



**FOR IMMEDIATE RELEASE**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**05 September 2024**

**ASOS plc ("ASOS" or the "Company")  
Global Online Fashion Destination**

**ASOS announces refinancing, Topshop and Topman joint venture and FY24 trading update**

**Key updates**

- ASOS today launches a refinancing, which will include (i) an offering of approximately £250m Convertible Bonds due 2028 and (ii) a concurrent partial cash repurchase of the outstanding £500m 0.75% Convertible Bonds due 2026 issued by Cornwall (Jersey), with full details included in a separate RNS.
- ASOS announces an amendment and extension of its existing facilities agreement with Bantry Bay Capital to May 2027 with an option for a 12 month extension.
- ASOS has entered into a binding agreement with HEARTLAND to form a joint venture which will purchase the Topshop and Topman brands from ASOS. HEARTLAND will indirectly hold a 75% stake in the joint venture for £135m cash consideration.
- The remaining 25% stake will be held by current Topshop and Topman owner ASOS Holdings Limited<sup>1</sup>.
- ASOS expects FY24 adjusted EBITDA at the top end of consensus estimates<sup>2</sup>, sales slightly below guidance, and all other guidance as set at FY23 year end remains unchanged.
- Good progress on ASOS' Back to Fashion strategy, hitting targets on Test and React, adding new and exciting third party brands and progress in lowering returns.

***Joint venture for Topshop and Topman***

ASOS is pleased to announce that, following an initial unsolicited offer and a competitive sale process, it has today entered into a binding agreement with a subsidiary of HEARTLAND A/S ("**HEARTLAND**") to form a new joint venture (the "**Joint Venture**") which will purchase the Topshop and Topman ("**TSTM**") brands (the "**Transaction**"). HEARTLAND (through its subsidiary, AKTIESELSKABET AF 24.8.2024 (the "**HL Shareholder**")) will hold a 75% interest in the Joint Venture in consideration for £135m, representing a total valuation of £180m for the TSTM brands. The remaining 25% in the Joint Venture will be held by ASOS Holdings Limited ("**AHL**"). AHL will have the right, at its sole discretion, to sell a further 5% interest in the Joint Venture to the HL Shareholder for £9m. After transaction fees, and pro-rata payment to Nordstrom International Limited ("**Nordstrom**") of its share of the consideration, this represents c.£118m net cash consideration for ASOS, which will be used to strengthen ASOS' balance sheet.

HEARTLAND is an investment and holding company representing the interests of the Holch Povlsen family, and their family business BESTSELLER. HEARTLAND has invested in a diverse portfolio of companies including ASOS, while BESTSELLER operates an extensive wholesale and retail business with more than £4bn sales across its channels including c.2,800 retail stores in over 30 countries.

The Joint Venture will grant ASOS certain design and distribution rights for the TSTM brands in return for a royalty fee to enable it to continue marketing and selling the TSTM brands online. For FY25, the Transaction is expected to have a £10-20m negative impact on EBITDA and to be increasingly EBITDA accretive over time.

The Transaction is subject to customary antitrust approvals and completion of the Transaction ("**Completion**") is expected to occur in Q4 2024.

The Board unanimously believes the Transaction is in the best interests of ASOS shareholders as a whole, as well as customers, and ASOSers, for the following reasons:

- The Transaction ensures that ASOS customers will continue to benefit from access to Topshop and Topman products, alongside ASOS' £1bn+ revenue own brands business and c.900 partner brands.
- The sale of a 75% stake in the Topshop and Topman brands aligns with ASOS' renewed focus on allocating capital more efficiently, thereby accelerating ASOS' core Back to Fashion strategy.
- As part of the Transaction, ASOS intends to re-launch Topshop.com within 6 months of completion.
- The new Joint Venture has the opportunity to expand Topshop and Topman's customer reach through selected wholesale partners - both online and offline - to bring customers globally the best that the brands have to offer.
- The sale proceeds will significantly strengthen the Company's balance sheet, while retaining a stake in the TSTM brands (through the Joint Venture) ensures that ASOS can participate in the future growth potential of Topshop and Topman.

It is the Board's intention to use the net proceeds from the Transaction to substantially increase the balance sheet strength and flexibility of the Company.

By virtue of HEARTLAND's 28% indirect shareholding in ASOS, HEARTLAND is considered a related party of ASOS under the Listing Rules. The board of ASOS (the "**Board**"), which has been so advised by J.P. Morgan Cazenove, acting in its capacity as sponsor in relation to the related party transaction, considers that the Transaction is fair and reasonable as

separately as sponsor in relation to the related party transaction, considers that the Transaction is fair and reasonable so far as ASOS shareholders are concerned.

The Transaction also constitutes a significant transaction under the Listing Rules.

### ***FY24 Trading Update***

ASOS has made good progress on its Back to Fashion strategy, focused on bringing the best fashion and most inspirational experience to its twenty-something fashion-loving customers and delivering sustainable, profitable growth. For FY24, ASOS expects adjusted EBITDA at the top end of consensus estimates, sales slightly below guidance, and all other guidance as set at FY23 year end remains unchanged, subject to the impact of the Transaction. ASOS intends to update on its strategy and financial guidance at its full year results in the coming months.

H2 saw continued progress on Back to Fashion strategic priorities to make ASOS faster, more agile and more profitable:

- Improving our speed to market: Test & React, which brings product from design to site in less than 3 weeks, has reached its target for c.10% own-brand sales by end of FY24.
- Flexible models continue to scale: Partner Fulfuls now accounts for >4% GMV across c100 brands, bringing customers even greater breadth and depth of products.
- Reducing the cost to serve: Using AI technology, personalisation and improved imagery, ASOS has improved the customer experience and reduced total and underlying returns rate year-on-year. These actions enable ASOS to continue to make free returns available to all customers in all our core markets, including:
  - Improvements to sizing and how clothing and accessories are displayed on product pages, including greater use of videos and 360 imagery;
  - Introducing AI to better understand and address reasons for return, creating a feedback loop for improvement; and
  - Introducing a net order threshold for free returns for customers with excessive returns in France, Germany, and the US earlier in the year. A similar approach is currently being rolled out in the UK.

### **José Antonio Ramos Calamonte, Chief Executive Officer, ASOS, said:**

"We're pleased to be making this announcement today which is an important step in ASOS' continued transformation. The joint venture and the launch of the refinancing will accelerate our strategy to both offer customers the best and most relevant product and to turn ASOS into a company that delivers sustainable, profitable growth.

Topshop and Topman have made good progress since we acquired the brands in 2021. The new JV with HEARTLAND is testament to the brands' potential and the partnership will help bring Topshop and Topman to more customers globally. ASOS will continue to focus on what we do best - designing the best fashion and providing a destination for style. Through the Joint Venture, new opportunities, both online and offline, can be explored and we are excited to continue to be part of the brands' future while also realising the best value structure for ASOS shareholders today."

### **Lise Kaae, Chief Executive Officer, HEARTLAND, said:**

"At HEARTLAND, we are pleased to enter into this joint venture with ASOS, bringing the best of the Topshop and Topman brands to customers globally, while supporting ASOS' strategy to obtain a more efficient capital allocation. We are committed to and look forward to working closely with our partners in a strong alliance."

### ***Investor and Analyst conference call:***

*ASOS will be hosting a conference call for analysts and investors at 0800 (UK time) on 05 September 2024. To access live please dial +44 20 3936 2999 / +44 800 358 1035, and use passcode: 230916.*

The person responsible for arranging the release of this announcement on behalf of the Company is Rishi Sharma, Interim General Counsel and Company Secretary.

J.P. Morgan Cazenove is acting as sole financial adviser in relation to the Transaction and sole sponsor in relation to the related party transaction. Slaughter and May is acting as legal adviser to ASOS in relation to the Transaction.

### ***For further information:***

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<sup>1</sup> As part of this Joint Venture, Nordstrom will continue to hold a minority interest in AHL.

<sup>2</sup> Company-compiled consensus, as available on ASOS Investor Relations website.

## **Appendix 1**

### **DETAILS OF THE TRANSACTION**

#### **Principal terms of the transaction**

On 05 September 2024, ASOS.com Limited ("**ASOS.com**"), AHL, 24.8.2024 Limited (an indirectly wholly-owned subsidiary of HEARTLAND which will, on Completion, become the Joint Venture) and HEARTLAND entered into an asset purchase agreement (the "**APA**") pursuant to which ASOS.com and AHL agreed to sell the intellectual property relating to the TSTM brands to the Joint Venture in consideration for:

- cash consideration of £135m to AHL;
- cash consideration of £1 to ASOS.com; and
- the issue of ordinary shares in the Joint Venture to AHL which will, on Completion, represent 25% of the total issued share capital of the Joint Venture,

(together, the "**Consideration**").

HEARTLAND has agreed to guarantee the Joint Venture's obligations to pay the cash Consideration under the APA. On Completion, HEARTLAND will indirectly hold 75%, and AHL will hold 25%, of the total issued share capital in the Joint Venture. AHL will have the right, at its sole discretion, to sell a further 5% interest in the Joint Venture to the HL Shareholder for £9m.

The Transaction is subject to customary antitrust approvals and Completion is expected to occur in Q4 2024.

ASOS expects to receive net proceeds of c.£118m after accounting for transaction costs and pro-rata payment to Nordstrom of its share of the consideration.

On Completion, AHL (and ASOS.com as guarantor for AHL in respect of certain payment obligations), the HL Shareholder and the Joint Venture will enter into a shareholders' agreement which will regulate their respective rights and obligations as joint owners of the Joint Venture, pursuant to which:

- AHL will be granted customary tag rights allowing it to participate in a sale of any shares in the Joint Venture by the HL Shareholder to a third party;
- AHL will be granted a customary right of first offer in relation to a sale by the HL Shareholder of any shares in the Joint Venture, pursuant to which the HL Shareholder may only transfer shares to a third party on terms and conditions no less favourable than those offered by AHL;
- AHL will be subject to customary drag rights, subject to an agreed floor price for the sale of the Joint Venture to a third party;
- AHL will be granted a put option, pursuant to which it may, at its sole discretion (while the licensing arrangements between the Joint Venture and ASOS.com persists), require the HL Shareholder to purchase an additional 5% of the interests in the Joint Venture for £9m; and
- AHL may exit the Joint Venture with the consent of the HL Shareholder, or otherwise in relation to transfers pursuant to the drag, tag, or right of first offer rights, or certain reorganisation transfers or transfers to AHL affiliates.

In addition, on Completion, the Joint Venture will grant a licence to ASOS.com of 10 years (extendable up to 25 years at ASOS' discretion), pursuant to which ASOS.com will have the exclusive right to continue to design TSTM products (subject to de minimis rights to design local products) for global distribution and to sell Topshop and Topman products through the ASOS.com website in consideration for a royalty fee. The Joint Venture will also grant exclusive wholesale distribution rights in the UK and North America to ASOS.com, while the Joint Venture will retain the rights to open branded stores globally and distribute through wholesale partners outside of the UK and North America. ASOS will also have the right to operate Topshop.com and Topman.com globally.

### **Financial information**

No audited financial information is available in respect of the TSTM brands. The Board believes that the Consideration, which was determined following a competitive sale process conducted by ASOS and J.P. Morgan Cazenove, is fair as far as the shareholders of ASOS are concerned.

### **Financial effects of the Transaction**

Following Completion, ASOS will be able to continue to sell TSTM products through ASOS.com and via wholesalers in the UK and North America, in each case subject to a royalty fee payable to the Joint Venture. ASOS will also be entitled to a design fee payable by the Joint Venture on sales made through other channels and in its capacity as shareholder in the Joint Venture, will also benefit from any future profits in the Joint Venture.

For FY25, the Transaction is expected to have a £10-20m negative impact on EBITDA and to be increasingly EBITDA accretive over time.

The net proceeds from the Transaction will have a positive impact on the Company's net debt position. As at 3<sup>rd</sup> March 2024 (the "**Balance Sheet Date**"), the Company's net debt (excluding lease liabilities) was £348.8m.

ASOS expects cash to increase by the net proceeds of c.£118m and gross borrowings to reduce by c.£13m as a result of the Transaction.

The value of the gross assets sold to the Joint Venture pursuant to the Transaction is £165m.

In FY23 Topshop and Topman generated c.£200m of adjusted revenue<sup>3</sup> (c.5% of ASOS' total revenue) with a c.50% gross profit margin through ASOS.com and existing wholesale partners. In FY23, 40% of Topshop and Topman revenue was generated from the UK, 25% from the EU, 27% from the US and the remainder from the rest of the world. In FY24, the brands' revenue decline has been broadly in line with the ASOS group. For the avoidance of doubt, gross profit is stated before distribution, warehouse, marketing and other operating costs which are difficult to disaggregate between the ASOS group and the brand due to shared traffic and shared baskets.

### **Additional information**

Further information on the Transaction (including the items required to be disclosed under the Listing Rules) is included in Appendix 2 to this announcement.

### **About ASOS**

ASOS is a destination for fashion-loving 20-somethings around the world, with a purpose to give its customers the confidence to be whoever they want to be. Through its app and mobile/desktop web experience, available in nine languages and in over 200 markets, ASOS customers can shop a curated edit of nearly 50,000 products, sourced from nearly 900 global and local third-party brands alongside a mix of fashion-led own brand labels - including ASOS Design, ASOS Edition, ASOS 4505, Collection, Reclaimed Vintage, Topshop, Topman, and Miss Selfridge. ASOS aims to give all its

ASOS Edition, ASOS 4505, Colusion, Reclaimed Vintage, Topshop, Topman, and Miss Selfridge. ASOS aims to give all its customers a truly frictionless experience, with a number of different payment methods and hundreds of local deliveries and return options, dispatched from state-of-the-art fulfilment centres in the UK, US, and Germany.

### Information on Topshop and Topman

Topshop and Topman are iconic fashion brands that were acquired by ASOS, together with Miss Selfridge and H&M, in February 2021 in a competitive process following their parent company Arcadia falling into administration. ASOS subsequently entered into a strategic partnership with Nordstrom in July 2021 in respect of Topshop and Topman, as well as Miss Selfridge and H&M. Nordstrom currently has a minority interest in the four brands through its holding in AHL.

The Topshop and Topman brands include a wide portfolio of men's, women's and unisex clothing, including ready-to-wear, sportswear, athleisure, outerwear, footwear, loungewear, formalwear, knitwear, swimwear and fashion accessories (including jewellery, hats, gloves, scarves, belts, small leather goods, handbags, bags, wallets, purses, and sunglasses). ASOS currently sells TSTM products on ASOS.com, via its wholesale partners and, through an agreement with Nordstrom, in Nordstrom stores.

<sup>3</sup> Revenue net of Jobber income received from stock clearance measures as company transitions to new commercial operating model

## Appendix 2

### PART A - RISK FACTORS

*ASOS shareholders should carefully consider, together with all other information contained in this announcement, the specific factors and risks described below.*

*The Company considers these to be the known material risk factors relating to the Transaction. There may be other risks of which the Board is not aware or which it believes to be immaterial which may be connected to the Transaction and have a material and adverse effect on the business, financial condition, results of operations or future prospects of the ASOS group.*

*The risks disclosed below are those which ASOS considers: (i) are material risks related to the Transaction; (ii) will be material new risks to the ASOS group as a result of the Transaction; or (iii) are existing material risks for the ASOS group which will be impacted by the Transaction. The risks described below are not set out in any order of priority, assumed or otherwise.*

#### RISKS RELATING TO THE TRANSACTION

##### **1. The Transaction may not proceed to Completion**

Completion is subject to certain antitrust conditions under the APA. There is no guarantee that each of these conditions will be satisfied and, as such, no certainty that the Transaction will proceed to Completion. The Joint Venture also has certain rights to terminate the APA in limited circumstances.

If the Transaction does not proceed to Completion, the ASOS group will not receive the Consideration from, and may not realise any of the potential benefits of, the Transaction and this may have an impact on the perceived value of TSTM. There can be no guarantee of another transaction involving TSTM on terms more favourable than, or equivalent to, the Transaction. Regardless of whether the Transaction proceeds to Completion, ASOS has committed significant time and resources to the Transaction.

In addition, the media could portray the non-completion of the Transaction as a strategic failure of ASOS which could erode confidence among investors and stakeholders. This could, in turn, have a material adverse effect on the ASOS group's business prospects, financial results and overall financial condition. Failure to complete the Transaction may also have a negative impact on the group's ability to deliver on its future strategy. This may be the case even if the failure to complete the Transaction is outside of ASOS' control.

Without the Consideration, it may take longer or be difficult for ASOS to increase its balance sheet strength and flexibility or to accelerate ASOS' core strategic priorities. This may result in delayed recovery in ASOS' growth and profitability or deterioration of ASOS' perceived creditworthiness by third parties, which in turn may impact the group's operations.

##### **2. Potentially disruptive effect on TSTM if the Transaction does not proceed to Completion**

If the Transaction does not proceed to Completion, this may lead to management and employee distraction due to perceived uncertainty in the future of ASOS' interest in TSTM, and the future of TSTM more generally. Uncertainty around ASOS' commitment to TSTM might lead suppliers and customers of TSTM to feel it is not in their commercial interests to continue to do business in relation to TSTM.

The failure to implement the Transaction may therefore have an adverse effect on the performance of TSTM and its value to ASOS which may adversely affect ASOS' share price.

##### **3. Following Completion, TSTM will be held by the Joint Venture over which ASOS does not have operational control**

While ASOS will continue to have the right to sell TSTM products globally following Completion pursuant to a licence granted by the Joint Venture to ASOS.com (the "**Licence**"), decisions in relation to TSTM will be taken by the Joint Venture, over which ASOS does not have operational control. As ASOS is a minority shareholder in the Joint Venture, it has limited minority protection rights of a type commensurate to its shareholding. The value of ASOS' ongoing share in the Joint Venture, and the revenue derived from TSTM under the Licence, is therefore reliant in part on the actions taken by the HL Shareholder as majority shareholder in operating TSTM to maximise value for both shareholders and the Joint Venture's licensees.

##### **4. ASOS and certain members of the Group may incur liability under the Asset Purchase Agreement**

The APA contains customary warranties and other contractual protections given by ASOS.com and AHL in favour of the Joint Venture. HEARTLAND has undertaken a customary due diligence and disclosure process to minimise the risk of liability under these provisions. Although the APA contains customary limitations relating to the liability of ASOS.com and AHL, any liability to make a payment arising from a successful claim by the Joint Venture under any of the relevant provisions of the APA would reduce the Consideration and could have an adverse effect on the cash flow and financial condition of the ASOS group.

## **NEW MATERIAL RISKS RELATING TO THE CONTINUING GROUP**

### **1. *The Continuing Group's customer base may be reduced***

If the Licence is terminated, or it expires, ASOS will no longer be able to sell products relating to TSTM. More than 90% of TSTM's retail revenues are derived from customers who have also shopped other brands sold by ASOS. As such, ASOS would expect to retain certain sales currently generated through activities related to TSTM in the event of Licence expiry or termination. However, there is no guarantee of the number of customers that would be retained or what sales they will generate to offset the reduction in income from TSTM in the event of Licence expiry or termination. This could have an adverse effect on ASOS' future financial performance and position.

## **EXISTING MATERIAL RISKS TO ASOS GROUP THAT WILL BE IMPACTED BY THE TRANSACTION**

### **1. *The market price of shares in ASOS may fluctuate on the basis of market sentiment surrounding the Transaction***

Shareholders should be aware that the value of an investment in ASOS may go down as well as up and can be highly volatile. The price at which shares in ASOS may be quoted and the price which investors may realise for their shares will be influenced by a large number of factors, some specific to ASOS and its operations and some which may affect online fashion retailers or publicly traded companies as a whole, or other comparable companies. The sentiments of the stock market regarding the Transaction will be one such factor and this, together with other factors including actual or anticipated fluctuations in the financial performance of ASOS and its competitors, market fluctuations, and legislative or regulatory changes for the retail sector, could lead to the market price of the Shares going up or down.

## **PART B - MATERIAL CONTRACTS**

### **1. ASOS**

No contracts have been entered into by ASOS or another member of the ASOS group (not being contracts entered into in the ordinary course of business): (i) within the period of two years immediately preceding the date of this announcement that are, or may be, material to the ASOS group; or (ii) that contain any provisions under which any member of the ASOS group has any obligation or entitlement that is, or may be, material to the ASOS group, save as disclosed below.

#### **(A) APA**

##### **(i) Overview**

On 05 September 2024, ASOS.com, AHL, the Joint Venture, and HEARTLAND (as the Joint Venture's guarantor), entered into an asset purchase agreement (the "**APA**") pursuant to which the Sellers have agreed to sell and the Purchaser has agreed to purchase the intellectual property and certain other assets relating to the TSTM brands in consideration for £135,000,001 in cash and the issue of shares in the Joint Venture.

##### **(ii) Conditions precedent to Completion**

The obligations of the parties to the APA to complete the Transaction are subject to the satisfaction of certain customary antitrust conditions.

##### **(iii) Consideration**

The total Consideration for TSTM will be the payment of £135,000,000 in cash to AHL, £1 in cash to ASOS.com and the issue of shares in the Joint Venture to AHL, representing 25% of the Joint Venture's shares immediately following Completion.

##### **(iv) Warranties**

In the APA, the Sellers provide warranties customary for the nature of the Transaction to the Joint Venture, including as to: (i) the Sellers' capacity and authority to enter the APA; (ii) the ability of the Sellers to complete the Transaction; (iii) the solvency of the Sellers; (iv) the Seller's title to TSTM; and (v) the nature and status of the intellectual property rights being transferred.

In the APA, the Joint Venture and HEARTLAND have given customary warranties to the Sellers, including confirming their capacity and authority to enter into the APA and their solvency.

##### **(v) Cross guarantees**

Each of ASOS.com (in respect of AHL's obligations under the APA) and HEARTLAND (in respect of the Joint Venture's obligation to pay the purchase price under the APA) has guaranteed the performance of the relevant primary obligor under the APA.

##### **(vi) Limitations on liability**

Claims under the APA are subject to customary financial and other limitations on liability.

(vii) *Termination*

If the conditions are not fulfilled on or before 12 weeks from the signing of the APA, or such longer date as the parties may otherwise agree (the "**Long-Stop Date**"), then either of the Sellers or the Joint Venture is entitled to terminate the APA.

In addition, if the respective obligations of the Sellers and/or the Joint Venture are not complied with on the date of Completion, the APA may be terminated by the Joint Venture (in the case of non-compliance by the Sellers) or, as the case may be, the Sellers (in the case of non-compliance by the Joint Venture). The Joint Venture also has the right to terminate the APA in certain other limited circumstances.

(viii) *Governing law*

The APA is governed by English law.

(B) *Shareholders' Agreement*

(i) *Overview*

On Completion, AHL, ASOS.com (as guarantor to AHL in relation to certain payment obligations), the HL Shareholder and the Joint Venture entered into a shareholders' agreement ("**SHA**") in relation to the Joint Venture.

(ii) *Board*

The HL Shareholder will have the right to appoint two directors, and AHL will have the right to appoint one director, to the board of the Joint Venture.

(iii) *Exit rights*

AHL will be granted customary tag rights allowing it to participate in a sale of any shares in the Joint Venture by the HL Shareholder to a third party.

AHL will be granted a customary right of first offer in relation to a sale by the HL Shareholder of any shares in the Joint Venture, pursuant to which the HL Shareholder may only transfer shares to a third party on terms and conditions no less favourable than those offered by AHL.

AHL will be subject to customary drag rights, subject to an agreed floor price for the sale of the Joint Venture to a third party.

AHL will be granted a put option, pursuant to which it may, at its sole discretion (while the licensing arrangements between the Joint Venture and ASOS.com persists), require the HL Shareholder to purchase an additional 5% of the interests in the Joint Venture for £9m.

AHL may exit the Joint Venture with the consent of the HL Shareholder, or otherwise in relation to transfers pursuant to the drag, tag, or right of first offer rights, or certain reorganisation transfers or transfers to AHL affiliates.

(iv) *Governing law*

The SHA will be governed by English law.

(C) *Facilities Agreement*

(i) *Overview*

On 5 September 2024, ASOS.com Limited (as Borrower) (the "**Borrower**") (among others) entered into an amendment and restatement of its existing super senior revolving credit facility (the "**RCF**") and senior term loan facility (the "**Term Loan**") and, together with the RCF, each a "**Facility**" and together the "**Facilities**"), with the availability under the RCF remaining at £75,000,000, subject to a committed accordion of £50,000,000 and the principal amount outstanding under the Term Loan decreasing from £200,000,000 to £150,000,000. The Facilities are made available by BB Funding (GBP) S.à r.l (a funding vehicle of Bantry Bay Capital Limited) (as Original Lender), with Bantry Bay Capital Limited (as Arranger and Agent) ("**Bantry Bay**") and Kroll Trustee Services Limited (as Security Agent) (the "**Facilities Agreement**"). The Facilities are guaranteed by the Company and ASOS Intermediate Holdings Limited (the "**Guarantors**").

(ii) *Maturity*

The Facilities have an initial termination date of 25 May 2027 (the "**Initial Termination Date**"), subject to one twelve-month extension option, exercisable at Bantry Bay's discretion and upon the satisfaction of certain conditions.

Notwithstanding the Initial Termination Date, the Facilities will become due and payable at an earlier date if the Bonds (as defined below) have not been extended by a certain period (or, in lieu of extension, the Company has refinanced, or otherwise procured committed funding to refinance, the Bonds).

(iii) *Interest*

Interest is charged on loans drawn under each Facility at SONIA plus the agreed margin. Interest under each Facility accrues daily whilst the loan(s) are outstanding, and is payable by the Borrower on a quarterly basis.

(iv) *Fees*

The Facilities Agreement contains provisions for market standard commitment, agency and security agency fees.

The Company is also required to pay an interest-linked make whole to Bantry Bay where either Facility is repaid and cancelled on or before 5 September 2025.

In addition, the Company is required to pay an exit fee equal to 1.5% on certain prepayments made during the life of the Facilities (including all voluntary prepayments, but excluding certain no-fault prepayments) and at maturity.

(v) *Borrowing Base*

The amount available to be drawn under the Facilities is calculated by reference to a number of metrics, the value of which may fluctuate from time to time. These include the value of certain intellectual property; the value of certain inventory, and certain cash reserves held by Bantry Bay as cash collateral or otherwise held by the Borrower in favour of Bantry Bay. Immediately following Completion, the capped value of certain intellectual property will decrease to reflect the disposal of TSTM from the Borrower's eligible intellectual property recognised for the purposes of the Facility's borrowing base.

(vi) *Clean Down*

The Company is required to procure that the RCF is repaid in full for at least five consecutive Business Days in each financial year.

(vii) *Security*

The Facilities are secured by an English law debenture dated 5 June 2023, pursuant to which each of the Company, the Borrower, ASOS Intermediate Holdings Limited, Mornington & Co (No.1) Limited and Mornington & Co (No.2) Limited have each granted certain fixed and floating charges over their assets in favour of Kroll Trustee Services Limited (as Security Agent). The Borrower has further entered into U.S. and German security agreements (each dated 20 September 2023) in respect of inventory held in those jurisdictions.

(viii) *General Undertakings*

The Facilities Agreement contains certain restrictions relating to, without limitation, the incurrence of financial indebtedness, making substantial changes to the business, entry into acquisitions of a certain size, inventory, insurance coverage, the maintenance and preservation of intellectual property value and paying distributions/dividends (each subject to certain carve-outs).

(ix) *Events of Default*

The Facilities Agreement also includes certain events of default that are customary for facilities of this nature and which are subject to standard grace periods and materiality thresholds including, without limitation, non-payment, breach of other obligations, misrepresentation, cross default, insolvency related matters, cessation of business, audit qualifications and material adverse changes. Following, amongst other triggers, an event of default which is continuing, the Borrower is required to undergo a weekly cash sweep of all amounts standing to the credit of the collection accounts against any loans then borrowed under the RCF, until such time as the event of default is no longer continuing.

In addition, there are certain automatic events of default that do not benefit from grace periods including, for example, any failure by the Group to comply with applicable collateral reporting obligations under the Facilities Agreement.

(x) *Governing law*

The Facilities Agreement is governed by English law.

(D) *Convertible bonds*

(i) *Overview*

On 16 April 2021 Cornwall (Jersey) Limited (the "**Convertible Issuer**"), a wholly-owned subsidiary of the Company incorporated in Jersey, issued £500,000,000 guaranteed senior unsecured convertible bonds due 16 April 2026 (the "**Bonds**"). The terms and conditions of the Bonds are set out in a trust deed dated 16 April 2021 (the "**Bonds T&Cs**"). The Bonds are guaranteed on a senior unsecured and joint and several basis by the Company and ASOS.com Limited (together the "**Bond Guarantors**"). The Bonds carry a coupon of 0.75% per annum payable semi-annually in arrears in equal instalments on 16 April and 16 October of each year. The Bonds are listed on the open market (Freiverkehr) of the Frankfurt Stock Exchange (WKN: A3KPNK).

(ii) *Conversion rights*

Each Bond entitles the holder to convert each £100,000 principal amount of a Bond into one fully paid preference share in the Convertible Issuer (a "**Conversion Right**"). A Conversion Right may be exercised at any time up to 10 calendar days prior to the final maturity date of the Bonds or up to 10 calendar days prior to the date on which the Bonds are to be redeemed at the option of the Convertible Issuer.

Each preference share will be automatically transferred to the Company and in consideration thereof the Company shall issue or transfer to the relevant bondholder fully paid Ordinary Shares in the capital of the Company. The number of Ordinary Shares issued is equal to the paid-up value of each preference share (£100,000) divided by the exchange price in effect at the time the Conversion Right is exercised. The initial exchange price is £79.65. All new Ordinary Shares issued are required to be listed on the London Stock Exchange (or, if the existing Ordinary Shares are listed on another stock exchange, that stock exchange).

The total number of Ordinary Shares that may be issued pursuant to an exercise of all Conversion Rights is equal to approximately 5.26% of the outstanding share capital as at the business date immediately preceding the date of this announcement.

(iii) *Adjustment to Exchange Price*

The Bonds T&Cs contain standard mechanisms for the adjustment of the exchange price on the occurrence of certain events, including:

- (a) consolidation or subdivision affecting the number of Ordinary Shares in issue;
- (b) capitalisation of profits or reserves by the Company;
- (c) declaration or payment of dividends by the Company;
- (d) rights issues or issue of securities of the Company or any subsidiary of the Company;
- (e) issue of Ordinary Shares below the current market price by the Company;
- (f) issue of other convertible bonds by the Company; or
- (g) a change of control of the Company.

(iv) *Early redemption - Convertible Issuer's right to redeem*

The Convertible Issuer may redeem all (but not some) of the Bonds at their principal amount, together with accrued and unpaid interest:

- (a) at any time on or after 7 May 2024, if the Parity Value (as defined below) on at least 20 out of any period of 30 consecutive dealing days equals or exceeds £130,000;
- (b) at any time, if 15% or less of the principal amount of the Bonds originally issued remain outstanding;
- (c) at any time, on the occurrence of a change in law or regulation that results in certain adverse tax consequences for the Convertible Issuer.

The Parity Value for a dealing day is an amount equal to £100,000 divided by the applicable exchange price for that dealing day multiplied by the volume weighted average price of a Share for that dealing day.

(v) *Early redemption - Bondholder's right to redeem*

Following the occurrence of a Bond Change of Control (as defined below), the holder of each Bond may require the Convertible Issuer to redeem that Bond at its principal amount, together with accrued and unpaid interest.

A Bond Change of Control shall occur if: (i) any person or persons acquire or control more than 50 per cent. of the votes that may ordinarily be cast on a poll at a general meeting of the Company; or (ii) an offer made to acquire all or a majority of the issued ordinary share capital of the Company has become or has been declared unconditional or has otherwise become effective (if made by way of a scheme of arrangement) and the right to cast more than 50 per cent. of the votes that may ordinarily be cast on a poll at a general meeting of the Company has or will become unconditionally vested in the offeror(s).

(vi) *Restriction on dealing with Ordinary Shares*

The Bonds T&Cs contain standard restrictions on the Company's ability to undertake certain corporate actions, including that the Company shall not:

- (a) issue or pay up securities by way of capitalisation of profits or reserves, except pursuant to certain exceptions (including the issue of Ordinary Shares in lieu of a dividend and the issue of Ordinary Shares to any employee, director or executive pursuant to an employee incentive scheme);
- (b) modify the right attaching to the Ordinary Shares with respect to voting, dividends or liquidation or issue another class of equity share capital with more favourable rights than the Ordinary Shares, except pursuant to certain exceptions; or



- (c) reduce its share capital, share premium account (or any uncalled liability) or any non-distributable reserves except pursuant to certain exceptions.

(vii) *Negative pledge*

So long as the Bonds remain outstanding, neither the Convertible Issuer, the Bond Guarantors, nor any subsidiary entity controlled by the Company may create or permit to subsist any security interest upon the whole or any part of assets to secure obligations owed under any securities which are, or are capable of being, quoted, listed, dealt in or traded on any stock exchange or any guarantee in respect of the same, unless the obligations of the Convertible Issuer or the Bond Guarantors under the Bonds are secured equally and rateably, or otherwise have the benefit of other security not materially less beneficial to that granted.

(viii) *Events of default*

The Bonds T&Cs contain certain standard events of default (subject, in certain cases, to grace periods and materiality thresholds), including failure to make payments of principal under the Bonds, failure to deliver the preference shares or Ordinary Shares following the exercise of Conversion Rights, cross-default of other debt obligations, and certain insolvency events or proceedings. Certain of the events of default apply or extend to material subsidiaries of the Company, being a subsidiary entity whose consolidated total assets or revenues represent 10 per cent. or more of the consolidated total assets or revenues of the Company.

If an event of default has occurred and is continuing, the trustee may (and shall, if directed by holders of at least one quarter of the principal amount of the Bonds then outstanding) declare that the Bonds are immediately due and payable.

(ix) *Governing law*

The Bonds T&Cs are governed by English law.

(E) *Nordstrom Partnership*

ASOS.com and Nordstrom entered into a strategic partnership in relation to the Topshop, Topman, Miss Selfridge and HIIT brands in July 2021 (the "**Nordstrom Partnership**").

On 9 July 2021, in connection with the Nordstrom Partnership, ASOS.com, AHL and Nordstrom entered into a shareholders' agreement (as amended) (the "**Nordstrom Shareholders' Agreement**") which provides that ASOS retains operational control of AHL. It contains customary provisions relating to certain minority shareholder reserved matters requiring Nordstrom's consent.

Pursuant to the Nordstrom Shareholders' Agreement, Nordstrom granted a call option to ASOS.com and ASOS.com granted a put option to Nordstrom, each of which related to the acquisition by ASOS of Nordstrom's interests in AHL (the "**Nordstrom Interests**"). The call option is exercisable by ASOS.com on the third, fifth and tenth anniversaries of the date of the Nordstrom Shareholders' Agreement. If ASOS does not exercise the call option, Nordstrom may exercise its put option pursuant to and in accordance with the terms of the Nordstrom Shareholders' Agreement. Any transfer of the Nordstrom Interests pursuant to the call option or the put option shall be at a prescribed value as determined pursuant to the Nordstrom Shareholders' Agreement.

The Nordstrom Shareholders' Agreement will terminate in certain customary circumstances, including if only one shareholder remains holder of the AHL shares.

## 2. TSTM

No contracts have been entered into (other than contracts entered into in the ordinary course of business) in respect of TSTM either: (i) within the period of two years immediately preceding the date of this announcement, which are or may be material to TSTM which is the subject of the Transaction; or (ii) at any time, which contain any provisions under which there are obligations or entitlements which are, or may be, material as at the date of this announcement.

## PART C - MATERIAL LITIGATION

### 1. ASOS

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ASOS is aware), during the period covering the 12 months preceding the date of this announcement, which may have, or have had in the recent past, significant effects on the financial position or profitability of ASOS.

### 2. TSTM

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ASOS is aware), during the period covering the 12 months preceding the date of this announcement which may have, or have had in the recent past, significant effects on TSTM which is the subject of the Transaction.

## **PART D - SIGNIFICANT CHANGE STATEMENT**

Save as set out in the FY Trading Update set out in this announcement, there has been no significant change to the financial position or financial performance of the ASOS group since 3 March 2024, being the date to which ASOS' last interim financial information was published.

## **PART E - RELATED PARTY TRANSACTIONS**

Details of related party transactions (which, for these purposes, are those set out in accordance with IFRS) into which ASOS has entered:

- (A) during the financial year ended 31 August 2022 are disclosed at note 23 on page 149 and note 7 on page 158 of ASOS' 2022 Annual Report and Accounts;
- (B) during the financial year ended 3 September 2023 are disclosed at note 26 on page 156 of ASOS' 2023 Annual Report and Accounts;
- (C) during the period from 4 September 2023 to 3 March 2024 are disclosed at note 17 on page 36 of ASOS' interim results for the 26 weeks to 3 March 2024,

in each case incorporated by reference into this announcement. Shareholders can access documents incorporated by reference at <https://www.asosplc.com/investor-relations/results-centre/>.

Information that is itself incorporated by reference into the above documents is not incorporated by reference into this announcement. It should be noted that, except as set forth above, no other portion of the above documents is incorporated by reference into this announcement and those portions which are not specifically incorporated by reference into this announcement are either not relevant for shareholders or the relevant information is included elsewhere in this announcement. Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this announcement to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document. The contents of ASOS' website or any hyperlinks accessible from it do not form part of this announcement and investors should not rely on them.

Save for the Transaction, there have been no material changes in the nature of the related party transactions outlined above and there have been no new related party transactions which are relevant to the transaction by ASOS during the period between 3 March 2024, being the date to which ASOS' last interim financial information was published, and the date of this announcement.

## **IMPORTANT NOTICES**

No statement in this announcement is intended as a profit forecast and no statement in this announcement should be interpreted to mean that the future earnings per share, profits, margins or cash flows of ASOS following the Transaction will necessarily match or be greater than the historical published earnings per share, profits, margins or cash flows of ASOS.

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, ASOS 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.

This announcement does not constitute and should not be construed as, an offer to purchase or sell or issue securities, or otherwise constitute an inducement, invitation, commitment, solicitation or recommendation to any person to purchase, subscribe for, or otherwise acquire securities in ASOS, or constitute an inducement to enter into any investment activity in any jurisdiction. Nothing contained in this announcement is intended to, nor shall it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever and, in particular, must not be used in making any investment decision.

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(including the UK Listing Rules and the Disclosure Guidance and Transparency Rules) and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of the UK.

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