

8 April 2021

**ASOS plc**  
**Global Online Fashion Destination**

**Interim Results for the six months to 28 February 2021**

**ASOS delivers record results driven by exceptional execution**

**Summary financial results**

£m <sup>1</sup>	Six months to 28 February 2021	Six months to 29 February 2020	Change	CCY <sup>2</sup> Change
Group revenues <sup>3</sup>	<b>1,975.9</b>	1,596.8	24%	25%
Retail sales <sup>4</sup>	<b>1,919.9</b>	1,551.4	24%	25%
Gross profit	<b>890.0</b>	750.0	19%	
Gross margin	<b>45.0%</b>	47.0%	(200bps)	
Adjusted EBITDA <sup>5</sup>	<b>180.8</b>	95.3	90%	
Adjusted EBITDA Margin	<b>9.2%</b>	6.0%	320bps	
Adjusted EBIT <sup>6</sup>	<b>116.2</b>	34.6	236%	
Adjusted EBIT Margin	<b>5.9%</b>	2.2%	370bps	
Reported profit before tax	<b>106.4</b>	30.1	253%	
Adjusted profit before tax <sup>7</sup>	<b>112.9</b>	30.1	275%	
Diluted earnings per share	<b>81.9p</b>	27.5p	198%	
Net cash/(debt) <sup>8</sup>	<b>92.0</b>	(163.6)		

<sup>1</sup>All numbers subject to rounding throughout this document, <sup>2</sup>Constant currency is calculated to take account of hedged rate movements on hedged sales and spot rate movements on unhedged sales, <sup>3</sup>Includes retail sales, delivery receipts and third party revenues, <sup>4</sup>Any reference to total or retail sales throughout the document is on a constant currency basis, <sup>5</sup>Adjusted EBITDA is the reported earnings before interest, tax, depreciation, amortisation, share-based payments charges and Topshop brands acquisition and integration one-off costs (please see full reconciliation on page 12), <sup>6</sup>Adjusted EBIT is the reported earnings before interest, tax, Topshop brands acquisition and integration one-off costs and amortisation of acquired intangible assets (please see full reconciliation on page 12), <sup>7</sup>Adjusted profit before tax is the reported profit before tax, Topshop brands acquisition and integration one-off costs and amortisation of acquired intangible assets (please see full reconciliation on page 12), <sup>8</sup>Net cash/(debt) is the cash and cash equivalents less borrowings

**Results Summary**

- Active customer base increased to 24.9m, up 1.5m over six months. Good growth in new customers balancing fewer event-led reasons for existing customers to shop
- Total sales growth of 25% reflecting a strong performance throughout the period underpinned by excellent operational delivery
- Exceptional UK performance with 39% sales growth and good growth in international territories; EU +18%, US +16%, ROW +16%
- Gross margin down 200bps driven by increased freight costs due to COVID-19 disruption, foreign exchange movements and continued 'lockdown' category product mix
- Adjusted EBITDA margin up 320bps to 9.2% reflecting net COVID-19 benefit and continued underlying improvements, alongside disciplined reinvestment into customer momentum
- Record adjusted PBT<sup>7</sup> of £112.9m including net COVID-19 benefit (£48.5m)
- Net cash position of £92.0m, reflecting robust underlying cash generation, £266.0m investment in Topshop brands and the anticipated working capital unwind, following COVID-19 delays to peak stock build

**Strategic & Operational Highlights**

- Topshop brands integration progressing to plan as part of our strategy to further develop the ASOS brands:
  - Successful customer relaunch on 22February within 3 weeks of completion
  - Great early customer momentum
  - One-off acquisition and integration costs now expected to be c.£10m (reduced from c.£20m)
- ASOS platform continues to strengthen, enhancing customer choice and product availability:
  - Investment in pricing, principally in Europe, to further strengthen customer proposition
  - Flexibility in shaping product offer to demand supported further outperformance of 'lockdown' product
  - Flexible fulfilment progressing to plan; further deployment of unified stock pool between UK and US ahead of further rollout across ASOS and subsequent development of partner fulfilment capabilities by the end of this calendar year
  - Continued platform expansion with 120 new brands added, over 100 new delivery enhancements and 18,300 new Click and Collect locations to expand total Click and Collect offering to 166,000 locations globally
- Exceptional executional delivery with continued discipline and strong operational grip
  - Global infrastructure development on track, fit out commenced on Lichfield fulfilment centre, US automation on track for H2 FY23
  - Following a multi-year development programme and an extended period of parallel run, Truly Global Retail (TGR) system launched successfully, delivering significantly enhanced global retail planning and pricing capability and provides an essential foundation for our flexible fulfilment aspirations

**Outlook**

- Increasing focus and investment to support global growth opportunity against backdrop of acceleration in online penetration and consolidation in fashion retail
- Well positioned to capture demand for event-led product when lifestyles normalise; retaining caution on near term consumer outlook driven by uncertain 20-something economic prospects, timing of global restrictions lifting and possible further COVID-19 peaks
- FY21 expectations increased in line with first half performance; outlook for the second half unchanged despite pricing investment to enhance our consumer proposition and support long-term competitiveness
- Expect second half to be cash generative driven by underlying performance, continued capex discipline and supported by our normal working capital cycle

**Nick Beighton, CEO, commented:**

*"We are delighted with our exceptional first-half performance and proud of the work our teams have put in to achieve this. These record results, which include robust growth in sales, customer numbers and profitability, demonstrate the significant progress we have made against all of our strategic priorities and the strength of our execution capability. The swift integration of the Topshop brands and the impressive early customer engagement is also especially pleasing.*

*"Looking ahead, while we are mindful of the short-term uncertainty and potential economic consequences of the continuing pandemic, we are confident in the momentum we have built, and excited about delivering on our ambition of being the number one destination for fashion-loving 20-somethings."*

**Investor and analyst meeting:**

There will be a webcast for investors and analysts that will take place at 8.30am, 8 April 2021. To access live please join the following link <https://event.sparq.me.uk/asos-hy-results/> or dial +44 203 051 2874, and use Meeting ID: 872 6488 6754. Q&A will be run via live video on Zoom, for conference call attendees a text question option will be offered.

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, 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 returns options, including Next-Day Delivery and Same-Day Delivery, dispatched from state-of-the-art fulfilment centres in the UK, US and Germany.

ASOS' websites attracted 248.6m visits during February 2021 (February 2020<sup>1</sup>: 214.1m) and as at 28 February 2021 had 24.9m active customers<sup>2</sup> (29 February 2020: 22.3m), of which 7.8m were located in the UK and 17.1m were located in international territories (29 February 2020: 6.8m in the UK and 15.5m internationally).

<sup>1</sup>Restated visits, previously reported number 215.4m; visits for February 2020 include an extra day, on a like for like basis February 2020 visits would have been 206.7m, <sup>2</sup>Defined as having shopped in the last 12 months as at 28/29 February

**ASOS plc ("the Group")**  
**Global Online Fashion Destination**  
**Interim Results for the six months to 28 February 2021**

**Overview**

ASOS delivered a strong performance in the first half of the year with total sales growth of 25% and a record adjusted Profit Before Tax of £112.9m, an increase of £82.8m on the previous half-year.

In the first half of the year, we have seen a continuation of the product mix shift away from occasion wear into casualwear. ASOS has undoubtedly been a beneficiary of the consumer shifts accelerated by COVID-19, particularly in the UK and most of Europe. We are pleased with our speed and agility in ensuring relevant assortment and availability, which has enabled us to capture strong growth in key 'lockdown' categories. ASOS is, however, famous for its 'going-out' and occasion wear and this has presented a significant headwind for the business in our US and ROW markets, which have a higher mix of ASOS Design, and we subsequently saw more muted growth in these areas. We continued to target awareness and have upweighted our marketing investment to drive engagement and stimulate demand.

During the period, we were presented with the compelling opportunity to acquire four iconic brands that are a completely natural fit with ASOS. Topshop, Topman, Miss Selfridge and HIIT are strong brands that resonate with our core 20-something fashion-loving consumers and have dropped seamlessly on to our platform. We know we can leverage our market-leading capabilities to grow these brands and we are confident in achieving strong financial returns with a double-digit return on capital in the first full year of completion. Finally, our 100-day plan is progressing well with all key milestones delivered to date.

As our strong results indicate, we are, 12 months on from the start of the pandemic, a more agile, flexible and resilient organisation, with strong operational grip and robust cost discipline. We continue to foresee economic disruptions and sporadic lockdowns as countries around the world roll-out vaccination programmes and react to new variants. However, we are confident in our ability to navigate the uncertainty ahead and continue to progress towards being the number one destination for fashion-loving 20-somethings worldwide.

**Financial Performance**

ASOS delivered another exceptionally strong half, with record adjusted Profit Before Tax of £112.9m (excluding Topshop, Topman, Miss Selfridge and HIIT one-off acquisition and integration costs and amortisation of acquired intangible assets). After backing out net COVID-related tailwinds we have doubled our profitability. Adjusted EBIT grew to £116.2m which represented an adjusted EBIT margin of 5.9%, an improvement of 370bps year on year. Our underlying profitability continued to benefit from our focus on the removal of non-strategic costs and we are on track to deliver the benefits we expected at the start of the year.

COVID-19 continued to impact our performance with returns-related tailwinds in warehouse and distribution costs driving improvements in our operating cost efficiency, although these benefits were partially offset by an increase in freight costs and less favourable product mix resulting in a lower gross margin. Overall we saw a net COVID-19 tailwind of £48.5m - a benefit which we expect to reverse once we see restrictions lifted on the hospitality and tourism sectors. Whilst there remains a level of uncertainty as we progress through the year, we expect to see returns rates normalise as we start to see the removal of social restrictions, particularly in markets where vaccine roll-outs are proceeding as planned.

We closed the half in a net cash position of £92.0m, reflecting good underlying cash generation, together with investment into the Topshop brands acquisition (£266.0m) and the anticipated working capital unwind. Capital expenditure totalled £64.7m (excluding Topshop brands acquired assets and IFRS16 capitalised leases) as we invested in the final stages of TGR development, automation of the Euro hub, our new fourth fulfilment centre in Lichfield and additional projects across our technology platforms. Looking to the remainder of the year, our capex guidance for the full year remains unchanged at c.£190m. Accordingly, we expect the second half to be cash generative, driven by our underlying performance and continued discipline in capital expenditure, together with support from our normal working capital cycle.

## Performance Across the Five Strategic Pillars

Our vision is to be the number one destination for fashion-loving 20-somethings worldwide, and in order to realise this we have developed five strategic priorities designed to shape our focus across the business over the next few years. These five strategic priorities span our business, shape our intention in each area and are defined as follows:

1. We will become a truly global retailer by enhancing our systems, infrastructure and teams for global trading and accelerating growth in key markets to expand our local and overall scale
2. We will grow our unique ASOS brands, continuing to penetrate into under-served segments of the market whilst continuing to improve our speed to market and price propositions
3. We will enhance our flexible and multi-brand platform; partnering with brands to expand high potential categories, implementing flexible fulfilment capabilities to expand customer choice and continuing to improve the relevance of our customer proposition and tech platform
4. We will improve our inspiring and personalised customer experience through the application of data and artificial intelligence to deliver the most engaging customer experience
5. And lastly, we will support our growth through an effective, efficient and sustainable operating model, continuing to evolve and develop our culture, organisation, and talent whilst further driving responsible fashion into everything we do

### 1. Becoming a Truly Global Retailer

In order to become a truly global retailer, it is essential to have the right systems and infrastructure in place. Our TGR system has been developed to replace our legacy technology infrastructure with cutting edge planning and retail execution capability to support our global growth ambitions. We successfully launched TGR across the business on 23 March 2021, which involved a full overhaul of the internal ASOS operating systems across all areas of the business. The new tools and processes will allow us to significantly improve the way we plan and trade our products so we can offer the best choice to our global customers. More accurate, relevant and timely information will enable better decision-making, and the overall system design supports better pricing flexibility in each of our markets, allowing us greater agility and pricing speed by market. TGR is also an essential enabler for our flexible fulfilment aspirations.

We are further supporting our global growth ambitions through appropriate capacity expansion. In October 2020, we announced that we will be opening Lichfield Fulfilment Centre in the UK which will support our UK and ROW territories and we are on track to deliver this as originally planned. This facility will initially go live as a manual facility with a total stockholding of 6m units and will ultimately be automated in H2 of FY23. Automation will expand available capacity to 17m units. In line with our announcement in our P1 trading statement, we are also pleased to confirm that the automation of the US warehouse in Atlanta will be completed in H2 of FY23, which will increase stock capacity by c.50% to 15.5m units in total and a warehouse throughput of 3.1m units per week. This will expand total net sales throughput in excess of £4bn to more than £6bn, representing a £2bn net sales throughput capacity expansion over the next 2 years.

### 2. Growing our Unique ASOS Brands

Having announced the acquisition of four iconic brands in February: Topshop, Topman, Miss Selfridge and HIIT, we have undertaken a comprehensive 100-day plan, developed prior to completion of the deal, covering all aspects of the business including people, finance, legal and warehousing. We are delighted with our integration progress to date, and with the successful completion of several key milestones since we announced the acquisition including: ASOS web pages and app content going live, the completion of critical data transfers, successful customer relaunch supported by multi-channel marketing, automatic website re-direct and the successful extraction of stock and processing thereof. We continue to focus on integrating these brands into our business to ensure seamless integration within 100 days post deal completion.

Since acquisition, we have seen a significant step change in site traffic to these brands post customer relaunch on 22 February 2021, with a 226% increase in traffic on launch day alone, driving strong sales momentum across Topshop, Topman, Miss Selfridge and HIIT. The US has seen the strongest growth rates along with the UK and Germany, supported by strong social media campaigns – of which our two TikTok launch campaigns were the most successful, with a combined reach of over 200m and almost 3bn video views. We know that these brands resonate well with our consumers in these three countries and are pleased to see this translate into strong initial growth momentum on our platform, in line with our expectations.

ASOS Design continued to show pleasing growth overall despite the continued shift towards 'lockdown' categories. Excluding the mix effect of a shift away from 'going out' categories, ASOS Design delivered 24% growth year on year, underlining our agility and flexibility to shift into casual and activewear categories. Supported by this shift in consumer

behaviour, we saw ASOS 4505 continue to capture growth in activewear, posting a 68% increase year on year. Sportswear will remain a strategic focus going forward, supported by the addition of HIIT to our portfolio.

Within our venture brands, Collusion broke into the top three womenswear brands on the ASOS platform and continues to show exceptional performance with 93% growth year on year and 70bps mix growth within our overall portfolio. Reclaimed Vintage posted stellar performance with 92% growth year on year, expanding its share of product mix by +30bps. We launched As You, our fashion forward product offering at a lower price point, manufactured at speed to give us maximum flexibility. Since launch, we have expanded our product offering from 120 products to 600 products currently on offer and have sold over 200,000 units, the majority of which are jersey tops and casual bottoms. Given that this is a glamorous brand for the "Generation Me", "sassy" and "sexy" customer who is unafraid to express herself, we are confident that with the return to normal life, underpinned by the successful vaccine roll-out in some of our key markets, we will see further strong momentum in this brand.

### **3. Enhancing our Flexible and Multi-brand Platform**

Across our platform, we saw further outperformance of 'lockdown' categories supported by continued flexibility in shaping our product offer to demand. Our Face + Body category grew by a record 114%, with activewear growing by 95% and casualwear growing by 69%. In the first half of the year we continued to focus on newness and expanded customer choice by adding 120 brands to the platform. Many of these new brands are small, niche and on-trend, reflecting our focus on continued freshness and originality.

Our focus remains on building out our platform offering to ensure flexibility, convenience and a friction-free shopping experience. By adding 18,300 new Click and Collect locations, we have ensured that we offer options for customers that allow them to select the most convenient delivery proposition. We have also launched over 100 new delivery improvements focused on improving our express delivery offering in 24 markets and our standard delivery proposition in 5 markets. Our emphasis on sustainability remains front and centre of our business and we are pleased to offer an expanded electric vehicle deliveries in Central London to the W1 and W2 postcodes, whilst our electric delivery vehicles in Birmingham, Manchester and Leeds have been wrapped in ASOS branding. We are also continually focused on ensuring our customers are always able to pay in a manner that best suits them, and we added two new payment methods in the first half to facilitate this.

We made further progress with the development and roll-out of flexible fulfilment. Flexible fulfilment seeks to provide our customers with greater availability of the products that they want to buy, wherever they want to buy them, by utilising intelligent fulfilment to source stock from the most appropriate location. This consists of two phases. In phase 1, which we refer to as 'Unified Stock Pool', we are rolling out unified stock availability which enables us to optimise our offering across our fulfilment centres. This enables the shipment of significantly more brands from Barnsley to US customers, alongside the existing brands shipped from Atlanta, and has allowed us to optimise our stock pool in the US. This Unified Stock Pool is the basis of the second phase of flexible fulfilment programme known as 'Partner Fulfilment'. 'Partner Fulfilment' will allow direct to consumer fulfilment. This augments ASOS' own supply chain with our suppliers capability to directly fulfil customer orders, allowing greater stock availability and product assortment. We expect this to benefit our customer experience by providing more consistent stock availability as well as, in time, allowing our consumer greater opportunities to view a wider range of product, supporting our focus on consistent newness and broad product assortment whilst still retaining our curated edit based on the needs of our 20-something customer. We expect to begin our roll-out at the end of the calendar year with a limited number of brands.

### **4. Improving our Inspiring and Personalised Customer Experience**

We are advancing our use of artificial intelligence (AI) and data science to deliver an aspirational and personalised experience for our customers and have delivered in excess of 30 customer experience updates in the first half. These include the launch of ratings and reviews on the app in October 2020 and so far we have collected 1m reviews with an average star rating of 4.1. We have iterated our "New In" recommendations whereby the first products displayed will be recommended to a customer based on their shopping behaviour; along with our "For You" recommendations for Android devices which introduces a "For You" tab displaying personalised recommendations. Other app improvements include the introduction of a homepage countdown, to let customers know how much time remains for them to buy at a discounted price which has driven an overall increase in conversion rate, and the introduction of SecuredTouch which has reduced the number of reCAPTCHA challenges by 98%, reducing friction for the customer and removing this barrier for the majority of our customer base.

## 5. Developing our Effective, Efficient and Sustainable Model

To operate efficiently we continue to actively review non-strategic costs and drive improvements across different business areas which include, focused marketing investment on more efficient channels, maximising our input pricing through more effective supplier negotiations, delivering cost savings through improved processes in key areas such as returns, product re-processing and customer care, along with focused investment into improving basket metrics.

Fashion With Integrity (FWI) is the backbone of our business and we operate with sustainability at the heart of everything we do. We have progressed across each of our four pillars: product, people, planet and packaging. Within our product pillar, we have launched the Circular Design Collection, which sold 8,000 units in the first 6 weeks, and our social posts on the collection received 756,000 views and reached 3.3m customers. Within our people pillar, we have developed an app for migrant workers in Mauritius and helped to develop a migrant resource centre in Mauritius; both aimed at enabling workers to file grievances. We have also led the UK garment industry in raising standards through our involvement in Apparel and General Merchandising Public and Private Protocol and providing support to the worker remediation programme. We aim to achieve full disclosure and transparency of Tiers 1 to 3 across the Topshop, Topman, Miss Selfridge and HIIT supply chains by the end of 2021. Within our planet pillar, we are pleased to have joined the British Retail Consortium's Net Zero carbon roadmap and have committed to setting Science-Based Targets. 75% of all ASOS operations are now powered by renewable electricity and on-site solar panel scoping is underway. Lastly, within the packaging pillar, we are collaborating with the Ellen MacArthur Foundation and Centre for Sustainable Fashion on a circular design roadmap.

### Performance by Market

#### *UK*

We posted exceptional growth in the UK with retail sales growing by 39% to £800.4m as we successfully capitalised on the trends in the market, expanding our reach and presence. With lockdown restrictions closing hospitality venues and physical retail stores for much of the half, we saw a strong growth in online share. We were further able to capture available demand through the dynamic reshaping of our customer offer, whilst continuing to trade with flexibility and agility during the period. High levels of brand awareness in our home market coupled with strong customer loyalty saw excellent growth across Face + Body (+139%), activewear (+121%) and casualwear (+86%) categories in the UK, with Face + Body mix share increasing by 300bps. We added 0.7m new customers in the UK during the period, and despite increased churn of occasion wear shoppers with fewer occasion-led reasons to purchase, we have seen a more engaged customer profile added to the platform. We saw the number of Premier customers step back by 5% with reduced demand for our next day delivery offer, however we expect this to reverse once social restrictions lift. We continued to see a trend of more deliberate purchasing for much of the half which further enhanced profitability.

#### *EU*

Europe continued to deliver strong performance with retail sales growth of 18% along with 14% growth in our active customer base. As with the second half of last year, the nature of COVID-19 restrictions in place in each market had an impact. We benefited where both hospitality and retail were closed together as opposed to geographies where retail was open and hospitality was shut. We delivered strong growth particularly in France, Germany also saw good results especially when non-essential retail closed in the middle of the half. We continue to see exceptionally strong performance in Ireland, which grew to become our 3<sup>rd</sup> largest market in Europe; whereas Spain declined year on year, driven largely by the economic impact of COVID-19 on our 20-something consumer base and aggressive local competition. Across Europe, we undertook a realignment of ASOS Design pricing in the half, sharpening our overall consumer proposition and relevance in a number of markets – an investment which we believe will support our ambitions across the region in the future.

#### *US*

We delivered growth of 16% in retail sales and 6% in our customer base in the US, driven primarily by growth in casualwear and sneakers which is pleasing. The US has generally over-indexed in ASOS Design mix and occasion wear, with overall awareness of our other offerings lower than in the UK and Europe, which has proved to be a COVID-19 headwind for us over the past year. We have also seen an impact on our stock levels due to COVID-19; however we have focused on improving our stock profile this year, supported by the roll-out of flexible fulfilment in the US to drive additional stock availability from our warehouse in Barnsley. We have continued to build good momentum with traffic levels increasing in tandem with lockdown easings in several states. We saw particularly strong growth in site visits following the announcement of the Topshop brands acquisition, reflective of the fact that these brands resonate strongly with our US consumer.

## *Rest of World*

Retail sales in ROW grew 16% year on year with our customer base growing by 5%. In our ROW territories we saw our average basket value increase by 10% and average basket size increase by 15%, largely driven by the increase in our delivery thresholds prompted by the disruption caused by COVID-19. This COVID-19 related freight disruption, along with increasingly promotional driven environments in our larger markets has resulted in headwinds for our business. We saw sales in Russia decline as the market weakened and the environment became increasingly competitive and price sensitive. Australia, however, continued to grow well despite COVID-19 related air travel disruptions that led to long lead times for delivery as a result of the Australian border closure and significantly reduced flights to the region. The MENA region continued to perform well during the first half of the year, with Israel posting strong growth rates in excess of 60%.

## **Outlook**

Twelve months on from the start of the most disruptive period ever experienced in retail, we are excited about the significant growth opportunity ahead of us. We believe the shift to online retail as a result of the pandemic and the accelerating consolidation of offline retail has increased consumer confidence in shopping online. In the coming months we expect a portion of consumer demand will move back to stores as restrictions are eased throughout our markets, but we expect online penetration to remain structurally higher than pre COVID-19 levels. To capitalise on this opportunity, we have increased our investment to support the global growth opportunity, accelerating our investment in platform and infrastructure, whilst investing in pricing, particularly in Europe, to enhance our long-term customer perception and competitiveness.

We continue to be mindful of the uncertainty across our markets, notably the threat of renewed lockdown restrictions and the likely economic impact on our core 20-something consumer. However, we believe that we are well-positioned to capture the available demand in the market as restrictions lift and consumer demand for occasion wear returns. Whilst we expect returns to start to normalise in line with restrictions easing, the extent and pace of this is, at present, largely unknown, with freight rates expected to remain at very elevated levels for the remainder of the second half.

As a result, our expectations for the full year have increased in line with our outperformance in the first half, and our outlook for the second half unchanged despite our incremental pricing investment. We continue to expect the second half to be cash generative, driven by our underlying performance and continued discipline in capital expenditure together with support from our normal working capital cycle.

We remain focused on our vision to become the number one destination for fashion-loving 20-somethings. We are confident that our unique ASOS Brands and our ASOS Platform, backed by our global warehouse and technology capabilities will continue to support our proven ability to offer our customers more and more of the products they love.

**Nick Beighton**  
Chief Executive Officer

**Mathew Dunn**  
Chief Financial Officer



## Financial review

### Overview

	Six months to 28 February 2021				
	UK	EU	US	ROW	Total
	£m	£m	£m	£m	£m
Retail sales	800.4	580.1	225.7	313.7	1,919.9
Delivery receipts	19.2	14.3	7.0	9.1	49.6
Third party revenues	6.2	–	0.2	–	6.4
<b>Total revenue</b>	<b>825.8</b>	<b>594.4</b>	<b>232.9</b>	<b>322.8</b>	<b>1,975.9</b>
Cost of sales					(1,085.9)
<b>Gross profit</b>					<b>890.0</b>
Distribution expenses					(247.9)
Administrative expenses					(532.4)
<b>Operating profit</b>					<b>109.7</b>
Net finance expense					(3.3)
<b>Profit before tax</b>					<b>106.4</b>

	Six months to 28 February 2021	Six months to 29 February 2020	Change
Active customers <sup>1</sup> (m)	<b>24.9</b>	22.3	12%
Average basket value (including VAT)	<b>£71.23</b>	£73.44	(3%)
Average units per basket	<b>3.08</b>	3.05	1%
Average selling price per unit (including VAT)	<b>£23.10</b>	£24.12	(4%)
Average order frequency <sup>2</sup>	<b>3.47</b>	3.54	(2%)
Total orders (m)	<b>47.1</b>	41.1	15%
Total visits <sup>3</sup> (m)	<b>1,585.1</b>	1,332.2	19%
Conversion <sup>4</sup>	<b>3.0%</b>	3.1%	-10bps
Mobile device visits	<b>86.3%</b>	85.2%	110bps

<sup>1</sup>Defined as having shopped in the last 12 months as at 28/29 February, <sup>2</sup>Calculated as last 12 months' total orders divided by active customers, <sup>3</sup>Restated visits, previously reported number 1,333.9m, <sup>4</sup>Calculated as total orders divided by total visits

Retail sales grew 25% year on year, with consistently strong performance throughout the period. Our growth was in part driven by exceptional performance in the UK where retail sales growth of 36% in P1 accelerated further in P2 with growth of 46%. Equally as pleasing, we saw solid progress in our international markets, particularly in the EU up 18% on the previous year. We further focused on growing our ASOS brands architecture with the acquisition of Topshop, Topman, Miss Selfridge and HIIT. These brands resonate with our core customer base and site traffic saw a significant step-change post acquisition and re-launch.

The shift to more deliberate purchasing continued in the period with the impact of further global lockdowns reflected in visits, orders and retail sales. Visits growth was particularly pleasing, up 19% as we capitalised on customer demand. ABV stepped back 3% on the year as customers continued to purchase 'lockdown' categories with lower ASP such as loungewear and Face + Body.

Our active customer base grew in the first half by 1.5m to reach 24.9m active customers, up 12% year on year. We saw an impact to churn with a reduction in event-led shopping, however this was offset by encouraging new and reactivated customer growth throughout the period. There was particularly strong growth in the UK as we invested to capture the available demand, following the accelerated shift to online shopping.

Profit before tax increased by 253% to £106.4m after one-off acquisition and integration costs of £5.9m and amortisation of acquired intangible assets of £0.6m. Record profitability was boosted by the continued COVID-19 impact of £48.5m, with intentional purchasing driving more efficient sales growth, offsetting COVID-19 related cost drags. Gross margin reduced by 200bps in the period driven by COVID-19 related freight and duty costs, the continuation of the shift in product mix towards 'lockdown categories' and foreign exchange movements. However, the decline in gross margin was more than offset by lower operating costs as a percentage of sales. This was enabled by our continued focus on the removal of non-strategic costs driven by: focusing our marketing investment on more efficient channels; further alignment of our

structures; targeted procurement activity and increased efficiency across our returns, product re-processing and customer care processes.

### ***UK performance***

<b>UK KPIs</b>	<b>Six months to 28 February 2021</b>
Retail Sales	+39%
Visits	+31%
Orders	+24%
Conversion	-30bps
ABV	(5%)
Active Customers	7.8m (+15%)

Our first half results have been outstanding in the UK, reaffirming our strength in our home market. This has been supported by a forced shift to online retail off the back of continued lockdowns with both retail and hospitality venues closed. Our total UK customer base grew 15% on the year, to 7.8m with investment in the period supporting growth in new customers.

Visits growth was strong at 31%, reflecting the continued improvements made to product, promotions and engagement in the first half. ABV stepped back 5% on the year, a continuation of the pronounced skew towards lower ASP 'lockdown' categories mix. Despite increased churn of occasion wear shoppers, we saw early signs of a more engaged new customer profile.

### ***EU performance***

<b>EU KPIs</b>	<b>Six months to 28 February 2021</b>
Retail Sales	+19% (+18% CC)
Visits	+15%
Orders	+12%
Conversion	Flat
ABV	(4%)
Active Customers	9.9m (+14%)

EU retail sales grew 18%, which was particularly pleasing in light of the divergent country level approaches to lockdown which had a clear impact on customer demand. Customer momentum continued throughout the period, with 0.7m customers added in the first half driving growth of 14% year on year. This was underpinned by continued strong performance in the French market, as we benefited from increasing online penetration, with customer growth of 20% and strong Premier subscription growth of 29%. Germany saw good results supported by non essential retail closure in the middle of the half.

ABV stepped back 4% on the year, which, as with the UK, reflected the pronounced skew towards lower ASP 'lockdown' categories mix. Visits grew by 15%, slightly ahead of orders growth at 12% with conversion flat year on year.

### ***US performance***

<b>US KPIs</b>	<b>Six months to 28 February 2021</b>
Retail Sales	+11% (+16% CC)
Visits	+22%
Orders	Flat
Conversion	-60bps
ABV	Flat
Active Customers	3.3m (+6%)

US retail sales grew by 16% as we continue to rebuild momentum since COVID-19. Order growth was challenging, reflective of the reduction in occasion wear customers, with a high level of occasion wear mix in this market. This was exacerbated by stock build pressures associated with COVID-19 particularly in the early part of the period. Our focus on improving product flows to the US warehouse, coupled with the extension of flexible fulfilment to a greater number of

brands held in our UK warehouse has improved our stock offering and supported our growth since the start of the financial year.

Traffic growth of 22% was particularly pleasing, with the growth rate continuing to improve in the first half driven by increased investment in promotional and marketing activity. The US total active customer base grew at 6% year on year to 3.3m, with new customer growth underpinning total customer growth.

### **ROW performance**

<b>ROW KPIs</b>	<b>Six months to 28 February 2021</b>
Retail Sales	+11% (+16% CC)
Visits	+10%
Orders	(2%)
Conversion	-20bps
ABV	+10%
Active Customers	3.9m (+5%)

ROW retail sales grew by 16%. Growth in Australia remained strong despite difficulties with our delivery proposition due to COVID-19. Israel and Saudi Arabia continue to represent an increasingly significant proportion of our ROW segment, with Israel seeing strong growth in excess of 60%. Russia proved more challenging, as overall demand slowed.

ABV increased 10% driven mainly by action taken to protect basket economics in response to a significant increase in airfreight costs. This drove a notable increase in items per basket and also contributed to the reduction in conversion as customers placed larger and more considered orders.

### **Gross margin**

Gross margin reduced by 200bps in the period driven by COVID-19 related freight and duty costs, the continuation of the shift in product mix to 'lockdown' categories and foreign exchange movements as a result of GBP strengthening. Gross margin was also impacted by our planned investment into promotional activity to drive customer growth. These drags were partially offset by an improvement in our underlying buying margin.

### **Operating expenses**

<b>£m</b>	<b>Six months to 28 February 2021</b>	<b>% of sales</b>	<b>Six months to 29 February 2020</b>	<b>% of sales</b>	<b>Change</b>
Distribution costs	(247.9)	12.5%	(223.5)	14.0%	(11%)
Warehousing	(171.9)	8.7%	(161.3)	10.1%	(7%)
Marketing	(108.9)	5.5%	(69.3)	4.3%	(57%)
Other operating costs	(190.6)	9.7%	(203.9)	12.8%	7%
Depreciation and amortisation	(61.0)	3.1%	(57.4)	3.6%	(6%)
<b>Total operating costs</b>	<b>(780.3)</b>	<b>39.5%</b>	<b>(715.4)</b>	<b>44.8%</b>	<b>(9%)</b>

Operating expenses increased 9% to £780.3m and decreased by 530bps as a percentage of sales. The year on year decrease in distribution costs as a percentage of sales was partly driven by a favourable return rate and therefore a lower corresponding distribution cost. This has been partially offset by additional delivery costs incurred due to COVID-19 surcharges, predominantly impacting ROW markets. The improvement in warehousing costs as a percentage of sales was also driven by a reduction in processing returned items, coupled with increasing efficiency from Euro Hub automation driving improved KPIs throughout the period.

Marketing costs increased by 120bps as a percentage of sales as we upweighted our investment in digital marketing and social media to capitalise on demand and drive new customer acquisition. Payroll costs, within other operating costs, improved materially as a percentage of sales driven by ongoing work to improve the efficiency of our operational structure. Other cost savings were driven by reduced travel and office utilities costs, with stricter lockdown restrictions in place throughout most of the first half, coupled with the continued progress on the removal of non-strategic costs across the business.

### **Interest**

Net interest costs were £3.3m in the period, a reduction of £1.2m year on year as we incurred less costs on our revolving credit facility which was undrawn during the period.

## Taxation

The effective tax rate at 23.1% is broadly in line with the prior year comparable (23.3%). Going forward, ASOS expects the effective tax rate to continue to be approximately 100bps higher than the prevailing rate of UK corporation tax due to permanently disallowable items. Following the Chancellor's budget announcement on 3 March 2021, the UK headline corporation tax rate is expected to increase on 1 April 2023 from 19% to 25%. This has not yet been substantively enacted, however to the extent the rate does increase we would expect the effective tax rate to increase accordingly.

## Earnings per share

Basic and diluted earnings per share increased by 197% to 82.1p and 198% to 81.9p respectively (H120: 27.6p and 27.5p). With increased profit after tax partly offset by the increase in weighted average shares in issue mainly due to the equity placing in April 2020.

## Cash flow

There was a £315.5m decrease in net cash (cash and cash equivalents less borrowings) in the period, including the net cash outflow associated with the acquired assets of Topshop brands in Feb 2021 of £266.0m. This compares with a £73.1m increase in net debt in the previous period. The working capital cash outflow of £133.6m reflects our typical working capital cycle combined with the anticipated working capital unwind, following COVID-19 disruption to peak stock build of c.£89m. Capital expenditure of £64.7m relates to cash capital expenditure of £60.6m and a capital creditor increase of £4.1m.

## Adjusted Measures

ASOS defines the below non-IFRS performance measures to allow shareholders to better understand underlying financial performance, both in comparison to prior periods and within the online retail sector. Adjusting items have been isolated as a result of their nature, frequency and materiality. Amortisation associated with the acquired intangibles has been excluded and in FY21, one-off costs associated with the Topshop brands acquisition and integration have also been excluded. In addition, non-cash share-based payment charge has been excluded from adjusted EBITDA to give a clearer indication of cash generation and to allow for more representative comparison with online retail peers.

£m	Reported H1 2021	Adjusted measures H1 2021	Reported H1 2020	Adjusted measures H1 2020	Reported measures change	Adjusted measures Change
<i>Adjusting items:</i>						
<i>Share-based payment charges</i>		(4.2)		(3.3)		
<i>Topshop brands acquisition and integration one-off costs</i>		(5.9)		-		
<i>Amortisation of acquired intangible assets*</i>		(0.6)		-		
<i>Total sales</i>	1,975.9	1,975.9	1,596.8	1,596.8	24%	24%
<b>PBT</b>	<b>106.4</b>	<b>112.9</b>	30.1	30.1	253%	275%
<b>PBT margin</b>	<b>5.4%</b>	<b>5.7%</b>	1.9%	1.9%	350bps	380bps
<i>Net interest</i>	(3.3)	(3.3)	(4.5)	(4.5)		
<b>EBIT</b>	<b>109.7</b>	<b>116.2</b>	34.6	34.6	217%	236%
<b>EBIT margin</b>	<b>5.6%</b>	<b>5.9%</b>	2.2%	2.2%	340bps	370bps
<i>Depreciation and amortisation</i>	(61.0)	(61.0)	(57.4)	(57.4)		
<b>EBITDA</b>	<b>170.7</b>	<b>180.8</b>	92.0	95.3	86%	90%
<b>EBITDA margin</b>	<b>8.6%</b>	<b>9.2%</b>	5.8%	6.0%	280bps	320bps

\*Intangible assets acquired through Topshop brands acquisition

The definitions for the above adjusted measures are as follow:

- Adjusted PBT is the profit before tax, Topshop brands acquisition and integration one-off costs and amortisation of acquired intangible assets. Adjusted PBT margin is the Adjusted PBT divided by total sales
- Adjusted EBIT is the profit before tax, interest, Topshop brands acquisition and integration one-off costs and amortisation of acquired intangible assets. Adjusted EBIT margin is the Adjusted EBIT divided by total sales
- Adjusted EBITDA is the profit before tax, interest, depreciation, amortisation, share-based payment charges and Topshop brands acquisition and integration one-off costs. Adjusted EBITDA margin is the Adjusted EBITDA divided by total sales

CONSOLIDATED UNAUDITED STATEMENT OF TOTAL COMPREHENSIVE INCOME  
Interim Results for the six months to 28 February 2021

	Six months to 28 February 2021 (unaudited) £m	Six months to 29 February 2020 (unaudited) £m	Year to 31 August 2020 (audited) £m
<b>Revenue</b>	<b>1,975.9</b>	1,596.8	3,263.5
Cost of sales	<b>(1,085.9)</b>	(846.8)	(1,716.1)
<b>Gross profit</b>	<b>890.0</b>	750.0	1,547.4
Distribution expenses	<b>(247.9)</b>	(223.5)	(444.6)
Administrative expenses	<b>(532.4)</b>	(491.9)	(951.7)
<b>Operating profit</b>	<b>109.7</b>	34.6	151.1
Finance income	<b>0.1</b>	0.2	0.5
Finance expense	<b>(3.4)</b>	(4.7)	(9.5)
<b>Profit before tax</b>	<b>106.4</b>	30.1	142.1
Income tax expense	<b>(24.6)</b>	(7.0)	(28.8)
<b>Profit for the period</b>	<b>81.8</b>	23.1	113.3
<b>Profit for the period attributable to owners of the parent company</b>	<b>81.8</b>	23.1	113.3
Net translation movements offset in reserves	<b>(0.1)</b>	(0.4)	0.1
Net fair value gains/(losses) on derivative financial assets	<b>31.5</b>	62.3	(13.9)
Income tax relating to these items	<b>(6.0)</b>	(9.5)	2.9
<b>Other comprehensive income/(loss) for the period<sup>1</sup></b>	<b>25.4</b>	52.4	(10.9)
<b>Total comprehensive income for the period attributable to owners of the parent company</b>	<b>107.2</b>	75.5	102.4
<b>Earnings per share (Note 4)</b>			
Basic	<b>82.1p</b>	27.6p	126.3p
Diluted	<b>81.9p</b>	27.5p	125.6p

<sup>1</sup> All items of other comprehensive income will subsequently be reclassified to profit or loss

CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN EQUITY  
Interim Results for the six months to 28 February 2021

	Called up share capital £m	Share premium £m	Retained earnings <sup>1</sup> £m	Employee Benefit Trust reserve (EBT) <sup>2</sup> £m	Hedging reserve £m	Translation reserve £m	Total equity £m
<b>At 1 September 2020</b>	<b>3.5</b>	<b>245.7</b>	<b>577.0</b>	<b>2.0</b>	<b>(15.8)</b>	<b>(2.1)</b>	<b>810.3</b>
<b>Profit for the period</b>	–	–	<b>81.8</b>	–	–	–	<b>81.8</b>
<b>Other comprehensive income/(loss) for the period</b>	–	–	–	–	<b>25.5</b>	<b>(0.1)</b>	<b>25.4</b>
<b>Total comprehensive income/(loss) for the period</b>	–	–	<b>81.8</b>	–	<b>25.5</b>	<b>(0.1)</b>	<b>107.2</b>
<b>Net cash received on exercise of shares from EBT<sup>2</sup></b>	–	–	–	<b>0.2</b>	–	–	<b>0.2</b>
<b>Share-based payments charge</b>	–	–	<b>5.0</b>	–	–	–	<b>5.0</b>
<b>Tax relating to share option scheme</b>	–	–	<b>1.4</b>	–	–	–	<b>1.4</b>
<b>Balance as at 28 February 2021</b>	<b>3.5</b>	<b>245.7</b>	<b>665.2</b>	<b>2.2</b>	<b>9.7</b>	<b>(2.2)</b>	<b>924.1</b>

	Called up share capital £m	Share premium £m	Retained earnings <sup>1</sup> £m	Employee Benefit Trust reserve (EBT) <sup>2</sup> £m	Hedging reserve £m	Translation reserve £m	Total equity £m
<b>At 1 September 2019</b>	<b>2.9</b>	<b>6.9</b>	<b>449.5</b>	<b>1.3</b>	<b>(4.8)</b>	<b>(2.2)</b>	<b>453.6</b>
<b>Profit for the period</b>	–	–	<b>23.1</b>	–	–	–	<b>23.1</b>
<b>Other comprehensive income/(loss) for the period</b>	–	–	–	–	<b>52.8</b>	<b>(0.4)</b>	<b>52.4</b>
<b>Total comprehensive income/(loss) for the period</b>	–	–	<b>23.1</b>	–	<b>52.8</b>	<b>(0.4)</b>	<b>75.5</b>
<b>Net cash received on exercise of shares from EBT<sup>2</sup></b>	–	–	–	<b>0.7</b>	–	–	<b>0.7</b>
<b>Share-based payments charge</b>	–	–	<b>4.0</b>	–	–	–	<b>4.0</b>
<b>Tax relating to share option scheme</b>	–	–	<b>(0.4)</b>	–	–	–	<b>(0.4)</b>
<b>Balance as at 29 February 2020</b>	<b>2.9</b>	<b>6.9</b>	<b>476.2</b>	<b>2.0</b>	<b>48.0</b>	<b>(2.6)</b>	<b>533.4</b>

<sup>1</sup>Retained earnings includes share-based payments reserves

<sup>2</sup>Employee Benefit Trust and Link Trust

# CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Called up share capital £m	Share premium £m	Retained earnings <sup>1</sup> £m	Employee Benefit Trust reserve (EBT) <sup>2</sup> £m	Hedging reserve £m	Translation reserve £m	Total equity £m
At 1 September 2019	2.9	6.9	449.5	1.3	(4.8)	(2.2)	453.6
Profit for the year	–	–	113.3	–	–	–	113.3
Other comprehensive loss for the year	–	–	–	–	(11.0)	0.1	(10.9)
Total comprehensive income/(loss) for the year	–	–	113.3	–	(11.0)	0.1	102.4
Proceeds from share issue, net of transaction costs	0.6	238.8	–	–	–	–	239.4
Net cash received on exercise of shares from EBT <sup>2</sup>	–	–	–	0.7	–	–	0.7
Share-based payments charge	–	–	12.9	–	–	–	12.9
Tax relating to share option scheme	–	–	1.3	–	–	–	1.3
Balance as at 31 August 2020	3.5	245.7	577.0	2.0	(15.8)	(2.1)	810.3

<sup>1</sup>Retained earnings includes share-based payments reserves

<sup>2</sup>Employee Benefit Trust and Link Trust

CONSOLIDATED UNAUDITED STATEMENT OF FINANCIAL POSITION  
Interim Results for the six months to 28 February 2021

	At 28 February 2021 (unaudited) £m	At 29 February 2020 (unaudited) £m	At 31 August 2020 (audited) £m
<b>Non-current assets</b>			
Goodwill	23.4	1.1	1.1
Other intangible assets	613.6	339.7	346.9
Property, plant and equipment	628.6	640.1	616.8
Derivative financial assets	14.5	31.1	4.8
	<b>1,280.1</b>	<b>1,012.0</b>	<b>969.6</b>
<b>Current assets</b>			
Inventories	694.6	581.6	532.4
Trade and other receivables	86.8	84.0	60.3
Derivative financial assets	27.9	40.6	19.6
Cash and cash equivalents	92.0	8.9	407.5
Current tax asset	-	1.8	-
	<b>901.3</b>	<b>716.9</b>	<b>1,019.8</b>
<b>Current liabilities</b>			
Trade and other payables	(861.3)	(660.3)	(806.1)
Borrowings	-	(172.5)	-
Lease liabilities	(20.0)	(23.2)	(22.3)
Derivative financial liabilities	(24.1)	(11.0)	(25.4)
Current tax liability	(9.0)	-	(0.3)
	<b>(914.4)</b>	<b>(867.0)</b>	<b>(854.1)</b>
<b>Net current (liabilities)/assets</b>	<b>(13.1)</b>	<b>(150.1)</b>	<b>165.7</b>
<b>Non-current liabilities</b>			
Lease liabilities	(309.6)	(299.4)	(290.8)
Deferred tax liability	(22.0)	(24.2)	(11.4)
Derivative financial liabilities	(11.3)	(4.9)	(22.8)
	<b>(342.9)</b>	<b>(328.5)</b>	<b>(325.0)</b>
<b>Net assets</b>	<b>924.1</b>	<b>533.4</b>	<b>810.3</b>
<b>Equity attributable to owners of the parent</b>			
Called up share capital	3.5	2.9	3.5
Share premium	245.7	6.9	245.7
Employee Benefit Trust reserve <sup>1</sup>	2.2	2.0	2.0
Hedging reserve	9.7	48.0	(15.8)
Translation reserve	(2.2)	(2.6)	(2.1)
Retained earnings	665.2	476.2	577.0
<b>Total equity</b>	<b>924.1</b>	<b>533.4</b>	<b>810.3</b>

<sup>1</sup>Employee Benefit Trust and Link Trust



CONSOLIDATED UNAUDITED STATEMENT OF CASH FLOWS  
Interim Results for the six months to 28 February 2021

	Six months to 28 February 2021 (unaudited) £m	Six months to 29 February 2020 (unaudited) £m	Year to 31 August 2020 (audited) £m
<b>Operating profit</b>	<b>109.7</b>	34.6	151.1
Adjusted for:			
Depreciation of property, plant and equipment	31.0	27.4	57.4
Amortisation of other intangible assets	30.0	30.0	60.0
Fixed asset impairment	0.1	0.6	4.1
(Increase)/decrease in inventories	(159.4)	(44.8)	4.4
Decrease/(increase) in trade and other receivables	0.7	(16.3)	6.5
Increase/(decrease) in trade and other payables	25.1	(21.2)	129.4
Share based payments charge	4.2	3.3	10.9
Other non-cash items	(1.6)	(0.5)	–
Income tax paid	(15.1)	(3.9)	(20.5)
<b>Net cash inflow from operating activities</b>	<b>24.7</b>	9.2	403.3
<b>Investing activities</b>			
Payments to acquire other intangible assets	(50.9)	(43.9)	(88.4)
Payments to acquire property, plant and equipment	(9.7)	(25.7)	(28.2)
Payments to acquire assets in a business combination	(266.0)	–	–
Finance income	0.1	0.2	0.5
<b>Net cash used in investing activities</b>	<b>(326.5)</b>	(69.4)	(116.1)
<b>Financing activities</b>			
Proceeds from share issue, net of transaction costs	–	–	239.4
Net cash inflow relating to EBT <sup>1</sup>	0.2	0.7	0.7
Proceeds/(repayments) of borrowings	–	97.5	(75.0)
Principal portion of lease liabilities	(11.1)	(10.0)	(21.4)
Finance expense	(2.8)	(3.3)	(8.0)
<b>Net cash (utilised)/generated in financing activities</b>	<b>(13.7)</b>	84.9	135.7
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(315.5)</b>	24.7	422.9
Opening cash and cash equivalents	407.5	(15.5)	(15.5)
Effect of exchange rates on cash and cash equivalents	–	(0.3)	0.1
<b>Closing cash and cash equivalents</b>	<b>92.0</b>	8.9	407.5

<sup>1</sup>Employee Benefit Trust and Link Trust

## NOTES TO THE FINANCIAL INFORMATION

### Interim Results for the six months to 28 February 2021

#### 1. Preparation of the consolidated financial information

##### **a) General information**

ASOS Plc ('the Company') and its subsidiaries (together, 'the Group') is a global fashion retailer. The Group sells products across the world and has websites targeting the UK, US, Australia, France, Germany, Spain, Italy, the Netherlands, Russia, Sweden, Denmark and Poland. The Company is a public limited company which is listed on the Alternative Investment Market (AIM) and is incorporated and domiciled in the UK. The address of its registered office is Greater London House, Hampstead Road, London, NW1 7FB.

The interim financial statements have been reviewed, not audited, and were approved by the Board of Directors on 7 April 2021.

##### **b) Basis of preparation**

The interim financial statements for the six months to 28 February 2021 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as issued by the IASB and the AIM Rules for Companies. The interim financial statements should be read in conjunction with the Group's Annual Report and Accounts for the year to 31 August 2020, which was prepared in accordance with IFRSs as adopted by the European Union.

The interim financial statements have been reviewed, not audited, and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The Annual Report and Accounts for the year to 31 August 2020 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under s498 of the Companies Act 2006.

The Group's business activities, together with the factors that are likely to affect its future developments, performance and position, are set out on pages 4 to 8. The Financial Review on pages 9 to 12 describes the Group's financial position and cash flows.

##### *Going concern*

The Directors have reviewed current performance and cash flow forecasts, and are satisfied that the Group's forecasts and projections, taking account of potential changes in trading performance, show that the Group will be able to operate within the level of its available facilities for the foreseeable future. The Directors have therefore continued to adopt the going concern basis in preparing the Group's financial statements.

##### *Statement of Directors' responsibilities*

The Directors confirm that, to the best of their knowledge, the interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and the AIM Rules for Companies, and that the interim management report includes a fair review of the information required.

##### *Accounting policies*

The interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report and Accounts for the year to 31 August 2020.

## 2. Principal risks and uncertainties

The Board considers that the principal risks and uncertainties which could impact the Group over the remaining six months of the financial year to 31 August 2021 to be unchanged from those set out in the Annual Report and Accounts for the year to 31 August 2020, aside from the integration of the acquired Arcadia brands' trade and assets into the Group's processes. The applicable risks are summarised as follows:

- Operational risks, including:
  - Transformation projects are delayed or fail to deliver;
  - The increasing complexity of our operating model;
  - Challenges with stock sourcing resulting in stock shortage;
  - Developments in the COVID-19 pandemic;
  - Understanding local market context, globally;
  - The impact of Brexit;
  - Integration of Arcadia brands' trade and assets; and
  - Ethical trade or sourcing issues in our supply chain
- Market risks, including:
  - Geopolitical uncertainty;
  - Shift in e-commerce market dynamics;
  - Cyber threat and data security;
  - Key third party supplier or service provider failure and business continuity; and
  - Foreign exchange movement

These are set out in detail on pages 32 to 35 of the Group's Annual Report and Accounts for the year to 31 August 2020, a copy of which is available on the Group's website, [www.asosplc.com](http://www.asosplc.com). Information on financial risk management is also detailed on pages 99 to 102 of the Annual Report.

## 3. Segmental analysis

IFRS 8 'Operating Segments' requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been determined to be the Executive Committee which receives information on the basis of the Group's operations in key geographical territories, based on the Group's management and internal reporting structure. The Executive Board assesses the performance of each segment based on revenue and KPIs reflecting territory and customer performance.

	Six months to 28 February 2021 (unaudited)				
	UK	EU	US	ROW	Total
	£m	£m	£m	£m	£m
Retail sales	800.4	580.1	225.7	313.7	1,919.9
Delivery receipts	19.2	14.3	7.0	9.1	49.6
Third party revenues	6.2	-	0.2	-	6.4
<b>Total revenue</b>	<b>825.8</b>	<b>594.4</b>	<b>232.9</b>	<b>322.8</b>	<b>1,975.9</b>
Cost of sales					(1,085.9)
<b>Gross profit</b>					<b>890.0</b>
Distribution expenses					(247.9)
Administrative expenses					(532.4)
<b>Operating profit</b>					<b>109.7</b>
Net finance expense					(3.3)
<b>Profit before tax</b>					<b>106.4</b>

Six months to 29 February 2020 (unaudited)					
	UK	EU	US	ROW	Total
	£m	£m	£m	£m	£m
Retail sales	577.1	488.1	202.6	283.6	1,551.4
Delivery receipts	15.8	11.4	7.1	6.9	41.2
Third party revenues	4.1	–	0.1	–	4.2
Total revenue	597.0	499.5	209.8	290.5	1,596.8
Cost of sales					(846.8)
Gross profit					750.0
Distribution expenses					(223.5)
Administrative expenses					(491.9)
Operating profit					34.6
Net finance expense					(4.5)
Profit before tax					30.1

Year to 31 August 2020 (audited)					
	UK	EU	US	ROW	Total
	£m	£m	£m	£m	£m
Retail sales	1,175.9	1,005.3	401.9	587.9	3,171.0
Delivery receipts	32.1	24.9	13.3	16.0	86.3
Third party revenues	6.1	–	0.1	–	6.2
Total revenue	1,214.1	1,030.2	415.3	603.9	3,263.5
Cost of sales					(1,716.1)
Gross profit					1,547.4
Distribution expenses					(444.6)
Administrative expenses					(951.7)
Operating profit					151.1
Net finance expense					(9.0)
Profit before tax					142.1

Due to the nature of its activities, the Group is not reliant on any individual major customers. No analysis of the assets and liabilities of each operating segment is provided to the Chief Operating Decision Maker in the monthly management accounts. Therefore, no measure of segment assets or liabilities is disclosed in this note. The total amount of non-current assets excluding goodwill and derivatives located in the UK is £967.7m (31 August 2020: £679.6m), EU: £198.9m (31 August 2020: £204.0m), US: £75.6m (31 August 2020: £80.1m) and ROW: £nil (31 August 2020: £nil).

#### 4. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the period. Own shares held by the Employee Benefit Trust and Link Trust are eliminated from the weighted average number of ordinary shares.

Diluted earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the period, adjusted for the effects of potentially dilutive share options.

	Six months to 28 February 2021 (unaudited)	Six months to 29 February 2020 (unaudited)	Year to 31 August 2020 (audited)
	No. of shares	No. of shares	No. of shares
<b>Weighted average share capital</b>			
Weighted average shares in issue for basic earnings per share	<b>99,574,955</b>	83,625,962	89,697,034
Weighted average effect of dilutive options	<b>303,613</b>	249,987	443,417
Weighted average shares in issue for diluted earnings per share	<b>99,878,568</b>	83,875,949	90,140,451
<b>Earnings (£m)</b>			
Earnings attributable to owners of the parent	<b>81.8</b>	23.1	113.3
<b>Basic earnings per share</b>	<b>82.1p</b>	27.6p	126.3p
<b>Diluted earnings per share</b>	<b>81.9p</b>	27.5p	125.6p

#### 5. Capital expenditure and commitments

During the period, the Group capitalised intangible assets of £296.9m (29 February 2020: £44.9m) and property, plant and equipment of £44.4m (29 February 2020: £25.7m). £243.8m of the intangibles capitalised relate to the acquisition described in more detail in note 8. Included within the property, plant and equipment additions is the right-of-use asset for the Group's 4th fulfilment centre in Lichfield totalling £32.8m. At the period end capital commitments contracted, but not provided for by the Group, amounted to £49.1m (29 February 2020: £44.7m).

#### 6. Contingent liabilities

From time to time, the Group is subject to various legal proceedings and claims that arise in the ordinary course of business, which due to the fast-growing nature of the Group and its ecommerce base, may concern the Group's brand and trading name or its product designs. All such cases brought against the Group are robustly defended and a liability is recorded only when it is probable that the case will result in a future economic outflow which can be reliably measured.

At 28 February 2021, the Group had contingent liabilities of £6.4m (H1 restated 2020: £nil) arising as a result of the business combination, further detail has been disclosed in note 8.

The Group had previously reported contingent liabilities of £21.6m as at 31 August 2020 and £21.2m as at 29 February 2020. Upon further assessment, the Group identified that these arrangements did not meet the definition of a contingent liability and therefore contingent liabilities of £nil should have been reported at 29 February 2020 and 31 August 2020.

## 7. Financial instruments

	<b>Six months to 28 February 2021 (unaudited) £m</b>	Six months to 29 February 2020 (unaudited) £m	Year to 31 August 2020 (audited) £m
<b>Financial assets</b>			
Derivative assets used for hedging at fair value	<b>42.4</b>	71.7	24.4
Amortised cost <sup>1</sup>	<b>72.1</b>	67.2	50.2
Cash and cash equivalents	<b>92.0</b>	8.9	407.5
<b>Financial liabilities</b>			
Derivative liabilities used for hedging at fair value	<b>(35.4)</b>	(15.9)	(48.2)
Lease liabilities	<b>(329.6)</b>	(322.6)	(313.1)
Amortised cost <sup>2</sup>	<b>(861.3)</b>	(832.8)	(794.4)

<sup>1</sup>Financial assets at amortised cost include trade and other receivables but exclude prepayments

<sup>2</sup>Financial liabilities at amortised cost include trade payables, accruals, borrowings and other payables

The Group operates internationally and is therefore exposed to foreign currency transaction risk, primarily on sales denominated in Euros, US dollars, Australian dollars and Russian roubles. The Group's policy is to mitigate foreign currency transaction exposures where possible and the Group uses financial instruments in the form of forward foreign exchange contracts and vanilla options to hedge future highly probable foreign currency cash flows.

These forward foreign exchange contracts are classified above as derivative financial liabilities and are classified as Level 2 financial instruments under IFRS 13, "Fair Value Measurement." They have been fair valued at 28 February 2021 with reference to forward exchange rates that are quoted in an active market, with the resulting value discounted back to present value. The approach to fair valuation can be seen within the Group's Annual Report and Accounts for the year ended 31 August 2020. All forward foreign exchange contracts were assessed to be highly effective during the period to 28 February 2021. All derivative financial liabilities at 28 February 2021 mature within three years based on the related contractual arrangements.

The Group has in place a £350.0m RCF available until July 2023 (with a one-year extension to July 2024 applicable subject to the agreement of all parties). At 28 February 2021 the Group had drawn down £nil of the RCF (31 August 2020: £nil).

## 8. Business combination

On 4 February 2021, the Group acquired the trade and assets of a number of businesses under the Arcadia Group from the administrators of Arcadia Group limited. The businesses were purchased out of administration for total consideration of £293.8m.

<b>Purchase consideration</b>	<b>£m</b>
Cash paid	264.8
Contingent consideration	29.0
<b>Total purchase consideration</b>	<b>293.8</b>

The fair value of assets and liabilities acquired at that date was £271.5m. This includes £219.4m in relation to the Topshop, Topman, Miss Selfridge and HIIT brands and £52.1m of other net assets. The fair value of assets acquired was less than the fair value of the consideration by £22.3m, which has been recognised as goodwill. The goodwill is attributable to the workforce, the high profitability of the acquired business and expected synergies. It will not be deductible for tax purposes.

The assets and liabilities recognised as a result of the acquisition are as follows:

<b>Fair value of net assets acquired</b>	
<b>At 4 February 2021 (provisional)</b>	<b>£m</b>
Intangible assets <sup>1</sup>	243.8
Inventories	11.0
Non-financial assets – inventory receivable	27.7
<b>Total assets acquired</b>	<b>282.5</b>
Contingent liability	(6.4)
Deferred tax liability	(4.6)
<b>Total liabilities acquired</b>	<b>(11.0)</b>
<b>Net identifiable assets acquired at fair value</b>	<b>271.5</b>
Goodwill arising on acquisition	22.3
<b>Purchase consideration transferred</b>	<b>293.8</b>

<sup>1</sup>Intangible assets include brands of £219.4m relating to Topshop, Topman, Miss Selfridge and HIIT and reflects their fair value at the acquisition date. They are estimated to have a useful economic life of between 10 and 30 years. Also acquired were wholesale customer relationships with a fair value of £24.4m which are estimated to have a useful economic life of 8 years.

Separately to the acquisition of the trade and assets outlined above, the Group also agreed to assume a number of purchase orders that were placed with suppliers by the Arcadia Group prior to the acquisition. As at 28 February 2021 no inventory had been delivered against these purchase orders. Inventory amounts will be recorded in line with the requirements of IAS 2 upon receipt, when control transfers.

In accordance with IFRS 3 'Business Combinations', the acquisition accounting will be finalised within 12 months of the acquisition date of 4 February 2021.

### a) Acquisition-related costs

Acquisition-related costs of £2.0m were incurred and have been included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

### b) Contingent consideration

The contingent consideration arrangements primarily relate to amounts ASOS will pay to Arcadia in relation to qualifying inventory totalling £23.0m upon collection.

### c) Contingent liability

A contingent liability of £6.4m has been recognised in relation to employee and other liabilities. The Group's assessment of the fair value of these liabilities represents the probability adjusted possible outcome and the timing of any payment is expected to be within the 12 month remeasurement period.

## 9. Related parties

The Group's related party transactions are with the Employee Benefit Trust, Link Trust, key management personnel and other related parties as disclosed in the Group's Annual Report and Accounts for the year to 31 August 2020. There have been no material changes to the Group's related party transactions during the six months to 28 February 2021.



# **INDEPENDENT REVIEW REPORT TO ASOS PLC**

## **REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

### **Our conclusion**

We have reviewed ASOS Plc's consolidated interim financial statements (the "interim financial statements") for the 6 month period ended 28 February 2021 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as issued by the IASB and the AIM Rules for Companies.

### **What we have reviewed**

The interim financial statements comprise:

- the consolidated unaudited statement of financial position as at 28 February 2021;
- the consolidated unaudited statement of total comprehensive income for the period then ended;
- the consolidated unaudited statement of cash flows for the period then ended;
- the consolidated unaudited statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as issued by the IASB and the AIM Rules for Companies.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as issued by the IASB.

## **RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS AND THE REVIEW**

### **Our responsibilities and those of the directors**

The interim financial statements are the responsibility of, and have been approved by the directors. The directors are responsible for preparing the interim financial statements in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **What a review of interim financial statements involves**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.