Audit Committee Report



Members

- Jon Kamaluddin (Chair)
- Christine Cross
- Wei Gao
- José Manuel Martínez Gutiérrez

The Terms of Reference for the Audit Committee are reviewed annually and are available on our website, asosplc.com.

→ **The Committee met four times during the year. Read more detail on the Audit Committee's attendance at meetings. See table on page 73.**

Dear Shareholder,

I am pleased to present my first Audit Committee ('Committee') Report, for the year ended 30 August 2026.

This is the first year the Company is reporting against the UK Corporate Governance Code 2024 ('Code'), with the exception of Provision 29 which will be reported against in our FY27 Annual Report and Accounts. This report details how we have discharged our responsibilities as a Committee and how we have complied with the Code during the year.

I joined the Board and became Chair of the Committee on 1 December 2025. All members of the Committee are Independent Non-executive Directors. The Board is confident that I possess the necessary recent and relevant financial expertise to serve as Chair of the Committee and affirms that the Committee has the relevant experience and competence pertinent to the Company's sector. I would like to thank Natasja Laheij for chairing the Committee until my appointment and for providing a comprehensive and tailored handover.

The Committee did not undertake specific shareholder consultation with respect to the scope of the external audit this year, but we will consider opportunities to engage with shareholders on this topic in FY27. I am pleased to report that throughout we complied with all other paragraphs within the Audit Committees and the External Audit: Minimum Standard ('Minimum Standard').

FY26 priorities

Following a formal induction (see page 77 for further information), my immediate priorities have been to maintain rigorous oversight of financial reporting and audit quality, while increasing the time devoted risk management, internal controls and the Group's readiness for the enhanced internal control reporting requirements in Provision 29 of the 2024 Code. As such, we have extended the duration of our four meetings a year to provide sufficient time for these responsibilities.

Cyber security

Given the heightened cyber security threats during the year, cyber security was elevated to be a matter for the whole Board and is now a standing agenda item at Board meetings. However, technology and cyber controls continue to be reviewed by the Committee through the Risk, Privacy and Compliance Committee (RPCC) reports and through the ASOS Controls Programme.

External Auditor

As reported last year, FY26 was PricewaterhouseCoopers LLP's ('PwC') final year as the Group's External Auditor following the conclusion of a formal external audit tender process in FY25, which resulted in the recommendation to appoint KPMG LLP ('KPMG') as External Auditor with effect from FY27.

On behalf of the Committee, I would like to thank Neil Grimes, Audit Partner, and his team for their objectivity and effectiveness throughout their tenure as auditors and for ensuring an orderly transition to KPMG, pending shareholder approval of their appointment as auditor with effect from FY27 at the Company's forthcoming AGM.

Committee effectiveness

I am pleased to report that the Audit Committee effectiveness review concluded that the Committee continued to operate effectively, supported by strong leadership, constructive relationships with management, Internal Audit, Risk and the External Auditor, and robust oversight of financial reporting, risk management and internal controls.

Looking ahead

The Committee's focus will remain on strengthening the risk management and internal controls framework, and overseeing a smooth transition to our new external auditor, whilst continuing to fulfil its delegated duties from the Board across all other matters.

I would like to thank my fellow Committee members, management, Internal Audit and external auditors for their contribution during the year.

Jon Kamaluddin
Audit Committee Chair
05 November 2026

Principal activities of the Committee throughout the year and up to the date of this report:

Meeting agendas are guided by an annual forward plan to ensure the Committee fulfils its responsibilities and aligns its work with the Group's financial reporting cycle. After each meeting, the Committee Chair reports key discussion points and any recommendations to the Board.

Financial reporting	▪ Reviewed the Annual Report, and supporting information, considering both the positive and negative aspects of the Group's performance and concluded that the Annual Report was fair, balanced and understandable. ▪ Reviewed the full and half-year results announcements and monitored the clarity and integrity of the financial reporting, concluding that the key accounting judgements and estimates applied in the preparation of the Group's financial results were appropriate and consistently applied. ▪ Considered the viability and going concern statements and their underlying assumptions, and supported the assessments and related disclosures.
External audit	▪ Reviewed and agreed the FY26 external audit scope, fees and terms of engagement. ▪ Considered the External Auditor's reports on the full-year and half-year results and assessed its effectiveness, performance, independence and objectivity. ▪ Approved permitted non-audit services in line with the Non-Audit Services Policy.
Risk, privacy and compliance	▪ Oversaw the refinement of the Group's risk management processes including those for identifying the Group's Principal and emerging risks. ▪ Monitored the Group's Principal risk and risk registers and recommended updated Principal Risk disclosures. ▪ Reviewed the Group's risk appetites together with any changes and recommended them for approval to the Board. ▪ Agreed the scope for the newly formed Risk, Privacy and Compliance Committee (RPCC) and received reports from the RPCC following each of its meetings including: – updates from the Head of Internal Audit and Risk on the Group's ongoing risk management activities; – updates from the Data Protection Officer on the Group's data protection activities to ensure compliance with GDPR and other related data privacy laws; – compliance updates for other matters including Anti-Bribery & Corruption, Sanctions, Anti-Fraud, Anti-Money Laundering and Third-Party Risk Management.
Internal controls	▪ Monitored progress with ASOS Controls Programme (ACP), including enhancements to the Group's control framework, assurance activity and readiness for the new Code Provision 29 requirements. – Reviewed the outcomes of the FY26 Provision 29 dry run and areas identified for further strengthening. – Reviewed the Group's material controls and strengthened oversight of internal controls and resilience.
Internal Audit	▪ Assessed the effectiveness and independence of Internal Audit, reviewed internal audit findings and management's remediation actions. ▪ Approved the Internal Audit team's Charter, strategy and operating model and approved the FY27 Internal Audit plan and resourcing.
Other matters	▪ Reviewed the Group's Treasury Policy. ▪ Reviewed and approved the Group's Whistleblowing Policy and escalation matrix and received updates on whistleblowing matters. ▪ Received updates on current or threatened material litigation. ▪ Reviewed the Committee's Terms of Reference and recommended minor updates to the Board for approval.

Audit Committee Report cont.

Significant financial reporting matters and judgements

Going concern and viability	The Committee undertook a detailed review of the financial liquidity of the Group over an 18-month period to support the going concern assessment, and a three-year period to support the viability assessment. In doing so, the Committee challenged management's assessment of forecast cash flows, including sensitivity to trading and expenditure plans, and for the potential impact of certain scenarios, including reductions to forecast revenues and margin, and working capital outflows. The Committee also considered the Group's financing facilities, noting the refinancing announced on 13 November 2025. Based on this, the Committee confirmed that the application of the going concern basis for the preparation of the financial statements continued to be appropriate, with no material uncertainties noted. It was also concluded that the Group is able to meet its liabilities as they fall due over the viability period of three years. For further information, see pages 61 to 62.
Inventory provisions	The Committee reviewed the inventory provisions for FY26, noting a reduction in the overall provision compared to FY25. As of 30 August 2026, gross inventory totals £446.5m, against which an inventory provision of £78.4m has been recognised (FY25: £121.2m). The reduction predominantly reflects utilisation of the non-underlying provision. There was also a smaller reduction in the underlying operating model provision, reflecting stock utilisation and higher expected income per unit through exit routes. Management provided the Committee with updates on the work performed to validate the appropriateness of key estimates used in respect of inventory provisions. The Committee concluded that the methodology for calculating the net realisable values of inventories, including management's estimates on provisions, was appropriate.
Alternative Performance Measures (APMs)	The Committee considers it important to take account of both the statutory measures and the APMs when reviewing these financial statements. In particular, items excluded from adjusted profit before tax were reviewed by the Committee. The adjusted loss before tax this period was £(46.4)m, with a reported profit before tax of £24.4m (2025: £(98.2)m and loss before tax £(281.6)m) – the excluded items are detailed within note 3 of the financial statements. The most significant item relates to gains in relation to the disposal of the Lichfield and Atlanta fulfilment centres and the impairment of legacy technology assets following the Group's decision to transition its ERP platform to Microsoft Dynamics 365. The Committee is satisfied that the presentation of these items is clear, applied consistently across years, in line with Group policy, and that the level of disclosure is appropriate. In addition, the Committee focused on ensuring that the Group's APMs are not given undue prominence over figures derived from the financial statements. The Committee ensured that clear, tailored explanations are provided for the inclusion of each APM, and that all APMs are properly reconciled to the most directly comparable line items in the financial statements.
Impairment of non-financial assets	The Committee assessed the impairment testing of the Group's tangible and intangible assets, including goodwill, challenging key assumptions such as projected cash flows and discount rates, and reviewing sensitivities within the value-in-use model. Headroom increased to £379.5m (FY25: £102.6m), principally reflecting a lower asset base and higher forecast cashflows, partly offset by an increase in the discount rate. No impairment was required. Whilst the headroom remains sensitive to changes in forecast revenue growth and margin, the Committee was satisfied with the robustness of the assessment and that appropriate disclosures had been made.
Recognition of deferred tax assets	The Committee reviewed management's assessment of the recognition of deferred tax assets in line with IAS 12 Income Taxes. In determining the amount of deferred tax assets to recognise, management made significant estimates regarding the Group's future profitability, considering factors such as revenue growth, profit margins and cost management strategies. The Committee was satisfied that the estimates made were reasonable and aligned with the Group's broader going concern and impairment assessments. As at 30 August 2026, the Group has recognised net deferred tax assets of £69.3m. £14.6m of previously unrecognised deferred tax assets have been recognised in the year.

Fair, balanced and understandable

The Committee advises the Board on whether it considers the Annual Report and Accounts to be fair, balanced, and understandable, and whether they give shareholders sufficient information about the Company's financial position, performance, business model and strategy. As part of its formal remit, the Committee ensures that disclosures are transparent and accurate, and challenges management as needed.

Where necessary, updates are made to enhance clarity and completeness. The External Auditor supports this by performing a statutory audit in line with relevant standards, laws and regulations.

The Committee's activities in this regard included:

- Reviewing the processes and controls that support the preparation of the Annual Report, with confirmation that the reporting team and Senior Leaders fully understood their roles and responsibilities.
- Receiving an advanced draft of the full Annual Report and providing feedback, with amendments incorporated as required before final approval.
- Being presented with a summary of the key matters included in the Annual Report, highlighting both positive and negative factors.
- Reviewing and discussing the key factors considered in determining whether the Annual Report is fair, balanced and understandable.

The Committee recommended to the Board that the FY26 Annual Report is fair, balanced and understandable while providing the necessary information to assess the Company's position and performance, business model and strategy.

External Auditor

PwC continued as the Company's External Auditor for FY26 following reappointment at the Company's Annual General Meeting on 22 January 2026.

As reported last year, the Board approved the appointment of KPMG as statutory auditor for the year ending 29 August 2027. The appointment is subject to the approval by shareholders at the forthcoming FY26 Annual General Meeting. Going forward, the Committee will put the external audit out to tender at least every ten years. The Committee believes that it is in the best interest of its shareholders to appoint KPMG as External Auditor and therefore recommends that KPMG be appointed as Company auditors for FY27.

A detailed description of the External Auditor tender process is available in the previous year's Audit Committee Report within the Company's FY25 Annual Report and Accounts.

To ensure a smooth transition, the Committee will monitor the handover arrangements between the two audit firms, including the transfer of prior-year audit insights, accounting policy considerations and matters arising from the outgoing auditor's review procedures performed in FY26.

External Auditor effectiveness

The Committee reviewed the FY26 external audit plan and agreed the audit scope, areas of focus, materiality and audit fees.

The Committee undertakes an annual assessment of the effectiveness of the External Auditor, drawing on a range of evidence gathered throughout the audit cycle. During FY26, this included:

- structured feedback from management following the previous year-end audit, including consideration of any areas identified for improvement;
- feedback from Audit Committee members based on their interactions with the External Auditor throughout the year, including Audit Committee meetings and private sessions;
- consideration of the quality of challenge and professional scepticism demonstrated by the External Auditor on significant judgements and areas of audit risk;
- information provided by the External Auditor on audit quality, including the experience and continuity of the audit team, senior involvement and quality review arrangements; and
- external audit quality evidence, including the FRC's latest Audit Quality Inspection and Supervision findings for PwC.

The Committee also considered PwC's year-end audit findings and its interactions with the External Auditor through the FY26 audit process before reaching its annual conclusion.

The Committee concluded that the External Auditor was effective, demonstrating appropriate challenge and professional scepticism, strong technical capability and a good understanding of the Group, its operating environment and key risks.

Post-audit feedback sessions take place following each external audit to identify opportunities for continuous improvement, with actions considered as part of the following year's effectiveness assessment.

External Auditor independence and objectivity

The Committee assessed the External Auditor's independence and objectivity throughout the year. In doing so, it considered PwC's formal confirmations of independence, the nature and extent of non-audit services provided to the Group, compliance with the Group's policy on non-audit services, and the safeguards and controls operated by PwC to maintain its independence and objectivity, including relevant partner rotation requirements. The Committee also considered its own interactions with PwC throughout the year, including private sessions without management present. Having considered these factors, the Committee concluded that PwC remained independent and objective throughout FY26.

The Committee meets privately with the External Auditor without management present at least twice a year, and the Committee Chair meets the audit partner privately throughout the audit cycle. These sessions give the External Auditor the opportunity to raise any matters directly with the Committee, including on management's cooperation and access to information. The Committee took account of these discussions in reaching its conclusions on the effectiveness, independence and objectivity of the External Auditor set out above.

The Group remained compliant with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 throughout FY26.

Non-audit services and fees

Before commissioning non-audit services, the Committee must ensure that there is no issue as regards to independence and objectivity and other potential providers are adequately considered. Any non-audit services provided must be in accordance with the Group's Non-Audit Services Policy ('Policy'), which states that:

- the CFO has pre-approved authority to commission the External Auditor to undertake non-audit work for a specific project expected to be less than £50,000;
- non-audit services expected to be between £50,000 and £250,000 must be approved by the Committee Chair; and
- non-audit services expected to be over £250,000 must be approved by the Committee Chair and one other Committee member before being carried out.

PwC may only provide such services if the service does not conflict with their statutory responsibilities and ethical guidance. When reviewing requests for permitted non-audit services, consideration is given to whether the skills and experience make the External Auditor the most suitable supplier of the non-audit service, taking into account independence or objectivity, and the fee to be incurred for non-audit services, both for individual non-audit services and in aggregate, relative to the Group audit fee.

The fees for services provided by PwC in relation to the financial year to 30 August 2026 are £1.3m (2025: £1.5m). This includes external audit fees for the year of £1.1m. The Committee reviewed and discussed the fee proposal and was engaged in agreeing the audit scope.

In FY26, PwC provided non-audit services of £0.2m (2025: £0.2m) for its work on the half-year review of our interim results. The total fees for non-audit services represented 18% of the Group audit fee.

The Committee agreed that the non-audit services provided during the financial period should be provided by PwC due to their in-depth knowledge of the business and is therefore an efficient means of receiving non-audit services.

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In line with the Policy, the Committee reviewed the level of non-audit fees incurred during the year. As required by the Policy and the FRC's Revised Ethical Standard 2024 ('Ethical Standard'), the Committee assessed whether the fees for permitted non-audit services breached the cap of 70% of the average statutory audit fee over the preceding three financial years, and confirmed that this cap was not exceeded in FY26.

The Committee will continue to keep the level of non-audit fees relative to audit fees under review following the transition to KPMG to ensure we meet the requirements of the Ethical Standard.

Employment of former External Auditors

Any employment of former employees of External Auditors who have worked on the Company's audit would be considered on a case-by-case basis and would take into account the Auditing Practices Board's Ethical Standards on such appointments. Any such appointments would require approval from the CFO, the Committee or the Board depending on the seniority of the appointment.

Internal Audit

Our Internal Audit team oversees the Group's assurance approach, providing an independent view over the adequacy and effectiveness of the Group's risk management and internal control framework for the Board and Committee. The Committee approves an assurance plan annually, and monitors progress of the resulting assurance activities through each meeting. Any changes needed to the plan in response to evolving Group strategic priorities, risks and business operations, are also reviewed and approved.

The plan is based on the Internal Audit team's assessment of the Group's key financial, operational, compliance and technology risks to its operations and/or strategic success. The plan is partially delivered by relying on controls testing completed by other assurance providers, including under the ACP. The Committee will only place reliance on such work once appropriate risk assessments and quality checks have been completed by the internal audit team.

For FY26, our plan was designed to provide an appropriate and proportionate level of assurance over the controls frameworks for managing our Group Risks. Our Principal risks, of which our Group risks are components, are presented on pages 56 to 60. Details of work completed in preparation for our revised Code Provision 29 disclosures, which supported delivery of our FY26 plan, are included on page 84.

The results from assurance activities are reported to management and Senior Leaders, and are used to agree remedial actions to close control gaps and drive overall improvements. Actions completion is tracked with delays escalated to our Risk, Privacy & Compliance Committee (see page 55). Management Committee members and other Senior Leaders remain accountable for the timely completion of remedial actions. Updates on assurance activity outcomes and the states of actions are also reported to the Committee in each meeting.

During the year, the Committee reviewed the effectiveness of the Internal Audit team with reference to their annual self-assessment process, actions from continual improvement activities and feedback from Senior Leaders and Committee members. The Committee considers that the Internal Audit team remains effective and has appropriate experience and expertise to deliver their duties with the required level of quality and skill.

Risk management and internal controls

The Committee is responsible for ongoing review of the Group's risk management and internal controls framework, including financial reporting matters required by the Code, such as:

- identification, assessment, management and mitigation of the Group's principal and emerging risks;
- oversight of the preparation of the Group's accounts;
- monitoring of the implementation of key Group policies; and
- oversight of the investigation of whistleblowing matters.

The Committee reviews and assesses the Group's main risks, reviews the results of assurance activities over related controls, and considers how our risks could affect the achievement of strategy and the Group's external reporting.

Management Committee members and other Senior Leaders are accountable for the day-to-day identification of risks, and responsible for the implementation and monitoring of related controls within business functions.

The Group's risk management process is sponsored by the CFO and coordinated by the Head of Internal Audit & Risk. After improvement activities in the year, the process has a renewed focus on identifying new or emerging risks and ensuring management responds appropriately. The process also assesses whether management are maintaining the right level of control throughout the Group, in alignment with risk appetite target scores approved by the Board. Further details on the Group's approach to risk management are provided on pages 54 to 55.

Internal control effectiveness

Following the information security incident identified after the year end, the Committee has considered the potential implications for the effectiveness of the Group's risk management and internal control framework during FY26, drawing on updates provided to the Board's Cyber Sub-Committee on the incident, management's response and the ongoing investigation.

Based on the information available at the date of approval of the financial statements, no matters have been identified arising from the incident that would change the Committee's assessment of the effectiveness of the Group's risk management and internal control framework during FY26. The forensic investigation has concluded, with management continuing to assess its findings and any implications for the Group's control environment. The Committee will continue to oversee any identified control improvements, with further disclosure regarding the incident and related response in the FY27 Annual Report, as appropriate.

Provision 29 readiness

The Group made significant progress in preparing for upcoming revised requirements under Provision 29 of the 2024 Code during the year. Building on work undertaken in FY25, the ACP continued to mature and embed a refreshed framework of material controls in certain financial, operational, reporting and compliance areas linked to the Group's principal risks.

ACP activities progressed from identification and design improvement into a more extensive phase of assurance. Work included a mix of design and operating effectiveness testing and maturity assessments across different material controls.

In preparation for the Board's first formal Provision 29 declaration in FY27, management completed a structured dry run of the proposed evaluation process in H2 FY26. The exercise brought together the results of second line of defence assurance activities with management assessments; and provided an opportunity to test the methodology and evidence that will support the Board's future declaration.

The dry run provided valuable insights into the maturity of the Group's control environment and identified focus areas for further enhancement. These included opportunities to strengthen control documentation and further embed

accountability across cross-functional processes. Management has incorporated these actions into its FY27 priorities.

The Group continued to strengthen its internal controls over financial reporting during FY26, building on the foundations established in previous years. Monthly management monitoring and formal assurance activities have become increasingly embedded, supported by clearer first-line ownership and accountability for control performance and remediation.

Technology controls also remained an important focus area. The Group strengthened its IT General Controls and wider technology-enabled control environment, supported by enhanced governance, clearer accountability and increased assurance activity. Better visibility also facilitated improvements to the maturity and operation of security and resilience controls in response to evolving risks. Further technology control improvement is planned for FY27.

Oversight of the ACP was maintained throughout the year by the Committee receiving regular updates on programme delivery, assurance outcomes and the results of the dry run. In FY27, Committee and RPCC reporting will continue to focus on progress with open remedial actions and how any remaining improvements are being embedded to ensure we will be ready for our first formal declaration.

Key elements of the Group's risk management and control framework

Key elements of the Group's controls framework for risk management and financial reporting include:

- Established organisational structures including lines of accountability and responsibility for effective decision making and governance. Further details of our governance structures are provided on pages 54 to 55, 76 to 89.
- Key policies, standards, procedures and guidelines underpinning the Group's financial, operational and compliance activities such as our Delegation of Authority, and Whistleblowing, Anti-Bribery and Corruption, Anti-Facilitation of Tax Evasion, and Anti-Fraud Policies.
- Established process and control frameworks that capture and help embed compliance with requirements and manage our key risks.
- Second line of defence compliance activities operated by subject matter experts within our central function teams. These include Finance, Risk Management, Legal, Compliance, People Experience, Technology, Data Privacy, Tax, Treasury, Company Secretarial, Health and Safety and Security.
- Regular discussion of our Group and emerging risks, including changes to risk exposures, mitigating controls and the status of management remedial actions such as those from internal audits and other assurance activities. The Committee also reviews a summary of whistleblowing reports, investigation outcomes and control improvements identified as a result at each meeting
- Robust budgeting and forecasting processes that link Group strategy, objectives, and annual planning and operational budgeting to Board oversight and approval.
- Scanning for developments and changes in accounting standards, requirements and financial reporting best practices. Tracking necessary action to ensure these are reflected in our Group financial statements where appropriate. This includes any recommendations from our External Auditor and the FRC.
- The Committee and the Board receive periodic reports from management and the External Auditor on significant accounting judgements, estimates and changes in accounting policies; monitor other significant matters relating to the Group's financial reporting; and review and approve our draft Annual Report and Accounts before publication.

Review of the Group's risk management and control framework

The Committee reviewed the effectiveness of the Group's risk management and internal control systems during the year, considering the key elements above and results of assurance work completed under the ACP and by the Internal Audit team (see pages 84 and 85). Based on this review, the Committee has recommended to the Board's that it confirms that it has monitored and reviewed the effectiveness of these systems during the year and up to the date of approval of the financial statements (see page 83 for more details).

Areas identified for further strengthening of controls by the ACP, internal audit and risk management activities in the year will continue to be monitored by the Committee to confirm remedial actions are completed. The Committee will also consider how these relate to our preparations for reporting under the enhanced Code Provision 29 requirements from FY27, and to ongoing enhancement of our control environment.

Whistleblowing

We operate an embedded whistleblowing process which collects reports through an anonymous and externally operated whistleblowing tool (Spot), direct submissions to one of six nominated Whistleblowing Officers or through escalation of reports that have been received by management.

Our approach is underpinned by our Whistleblowing Policy, which was reviewed and reapproved by the Committee during the year, and outlines how concerns about suspected wrongdoing (financial or otherwise) can be reported without fear of reprisal.

Reports are investigated by a Whistleblowing Officer, supported by subject matter experts where needed, and next steps including control improvements required are identified. Investigations and escalation are guided by the Whistleblowing Policy. The Committee receive reports on the nature, content (where appropriate), and outcomes of reports and investigations at each meeting; alongside updates on the framework activities such as on Group training and communications.

Anti-bribery and corruption

The Group has a zero-tolerance approach to bribery and corruption and is committed to conducting business in an ethical and honest manner. This is set out through all relevant Group policies including our Anti-Bribery and Corruption Policy. All ASOSers are expected to act professionally, fairly and with integrity in all business dealings and relationships, no matter where in the world. Anti-bribery and corruption training is provided to new starters and refreshed annually. This ensures all ASOSers are aware of their responsibilities and forms a key part of our wider compliance framework.

Jon Kamaluddin
Audit Committee Chair
05 November 2026