

Asos seeks £350 million credit boost to avoid financial buffers

Troubled fast fashion retailer [Asos](#) is to take urgent action to avoid the financial buffers confirming it is in talks about its £350 million credit facility with financial backers and in the “final stages” of agreeing its “future financial covenant”.

The retailer that insisted it had a “strong liquidity position” issues its full year results on Wednesday and has – along with other online and high street fashion retailers – been hit by the ongoing cost of living crisis.

This has caused consumers to pull back from anything but essential purchases, in the short term, foregoing new clothing items.

The [company issued a statement that confirmed its current credit facility](#) “matures in July 2024”.

According to sources, financial institutions involved in the credit boost include lenders HSBC and Lloyds Banking Group and Barclays.

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“This action will give Asos significantly increased financial flexibility, against the uncertain economic backdrop,” Asos said.

“Asos retains a strong liquidity position and this is a prudent step in the current environment.”

In August, the retailer admitted that it was witnessing “the impact of accelerating inflationary pressures on consumers and a slow start to Autumn and Winter shopping” as sales fell below expectations.

The business said that profits would be “around the bottom end of company guidance” due to the slowdown in shoppers looking for clothing items.

It told shareholders that it was due to report sales growth, at constant currency, of an estimated 2% for the year, with net debt of around £150 million.

Earlier in the month chief of Portugal’s Salsa Jeans, José Antonio Ramos Calamonte, took the post of CEO at the group following the abrupt departure last October of former boss Nick Beighton following a a profit warning at the group.

Mat Dunn who held the dual post of chief operating officer and chief financial the business also announced his departure from the online retailer as it “restructures” its executive team.