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ASOS PLC
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ASOS Plc

Global Online Fashion Destination

Final results for the period to 1 September 2024

Back to Fashion targets met, foundations in place to deliver sustainable, profitable growth

Summary financial results

£m[1]	**Period to 1 Sep 2024 (FY24)**	**Period to 3 Sep 2023 (FY23)**	**Change**	**LFL Change**
Headline measures[2]				
Adjusted group revenue[3,4]	2,896.0	3,538.0		(16%)
Adjusted gross margin	*43.4%*	*44.2%*	*(80bps)*	
Adjusted cost to serve[5]	*40.7%*	*40.8%*	*10bps*	
Adjusted EBITDA	80.1	124.5	(44.4)	
Adjusted EBIT	(81.5)	(29.0)	(52.5)	
Adjusted loss before tax	(126.0)	(70.3)	(55.7)	
Net debt	(297.1)	(319.5)	+22.4	
Free cash inflow/(outflow)	37.7	(213.0)	+250.7	
Statutory Measures				
Group revenue	2,905.8	3,549.5	(18%)	
Gross margin	*40.0%*	*41.1%*	*(110bps)*	
Operating loss	(331.9)	(248.5)	(83.4)	
Loss before tax	(379.3)	(296.7)	(82.6)	

Strategic update and results summary

- Back to Fashion targets met: Stock clearance complete, new commercial model embedded, Test & React scaled above 10% of own brand sales, flexible fulfilment doubled and unit economics transformed with variable contribution per order now +28% on FY22. Foundations of more agile and profitable business now in place.
- Significant cash flow improvement: FY24 adjusted EBITDA of £80.1m, at the top end of consensus expectations, and £37.7m free cashflow, a £250.7m improvement year-on-year ('YoY').
- Stock transition complete: inventory down c.50% since FY22 to £520m, through disciplined stock management and c.£100m write-down to complete transition to the new commercial model by end of FY24. Stock position now offers greater newness for customers, with aged stock down c.75% YoY and >80% of stock under 6 months old.
- Continued optimisation of profit contribution over revenue, resulting in FY24 revenue decline of 16%[4] YoY, in-line with guidance provided in our September trading update.
- New commercial model resonating with customers: sales of newness +24% YoY over the last 3 months (Jul-Sep) with only 6% higher stock, demonstrating strong demand for full-price product. Offset at group level by c.30% YoY decline in sales of old inventory from c.60% lower stock levels. Importantly, this has a sustainable positive impact on gross margin and profit, despite the near-term revenue headwind.
- Balance sheet strengthened significantly following the year end through a comprehensive refinancing and proceeds from the formation of the Topshop and Topman joint venture[6] (TSTM JV).
- Strong foundations now in place, shifting focus in FY25: focus on taking actions to delight customers, doubling Test & React to 20% of own-brand sales, further scaling FF models, adding exciting brand partners, empowering faster innovation through our Technology and Digital Product transformation, launching loyalty programme, launching Topshop.com, and further tackling the causes of unnecessary returns.
- In FY25, driven by a significant increase in our full-price sales mix, we expect at least 300bps increase in gross margin to over 46% and adjusted EBITDA to increase by at least 60% to £130m to £150m, including the impact of the TSTM JV. FY25 FCF expected to be broadly neutral, with capex of c.£130m and cash interest of c.£35m.
- In the mid-term our focus remains sustainable, profitable growth. We continue to expect revenue growth, gross margin towards c.50% and an adjusted EBITDA margin of c.8%, sustainably ahead of capex, interest, tax and leases.

José Antonio Ramos Calamonte, Chief Executive Officer said:

"We achieved our key priorities for the year, significantly reducing our inventory position, while generating positive adjusted EBITDA and free cash flow. Following the year end, we further strengthened our balance sheet with our Topshop Topman joint venture and our refinancing. Our product is now in the strongest position it has been in years, with the right level of newness to excite customers, and we have fundamentally improved our profitability through a relentless focus on operational efficiency. With these solid foundations in place, we can focus on delivering experiences that delight our 20 million customers. There is much work to do, but we have already seen our efforts rewarded with new product sales increasing 24% YoY over the last three months. I am energised by the progress we have made so far and excited for the next phase of our journey."

CEO Review

Our mission is to be the number one destination for fashion-loving 20-somethings. We know that by having the most exciting product, by focusing on inspiration over transaction, and by providing an exciting customer journey, enabled by a fast and agile operation, we can build a sustainable, profitable business and return to growth. Our business model affords us competitive advantages in these areas, which has been core to our success. However, we must continue to relentlessly improve across each of them. Our goal is to build a business that delights customers so much that they give us more of their time, love and fashion spend.

To reach our goal, Phase 1 of the journey has been about setting strong foundations. This meant ensuring that our operations were efficient and effective, and that all our efforts were creating value for our customers, our brand partners, ASOSers and our shareholders. We have been clear about the challenges the business faced and the medicine needed to put ASOS on the right path - undertaking a disciplined revision of everything we do, bringing a refreshed level of rigour to each process in our value creation chain. This has enabled us to build ourselves faster, more agile and better able to serve our fashion-loving 20-something customers. Ultimately, this meant clearing through old stock, changing our product model to ensure we can bring our customers the best, most relevant product and exiting unprofitable activities to invest into areas that matter most to our core customers.

As we sit at the end of Phase 1 of our journey, I am incredibly proud of what the team has achieved. We have more than halved our stock position over the last two years and completely restructured the way that we buy fashion so that we never find ourselves back in such a heavily overstocked position. We have developed a new product model in Test & React that brings product from design to site in less than 3 weeks and scaled this to over 10% of own-brand sales by year end. We have fundamentally improved our order economics, with profit per order increasing 19% YoY in Q4 following the end of our elevated clearance period. We exited certain unprofitable activities, with all countries now delivering a positive contribution and we have improved the profit contribution margin from our least profitable customers by 8ppts. Following the year end we also formed a joint venture for Topshop and Topman, unlocking opportunities for growth for those brands while also significantly reducing our net debt position, and re-financing the majority of our convertible debt out to September 2028.

The medicine we have taken - reducing our intake, discounting to clear old stock, and rigorously revising our operations - while necessary, has not made for attractive financial results over the last two years. However, we are confident we now have the right team, processes and business resilience on which to drive sustainable, profitable growth. Since the full transition to our new commercial model, over the last 3 months, we saw evidence of that progress, with sales of newness up 24% YoY with only 6% more stock, turning c.30% faster, and with c.4ppts higher variable contribution margin. Against this, we have seen old and aged sales down c.30% off c.60% lower stock, providing an offsetting effect as we annualise the end of our stock transformation. Over the next financial year, we expect a continuation of these trends: the benefits of our new commercial model - both in terms of revenue growth and gross margin improvements - will become increasingly apparent at a Group level as our new stock continues to perform, and the offsetting decline from lower sales of heavily discounted old and mature stock will annualise throughout the year. The decisive actions taken over Phase 1 of our turnaround means we are confident in achieving significant profit improvements in FY25 regardless of revenue levels.

Understandably, we will be asked by analysts or investors, "when will ASOS grow again?", and growth remains an important part of our future, so I wanted to share my framing here. At ASOS we have to focus on the inputs - which for the last two years have been weighted towards taking the medicine of reducing stock and exiting unprofitable activities. As we move into Phase 2 of our journey, the year ahead, and beyond, will be increasingly weighted towards taking actions that delight our customers to win more of their time, love and fashion spend. However, from experience we know that exactly when that results in growth in revenue is not something we should try to manage. We could, for example, decide to accelerate growth next month by re-engaging promotional marketing or discounting product, but that would not be in the long-term interests of the business. We will do things in the right way and we're going to be patient.

We have already seen the green shoots in the performance of our new stock in recent months which gives us confidence that our new commercial model is delivering customers the right product at the right time. This will be the driving force behind our gross margin improvement back towards 50% in the medium term. Our relentless focus on operational efficiencies and optimising our cost to serve have laid the foundations to be able to deliver future growth without sacrificing margins. This will enable us to rebuild adjusted EBITDA margins sustainably back to c.8%. And our disciplined capital allocation means that we will continue to drive capex down to our target range, and reduce our interest costs over time as we lower our net debt levels. I am confident that we have something incredibly unique to offer customers and that in the coming years we can return to growth while generating meaningful, sustainable free cash flow.

I'd like to describe in a bit more detail the journey we've been on, what we've achieved over the last 12 months, as well as what's next for ASOS.

What have we achieved?

ASOS is unequivocally a faster, more agile and more efficient business than when we started our Driving Change transformation two years ago. This has been made possible by a significant effort from ASOSers to deliver against our strategic priorities.

1. **Product is in a great place, through disciplined stock management and an obsession with speed**

Our mission is to be the world's number one fashion destination for fashion-loving 20-somethings. Having the best product is at the core of our flywheel. We want to delight our customers with the hottest and freshest products and brands, at the right price, delivered in a reliable and consistent way - great products lead to positive customer experiences and inspire loyalty. We can drive better unit economics from selling full-price products, and a better return on marketing investment when directing people to the best product. The more efficient we get, the better the experience we are able to deliver.

At the core of this process has been the transformation of our stock model and the transition to our new commercial model and we can be proud that today our stock position is in the strongest position it has been for many years. At the beginning of our transformation, our stock levels had more than doubled to over £1bn due to Covid-related disruption and poor commercial practices which led to the build-up of old and aged stock. Over the last two years, we have reduced stock levels by c.50% to £520m and c.80% of our current fashion stockholding is in product that has been on site for less than six months.

This hasn't been an easy journey, and we have operated through 'peak pain' over FY23 and FY24 as we've cleared through high levels of excess aged inventory built up under our old operating model, reduced our intake of new and exciting product and shifted to a model of clearing through any underperforming stock as we go. During H2, we began testing the removal of the remaining old stock on our site to see how it would affect customer engagement and sales. The trial was a success: sell through of new stock increased dramatically, conversion rates improved, and we almost halved discounting on site. In Q4, we decided to permanently remove the remaining excess stock from site, which we subsequently wrote-down and will clear through alternative channels. This write-down mainly relates to stock over 12 months old, and means that we finished FY24 with a more compelling customer proposition and the right level of newness to excite our customers again. The results are clear. Over the last 3 months (July-September), sales of newness increased 24% year-on-year with only 6% more stock, and turning c.30% faster, with c.4ppts higher variable contribution profit margin.

Our new commercial model ensures this build-up of old inventory never happens again. We have significantly improved our speed to market (the lead time between buying and selling stock), meaning we can make better choices on our intake. We focus on selling the best fashion at full-price and clearing through any underperforming stock in-season, improving gross margin, avoiding deeper discounts, releasing cash to invest in new stock, and ensuring a better customer experience by presenting more fresh and relevant product.

Our market-leading Test & React model is fundamental to our new commercial model, bringing product from design to site within three weeks, ensuring our own brands always offer the most exciting product and set the trends for our fashion-loving customers. Having developed the model during FY23, we have now successfully scaled to more than 10% of our own-brand sales mix at the end of FY24 and remain on track to scale to 30% over the mid-term. We test product before 'reacting' and committing to volume. When we do commit, given the speed to market, we typically aim to hold just three weeks of stock, supporting a cleaner stock profile. Despite the higher sourcing costs that small batch sizes incur, the high customer demand and full-price mix means the product generates higher gross margin.

Our obsession with speed spans our entire portfolio, and is indicative of an evolution in our broader culture. The development of flexible fulfilment models, Partner Fulfils and ASOS Fulfilment Services ('AFS'), enables us to be more agile in how we collaborate with our partner brands while bringing our customers increased width (i.e. expanding the product range available on the ASOS platform) and depth (i.e. allowing us to continue fulfilling orders on our bestsellers when our wholesale stock is depleted). As planned, we successfully doubled the share of third-party gross merchandise value (GMV) to c.5% and the number of brands using flexible fulfilment to c.100 over FY24.

2. **We're faster and more agile, after reducing our cost to serve, removing waste and improving our use of data**

It is critical that we invest in the areas that matter most to our customers. We have simplified processes and removed wasted time and cost to reinvest into productive commercial activities. This has laid the foundations for future growth without sacrificing margins - in other words, to be able to deliver sustainable, profitable growth.

While there are many initiatives driving improvement, it is worth highlighting our progress in two particular areas - our logistics operations and customer returns - which helped improve our distribution and warehousing cost ratios by a combined c.200bps in FY24, despite volume deleverage.

In logistics, we have undertaken a significant transformation rationalising excess space and rebuilding our processes with increased visibility and speed to bring our customers a better experience. This was driven by a range of initiatives, reflecting our shift in business culture prioritising continuous improvements, such as:

- Improved customer experience: Through better use of granular and near-time data to identify trends and patterns in our delivery experience, we have halved the percentage of orders that were missing our customer delivery promise over the last eighteen months, significantly improving our customer experience while reducing our costs.
- Warehouse optimisation: We lowered our variable warehousing costs through increased automation, reducing our labour cost per unit by c.10%, whilst the reduction in stock levels has enabled the consolidation of our warehouse infrastructure, reducing fixed costs by c.25%.
- Delivery cost efficiencies: Through optimising our delivery partners and renegotiating contracted rates, we have lowered our variable delivery costs. The cessation of split orders from our two UK distribution centres in H1 FY23, alongside improved rates from carriers, has further reduced our distribution costs.

Minimising unnecessary returns remains a central focus for ASOS. During our rapid expansion period, we focused on reducing the friction in the returns process to maximise the customer experience. More recently, we have turned our attention to lowering the returns rate and eliminating needless pain points for our customers. This has involved making improvements to our size and fit and how clothing and accessories are displayed on product pages, including greater use of videos and 360 imagery as well as introducing AI to better understand and address reasons for returns, creating a feedback loop for improvement. As an e-commerce business, we understand that there is such a thing as 'good returns' that enhance the customer experience, and we continue to offer free returns to all customers in our core markets. For customers with an exceptionally high returns rate, this is now subject to keeping to a minimum net order threshold.

There is still work to do in this area, but we have been pleased to see these initiatives begin to have a positive impact for our customers, reducing our underlying returns rate by more than 1ppt YoY.

3. **We're better placed to deliver great customer experiences**

In the past, ASOS built its growth through an ambitious geographic expansion. This created a wide base of customers globally, but with a relatively small share of wallet. The growth engine of the coming years will be our core customers in our core markets. This means strengthening our relationship with customers, bringing more engagement and excitement to take a greater share of wallet and greater penetration of our core demographic.

In the UK, we have our highest brand awareness, our greatest penetration of our core demographic and our highest share of wallet. On average our UK customers spend £214 per annum at ASOS and our returning customers (i.e. excluding customers acquired during the year) shop on average seven times per annum. In the initial stages of our transformation, we saw two clear headwinds to order frequency and churn: i) reduction in intake to clear through excess stock carried forward, meaning less new and exciting product; ii) heightened levels of clearance which detracted from the overall experience and attracted non-core ASOS shoppers making one-off purchases to take advantage of discounts being offered.

Outside the UK, our brand awareness is significantly lower as is our order frequency and average customer spend. In these markets we have also undertaken a more significant rebalancing of the customer proposition to invest in the areas that really matter to our customers. This has meant a shift away from differentiating through our delivery and returns proposition and into product and inspiration. This journey will take time to bear fruit, but we believe by creating win-win relationships with our customers we can both improve our profitability and grow.

These headwinds also made our marketing investment less efficient during this transition, driving traffic towards a sub-optimal customer experience. However, we made significant optimisations in our performance media model, allowing us to reduce investment year-on-year while delivering a net positive impact on variable contribution generated through performance channels. We were able to identify and remove inefficient spend from paid search, social and affiliate channels leading to an increase in media return on advertising spend (ROAS) at Group level of +18% in Q4.

Concurrently, we have rebalanced our marketing investment towards brand marketing. In order to build lasting, engaged relationships with our core customers we need to deliver consistent brand messaging both on-and-off-site. Having tested a variety of marketing approaches earlier in the year, including full funnel campaigns, we found our always-on influencer programme to be the most effective and efficient, which following successful testing, we scaled to working with c.1,500 influencers per month by the end of the year. This meant we spent less than the £30m incremental brand budget initially planned.

In recent months, we have also seen improved customer engagement. As we have removed clearance stock from our site, increased newness and rolled out our social media and influencer marketing programme, we have seen improving customer reactivations and retention. As we have improved the reliability of our delivery proposition, we have also seen improvements in our corresponding Net Promoter Scores (NPS) which demonstrates the focus on strengthening our core customer proposition.

Underpinned by efficient and disciplined capital allocation

Our strategy is underpinned by efficient capital allocation, allowing us to invest behind our strengths in a disciplined way, and relentlessly removing waste to invest into opportunity. At the beginning of FY25 we announced three key updates which significantly increased our balance sheet strength and financial flexibility:

i) *TSTM JV:* In October 2024, we formed a joint venture (JV) with Heartland A/S that purchased the Topshop and Topman brands, with Heartland A/S taking a 75% stake for £135m cash consideration. Through the JV, we continue to be part of the brands' future potential while improving the efficiency of our capital allocation today. We will explore new opportunities, both online and offline, to bring the best of TSTM to customers globally, providing an exciting growth avenue. Within the next six months, we will re-launch Topshop.com, giving the brand an opportunity to further expand its customer base.

ii) *Convertible bond re-financing:* We successfully extended our maturity profile while reducing our net debt through the placement of convertible bonds due 2028 and concurrent repurchase of outstanding convertible bonds due 2026 at a discount to par. This was funded, in part, by the sale of a majority stake in TSTM, demonstrating our focus on efficient capital allocation.

iii) *Bantry Bay re-financing:* We also announced an amendment and extension of our existing facilities agreement with Bantry Bay Capital to May 2027, with an option for a 12 month extension. As part of the amendment, we switched £50m of term loan into a flexible facility to effectively reduce our blended interest rate as we improve our financial flexibility.

During the year we also continued the evolution of our leadership team to prepare for the next Phase of our journey. We welcomed Anthony Ben Sadoun as our first EVP Digital Product in February, Dave Murray as CFO in April, and Ras Vaghjiani as EVP of People Experience in July. We also welcomed Rishi Sharma as Interim General Counsel and Company Secretary in May (Emma Whyte is on maternity leave), and Hugh Williams as Interim EVP Technology in June.

Where are we going?

The last two years have necessarily been focused on putting the right foundations in place. As we enter FY25, we now feel that the major blocks of our foundations are largely in place. While we will maintain our obsession with operational efficiency and speed, our focus is increasingly weighted towards relentlessly improving on the pillars of our Right to Win - the best & most relevant product, being a destination for style, delivering an engaging customer journey, and competitive convenience - in order to delight our customers so much that they give us more of their time, love, and fashion spend.

We believe that delighting our customers is the best way to build a good economic business. Delighting customers is not delivered through a solitary action, but by putting customers at the heart of everything we do. Internally, we now talk about our growth strategy by planting seeds. We want to model bamboo, with strong roots that first grow deep and allow the plant to then grow sustainably for many years, staying strong. These 'seeds' can be something as small as a new feature on our site such as 'Buy the Look' (which 14m customers engaged with last year) or the addition of an exciting new brand. We have also begun to cultivate a culture of innovation, instilling in our teams the desire to plant seeds, minimising risk by testing before committing. We have already begun to plant many of the seeds across our four pillars that will underpin the next chapter of our transformation:

1. **Best & most relevant product:** While Test & React has been pivotal to improving inventory management, it also transforms our fashion offering, ensuring we are the first place that customers can access the best product. With the support of AI, we will further scale Test & React from 10% to 20% of own-brand sales over FY25. We successfully tested AFS with our first brand over FY24 and will expand further in FY25. We recently appointed a new Partner Brands Director, Shazmeen Malik, to lead our partner brand team and we will create a brand acquisition team to focus on bringing exciting new partners to our platform following the launch of

a brand acquisition team to focus on bringing exciting new partners to our platform following the launch of Arket, Veja and Mango Man.

2. **Destination for style:** Following the appointment of Anthony Ben Sadoun as our first EVP of Digital Product, we have begun to transform our Technology and Digital Product models, reorganising into smaller, autonomous units aligned to customer focus areas. We're adding 100 software engineers, increasing our capacity by 25% to empower faster innovation of our on-site customer experience with the cost off-set through the simplification of our structure.
3. **Engaging customer journey:** We have improved the efficiency of our marketing activity through the optimisation of our performance marketing model and have already begun deploying these savings into our social media and influencer marketing to communicate our fashion message efficiently and consistently off-site as well as on-site. Over Q4, we have seen a 14% increase in our earned media value and will continue to scale our programme over the next 12 months. We will also test incentives to improve customer loyalty, including the launch of a new loyalty programme in H2 FY25. Finally, the launch of Topshop.com will provide customers a destination for the brand beyond the current ASOS ecosystem.
4. **Competitive convenience:** Our work on size and fit and the use of AI to learn from our customer experience has had a positive impact on our underlying returns rate. We will continue to improve the convenience of our customer experience by tackling the causes of unnecessary returns.

Outlook and guidance

In FY25, the benefits of our new commercial model will become increasingly apparent. As such, we expect FY25 gross margin improvement of at least 300 bps to more than 46%, and adjusted EBITDA growth of at least 60% to £130m to £150m. While the TSTM JV is expected to have a £10m to £20m negative adjusted EBITDA impact in its first year of operation, it will be increasingly EBITDA accretive over time. We expect FY25 free cash flow to be broadly neutral, with capex of c.£130m and cash interest of c.£35m.

We will continue to focus on managing the inputs that will drive sustainably profitable revenue growth. Over H1 FY25, we expect a continuation of current revenue trends - strong performance of new intake offset by decline in sales of older stock from significantly lower stockholding, resulting in an overall sales decline. For FY25, we expect revenue to be within consensus range[7]. As a result of the significantly higher mix of full-price sales and the decisive actions taken to improve order economics, we are confident in achieving significant profit improvements in H1 FY25 and the full year regardless of revenue levels.

Our core focus remains sustainable, profitable growth. In the mid-term we continue to expect to generate adjusted EBITDA sustainably ahead of capex, interest, tax and leases, with revenue growth and an adjusted EBITDA margin of c.8%. Our new commercial model can drive materially higher gross margin towards c.50% through higher full-price sales mix and flexible stock models, which also benefit our inventory days. Our focus on efficient capital allocation will bring our capex down to 3% to 4% of sales, over time, we anticipate that our improving profitability and cash flow will also reduce our net debt and interest levels.

Notes

1. Numbers throughout this section are subject to rounding.
2. The alternative performance measures used by ASOS are explained, defined and reconciled to statutory measures in the Alternative Performance Measures note at the end of the Financial Statements.
3. Adjusted revenue includes retail sales and income from other services, excluding non-underlying jobber income.
4. Like-for-like ('LfL') adjusted revenue are adjusted for the impact of foreign exchange translation (constant currency sales) and the impact of four additional trading days in FY23
5. Cost to serve defined as operating expenses (excluding depreciation, amortisation, impairments and adjusting items) as a percentage of adjusted revenue.
6. The arrangement with Heartland, whilst referred to as a joint venture throughout this report, will be accounted for as an associate, as detailed in note 20 of the Financial Statements.
7. Company compiled consensus range for FY25 revenue growth of -9% to +6%, as of 31 October 2024.

Financial review

Revenue growth figures are expressed on a constant currency (CCY) or like-for-like (LFL) basis unless otherwise indicated. [1,2]

	Period to 1 September 2024						
£m	**UK**	**EU**	**US**	**Rest of World**	**Total reported**	**Adjusting items[3]**	**Total adjusted**
Retail sales[4]	1,270.4	977.8	298.2	214.1	2,760.5	-	2,760.5
Income from other services[5]	63.2	30.6	40.6	10.9	145.3	(9.8)	135.5
Total revenue	**1,333.6**	**1,008.4**	**338.8**	**225.0**	**2,905.8**	**(9.8)**	**2,896.0**
Cost of sales					(1,743.3)	104.6	(1,638.7)
Gross profit					**1,162.5**	**94.8**	**1,257.3**
Distribution expenses					(326.1)	-	(326.1)
Administrative expenses					(878.1)	25.0	(853.1)
Other income					2.0	-	2.0
EBITDA					**(39.7)**	**119.8**	**80.1**

Depreciation, amortisation and impairments	(292.2)	130.6	(161.6)
Operating loss	**(331.9)**	**250.4**	**(81.5)**
Finance income	12.0	-	12.0
Finance expense	(59.4)	2.9	(56.5)
Loss before tax	**(379.3)**	**253.3**	**(126.0)**

During the 52 weeks to 1 September 2024 ("the period") the Group realised an adjusted loss before tax of £126.0m as sales were impacted by continued challenges in the market, including higher cost of living pressures, and the volume impact of profit initiatives taken in FY23 under our Driving Change agenda, alongside new programmes implemented in the current financial period.

As in the first half of the period, the focus of these changes continued to be on improving stock-health and clearing aged inventory to improve cash flow and provide an efficient, sustainable operating model into future periods. While impacting top-line growth, these initiatives simultaneously provided material, ongoing savings throughout our cost base.

The reported loss before tax of £379.3m for the period includes adjusting items totalling £253.3m. Property-related initiatives account for £144.4m, including the mothballing of our Lichfield fulfilment centre, as announced in our FY23 results. The majority of the expenditure under this programme is the non-cash impairments of tangible, intangible and right-of-use assets.

Outside of the Lichfield programme, other adjusting items include £94.8m relating to exceptional stock write-off programmes. The remaining £14.1m primarily relates to the amortisation of intangibles associated with the Arcadia brands.

During the previous financial year we aligned our internal and external reporting periods to increase reporting efficiency. As a result of this change the previous reporting period had four additional trading days compared to the current financial year. The impact of this on Group sales growth was c.1.4% and the associated profit and cash flow impact is immaterial.

Adjusted EBITDA in FY24 is £80.1m, a reduction of £44.4m vs the £124.5m achieved in FY23, primarily a product of the lower revenues and increased discounting to clear aged stock, mitigated in part by the strong progress made on reducing our cost to serve.

Revenue

	Period to 1 September 2024	Period to 3 September 2023	Change
Active customers (m)[6]	**19.6**	23.3	*(16%)*
Average basket value (£)[7]	**41.07**	40.33	*2%*
Average basket value CCY (£)[8]	**41.21**	40.33	*2%*
Average order frequency[9]	**3.43**	3.59	*(4%)*
Total shipped orders (m)	**67.2**	83.7	*(20%)*
Total visits (m)	**2,252.4**	2,661.3	*(15%)*
Conversion[10]	**3.0%**	3.1%	*(10bps)*

Total LFL sales declined by 16%[2] as a result of the continued impact from annualising the actions taken during FY23 to improve profitability, combined with challenging conditions across our key markets and the impact of a number of new initiatives focused on driving improved profitability.

Active customers declined 16% year-on-year (YoY), continuing trends seen in previous periods as we focus on improving the profitability of our customers. This changing dynamic is in part evidenced by the increase in Average Basket Value (ABV) which rose 2% on a full-year basis.

In addition to the impact of lower active customers and general market factors, visits performance was also impacted by changes to our performance marketing approach in H2 FY24, with optimisations made to the model allowing us to reduce investment whilst delivering a net positive impact on variable contribution.

During H2 FY24 we introduced a net order threshold on free returns for customers with excessive returns in France, Germany and the US. This programme aims to improve profitability within a small group of customers; it does however provide a small headwind in revenue, as we make fewer, more profitable sales.

Performance by market

United Kingdom

	Period to 1 September 2024
[illegible]	[illegible]

Total Sales	**-14% (-12% LFL)**
Visits	**-14%**
Orders	**-18%**
Conversion	**-30bps**
ABV	**+4% (+4% CCY)**
Active Customers	**7.0m (-13%)**

Sales in the UK declined by 12% YoY[2] against a difficult consumer backdrop as a result of the cost of living challenges which particularly impacted the fashion retail sector.

Active customers were down 13% YoY, broadly tracking sales trends based on the same factors. The lower demand in the market also impacted visits throughout the period which were down 14% YoY. When combined with a step-back on conversion this led to an 18% decline in orders. In contrast ABV performed well, +4% YoY, indicating that profit actions are positively influencing customer behaviour to underpin basket economics.

At the beginning of H2 FY24 we saw similar YoY trends as during H1 however as stock health improved, Q4 FY24 began to show a more promising trajectory on revenue, demonstrating clear demand for our full-price stock.

Europe

	Period to 1 September 2024
Total Sales	**-14% (-13% LFL)**
Visits	**-16%**
Orders	**-17%**
Conversion	**flat**
ABV	**+4% (+5% CCY)**
Active Customers	**9.0m (-11%)**

Visits were challenging in our European markets, down (16%) YoY with weaker consumer demand, combined with tough competition and continued promotional aggression in these markets.

Despite the impact on conversion from actions taken as part of our Driving Change agenda as well as the new initiatives in FY24, conversion remained resilient, flat YoY. This, combined with the improved ABV, +5% YoY, led to some mitigation to the visit performance, with sales declining by 13% YoY[2].

United States

	Period to 1 September 2024
Total Sales	**-32% (-28% LFL)**
Visits	**-23%**
Orders	**-31%**
Conversion	**-20bps**
ABV	**-3% (+1% CCY)**
Active Customers	**2.1m (-27%)**

Total US sales fell by 28% YoY[2], with H2 FY24 back by 33%, reflecting the more restrained approach to paid media spend alongside the continued market weakness and the strong competition bolstered by high levels of promotional aggression, which combined led to a 23% decline in visits.

Conversion declined 20bps YoY as a result of the wide-ranging actions taken throughout FY23 to improve the region's profitability, alongside the introduction of a free returns threshold for some customers towards the end of FY24.

Rest of World

	Period to 1 September 2024
Total Sales	**-29% (-30% LFL)**
Visits	**-13%**
Orders	**-38%**
Conversion	**-40bps**
ABV	**+7% (+5% CCY)**
Active Customers	**1.4m (-36%)**

Rest of World ('RoW') sales fell by 30% YoY[2] reflecting the annualisation of the widespread profitability measures outside our core geographies which were implemented during FY23, including price increases and changes to our delivery proposition. This has primarily manifested in reduced conversion, 40bps back YoY, leading to a reduction in orders of 38%.

ABV has continued to be strong in the period, up 7%, building on the double-digit ABV increase already achieved last financial year.

Gross margin

Adjusted gross margin[3] fell 80bps YoY to 43.4%. Strong H2 performance (+120bps YoY) mitigated some of the declines reported in H1, where increased discounting as part of our planned activities to accelerate clearance of old and aged stock led to a 260bps decline vs H1 FY23.

Building on the strategic trading decisions taken in H1 FY24 to improve profitability we further optimised our discounting through H2, improving the profitability of our best performing stock, whilst continuing to clear through old and aged stock. As in H1 we have achieved this in part through increased use of promo exclusions, ensuring we protect fast-selling full price stock. At the beginning of Q4 we began testing suppression of some of our oldest stock; increasing the full price mix and ensuring that we continued to target on-site discounting to clearance lines that remained seasonally relevant and interesting to our consumers.

These tests demonstrated the significant gross-margin gains we anticipate as part of our new operating model with H2 FY24 adjusted gross margin c.640bps higher than H1.

Based on the success of these tests, a decision was taken at the end of the period to recognise an exceptional stock-provision against this stock. This will allow us to operate fully on the new operating model from FY25 onwards - with the provision for stock cleared through off-site channels established during the previous financial year.

Reported gross margin was 40.0% (110bps lower than FY23) with the key difference vs adjusted gross margin being the impact of the stock write-off programmes.

Operating expenses

Despite an overall volume decline, adjusted cost to serve fell to 40.7% of sales demonstrating the significant progress in improving our operating efficiencies and reducing fixed costs.

£m	**Period to 1 September 2024**	**% of sales[11]**	Period to 3 September 2023	% of sales[11]	Change in £ Value
Distribution costs	**(326.1)**	**(11.3%)**	(429.7)	(12.1%)	*24.1%*
Warehousing	**(311.1)**	**(10.7%)**	(416.4)	(11.8%)	*25.3%*
Marketing	**(190.5)**	**(6.6%)**	(195.0)	(5.5%)	*2.3%*
Other operating costs	**(351.5)**	**(12.1%)**	(400.4)	(11.3%)	*12.2%*
Adj. Cost to serve (excl. D&A)	**(1,179.2)**	**(40.7%)**	**(1,441.5)**	**(40.8%)**	**18.2%**
Depreciation and amortisation	(161.6)	(5.6%)	(152.9)	(4.3%)	(5.7%)
Adj. operating costs	**(1,340.8)**	**(46.2%)**	**(1,594.4)**	**(45.1%)**	**15.9%**
Adjusting Items	(155.6)	(5.3%)	(115.1)	(3.2%)	(35.2%)
Total operating costs	**(1,496.4)**	**(51.5%)**	**(1,709.5)**	**(48.1%)**	**12.5%**

Distribution costs at 11.3% of sales decreased by 80bps YoY. Lower volumes provided a headwind, reducing the benefit from volume-based rebates. However as a result of the optimisation of our UK fulfilment operations in FY23 to avoid split orders and improved rates from carriers, secured through consolidating volume into key strategic partners in each region, we were successful in not only mitigating these costs, but delivering a saving versus the previous year.

Warehouse costs as a percentage of sales decreased by 110bps YoY to 10.7% despite the deleveraging of fixed costs from reduced volumes. Initiatives from our Driving Change agenda in FY23 annualised in the first half providing a strong start to the year and further improvements in the efficiency across our fulfilment network, combined with the benefits from reduced fixed costs following the closure of the Lichfield fulfilment centre and the Selby returns centre, supported us to deliver cost reductions that outpaced the volume decline.

Marketing costs decreased by 2.3% YoY. However, as a result of increased full-funnel marketing, the impact of volume deleverage and an increase in the paid-visit mix, as a percentage of revenue, it increased 110bps YoY to 6.6%. Towards the end of the year we made significant optimisations in our performance media model which enables us to reduce investment while delivering an increased variable contribution and supports further investment in our full-funnel strategy. As part of this strategy, we have scaled our influencer programme, working with an average of c.1,500 influencers per month by the end of the year.

Other operating costs fell by £48.9m or 12.2% YoY. The reduction represents the continued benefits from right-sizing our fixed cost base throughout FY23, alongside continued management focus on driving profitability supported by controlling costs. Headcount was 3.5% lower at the end of the period compared to FY23, and has now fallen by c.14% vs the FY22 closing position. Transaction costs have reduced by £17.3m both as a result of lower volumes as well as improved terms with key payment providers. Technology spend reduced by £4.9m despite inflationary pressure as a result of continued focus on driving efficiency in this spend area.

Depreciation and amortisation costs (excluding adjusting items) as a percentage of sales increased by 130bps YoY. In addition to the deleveraging impact of lower revenue, the absolute depreciation and amortisation charge increased, primarily as a result of the growth in intangible assets including data services, operations systems and improvements to web and payments platforms.

Interest

A finance expense (excluding adjusting items) of £56.5m was incurred compared to £46.3m in FY23. This reflected rising interest rates (SONIA remained at c.5.2% throughout the period, vs an average of c.3.7% in FY23) as well as a higher margin payable post the May 2023 refinancing.

Finance income of £12.0m includes interest earned on deposits at financial institutions, an increase of £5.0m YoY. This increase was primarily a result of the rising global interest rate environment, seen in finance expenses; alongside improved efficiency in investing excess cash deposits.

Taxation

The reported effective tax rate is 10.7% based on the reported loss before tax of £379.3m. This is lower than the FY23 effective tax rate of 24.8% due to the effect of unrecognised deferred tax assets on losses in the current period.

Earnings per share

Both basic and diluted loss per share were 284.4p (FY23: basic and diluted loss per share of 213.0p). The higher loss per share is a function of increased loss for the period of £338.7m (FY23: £223.1m). The potentially convertible shares related to both the convertible bond and ASOS' employee share schemes have been excluded from the calculation of diluted loss per share as they are anti-dilutive for the period ended 1 September 2024.

Free cash flow

£m	**Period to 1 September 2024**	Period to 3 September 2023
AEBITDA	**80.1**	124.5
Share-based payments and other non-cash items included in AEBITDA	**2.6**	7.0
Cash impacting adjusting items	**(20.2)**	(53.4)
Income tax received	**10.3**	18.3
Decrease in inventory (excl. swo)[12]	**143.1**	180.4
Decrease/(increase) in other working capital[13]	**12.1**	(260.4)
Operating cash flow	**228.0**	**16.4**
Purchase of property, plant & equipment and intangible assets	**(133.5)**	(177.9)
Payment of lease liabilities (principal)	**(25.5)**	(22.4)
Interest received	**11.3**	4.5
Interest paid	**(42.6)**	(33.6)
Free cash flow	**37.7**	**(213.0)**
Issuance of equity	**-**	77.6
Proceeds from borrowings & RCF drawdown	**-**	450.0
Repayment of borrowings	**(0.5)**	(251.7)
Refinancing fees	**-**	(30.8)
Cash flow	**37.2**	**32.1**

There was a free cash inflow[14] (before items relating to financing) of £37.7m for the period, an improvement of £250.7m YoY with a further reduction in inventory (excluding the impact of the exceptional stock write-off) driving a £143.1m inflow (FY23: £180.4m) during the period.

Cash was used to fund capital investments of £133.5m, a reduction of £44.4m (25.1%) YoY with spend lower across both intangible assets and property, plant and equipment. This figure includes £17.1m of spend in the period relating to the Lichfield fulfilment centre which has subsequently been impaired; excluding this, capital investment would total £116.4m for the period.

Net debt, refinancing and liquidity

£m	**Period to 1 September 2024**	Period to 3 September 2023
Convertible bond (fair value of debt component)	**478.1**	464.4
Term loan & RCF, including accrued interest	**190.2**	184.8
Nordstrom loan	**19.8**	20.4
Put option liability[15]	**-**	3.2
Borrowings	**688.1**	**672.8**
Cash & cash equivalents	**(391.0)**	(353.3)
Net debt (excluding lease liabilities)	**297.1**	**319.5**

Excluding lease liabilities, net debt at 1 September 2024 was £297.1m, a reduction of £22.4m in the period, with the free cash inflow of £37.7m partially offset by debt movements relating to the non-cash unwind of the effective interest rate on the convertible bond, and the unwind of capitalised fees on the term loan.

Cash and undrawn facilities totalled £408.2m at 1 September 2024 (FY23: £428.3m) and included cash and cash equivalents of £391.0m (FY23: £353.3m). The strong progress on inventory in the period has continued to reduce the available RCF under the Bantry Bay facility to £17.2m which remains undrawn (FY23: £75.0m).

Post balance sheet events

On the 5 September 2024 we announced the sale of the Topshop and Topman brands to a subsidiary of Heartland A/S, as well as a refinancing programme resulting in the repurchase of £173.4m of convertible bonds due 2026 and the exchange of £253.0m into new convertible bonds due 2028. As a result of these transactions ASOS' net debt position will reduce by c.£130m. Refer to note 20 of the financial statements for more information.

Dave Murray
Chief Financial Officer

Notes

1. Numbers throughout this section are subject to rounding.
2. Constant currency (CCY) sales includes retail sales, and income from other services, adjusted for the impact of foreign exchange translation. Like-for-like (LFL) sales reflect constant currency sales adjusted for the impact of four additional trading days in FY23.
3. The adjusting items are explained in note 3 of the financial statements. Reconciliations between statutory measures and their associated APMs can be found below.
4. Retail sales are internet sales recorded net of an appropriate deduction for actual and expected returns, relevant vouchers, discounts and sales taxes.
5. Income from other services comprises of delivery receipt payments, marketing services, commission on partner-fulfilled sales, revenue from wholesale sales, and income from jobber and other clearance channels.
6. Active customers defined as having shopped in the last 12 financial months.
7. Average basket value is defined as adjusted net retail sales divided by shipped orders.
8. Average basket value CCY is calculated as adjusted constant currency net retail sales divided by shipped orders.
9. Average order frequency is calculated as total shipped orders in the last 12 financial months divided by active customers.
10. Conversion is calculated as total shipped orders divided by total visits.
11. As a percentage of adjusted revenue for all lines other than 'Total operating costs' which is expressed as a percentage of reported revenue.
12. Stock-write-offs associated with our Driving Change agenda, accounted for a £130.0m reduction in inventory during FY23 and £104.6m in FY24.
13. Includes working capital movements associated with adjusting items; a breakdown is included below.
14. Free cash flow is net cash generated from operating activities, less payments to acquire intangible and tangible assets, payment of the principal portion of lease liabilities and net finance expenses.
15. Reclassified to other payables during FY24.

Investor and analyst meeting:

The group will be hosting an in-person presentation for analysts at 10.30am at ASOS HQ, Greater London House, NW1 7FB. A live webcast will also be available, and a recording of the presentation will be uploaded to the ASOS investor relations website afterwards.

To access live please dial +44208 080 6591 and use Meeting ID: 810 1611 2586 followed by a #. A live stream of the event will be available here.

A recording of this webcast will be available on the ASOS Plc investor centre website after the event: https://www.asosplc.com/investor-relations/

For further information:

Investors:
Emily MacLeod, ASOS Head of Strategy and Investor Relations Tel: 020 7756 1000

Media:
Jonathan Sibun / Will Palfreyman, Teneo Tel: 020 7353 4200

Background note

ASOS is a destination for fashion-loving 20-somethings around the world, with a purpose to give its customers the confidence to be whoever they want to be. Through its app and mobile/desktop web experience, available in nine languages and in over 200 markets, ASOS customers can shop a curated edit of nearly 50,000 products, sourced from over 600 global and local third-party brands alongside a mix of fashion-led own brand labels - including ASOS Design, ASOS Edition, ASOS 4505, Collusion, Reclaimed Vintage, Topshop, Topman, and Miss Selfridge. ASOS aims to give all its customers a truly frictionless experience, with an ever-greater 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.

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, ASOS plc 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.

CONSOLIDATED INCOME STATEMENT

		52 weeks to 1 September 2024			1 September 2022 to 3 September 2023		
	Note	**Adjusted**	**Adjusting items (Note 3)**	**Total**	Adjusted	Adjusting items (Note 3)	Total
		£m	**£m**	**£m**	£m	£m	£m
Revenue		**2,896.0**	**9.8**	**2,905.8**	3,538.0	11.5	3,549.5
Cost of sales		**(1,638.7)**	**(104.6)**	**(1,743.3)**	(1,974.6)	(115.9)	(2,090.5)
Gross profit		**1,257.3**	**(94.8)**	**1,162.5**	1,563.4	(104.4)	1,459.0
Distribution expenses		**(326.1)**	**-**	**(326.1)**	(429.7)	-	(429.7)
Administrative expenses		**(1,014.7)**	**(155.6)**	**(1,170.3)**	(1,164.7)	(115.1)	(1,279.8)
Other income		**2.0**	**-**	**2.0**	2.0	-	2.0
Operating loss		**(81.5)**	**(250.4)**	**(331.9)**	(29.0)	(219.5)	(248.5)
Finance income	5	**12.0**	**-**	**12.0**	5.0	-	5.0
Finance expenses	5	**(56.5)**	**(2.9)**	**(59.4)**	(46.3)	(6.9)	(53.2)
Loss before tax		**(126.0)**	**(253.3)**	**(379.3)**	(70.3)	(226.4)	(296.7)
Income tax credit	6	**2.6**	**38.0**	**40.6**	17.4	56.2	73.6
Loss for the financial period		**(123.4)**	**(215.3)**	**(338.7)**	(52.9)	(170.2)	(223.1)
Loss per share	7			**pence per share**			pence per share
Basic per share				**(284.4)**			(213.0)
Diluted per share				**(284.4)**			(213.0)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	52 weeks to 1 September 2024	1 September 2022 to 3 September 2023
	£m	£m
Loss for the financial period	**(338.7)**	(223.1)
Items that will not be reclassified to Group income statement		
Net fair value losses on cash flow hedges	**(5.2)**	(60.1)
Tax on items that will not be reclassified	**0.3**	9.7
	(4.9)	(50.4)
Items that may be subsequently reclassified to Group income statement		
Net translation movements	**-**	(0.3)
Net fair value gains on cash flow hedges	**6.7**	30.5
Fair value movements reclassified from cash flow hedge reserve to Group income statement	**(13.9)**	1.7
Tax on items that may be reclassified	**3.7**	(7.7)
	(3.5)	24.2
Other comprehensive loss for the period	**(8.4)**	(26.2)
Total comprehensive loss for the period attributable to owners of the parent company	**(347.1)**	(249.3)

CONSOLIDATED BALANCE SHEET

	Note	**1 September**	3 September 2023

	Note	September 2024 £m	2023 £m
Non-current assets			
Goodwill and other intangible assets	8	**514.0**	700.5
Property, plant and equipment	9	**283.2**	362.6
Right-of-use assets	10	**254.0**	295.2
Investment properties		**7.1**	10.9
Other receivables		**3.7**	-
Derivative financial assets		**0.3**	4.1
Deferred tax assets		**62.5**	17.8
		1,124.8	1,391.1
Current assets			
Inventories	12	**520.3**	768.0
Assets held for sale	13	**165.5**	-
Trade and other receivables		**53.4**	81.4
Derivative financial assets		**9.5**	22.4
Cash and cash equivalents	14	**391.0**	353.3
Current tax assets		**6.7**	9.4
		1,146.4	1,234.5
Current liabilities			
Trade and other payables	15	**(671.7)**	(680.4)
Borrowings	16	**(1.6)**	(1.5)
Lease liabilities	10	**(27.2)**	(25.3)
Derivative financial liabilities		**(6.6)**	(6.0)
Provisions	17	**(2.7)**	(2.0)
Current tax liability		**(4.2)**	-
		(714.0)	(715.2)
Net current assets		**432.4**	519.3
Non-current liabilities			
Borrowings	16	**(686.5)**	(671.3)
Lease liabilities	10	**(262.4)**	(303.7)
Derivative financial liabilities		**(0.5)**	(0.5)
Provisions	17	**(86.5)**	(68.2)
		(1,035.9)	(1,043.7)
Net assets		**521.3**	866.7
Equity attributable to owners of the parent			
Called up share capital		**4.2**	4.2
Share premium		**322.6**	322.6
Other reserves		**61.9**	73.1
Retained earnings		**132.6**	466.8
Total equity		**521.3**	866.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called up share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
As at 4 September 2023	**4.2**	**322.6**	**73.1**	**466.8**	**866.7**
Loss for the period	**-**	**-**	**-**	**(338.7)**	**(338.7)**
Other comprehensive loss for the period	**-**	**-**	**(8.4)**	**-**	**(8.4)**
Total comprehensive loss for the period	**-**	**-**	**(8.4)**	**(338.7)**	**(347.1)**
Cash flow hedges gains and losses transferred to non-financial assets	**-**	**-**	**(2.8)**	**-**	**(2.8)**
Share-based payments charge	**-**	**-**	**-**	**4.6**	**4.6**
Tax relating to share option scheme	**-**	**-**	**-**	**(0.1)**	**(0.1)**
Balance as at 1 September 2024	**4.2**	**322.6**	**61.9**	**132.6**	**521.3**
As at 1 September 2022	3.5	245.7	82.4	683.3	1,014.9
Loss for the period	-	-	-	(223.1)	(223.1)
Other comprehensive loss for the period	-	-	(26.2)	-	(26.2)
Total comprehensive loss for the period	-	-	(26.2)	(223.1)	(249.3)
Cash flow hedges gains and losses transferred to non-financial assets	-	-	16.9	-	16.9
Share issue	0.7	76.9	-	-	77.6
Share-based payments charge	-	-	-	6.4	6.4
Tax relating to share option scheme	-	-	-	0.2	0.2
Balance as at 3 September 2023	4.2	322.6	73.1	466.8	866.7

Retained earnings includes the share-based payments reserve, and employee benefit trust reserve.

Consolidated Cash Flow Statement

	52 weeks to 1 September 2024 £m	1 September 2022 to 3 September 2023 £m
Cash flows from operating activities		
Operating loss	**(331.9)**	(248.5)
Adjusted for:		
Depreciation of property, plant and equipment, right-of-use assets and investment property	**55.0**	67.8
Amortisation of other intangible assets	**117.3**	104.7
Impairment charges on non-financial assets	**119.9**	32.1
Share-based payments charge (net of amounts capitalised)	**3.4**	5.2
Other non-cash items	**(0.8)**	1.8
Decrease in inventories	**247.7**	310.4
Decrease in trade and other receivables	**22.9**	12.7
Decrease in trade and other payables	**(18.2)**	(304.9)
Increase in provisions	**2.4**	16.8
Cash generated from/(used in) operating activities	**217.7**	(1.9)
Net income tax received	**10.3**	18.3
Net cash generated from operating activities	**228.0**	16.4
Cash flows from investing activities		
Purchase of other intangible assets	**(97.1)**	(136.2)
Purchase of property, plant and equipment	**(36.4)**	(41.7)
Interest received	**11.3**	4.5
Net cash used in investing activities	**(122.2)**	(173.4)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**-**	77.6
Proceeds from borrowings	**-**	200.0
Drawdown of revolving credit facility	**-**	250.0
Repayment of borrowings	**(0.5)**	(251.7)
Refinancing amendment fees paid	**-**	(30.8)
Repayment of principal portion of lease liabilities	**(25.5)**	(22.4)
Interest paid	**(42.6)**	(33.6)
Net cash (used in)/generated from financing activities	**(68.6)**	189.1
Net increase in cash and cash equivalents	**37.2**	32.1
Opening cash and cash equivalents	**353.3**	323.0
Effect of exchange rates on cash and cash equivalents	**0.5**	(1.8)
Closing cash and cash equivalents	**391.0**	353.3

1 GENERAL INFORMATION

The financial information contained within this preliminary announcement for the periods from 4 September 2023 to 1 September 2024 and 1 September 2022 to 3 September 2023 do not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the period to 3 September 2023 have been filed with the Registrar of Companies and those for the period to 1 September 2024 will be filed following the Company's annual general meeting. The auditors have reported on the 2024 accounts: their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

ASOS Plc ("the Company") and its subsidiaries (together, "the Group") is a global fashion retailer. The Company is a public limited company whose shares are publicly traded on the London Stock Exchange. The Company is incorporated and domiciled in the UK and the address of its registered office is Greater London House, Hampstead Road, London NW1 7FB.

The financial period represents the 52 weeks to 1 September 2024 (prior financial period: 1 September 2022 to 3 September 2023). The financial information comprises the results of the Company and its subsidiaries.

Within these preliminary financial statements, "2024" refers to the 52 weeks to 1 September 2024, or as at 1 September 2024; and "2023" refers to the financial period 1 September 2022 to 3 September 2023, or as at 3 September 2023.

2 MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS) and with the requirements of the Companies Act 2006 and the Listing Rules as applicable to companies reporting under those standards.

The financial statements have been prepared under the historical cost basis of accounting, excluding derivative financial instruments which are held at fair value. The financial statements are presented in sterling and all values are rounded to the nearest million pounds except where otherwise indicated.

2.2 Going concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for a period of at least 12 months from the date of approval of the financial statements, and therefore continue to adopt the going concern basis in preparing the financial statements. To support this assessment, detailed cash flow forecasts were prepared for the 18-

month period to February 2026.

In assessing the Group's going concern position, the Directors have considered the Group's detailed budgeting and forecasting process which reflects the Group's financial performance, position, and cash flows over the going concern period (the base case). These cash flow forecasts represent the Directors' best estimate of trading performance and cost implications in the market based on current agreements, market experience and consumer demand expectations. In conjunction with this, the Directors considered the Group's business activities and principal risks, reviewing the Group's cash flows, liquidity positions and borrowing facilities for the going concern period.

At 1 September 2024, the Group was fully drawn on the £200m term loan with Bantry Bay, and had an undrawn Revolving Credit Facility ("RCF") of £17m, with a maturity of April 2026, along with £500m convertible bonds with a maturity of April 2026. The review included the continued availability of borrowings following the post balance sheet repurchase, amendment and extension of both the convertible bond and Bantry Bay debt facilities, details of which can be found in Note 20. Following the partial term loan repayment and changes to the Bantry Bay agreement, the assessment included an opening balance of drawn Bantry Bay debt facility of £150m (with equivalent undrawn RCF of £29m) and £327m of convertible bonds (of which £74m held a maturity date of April 2026) within the liquidity forecast.

The Group has previously been subject to a minimum liquidity threshold of £90m, which has been removed as part of the new agreement and therefore the only covenant applicable, and primary test in the assessment, is that the Group must remain in a positive liquidity position.

Key assumptions - forecasting business cash flows

The assessment of the Group's going concern position required significant management judgement, including in determining the key assumptions that have the greatest impact on forecasts of future business performance and the range of reasonably possible outcomes of those assumptions. The economic environment has remained challenging throughout FY24 with cost of living pressures continuing to impact customer spending and sentiment, however there have been improvements experienced in both the macro environment and ASOS share performance in Q4 of FY24. The future impact that the economic environment will have on ASOS performance however is uncertain, so for the purposes of the Group's going concern assessment, the Directors have therefore made assumptions on the likely future cash flows in the uncertain macro environment.

2 MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES - CONTINUED

The assumptions considered include the full transition to the Group's new commercial model, as well as a sustained marginal recovery in the macro trading environment, with the online fashion market assumed to experience low single digit % growth on an aggregated basis across the Group's key territories. The base case assumes a less aggressive share loss in FY25 than experienced in FY24 owed to recent performance and the success of the adoption of the new commercial model, with assumed ASOS sales growth rates of -5% to -10%, returning to double digit YoY growth by the end of the assessment period. Improvements in adjusted gross margin of at least 300bps vs FY24 are assumed during FY25 with further YoY growth in H1 FY26 of c.200bps. These forecasted cash flows include the ongoing impact of the disposal of the Topshop and Topman brands from the Group.

Aligned to the Group's principal risks, the Directors have also considered various severe but plausible downside scenarios against the base case, comprising of the following assumptions:

- Sales growth reduction;
- Gross margin reduction;
- Potential working capital cash impacts.

The downside scenarios are considered across both FY25 and H1 FY26, with the greater degree of assumption-based improvements and subsequent volatility in the outer periods commanding more severe downside sensitivities. Sensitivities mapped against the base case within the downside case are highlighted below:

Downside vs base case	FY25	H1 FY26
Sales	(8)%	(20)%
Gross Margin	(320)bps	(400)bps
Working Capital impact (average)	£(88)m	£(77)m

Should the Group see such significant events unfold it has several mitigating actions it can implement to manage its liquidity risk, such as deferring capital investment spend, deferring or reducing stock intake to match the sales reduction, and implementing further cost management to maintain a sufficient level of liquidity headroom during the going concern period. The combined impact of the above downside scenarios and mitigations does not trigger a liquidity breach at any point in the going concern period.

Reverse stress tests have also been performed on both the Group's revenue and gross margin. The tests under consideration hold all metrics in line with the downside case highlighted above, analysing how far the stress metric would need to decline against the base case to cause a liquidity event. Such results would have to see over a 22% decline in sales over the base case or an aggregate decline in gross margin rate from the base case of over 550bps across the entire assessment period. Both are considered remote based on results of previous significant economic events and recent trading performance, particularly on the basis that the Group is annualising the challenging market conditions in FY24.

The Directors have also considered the £74m convertible bonds that mature in April 2026 (outside of the assessment window) and concluded that they can be repaid within both a base case and downside scenario. The Group is also subject to a springing maturity clause in the term loan facility in April 2026, conditional upon forward projection of base case cash flows, which was also considered as part of the assessment and is not expected to be triggered.

Based on the above, the Directors have concluded that, on the basis of there being liquidity headroom under both the base case and downside scenarios, and the consideration that the reverse stress test scenario is remote, it is appropriate to adopt the going concern basis of accounting in the preparation of the Group's annual financial statements, with no material uncertainty to disclose.

2.3 New accounting standards

The Group adopted the following accounting standards and amendments during the year with no material impact:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates - Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
- International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12

The application of these new interpretations and amendments did not have a material impact on the financial statements.

2 MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES - CONTINUED

The Group is assessing the impact of the following standards, interpretations and amendments that are not yet effective:

- Amendments to the IFRS for SMEs Accounting Standard - International Tax Reform - Pillar Two Model Rules
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 Leases
- Classification of liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 Climate-related Disclosures
- Lack of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates
- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

The Group has considered the impact of the remaining above standards and revisions and has concluded that they will not have material impact on the Group's financial statements, with the exception of IFRS 18 which is under review.

2.4 Alternative Performance Measures (APMs)

In the reporting of financial information, the Directors use various APMs. These APMs should be considered in addition to, and are not intended to be a substitute for, IFRS measurements. As they are not defined by International Financial Reporting Standards, they may not be directly comparable with other companies' APMs.

The Directors believe that these APMs provide additional useful information for understanding the financial performance and health of the Group. They are also used to enhance the comparability of information between reporting periods (such as adjusted profit) by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance. Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes.

The income statement shows the items excluded from adjusted profit with a more detailed analysis of the adjustments set out in Note 3. Other APMs that the Group has focused on in the period are defined and reconciled within the Alternative Performance Measures disclosures at the end of the financial statements. All of the APMs relate to the current period's results and comparative periods.

2.5 Significant accounting judgements and estimates

The preparation of the Group's financial statements requires the use of judgements, estimates and assumptions in applying the Group's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Actual results may differ from these estimates. Any revisions to accounting estimates are applied prospectively.

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the reporting period end that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are as below:

- Impairment of non-financial assets - refer to Note 11
- Inventory valuation - refer to Note 12
- Recognition of deferred tax assets - refer to Note 6

The recognition of deferred tax assets has been added as a key source of estimation uncertainty this year.

Critical accounting judgements

Critical judgements, apart from those involving estimations, that are applied in the preparation of the consolidated Group financial statements are discussed below:

- Going concern - refer to Note 2.2
- Identification of adjusting items - refer to Note 3
- Lease term - refer to Note 10

3 ADJUSTED PROFIT BEFORE TAX

Critical accounting judgement - identification of adjusted items

In order to provide shareholders with additional insight into the year-on-year performance of the business, an adjusted measure of profit is provided to supplement the reported IFRS numbers, and reflects how the business measures performance internally. Adjusted items are those which are significant either by virtue of their size and/or nature, the inclusion of which could distort comparability between periods. The assessment is made both on an individual basis and, if of a similar type, in aggregate.

The assessment of whether to adjust certain items requires judgement, and covers the nature of the item, the cause of its occurrence and the scale of impact of that item on reported performance and individual financial statement line items, as well as consistency with prior periods. The same assessment is applied consistently to any reversals of prior adjusting items. Adjusted profit before tax is not an IFRS measure and therefore not directly comparable to other companies.

Income statement

2024	Revenue £m	Cost of sales £m	Administrative expenses £m	Finance expenses £m	Total before tax £m	Tax £m	Total £m
Commercial operating model change	**9.8**	**(104.6)**	**-**	**-**	**(94.8)**	**23.6**	**(71.2)**
Property-related costs	**-**	**-**	**(141.5)**	**(2.9)**	**(144.4)**	**36.1**	**(108.3)**
Other strategic initiatives	**-**	**-**	**(3.4)**	**-**	**(3.4)**	**0.9**	**(2.5)**
Amortisation of acquisition intangibles	**-**	**-**	**(10.7)**	**-**	**(10.7)**	**2.7**	**(8.0)**
Unrecognised deferred tax assets	**-**	**-**	**-**	**-**	**-**	**(25.3)**	**(25.3)**

	9.8	(104.6)	(155.6)	(2.9)	(253.3)	38.0	(215.3)

2023	Revenue £m	Cost of sales £m	Administrative expenses £m	Finance expenses £m	Total before tax £m	Tax £m	Total £m
Commercial operating model change	11.5	(130.0)	(14.7)	-	(133.2)	33.2	(100.0)
Property-related costs	-	-	(60.2)	(0.5)	(60.7)	15.2	(45.5)
Other strategic initiatives	-	-	(24.6)	(6.4)	(31.0)	7.4	(23.6)
Amortisation of acquisition intangibles	-	-	(10.7)	-	(10.7)	2.7	(8.0)
Other items	-	14.1	(4.9)	-	9.2	(2.3)	6.9
	11.5	(115.9)	(115.1)	(6.9)	(226.4)	56.2	(170.2)

Cash flow statement

The total cash flow impact of adjusting items is as follows:

	2024 £m	2023 £m
Commercial operating model change	**0.2**	3.5
Other strategic initiatives	**(20.4)**	(56.9)
Total adjusting items within operating cash flow	**(20.2)**	(53.4)

Commercial operating model change

During the prior period, the Board approved the introduction of a new commercial operating model. The new model involves a more disciplined approach to intake, increased speed to market and clearing product more quickly to reduce the Group's inventory requirement, increase full price sales and hence gross margin, and improve customer engagement. To unlock these benefits, the Group has had to clear old stock acquired under its previous ways of working via clearance routes, resulting in additional costs recognised in the prior period of £133.2m.

The Group has been transitioning to the new model throughout the period, utilising increased discounting during the first half to accelerate the clearance of aged stock. In the second half of the period, the Group tested the suppression of remaining older stock to increase the full-price sales mix in line with the new operating model principles. The increases in gross margin were in line with those anticipated as part of the new operating model. As a result, a decision was taken to recognise a provision against this inventory with a view to fully removing from the website and selling via clearance routes, allowing the Group to operate fully on the new model from the beginning of the next financial year.

Additional net costs were recognised in the current period totalling £93.0m. The remaining net cost of £1.8m relates to the sell through of inventory written down in the prior period. Net expenditure incurred to date in relation to the commercial model change totals £228.0m, across 2023 and 2024.

3 ADJUSTED PROFIT BEFORE TAX - CONTINUED

Property-related costs

Adjusted property-related costs comprise the following, of which £141.8m relates to the closure of the Lichfield fulfilment centre, announced during the current period:

	2024 £m	2023 £m
Impairment of property, plant and equipment (a)	**(97.7)**	(5.6)
Impairment of intangible assets (a)	**(2.2)**	(1.7)
Impairment of right-of-use assets (a)	**(15.8)**	(20.0)
Impairment of investment property (a)	**(4.2)**	(1.3)
Non-capitalised asset spend (b)	**(16.5)**	-
Onerous occupancy costs (c)	**(5.3)**	(18.3)
Accelerated depreciation (d)	**-**	(7.6)
Recognition of net investment in lease receivable (e)	**4.4**	-
Other closure costs (f)	**(7.1)**	(6.2)
	(144.4)	(60.7)

a) Impairment of assets following activity to vacate sites the Group operates from, which for the current period predominantly relates to the Group's Lichfield fulfilment centre. During the current period, the Board approved the commencement of a process to mothball the Lichfield fulfilment centre, following completion of the automation project in this period. The site is not yet being actively marketed, however during the period the Group commenced and completed activities to vacate and mothball the site. The recoverable amount for the Lichfield fulfilment centre was based on its value-in-use, and determined to be £nil on the basis that the site would be mothballed. Investment property amounts relate to impairments on vacant office space.

b) Following activity to commence vacating the Lichfield fulfilment centre at the end of January 2024, the Group considered whether subsequent committed spend to complete the automation could be capitalised and concluded not, on the basis that it was no longer probable that the spend would result in future economic benefits. The spend has therefore been recognised in the income statement during the period, outside of adjusted profit. Prior to this date, the spend incurred was considered capital.

c) Onerous contract costs that the Group is contractually committed to due to being party to a lease on a site agreed to be exited. Upon initial recognition of such provisions, management uses its best estimates of the relevant costs to be incurred as well as expected closure dates. This excludes business rates on leased property which are recognised in the period they are incurred.

d) Where sites are to be vacated in a later period, the remaining useful economic lives of corresponding sites are reassessed to align with closure dates, resulting in an acceleration in depreciation of these assets. The accelerated depreciation (over and above the charge absent the closure decision) is recognised within adjusting items.

e) During the period, the Group sublet its distribution centre in Austell, which had been vacated and therefore impaired in the prior period. The sublet constitutes the remaining term of the lease and therefore constitutes a finance lease under IFRS 16 "Leases". A lease receivable (within other receivables on the balance sheet) has therefore been recognised, with a net income statement gain of £4.4m.

f) Includes costs associated with vacating sites, such as severance and stock transfers, as well as business rates and interest costs on vacant sites.

Other strategic initiatives

After the period end date, on 5 September 2024, the Group announced that it had entered into a binding agreement with a subsidiary of Heartland A/S to sell the Topshop and Topman brand names from ASOS. Costs of £3.4m have therefore been recognised, relating to consultancy and other professional costs. The transaction subsequently completed on 9 October 2024. Refer to Note 20 for more information.

Amortisation of acquired intangible assets

Amortisation of acquired intangible assets is adjusted for as acquisitions are outside business as usual operations for

Amortisation of acquired intangible assets is adjusted for as acquisitions are outside business-as-usual operations for ASOS. These assets would not normally be recognised outside of a business combination, therefore the associated amortisation is adjusted.

Unrecognised deferred tax assets
Deferred tax assets of £52.3m were not recognised in the period and were instead recognised in the income statement. Of the amounts unrecognised, £25.3m was attributed to losses excluded from adjusted profit. Further information is included in Note 6.

4 SEGMENTAL ANALYSIS

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reporting on components of the Group that are regularly reviewed by the Chief Operating Decision-Maker to allocate resources to the segments and to assess their performance.

The Chief Operating Decision Maker has been determined to be the Management Committee. It is the Management Committee that reviews the Group's internal reporting in order to assess performance and allocate resources across the business. In doing so, the Management Committee reviews performance across the Group via a number of sources, comprising regular monthly management accounts, and ad hoc analysis that provides deep dives into different areas, including territory, brands and revenue streams.

In determining the Group's operating segments, management has considered the level of information which is regularly reviewed by the Management Committee. Information regularly reviewed by the Management Committee is at a consolidated Group level only, with some disaggregated revenue information and associated metrics provided for the geographical territories of the UK, the US, Europe and the Rest of the World. However, decisions on resource allocation are not made based on this information. Such decisions are made on ad hoc analysis, separately provided to the Management Committee, and does not constitute information that is either regularly provided to, nor reviewed by, the Management Committee. As a result, it has been concluded that the Group has only one operating segment (the Group level).

The following sets out the Group's revenue in the key geographic markets in which customers are located:

			2024		
	UK £m	**EU £m**	**US £m**	**Rest of World £m**	**Total £m**
Retail sales	**1,270.4**	**977.8**	**298.2**	**214.1**	**2,760.5**
Income from other services	**63.2**	**30.6**	**40.6**	**10.9**	**145.3**
Total revenue	**1,333.6**	**1,008.4**	**338.8**	**225.0**	**2,905.8**
Cost of sales					**(1,743.3)**
Gross profit					**1,162.5**
Distribution expenses					**(326.1)**
Administrative expenses					**(1,170.3)**
Other income					**2.0**
Operating loss					**(331.9)**
Finance income					**12.0**
Finance expenses					**(59.4)**
Loss before tax					**(379.3)**
Non-current assets[1]	**668.6**	**175.0**	**183.2**	**-**	**1,026.8**

			2023		
	UK £m	EU £m	US £m	Rest of World £m	Total £m
Retail sales	1,494.6	1,127.3	443.6	322.7	3,388.2
Income from other services	59.8	29.4	57.5	14.6	161.3
Total revenue	1,554.4	1,156.7	501.1	337.3	3,549.5
Cost of sales					(2,090.5)
Gross profit					1,459.0
Distribution expenses					(429.7)
Administrative expenses					(1,279.8)
Other Income					2.0
Operating loss					(248.5)
Finance income					5.0
Finance expenses					(53.2)
Loss before tax					(296.7)
Non-current assets[1]	994.1	177.9	162.0	-	1,334.0

1 Non-current assets above exclude goodwill, derivative financial assets and deferred tax assets.

Due to the nature of its activities, the Group is not reliant on any individual major customers.

5 FINANCE INCOME AND EXPENSES

	2024 £m	2023 £m
Finance income		
Interest on deposits	**12.0**	5.0
Finance expenses		
Interest on borrowings	**(58.5)**	(50.8)
IFRS 16 lease interest	**(5.5)**	(5.6)
Provisions - unwind of discount	**(3.1)**	(1.6)
Interest capitalised	**7.7**	4.8
Total finance expenses	**(59.4)**	(53.2)
Net finance expenses	**(47.4)**	(48.2)

6 TAXATION

	2024 £m	2023 £m
Current period UK tax	**-**	-
Current period overseas tax	**3.6**	3.4
Adjustment in respect of prior period corporation tax	**(4.4)**	(4.1)
Total current tax credit	**(0.8)**	(0.7)
Origination and reversal of temporary differences	**(42.4)**	(73.2)
Adjustment from changes in tax rates	**-**	(0.1)
Adjustment in respect of prior periods	**2.6**	0.4
Total deferred tax credit	**(39.8)**	(72.9)
Total income tax credit in income statement	**(40.6)**	(73.6)
Analysed as:		
Tax on adjusted loss	**(2.6)**	(17.4)
Tax on items excluded from adjusted loss	**(38.0)**	(56.2)
Total income tax credit in income statement	**(40.6)**	(73.6)
Effective tax rate	**10.7%**	24.8%

Significant source of estimation uncertainty - Recognition of deferred tax assets

In accordance with IAS 12 "Income Taxes", the Company recognises deferred tax assets to the extent that it is probable that future taxable profit will be available, against which the deductible temporary differences and the carry-forward of unused tax losses can be utilised. In line therefore with the judgements and estimates disclosed with going concern (refer Note 2) and impairment (refer Note 11), the recognition of deferred tax assets requires the Group to make significant estimates about the future profitability of its operations.

In determining the amount of deferred tax assets recognised, management makes estimates of future taxable profits and the likelihood of their being recovered within a reasonably foreseeable timeframe, being a minimum of five years, aligned to the Group's strategic planning process. In making these estimates, management considers the current and projected financial performance of the Group, including profit margins, revenue growth, and cost management strategies, which are derived from management forecasts and consistent with those used as part of the Group's going concern and impairment assessments. Risk adjustments are then applied, with a greater adjustment applied to periods where there is less evidence of profits, in particular, those further in the future. The Group also considers the timing and amount of deductible temporary differences. As at 1 September 2024, the Group has net deferred tax assets of £114.8m of which £62.5m have been recognised. A further £52.3m of deferred tax assets in relation to losses have not been recognised.

The deferred tax assets have no expiry date and the Group believes that it is probable that future taxable profits, together with the reversal of existing temporary differences, will be sufficient to utilise the recognised deferred tax assets, however actual outcomes could differ from these estimates due to changes in the factors mentioned above. A movement of +/-10% in the forecast taxable profits would increase/decrease the amount of deferred tax asset recognised by £7.8m, and is considered a reasonable possible change.

The deferred tax assets unrecognised relate to losses on a mix of adjusted and non-adjusted items. Therefore the charge relating to the unrecognised deferred tax asset has been apportioned between adjusted and unadjusted profit in proportion to the total tax losses arising within each category, with £25.3m recognised outside adjusted profit, and £27.0m within adjusted profit.

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company ASOS Plc 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 excluded from the weighted average number of ordinary shares.

Diluted earnings per share is calculated on the same basis as basic earnings per share, but where the weighted average share numbers have also been adjusted for the weighted average effects of potentially dilutive shares. These represent share options granted by the Group, including performance-based options, where the scheme to date performance is deemed to have been earned. It also includes the number of shares that would be issued if all convertible bonds are assumed to be converted unless the convertible instrument is out-of-the-money.

	2024	2023
Weighted average share capital		
Weighted average shares in issue for basic earnings per share (no. of shares)	**119,085,260**	104,729,376
Weighted average effect of dilutive options (no. of shares)[1]	**-**	-
Weighted average effect of convertible bond (no. of shares)[2]	**-**	-
Weighted average shares in issue for diluted earnings per share (no. of shares)	**119,085,260**	104,729,376
Losses		
Loss attributable to owners of the parent company for basic earnings per share (£m)	**(338.7)**	(223.1)
Interest expense on convertible bonds (£m)[1,2]	**-**	-
Diluted loss attributable to owners of the parent company for diluted loss per share (£m)	**(338.7)**	(223.1)
Basic loss per share (pence per share)	**(284.4)**	(213.0)
Diluted loss per share (pence per share)	**(284.4)**	(213.0)

1 Dilutive shares and interest not included where their effect is anti-dilutive.
2 The impact of convertible bonds has been excluded as it is assumed they will not be exercised.

8 GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill £m	Brands and domain names £m	Customer relationships £m	Software £m	Assets under construction £m	Total £m
Cost						
As at 4 September 2023	**35.5**	**219.6**	**24.4**	**863.5**	**19.0**	**1,162.0**
Additions	**-**	**-**	**-**	**90.6**	**7.9**	**98.5**
Transfers to assets held for sale	**-**	**(187.9)**	**-**	**-**	**-**	**(187.9)**
Transfers	**-**	**-**	**-**	**12.1**	**(12.1)**	**-**
As at 1 September 2024	**35.5**	**31.7**	**24.4**	**966.2**	**14.8**	**1,072.6**
Accumulated amortisation and impairment						

As at 4 September 2023	**0.3**	**19.8**	**7.8**	**431.5**	**2.1**	**461.5**
Amortisation expense	**-**	**7.7**	**3.0**	**106.6**	**-**	**117.3**
Transfer to assets held for sale	**-**	**(22.4)**	**-**	**-**	**-**	**(22.4)**
Impairment charge for the period	**-**	**-**	**-**	**1.8**	**0.4**	**2.2**
As at 1 September 2024	**0.3**	**5.1**	**10.8**	**539.9**	**2.5**	**558.6**
Net book value at 1 September 2024	**35.2**	**26.6**	**13.6**	**426.3**	**12.3**	**514.0**
Cost						
As at 1 September 2022	35.5	219.6	24.4	752.4	3.6	1,035.5
Additions	-	-	-	109.4	17.1	126.5
Transfers	-	-	-	1.7	(1.7)	-
As at 3 September 2023	35.5	219.6	24.4	863.5	19.0	1,162.0
Accumulated amortisation and impairment						
As at 1 September 2022	0.3	12.0	4.7	334.6	-	351.6
Amortisation expense	-	7.8	3.1	93.8	-	104.7
Impairment charge for the period	-	-	-	3.1	2.1	5.2
As at 3 September 2023	0.3	19.8	7.8	431.5	2.1	461.5
Net book value at 3 September 2023	35.2	199.8	16.6	432.0	16.9	700.5

Intangible assets under construction relates to spend on software-based projects, including the enhancement of the Group's mobile apps/ website, and other software. No individual projects are material in value. Refer to Note 13 for details of transfers to assets held for sale.

9 PROPERTY, PLANT AND EQUIPMENT

	Fixtures, fittings, plant and machinery £m	Computer hardware £m	Assets under construction £m	Total £m
Cost				
As at 4 September 2023	**410.7**	**43.0**	**109.2**	**562.9**
Additions	**1.2**	**4.0**	**42.0**	**47.2**
Disposals	**-**	**(1.8)**	**-**	**(1.8)**
Transfers	**0.2**	**0.1**	**(0.3)**	**-**
As at 1 September 2024	**412.1**	**45.3**	**150.9**	**608.3**
Accumulated depreciation and impairment				
As at 4 September 2023	**165.4**	**32.1**	**2.8**	**200.3**
Charge for the year	**22.5**	**6.4**	**-**	**28.9**
Disposals	**-**	**(1.8)**	**-**	**(1.8)**
Impairment charge for the year	**31.0**	**1.2**	**65.5**	**97.7**
As at 1 September 2024	**218.9**	**37.9**	**68.3**	**325.1**
Net book value at 1 September 2024	**193.2**	**7.4**	**82.6**	**283.2**
Cost				
As at 1 September 2022	408.5	41.1	65.4	515.0
Additions	1.1	0.6	46.2	47.9
Transfers	1.1	1.3	(2.4)	-
As at 3 September 2023	410.7	43.0	109.2	562.9
Accumulated depreciation and impairment				
As at 1 September 2022	134.8	26.0	2.5	163.3
Charge for the period	25.4	6.0	-	31.4
Impairment charge for the period	5.2	0.1	0.3	5.6
As at 3 September 2023	165.4	32.1	2.8	200.3
Net book value at 3 September 2023	245.3	10.9	106.4	362.6

Significant assets under construction as at 1 September 2024 consists primarily of amounts spent to automate the Atlanta fulfilment centre totalling £79.8m (2023: £58.0m). Refer to Note 3 for details of impairments.

10 LEASES

10.1 Right-of-use assets

	2024 £m	2023 £m
At the beginning of the period	**295.2**	380.3
Modifications/reassessments	**2.6**	(9.6)
Impairment charge	**(15.8)**	(20.0)
Depreciation charge	**(25.1)**	(35.9)
Transfers to investment property	**-**	(12.8)
Foreign exchange differences	**(2.9)**	(6.8)
At the end of the period	**254.0**	295.2

Right-of-use assets comprise entirely leases for land and buildings.

10.2 Lease liabilities

	2024 £m	2023 £m
At the beginning of the period	**329.0**	380.1
Modifications/reassessments	**(9.9)**	(21.1)
Payments	**(31.0)**	(28.0)
Interest expense	**5.5**	5.6
Foreign exchange differences	**(4.0)**	(7.6)
At the end of the period	**289.6**	329.0

Current	**27.2**	25.3
Non-current	**262.4**	303.7
	289.6	329.0

10 LEASES - CONTINUED

Critical accounting judgement - lease terms

The inclusion of a lease extension period or lease break period in the lease term is a key judgement for the Group and considers all relevant factors that create an economic incentive for it to exercise them. For leased properties, this includes the current and expected profitability of the respective site, as well as the length of time until the option can be exercised. Any changes to the Group's judgement over lease terms will impact both the right-of-use asset and lease liability.

Set out below are the undiscounted future rental payments not currently included within the reported lease liability for where lease extensions have not been included, or for where break options have been assumed:

	2024 £m	2023 £m
Extension options expected not to be exercised	**127.7**	129.2
Break clauses expected to be exercised	**12.6**	-

11 IMPAIRMENT OF NON-FINANCIAL ASSETS

11.1 Inputs and assumptions

Cash-generating units (CGUs)

CGUs are deemed the smallest group of assets that independently generate cash inflows and are independent of the cash flows generated by other assets. It was determined that the Group only has one CGU (the Group level), on the basis that the majority of assets within the Group are shared (i.e. software assets that support the entire Group), therefore unable to be allocated on a reasonable or consistent basis in any other way.

Composition of CGU

For impairment testing purposes, the CGU comprises the following:

	2024 £m	2023 £m
Goodwill and other intangible assets	**514.0**	700.5
Property, plant and equipment	**283.2**	362.6
Right-of-use assets	**254.0**	295.2
	1,051.2	1,358.3

Assets relating to the Lichfield fulfilment centre were tested separately and excluded from the above due to the decision during the period to vacate the site, as were assets held for sale which have been assessed separately (see Note 13).

Identification of impairment indicator

Given the reported loss recognised during the period, combined with the volatility within the macroeconomic environment and the market capitalisation of the Group being below the Group's net assets, an indicator of impairment was deemed to exist during the financial period.

Approach and assumptions

The recoverable amount for the CGU has been determined using a value-in-use calculation which is based upon the cash flows expected to be generated, derived from the latest budget and forecast data which are reviewed by the Board, and consistent with those used for the Group's going concern and viability assessments. Budget and forecast data reflects both past experience and future expectations of market conditions. The forecasted cash flows include the ongoing impact of the disposal of the Topshop and Topman brands from the Group.

11 IMPAIRMENT OF NON-FINANCIAL ASSETS - CONTINUED

The key assumptions in measuring the value-in-use are as follows:

Assumption	Details
Cash flow years/assumptions	• Derived from medium-term forecasts reviewed and approved by the Board which cover a period of five years. Growth rates are then reduced to 2% (the long-term growth rate) over four years, with cash flows subsequently extrapolated to perpetuity with a growth rate of 2% (2023: 2%). • Whilst the value-in-use excludes lease rentals (a financing cash flow under IFRS 16 "Leases"), an estimated cash outflow for future lease renewals is assumed from the current lease end dates.
Discount rate	• A post-tax discount rate representing the Group's weighted average cost of capital (WACC), subsequently grossed up to a pre-tax rate using an iterative calculation that yields the same value-in-use when tax cash flows are excluded. • The post-tax WACC has been calculated using the capital asset pricing model, the inputs of which include a UK risk-free rate based on government bond rates, a UK equity risk premium and levered debt premium benchmarked to externally available data, and an average beta derived from a comparator group. • The resulting discount rates are:

2024		2023	
Post-tax rate	Pre-tax rate	Post-tax rate	Pre-tax rate
12.7%	15.5%	13.0%	15.6%

11.2 Outputs

Outside of specific impairments recognised during the period in relation to sites identified for exit as disclosed in Note 3, no further impairments were identified as a result of the impairment review described above, with c.£600m of headroom noted.

Key source of estimation uncertainty - assumptions in relation to impairment assessment

Of the above assumptions, the value-in-use calculations are most sensitive to changes in the discount rate, the long-term growth rate and forecast cash flows (comprising revenue, gross margin and fixed overheads). As noted above, cash flows are derived from forecasts reviewed by the Board, and in line with those used for the going concern and viability assessments which assume sales growth rates of (5)% to (10)% for the first year, with subsequent periods thereafter returning to +5% to +15% year-on-year growth. Improvements in adjusted gross margin of at least 300bps vs FY24 are assumed during FY25 with up to a further c.200bps growth over the remaining years.

A sensitivity analysis for a reasonable possible change in assumptions was conducted on the impairment tests, where management assessed a scenario in which the revenue growth rates within the five-year forecasted cash flows (being the most sensitive assumption) were reduced by half. To reflect this adjustment, a corresponding reduction in variable costs and cost of sales was modelled to maintain the gross margin percentage in line with original forecasts. Under this sensitivity scenario, an impairment of approximately £75 million would be recognised.

The following table shows the amount by which the assumptions would have to change to make the recoverable amount equal to the carrying value to show the headroom sensitivity. It is not considered that a reasonable possible change in the discount rate, fixed overheads nor the long term growth rate would cause an impairment, therefore they are not included below.

Sensitivity	2024	2023
A reduction in forecast annual growth rates of:[1]	**(2.7)%**	(1.8)%
A reduction in forecast revenue vs base case of:[2]	**(11.4)%**	(6.9)%
A reduction in forecast gross margin in each year of:[2]	**(2.4)%**	(1.2)%

1 Applied to Group five-year plan period

2 Applied to all years within the assessment period

12 INVENTORIES

	2024 £m	2023 £m
Gross finished goods	**683.6**	892.4
Inventory provision	**(163.3)**	(124.4)
Net inventory recognised on consolidated balance sheet	**520.3**	768.0

The carrying value of inventory shown on the balance sheet includes a £49.2m (2023: £52.1m) right to recover asset in relation to the inventory expected to be received back from customers as returns. The amount of inventories recognised as an expense and charged to cost of sales for the period was £1,743.3m (2023: £2,104.6m).

Key source of estimation uncertainty - inventory provisions

As disclosed in Note 3, additional inventory provisions were recognised in the period to write down inventory that has been identified to be sold via offsite clearance to accelerate the Group's transition to its commercial model. The provisions write inventory down to its net realisable value, being expected income less any related selling costs.

In addition to these specific provisions, the Group's approach to inventory provisioning is to hold a net realisable value provision for inventory sold via the Group's website and is based on forecast expected loss rates. In addition, provisions are recognised for inventory that will ultimately be sold off-site via clearance routes at the end of its lifecycle in line with the new commercial model. Both provisions consider historical trends, as well as consideration of current and forecast economic conditions.

The provisions are calculated using estimates of loss rates and website sell through rates, both of which are calculated based on historical data from the prior 12 months' sales when categorising the stock by age banding. Provisions recognised are net of any expected proceeds to be received. The provisions are therefore most sensitive to the following assumptions:

- Forecast loss rates
- Forecast sell through rates
- Offsite sales price assumptions

The movements in the Group's provisions based on reasonable possible changes to the above assumptions are as follows:

	2024		2023	
	Decrease in provision £m	**Increase in provision £m**	Decrease in provision £m	Increase in provision £m
Using loss rates from FY23/FY22	**-**	**4.0**	(6.6)	-
A change in the anticipated sell through rates of +/-0.5% (2023: +/-5%)[1]	**(7.1)**	**7.1**	(5.4)	7.1
A change in the anticipated offsite sales price of +/-10%	**(2.2)**	**2.2**	(0.7)	0.7

1 2023 provision considered sell through on closing inventory. This was refined in the period to consider sell through on inventory intake.

With the exception of provisions excluded from adjusted profit, inventory provisions are adjusted at each reporting period rather than throughout the period to ensure inventory is not carried at an amount greater than net realisable value. Write-downs and write-backs of inventory balances are therefore represented by net movements in the inventory provision. Provisions/write-downs recognised during the financial period as part of the transition to the new commercial model (recognised outside adjusted profit) totalled £93.0m (2023: £122.7m) - and are part of the £94.8m (2023: £133.2m) commercial operating model costs highlighted in Note 3. There have been no reversals of the commercial model transition provisions during the period. Excluding inventory provisions recognised as part of the commercial model transition, the net provisions/write-down movements totalled a cost of £0.9m this period (2023: £19.3m cost).

13 ASSETS HELD FOR SALE

On 5 September 2024, the Group entered into a binding agreement to sell the intellectual property relating to the Topshop and Topman brands to a subsidiary of Heartland A/S, for a consideration as follows:

- Cash of £135m
- 25% of the issued ordinary shares in the entity that will hold the brands, valued at £45m

The transaction subsequently completed on 9 October 2024. Although the agreement occurred shortly after the year-end date, as at the year-end, the deal was significantly progressed, with management committed to a sale, key terms mostly agreed, and it being highly probable that the sale would complete within a year. It was therefore concluded that the assets meet the definition of being held for sale at the period end as follows:

	£m
Assets to be disposed	
Carrying value of brands	**165.5**
Total assets to be disposed	**165.5**
Sales proceeds	
Cash	**135.0**
Shares	**45.0**
Remaining disposal costs	**(0.7)**
Total fair value less costs to sell	**179.3**
Assets held for sale	**165.5**

The asset held for sale has been recognised at £165.5m, being the lower of the carrying value and fair value less costs to

The asset held for sale has been recognised at [illegible], being the lower of the carrying value and fair value less costs to sell. There were no assets held for sale at the prior year balance sheet date.

Other costs already incurred in relation to the sale totalled £3.4m during the year (see Note 3).

14 CASH AND CASH EQUIVALENTS

	2024 £m	2023 £m
Cash in hand and bank balances	**83.1**	85.6
Money market fund investments	**270.2**	142.7
Short-term deposits	**37.7**	125.0
Closing cash and cash equivalents	**391.0**	353.3

Cash and cash equivalents includes uncleared payment provider receipts of £68.8m, which are typically received within three business days (2023: £63.3m).

Included within cash and cash equivalents is £8.1m (2023: £4.1m) of cash collected on behalf of partners of the Direct-to-Consumer fulfilment proposition "Partner Fulfils". ASOS Payments UK Limited and the Group are entitled to interest amounts earned on the deposits and amounts are held in a segregated bank account that is settled on a monthly basis.

15 TRADE AND OTHER PAYABLES

	2024 £m	2023 £m
Trade payables	**108.1**	71.3
Other payables	**165.9**	174.7
Accruals	**242.3**	238.7
Returns provision	**99.2**	108.2
Deferred revenue	**41.6**	52.1
Taxation and social security	**14.6**	35.4
	671.7	680.4

Trade payables comprise amounts owed in relation to inventory purchases. Other payables comprise amounts owed in relation to all other purchases.

16 BORROWINGS

	2024 £m	2023 £m
Convertible bond	**478.1**	464.4
Term Loan	**190.2**	184.8
Nordstrom Loan	**19.8**	20.4
Put option liability[1]	**-**	3.2
	688.1	672.8
Current	**1.6**	1.5
Non-current	**686.5**	671.3
	688.1	672.8

1 The put option liability has been reclassed to other payables during the year.

Convertible bonds due 2026

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. The fair value of the debt component was 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 on the balance sheet on issue and the remainder of the proceeds, £59.9m, which represents the equity component, was credited to reserves. Issue costs of £9.0m were allocated between equity (£1.0m) and debt (£8.0m).

After the period-end, in September 2024, the Group launched a refinancing exercise of the Convertible Bonds due 2026 as follows:

- £253.0m was exchanged into new Convertible Bonds due 2028,
- £173.4m of the Convertible Bonds due 2026 was accepted for repurchase at a discount to par of 15%, and
- As a result, £73.6m remains in the Convertible Bonds due 2026. Further information is included in Note 20.

Term loan

In May 2023, the Group entered into a £200m senior term loan and a £75m super senior RCF (together the "Facilities") with specialist lender Bantry Bay Capital Limited through to April 2026, with the optionality to further extend to May 2028 subject to meeting lender requirements. Both the senior term loan and RCF (when drawn) bear interest at a margin above SONIA. The amount available in relation to the RCF is determined by reference to a calculated borrowing base (derived from inventory and intellectual property, both with certain adjustments applied) less the amount drawn under the term loan. At the period end this was £17.2m. The RCF incurs commitment fees at a market rate and is currently undrawn.

The Facilities carry a fixed and floating charge over all assets of the following chargors in the Group - ASOS Plc, ASOS.com Limited, ASOS Intermediate Holdings Limited, Mornington & Co (No. 1) Limited and Mornington & Co (No. 2) Limited.

After the period-end, ASOS announced an amendment and extension of its existing facilities agreement with Bantry Bay Capital to May 2027 with an option for a 12-month extension. Further information is included in Note 20.

Nordstrom loan

On 12 July 2021 the Group announced a strategic partnership with Nordstrom, a U.S.-based multi-channel retailer, to drive growth in North America. As part of this venture, Nordstrom purchased a minority interest in ASOS Holdings Limited which holds the Topshop, Topman, Miss Selfridge and HIIT brands in exchange for £10 as well as providing a £21.9m loan, subsequently partially repaid. The loan attracts interest at a market rate of 6.5% per annum. After the period-end date, c. £13m was repaid.

17 PROVISIONS

	Dilapidations £m	Onerous occupancy £m	Total £m
As at 4 September 2023	**53.4**	**16.8**	**70.2**
Recognised	**13.7**	**5.3**	**19.0**
Utilised	**-**	**(2.4)**	**(2.4)**
Unwinding of discount	**2.3**	**0.8**	**3.1**
Exchange differences	**(0.7)**	**-**	**(0.7)**
As at 1 September 2024	**68.7**	**20.5**	**89.2**
Current	**-**	**2.7**	**2.7**
Non-current	**68.7**	**17.8**	**86.5**
As at 1 September 2024	**68.7**	**20.5**	**89.2**
As at 1 September 2022	41.9	-	41.9
Recognised	11.2	18.3	29.5
Utilised	-	(1.8)	(1.8)
Unwinding of discount	1.3	0.3	1.6
Exchange differences	(1.0)	-	(1.0)
As at 3 September 2023	53.4	16.8	70.2
Current	-	2.0	2.0
Non-current	53.4	14.8	68.2
As at 3 September 2023	53.4	16.8	70.2

18 NET DEBT RECONCILIATION

Group net debt comprises cash and cash equivalents less any borrowings drawn down at period-end (including accrued interest), but excluding outstanding lease liabilities.

	2024 £m	2023 £m
Borrowings	**(688.1)**	(672.8)
Leases	**(289.6)**	(329.0)
Liabilities from financing activities	**(977.7)**	(1,001.8)
Cash and cash equivalents	**391.0**	353.3
Net debt	**(586.7)**	(648.5)
Net debt APM (ex-leases)	**(297.1)**	(319.5)

The table below sets out the movements in liabilities arising from financing activities:

	Lease liabilities £m	Borrowings £m	Liabilities from financing activities £m
As at 4 September 2023	**(329.0)**	**(672.8)**	**(1,001.8)**
Cash flows from financing activities			
Repayments of principal	**25.5**	**0.5**	**26.0**
Interest paid	**5.5**	**37.1**	**42.6**
Non-cash movements			

Movement in lease liabilities	**9.9**	**-**	**9.9**
Foreign exchange impacts	**4.0**	**-**	**4.0**
Accrued interest	**(5.5)**	**(52.9)**	**(58.4)**
As at 1 September 2024	**(289.6)**	**(688.1)**	**(977.7)**

	Lease liabilities £m	Borrowings £m	Liabilities from financing activities £m
As at 1 September 2022	(380.1)	(475.9)	(856.0)
Cash flows from financing activities			
Repayments of principal/(drawdown of borrowings)	22.4	(198.3)	(175.9)
Interest paid	5.6	28.0	33.6
Financing fees paid	-	15.8	15.8
Non-cash movements			
Movement in lease liabilities	21.1	-	21.1
Foreign exchange impacts	7.6	-	7.6
Accrued interest	(5.6)	(42.4)	(48.0)
As at 3 September 2023	(329.0)	(672.8)	(1,001.8)

19 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 e-commerce 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.

As previously reported, ASOS is currently party to legal proceedings in overseas territories which the Group is robustly defending. The claim considers the laws applicable to the sale of goods in the relevant territory, under which the claimants are seeking a financial remedy for alleged breaches by ASOS of local laws. The claim remains in its early stages, and will be heard in two phases. Completion of such a claim can be a lengthy process, with a final court decision of the first phase potentially taking up to two years after the initial hearing. The claim and its defence are relatively complex, there are multiple factual and legal defences to the claims and the Group intends to defend them vigorously. The Group therefore cannot make an assessment of the likely outcome of the litigation, or the potential quantum of any liability were it to arise or the potential impact on the Group at this stage. Furthermore, management are of the opinion that, given the early stages of the claim, disclosure of any potential quantification could be prejudicial to the Group at this time.

As disclosed in the prior year annual accounts, the Group has made a voluntary disclosure to an overseas tax authority in relation to potentially overclaimed VAT. As explained, whether or not the VAT was overclaimed was ultimately dependent on the relevant tax authority's view. The overseas tax authority has now concluded that the VAT was correctly charged to ASOS, hence ASOS was correct in recovering the VAT and no repayment or multi-party non-cash agreement is necessary. This issue is therefore considered successfully resolved without the liability crystalising. The Group notes that there are a small number of suppliers who should likely have historically charged VAT on services but have not. The Group has notified the relevant suppliers of this and any amount payable will not be material and will be able to be reclaimed by ASOS from the overseas tax authority in the normal course of business.

20 POST BALANCE SHEET EVENTS

Disposal of Topshop and Topman brands

On 5 September 2024, the Group entered into a binding agreement to sell the intellectual property relating to the Topshop and Topman (TSTM) brands to a subsidiary of Heartland A/S (a related party of the Group), for a consideration as follows:

- Cash of £135m.
- 25% of the issued ordinary shares in the entity that will hold the brands, valued at £45m.

As disclosed in Note 13, assets of £165.5m have been classified as held for sale as at the year-end. The transaction has subsequently completed, resulting in the derecognition of the assets held for sale, the recognition of an investment in an associate of £45m, and a profit on disposal of c.£14m.

ASOS has the right, at its sole discretion, to sell a 5% interest in the associate to Heartland A/S for £9m.

As part of the arrangement, the purchasing entity has granted a licence to ASOS.com of 10 years (extendable up to 25 years at ASOS' discretion), pursuant to which ASOS.com has 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. ASOS also has the right to operate Topshop.com and

Topman.com globally, and has been granted exclusive wholesale distribution rights in the UK and North America, while the purchasing entity retains the rights to open branded stores globally and distribute through wholesale partners outside of the UK and North America.

Refinancing

After the period end, in September 2024, the Group launched a refinancing exercise of the Convertible Bonds due 2026 as follows:

- £253m was exchanged into new Convertible Bonds due 2028;
- £173.4m of the Convertible Bonds due 2026 was accepted for repurchase at a discount of par 15%, and
- As a result, £73.6m remains in the Convertible Bonds due 2026.

20 POST BALANCE SHEET EVENTS - CONTINUED

The new Convertible Bonds were issued at par and carry a fixed annual coupon of 11%, payable semi-annually in arrears. The initial conversion price has been set at £79.65, in line with the Convertible Bond due 2026. The Bonds will be redeemed on 19 September 2028, unless previously converted, exchanged, redeemed or purchased and cancelled in accordance with the terms and conditions of the Bonds, at a redemption price of 120% of the principal amount.

In addition, ASOS announced an amendment and extension of its existing facilities agreement with Bantry Bay Capital to May 2027 with an option for a 12-month extension. As part of this, £50m of the term loan has been repaid, with a corresponding increase in the available accordion facility. The Group's previous minimum liquidity covenant has been removed, and maintaining positive liquidity is the only condition now required to avoid an event of default. In addition, the Group is also subject to a springing maturity clause in the term loan facility in April 2026, conditional upon forward projection of base case cash flows.

Following the disposal of the brands and the refinancing exercise, the Group recognised a reduction in net debt of approximately £130m.

ALTERNATIVE PERFORMANCE MEASURES

The Group uses the below non-IFRS performance measures to allow shareholders to better understand underlying financial performance and position. These should not be seen as substitutes for IFRS measures of performance and may not allow a direct comparison to other companies.

<table>
<tr><th>Performance measure</th><th>Closest IFRS measure</th><th>Definition</th><th>How ASOS uses this measure</th></tr>
<tr><td>Like-for-like revenue growth</td><td>None</td><td>Like-for-like revenue growth reflects constant currency revenue, which includes retail sales and income from other services, adjusted for the impact of foreign exchange translation. The current period also adjusts for the impact of four less trading days in FY24.</td><td>This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results.
<table>
<tr><th></th><th>2024
£m</th><th>2023
£m</th><th>Growth
%</th></tr>
<tr><td>Group revenue</td><td>2,905.8</td><td>3,549.5</td><td>(18%)</td></tr>
<tr><td>Adjusted for:</td><td></td><td></td><td></td></tr>
<tr><td>Adjusted items</td><td>(9.8)</td><td>(11.5)</td><td></td></tr>
<tr><td>LFL financial periods</td><td>49.7</td><td>-</td><td></td></tr>
<tr><td>Impact of foreign exchange translation</td><td>11.0</td><td>-</td><td></td></tr>
<tr><td>Like-for-like revenue growth</td><td>2,956.7</td><td>3,538.0</td><td>(16%)</td></tr>
</table>
<table>
<tr><th></th><th>2023
£m</th><th>2022
£m</th><th>Growth</th></tr>
<tr><td>Group revenue</td><td>3,549.5</td><td>3,936.5</td><td>(10%)</td></tr>
<tr><td>Adjusted for:</td><td></td><td></td><td></td></tr>
<tr><td>Impact of foreign exchange translation, adjusted items, and LFL financial periods</td><td>(101.5)</td><td>-</td><td></td></tr>
<tr><td>Excluding Russia</td><td>-</td><td>(76.8)</td><td></td></tr>
<tr><td>Like-for-like revenue growth</td><td>3,448.0</td><td>3,859.7</td><td>(11%)</td></tr>
</table>
</td></tr>
<tr><td>Retail sales</td><td>Revenue</td><td>Internet sales recorded net of an appropriate deduction for actual and expected returns, relevant vouchers, discounts and sales taxes.</td><td>A measure of the Group's trading performance focusing on the sale of products to end customers. Used by management to monitor overall performance across markets, and the basis of key internal KPIs such as ABV.</td></tr>
</table>

		Retail sales exclude income from delivery receipt payments, marketing services, commission on partner-fulfilled sales and revenue from wholesale sales	A reconciliation of this measure is included in note 4.
Adjusted revenue	Revenue	Revenue excluding the impact of adjusting items.	A measure of the Group's revenue and gross profitability, excluding the impact of any adjusting items. Reconciliation is shown below:
Adjusted gross margin	None	Gross profit divided by revenue and excluding the impact of adjusting items.	

	2024 £m	2023 £m
Revenue	**2,905.8**	3,549.5
Adjusting items	**(9.8)**	(11.5)
Adjusted revenue	**2,896.0**	3,538.0
Gross profit	**1,162.5**	1,459.0
Adjusting items	**94.8**	104.4
Adjusted gross profit	**1,257.3**	1,563.4
Gross margin %	**40.0%**	41.1%
Adjusted gross margin %	**43.4%**	44.2%

ALTERNATIVE PERFORMANCE MEASURES - CONTINUED

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure
Adjusted EBIT Adjusted (loss)/profit before tax	Operating (loss)/profit (Loss)/profit before tax	Profit before tax, interest, and any adjusting items excluded from adjusted profit before tax (see below). Adjusted (loss)/profit before tax excludes items recognised in reported profit or loss before tax which, if included, could distort comparability between periods. In determining which items to exclude, the Group considers items which are significant either by virtue of their size and/or nature, or that are non-recurring.	A measure of the Group's underlying profitability for the period, excluding the impact of any transactions outside of the ordinary course of business and not considered to be part of ASOS' usual cost base. Used by management to monitor the performance of the business each month.

	2024 £m	2023 £m
Operating loss	**(331.9)**	(248.5)
Adjusting items excluding finance costs (note 3)	**250.4**	219.5
Adjusted EBIT	**(81.5)**	(29.0)
Net finance costs (note 5)	**(47.4)**	(48.2)
Add back adjusting finance costs (note 3)	**2.9**	6.9
Adjusted loss before tax	**(126.0)**	(70.3)

Details of adjusting items are included within Note 3.

Adjusted EBITDA Adjusted EBITDA margin	Operating (loss)/profit	Adjusted EBIT above, adjusted for depreciation, amortisation and impairments. Adjusted EBITDA divided by adjusted revenue as defined above	Adjusted EBITDA is used to review the Group's profit generation and the sustainability of ongoing capital reinvestments and finance costs.

	2024 £m	2023 £m
Adjusted EBIT (above)	**(81.5)**	(29.0)
Add back depreciation and amortisation (per cash flow)	**172.3**	172.5
Add back impairment (per cash flow)	**119.9**	32.1
Less depreciation and amortisation excluded from adjusted profit[1]	**(10.7)**	(19.6)
Less impairment excluded from adjusted profit	**(119.9)**	(31.5)
Adjusted EBITDA	**80.1**	124.5
Group revenue	**2,905.8**	3,549.5
Adjusting items	**(9.8)**	(11.5)
Adjusted Group revenue	**2,896.0**	3,538.0
Adjusted EBITDA margin	**2.8%**	3.5%

1 The prior year comparative comprises £18.3m within property initiatives, and £1.3m within the commercial operating model change

Net cash/(debt)	No direct equivalent	Cash and cash equivalents less the carrying value of borrowings (including accrued interest) drawn down at period-end, but excluding outstanding lease liabilities.	A measure of the Group's liquidity. Information is included in note 18. A reconciliation is included below:

	2024 £m	2023 £m
Cash and cash equivalents	**391.0**	353.3
Borrowings	**(688.1)**	(672.8)

Lease liabilities	**(289.6)**	(329.0)
Net borrowings	**(586.7)**	(648.5)
Add-back lease liabilities	**289.6**	329.0
Group net debt	**(297.1)**	(319.5)

ALTERNATIVE PERFORMANCE MEASURES - CONTINUED

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure
Free cash flow	Operating cash flow	Free cash flow is net cash generated from operating activities, less payments to acquire intangible and tangible assets, payment of the principal portion of lease liabilities and net finance expenses.	A measure of the cash generated by the Group outside cash flows relating to M&A and financing transactions, which allows management to better assess the cash being generated by the business. A reconciliation to the Group cash flow is shown below:

	2024 £m	2023 £m
Cash used generated from/(used in) operations (per cash flow)	**228.0**	16.4
Purchase of tangible and intangible assets	**(133.5)**	(177.9)
Repayment of principal portion of lease liabilities	**(25.5)**	(22.4)
Net interest paid	**(31.3)**	(29.1)
Free cash flow	**37.7**	(213.0)

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure
Other working capital movements (per Financial Review)	No direct equivalent	Removes working capital and cash movements relating to adjusted items.	To provide a reconciliation of the working capital movement in the Financial Statements to the other working capital movement in the Financial Review.

	2024 £m	2023 £m
Decrease/(increase) in other working capital (per Financial Review)	**12.1**	(260.4)
Comprises:		
Working capital per cash flow (excluding inventory)	**7.1**	(275.4)
Working capital relating to adjusted items (see below)	**5.0**	15.0
	12.1	(260.4)
Working capital relating to adjusting items:		
Adjusted items (note 3)	**(253.3)**	(226.4)
Add back adjusted impairment (note 3)	**119.9**	31.5
Add back adjusted depreciation (note 3)[1]	**10.7**	19.6
Add back commercial model change (Cost of sales) (note 3)	**104.6**	130.0
Add back adjusted finance costs (note 3)	**2.9**	6.9
Adjusted working capital before cash impacts	**(15.2)**	(38.4)
Cash impact of adjusted items	**20.2**	53.4
Working capital relating to adjusted items	**5.0**	15.0

1 The prior year comparative comprises £18.3m within property initiatives, and £1.3m within the commercial operating model change

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure
Cost to serve	No direct equivalent	Operating expenses (excluding depreciation and amortisation and excluding adjusting items) as a percentage of adjusted revenue.	Cost to serve reflects the underlying profitability of the business and demonstrates discipline on cost structure.

	2024 £m	2023 £m
Operating expenses	**1,496.4**	1,709.5
Less depreciation and amortisation	**(172.3)**	(172.5)
Less adjusting items	**(155.6)**	(115.1)
Add back adjusted depreciation and amortisation[1]	**10.7**	19.6
	1,179.2	1,441.5
Adjusted revenue	**2,896.0**	3,538.0
Costs to serve	**40.7%**	40.8%

1 The prior year comparative comprises £18.3m within property initiatives, and £1.3m within the commercial operating model change

The Group has added costs to serve as an APM this year to show year-on-year movements in the Group's cost structure. In addition, a reconciliation of working capital movements per the Financial Review to the statutory cash flow is included to aid readers of the financial statements. Adjusted free cash flow has been removed as an APM this year as it is no longer a performance measure for the Group's bonus.

END

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