11 October 2021 **ASOS Plc**

Global Online Fashion Destination

Final Results for the year to 31 August 2021

ASOS delivers strong financial results
Investing for growth despite short-term headwinds
Commits to new medium-term plan and growth targets

Summary financial results

£m[1]	Year to 31 August 2021	Year to 31 August 2020	Change	CCY[2] Change
Group revenues[3]	**3,910.5**	3,263.5	*20%*	*22%*
Retail sales[4]	**3,783.8**	3,171.0	*19%*	*21%*
Gross profit	**1,776.4**	1,547.4	*15%*	
Gross margin	***45.4%***	*47.4%*	*(200bps)*	
Adjusted EBITDA[4]	**343.7**	279.4	*23%*	
Adjusted EBITDA Margin	***8.8%***	*8.6%*	*20bps*	
Adjusted EBIT[4]	**206.6**	151.1	*37%*	
Adjusted EBIT Margin	***5.3%***	*4.6%*	*70bps*	
Reported profit before tax	**177.1**	142.1	*25%*	
Adjusted profit before tax[4]	**193.6**	142.1	*36%*	
Diluted earnings per share	**125.5p**	125.6p	*(0%)*	
Net cash/(debt)[4]	**199.5**	407.5		

[1]All numbers subject to rounding throughout this document, [2]Constant currency is calculated to take account of hedged rate movements on hedged sales and spot rate movements on unhedged sales, [3]All references to segmental sales throughout the document are total sales unless otherwise stated, any reference to total or retail sales growth throughout the document is on a constant currency basis, [4]A reconciliation of each adjusted measure to IFRS can be found on pages 16 and 17

Results Summary

- 13% growth in active customer base to 26.4m
- Sales growth of 22%, with exceptional growth in the UK +36% and strong growth in the US +21%; EU and RoW grew at +15% and +6% respectively
- P4 underlying total sales growth of 15% in line with guidance:
  - UK +29%, US +32%, EU +4%, RoW (4)%
  - EU most impacted by global supply chain challenges; RoW hit by COVID-19 related disruptions to our delivery proposition
- Gross margin down by 200bps to 45.4%, driven by elevated freight & Brexit-related duty costs, product mix, FX headwinds and increased customer investment
- Adjusted PBT of £193.6m (including estimated £67.3m COVID-19 benefit)
  - Adjusted PBT exc. COVID-19 benefit of £126.3m up 30% on the prior year reflecting strong sales growth and continued efficiency improvements
- Free cash flow (FCF)[4] generation of £35.9m and a net cash position of £199.5m
  - FCF generation of £294.5m over the last 24 months

Board Changes

As detailed in a separate release today, ASOS has announced a number of Board changes to deliver the next phase of global growth:

- Nick Beighton is to step down as CEO. Mat Dunn, CFO, will take on the additional role of Chief Operating Officer and lead the business on a day-to-day basis, with Katy Mecklenburgh, currently Director of Group Finance, to support as Interim CFO
- Ian Dyson to become Chair, replacing Adam Crozier whose decision to step down was previously announced
- Search for a new CEO, led by Ian Dyson, is underway
- Jørgen Lindemann to join the Board as a Non-Executive Director

Strategic & Operational Highlights

- Strong development of the ASOS platform, with further category development and additional capabilities:
  - Face + Body growth of 49%; now a £150m business
  - ASOS Design +7% and venture brands +69%
  - ASOS platform enhanced with the deployment of 'ASOS Fulfils' to the UK, Russia, France, Italy and Australia
  - Integration of Topshop brands with sustained triple digit sales growth since acquisition
- Strong execution with continued discipline and operational grip:
  - c.£30m of non-strategic cost removed, cumulatively £80m to date since FY19
  - Lichfield fulfilment centre opened successfully, providing incremental capacity for peak

- TGR system implemented and embedded across the business
- Strategic partnership established with Nordstrom to help drive growth of Topshop brands in North America
    - ASOS brands to be sold in select Nordstrom stores and on Nordstrom.com; first product to be sold by calendar year end, followed by a full launch in the first half of 2022
    - Click and collect services to be rolled out across the wider Nordstrom estate in 2022
- Launched Fashion with Integrity 2030 programme with ambitious new ESG goals

FY22 Outlook

- Investing to capture growth despite short-term headwinds
- FY22 sales growth expected to be in the range of 10% and 15% with H1 revenue growth in mid-single digits reflecting:
    - Tougher comparables in the first half of the year, particularly the UK (+66% since FY19)
    - Industry-wide supply chain pressures expected to continue throughout H1, resulting in longer lead times and constrained supply from a number of our partner brands
    - An acceleration of sales in the second half of the year driven by increased event-led demand, an easing of supply constraints and marketing investment to support international growth
- Our FY22 adjusted PBT expectations are in the range of £110m - £140m, reflecting:
    - Normalised returns rates and resultant removal of the £67.3m COVID-19 related benefit
    - Notable cost headwinds including incremental inbound freight costs, Brexit duty annualisation, outbound delivery costs and labour cost inflation
    - Continued improvements in operational excellence initiatives to reduce costs and mitigate inflationary pressures
    - An increase in marketing as a percentage of sales of c.1% in support of our international growth ambitions
- Capex investment of c.£210m supporting the automation of Lichfield and Atlanta fulfilment centres and increased technology investment behind our customer experience and data science capability
- Expect FCF generation to be broadly neutral

Clear plan in place to deliver £7bn of annual revenue within the next 3 to 4 years

- Continued focus on fashion-loving 20-somethings with a Total Addressable Market of £430bn in the UK, US, Europe and core RoW territories providing significant further growth potential
- Medium-term financial targets:
    - £7bn of annual revenue
    - At least a 4% EBIT margin, with significantly increased marketing investment
    - Capital expenditure in the range of £200m - £250m p.a
- We will do this by:
    - Accelerating international growth, including doubling the size of the combined US and Europe business
    - Adding at least £1bn to our annual own-brand sales
    - Strengthening the ASOS platform with the launch of 'Partner Fulfilment', targeting c.5% of Gross Merchandise Value (GMV)
- Revenue and margin targets fully aligned with our long-term incentive programme
- The Capital Markets Day planned for 14th October 2021 to outline the detail behind the new strategic framework, will now be held on 10th November 2021

Mat Dunn, Chief Operating Officer and CFO, said:

"ASOS has delivered another strong performance, with continued growth in customer numbers driving further increases in sales and profits. Our success has been underpinned by our focus on delighting fashion-loving 20-something customers with greater choice, service, and engagement. We have also continued to invest in our platform and offer, including the successful acquisition and integration of the Topshop brands. This performance is based on the hard work and determination of all ASOS-ers and I want to thank them for everything they have done.

"Looking ahead, while our performance in the next 12 months is likely to be constrained by demand volatility and global supply chain and cost pressures, we are confident in our ability to capture the sizeable opportunities ahead. In the last two years, we have transformed ASOS with investment in infrastructure and the customer offer; we have generated strong revenue growth and free cash flow and improved structural profitability. But we know there is more to do and today we are setting out details of our ambitious plan to significantly increase ASOS's sales and profitability becoming a £7bn business within three to four years. I am delighted to be taking on the role of COO and will work tirelessly with all ASOS-ers to deliver against our refreshed strategy."

Investor and analyst meeting:
There will be a webcast for investors and analysts that will take place at 8.00am, 11 October 2021. To access and to partake in Q&A dial 0800 279 7209 / +44 (0)330 336 9434, and use Meeting ID: 5692723. For a listen-only live link please join the following link https://webcasting.brrmedia.co.uk/broadcast/616062f14e29f55a941918d7

A recording of this webcast will be available on the ASOS Plc investor centre website by tomorrow: 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 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 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 over 90,000 products, sourced from more than 850 of the best global and local third-party brands and its 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 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 Plc ("the Group")

Global Online Fashion Destination
Final Results for the year to 31 August 2021

Overview

ASOS delivered a strong performance across the year as we continued to navigate dynamic demand patterns, supply chain constraints and changing COVID-19 restrictions throughout the year. We delivered sales growth of 22% (all sales numbers quoted throughout the document are in constant currency and reflect total sales unless otherwise stated) with first half performance benefitting from significant lockdown restrictions, particularly in the UK. Many of these restrictions were removed in the second half, but our consumers were still largely unable to participate in activities that drive demand for fashion. As a result, although we saw increased demand for event-led product, with "going out" wear a higher proportion of our mix in the second half of the year, the mix of this product still remains well below pre-pandemic levels. In tandem with increased demand for event-led product, returns rates continued to trend back towards pre-pandemic levels, particularly in the UK, France and Germany.

Following the acquisition of four iconic brands: Topshop, Topman, Miss Selfridge and HIIT in the first half of this year, we have integrated at pace with supplier onboarding, transition of the brand team, and re-initiation of wholesale sales to Nordstrom, all completed in the second half of the year. We are pleased with the progress to date and remain on track to close out the final stages of the integration, which includes the publication of a full list of the Topshop brands Tier 1 to 3 factories by March 2022. The brands continue to perform strongly on ASOS.com, with sustained triple digit sales since acquisition driven by strong performance across the UK, US and Germany.

During the period, we announced the formation of a strategic partnership with US-based multi-channel retailer Nordstrom, where Nordstrom invested to acquire a minority interest in the Topshop, Topman, Miss Selfridge and HIIT brands. This partnership enables ASOS to work with Nordstrom to leverage its US market expertise and extensive customer awareness to build an exciting future for these brands. It also paves the way for wider collaboration between ASOS and Nordstrom which includes the soft launch of an edit of ASOS Design, Collusion and AsYou in selected US stores and across Nordstrom.com by the end of calendar year 2021, with a full launch following in the first half of 2022. Furthermore, ASOS click and collect services will be rolled out across the wider Nordstrom store estate as the next step to enhance the ASOS proposition for our US customers.

We announced ambitious new 2030 ESG goals at our recent Fashion with Integrity Capital Markets Event. The Fashion with Integrity 2030 programme is aimed at minimising ASOS' impact on the planet, delivering positive benefits for the people who work in fashion and meeting increasing demand from customers for greater choice in responsible fashion. These stretching ESG goals are set under two overarching pillars, Planet and People, which are underpinned by four key goals: Be Net Zero, Be More Circular, Be Transparent and Be Diverse.

We are encouraged by ASOS' ability to weather the pandemic and emerge from the last 18 months a stronger organisation with a more comprehensive product offer, improved profitability and a robust balance sheet. Our focus now shifts to the next phase of our growth, which is focused on accelerating the pace and intensity of our international growth along with our commercial execution. We remain confident in our ability to navigate the short-term issues of demand variability and supply chain constraints as we move through the pandemic, and we strongly believe in our ability to capitalise on the available growth opportunity over the medium term.

Financial Performance

ASOS delivered another strong set of results, with adjusted profit before tax of £193.6m (excluding Topshop, Topman, Miss Selfridge and HIIT one-off acquisition and integration costs and amortisation of acquired intangible assets). Excluding the estimated net COVID-19 related tailwinds, we delivered a 30% increase in adjusted profit before tax of £126.3m and a 20bps improvement in adjusted PBT margin versus FY20. Adjusted EBIT (including the COVID-19 related tailwinds) grew to £206.6m, reflecting growth of 37% on the prior year with adjusted EBIT margin of 5.3% representing 70bps margin expansion on the prior year.

With the removal of restrictions across most of our markets in the second half of the year, we saw product mix start to normalise, however we still saw an estimated COVID-19 tailwind of £67.3m driven by lower returns rates across the year, of which £48.5m estimated benefit was reported in the first half. Year-on-year, the COVID-19 tailwind was £22.3m favourable, due to the full annualisation of lower warehouse and distribution costs driven by lower returns, partially offset by freight-related headwinds. We expect product mix and returns rates to continue to normalise in FY22 with no COVID-19 benefit expected in FY22.

We closed the year with a net cash position of £199.5m, reflecting good underlying cash generation despite the impact of longer lead times due to COVID-19 related supply disruptions on stock build and a working capital unwind of £88.7m from the prior year. We invested £286.4m with the Topshop brands acquisition (£264.8m cash paid upfront and £21.6m contingent consideration relating to payments made for inventory in H2), whilst cash capital expenditure totalled £157.1m driven by investment into TGR, the fit-out of our new Lichfield fulfilment centre and automation of the Atlanta fulfilment centre. Looking ahead to next year, as we embark on our next phase of growth, we envisage an increase in capital expenditure to c.£210.0m, driven by continued investment into Lichfield, US automation and an increase in our technology investment as we look to accelerate our customer experience and data science capabilities. We expect free cash flow to be broadly neutral despite these higher levels of investment.

Performance by Market

UK

The UK continued to deliver exceptional growth, with sales growing 36% to £1,652.0m as we continued to take share of the online market, and grew our overall market share accordingly. We saw a reduction in churn rates coupled with strong growth in new customers. We added 1.4m new customers during the period, acquiring more high street shoppers. The cohort of customers acquired over the last 18 months are highly engaged shoppers, who are aware of our breadth of offer and more likely to return than average. As well as strong customer growth, we saw an increase in average basket value (ABV) and frequency, albeit with a step back in average selling price (ASP) as casual wear still retains a larger portion of our product mix than pre-pandemic. Furthermore, we saw a significant step up in our Premier customer base after lockdown restrictions were lifted with growth of 18% across the year, which was strongly weighted towards the second half. Our underlying year-on-year P4 sales growth, of 29%, slowed somewhat relative to our performance in P3 of 37%. This was driven in part by tougher comparatives, in addition to a poor summer season, a warmer start to autumn/winter, and travel-related restrictions which disproportionately impacted our 20-something consumers, many of whom were only eligible for their second dose of the COVID-19 vaccination in August and September.

US

We delivered strong growth in the US, with retail sales growing by 18% and total sales growth of 21%. Total sales growth was supported by wholesale sales contribution from the Topshop brands, which launched in April 2021 and built strong momentum towards the end of the period. We added 0.3m new customers during the period, reflecting a 9% increase in the active customer base with visits growth of 16%. ABV and frequency remained flat year-on-year, with a step back in ASP driven by the shift into lower ASP casual wear categories in FY21, offset by an increase in average basket size (ABS) in the year. In line with other markets, we have experienced intake constraints in the US driven by global shipping and US customs delays, impacting newness, availability and speed to market. However, we were encouraged to see improvements in H2 as we increased the range of products available via ASOS Fulfils, which augments the stock held in Atlanta from Barnsley. Pre-pandemic, event-led product in the US over-indexed by an average of 10% compared to our other markets. We are, however, starting to see demand for event-led product normalise back to 2019 levels which is particularly encouraging for the US business. Our Topshop brands continue to resonate strongly in the US market, with the US now accounting for 16% of our FY21 Topshop revenues (retail and wholesale).

EU

We delivered sales growth of 15% in Europe, along with 13% growth in our active customer base. Growth slowed in P4 to 4% (on an underlying basis) impacted by more muted consumer demand. ABV and frequency grew by 1%, however ASP stepped back on the year. Demand for dresses has seen a significant step up, however with both shipping and Brexit-related customs delays to contend with, our stock profile has not been in the optimal position to capitalise on the available demand in the market, resulting in weaker viewed availability through the back end of P3 into P4. In spite of this, we saw strong performance in Germany and France over the year as a whole. Following the easing of restrictions in the latter part of the year, market performance in France has been more muted with ASOS' growth impacted accordingly and overall market growth in Germany has also slowed in recent months. ASOS was, however, able to capitalise on consumer demand in this market with visits growing ahead of the market. Southern Europe continued to prove challenging.

Rest of World

Our Rest of World growth stepped back to 6% with 3% growth in active customers. We saw an increase in churn rates and slower growth in new customers. Rest of World continues to be disproportionately impacted by an extended delivery proposition, which is particularly evident in Australia where our standard delivery proposition has been more than 30 days in recent weeks. We have seen a decline in market share in Australia as local competition continues to capitalise through increased promotional activity and advantageous delivery propositions. We also had to temporarily halt our Premier delivery proposition in Australia, which further impacted customer retention. Within Russia, market growth has been subdued, however we have seen signs of improvement as we exit FY21. We have leveraged our ASOS Fulfils programme in Russia by supplementing the Russian stock pool, with Russia now able to receive stock from both Eurohub and Barnsley, and we have started to see signs of recovery with improved availability of popular products.

Performance Across the Five Strategic Pillars

As part of our vision to be the number one destination for fashion-loving 20-somethings worldwide, we continue to measure our progress against the Five Strategic Priorities designed to shape our focus across the business.

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 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. 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

Earlier this year, we announced that we had successfully deployed our TGR system. This was designed to replace legacy infrastructure with a cutting-edge planning and retail capability along with new reporting metrics to support our global growth ambitions. The rollout process completed on schedule with strong user adoption, limited disruption and business benefits being realised as planned. Through TGR, our buying and merchandising teams have improved planning capability, visibility of freight costs and transit impacts to make better sourcing decisions. For the wider business, the additional visibility and reporting metrics enable swifter trading decisions. TGR was also a critical enabler for our fourth fulfilment centre in Lichfield and is a necessary foundation for the development of our Partner Fulfilment programme.

The development of our new fulfilment centre in Lichfield, which opened in August 2021, further supports our global expansion plans. We have successfully completed our launch phase which involved operational testing, recruitment and site establishment, and are currently in the process of ramping up the facility, which is expected to contribute incremental capacity to the calendar 2021 peak, ahead of plan. The facility has initially launched as a manual operation with a first phase that can store up to 7 million units and we will automate by the end of FY23. We anticipate a cost drag in FY22 reflecting initial start-up costs as well as impacts from the manual nature of the facility. These will unwind over time, fully reversing once automation comes online towards the end of FY23.

2. Growing our Unique ASOS Brands

ASOS Design continues to perform well, although it has declined in mix by 370bps over the last 12 months given its strength is occasion-wear. However, we saw an increase in demand for "going out" product and pleasingly, within ASOS Design, occasion-wear has grown by 16% in the second half. Our venture brands grew by 69%, with Collusion a strong contributor to this exceptional growth up 63%. We have also delivered strong growth in many of our new ASOS labels, with Weekend Collective posting strong sales in its year of launch, Unrvlld Supply growing by 122% and Dark Future by 88%.

Earlier this year, we announced the acquisition of four iconic brands, Topshop, Topman, Miss Selfridge and HIIT which dropped seamlessly onto our platform in February. Since our half year update, these brands have sustained triple digit growth momentum against pre-acquisition Topshop brands sales on ASOS.com. We have seen outstanding growth in the US, now accounting for 16% of global Topshop brands sales. We continue to post strong growth rates in the UK and Germany, highlighting the strength of these brands in these markets. During the period, we launched our wholesale business, despatching our first Topshop wholesale orders of this year, a first for ASOS, and we have built momentum on wholesale sales into P4. We have also trimmed down our wholesale partners with our focus on "fewer, better, more digital" and will be partnering with Nordstrom, Zalando, Yoox, GFG and Namshi going forward.

From a supply chain perspective, we have successfully onboarded all 135 Topshop brand suppliers. We subsequently identified 55 suppliers who will be exited in a responsible timeframe with the final supplier base expected to consist of 80 suppliers, many of whom have not worked with ASOS before. We have mapped all Tier 1 to 3 suppliers, and all Tier 1 and 2 suppliers have provided evidence of a third-party audit. We are currently working through these audits and are on track to publish a full listing of all Tier 1 to 3 suppliers by March 2022, as committed.

As we continue to grow our exclusive ASOS brands, we will leverage our Nordstrom partnership to drive increased customer awareness across the US. As part of this collaboration, we will release a curated edit of ASOS Design, Collusion and AsYou in two key retail stores and across Nordstrom.com by the end of this calendar year, with a full launch on track for the first half of 2022. In addition to this, ASOS click and collect services will be rolled out across the wider Nordstrom store estate in the first half of 2022 as the next step in continuing to enhance the ASOS proposition for our US customers.

3. Enhancing our Flexible and Multi-brand Platform

At half year, we referenced the fact that Face + Body and Activewear are strategic focus areas for ASOS going forward, and we continue to focus on building out our multi-brand platform to support growth in these two areas. Our Face + Body business has grown at pace and is now a £150 million revenue business, up 49% year-on-year. We have seen strong Face + Body growth rates in all markets, but particularly in the UK, posting strong growth of 64% year-on-year. We continued to build out our offer adding several new brands, including Charlotte Tilbury, Huda Beauty, Lush and Morphe over the past year. In Sportswear, we saw growth of 51% as Activewear continues to resonate strongly with consumers coming out of the pandemic. We expect performance in the next 12 months to be more muted given the current consumer dynamics, but we remain confident that this is a long-term growth driver for ASOS.

The development and rollout of our flexible and multi-brand platform continued at pace. In phase 1, which we refer to as 'ASOS Fulfils', we successfully completed our trial which exposed selected UK stock to our US customers to expand our brand offering and backfill size availability. Through this we were able to offer an improved stock profile, with no material uplift in customer care contacts during the period. We have subsequently rolled this out to the UK, Russia, France, Italy and Australia. With 'ASOS Fulfils' now underway, we are ready for the second phase of the flexible fulfilment programme known as 'Partner Fulfilment'. Partner Fulfilment will allow direct to consumer fulfilment and augments ASOS' own supply chain with our suppliers' capability to directly fulfil customer orders, allowing greater stock availability and product assortment. In time, this will allow our consumer greater opportunities to view a wider range of product and will increase the local relevance of our product offer, whilst still retaining our curated edit based on the needs of our 20-something customer. We expect to begin our roll-out in the UK at the end of calendar year 2021, in partnership with a major global sportswear supplier.

4. Improving our Inspiring and Personalised Customer Experience

We continued to advance our personalised, engaging and inspiring customer experience. We have made investments in data infrastructure and capabilities over the past two years, enabling us to continue to apply data science to deliver a more relevant and engaging experience for each customer. Furthermore we rolled out the "For You" feature on Android along with personalised search and "New In" category results. We have also significantly increased our experimentation velocity reflecting 122% growth on the prior year. We continued to expand our ratings and reviews on site with nearly 2 million reviews collected to date, providing valuable peer-to-peer review along with live feedback for the buying and merchandising teams.

5. Developing our Effective, Efficient and Sustainable Model

We continued our relentless focus on operational excellence, ensuring efficient and effective operations designed to delight our customers. As part of this, we continued our FY20 programme of non-strategic cost removal to actively review non-strategic costs and drive improvements across different business areas which included: marketing investment focused on more efficient channels, maximisation of our input pricing through more effective supplier negotiations, delivery of 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. These improvements drove a benefit of c.£30m in FY21.

Fashion with Integrity (FWI) is the backbone of our business and we operate with sustainability at the heart of everything we do. We are proud of the work we have done over the past decade which included:

- Building an industry-leading position in tackling modern slavery throughout our supply chain
- The co-founding of the Fast Forward auditing programme, designed to tackle issues in UK manufacturing
- The launch of the ASOS Design Circular Collection and training all commercial teams on circular design strategies
- Using over 80% recycled material across mailing and garment bags
- Reducing operational carbon emissions per order by 45% from FY16 to FY20

At our FWI Capital Markets Event in September we launched our 2030 ambitions. Taking into account the most material issues for ASOS, the 2030 FWI programme is focused on minimising ASOS' impact on the planet, delivering positive benefits for people who work in fashion and meeting increasing demands from customers for greater choice in responsible fashion. From that focus, ASOS has set two overarching pillars, Planet and People, which are underpinned by four key goals:

- *Be Net Zero:* minimising ASOS' impact on the planet through decarbonisation targets set with the Carbon Trust. ASOS will be carbon neutral in its direct operations by 2025 and achieve net zero carbon emissions across our value chain by 2030
- *Be More Circular:* shifting towards more circular systems, ensuring 100% of ASOS own-brand products and packaging are made from more sustainable or recycled materials by 2030, prioritising circular design, and facilitating product recovery programmes
- *Be Transparent:* accelerating transparency and human rights within its supply chain and the wider fashion industry. ASOS will publish a detailed human rights strategy and implementation reports annually from 2023; ensure that third-party brands are signed up to the Transparency Pledge and the new ASOS Ethical Trade policy by 2025; and provide full public transparency of every ASOS own-brand product by 2030
- *Be Diverse:* driving diversity, equity and inclusion across every aspect of the business, with a focus on leadership representation. ASOS will ensure at least 50% female representation and over 15% ethnic minority representation at every leadership level by 2030

The full disclosure relating to these commitments can be found here.

Outlook

Looking back over the past two years, we have successfully reduced our cost base and enhanced our profitability, delivered strong FCF generation, and entrenched a strong operational grip and discipline in the business. We have progressed well against our strategic priorities centred on building a solid foundation for global growth through the development of our brands, global fulfilment centre network and the successful deployment of TGR. However, we still have much to do to improve the flexibility and speed of our retail model and to accelerate the pace of delivery of our international growth strategy so we can truly capture the global opportunity ahead of us. We have a clear strategy and plan in place, a strong leadership team, and approach the future with confidence.

We will deploy our platform capability, accelerate both US and EU growth trajectories and continue to deliver strong operational efficiencies to support our structural profitability. However, it is clear that our performance in FY22 will be constrained, particularly in the first half of the year, as current pressures continue, along with global supply constraints and cost inflationary pressures. At the same time we are set to cycle tough comparatives (particularly in the UK), and will begin to invest behind the growth initiatives which support our medium-term ambitions.

We have had an exceptionally successful two years in the UK, with growth of 61% versus FY19, and growth in the first half even higher at 66% as we were undoubtedly a COVID-19 beneficiary due to physical store closures. These high comparative growth rates, combined with current demand and supply pressures, are reflected in H1 FY22 sales growth expectations in the mid-single digits. We do, however, expect sales growth to accelerate in the second half of the year to deliver full year sales growth of between 10% and 15%, supported by increased event-led demand, reduced supply constraints and increased marketing investment to support an acceleration of our international growth rates.

Last year was an exceptional year for profitability, with strong underlying growth further supported by a £67.3m estimated benefit from COVID-19 related returns rates. We do not expect any COVID-19 benefit in FY22 with returns rates having returned to more normal levels. We anticipate notable cost headwinds, particularly in the first half, from higher inbound freight and outbound delivery costs. We also anticipate inflationary pressures particularly with respect to labour across the year. We will look to offset these cost pressures through continued cost efficiencies and scale leverage along with appropriate measures to mitigate inflation. We will invest through these short-term headwinds to capture the long-term opportunity that we see ahead of us by increasing our marketing spend in our international territories, driving a c.1% increase in marketing as a percentage of sales. As a result we expect profit in the range of £110m to £140m, compared to £126.3m in the prior year (excluding the COVID-19 benefit).

We expect our CAPEX investment to be c.£210m next year, supporting the automation of the Lichfield and Atlanta fulfilment centres, and the acceleration of our technology investment, particularly in the areas of customer experience and data science. Despite this increased investment, we expect free cash flow to be broadly neutral assuming global supply chain pressures alleviate somewhat in the latter part of the year.

Future Strategy and Medium-Term Financial Targets

Our focus on fashion-loving 20-somethings remains with a Total Addressable Market of £430bn in 2030 in the UK, US, Europe and core RoW territories providing significant further growth potential.

ASOS has strong foundations for growth in place having built a winning customer offer combining exclusive ASOS fashion brands with a curated edit of over 850 third-party brands, overlayed with unique product presentation that is inspiring and engaging. We have also invested in infrastructure and technology, and built out a strong proposition ensuring a best-in-class user experience combined with next-day delivery, consistent price competitiveness all backed by relevant stock width.

In recent years we have made strong operational progress. We have removed c.£80m of non-strategic costs over the past two years, funded increased marketing investment, and improved our operational grip and discipline across the business. We have also installed a strong executive team with a global mindset, international experience and broader range of functional capabilities beginning with the appointment of Mat Dunn as CFO in April 2019 and concluding with the appointment of Jose Antonio Ramos as Chief Commercial Officer in January 2021.

Whilst we have made good progress in recent years, we recognise that there is still much to do to accelerate the pace and intensity of our commercial delivery. With strong foundations in place, we now shift to the next phase of our growth agenda to drive an acceleration of growth outside of the UK.

Our strategy focuses on three key areas:

1. Transforming our loved ASOS brands into truly iconic brands, whilst improving our speed to market and leveraging the strength of our design, buying and merchandising teams to incubate and create new brands, with the objective of adding at least £1bn to our annual brand sales
2. Strengthening the ASOS platform with the launch of our Partner Fulfilment programme, targeting c.5% of GMV, along with the expansion of Face + Body and Sportswear which are both strategic categories for future growth

3. Further enhancements to the customer experience through the next stage of personalisation, tailored category experiences, and the amplification of our Premier offer

These key areas will support an acceleration in international growth rates, which includes doubling the size of the combined US and Europe business. This will all be underpinned by the next phase of our Operational Excellence programme, focused on driving increased operational efficiencies as we implement a Lean programme across the business to drive further efficiency and scale benefits.

Through this next phase of our growth we are targeting £7bn revenues in the next three to four years. We expect this to support at least a 4% EBIT margin over the same period, as increased efficiencies continue to support increased investment in marketing to drive our international growth. Capital expenditure is expected to remain in the range of £200m -£250m.

We will expand on the strategy underpinning the next phase of our growth at our upcoming Capital Markets Day.

Mathew Dunn
Chief Operating Officer & Chief Financial Officer

Ian Dyson
Senior Independent Director & Chair of the Audit Committee

Financial review

Overview

	UK	EU	US	RoW[1]	Total
	Year to 31 August 2021				
	£m	**£m**	**£m**	**£m**	**£m**
Retail sales	1,595.7	1,156.5	442.0	589.6	3,783.8
Income from other services[2]	56.3	28.8	24.2	17.4	126.7
Total revenue	**1,652.0**	**1,185.3**	**466.2**	**607.0**	**3,910.5**
Cost of sales					(2,134.1)
Gross profit					**1,776.4**
Distribution expenses					(509.5)
Administrative expenses					(1,076.8)
Operating profit					**190.1**
Finance income					0.2
Finance expense					(13.2)
Profit before tax					**177.1**

1 Rest of World
2 Income from other services comprises of delivery receipt payments, wholesale sales and marketing services

	Year to 31 August 2021	Year to 31 August 2020	Change
Active customers[1] (m)	**26.4**	23.4	*13%*
Average basket value[2]	**£39.75**	£39.52	*1%*
Average order frequency[3]	**3.61**	3.43	*5%*
Total shipped orders (m)	**95.2**	80.2	*19%*
Total visits (m)	**3,091.8**	2,691.2	*15%*
Conversion[4]	**3.1%**	3.0%	*10bps*
Mobile device visits	**83.2%**	85.5%	*(230bps)*

[1]Defined as having shopped in the last 12 months as at 31 August, [2]Average basket value is defined as net retail sales divided by orders, [3]Calculated as last 12 months' total orders divided by active customers, [4]Calculated as total orders divided by total visits

Strong total sales growth of 22% year-on-year as we continued to operate against a backdrop of COVID-19 restrictions and the resulting impact on our consumers. Growth was underpinned by exceptional performance in the UK which grew at 36%, whilst internationally we were pleased with our progress in both the EU +15% and US +21%, reflecting the wholesale contribution in P4 which continues to gain momentum. RoW delivered 6% growth year-on-year.

Since launch, Topshop, Topman, Miss Selfridge and HIIT have established themselves as a key part of the ASOS brands offer, with sales growing by triple digits year-on-year since acquisition. Pleasingly, these brands continue to resonate strongly with consumers in the UK, US and Germany where we have exceptionally strong growth rates. Topshop brands have contributed an estimated £61.7m of incremental sales since the acquisition and integration. From a geographical split, the UK continues to over-index in sales, contributing more than 50% of the total Topshop brands sales, with Europe contribution at 23% and US contribution at 16%. When we announced the acquisition, we indicated that we expected a ramp up period in FY21 while we transitioned stock to our warehouses, onboarded new suppliers, audited and rationalised the supplier base and built out the Topshop range and, in light of this, we are pleased with the performance of these brands to date. We see further potential for growth via our strategic partnership with Nordstrom in North America as well as the broader development of the wholesale business.

Our active customer base increased by 3.0m to reach 26.4m active customers, up 13% year-on-year. With a reduction in event-led shopping continuing throughout most of the year, we continued to see an impact on churn, with low frequency occasion-wear shoppers dropping out the base, particularly in our international markets which have a higher level of occasion-wear mix. Our growth was underpinned by strong new customer acquisition and we continued to see a more engaged shopper added to the base in FY21.

Gross margin stepped back by 200bps driven by COVID-19 related inbound freight costs and Brexit duty, product mix and adverse foreign exchange movements, which had an adverse impact on gross margin during FY21. This was mainly due to the strengthening of the pound against emerging market currencies – primarily the Russian Rouble, which devalued by 15% across the year. We have seen a recovery in demand for event-led product in the second half of the year across all our key markets, resulting in increasingly normalised returns rates and a re-balancing of our product mix towards event-led product. We saw a step up in promotional activity due to competitive pressures in RoW and as we invested for growth in key markets, along with price investment into Europe and the US, which we were able to fund through improved intake margins.

Within operating costs, distribution and warehouse costs reduced as a percentage of sales by 60bps and 50bps respectively, to 13.0% and 9.1%. This was mainly driven by the COVID-19 returns rate benefit. Marketing costs increased by 140bps to 5.1% as we invested into digital marketing and social media engagement, to drive awareness and support the launch of Topshop brands with campaigns launched on TikTok and Snapchat during the year. We also continued to see improvements in other operating costs which reduced by 250bps to 9.8% supported by non-strategic cost removal of c.£30m for the year and increased leverage across our fixed cost base. This was due to further refinement of our operational structure, and reduced facilities and travel costs. Depreciation and amortisation fell by 10bps as a percentage of sales as we leveraged our existing fixed asset base to drive higher sales, whilst Lichfield went live on 28 August 2021 meaning there was only a minor depreciation impact in FY21.

Adjusted profit before tax increased by 36% to £193.6m (excluding one-off acquisition and integration costs of £10.5m and amortisation of acquired intangible assets of £6.0m). Profitability continued to benefit from a COVID-19 tailwind of £67.3m. Excluding the impact of the estimated COVID-19 benefits from FY21 and FY20 PBT, we delivered 3.2% adjusted PBT margin reflecting a 20bps expansion on the prior year, and 30% growth in PBT. Despite the external challenges, we increased our overall margin through continued rigour of our cost base and strong operational grip. This is reflected in a further reduction in our operating costs as a percentage of sales.

UK performance

UK KPIs	**Year to 31 August 2021**
Retail Sales	+36%
Total Sales	+36%
Visits	+28%
Orders	+30%
Conversion	10bps
ABV	+5%
Active Customers	8.5m (+20%)

Exceptional growth in the UK of 36% was underpinned by a 20% increase in the customer base of our most mature market, reaffirming the strength of our model and proposition in the UK. We continued to attract new customers throughout the year and retained our existing base, in part driven by the shift to online retail, however supported by investment and the Topshop brands performance.

Visits and orders growth were strong at 28% and 30% respectively, supporting an improvement in conversion. ABV was up 5% on the year, driven by favourable returns rates for much of the year as customers mixed into lockdown categories.

We are seeing positive trends in customer engagement, with average order frequency up and churn down year-on-year. Our share of the UK market also continues to grow, as growth in our core product categories is supported by customers shopping across multiple categories – including our Face + Body and Activewear ranges.

EU performance

EU KPIs	**Year to 31 August 2021**
Retail Sales	+15% (+15% CC)
Total Sales	+15% (+15% CC)
Visits	+11%
Orders	+13%
Conversion	10bps
ABV	+1%
Active Customers	10.4m (+13%)

EU retail sales grew 15% despite the challenges from the ongoing COVID-19 restrictions and the resulting impact on consumer confidence and purchasing power.

We invested in ASOS Design pricing in the second half of the year, improving our customer offer relative to competitors and positioning us for further growth. We have continued to see an increase in our ASOS brands mix, supported by a pleasing performance across Topshop brands and Collusion in the second half of the year.

Customer momentum continued, with 1.2m customers added driving growth of 13% year-on-year. Performance across EU was a tale of two halves, with a weaker performance in Southern Europe offset by strong performance in our core markets of France and Germany, despite a slowdown in P4 growth momentum. In Germany, whilst demand was strong, supply constraints resulted in lower dresses availability and as a result we were not able to capture all of the available opportunity. Ireland was the standout performer, with exceptional sales growth underpinned by active customers growth of 28% year-on-year. Southern Europe continues to be challenging with increased competitor activity and constrained demand.

US performance

US KPIs	Year to 31 August 2021
Retail Sales	+10% (+18% CC)
Total Sales	+12% (+21% CC)
Visits	+16%
Orders	+9%
Conversion	-20bps
ABV	Flat
Active Customers	3.5m (+9%)

Strong total sales growth in the US of 21%, supported by the acquired Topshop brands in February 2021 and more deliberate purchasing by consumers which led to a lower returns rate. We continue to face challenges in the US market, notably ensuring that our stock offer is optimised for the US customer. This impacted conversion in H1, but we were encouraged to see improvements in H2 as we increased the range of products available via 'ASOS Fulfils', which augments the stock held in Atlanta from Barnsley.

Post-acquisition, the opportunity we have to grow the Topshop brands in the US has become clear, with strong traffic post-acquisition and a triple digit increase in sales in H2 reflecting their appeal to the US customer. By continuing to invest in marketing, along with our partnership with Nordstrom and our wholesale business, we have seen total sales growth of 32% in constant currency sales in P4.

Overall traffic growth of 16% was pleasing, supported by increased investment in promotional and marketing activity in the second half of the year. The US total active customer base grew 9% year-on-year to 3.5m, with new customer growth underpinning this increase. Demand continues to be impacted by COVID-19, with the mix of "going out" categories – a key part of ASOS' appeal in the US – remaining behind FY20 and FY19. However, we have been encouraged by the growth of our Face + Body and Sportswear sales, albeit still a small percentage of the overall mix, which represent key strategic segments for us going forward.

RoW performance

RoW KPIs	Year to 31 August 2021
Retail Sales	+0% (+6% CC)
Total Sales	+1% (+6% CC)
Visits	+5%
Orders	(1%)
Conversion	-10bps
ABV	+2%
Active Customers	4.0m (+3%)

RoW retail sales grew by 6%, with softer growth in H2 reflecting the delays to, and reduced competitiveness of, our delivery proposition in key markets. Russia proved challenging, as overall demand slowed and active customers stepped back 5%, however we have seen a positive reaction to a more aggressive trading stance in the latter part of the year, supported by the rollout of 'ASOS Fulfils' allowing customers access to both the Eurohub and Barnsley stock pools. Australia was impacted by the effects COVID-19 had on our delivery proposition, with standard delivery reaching a high of 30 days, resulting in low single digit growth. In contrast, sales growth in Israel was strong and the country continues to represent an increasingly significant proportion of our RoW segment.

ABV increased 2% as action taken to protect basket economics in the first half was only partially offset by a more aggressive trading stance and reduction in full price sales mix. Active customer growth was underpinned by the acquisition of new customers offsetting the increase in churn of our existing customers, as we continued to see low frequency, occasion-wear shoppers drop out of our customer base.

Gross margin

Gross margin reduced 200bps driven by increased inbound freight and duty, product mix and foreign exchange movements. Brexit resulted in incremental duties in FY21 as a result of duties incurred on product shipped between the UK and Europe. Although we have worked to reduce the impact of Brexit on our costs, we anticipate that a portion of this will remain. We also saw freight-related impacts on our costs, most notably in the second half of the year, driven predominantly by increased freight rates. Increased lead time impacts were also experienced between UK and EU as a result of Brexit, with additional customs requirements and checks.

In response to some of the above dynamics, we worked on various ways to mitigate these impacts to ASOS. This included entering a long-term ocean freight contract directly with a major shipping line, with rates secured that represented a significant reduction against current market levels. Furthermore, we introduced a sea/air combination, ensuring flexibility existed with transit times on longer lead sourced product.

In the second half of the year, product mix began to normalise with increased demand for event-led products particularly evident in the UK, Europe and the US. Whilst this is still not back to pre-pandemic levels of demand, we have seen demand for occasion-wear step up as restrictions were lifted and vaccination rates increased. In line with this, returns rates have started to normalise.

We took the decision at half year to invest in the pricing of ASOS Design products across Europe and in the US in the second half of the year, continuing our ambition to develop the customer offer in these markets and refining the price perception of the brand relative to competitors. These investments were partially offset by an improved buying margin, reflecting our continued progress in this space. Lastly, we saw an FX-related headwind in gross margin, primarily as a result of the strengthening of emerging market currencies where we hedge on a limited basis and therefore where some exposure remains.

Operating expenses

£m	**Year to 31 August 2021**	**% of sales**	Year to 31 August 2020	% of sales	*Change*
Distribution costs	**(509.5)**	***13.0%***	(444.6)	*13.6%*	*(15%)*
Warehousing	**(356.4)**	***9.1%***	(313.5)	*9.6%*	*(14%)*
Marketing	**(200.9)**	***5.1%***	(119.4)	*3.7%*	*(68%)*
Other operating costs	**(384.0)**	***9.8%***	(401.4)	*12.3%*	*4%*
Depreciation and amortisation	**(135.5)**	***3.5%***	(117.4)	*3.6%*	*(15%)*
Total operating costs	**(1,586.3)**	***40.6%***	(1,396.3)	*42.8%*	*(14%)*

Operating expenses for the year decreased by 220bps as a percentage of sales to £1,586.3m. In distribution and warehousing, the COVID-19 tailwind drove a reduction in costs as a percentage of sales as lower returns rates continued to generate lower carrier and warehouse processing costs.

Outside of this, the external cost environment remained challenging and we continued to face higher surcharges when fulfilling RoW territories and competition for warehouse labour in the UK was high, leading to above inflationary increases agreed to remain an attractive employer. Despite these challenges, our supply chain remained resilient throughout the year and we continued to drive gains from Eurohub automation and leverage our fixed cost base across each of our sites.

Marketing costs increased by 140bps as a percentage of sales as we invested in digital marketing channels to boost new customer acquisition, particularly over peak. We also focused on customer engagement and the positioning of the Topshop brands, ensuring that we position these brands for continued global growth. Additionally, we continued to develop our engagement with customers through TikTok and Snapchat which we know are increasingly popular channels with our 20-something customers.

Other operating costs reduced 250bps to 9.8% of sales driven by reduced travel, a reduction in facilities related costs and a 14bps decrease in payroll costs as a percentage of sales, as we continued to improve the efficiency of our operational structure.

Total operating cost savings were also supported by our continued focus on removing non-strategic costs and refining our processes, driving c.£30m across the income statement. Our end-to-end customer returns process was a key focus and we drove savings and efficiencies through embedding improved processes and controls across the customer journey whilst improving the customer experience. Additionally, by planning in more granularity and enabling new technology tools we drove an improvement in our underlying margin by reducing markdown, whilst continuing to focus on reducing our fixed cost base.

Following the acquisition of the Topshop brands in February 2021, we also incurred £10.5m of one-off costs which are not expected to recur in FY22.

Interest

Net interest costs were £13.0m in the period, an increase of £4.0m year-on-year, predominantly driven by a £6.1m charge on the convertible bonds that were issued in April 2021.

Taxation

In March 2021 it was announced that the UK headline corporation tax rate will increase to 25% from 1 April 2023. This was substantively enacted in May 2021 and will apply to ASOS for the first time in FY23.

The effective tax rate is 27.5% in FY21, increasing from prior year (20.3%). This has largely been driven by one-off costs incurred as part of the Topshop acquisition, which are not deductible for tax purposes, together with the remeasurement of deferred tax balances as a result of the change in the UK tax rates - mostly related to deferred taxes on capital allowances and R&D claims, that are expected to reverse after 2023. Excluding the impact of these items, the effective tax rate was 21.3%, higher than guidance due to higher non-deductible items and tax adjustments relating to prior year.

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.

Earnings per share

Basic earnings per share increased by 2% to 128.9p, whilst diluted earnings per share remained broadly flat at 125.5p (FY20: 126.3p and 125.6p) as increased profit after tax was offset by an increase in the weighted average shares in issue. This was due to the dilutive impact of the convertible bond issued in April 2021 and the full year impact of the number of shares from the equity raise conducted in 2020.

Cash flow

There was a £208.0m 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 February 2021 of £286.4m. This compares with a £498.0m increase in net cash in the previous year. The working capital cash outflow of £74.2m reflect our later ramp up of stock intake at the end of FY20 (£88.7m) ahead of peak. Cash capital expenditure of £157.1m focused on growth and transformation projects such as our fourth fulfilment centre, US Automation and TGR. We continued to generate free cash flow within the year of +£35.9m.

Adjusted Performance Measures (APMs)

ASOS defines the below non-IFRS performance measures to allow shareholders to better understand underlying financial performance and position, both in comparison to prior periods, and within the online retail sector. Retail sales is a measure of the Group's trading performance relating to the sale of products to end customers and is used by management to monitor performance across markets. Reported PBT, EBIT and EBITDA have been adjusted for items that, because of their nature, frequency and materiality, are not considered underlying. Net cash/(debt) is a measure of the Group's liquidity, whilst free cash flow is the movement between net cash/(debt) year on year, adjusted for the impact of the Topshop brands acquisition and financing cash flows.

A full list of the adjusting items and the measures they impact can be seen in the table and definitions below.

Adjusting items	**FY 2021 £m**	FY 2020 £m	Change £m	Change %
Adjusting items for retail sales:				
Income from other services	**126.7**	92.5	34.2	37%

Adjusting items for EBIT and PBT:				
Topshop brands acquisition and integration one-off costs	**(10.5)**	-	(10.5)	(100%)
Amortisation of acquired intangible assets[1]	**(6.0)**	-	(6.0)	(100%)
Adjusting items for EBITDA				
Share-based payment charges	**(7.6)**	**(10.9)**	3.3	30%
Topshop brands acquisition and integration one-off costs	**(10.5)**	**-**	(10.5)	(100%)
Adjusting items for Net Cash/(debt)				
Borrowings	**(463.2)**	-	(463.2)	(100%)
Adjusting items for Free Cash Flow				
Acquisition of Topshop brands	**(286.4)**	-	(286.4)	(100%)
Payment of one-off costs associated with Topshop brands acquisition and integration	**(7.1)**	-	(7.1)	(100%)
Convertible bond proceeds (net of transaction costs)	**491.0**	-	491.0	100%
Nordstrom loan proceeds	**21.9**	-	21.9	100%
Equity raise	-	239.4	239.4	100%
Revolving Credit Facility (RCF) drawn down (removed from FY20 opening balance)	-	(75.0)	75.0	100%

[1]Intangible assets acquired through Topshop brands acquisition

Reconciliation from IFRS measures	**FY 2021 £m**	FY 2020 £m	Change £m	Change %
Revenue	3,910.5	3,263.5		
APM: Retail sales[1]	**3,783.8**	3,171.0	**612.8**	**20%**
Reported profit before tax	177.1	142.1		
PBT margin	4.5%	4.4%		
Adjusted profit before tax[2]	**193.6**	142.1	**51.5**	**36%**
Adjusted PBT margin	**5.0%**	4.4%	**60bps**	
Reported EBIT	190.1	151.1		
EBIT margin	4.9%	4.6%		
Adjusted EBIT[3]	**206.6**	151.1	**55.5**	**37%**
Adjusted EBIT margin	**5.3%**	4.6%	**70bps**	
Reported EBITDA	325.6	268.5		
EBITDA margin	8.3%	8.2%		
Adjusted EBITDA[4]	**343.7**	279.4	**64.3**	**23%**
Adjusted EBITDA margin	**8.8%**	8.6%	**20bps**	
Cash and cash equivalents	662.7	407.5		
Net cash/(debt)[5]	**199.5**	407.5	**(208.0)**	**(51%)**
Net increase in cash and cash equivalents	255.3	422.9		
Free Cash Flow[6]	**35.9**	258.5		

1 Retail sales represent internet sales of products, net of an appropriate reduction for actual and expected returns. Retail sales growth is shown in constant currency.
2 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.
3 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.
4 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.
5 Net cash/(debt) is cash and cash equivalents less the carrying amount of any borrowings at year-end. Borrowings exclude outstanding lease liabilities which at year-end totalled £328.9m (FY20 £313.1m).

6 Free Cash Flow is defined as the movement in net cash/(debt) excluding the impact of the Topshop brands acquisition in February 2021 and financing activity, being the equity raise in April 2020, the convertible bond in April 2021 and the loan from Norstrom in July 2021. FY20 is also impacted by the RCF drawdown of £75m, which was not included in the opening cash and cash equivalents balance per the cash flow, but which is captured within our free cash flow definition on the basis that this represented debt at the end of FY19.

CONSOLIDATED UNAUDITED STATEMENT OF TOTAL COMPREHENSIVE INCOME
For the year to 31 August 2021

	Year to 31 August 2021 (unaudited) £m	Year to 31 August 2020 (audited) £m
Revenue	**3,910.5**	3,263.5
Cost of sales	**(2,134.1)**	(1,716.1)
Gross profit	**1,776.4**	1,547.4
Distribution expenses	**(509.5)**	(444.6)
Administrative expenses	**(1,076.8)**	(951.7)
Operating profit	**190.1**	151.1
Finance income	**0.2**	0.5
Finance expense	**(13.2)**	(9.5)
Profit before tax	**177.1**	142.1
Income tax expense	**(48.7)**	(28.8)
Profit for the year	**128.4**	113.3
Profit for the year attributable to owners of the parent company	**128.4**	113.3
Net translation movements offset in reserves	**(0.5)**	0.1
Net fair value gains/(losses) on derivative financial instruments	**38.4**	(13.9)
Income tax relating to these items	**(8.1)**	2.9
Other comprehensive income/(loss) for the year[1]	**29.8**	(10.9)
Total comprehensive income for the year attributable to owners of the parent company[2]	**158.2**	102.4
Earnings per share (Note 3)		
Basic	**128.9p**	126.3p
Diluted	**125.5p**	125.6p

[1] All items of other comprehensive income will subsequently be reclassified to profit or loss
[2] The results for the year shown are derived completely from continuing activities

CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN EQUITY
For the year to 31 August 2021

	Called up share capital £m	Share premium £m	Retained earnings[1] £m	Employee Benefit Trust reserve[2] £m	Hedging reserve £m	Equity portion of convertible debt £m	Translation reserve £m	Total equity £m
At 1 September 2020	**3.5**	**245.7**	**577.0**	**2.0**	**(15.8)**	-	**(2.1)**	**810.3**
Profit for the year	-	-	**128.4**	-	-	-	-	**128.4**
Other comprehensive income/(loss) for the year	-	-	-	-	**30.1**	-	**(0.3)**	**29.8**
Total comprehensive income/(loss) for the year	-	-	**128.4**	-	**30.1**	-	**(0.3)**	**158.2**
Issue of convertible bond	-	-	-	-	-	**58.9**	-	**58.9**
Recognition of gross obligation to purchase own shares	-	-	**(2.8)**	-	-	-	-	**(2.8)**
Net cash received on exercise of shares from Employee Benefit Trust	-	-	-	**0.1**	-	-	-	**0.1**
Share-based payments charge	-	-	**9.4**	-	-	-	-	**9.4**
Tax relating to share option scheme	-	-	**(0.1)**	-	-	-	-	**(0.1)**
Balance as at 31 August 2021	**3.5**	**245.7**	**711.9**	**2.1**	**14.3**	**58.9**	**(2.4)**	**1,034.0**
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 Employee Benefit Trust	-	-	-	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

[1]Retained earnings includes the share-based payments reserve
[2]Employee Benefit Trust and Link Trust

CONSOLIDATED UNAUDITED STATEMENT OF FINANCIAL POSITION
At 31 August 2021

	At 31 August 2021 (unaudited) £m	At 31 August 2020 (audited) £m
Non-current assets		
Goodwill	**33.1**	1.1
Other intangible assets	**619.1**	346.9
Property, plant, and equipment	**659.2**	616.8
Derivative financial asset	**13.4**	4.8
	1,324.8	969.6
Current assets		
Inventories	**807.1**	532.4
Trade and other receivables	**57.7**	60.3
Derivative financial asset	**23.5**	19.6
Cash and cash equivalents	**662.7**	407.5
Current tax asset	**8.7**	-
	1,559.7	1,019.8
Current liabilities		
Trade and other payables	**(956.1)**	(769.8)
Borrowings	**(3.8)**	-
Lease liabilities	**(23.9)**	(22.3)
Derivative financial liability	**(14.2)**	(25.4)
Current tax liability	**-**	(0.3)
	(998.0)	(817.8)
Net current assets	**561.7**	202.0
Non-current liabilities		
Lease liabilities	**(305.0)**	(290.8)
Deferred tax liability	**(41.3)**	(11.4)
Provisions	**(43.2)**	(36.3)
Derivative financial liability	**(3.6)**	(22.8)
Borrowings	**(459.4)**	-
	(852.5)	(361.3)
Net assets	**1,034.0**	810.3
Equity attributable to owners of the parent		
Called up share capital	**3.5**	3.5
Share premium	**245.7**	245.7
Employee Benefit Trust reserve	**2.1**	2.0
Hedging reserve	**14.3**	(15.8)
Translation reserve	**(2.4)**	(2.1)
Equity portion of convertible debt	**58.9**	-
Retained earnings	**711.9**	577.0
Total equity	**1,034.0**	810.3

CONSOLIDATED UNAUDITED STATEMENT OF CASH FLOWS
For the year to 31 August 2021

	Year to 31 August 2021 (unaudited) £m	Year to 31 August 2020 (audited) £m
Operating profit	**190.1**	151.1
Adjusted for:		
Depreciation of property, plant, and equipment	**61.1**	57.4
Amortisation of other intangible assets	**74.4**	60.0
Impairment of assets	**0.1**	4.1
(Increase)/decrease in inventories	**(226.7)**	4.4
Decrease in trade and other receivables	**1.9**	6.5
Increase in trade and other payables	**150.6**	129.4
Share-based payments charge	**7.6**	10.9
Other non-cash items	**(7.0)**	-
Income tax paid	**(37.0)**	(20.5)
Net cash generated from operating activities	**215.1**	403.3
Investing activities		
Payments to acquire other intangible assets	**(102.0)**	(88.4)
Payments to acquire property, plant, and equipment	**(55.1)**	(28.2)
Payments to acquire assets in a business combination	**(286.4)**	**-**
Dividends from investments	**0.1**	**-**
Finance income	**0.2**	0.5
Net cash used in investing activities	**(443.2)**	(116.1)
Financing activities		
Proceeds from share issue, net of transaction costs	**-**	239.4
Proceeds from/(repayment of) borrowings	**21.9**	(75.0)
Proceeds from convertible bond issue, net of transaction costs	**491.0**	**-**
Principal portion of lease liabilities	**(23.9)**	(21.4)
Net cash inflow relating to Employee Benefit Trust	**0.1**	0.7
Finance expense	**(5.7)**	(8.0)
Net cash generated from financing activities	**483.4**	135.7
Net increase in cash and cash equivalents	**255.3**	422.9
Opening cash and cash equivalents	**407.5**	(15.5)
Effect of exchange rates on cash and cash equivalents	**(0.1)**	0.1
Closing cash and cash equivalents	**662.7**	407.5

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, Sweden, the Netherlands, Denmark, Poland and Russia. 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.

b) Basis of preparation

The condensed consolidated financial statements for the year to 31 August 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) in conformity with the requirements of the Companies Act 2006 and the AIM rules for companies. As at the reporting date, these are the standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board (IASB).

The financial information contained within this announcement for the years to 31 August 2021 and 31 August 2020 does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year to 31 August 2020 have been filed with the Registrar of Companies and those for the year to 31 August 2021 will be filed following the Company's annual general meeting.

Going concern and viability
The directors have a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting has therefore been adopted in preparing the financial statements. The directors have also assessed the prospects of the Company and the Group over a three-year period to 31 August 2024, and have a reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period under review.

The Group has conducted extensive stress-testing given the impacts of COVID-19 on customer demand and behaviours, none of which have resulted in a change to the assessment of the Group as a going concern. The Directors have therefore continued to adopt the going concern basis in preparing the Group's financial statements.

2. 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 Committee assesses the performance of each segment based on revenue and KPIs reflecting territory and customer performance.

	Year to 31 August 2021 (unaudited)				
	UK £m	**EU £m**	**US £m**	**RoW[1] £m**	**Total £m**
Retail sales	**1,595.7**	**1,156.5**	**442.0**	**589.6**	**3,783.8**
Income from other services[2]	**56.3**	**28.8**	**24.2**	**17.4**	**126.7**
Total revenues	**1,652.0**	**1,185.3**	**466.2**	**607.0**	**3,910.5**
Cost of sales					**(2,134.1)**
Gross profit					**1,776.4**
Distribution expenses					**(509.5)**
Administrative expenses					**(1,076.8)**
Operating profit					**190.1**
Finance income					**0.2**
Finance expense					**(13.2)**
Profit before tax					**177.1**

1 Rest of World
2 Income from other services comprises delivery receipt payments, wholesale sales and marketing services

	Year to 31 August 2020 (audited)				
	UK £m	EU £m	US £m	RoW[1] £m	Total £m
Retail sales	1,175.9	1,005.3	401.9	587.9	3,171.0
Income from other services[2]	38.2	24.9	13.4	16.0	92.5
Total revenues	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
Finance income					0.5
Finance expense					(9.5)
Profit before tax					142.1

1 Rest of World
2 Income from other services comprises delivery receipt payments, wholesale sales and marketing services

Due to the nature of its activities, the Group is not reliant on any individual major customers. The individual countries within the EU and RoW do not meet the criteria of a reportable segment per IFRS 8 and therefore are not reported separately.

No analysis of the assets and liabilities of each operating segment is provided to the Chief Operating Decision Maker in the monthly management accounts.

The total amount of non-current assets located in the UK is £994.1m (2020: £679.6m), EU (Germany): £193.6m (2020: £204.0m), US: £90.6m (2020: £80.1m), and RoW: £nil (2020: £nil). The individual countries within the EU and RoW do not meet the criteria of a reportable segment per IFRS 8 and therefore are not reported separately.

3. 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 ordinary shares.

	Year to 31 August 2021 (unaudited) No. of shares	Year to 31 August 2020 (audited) No. of shares
Weighted average share capital		
Weighted average shares in issue for basic earnings per share (no. of shares)	**99,590,828**	89,697,034
Weighted average effect of dilutive options (no. of shares)	**341,014**	443,417
Weighted average effect of convertible bond (no. of shares)	**6,277,464**	-
Weighted average shares in issue for diluted earnings per share (no. of shares)	**106,209,306**	90,140,451
Earnings (£m)		
Earnings attributable to owners of the parent company for basic earnings per share	**128.4**	113.3
Interest expense on convertible bonds	**4.9**	-
Diluted earnings attributable to owners of the parent company for diluted earnings per share	**133.3**	113.3
Basic earnings per share	**128.9p**	126.3p
Diluted earnings per share	**125.5p**	125.6p

4. Reconciliation of cash and cash equivalents

	Year to 31 August 2021 (unaudited) £m	Year to 31 August 2020 (audited) £m
Net movement in cash and cash equivalents	**255.3**	422.9
Opening cash and cash equivalents	**407.5**	(15.5)
Effect of exchange rates on cash and cash equivalents	**(0.1)**	0.1
Closing cash and cash equivalents	**662.7**	407.5

Cash and cash equivalents includes short-term deposits with banks and other financial institutions, with an initial maturity of three months or less and credit card payments received within 72 hours. Bank transactions are recorded on their settlement date.

5. Borrowings

	31 August 2021 (unaudited) £m	31 August 2020 (audited) £m
Current	**(3.8)**	**-**
Non-current	**(459.4)**	**-**
Total borrowings	**(463.2)**	**-**

On 16 April 2021 the Group issued £500m of convertible bonds. The unsecured instruments pay a coupon of 0.75% until April 2026, or the conversion date, if earlier. The initial conversion price was set at £79.65 per share. In accordance with IAS 32, the equity and debt components of the bonds are accounted for separately and the fair value of the debt component has been determined using the market interest rate for an equivalent non-convertible bond, deemed to be 3.4%. As a result, £440.1m was recognised as a liability in the balance sheet on issue and the remainder of the proceeds, £59.9m, which represents the equity component, was credited to reserves. The difference between the fair value of the liability and the principal value is being amortised through the income statement from the date of issue. Issue costs of £9.0m were allocated between equity and debt and the element relating to the debt component is being amortised over the life of the bonds. The issue costs apportioned to equity of £1.0m have not been amortised. The carrying value of the liability portion at 31 August 2021 is £438.2m, with £3.8m being the annual coupon payable within 12 months.

On 12 July 2021 the Group announced a strategic partnership with Nordstrom, a US-based multi-channel retailer, to drive growth in North America. As part of this venture, Nordstrom purchased a minority interest in ASOS Holdings which holds the Topshop, Topman, Miss Selfridge and HIIT brands in exchange for £10 as well as providing a £21.9m loan. The loan attracts interest at a market rate of 6.5% per annum. As part of this agreement a written put option was provided to Nordstrom over their shares in ASOS Holdings. As a result of this a liability of £2.8m has been recognised.

The Group has in place a £350m Revolving Credit Facility (RCF) available until July 2024. At 31 August 2021 the Group had drawn down £nil (2020: £nil) of the RCF.

The table below analyses the Group's borrowings into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted amounts.

	<1 year £m	**1 to 2 years £m**	**2 to 3 years £m**	**3 to 4 years £m**	**4 to 5 years £m**	**>5 years £m**
Convertible bond	**3.8**	**3.8**	**3.8**	**3.8**	**503.8**	
Nordstrom loan	-	-	-	-	-	**21.9**
Obligation to purchase own shares	-	-	**4.9**	-	-	-
Total borrowings	**3.8**	**3.8**	**8.7**	**3.8**	**503.8**	**21.9**

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 31 August 2021, the Group had contingent liabilities of £6.4m (31 August 2020 restated: £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. 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 31 August 2020.

7. Financial instruments

There are no changes to the categories of financial instruments held by the Group.

	Year to 31 August 2021 (unaudited) £m	Year to 31 August 2020 (audited) £m
Financial assets		
Derivative assets used for hedging at fair value	**36.9**	24.4

Amortised cost[1]	**49.2**	50.2
Cash and cash equivalents	**662.7**	407.5
Financial liabilities		
Derivative liabilities used for hedging at fair value	**(17.8)**	(48.2)
Lease liabilities	**(328.9)**	(313.1)
Amortised cost[2]	**(1,462.3)**	(794.4)

[1] Included in financial assets at amortised cost are trade and other receivables and excludes prepayments
[2] Included in financial liabilities at amortised cost are 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 Rubles. 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 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 31 August 2021 with reference to forward exchange rates that are quoted in an active market, with the resulting value discounted back to present value. All forward foreign exchange contracts were assessed to be highly effective during the year ended 31 August 2021 and a net fair value gain on derivative financial instruments of £38.4m (2020: loss of £13.9m) was recognised in equity. All derivative financial liabilities at 31 August 2021 mature within three years based on the related contractual arrangements.

8. Business combination (unaudited)

On 4 February 2021, the Group acquired the trade and assets of a number of businesses from the administrators of Arcadia Group limited. The businesses were purchased out of administration for total consideration of £292.4m.

Fair value of purchase consideration At 4 February 2021	**Restated £m**	Adjustments to provisional figures £m	As previously reported £m
Cash paid	264.8	-	264.8
Contingent consideration	27.6	(1.4)	29.0
Total purchase consideration	292.4	(1.4)	293.8

The fair value of assets and liabilities acquired was £260.4m. This includes £219.4m in relation to the Topshop, Topman, Miss Selfridge and HIIT brands and £41.0m of other net assets. The fair value of assets acquired was less than the fair value of the consideration by £32.0m, 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 provisional assets and liabilities recognised as a result of the acquisition at 4 February 2021 are as follows:

Fair value of net assets acquired At 4 February 2021 (provisional)	**Restated £m**	Adjustment to provisional figures £m	As previously reported £m
Intangible assets[1]	243.8	-	243.8
Inventories	27.6	(11.1)	38.7
Total assets acquired	271.4	(11.1)	282.5
Contingent liability	(6.4)	-	(6.4)
Deferred tax liability	(4.6)	-	(4.6)
Total liabilities acquired	(11.0)	-	(11.0)
Net identifiable assets acquired at fair value	260.4	(11.1)	271.5
Goodwill arising on acquisition	32.0	9.7	22.3
Purchase consideration transferred	292.4	(1.4)	293.8

1 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. Inventory amounts have been recorded in line with the requirements of IAS 2 upon receipt, when control transfers.

At the time the financial statements were authorised for issue, the Group had not yet completed the acquisition accounting in relation to the fair values of the inventory collected and the contingent liability. 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.com will pay to the Arcadia administrators in relation to qualifying inventory totalling £21.6m upon collection. Following the acquisition, a £1.4m reduction to inventory consideration was agreed in relation to inventory sourced from Arcadia Sourcing Regions not in line with ASOS.com's sourcing strategy, or where ethical concerns existed. As at 31 August 2021, £21.6m of the total £27.6m of contingent consideration had been paid, the total cap on the remaining consideration is £7.2m.

c) Contingent liability
A contingent liability of £6.4m has been recognised in relation to employee & 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. There have been no material changes to the Group's related party transactions during the year to 31 August 2021.