted. These are expected to more than offset headwinds from inflation and return rates annualisation throughout the year to generate a modest improvement in full-year profitability (from an expected H1 FY23 loss).
 - Examples include:
 - Winding down three ancillary storage facilities (one in Europe, one in the UK and one in the US) in H2 FY23.
 - Optimising use of the Lichfield fulfilment centre to eliminate UK split orders.
 - Rationalising office space.
 - Removing 35 unprofitable brands from the ASOS platform by the end of H1 FY23.
 - Implementing low-single digit price increases supporting relative market positioning for own-brand.
 - Optimising marketing spend and reallocating investment to improve return on investment.
 - Reducing staff costs by c.10% via previously reported action on headcount.

³Active customers including those in Russia who shopped in the last 12 months as at 31st December is 25.8m (as at 31st December 2021: 26.7m); excluding Russia 25.5m (as at 31st December 2021: 25.5m)

- A review of order economics in ASOS' largest markets completed; remedial actions taken to improve profitability in underperforming geographies.
- *Robust, flexible balance sheet:*
 - Balance sheet flexibility retained with cash and undrawn facilities of c.£430m.
 - Return to cash generation in H2 FY23, underpinned by delivery of Driving Change initiatives.
 - On track to reduce FY22 year-end inventory levels by c.5% by end of H1 FY23, with further improvement from increased stock turn expected in H2 FY23.
 - Capex has been scaled back and re-prioritised in line with full-year guidance.
- *Reinforced leadership team and refreshed culture:*
 - Management team strengthened by appointment of Christoph Stark as Group Director of Supply Chain in January 2023. Christoph brings wealth of experience in supply chain, logistics and fulfilment from high-profile online retailers including Wayfair and Zalando.
 - ASOS Board bolstered by appointment of Wei Gao and Marie Gulin-Merle as Non-Executive Directors. Mai Fyfield appointed Chair of Remuneration Committee.
 - Meaningful progress on embedding reinvigorated culture, built on simplicity, transparency, operational effectiveness, and innovation.

Outlook

- Guidance for full-year free cash flow of (£100m) - £0m remains unchanged.
- Adjusted gross margin, and cash and undrawn facilities at H1 FY23 expected to be similar to P1 FY23.
- ASOS continues to expect H1 FY23 loss, driven by usual profit phasing⁴, headwinds from inflation and annualisation of elevated return rates. These headwinds are expected to persist into H2 FY23 but will be more than offset by accelerating benefits from Driving Change agenda and previously highlighted tailwind from freight.

José Antonio Ramos Calamonte, Chief Executive Officer, said:

"We are undertaking necessary strategic and operational changes, with our focus shifting from prioritising top-line growth to building a more relevant and competitive fashion business with a disciplined approach to capital allocation and ROI. At the same time, we are working to reinforce our credibility as a leading destination for our fashion-loving customers.

"We have made good early progress against a number of measures to simplify the business, including re-positioning our inventory profile, reviewing our operational model in our top markets and reducing our cost base. While there is more to do, I am pleased by the progress made in this period and am confident in the direction we are going. We retain ample balance sheet flexibility and reiterate our expectations for FY23."

⁴Usual profit phasing pre-pandemic (i.e. pre-FY21).

Investor and Analyst conference call:

ASOS will be hosting a conference call for analysts and investors at 8.30am (UK time) on 12th January 2023. To access live please dial 0800 640 6441 / +44 20 3936 2999, and use passcode: 535936

A recording of this webcast will be available on the ASOS Plc website later today:
<https://www.asosplc.com/investor-relations/>

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Background note

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. Through its app and mobile/desktop web experience, available in ten languages and in over 200 markets, ASOS customers can shop a curated edit of over 70,000 products, sourced from nearly 900 global and local third-party brands alongside a mix of fashion-led own-brand labels – ASOS Design, ASOS Edition, ASOS 4505, Collusion, Reclaimed Vintage, Topshop, Topman, Miss Selfridge and HIIT. 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 return options, including Next-Day Delivery and Same-Day Delivery, dispatched from state-of-the-art fulfilment centres in the UK, US and Germany.

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.

Appendix 1 – Total sales growth by period in sterling, including Russia

Year ending 31 August 2023

£m	P1 ¹ YOY%	P2 ¹ YOY%	P3 ¹ YOY%	P4 ¹ YOY%	2022/23 YTD YOY%
UK total sales	591.3 (8%)				591.3 (8%)
EU total sales	417.3 7%				417.3 7%
US total sales	198.1 15%				198.1 15%
ROW total sales	129.8 (30%)				129.8 (30%)
Total sales³	1,336.5 (4%)				1,336.5 (4%)

Year ended 31 August 2022

£m	P1 ¹ YOY%	P2 ¹ YOY%	P3 ¹ YOY%	P4 ¹ YOY%	2021/22 YOY%
UK total sales	645.2 13%	250.3 (2%)	431.8 4%	435.5 6%	1,762.8 7%
EU total sales	390.2 (3%)	187.2 (3%)	294.0 (5%)	298.6 6%	1,170.0 (1%)
US total sales	172.6 7%	80.1 13%	141.9 21%	136.8 18%	531.4 14%
ROW total sales	185.1 (20%)	93.4 1%	96.4 ² (33%)	97.4 (30%)	472.3 (22%)
Total sales³	1,393.1 2%	611.0 -%	964.1² (2%)	968.3 2%	3,936.5 1%

Year ended 31 August 2021

£m	P1 ¹ YOY%	P2 ¹ YOY%	P3 ^{1,4} YOY%	P4 ^{1,4} YOY%	2020/21 YOY%
UK total sales	571.3 35%	254.5 46%	415.9 85%	410.3 5%	1,652.0 36%
EU total sales	400.6 18%	193.8 22%	310.1 33%	280.8 (6%)	1,185.3 15%
US total sales	161.7 12%	71.2 8%	117.5 25%	115.8 4%	466.2 12%
ROW total sales	230.5 16%	92.3 1%	144.5 2%	139.7 (19%)	607.0 1%
Total sales³	1,364.1 23%	611.8 25%	988.0 43%	946.6 (3%)	3,910.5 20%

¹Periods are as follows:

P1: four months to 31 December

P2: two months to 28/29 February

P3: three months to 31 May

P4: three months to 31 August

²In the tables above RoW and Group total sales for P3 have been restated. This restatement relates to the removal of the £19.3m gain on RUB hedges, which was reported as revenue at P3 but subsequently reallocated to other income at year-end 2022.

³Includes retail sales, wholesale and income from other services comprising delivery receipt payments, marketing services and commission on partner-fulfilled sales

⁴P3 is restated to reflect only March, April, and May. P4 has been restated to include June.

Appendix 2 – Total sales growth by period at constant currency, including Russia
Year ending 31 August 2023

£m	P1¹ YOY%	P2¹ YOY%	P3¹ YOY%	P4¹ YOY%	2022/23 YOY%
UK total sales	(8%)				(8%)
EU total sales	6%				6%
US total sales	(2%)				(2%)
ROW total sales	(31%)				(31%)
Total sales³	(6%)				(6%)

Year ended 31 August 2022

£m	P1¹ YOY%	P2¹ YOY%	P3¹ YOY%	P4¹ YOY%	2021/22 YOY%
UK total sales	13%	(2%)	4%	6%	7%
EU total sales	2%	1%	(2%)	9%	2%
US total sales	11%	12%	15%	4%	10%
ROW total sales	(15%)	2%	(33%) ²	(31%)	(20%)
Total sales³	5%	1%	(2%)²	1%	2%

Year ended 31 August 2021

£m	P1¹ YOY%	P2¹ YOY%	P3^{1,4} YOY%	P4^{1,4} YOY%	2020/21 YOY%
UK total sales	35%	46%	85%	5%	36%
EU total sales	17%	20%	34%	(7%)	15%
US total sales	16%	13%	40%	15%	21%
ROW total sales	20%	9%	10%	(14%)	6%
Total sales³	24%	26%	47%	(1%)	22%

¹Periods are as follows:

P1: four months to 31 December

P2: two months to 28/29 February

P3: three months to 31 May

P4: three months to 31 August

²In the tables above RoW and Group total sales for P3 have been restated. This restatement relates to the removal of the £19.3m gain on RUB hedges, which was reported as revenue at P3 but subsequently reallocated to other income at year-end 2022.

³Includes retail sales, wholesale and income from other services comprising delivery receipt payments, marketing services and commission on partner-fulfilled sales

⁴P3 is restated to reflect only March, April, and May. P4 has been restated to include June.

Appendix 3

Total sales growth by period in sterling, excluding Russia

Year ending 31 August 2023

£m	P1 ¹ YOY%	P2 ¹ YOY%	P3 ¹ YOY%	P4 ¹ YOY%	2022/23 YTD YOY%
UK total sales	591.3 (8%)				591.3 (8%)
EU total sales	417.3 7%				417.3 7%
US total sales	198.1 15%				198.1 15%
ROW total sales	129.8 (9%)				129.8 (9%)
Total sales³	1,336.5 (1%)				1,336.5 (1%)

Year ended 31 August 2022

£m	P1 ¹ YOY%	P2 ¹ YOY%	P3 ¹ YOY%	P4 ¹ YOY%	2021/22 YOY%
UK total sales	645.2 13%	250.3 (2%)	431.8 4%	435.5 6%	1,762.8 7%
EU total sales	390.2 (3%)	187.2 (3%)	294.0 (5%)	298.6 6%	1,170.0 (1%)
US total sales	172.6 7%	80.1 13%	141.9 21%	136.8 18%	531.4 14%
ROW total sales	142.0	59.7	96.4 ² (7%)	97.4 (3%)	395.5
Total sales³	1,350.0	577.3	964.1² 2%	968.3 7%	3,859.7

Total sales growth by period at constant currency, excluding Russia

Year ending 31 August 2023

£m	P1 ¹ YOY%	P2 ¹ YOY%	P3 ¹ YOY%	P4 ¹ YOY%	2022/23 YOY%
UK total sales	(8%)				(8%)
EU total sales	6%				6%
US total sales	(2%)				(2%)
ROW total sales	(10%)				(10%)
Total sales³	(3%)				(3%)

Year ended 31 August 2022

£m	P1 ¹ YOY%	P2 ¹ YOY%	P3 ¹ YOY%	P4 ¹ YOY%	2021/22 YOY%
UK total sales	13%	(2%)	4%	6%	7%
EU total sales	2%	1%	(2%)	9%	2%
US total sales	11%	12%	15%	4%	10%
ROW total sales			(7%) ²	(4%)	
Total sales³			2%²	6%	

¹Periods are as follows:

P1: four months to 31 December

P2: two months to 28/29 February

P3: three months to 31 May

P4: three months to 31 August

²In the tables above RoW and Group total sales for P3 have been restated. This restatement relates to the removal of the £19.3m gain on RUB hedges, which was reported as revenue at P3 but subsequently reallocated to other income at year-end 2022.

³Includes retail sales, wholesale and income from other services comprising delivery receipt payments, marketing services and commission on partner-fulfilled sales