

Chief Executive's Statement

BUSINESS REVIEW

I am pleased to report on another strong year's trading and the continued investment in the ASOS brand.

Sales grew 90% for the year ended March 2008, and we have now achieved compound annual growth of over 75% per year for the last four years. Profits (before tax) for the year ended March 2008 grew by 117%. Both have been achieved on a purely organic basis.

Whilst the macro economic conditions appear to be deteriorating, I believe we have, and will continue to

benefit from the significant migration to online shopping, especially amongst our core customer base. This is reflected in the record number of unique visitors we now receive to the website. In May 2008 we had 3.4 million unique visitors, a 60% increase year on year.

According to Hitwise, ASOS is the second most visited website in the UK clothing and apparel category. Clothing is the fastest growing product category online and Verdict predicts that by 2010, 10% of clothes will be bought online, up from 4% in 2007.

KEY PERFORMANCE INDICATORS

	07/08	06/07	Increase
Sales (£'000)	81,044	42,614	90%
Retail margin (excludes third party and postage receipts)	47.6%	44.3%	—
Average basket value (£, inc. VAT)	53.0	42.8	24%
Average units per basket	2.54	2.53	—
Average selling price per unit (£, inc. VAT)	20.89	16.92	24%
Returns % to sales (by value)	26.1%	21.7%	—
% International sales	10.0%	10.5%	—
Number of orders ('000)	2,235	1,402	60%



“OUR CONTINUED RECORD OF SALES AND PROFIT GROWTH HIGHLIGHTS THE ACCELERATING APPEAL OF BOTH ONLINE FASHION AND ASOS AS A LEADER WITHIN THE SECTOR.”

ASOS PLC

PRODUCT CHOICE

Product choice is at the core of the ASOS proposition. At the end of May 2008, customers could choose from over 10,908 different lines — up from 4,324 in May 2007. The number of brands available on ASOS will increase from 255 in Autumn/Winter 2007 to around 600 by Autumn/Winter 2008. Our own label styles will also increase from 2,530 to around 5,000 over the same time period.

Currently we introduce over 500 new styles a week, up from 200 this time last year. Stock management is key and I am pleased to report our stock continues to turn very quickly at just over every 10 weeks.

During the year we introduced our petites range with 20 lines. This will be increased to around 200 lines this year. Similarly, we introduced size 18 into our own label mix last year and we plan to introduce size 20 this year. We will also be introducing 3 additional leg lengths into our own label ranges as well as a full maternity range.

Our “independent designer section”, which we established to provide a shop window to new design talent, has been very successful, and we plan to add an additional 30 designers to the 16 designers with whom we currently work.

The most significant development in 2008/9, however, will be the launch of our branded clearance section, ASOSRed. eBay has proved that the Internet can be a very efficient channel for clearing end of season and markdown stock. We also know from research that eBay and other sites, where this type of stock is available, are popular with our customers. We firmly believe that by applying the ASOS presentation techniques to this end of season stock we will be able to enhance the image of the brands and the product and provide an overall better customer experience. The offer will initially consist of approximately 20 brands, expanding to around 50 brands within 6 months.



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PRESENTATION

The website is evolving constantly as we find better ways of presenting our products. In June 2008 we launched an application that allows our customers to 'virtually' try on our premium sunglasses. In Autumn/Winter we will be introducing catwalk for our premium men's ranges, and our shoes and bags will be visible online through 360 degrees.

The ASOS magazine was voted 'Customer Magazine of the Year' in 2008 by the Periodical Publishers Association as well as receiving its first Audit Bureau of Circulation figure of 370,636.

In April 2008 we launched the first of three men's magazines scheduled for this year.

Over the year, our twice weekly email to customers generated 9% of sales. We have now invested in Customer Relationship Management software (CRM) which means from August we will be able to manage our database much more effectively and our emails will become more targeted. Early trials have shown we can expect to see a significant return on the investment.

Promotional tie-ups and associations are very important to ASOS. In June 2008 we launched our Limited 100 design collaboration with the London College of Fashion. A capsule collection of 100 one-off pieces each sold on the ASOS website. The promotion

received fantastic media coverage including two full page features in the national press. The collection sold out in minutes.

SERVICE

Working with our logistics partner Unipart, we have been able to improve the speed and accuracy of our deliveries to customers. Today, 95% of all orders placed before 2.30 pm leave the warehouse the same day, even if the customer has not opted for next day delivery. This has had the effect of moving our standard delivery terms from 3-4 days to 1-2 days.

In October 2008 we will introduce a number of new delivery options. These include a named day service, including Saturday and both a.m. and p.m. delivery options. We will also introduce a same day service within the M25. Further enhancements including text alerts are being trialled.

We have invested in a customer contact management system which will enable us to respond to our customer care emails quicker and more efficiently. We are also extending the customer care working hours to enable us to reduce the average response time from 60 minutes to 30 minutes.

MANAGING GROWTH

In light of our continued sales and profit growth, it is more important than ever that we continue to invest in the business to enable it to reach its full potential.

The management team

During the year we made a number of key appointments to strengthen the Operating Board. Stefan Pesticcio joined us from Debenhams as Buying Director for Menswear. Hash Ladha joined us from New Look as Marketing and Operations Director. Gary Mudie joined us from Borders Group as IT Director and Caren Downie joined us from Topshop as Buying Director for Womenswear.

Warehouse and logistics

In May 2008 we moved into our new 158,250 square feet facility at Hemel Hempstead. We believe the capacity of the new warehouse to be sufficient to satisfy annual sales of approximately £350m. The move, managed by Unipart, was a complete success and we were able to fulfil all our customer delivery guarantees over the move period.

London office

At the year end there were 196 employees in the London Office. With a redesign, we have managed to accommodate 300 desks in the space and have taken a further 80 desks in serviced space locally to see us through the anticipated growth in 2008/9.

Systems and infrastructure

As well as both the customer relationship and customer contact systems, we are also implementing a new reporting suite to run across the business. The first release is scheduled for September 2008.

We are also extending our disaster recovery solution by splitting the website hardware across two locations.

The next generation of the website is already being developed by a dedicated internal team. We will also review other key functions such as buying and merchandising and finance to ensure we have the capacity for growth.

SUMMARY AND PROSPECTS

Our continued record of sales and profit growth highlights the accelerating appeal of both online fashion and ASOS as a leader within the sector.

Despite the economic conditions, we have experienced no noticeable slow-down in our business growth and sales for the 13 weeks to 27 June 2008 are 95% ahead of last year.

With three-quarters of the year to go, including Christmas, it is too early to assess whether this performance will continue for the full year. That said, I believe ASOS can look forward to another year of strong progress and business development.



Nick Robertson Chief Executive