Trusted 1,000,0n- times over

AO World Plc
Annual Report and Accounts 2026

Proud to be the UK's most trusted electrical retailer

A million Trustpilot reviews coupled with a rating of 4.9 out of 5 is a world first and something we are immensely proud of because it reflects our deeply ingrained obsession with customer service.

Our Mission
To be the destination for electricals

Our Purpose
We make customers' lives easier by helping them brilliantly

Number of Trustpilot reviews

1 million+

£1.26bn
Group Revenue
FY25: £1.14bn

£50.5m
PBT
FY25: £20.6m

£16.4m
Net funds/ (debt)
FY25: (£35.9m)

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> **"The website is very easy to navigate, the perks of the membership are well worth it and communication has been good throughout. My items were delivered quick and easy and my old appliances taken away."**
>
> **Molly, AO Customer**
> April 2026

AO World at a glance



What we do

With over 9,500 electricals available on ao.com from MDA to mobiles, blenders to BBQs and TVs to toasters, millions of happy customers and members choose AO again and again because we deliver quickly, offering quality installation services and full recycling and recommerce capabilities alongside finance and insurance products. All underpinned by our trusted service that's magic in the moments that matter.

How we do it



13.3m

Customers

FY25: 12.5m

A customer is defined as an individual customer who has purchased via ao.com.



9,500

Products

FY25: 9,000

Products is the total number available for sale on ao.com.



2,884

Employees

FY25: 3,133

Employees include anyone employed by the group.



31

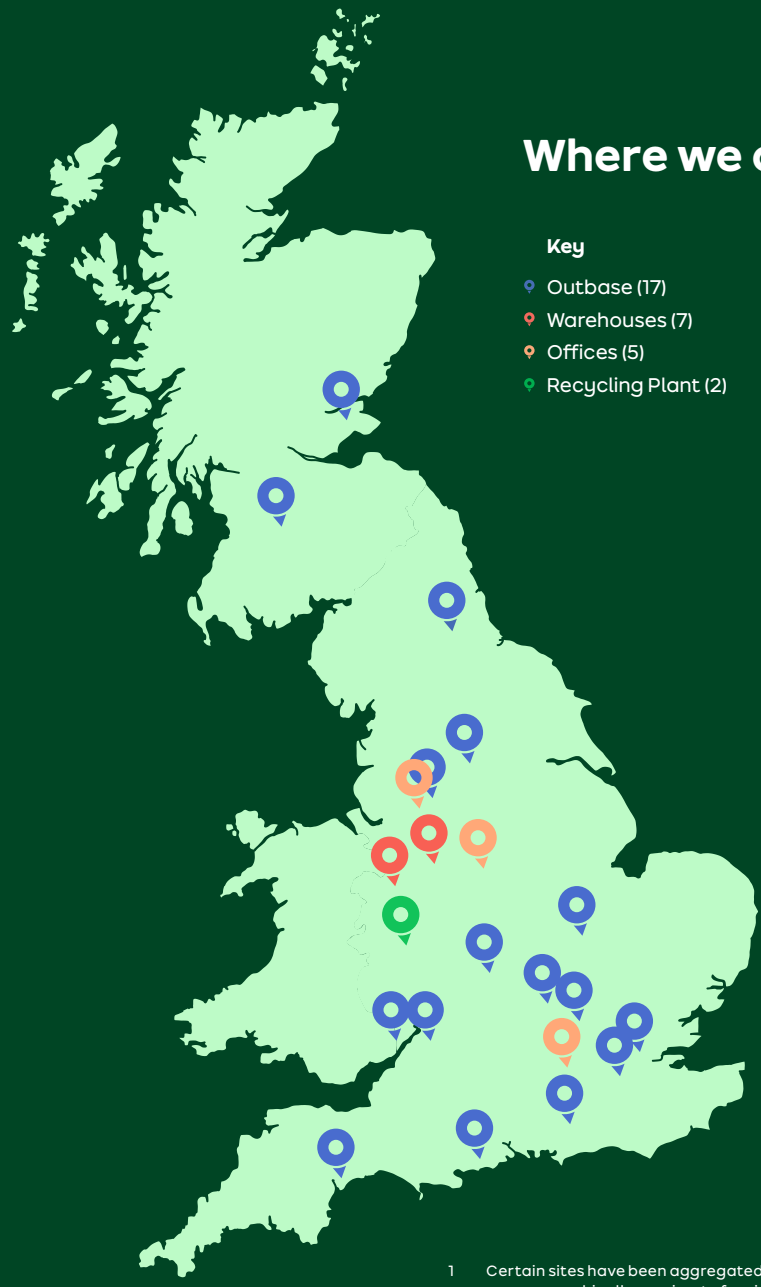
Locations across the UK

A location is defined as a depot, warehouse or office space being used by the AO group.

The AO Family

AO includes ao.com, ao-business, ao recycling, ao logistics and ao outlet.

Where we do it[1]



1 Certain sites have been aggregated where they are geographically proximate for visual clarity. Number in brackets is correct as at May 2026.

AO World at a glance
continued

Our ecosystem behind every brilliant experience

The AO ecosystem brings together expertise and services across retail platforms, including recommerce, in-house logistics, financial services, a dedicated recycling plant and a recently launched mobile network. Together, this creates a seamless, one-stop shop that makes buying, owning and recycling electricals simpler for customers.

Our customers are at the heart of everything we do. Our eco-system constantly evolves to meet changing customer needs and market demand, ensuring we achieve our mission. It's not about what we do though – it's about how we do it.

1 Seamless purchasing process

Multiple e-commerce platforms provide access to over 9,500 electrical products. Bespoke content, including imagery, videos, how-to guides, lifestyle content and energy-efficiency ratings, is created by an in-house multimedia team. Pricing tools monitor the market several times a day to maintain competitiveness, while My Account functionality allows customers to order, review and amend purchases up to the day of delivery. If our customers want to talk to somebody, they can call our contact centre 7 days a week.

2 Payment options and peace of mind

We recognise that our customers need options as to how they pay for their products, and they want peace of mind. On behalf of NewDay, we promote a range of credit products at competitive rates, but also use 0% interest free offerings and buy now pay later for promotional purposes. We ensure adherence to responsible lending practices and provide simple and clear finance options for our customers. AO also works with Domestic & General, the UK's leading specialist warranty provider, to offer product protection plans that provide reassurance if repair or replacement is required.

3 Dynamic distribution and services

Our in-house logistics network comprises seven distribution centres, with a total of over 2m sq ft, 17 delivery depots and around 800 trucks and 300 trailers. This enables nationwide delivery seven days a week, with next day options and dynamic time slots.



4 Extra mile engagement

Our services include the basics of unpacking and inspecting customers' products, removing packaging and the old product to be recycled, to complex gas cooking and integrated installations – we go the extra mile.



5 Recycling

Our in-house state-of-the-art WEEE (Waste Electrical and Electronic Equipment) and plastics recycling facilities in Telford recycles well over one million large domestic appliances each year. Over 40% are processed using Bertha, the Group's fridge-shredding machine. Plastics recovered are refined through AO's purpose-built recycling plant, with annual capacity of 25,000 tonnes, producing high-quality materials for reuse in new products and appliances.

6 Recommerce

Our reverse supply-chain platform, musicMagpie, enables customers to trade in old technology and purchase second-life products. Where possible, returned products are resold through ElekDirect or other third-party outlets.



Chair's statement

Strong performance built on trust and discipline

FY26 was a standout year for AO, delivering record profit, strong cash generation and the Company's first share buyback.

This was achieved against a challenging and uncertain external environment, providing clear evidence of the strength and resilience of our business model alongside AO's continued focus on simply doing the right thing for customers, colleagues, shareholders and the wider communities in which we operate. We believe strongly this approach delivers the best long-term outcomes for all our stakeholders.

Our strategy is clear: to create sustainable value by being the most trusted electrical retailer, built on brilliant retail basics, a structurally low cost model and a shared economics approach that can be delivered with scale that aligns the interests of customers and shareholders. During the year the Board has continued to challenge and support management in executing this strategy with discipline, while ensuring service standards, culture and governance remain paramount.

Financially, the Group delivered a strong and resilient performance. Sales growth, improved profitability and a strong balance sheet reflect the strength of our operating model and benefits of scale.

Capital allocation remains a key focus for the Board as we balance disciplined investment, growth opportunities and appropriate shareholder returns. Within this context, the Board executed the return of capital to shareholders through the Company's first share buyback, while retaining flexibility to invest for the future.

We are intending to return further amounts to shareholders via a special dividend of £10m and a new share buyback of £10m following the circulation of the FY26 annual report and accounts to shareholders. We will continue to maintain this balanced approach as we consider strategic investments to build our infrastructure for technological advantage.

A central theme this year has been the continued development of AO's ecosystem and customer relationships. Membership continues to deepen engagement, drive loyalty and reinforce trust, while new propositions such as AO Mobile (our MVNO) and Switch24 (our low monthly cost upgrade deal) demonstrate AO's willingness to innovate where it strengthens the customer offer and aligns with our long term economics. The Board closely monitors these initiatives, recognising both their strategic importance and the need to remain pragmatic and disciplined as markets and customer behaviours evolve.

Sustainability continues to play an important role in how AO creates long term value, with a particular focus during the year on integrating and progressing our recommerce capabilities through musicMagpie. FY26 saw the Group strengthen the link between retail, trade in and second life channels to support a more joined up customer proposition. We recognise the strategic importance of recommerce in deepening customer relationships, improving value generated across the product lifecycle and supporting affordability alongside sustainability.

The Board views sustainability as an investment in resilience and long term value, and remains focused on ensuring activity is measurable and aligned with our strategy.

Strong governance continues to underpin everything we do. The Board devoted significant time during the year to strategy, risk management, cyber security, data protection, health and safety and organisational capability. Governance considerations are actively explored in key business developments such as digital transformation, automation and selective outsourcing.

We welcomed Sophie Tomkins to the Board during the year, strengthening our collective skills and experience, and we continue to keep Board composition, succession and effectiveness under regular review. Peter Pritchard became Senior Independent Director from 1 April 2026, further strengthening the Board's independent oversight and governance.

People and culture remain critical to AO's success. The Board receives regular insight into engagement, wellbeing, talent and culture, and continues to balance the need for efficiency and performance with our responsibility to maintain capability, fairness and inclusion. We are pleased that engagement and retention remained strong during a period of change, reflecting the commitment of AOers across the Group.

Looking ahead, the external environment remains uncertain and the pace of technological change continues to accelerate. The Board is confident that AO is well positioned to navigate these challenges, supported by a strong balance sheet, a clear strategy and a high performance culture that embraces change while staying true to our values.

This positioning is supported by a management team that actively explores market and technological opportunities with a commendable open mind and approach to learning. We remain mindful of emerging risks, including cost pressures, cyber threats and the organisational impacts of further transformation, and will continue to exercise careful oversight as the business evolves.

On behalf of the Board, I would like to thank our colleagues for their continued commitment, our partners and suppliers for their support, and our shareholders for their trust. The progress made during FY26 gives us confidence in the long term prospects of AO, and I look forward to the year ahead.

Geoff Cooper
Chair
16 June 2026

> **"FY26 was a standout year for AO, delivering record profit of £50.5m, strong cash generation and the Company's first share buyback."**
>
> **Geoff Cooper**
> Chair



Chief Executive's review



"AO has a long term focus. Our investment case is to create value through our flywheel that shares value with our members at scale, through structural cost advantages and an obsession with world-class service quality. In turn, the same customers give us a greater share of their electricals spend which further drives our growth and operational gearing. The benefits of scale, the brand value of being the most trusted electrical retailer and our high performance culture are meaningful moats around our business."

John Roberts
Founder and CEO

FY26 has been another year of steady progress. Our continued focus on delivering an exceptional customer experience and value proposition alongside disciplined financial management saw market share growth across all categories, strengthening our position in an uncertain external environment.

We achieved sales of £1.27 billion and delivered profit before tax of £50.5 million, reflecting our structural cost advantage, the resilience and relevance of our model and our ability to adapt quickly as conditions change.

Our balance sheet has never been stronger. Having completed our first £10m share buyback during the year, we had cash of over £81 million at year end, complemented by an undrawn £120 million revolving credit facility. This provides over £200 million of available liquidity and gives us significant flexibility for future investment and provides a great baseline from which to apply our capital framework.

When we think about how best to return capital to shareholders, we have a balance sheet floor over which we will evaluate the return we can achieve on our planned capex requirements and/or other growth opportunities whether organic or acquisitive. We will balance the surplus returns through share buybacks and special dividends.

While our strategy is long term, we are not immune to external uncertainty. Cost inflation, shifts in consumer demand and rapid technological change continue to affect the retail landscape. This requires an invest-to-save mentality at times. For example, our offshoring programme has had meaningful double running costs while we learn how to achieve savings without impacting AO standards. We will never take the savings if service is sacrificed.

Electrical retail is a low frequency, high ticket purchase for customers. It has high price transparency and low product differentiation between retailers. So, in 2022 we launched AO membership as a mechanism to deepen relationships with customers and give us the platform to return more of the shared economic gains through exclusive discounts and propositions as well as other benefits in return for a greater share of spend from customers.

Today, our membership programme continues to go from strength to strength, with all key metrics improving. It remains central to our customer engagement strategy and is proving highly effective in driving loyalty and repeat purchases. It's no quick fix or silver bullet but what normally takes a while to work out and is difficult to achieve is normally a decent moat.

musicMagpie, our recommerce business, is now run rate profitable on an annualised basis and has launched a successful collaboration with Timpson, enabling customers to trade in tech for instant cash at locations nationwide, a great example of consumer convenience aligned to sustainability. It's early days but we're very excited about its potential.

The Magpie team have celebrated their first anniversary with us and I'm delighted with how the cultures have come together, which is testament to Steve Oliver's leadership.

Our Mobile business, which connects customers to our network partners (O2, Three and Vodafone), has been operating in a tough market for several years. Changes in how customers buy handsets and SIMs, longer contract cycles and the growth of SIM-only offers have put pressure on the economics of bundled mobile contracts.

Chief Executive's review
continued

In response, we worked closely with the networks to either reshape the category into something that works mutually or to close it in an orderly way. I'm pleased that the focus and creativity across the network and client partnerships have materially improved performance, and the business is profitable. If any of these key relationships were to change for the worse, we would be pragmatic and exit without drama. This is AO doing what it does best: facing reality early and driving a sensible, win-win outcome.

AO now has over one million Trustpilot reviews. This is a world first for any retailer in any category. To achieve this at a rating of 4.9 out of 5 in a low frequency category that is logistically very difficult is an outstanding achievement.

We are immensely proud of this because it reflects the deeply ingrained obsession with customer service AOers deliver every day. Doing this at scale as a lowest cost operator is a huge moat around our business. It is quite simply a way of life at AO from me as the founder and CEO, all the way through the business in both customer facing and support roles.

Looking back over the last year, we can reflect with a sense of pride and achievement for a job well done and I would, as ever, like to thank all stakeholders; AOers, trading partners and shareholders for their support. None of this happens quickly or by accident.

Looking forward, there is much to be excited about and a few grey clouds on the horizon.

The result of Government policy is higher cost at every turn for businesses. Costs walk in on legs and as those costs are increasing, historical labour flexibility is reducing. Simultaneously the capability of AI, robots and automation is increasing exponentially while cost is reducing quickly.

As a business, our primary responsibility is to customers, staff and shareholders.

We will continue to deliver our customers the lowest prices through being a lowest cost operator while protecting our world-class standards.

AO has a high performance culture, meaning we continually communicate with our people with candour for kindness not cruelty. People can see what's happening in the world and we're transparent about how it affects them. We are always embracing technology to see how it enables us to do things better and faster for less.

For example, so far, we have moved c.150 roles to South Africa. It has taken time to recruit and train the right people, to embed our culture and service mentality but we're out of learning mode and into business-as-usual with a significantly lower cost base and far greater flexibility whilst continuously improving quality to serve customers better.

AI is clearly a hot topic and so we are taking a parallel approach to it. There are clearly quick productivity and efficiency wins that we can learn to capture for short term benefit and we are leaning into that every day.

We are keeping a very close eye on consumer behaviour and adapting as we need to so that we are making the most of the deep truths that form our moat. We are already the best range, price and delivery service as our 4.9/5 is testament. If AI shopping is informed by the truth, then being the nation's most trusted electrical retailer is a pretty good starting point.

At the same time, we are reimagining our whole business, end-to-end, from first principles with AI at its core. Given the level of uncertainty around AI capabilities, costs and what the models will be in the future, this isn't simple. How quickly customers will adopt new behaviours and technologies is unknown. However, our high-performing people and culture thrives in a world of change. They are seeing this as a generational shift that is exciting to be part of. We are comfortable with 'I don't know' being the answer while still being willing to try at full speed.

We will back our intuition on innovation knowing that not everything will work. We would rather be 70% right and fast than 90% right and too late.

We see an advantage in 13 years' average length of service on our senior leadership team. They've lived some of these phases before and have the confidence and autonomy to invent, experiment and correct.

At the heart of these changes is the constant that our membership scheme beats to. The compounding principles of shared economics, brilliant retail basics and magic in the moments that matter are incredibly powerful. I have never been more convinced that we are on the right track to deepen our relationships with our customers and widen our moats around them.

That said, we are three years into the programme now and still learning. Our new Switch24 proposition has broken new ground in making phones affordable; you simply pay for the handset depreciation and get a new phone every 24 months – it does what it says on the tin. That said, the complexities through the journey have not been insignificant for customers to navigate and their understanding of a 'new' way to get their hands on the latest tech requires education.

We thought the hard work was integrating musicMagpie to enable the best residual value combined with a completely new finance product to create Switch24, when in reality, getting a customer to understand that it really isn't too good to be true is the challenge! It's amazing how these things that are so obvious to us are so rarely straight lines to success.

We have made huge progress this year with compounding this amazing proposition with our MVNO, AO Mobile, which recently launched.

It's my deeply held belief that customers who embrace Switch24 and AO Mobile will be members for life. We'll give them the lowest price forever on their mobile and in return they will give us their share of wallet on their electricals spend. It is seriously tasty and sticky chicken – once you've tried it!

To conclude, FY26 was a real success to be very proud of.

Capital discipline has always been central to how we run this business, and that does not change as we grow. Our first priority is always the balance sheet – keeping it strong and resilient, with the liquidity to trade confidently through whatever conditions we face. Beyond that, we invest in the business where the returns justify it, assessing every significant commitment against our cost of capital. And where we generate surplus capital above those needs, we will return it to shareholders in a consistent and flexible way – whether through share buybacks where they represent an attractive use of funds, or through additional returns over time. We are custodians of your capital. We take that responsibility seriously, and we always will.



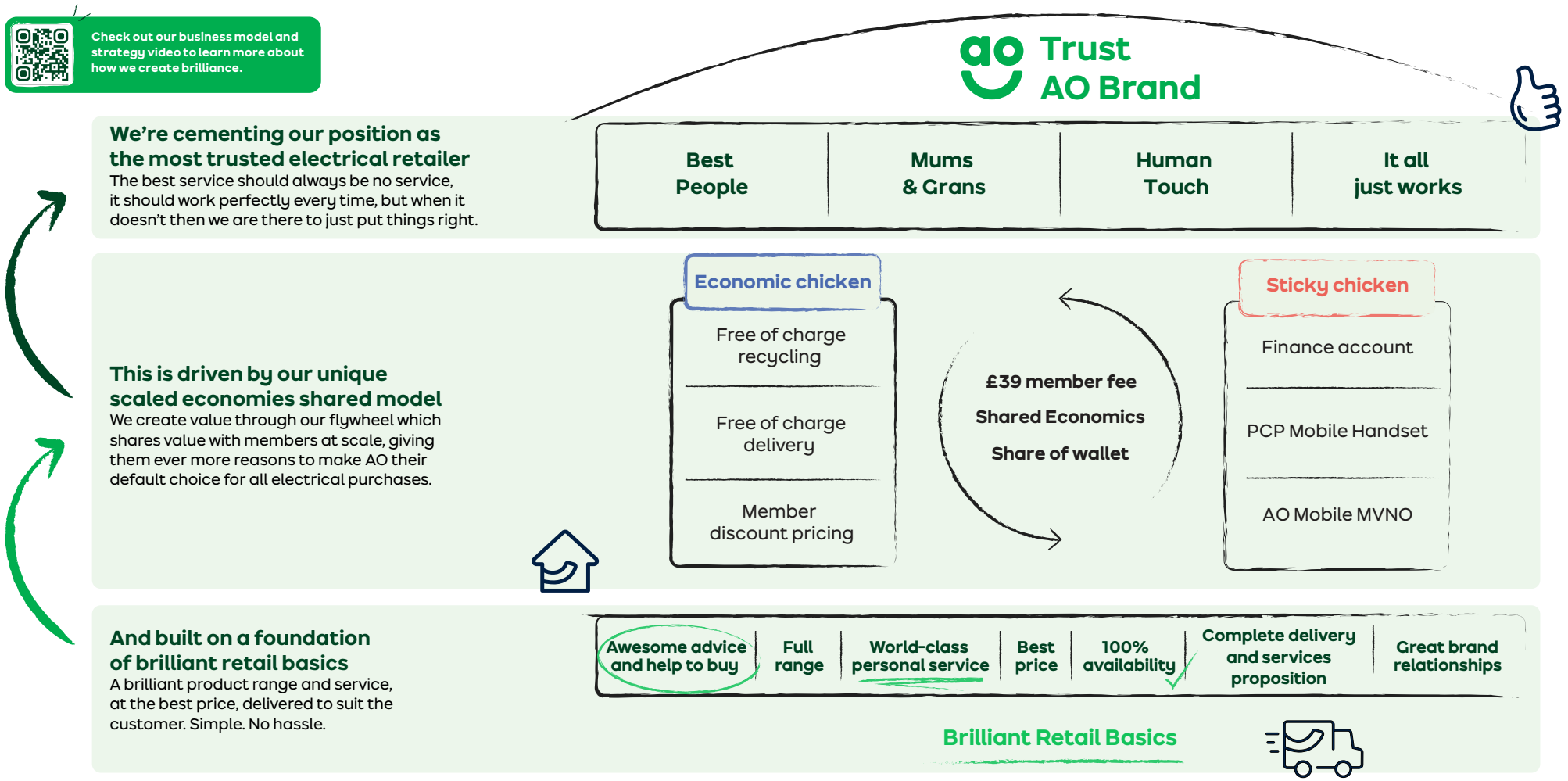
John Roberts
Founder and CEO
16 June 2026

Our business model and strategy

At the heart of what we do

Our customers sit at the centre of our strategic flywheel, driving our obsession for being the most trusted retailer through compelling pricing, proposition and service. In turn they will reward us with their hard earned spend, which will enable us to share the value we create together through our scaled economies shared model.

Check out our business model and strategy video to learn more about how we create brilliance.



Our business model and strategy
continued

Trusted to deliver

Sharing value with our members at scale

We want to deepen customer relationships beyond retail basics through a shared economics approach that can be delivered at scale, which customers trust, and choose to invest in.

Economic chicken

The clear and meaningful reasons to save money through membership is the motivation for members to use it more and to keep on renewing. The value comes from free of charge recycling, free delivery and special extra discounts for members only.

Sticky chicken

Focuses on increasing member transaction frequency, familiarity and loyalty by offering simple, fast-to-use finance accounts and demystifying the mobile market. Through AO Mobile and Switch24, members can access a single all-inclusive tariff and the latest handsets at market-leading prices, with the flexibility to upgrade every 24 months.

How our economics model translates into ownable actions

1 Making it a no brainer to buy with AO

We obsess over brilliant retail basics: expert advice, a complete range, market-leading prices, and outstanding availability. With next-day delivery, convenient time slots, installation and recycling included, we remove friction and make choosing AO the simplest, smartest decision.

2 Sharing value with customers through membership

Our membership model shares value with customers. For an annual fee, members receive free delivery, free recycling and exclusive discounts across our range, encouraging greater share of wallet while reinforcing long-term value, transparency and trust for customers.

3 Delivering efficiency, control and value capture

We operate a vertically integrated, low-cost model, retaining control over logistics, service and recycling. This efficiency creates operating leverage as we grow, freeing up investment to improve customer value while maintaining high service standards and structural cost advantages.

4 Building enduring customer relationships

We deepen engagement beyond retail through member-only finance, simpler checkout and exclusive propositions. These reduce effort, increase convenience and embed AO into customers' everyday decisions, strengthening retention while creating additional reasons to renew membership year after year.

5 Building frequency, familiarity and loyalty

By expanding relevant services such as mobile, handset upgrade programmes and finance, we encourage members to transact more often, across more categories. Greater familiarity drives loyalty, embedding AO as customers' default destination for essential technology purchases.

Our markets

Key trends shaping the market

Market forces shape our performance, from macroeconomic conditions to evolving customer expectations. Our ability to identify, manage and respond to the risks and opportunities these dynamics create underpins how we deliver sustainable value for customers and shareholders.

We operate in large, competitive markets influenced by consumer confidence, technology, sustainability expectations and geopolitical and economic uncertainty.

By maintaining a broad, value-led product range, disciplined cost control, operational flexibility and continued investment in our digital platform, we aim to remain resilient, protect margins and support long-term, sustainable growth while continuing to meet customers' needs.

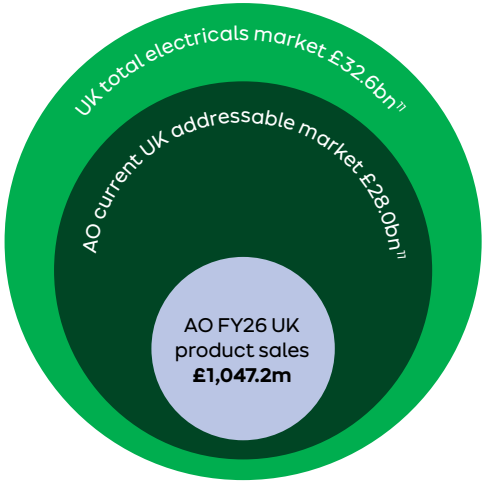
17.1%
(+1.3ppts)

AO remains a UK market leader in MDA, with a 17.1% market share[9].

£28bn[9]

AO's current UK addressable market (MDA, SDA, AV, consumer electronics, gaming, mobile, garden and DIY, smart home and personal care) estimate.

Our Market size



Interest rates, inflation and consumer confidence

Impact

Consumers' spending power remained constrained by a challenging macroeconomic environment and was further impacted during the latter half of FY26 by heightened geopolitical disruption.

The Bank of England base rate fell from 4.5% in April 2025 to 3.75% by March 2026[1]. The pace of further easing was curtailed by geopolitical conflict, which drove a significant increase in global energy and commodity prices[1] CPI inflation rose to 3.3% in the twelve months to March 2026,[2] having been trending towards the 2% target prior to the conflict. Inflation is now expected to remain in a 3.0%–3.5% range through mid 2026 before easing back[1].

The housing market is a significant driver of major domestic appliance ("MDA") demand. Residential property transactions in February 2026 were 6% lower year-on-year[7], reflecting the reversal of stamp duty relief in April 2025 alongside rising mortgage rates. Affordability constraints continue to weigh on transaction volumes.

Business energy costs remain a meaningful operational pressure. UK businesses are paying approximately 50% higher electricity rates in 2026 than pre-2022 levels[8].

Wage growth moderated to 3.6% in the period December 2025 to February 2026 with a further increase in National Living Wage in April 2026[4] will further increase business running costs[3].

Consumer confidence remains subdued. The GfK index stood at -21 in March 2026, with the Major Purchase Index down four points to -18[5]. Ongoing financial pressure has continued to support demand for "Buy Now Pay Later" products.

Our Response

According to Reuters, UK interest rates are expected to remain at 3.75% for the remainder of the year[6]. Any resumption of the rate-cutting cycle would improve mortgage affordability and support a recovery in housing transactions and MDA demand.

AO's range of over 9,500 products provides customers with choice across all price points. The majority of MDA sales remain distressed purchases, providing inherent resilience against macro-economic headwinds.

AO has a fuel hedge in place until March 2027 (signed in December 2025) covering c.80% of forecast fuel usage in FY27. Furthermore the business has a fixed price agreement for materially all of its electricity usage until October 2027 (signed in July 2025).

AO offers customers a range of finance options through NewDay, regulated by the Financial Conduct Authority ("FCA"), including revolving credit and promotional instalment plans. Credit limits are tailored to individual customer profiles to support responsible lending.

Our markets
continued

Technology and the customer journey

Impact

Online purchasing continues to gain share, with 67% of the electricals market now transacted online[9], driven by customer preference for low-touch, app-led shopping and flexible service and delivery options.

Demand for personalised experiences continues to rise, with consumers increasingly drawn to subscriptions, membership propositions and tailored product recommendations.

Rising online penetration has increased the importance of cybersecurity. High-profile ransomware attacks on UK retailers during FY26[10] have heightened customer expectations around data security.

Our Response

AO's website and app are designed to be simple, intuitive and empowering, enabling customers to shop in the way that best suits them. Customers are supported in making informed decisions through intuitive filters, detailed specifications, energy ratings and customer reviews.

Our "My Account" feature provides a personalised experience, allowing customers to manage and track orders from purchase through to delivery. AO continues to invest in its digital proposition, including enhanced product visualisation and interactive content.

AO continually invests in the online proposition with improved product visualisation and interactive information, which enables a better digital journey for our customers. Operational gearing means we can move quickly to adapt to customer demands with limited investment.

AO has invested and continues to invest in leading customer identity and access management technology to safeguard customer data and maintain trust.

Environment/Net zero

Impact

Demand for energy-efficient products remains strong amid high energy prices, with 65–70% of consumers considering sustainability when purchasing major appliances and c.35% willing to pay more, although cost-of-living pressures continue to constrain behaviour[11].

Our Response

AO views sustainability as an investment that supports long-term relevance with customers, suppliers and colleagues, while also driving cost efficiencies.

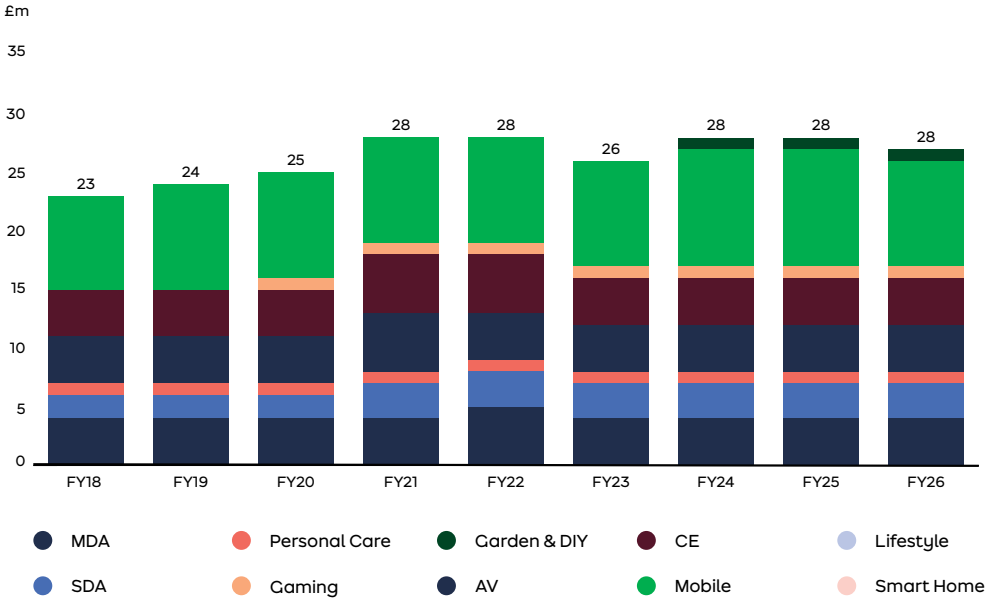
Detailed energy ratings on AO's website support informed and efficient purchasing decisions.

Since inception, AO's in-house recycling plant has recycled over 9.9 million products.

With a delivery network of over 680 vehicles on the road 364 days of the year we are continuously looking at ways to reduce our carbon footprint that make sense to our operation. Alongside our fleet partner we have launched a trailer which increases load and efficiency by c.5%, we also continue to roll out the trial of electric delivery vehicles, with 10 now part of our fleet. We also expect that by 2035 the vast majority of the trunking fleet will run on compressed natural gas ("CNG") or other lower-carbon alternatives as technology develops.

musicMagpie capability positions AO in the refurbished electronics market, aligning with circular economy principles and appealing to environmentally conscious, value-driven consumers.

AO addressable market by year[9]



1 Bank of England, *Monetary Policy Summary and Minutes*, March 2026. bankofengland.co.uk.
2 Office for National Statistics ("ONS"), *CPI Inflation Bulletin*, March 2026. ons.gov.uk.
3 ONS, *Average Weekly Earnings in Great Britain*, April 2026. ons.gov.uk.
4 Low Pay Commission, *The National Minimum Wage in 2026*. gov.uk.
5 GfK Consumer Confidence Barometer powered by NIM, March 2026. nielseniq.com.
6 Reuters, *BoE to hold interest rates through 2026 despite inflation threat: Reuters poll*, 21 April 2026.
7 HMRC, *UK Monthly Property Transactions Commentary*, February 2026. gov.uk.
8 Connection Technologies, *UK Electricity Prices Per kWh 2026: Business Rates Explained*. connection-technologies.co.uk.
9 GfK / NielsenIQ, *UK Electricals Market Data*. nielseniq.com. Due to the scale of the chart, some categories are not visible. Values have been rounded to the nearest £bn.
10 Heimdal Security, *UK Cybersecurity Statistics for 2026*. heimdalsecurity.com.
11 Ipsos, *Price trumps planet? Britons want sustainable products, but on a budget*, April 2025. ipsos.com.

Trust is our superpower

Trust is present in every customer interaction, from individual service moments through to how we communicate and advertise. Trust is not established through a single action; it is built over time, through consistent behaviour, and sustained across multiple touchpoints. We take this seriously.

Our ambition shapes how we operate across the organisation, guiding how we listen to customers, focus our efforts, and deliver the experiences that matter most.

This consistent, trust-led approach continues to resonate with customers. Brand tracking indicates positive momentum across key measures, with strong growth in awareness as the brand scales and we maintain stable trust levels. Customer affinity continues to build, and AO converts familiarity into loyalty more effectively than the category average.

Building for the long term

Our brand and marketing strategy is built around reinforcing trust as the foundation of our activity, supported by three core focus areas: customer insight, efficient media investment, and credible real-world presence. In a complex category, this approach ensures our investment is focused and disciplined, helping us reach the right audiences with messages that truly resonate. These priorities are underpinned by our commitment to building Trust, Fame and Love. Together, they guide how we show up as a brand, strengthening relevance and awareness at scale while creating meaningful connections with customers.



Initiatives such as AO Membership and AO Finance continue to deepen relationships with existing customers by rewarding loyalty and reinforcing AO as the first choice for electricals. By combining brand investment with a consistent focus on customer experience, we are strengthening the brand while laying the foundations for sustainable long-term growth.

Building relevance in new categories through insight

This year, our focus was firmly rooted in deepening customer insight and understanding behaviour at a more granular level, with particular emphasis on the mobile category. Mobile is an increasingly complex and competitive market, but one where we believe we can make a meaningful difference by applying the AO way: putting the customer first and solving their problems.

These insights directly shaped the development of Switch24 and AO Mobile and highlighted the key tensions and barriers that informed how we communicate value. Throughout, we focused on extending the same AO-led customer service and care through the proposition.

By grounding innovation in real customer needs and insight, we have strengthened relevance and confidence as the brand expands into new areas.

Smarter reach, greater impact

Driving efficiency through advertising remains a core focus of our marketing. This year, we sharpened our media investment to deliver stronger value, reach and effectiveness.

A long-term partnership with Global has been central to this, unlocking access to high-quality, trusted environments and enabling broader reach and consistent presence across key moments through an efficient multi-channel model.

This has allowed us to engage audiences at scale, build mental availability, and keep AO front of mind where it delivers the greatest impact.

Showing up in the real world

As a digital-first brand, maintaining a credible and consistent presence in the real world remains an important part of our brand and marketing mix. These activities create tangible points of connection, placing the AO brand into everyday life and reinforcing trust through action.

Sponsorship played a meaningful role this year in extending our reach and relevance. Our long-standing partnership with the AO Arena in Manchester city centre continues to connect the brand with a wide range of audiences at scale, while enabling us to reward AO members and employees through exclusive tickets and fan experiences. This presence ensures AO is visible in shared cultural moments and experiences that bring families and communities together.

The renaming of Manchester Thunder to AO Thunder marked a significant evolution in our approach, combining national visibility with strong local and community relevance. Aligning with one of the UK's most successful netball teams reflects our commitment to elite performance, regional pride and long-term investment in women's sport, while also engaging directly with families and grassroots participants closely aligned to our core audiences.

Our Grassroots programme remains central to building long-term brand connection at a local level. By supporting community sports initiatives and helping more children across the UK access sport, we are investing in communities in a values-led way, creating positive and lasting connections with families over time.

Alongside this, our brochure continues to bring the AO brand directly into customers' homes, reaching millions through a trusted and tangible format that reinforces familiarity and confidence.

Our brand
continued

Trust built on scale

1 million+

Customer reviews

> **I have used AO for about 12 years now, they can always be trusted to deliver on time and install if needed. Always a pleasant driver and back up service, plenty of products to choose from and good prices, would always recommend to look at first."**
>
> **Sandy**
> AO Customer
> March 2026

Reaching one million Trustpilot reviews marks a defining milestone for AO and a powerful endorsement of the trust we have built with customers over time. While our Trustpilot score remains a strong measure of performance, it is the scale and consistency behind that score, with the vast majority rated 'Excellent', that truly reflects the strength of our customer relationships. Together, these form our clear, measurable indicator of how well we deliver against our promise to be the UK's most trusted electrical retailer.

Trust at AO is not a campaign or a lofty metric alone; it is embedded into every touchpoint of the customer journey. From the design of our website to the experience delivered by our drivers and customer service teams, we hold ourselves accountable to a simple principle: treat every customer like your gran and make decisions your mum would be proud of. These beliefs guide thousands of daily interactions, ensuring that trust is consistently felt, not just claimed.

Crucially, this trust starts internally. Our people believe in what we stand for, and that belief drives the behaviours that customers experience. By building trust from the inside out, we ensure it is authentic, repeatable and a true point of differentiation.

Customer reviews are monitored and responded to in real time, helping teams across the business learn quickly, resolve issues and continuously improve the customer experience.

By treating customer feedback as an engine for improvement rather than a reporting metric, AO has built a transparent, customer-led approach to trust. As the brand continues to scale, Trustpilot remains a vital proof point in AO's ambition to become the UK's most trusted retailer.



ao.com/trust

Financial and Operational review



“Adjusted PBT of £50.5m, up 16.1% on revenue growth of 11.4%, while moving from £35.9m net debt to £16.4m net funds.”

Mark Higgins
Group Chief Financial Officer and Chief Operating Officer

Financial performance

In the 2026 financial year we remained focused on growing revenue while delivering profit and cash. Against an inflationary cost backdrop, we prioritised efficiency and mitigated cost increases through automation and process simplification.

Adjusted profit before tax increased to £50.5m, up 16.1% on revenue growth of 11.4%, reflecting improved gross margin and continued cost discipline across the Group delivering a PBT margin of c.4%. This represents further progress towards our medium-term 5% PBT margin target, supported by a stronger and more resilient operating model.

The Group also delivered a significant strengthening of the balance sheet, moving from £35.9m net debt to £16.4m net funds, underpinned by strong cash generation and disciplined working capital management. The strong conversion of profit into cash has enabled disciplined capital allocation in the year, including continued investment in the business, funding the EBT (£4.2m), a £10.1m share buyback programme and a significant strengthening of the balance sheet to a net funds position.

Operationally, this performance was driven by continued market share gains in core Retail, the return to profitability in Mobile and the rapid improvement in musicMagpie, alongside the strength of our customer proposition. This is reflected in market-leading customer satisfaction, with a Trustpilot rating consistently above 4.9/5 across more than one million reviews, and continued progress in our membership proposition, which is supporting increasing customer engagement and long-term value creation.

While the external environment remains uncertain, we remain confident in our ability to continue to grow revenue, improve profitability and generate cash, supported by ongoing investment in automation and our vertically integrated platform.

FY26 Financial Highlights

£m unless stated otherwise	FY26	FY25	YoY change
Revenue	**1,266.6**	1,137.5	11.4%
B2C Revenue	**911.0**	831.9	9.5%
Adjusted Profit Before Tax	**50.5**	43.5	16.1%
Profit Before Tax	**50.5**	20.6	145.1%
Basic Earnings per share (p)	**6.36**	1.70	275.2%
Free cash flow	**66.4**	26.3	152.3%
Net funds/ (debt)	**16.4**	(35.9)	N/A
Shareholder Returns[1]	**10.1**	-	N/A

1 Shareholder returns relate to purchase of own shares by the Company.

Financial and Operational review
continued

Revenue

1. Revenue

Year ended £m	31 March 2026	31 March 2025	% Change
B2C Retail revenue	**911.0**	831.9	9.5%
B2B Retail revenue	**103.0**	116.9	(11.9%)
Mobile revenue	**77.0**	94.4	(18.4%)
Recommerce revenue	**119.5**	42.6	180.5%
Third-party logistics revenue	**33.3**	30.5	9.2%
Recycling revenue	**22.7**	21.3	6.8%
	1,266.6	1,137.5	11.4%

For the 12 months ended 31 March 2026, total revenue increased by 11.4% to £1,266.6m (2025: £1,137.5m).

B2C Retail revenue

Revenue in our core B2C Retail business has increased 9.5% year on year. This increase is driven by growth in product, service, delivery and product protection plan sales. Product revenue and associated revenue is generated from ao.com, marketplaces and third-party websites.

This performance comes as a result of our increased drive to grow not only our MDA market share, where our share of the total market grew by over 1pt to 17.1% but also in other key categories including SDA and AV where we also made market share gains year on year.

There was an increase in service revenue, which includes membership income, fees for delivery, recycling, installation and related services mainly driven by the increase in product revenue.

B2B Retail revenue

Revenue has decreased by 11.9% year on year in B2B, as expected, in line with the Group's focus on optimising for profitability. We expect a small single digit decline in revenue in FY27, but the reset of B2B has been materially completed.

Mobile revenue

Mobile revenue decreased by 18.4% year on year, reflecting the shift in focus towards profit generation. As we prioritised margin optimisation and tighter acquisition cost disciplines, connection volumes reduced as a consequence. This, alongside a softer market for new mobile contracts, resulted in lower overall commission income from network partners.

Recommerce revenue

Recommerce revenue is generated from product sales through musicMagpie and ElekDirect, as well as reworked recycled products through AO Recycling. Revenue grew year on year by 180.5% to £119.5m (2025: £42.6m), with the majority of the increase attributable to a full year of musicMagpie consolidation.

Third-party logistics revenue

Third party logistics revenue increased by 9.2% year on year to £33.3m (2025: £30.5m), driven by demand for our market leading expertise in complex two person delivery. We provide delivery and related services for a number of third party clients in the UK, including Hisense and Simba. This activity generates incremental profitability by leveraging existing infrastructure and operational capacity. The Group will continue to optimise this opportunity to benefit from operational gearing, while maintaining focus on the core retail business.

Recycling revenue

Recycling revenues increased by 6.8% during the year, representing a resilient performance given the wider trading environment. Higher major domestic appliance sales and increased customer uptake of our recycling services drove year on year growth in processed volumes, supported by the introduction of palletised plastic processing. This increase in volumes was partly offset by a reduction in output prices for recycled materials, reflecting broader market conditions.

Gross margin

2. Gross Margin

Year ended £m	31 March 2026	31 March 2025	% Change
Gross profit	**316.1**	276.0	14.5%
Gross margin	**25.0%**	24.3%	+ 0.7 ppts

Gross profit, comprising product margins, services and delivery costs, increased by 14.5% to £316.1m (2025: £276.0m), exceeding the 11.4% growth in revenue. The 0.7 percentage point increase in gross margin to 25% was driven by the pivot to profit in mobile as well as the inclusion of a full year of musicMagpie trading. While inflationary pressures and lower average selling prices continued to impact delivery costs, these were more than offset by the operational efficiencies, targeted pricing actions and ongoing margin optimisation.

Financial and Operational review
continued

Selling, general & administrative expenses ("SG&A")

3. Selling, General & Administrative Expenses ("SG&A")

Year ended £m	31 March 2026	31 March 2025	% Change
Advertising and Marketing	**53.5**	44.4	20.4%
% of revenue	**4.2%**	3.9%	
Warehousing	**75.1**	62.0	21.1%
% of revenue	**5.9%**	5.4%	
Other admin	**138.2**	125.7	10.0%
% of revenue	**10.9%**	11.0%	
Administrative expenses before adjusting items	**266.7**	232.1	14.9%
% of revenue	**21.1%**	20.4%	
Adjusting items	**–**	22.9	N/A
% of revenue	**–**	2.0%	
Total Administrative expenses	**266.7**	255.0	4.6%
% of revenue	**21.1%**	22.4%	

SG&A costs, excluding the adjusting items (see Alternative Performance measures for further detail) increased to £266.7m (2025: £232.1m). The drivers of the increase were as follows:

Advertising and marketing costs increased to £53.5m (2025: £44.4m), primarily reflecting the consolidation of a full year of musicMagpie trading, which contributed approximately £3.5m of the increase. Continued investment in brand awareness also resulted in a year on year increase of around £1.0m, including spend on merchandise.

A highly competitive marketplace, combined with subdued market growth and an inflationary cost environment, led to increased investment in direct customer acquisition channels, particularly PPC, which increased by approximately £8.4m year on year. These increases were partially offset by a reduction of around £4.0m in Mobile acquisition spend following the successful pivot of the Mobile business to a profitable and more sustainable operating model.

Approximately 30% of warehouse costs relate to infrastructure and running costs for warehousing and outbases across the logistics business as well as the infrastructure costs relating to musicMagpie warehousing and for our inhouse recycling plant. The remaining c.70% of warehousing costs relate to people related costs which have been impacted by ongoing inflationary pressures. Of the £13.1m increase in warehousing year on year, musicMagpie accounts for £7.3m of increase with the remainder of the increase attributable to volume increase and inflationary pressures on labour costs. The business continues to look to offset the impact of inflation through efficiencies and advancements in the use of robotics in warehousing.

Other administrative costs decreased marginally as a percentage of revenue, with total spend of £138.2m (2025: £125.7m). The inclusion of musicMagpie for a full year accounts for £11m of the increase. Inflationary pressures, primarily wage-driven, together with continued investment in our ERP programme, have been partly offset by offshoring and ongoing right-sizing of the business.

Adjusted profit before tax

Adjusted profit before tax ("Adjusted PBT") is used by the Group as an additional measure to assess underlying financial performance and is consistent with how performance is monitored by management and the Board.

There were no adjusting items in the year, with Adjusted PBT therefore equal to reported Profit Before Tax. This represents a positive step in the quality and transparency of earnings compared to the prior year, where results included a number of one-off and non-cash items.

£m	FY26	FY25	YoY change
Reported PBT	**50.5**	20.6	145.1%
Adjusting items	**–**	22.9	(100%)
Adjusted PBT	**50.5**	43.5	16.1%

In the prior year, adjusting items related to acquisition-related costs and non-cash impairments of goodwill and intangible assets in the Mobile business, which are excluded to aid comparability of underlying performance.

Earnings per share

Earnings per share were as follows:

12 months ended £m	31 March 2026	31 March 2025
Profit		
Profit attributable to Owners of the Parent Company from Continuing operations	**35.9**	9.7
Profit attributable to Owners of the Parent Company from Discontinued operations	**–**	0.8
Earnings attributable to owners of the parent company	**35.9**	10.5
Adjusting items	**–**	22.9
Adjusted earnings attributable to owners of the parent company	**35.9**	33.4

Financial and Operational review
continued

Earnings per share continued

12 months ended £m	31 March 2026	31 March 2025
Number of shares		
Weighted average shares in issue for the purposes of basic earnings per share	**564,430,910**	571,918,807
Potentially dilutive shares	**22,737,153**	21,413,462
Weighted average number of dilutive ordinary shares	**587,168,063**	593,332,269
Earnings per share from continuing operations (pence per share)		
Basic earnings per share	**6.36**	1.70
Diluted earnings per share	**6.11**	1.63
Adjusted basic earnings per share	**6.36**	5.70
Earnings per share from continuing and discontinued operations (pence per share)		
Basic earnings per share	**6.36**	1.83
Diluted earnings per share	**6.11**	1.76
Adjusted basic earnings per share	**6.36**	5.84

Adjusted basic earnings per share is calculated by adding back the Adjusting items in the prior year noted above.

Operational highlights

B2C Retail

Our B2C Retail business remains one of the UK's market leaders in major domestic appliance ("MDA") retailing, serving customers primarily through our ao.com website and selected third party marketplaces. Alongside our core MDA offer, we continue to broaden our range across SDA, computing, AV, mobile, consumer electronics, gaming and smart home products.

ao.com continues to be the cornerstone of our retail operations. We differentiate through our strong customer proposition underpinned by market leading service levels, competitive pricing, broad product choice and flexible options across delivery, installation, recycling and payment. We continuously monitor the market to ensure our pricing and proposition remain competitive and aligned to customer expectations.

Customer engagement remained strong throughout the year. Over 720,000 new customers chose to buy from AO, taking our total historical customer base to 13.3 million. We continue to maintain market leading customer satisfaction, with a Trustpilot rating consistently above 4.9 out of 5 across more than one million reviews. These satisfaction levels continue to support high levels of repeat purchasing and reflect our continued focus on delivering a consistently strong customer experience and getting it right first time.

Membership continues to perform well, supported by an expanding range and a broader ecosystem of customer benefits, including Switch24 and our recently launched MVNO proposition. All key underlying performance measures, including commercially sensitive metrics, remain positive, with growth in member numbers, improved renewal rates and members contributing an increasing share of wallet.

MDA remains our core category and central to our strategy. During the year, our share of the MDA market increased by over 1 percentage point to 17.1%, demonstrating continued share gains in a competitive market. We have also continued to expand our broader product range, with customers now able to access over 9,500 products across the site. During the year, we began exploring opportunities to expand into original equipment manufacturer ("OEM") propositions within audio visual categories. Whilst we are only in the early stages, the initiative has generated valuable learnings, with future expansion expected to focus primarily on MDA.

In the second half of FY26, we launched Switch24, our new mobile handset proposition. Initial performance was impacted by supply constraints, particularly around iPhone availability, and by the need to simplify customer messaging to more clearly articulate the value of the offer. Building on these learnings, the launch of our own mobile virtual network operator ("MVNO"), which launched in early FY27, will complete our vision for a simpler and more transparent way for customers to purchase mobile devices and connectivity.

Gross margin remained stable year on year, demonstrating the resilience of the B2C model despite changes in customer purchasing patterns, brand mix, and ongoing logistics cost pressures (see the logistics section below).

In response to ongoing inflationary cost pressures, and particularly rising employment costs, we have taken further steps to optimise our operating model. During the year, we successfully outsourced the majority of our inbound sales operations to a carefully selected third party partner based in South Africa whilst maintaining service quality for our customers. The savings delivered from this initiative were c.£2m with an expected annualised saving of c.£4m with the impact of dual running costs impacting in the year. Recruitment plans for the current year are expected to result in the majority of our customer engagement operations being based overseas by the end of the financial year.

We continue to offer customers a broad range of payment and service options. Our long standing partnership with NewDay, which provides customer finance and is regulated by the FCA, remains a core part of our proposition, supporting customer choice and affordability, with finance uptake at c.13% of sales. Our Care product protection offering also performed resiliently during the year, as customers continue to recognise the value and peace of mind these plans provide. We remain pleased with the performance of this proposition and the strength of our long term partnership with Domestic & General, which extends to 2033.

Financial and Operational review
continued

Operational highlights continued

Mobile

The UK mobile market has continued to evolve, with customer demand increasingly shifting away from traditional post-pay contracts towards disaggregated handset and airtime solutions. Given the size of the overall mobile market and the fact that it's the largest category in the electricals sector by value, the category remains strategically important to AO, especially given the frequency with which customers change their devices and the high level of engagement they have with the category.

Against this backdrop of a structurally shrinking contract market, it was imperative that our post-pay Mobile business addressed the underlying economics and secured sustainable arrangements with the network operators on whose behalf we connect customers. During the year, we have made good progress in reshaping the business, agreeing improved commercial terms with our network partners, growing partnerships with Samsung and Lebara and materially reducing reliance on high cost customer acquisition channels. As a result, the Mobile business is now profitable, with performance across all key metrics improving year on year.

While the market remains competitive, we are encouraged by the steady and profitable performance delivered in the period. Our focus is now on concluding longer term agreements with the networks to provide greater economic certainty and support continued disciplined growth.

Post year end, we launched AO Mobile, starting with friendly user trials, which will be expanded in further phases, with full launch expected within the first quarter of FY27. We look forward to combining this with our Switch24 product and we expect the proposition to reflect customer demand for simple, low monthly pricing, providing access to the latest iPhone alongside a SIM-only plan.

musicMagpie

In a little over 15 months since acquisition, musicMagpie has moved from being a c.£6m loss-making business to an annualised run rate profitable business. This turnaround reflects a series of decisive actions taken during the period, including the exit from the loss-making US operation and the consolidation of the warehouse footprint to improve efficiency and cost control.

Access to product supply, particularly in consumer technology such as mobile phones, is a key driver of profitability in recommerce. During the year, musicMagpie commenced a partnership with Timpson, enabling customers to trade in their mobile phones for cash in over 1,300 stores nationwide. This materially broadens access to supply and we expect to extend the model to additional technology categories over time.

The acquisition of musicMagpie has also benefitted the implementation of our Switch24 project. With over 15 years' experience in the mobile recommerce market and acting as a key outlet for Switch24 devices, musicMagpie is integral to Switch24's profitability and therefore to the economics of our broader membership proposition.

The business continues to receive external recognition for its market leadership. musicMagpie has been awarded a lifetime achievement award by eBay, recognising it as the largest seller in the platform's history with over 20 million positive feedback ratings. In addition, the 2026 Mobile News Awards named musicMagpie Online Retailer of the Year.

Looking ahead, we continue to see opportunities to enhance capability and capture additional value across consumer technology categories, while further strengthening our ESG credentials. Over time, this is expected to improve the affordability of products for customers on ao.com and further differentiate the AO proposition.

Logistics

Our market leading in house logistics infrastructure enables the nationwide delivery of millions of products each year, operating seven days a week and serving both AO's retail business and third party clients. The network is centred around our national hub in Crewe and spans warehouses and distribution centres totalling over 2 million sq ft, as at today, supported by a network of 17 delivery depots across the UK.

Labour represents a significant proportion of costs across our warehousing and delivery operations. As a result, inflationary pressures arising from changes to National Insurance and the National Living Wage in April 2025 had a material impact on operating costs of c.£8.5m across the Group year on year. In response, we implemented a range of mitigating actions, including changes to warehouse shift patterns, team structures and the management of returns operations, to improve efficiency and productivity.

Fuel and electricity are also material components of our cost base. In line with the Group's hedging policy, 80% of expected fuel usage has been hedged through to March 2027, and substantially all electricity usage across the Group is fixed until October 2027, providing greater cost certainty.

As part of the Group's wider technology roadmap, we continued to progress the upgrade of our warehouse management system, which is expected to be completed in FY28. This programme is intended to improve operational resilience, scalability and data visibility across the network.

With a continued focus on profit and cash generation amid persistent inflationary pressures, we carried out a small-scale, exploratory trial during the year to test the use of robotics within our warehousing operations. The early results are encouraging, and we are extending this trial into FY27, including testing in a live operational setting, to develop our understanding further. We continue to review opportunities to optimise our logistics network as part of our focus on improving efficiency and supporting future growth.

Investment in the delivery fleet also continued, with a focus on increasing capacity and lowering emissions. During the year, 160 new delivery vehicles were added, including 10 electric vehicles, as we continue to evaluate the scalability of electric delivery solutions. In addition, we are targeting 2035 for the transition of the vast majority of our trunking fleet to CNG (or other lower-carbon alternatives as technology develops).

Our operations remain highly adaptable to the retail business's demand for driver resources and are able to leverage operational gearing through third party logistics volumes. Our expertise in complex two person delivery, which is highly valued across the industry, enables incremental profitability whilst ensuring strong service levels in the core retail business.

Financial and Operational review
continued

Operational highlights continued

Recycling

Our recycling facility in Telford is one of the most sophisticated refrigeration recycling plants in Europe and operates to the highest UK and European environmental standards. The plant ensures the safe and efficient capture of environmentally harmful gases and oils, supporting both regulatory compliance and our ESG objectives.

The facility specialises in the recycling of refrigeration products, including large American style refrigerators, while also processing all other domestic fridges and a wide range of white goods. Where appliances are assessed to still have a viable useful life, our highly skilled repairs team refurbishes these products, which are then sold with a warranty through our established base of trade customers, maximising reuse outcomes.

For end-of-life products, our focus is on maximising value recovery from raw materials. To support this, we have developed a bespoke plastics refining facility alongside the recycling plant, enabling us to process plastic output into higher value, commoditised forms rather than lower grade waste streams.

During the year, we recycled or reused 1.26 million products, bringing the total number of products recycled to 9.9 million. While global commodity price pressures during the year have reduced recycling input values and increased net processing costs, we continue to actively manage this through operational efficiency and downstream value optimisation.

We remain committed to ongoing investment in our recycling operations. This includes the acquisition of 120k square feet of additional space and further investment in the plastics facility to enable the conversion of plastic waste into refined pellets, a more standardised and higher value product. Our circular economy partnerships with customers such as Volution Group and Ultra Polymers continue to strengthen, with processed plastic pellets repurposed into new products including ventilation components. Our medium term strategic objective remains “Closing the Loop”: forming deeper partnerships with manufacturers to supply recycled materials back into the production of new electrical appliances, thereby maximising value recovery.

Our vertically integrated logistics network continues to support the collection of third party volumes, including from local authority amenity sites. This approach improves service efficiency while reducing vehicle miles and associated emissions.

We continue to monitor potential legislative developments, including Extended Producer Responsibility and proposals that may require retailers to collect old appliances free of charge at the point of delivery of new products. While such changes would add complexity and cost to the sector, our integrated logistics and recycling capabilities position us well relative to competitors. Should these requirements be introduced, they could also create additional downstream recovery and recycling opportunities for the Group.

Technology

Technology investment remains focused on improving operational efficiency, reducing cost-to-serve and enhancing customer experience, supporting the Group’s delivery of profitable growth.

Total ERP Programme expenditure in FY26 was £3.8m (FY25: £2m). In the year we progressed Phase 2 of our ERP programme, the replacement of our warehouse management system, which is expected to simplify processes across supply chain and warehousing operations and improve data visibility.

We replaced our contact centre platform during the year which didn’t go as smoothly as we hoped. We now look forward to building AI solutions on top of it, to improve customer experience and lower costs.

We continue to deploy data and analytics, including targeted use of AI, in specific operational areas such as demand forecasting, pricing optimisation and customer service automation, where benefits can be clearly measured in terms of cost and performance. Cyber security remains a priority, with continued investment in resilience, governance and monitoring capabilities.

Technology investment is expected to increase in FY27 as these programmes move into implementation, with a continued focus on disciplined returns, operational efficiency and scalable growth.

Cash, balance sheet and capital allocation

The Group delivered strong cash generation in the year, with a cash inflow of £53.9m (2025: £12.7m outflow), resulting in a significant strengthening of the balance sheet and a move to a net funds position at year end. Available liquidity increased to £201.3m, supported by strong operating performance and continued capital discipline. The table below highlights the key movements:

	31 March 2026	31 March 2025
Cash flow from operating activities	**95.7**	58.0
Cash flow from investing activities	**(3.9)**	(13.5)
Cash flow from financing activities	**(37.9)**	(57.2)
Cash inflow/ (outflow) in the year	**53.9**	(12.7)
Purchase of shares by Company & EBT (net of employee contributions)	**12.5**	11.0
Acquisition of musicMagpie (including payment of debt)	**–**	28.1
Free cash flow	**66.4**	26.3

Free cash flow increased to £66.4m (2025: £26.3m), reflecting strong operating performance, disciplined investment and improved working capital management. This level of cash generation provides the Group with increased flexibility to invest in strategic growth, return capital to shareholders and maintain a resilient balance sheet.

Financial and Operational review
continued

Capital allocation

The Group operates a disciplined capital allocation framework designed to balance financial resilience, investment for growth and the return of surplus capital to shareholders in a consistent and transparent manner.

The first priority of the framework is to maintain a strong balance sheet and appropriate liquidity headroom, reflecting the working capital intensity and cyclical nature of the Group's markets. This includes ensuring sufficient resources to absorb volatility, support trading and maintain stakeholder confidence through the cycle.

The Group does not manage the business to a fixed leverage target. Instead, we adopt a disciplined and flexible approach to balance sheet management, ensuring that leverage, liquidity and covenant headroom remain appropriate to the scale and cyclicality of the business. Our strong cash generation and capital-light model typically support a low level of financial leverage, with the Group able to move between net funds and modest net debt positions depending on investment requirements and market conditions. This flexibility is a core component of our capital allocation framework and enables the Group to respond dynamically to opportunities while maintaining financial resilience.

Beyond this, capital is allocated to support strategic investment in the business, including logistics, technology and infrastructure initiatives necessary to drive sustainable long-term value creation. All investment decisions are assessed against disciplined financial criteria, including returns above the Group's cost of capital, cash payback and strategic alignment with our vertically integrated model. In practice, this results in a selective approach to capital deployment, with investment prioritised towards opportunities that enhance operational efficiency, scalability and long-term cash generation.

The Group's growth strategy is primarily organic; however, we will consider opportunities for targeted M&A where these are consistent with our strategy and enhance our capabilities. All opportunities are evaluated on a disciplined, case-by-case basis within our capital allocation framework.

While the specific return profile varies by project type, we remain focused on delivering sustained improvements in ROCE over time. Where capital is generated in excess of these requirements, the Board will consider returning surplus funds to shareholders. The level and certainty of such returns are assessed against the Group's financial position, forward investment requirements and market conditions, ensuring that flexibility is preserved.

Consistent with this approach, the Group completed a £10.1m share buyback programme during the year. Share buybacks are the preferred method of return where they represent an attractive return relative to the Group's cost of capital, providing flexibility and value accretion for continuing shareholders.

The Group will continue to apply this framework dynamically, ensuring that capital allocation decisions remain aligned to long-term shareholder value while maintaining financial resilience and strategic flexibility.

Cash inflow from operating activities £95.7m (2025: £58.0m)

The cash inflow from operating activities was largely driven by the post tax operating result of the Group and a continued improvement in working capital management.

The Group's movement in working capital outflow is set out in the table below:

	31 March 2026	31 March 2025
Inventories	**87.4**	88.5
Trade and other receivables	**197.7**	191.0
Trade and other payables	**(238.3)**	(212.9)
Net working capital	**46.8**	66.6

Inventory reduced by £1.1m year on year, reflecting a deliberate rebalancing of stock aligned to our strategic priorities. This movement was driven by two offsetting factors: continued growth in the Core Retail business, where we increased inventory by £13.0m to support category expansion, improved availability and service levels; and a £14.0m reduction in Mobile stock. The decrease in Mobile inventory reflects our pivot away from chasing volume in the post-pay market, alongside a disciplined and targeted programme to exit older stock lines. Overall, these actions demonstrate tighter inventory management, improved capital efficiency and a clearer focus on areas of the business that generate sustainable returns. Inventory days were 40 days at 31 March 2026 (31 March 2025: 47 days).

Receivables increased by £6.7m year on year, driven by two principal factors. First, changes in the mix of connections across mobile network operators resulted in a higher level of receivables outstanding at the year end. Second, the timing of the Samsung S26 launch materially impacted the phasing of connections, with stronger volumes in March 2026. By contrast, March FY25 volumes were subdued due to the delayed launch of the S25, creating a lower comparative receivables balance at the previous year end.

Payables increased by £25.4m year on year, primarily reflecting the impact on trade payables of the higher level of Retail inventories noted above. In addition, continued growth in membership and the increase in sales resulted in higher deferred income liabilities. Creditor days at 31 March 2026 were 49 (31 March 2025: 52) reflecting continued support from our supplier base with the reduction driven by the mix of supplier balances at year end.

The strength of operating cash flow relative to profit also reflects the improving quality of earnings and disciplined conversion of profit into cash.

Financial and Operational review
continued

Cash outflow from investing activities £3.9m (2025: £13.5m)

Cash capital expenditure in the year was £6.0m (2025: £8.9m), with the majority relating to continued investment in our Recycling facility, including the purchase of additional land (which had previously been leased) and plant and machinery to drive further efficiencies. Other additions are mainly replacement in nature, including IT.

Reported capital expenditure is lower than the underlying level of investment in the business, reflecting the increasing use of lease and hire purchase arrangements to fund strategic programmes. In particular, the Group has continued to invest in its logistics capability, including the start of a significant refresh of the delivery fleet. A substantial proportion of this investment is therefore reflected within lease liabilities rather than capital expenditure, consistent with the Group's focus on capital efficiency and balance sheet flexibility.

On a combined basis, capital expenditure and lease-funded investment provide a more representative view of the Group's total investment in operational capacity during the year. Looking ahead, we expect investment levels to increase in FY27 to c.£29m as key programmes continue, including further fleet replacement with the addition of 360 vehicles, technology investment and infrastructure development, with the mix between capital expenditure and lease-funded investment determined on a project-by-project basis albeit it is anticipated that the vehicle funding of c.£22m will be lease funded. Consistent with our capital allocation priorities, all investment decisions continue to be assessed against returns above the Group's cost of capital while maintaining balance sheet strength and funding capacity for future growth. Recent initiatives, continued investment in our ERP transformation programme, expansion of our recycling capabilities and the refresh of the fleet have been progressed under this framework, balancing upfront investment with expected efficiency gains, scalability and long-term cash returns.

Higher cash balances throughout the year resulted in interest received increasing to £2.1m (2025: £1.0m).

In the prior year, the Group acquired the whole of the issued share capital of musicMagpie for net cash consideration of £5.7m.

Cash outflow from financing activities £37.9m (2025: £57.2m)

Financing cash outflows in the year were primarily driven by ongoing structural obligations, with capital and interest repayments on leases totalling £23.8m (2025: £24.5m), principally relating to the Group's logistics property estate and vehicle fleet. In addition, other interest payments amounted to £1.3m (2025: £2.3m).

Activity in relation to employee share schemes resulted in a net outflow in the year. The Group's Employee Benefit Trust acquired shares in the market for £4.2m (including fees) to satisfy awards under share-based payment arrangements. This was partially offset by £1.8m of cash inflows from employees following the vesting of a SAYE scheme.

Consistent with our capital allocation priorities, the Group also completed a share buyback programme during the year, resulting in cash outflows of £10.1m (including expenses).

In the prior year, financing cash flows included £19.1m of borrowings repaid following the acquisition of musicMagpie.

Net funds and total net debt

As a result of the above movements, Net funds/ (debt) were as follows:

As at £m	31 March 2026	31 March 2025
Cash and cash equivalents at year end	**81.3**	27.4
Borrowings – Repayable within one year	**(0.2)**	(0.2)
Borrowings – Repayable after one year	**(1.5)**	(1.7)
Owned asset lease liabilities – Repayable within one year	**(3.2)**	(0.7)
Owned asset lease liabilities – Repayable after one year	**(11.5)**	(1.4)
Net funds excluding leases relating to right of use assets	**64.9**	23.4
Right of use asset lease liabilities – Repayable within one year	**(13.5)**	(17.7)
Right of use asset lease liabilities – Repayable after one year	**(34.9)**	(41.5)
Net funds/ (debt)	**16.4**	(35.9)

The Group delivered a significant strengthening of its balance sheet in the year, moving from net debt of £35.9m at FY25 to a net funds position of £16.4m at FY26. This £52.3m improvement reflects strong underlying cash generation and continued discipline in capital allocation, materially enhancing financial flexibility at the year end.

Gross borrowings remain modest, with £1.7m (2025: £1.9m) relating to a mortgage used to part-fund the acquisition of one of the Group's recycling sites.

Total lease liabilities increased by £1.7m to £63.1m (2025: £61.4m), reflecting capital repayments of £20.2m broadly offset by £22.3m of new lease additions in the year. The composition of these liabilities continues to evolve, with growth in "owned asset" lease liabilities driven by the ongoing refresh of the Logistics fleet, principally funded through hire purchase arrangements. We expect to add a further 360 delivery vehicles during FY27 on hire purchase contracts as older vehicles are replaced.

Right-of-use liabilities reduced by approximately £11m during the period, reflecting the natural run-off of the existing estate, partially offset by lease renewals. Looking ahead, we expect right-of-use liabilities to increase in FY27 by c.£20m as a result of new leases plus the renewal of leases for a number of key properties, albeit this is dependent on the timing and terms of these additions.

The Group maintains a strong liquidity position, supported by a £120m revolving credit facility which remains fully undrawn and is available through to October 2028.

Financial and Operational review
continued

Taxation
The tax charge for the year was £14.6m (2025: £10.9m) resulting in an effective rate of tax for the year of 28.9%. The effective rate of tax is higher than the UK corporation tax rate for the period of 25%, primarily due to the add-back of the IFRS 2 share-based payment charge for which no corresponding corporation tax deduction has been recognised in the year.

Pillar Two legislation has been enacted in the UK to introduce the multinational top-up tax and domestic top-up tax to accounting periods beginning on or after 31 December 2023. The Group has performed an assessment of this legislation and does not expect a material exposure to Pillar Two income taxes.

Our tax strategy can be found at ao-world.com/responsibility/group-tax-strategy.

Outlook and FY27 Priorities
Looking ahead, the external environment remains uncertain, with ongoing geopolitical developments and continued inflationary pressures impacting both consumers and input costs across the economy. Notwithstanding these challenges, the strength of our value proposition, disciplined cost management and continued investment in technology give us confidence in our ability to deliver FY27 PBT in line with current market expectations[1]. Our medium term objective remains to deliver a 5% PBT margin.

Shareholder Returns
In line with our capital allocation framework and particularly our strong cash generation in FY26, we are announcing the intention to return further amounts to shareholders via a special dividend of £10m and a new share buyback of £10m following the circulation of the FY26 annual report and accounts to shareholders.

Mark Higgins
Group Chief Financial Officer and Chief Operating Officer
16 June 2026

1 Market expectations as at 28 May 2026 can be found at ao-world.com/investor-centre/investor-analysis-and-research.

Making the right impact

Our operations, behaviour and relationships with people and communities have a wide reaching impact.

> **“Sustainability at AO is about doing the right thing in a way that strengthens our business. By investing in circularity, improving efficiency across our operations and supporting customers to make more sustainable and affordable choices, we reduce waste and carbon while creating long term value. We also recognise that none of this is possible without our people and the communities in which we operate, and we continue to invest in them and give back in ways that reflect our values.”**
>
> **Julie Finnemore**
> Legal Director and Company Secretary

We align our purpose, values and strategy with stakeholder needs to create long term value in a way that is responsible, efficient and resilient, treating sustainability as an investment that protects the planet while reducing cost and waste across our vertically integrated model.

190k
Consumer Tech put into Reuse
(FY25: 191k)

1.26m
MDA units recycled
(FY25: 1.17m)

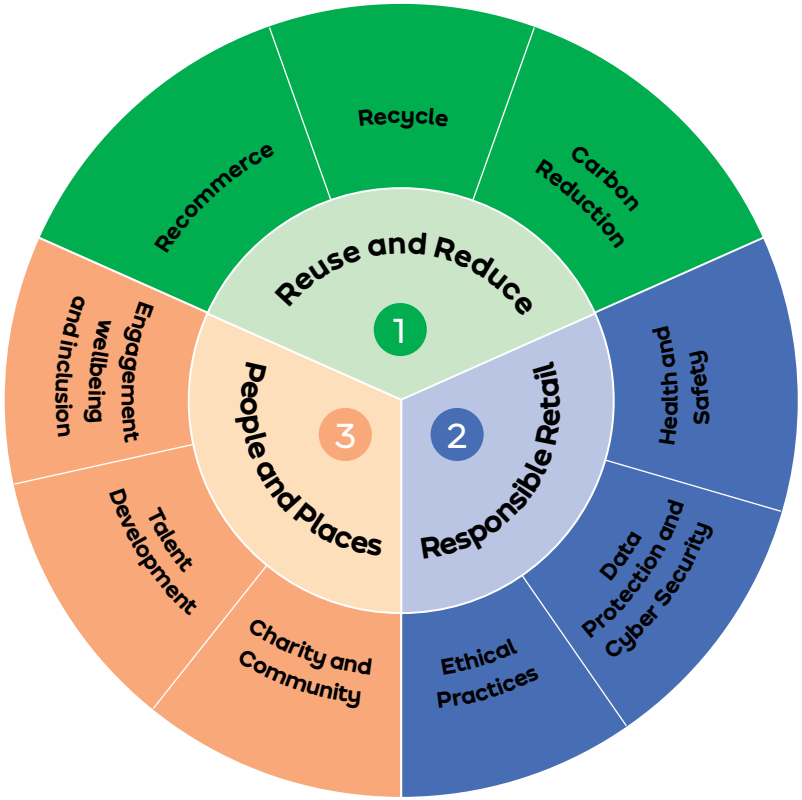
4.2k tonnes
Packaging processed
(FY25: 3.6k)

11.1k tonnes
plastics processed
(FY25: 9.3k)

18.45
Carbon intensity ratio
(FY25: 19.81)

80.3
Engagement Index Score
(FY25: 81)

Our ESG strategy is made up of three pillars addressing our material topics*, and our long-term objectives remain unchanged



1 2 3

* A materiality assessment was conducted in 2022 to identify the topics that are driving AO’s current and future ESG performance, defining these as risks, impacts or opportunities. As part of our enterprise risk management processes we have this year revisited the assessment and report that our material sustainability risks remain unchanged as against previous years.

1. Reuse and Reduce

Ambition

Our ambition is to build a genuinely circular model for consumer technology.

By reconnecting products with customers through recommerce, and safely recycling materials that cannot be reused, we aim to minimise waste, and capture long term value from products and materials – while at the same time reducing our carbon footprint and our use of natural resources in our operations, protecting the environment and communities in which we operate.

190k
Consumer Tech put into Reuse
(FY25: 191k)

1.26m
MDA units recycled
(FY25: 1.17m)

11.1k tonnes
plastics processed
(FY25: 9.3k)

18.45
Carbon intensity ratio
(FY25: 19.81)

Recommerce

Through musicMagpie, c.190,000 used consumer technology products were resold or rented in FY26 (broadly flat YoY). Towards the end of the period, we launched the Timpson smartphone trade-in initiative, providing a simple route for customers to return unwanted devices. Rework volumes increased by 10% as throughput improved and additional capability was added to support customer retention across Switch24. Magpie also resells millions of books and disc media each year that would otherwise become waste.

Our reverse supply chain division 'ElekDirect' resold c.54,000 returned appliances (FY25: 47,000) and we expanded rework capability, enabling appliances previously treated as disposals to be processed, retail graded and resold.

Alongside this, we continued to strengthen circular practices through initiatives such as AO Armour, a reusable protection system now deployed more than 25,000 times. Appliances unsuitable for resale were stripped for viable spare parts, supporting both internal repairs and consumer self repair, further extending product life and reducing waste.

A further c.35,000 items initially collected as waste were reworked and resold through our Telford capability (FY25: 38,000).

Recycling

During FY26, 1.26 million major domestic appliances were recycled at our Telford facility, taking the total to 9.9 million since the facility opened in 2016. This capability supports customer benefits through our membership scheme and positions us well as extended producer responsibility is looking to require retailers to finance and organise product take back.

FY26 was the first full year of converting plastic regrind flake into pellets. Over 4,000 tonnes of pellets were produced and sold to a growing customer base, supported by retained RecyClass and WEEELABEX accreditations. This helped customers reduce reliance on oil-based virgin plastics and progress their sustainability goals. Our fridge from a fridge project continues and we have completed successful trials with our chosen manufacturing partner. We are now in discussions on range and design.

ao.com also increased packaging collections ahead of sales growth. Over 4,000 tonnes of packaging were collected and recycled during the year, up almost 18% by weight year on year. Our collection at delivery model ensures cardboard remains dry and recyclable and enables expanded polystyrene – rarely accepted through kerbside schemes – to be recycled responsibly, while minimising additional transport related emissions.

Carbon Reduction

AO is committed to reducing carbon emissions across its operations where practical and cost effective. Overall, our carbon intensity improved by 6.90%, demonstrating continued progress in decoupling emissions from revenue growth.

Fleet and gas (Scope 1)
The direct emissions of the AO Group for FY26 represented c.1.2% of our total emissions, broadly in line with the prior year. The major contributor to our Scope 1 emissions continues to be UK diesel, reflecting the operation of our in house logistics and recycling fleets. The transition to a decarbonised fleet remains a long term strategic priority for the Group.

Case study



Timpson smartphone trade in partnership

Through musicMagpie, we partnered with Timpson to remove friction from smartphone trade ins and tackle apathy – the biggest barrier to reuse.

Customers can "take it to Timpson" at over 1,300 UK locations, receive instant payment and see devices re enter the economy through refurbishment and resale. By combining musicMagpie's refurbishment expertise with Timpson's trusted high street network, the initiative keeps more devices in use, makes technology more affordable and demonstrates the scalable potential of circular models. Since launching the initiative, we've seen an increase in the proportion of customers who complete their trade in, from confirming online through to devices being received into our refurbishment operations, relative to other channels.

Sustainability
continued

Case study



Understanding the carbon impact of recycling

During FY26, AO Recycling worked with Small World Consulting to assess the downstream carbon impacts of its recycling activities, including both gross emissions and the wider system benefits delivered through material recovery. Using an ISO 14044 verified lifecycle assessment model the analysis examined cooling appliances and large domestic appliances across collection, processing and end-of-life treatment. For FY24 volumes processed, recycling activities generated gross emissions of approximately 48,500 tonnes of CO_2e. However, the recovery of secondary materials and energy recovery – primarily recycled metals and plastics – was estimated to deliver avoided emissions of around 129,000 tonnes of CO_2e, as recycled outputs displaced virgin material production and more carbon intensive disposal routes. This resulted in a net carbon benefit of approximately 80,000 tonnes of CO_2e across the AO Recycling system boundary assessed[1].

In absolute terms, Scope 1 emissions increased modestly year on year (+875 tCO_2e, c.+4.3%), reflecting the impact of updated emissions factors and increased deliveries. Vehicle related emissions have increased marginally with slightly higher fuel consumption. This has been partially offset by our investment in telematics and early progress in transitioning to alternative fuels.

During FY26, we continued to test lower emission alternatives within our delivery fleet. Ten electric vans entered operation late in the year, with five Mercedes vehicles introduced in September and five Renault vehicles in November, operating from four depots as part of the core home delivery fleet. Early performance has been encouraging in terms of payload and range.

We also trialled two types of electric tractor units. One trial was paused due to charging constraints and will be revisited as new vehicle variants become available. Another trial met operational expectations. While electric tractor units are becoming increasingly viable from a range perspective, total cost of ownership remains the primary limiting factor. We continue to review adoption as technology matures, electricity pricing stabilises and government incentives evolve.

Alongside electrification, we continue to deploy compressed natural gas ("CNG") vehicles as an interim solution. During the year, a further 20 Iveco CNG tractor units joined the fleet. To maximise efficiency, these were paired with 50 new longer semi trailers, replacing older units and increasing load capacity, reducing emissions per delivery.

Electricity (Scope 2)

Scope 2 emissions remain relatively small in the context of our overall footprint. YOY we increased our electricity usage, reflecting the expansion of our operations and a full year on a non-renewable electricity supply. This followed a commercial decision taken in 2024, with a planned return to renewable supply from October 2026.

As a result, location based Scope 2 emissions decreased by 4.83% but market based emissions increased by 7.65%. Approximately 50% of Scope 2 emissions are generated by our recycling sites, however see our Case study: Understanding the carbon impact of recycling overleaf.

During FY26, our focus was on reducing relative electricity consumption across the estate while maintaining cost discipline. We continued to improve data accuracy through expanded smart and half hourly metering and progressed energy efficiency initiatives including voltage optimisation, LED lighting upgrades and HVAC improvements across key sites. Voltage optimisation installations at larger facilities are expected to deliver electricity savings of around 9%. Preparatory work also continued to support our transition back to REGO-backed renewable electricity from October 2026, while ensuring robust evidence capture for carbon reporting.

Scope 3 and sustainable products

Indirect emissions continue to dominate our overall footprint. Scope 3 emissions accounted for 98.7% of total Group emissions in FY26, consistent with FY25. The overwhelming majority of these emissions arise from the manufacture, use and end-of-life treatment of the products we sell.

AO continues to actively inform customers about energy efficiency throughout the customer journey and through marketing emails and brochures.

Energy efficiency is clearly signposted on ao.com through prominent display of statutory energy ratings, accessible explanations of what those ratings mean in practice, and clear descriptions of energy saving features and running costs. This is enhanced by the use of the Youreko Energy Savings Tool, which converts technical energy efficiency data into estimated lifetime cost savings in pounds and pence, applies simple comparative ratings, and highlights lower energy alternatives where longer term savings outweigh higher upfront costs.

Looking ahead

Looking ahead, we will continue to expand recommerce across the Group, with a particular focus on musicMagpie, including the Timpson partnership to increase customer access and drive volume alongside greater use of automation to improve scale, consistency and efficiency. Within recycling, while the Telford facility is operating broadly at capacity, we will continue to drive incremental throughput and efficiency improvements and consider options for additional or expanded sites to support future growth. In carbon reduction, we will progress our fleet transition plans, trialling new technologies as they become available and actively seeking government support as electric solutions mature. Alongside this, we will continue to drive initiatives to reduce electricity consumption across our operations, including voltage optimisation and other targeted efficiency measures.

1 In line with best practice, avoided emissions are reported separately and are not offset against the Group's Scope 1, 2 or 3 greenhouse gas emissions. Nonetheless, the analysis demonstrates the significant environmental value of high quality recycling and informs decision making across our circular operations.

2. Responsible Retail

Ambition

We operate a responsible, trusted and resilient retail business that puts customers first, acts with integrity and manages risk effectively across our value chain.

We aim to uphold high ethical standards, protect customer data, promote fair outcomes, and maintain strong governance, security and safety as our business grows.

Ethical practices

During the year, we continued to embed ethical practices across our operations and supply chains, supported by clear governance, Board oversight and a risk based approach to due diligence. Our Modern Slavery Statement was reviewed and approved by the Board, and reflects ongoing refinement of how risks are identified, assessed and monitored. Supplier onboarding and procurement processes continued to incorporate policy checks, contractual commitments and audit rights proportionate to risk, while our cross functional working group met to review emerging risks and progress against prior year objectives. In line with our Consumer Duty obligations, we also continued to review our practices to ensure fair outcomes for customers across product design, communications and customer journeys. Throughout the year, confidential whistleblowing arrangements remained available to AOers and third parties, supporting a speak-up culture.

Data Protection and information and Cyber Security

We further strengthened our data protection and cyber security arrangements in response to an increasingly complex regulatory and threat environment, and the growing scale and sophistication of our digital operations. The Data Protection and Information Security teams worked closely together to ensure data protection by design was embedded into strategic initiatives and business as usual change, with particular focus on complex programmes involving new data flows, multiple brands and third party integrations. This included the launch of our mobile virtual network operator ("MVNO"), where end-to-end data flows across group companies, network partners and technology providers were fully mapped, documented and appropriately governed. As our operating model expanded, including increased use of overseas service providers, we undertook detailed transfer risk assessments and implemented appropriate safeguards to manage international data transfers.

Cyber security resilience was a key area of focus throughout the year. We ran structured cyber attack simulations as noted below, and continued to enhance core controls, including identity and access management, vulnerability monitoring, incident response governance and mandatory cyber and data protection training across the Group.

During the year we also progressed our cyber security maturity programme, including work towards recognised standards such as ISO 27001, alongside existing PCI DSS obligations. Governance frameworks, policies and control documentation were reviewed and strengthened, and independent testing and assurance activity continued to support ongoing improvement. Collectively, these actions helped maintain a strong compliance posture, support customer trust and ensure preparedness for regulatory scrutiny and cyber disruption as the business continues to scale.

Health and Safety

We continued to strengthen health and safety performance across the Group, with clear oversight through regular Board reporting and a focus on embedding consistent standards in higher risk environments. We retained key external accreditations, including RoSPA Gold standards in Logistics and Recycling and continued alignment with ISO 45001 within our Recycling operations, providing independent assurance over the robustness of our health and safety management systems. Performance indicators remained positive across business units, supported by enhanced risk assessments, improved incident reporting and increased management ownership of safety outcomes.

We also undertook targeted red team exercises during the year, testing our ability to respond effectively to serious incidents and operational disruption. These exercises supported the development of our crisis management capability, helping to clarify roles, improve escalation and decision making, and strengthen alignment between health and safety, communications and service continuity planning. Alongside this, audit and inspection activity was expanded and refined, enabling better identification of themes, more focused interventions and continued learning from incidents and near misses.

Within Recycling, a particular focus during the year was the continued development of employee health monitoring. This included enhanced monitoring of workplace health risks, promotion of physical and mental wellbeing, and greater use of data to identify trends that could affect employee safety. Using a risk based approach, we focused on tracking and supporting employee wellbeing in areas of higher inherent risk, helping to reduce avoidable health related disruption and build a more resilient and sustainable workforce. Collectively, these actions supported our wider objective of embedding a proactive health and safety culture that protects our people while supporting operational resilience.

Case study

Cyber resilience through simulation

During the year, we strengthened our cyber resilience by delivering a programme of cyber attack simulations designed to test our preparedness across the organisation.

Scenarios were run at functional, senior leadership and Plc Board level, supported by external cyber and legal advisers, and focused on realistic ransomware and data exfiltration events. The exercises tested technical response, decision making, escalation, regulatory considerations and external communications under pressure. Insights from the simulations were used to refine incident response plans, clarify roles and improve coordination between technology, legal, communications and operational teams, strengthening our ability to respond effectively to a major cyber incident.

Looking ahead

Looking ahead, we will continue to embed responsible retail practices as the business evolves. Our focus will remain on strong governance, resilient systems and consistent standards across ethical practices, data protection, cyber security and health and safety, particularly as digital transformation, automation and outsourcing progress. Ongoing testing and data led oversight will support effective risk management and protect AOers, customers and partners.

Sustainability
continued

3. People and Places

Ambition

Our ambition is to be a business where people feel safe, valued and able to thrive, and where our culture, leadership and ways of working enable everyone to do their best work and build lasting careers.

We aim to create inclusive, high-performing environments, invest in wellbeing and development, and make a positive contribution to the communities in which we operate.

80.3
Engagement Index Score
(FY25: 81)

58%
(at 3 years' service) Labour Stability
(FY25: 65% at 2 years' service)

15%
Voluntary Turnover rate
(FY25: 17%)

Engagement, retention and reward

During the year, we maintained strong AOer engagement despite a period of organisational change. Our Engagement Index Score remained consistently at or around our target level of 80, supported by high participation across engagement and pulse surveys demonstrating a continued willingness among AOers to share feedback and help shape the business. Survey results again highlighted strengths in culture, team support and sense of purpose, with AOers reporting a clear understanding of how their roles contribute to making customers' lives easier. We also introduced a Cultural Index Score, recognising that measuring culture matters as much as measuring engagement to understand how AOers feel about how things really get done at AO: the behaviours, the atmosphere, the everyday experiences, culture is the engine behind engagement. This new metric indicates strong results in belonging, representation, involvement and support, reinforcing AO's inclusive culture.

Retention remained healthy, with voluntary turnover and labour stability exceeding targets for successive years, supporting capability and continuity across the business. We recognise that increased stability has limited internal movement in some areas, influencing feedback on career progression. In response, we have invested in personal and professional development for AOers to broaden knowledge and expertise, increased transparency around development pathways and strengthened performance and career conversations, supported by the continued rollout of our *Leading with Impact* programme to improve confidence and consistency across management teams.

As we increase our use of overseas outsourcing, we recognise the potential impact on engagement, capability and organisational culture. We will actively manage this to ensure a consistent experience for people and our customers.

Reward continued to play an important role in supporting engagement. During the year, we reinstated a performance-related approach to annual pay alongside a cost-of-living underpin for all AOers. We continued to review reward and benefits through the lens of fairness, affordability and market competitiveness, informed by engagement feedback and ongoing dialogue with our people.

Wellbeing

During the year, we continued to invest in our wellbeing strategy as a core component of a sustainable, high-performing organisation, reflecting the evolving pressures faced by AOers. Our approach focuses on mental, physical, financial and social wellbeing, with a range of support available including digital GP services, employee assistance programmes, flu vaccinations, eye care and financial wellbeing resources.



Mental health remained a key focus, particularly within operational environments. We invested in manager capability through targeted training to help leaders recognise and respond to mental health challenges, manage absence effectively and support AOers with confidence and compassion. We also introduced the AO Health Passport, enabling managers to record reasonable adjustments in a consistent way and reducing the need for AOers to repeatedly re explain personal circumstances when changing roles or managers. Flexible working continued to be promoted where roles allow, supported by initiatives such as holiday purchase schemes, carry over flexibility and alternative bank holidays. Combined with active listening channels, these measures helped identify emerging pressure points early and support wellbeing.

Sustainability
continued

Inclusion

During the year, we further strengthened our commitment to inclusion, supported by clear values, inclusive leadership and a zero-tolerance approach to discrimination, harassment or bullying. Engagement feedback and the Cultural Index Score indicate that belonging and inclusion remained areas of strength, with AOers feeling safe to speak-up. We progressed our equity, diversity and inclusion approach through active employee resource groups and improved data quality, with diversity data now held for the majority of our workforce. Addressing structural challenges, including gender representation at senior levels and in traditionally male-dominated roles, remained a priority, informed by Gender Pay Gap reporting and inclusive leadership practices.

Talent development

We continued to invest in building the skills and capabilities needed for AO's long term success. Our focus remained on attracting high quality hires, strengthening leadership capability and supporting development at all career stages, including through the rollout of Leading with Impact and clearer frameworks for performance and succession. We continued to support early career pathways and professional development, making effective use of apprenticeship levy funding and expanding access to learning through our digital platform, while equipping AOers with future-ready skills and clearer visibility of longer term opportunities.

Community and Charity

The AO Smile Foundation continued to support the causes that matter most to AOers and local communities. AOers raised just under £26k for charities across the UK, which was boosted by over £10k through Smile's matched funding programme, benefiting organisations including The Christie, Barnardo's, Samaritans and local hospices. We also continued to offer two paid Make a Difference ("MAD") days to every AOer, with 72 AOers donating 576 hours of volunteering time to 12 good causes since April 2025. In addition, AO remained a Founder Patron of The Dome (an OnSide Youth Zone in Crewe). As part of a four year commitment we donated various electrical products to community organisations, generating positive local engagement and strengthening our connection to the communities we serve.

Looking ahead

Looking ahead, our focus will be on sustaining strong engagement while continuing to adapt our organisation in a disciplined and responsible way to support long term growth and resilience.

As we continue to explore opportunities to enhance our operating model, including selective use of overseas outsourcing, we remain mindful of the potential impacts on engagement, skills retention and organisational culture. We will therefore balance efficiency with our responsibility to maintain capability, support inclusive leadership and ensure a consistent experience for AOers and people across all locations. Alongside this, we will strengthen career pathways, invest in future-ready skills and maintain open dialogue with our people, while continuing to give back to the communities in which we operate through partnerships, volunteering and local initiatives that reflect our values. By managing change thoughtfully, we aim to remain a workplace where people feel valued, supported and able to thrive.

Case study



Supporting young people in Crewe through The Dome

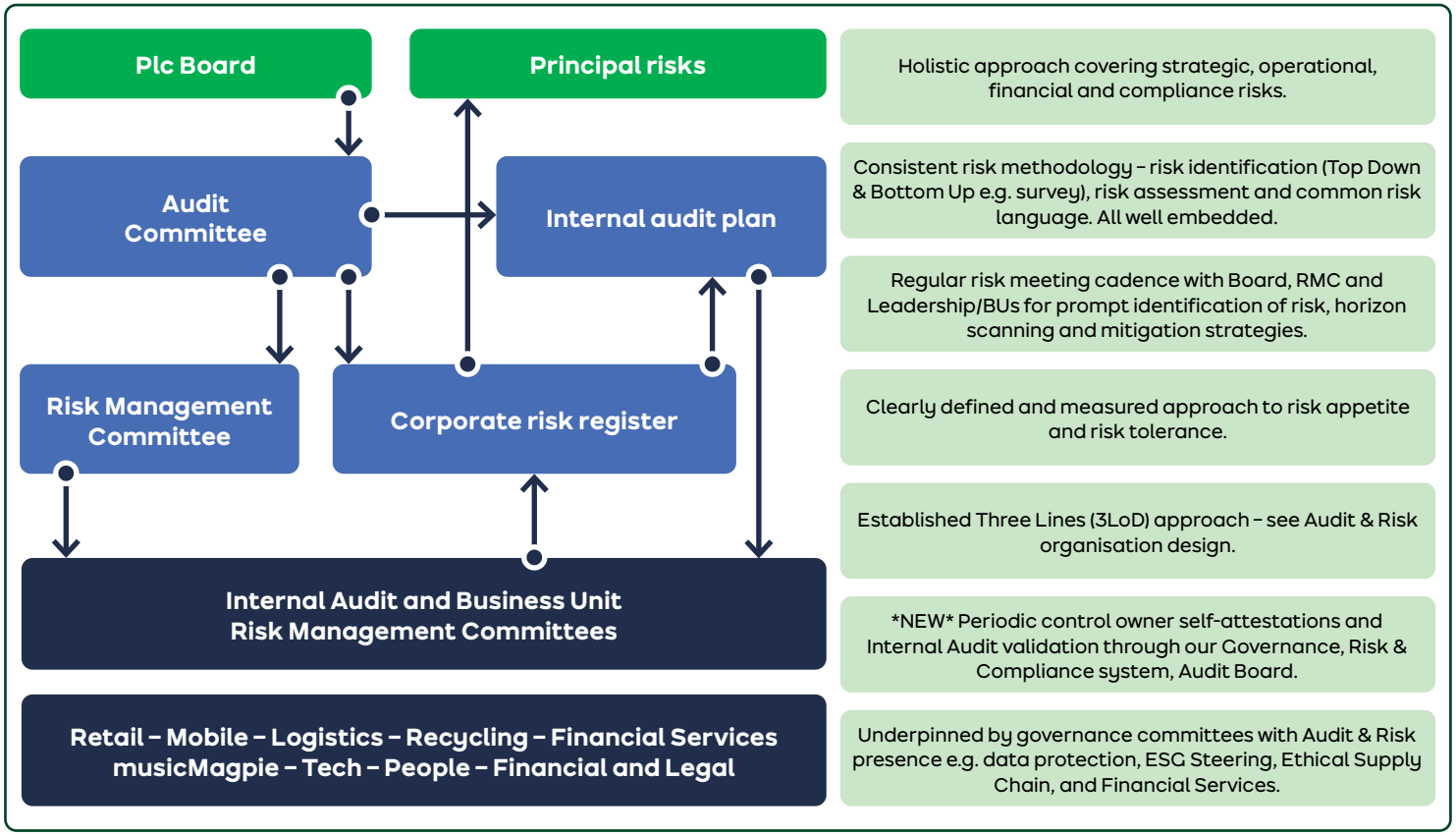
AO is a Founder Patron of *The Dome*, a new OnSide Youth Zone in Crewe developed to support young people aged 8–19, and up to 25 for those with additional needs. The partnership was selected by AOers and reflects AO's commitment to investing in the communities in which we operate. Through financial support and active AOer involvement, AO is helping enable the delivery of high quality facilities, mentoring and development opportunities for young people in the local area. During the year, AOers engaged with the project through site visits, skills based volunteering and leadership development initiatives, including participation in youth led projects that build confidence, teamwork and employability skills.

Additional statutory disclosures, including TCFD aligned reporting, Board diversity, equal opportunities, disability policy and other governance requirements, are included in the Group's compliance statements on page 32.

Our risks

Managing risk in a changing environment

We manage risk through our Enterprise Risk Management Framework ("ERM"), with policies and processes to identify and address risks and clear accountability and delegated authority. This helps us monitor and, where possible, mitigate risks in line with our risk appetite, deliver our strategic objectives and protect stakeholder value.



Plc Board

- has overall responsibility for the effectiveness of AO's internal control and risk management process; and
- approves risk appetite and capacity, and agrees the principal risks and mitigation strategy.

Audit Committee

- reviews the Corporate Risk Register twice per year and is notified of significant changes as appropriate;
- annually assesses the Group's ERM and internal control framework and recommends to the Board on its effectiveness; and
- oversees implementation of the GRC tool to support readiness for Code requirements.

Risk Management Committee ("RMC")

- meets twice per year to review Business Unit risks, the status of the Corporate Risk Register ("CRR") and whether risks remain current; and
- assesses new risks for potential inclusion on the CRR, including mitigation, inherent and residual ratings, and movements.

Group Audit & Risk

- facilitates ERM reporting and maintains the Corporate and Business Unit risk registers;
- shares risk information and best practice across the Group;
- provides independent assurance over risk management and controls;
- monitors compliance, identifies gaps and recommends corrective action;
- administers the Governance, Risk and Compliance ("GRC") system; and
- issues the annual risk survey and summarises results in a thematic pack for the RMC.

Business Unit Risk Management

- business units meet at least twice per year (and as needed) to assess emerging and existing risks, mitigations and changes within the unit, the wider Group or the macro environment; and
- each business unit maintains a risk register; together these form the Corporate Risk Register.

Our risks
continued

Other risk management bodies
- a Data Security and Protection Steering Committee and Data Protection and InfoSec teams that support information security and data protection governance;
- SM&CR Steering and Oversight Committee to ensure we are treating customers fairly and supporting financial services governance;
- a senior Health and Safety Committee that brings together the various health and safety teams within the business to share knowledge and ensure the right culture is promoted right across the Group;
- an Environmental, Social & Governance ("ESG") Steering Group, responsible for driving the ESG strategy and coordinating reporting compliance; and
- an Ethical Supply Chain Steering Group, responsible for ensuring that policies and practices reduce the risk of partnering with unethical suppliers, particularly in relation to modern slavery.

Risk Assessment
We assess likelihood and impact against the Group's Risk Assessment Matrix to determine a risk factor and category (from minimal to significant/aggressive). This is complemented by an overall reasonableness check to ensure scores are consistent and complete. The process helps us understand control effectiveness and identify gaps.

Principal risks
These are the most significant risks faced by the business, based on a likelihood and impact assessment. These are set out overleaf. In addition, we carry some significant accounting risks.

Our risks have varying likelihoods and impacts and range from operational risks in our day-to-day activities; strategic risks due to our high growth and international expansion strategy and external factors such as the market environment; and legal risks given the regulatory frameworks to which we are subject.

Principal risks reflect current assessment and judgement at the reporting date and remain subject to change as external conditions, regulation, technology and customer behaviour continue to evolve.

Risk Appetite
Overall, the Group has a "balanced" approach to risk taking; we will not be unduly aggressive with our risk taking but, being mindful of our distinct appetite for strategic, operational and legal risk, we may accept a number of significant risks at any one time in order to foster innovation and to facilitate growth. We recognise that it is not possible or necessarily desirable to eliminate some of the risks inherent in our activities. However, these must be reviewed against the assessment of other principal risks to ensure that the level of net risk remains within the overall accepted risk appetite. For example, where we have already accepted an aggressive or material risk, this would then limit the acceptance of additional material risks. The Company's Risk Appetite Statement is reviewed annually, in line with the strategic direction of the Group, recent experience and the regulatory environment.

Emerging risks
The Group monitors a range of emerging risks that may, over time, affect its business model, operating footprint or risk profile across e-commerce, recommerce, logistics and recycling. We use a combined top down and bottom up approach to risk identification. We monitor market and macroeconomic developments and discuss these at business unit risk meetings. Introduced in FY22, our annual risk survey asks senior leaders across the Group to identify key threats over the short to medium term. Results are reconciled to the Corporate Risk Register and inform Risk Management Committee and Board discussions. Business Units, steering groups and our SMEs undertake horizon scanning for market, technological, regulatory and legal developments, and the ESG team monitors emerging ESG (including climate) risks.

Key Achievements in FY26
- **Embedded enterprise risk management**
  AO's ERM framework operated consistently across the Group in FY26, with aligned business unit registers, clear risk appetite and effective oversight through the Risk Management and Audit Committees.
- **Progress towards UK controls requirements**
  We strengthened the internal control framework in preparation for UK Corporate Governance Code Provision 29 requirements applying from FY27.
- **Aligned musicMagpie compliance with Group standards**
  We strengthened regulatory governance within musicMagpie Financial Services, aligning compliance arrangements with Group standards.
- **Refined risk assessment methodology**
  We recalibrated the gross impact scale to reflect improved liquidity and headroom, improving proportionality and clarity in risk reporting.

Key Actions for FY27
- **Deliver the UK controls declaration**
  Deliver Provision 29 compliance, evidence Board oversight and formally declare on the effectiveness of material controls.
- **Embed enhanced control testing and assurance**
  Embed half year and year end control self attestation and Internal Audit validation, with more consistent, higher quality evidence.
- **Maintain regulatory discipline as activities expand**
  Continue monitoring regulatory obligations as we operate in more regulated areas, with clear ownership and accountability.
- **Strengthen resilience in core risk areas**
  Maintain focus on cybersecurity, technology resilience and business interruption risk, particularly during automation and transformation.
- **Continue proactive emerging risk monitoring**
  Continue risk surveys, business unit reviews and RMC oversight to support early identification and management of emerging risks.

Emerging risks include changes in customer behaviour and routes to market driven by AI; greater automation and reliance on external partners, and potential cost volatility or regulatory developments that could influence future operating models. Where these risks become more immediate or material, they are assessed for inclusion on the Corporate Risk Register and, where appropriate, reflected within the Group's principal risks (for example, IT Systems, Cyber Security and Agility).

As automation increases across logistics and recycling, the Group also monitors emerging risks relating to operational resilience, third party dependency, governance and workforce transition, recognising that these risks may intensify as scale and reliance increase and as technology, process and organisational change occur concurrently.

Our risks
continued

What are our principal risks?

Read about our strategic pillars on page 07.

UK Electricals Market

Relevant strategic pillars – 1, 2 and 5

Nature of Risk	Control and Mitigation	Overall Change during year
UK (and global) economic uncertainty continues, driven by the conflict in Iran and continued unrest in the Middle East. Inflation continues to pressure consumers, potentially reducing demand (and sales), changing protection plan take up/cancellations, increasing mobile defaults/cancellations, and lowering out of contract income or upgrade rates. Suppliers may also be impacted by supply chain disruption and higher operating/transport costs. These factors can intensify competition and make forecasting more difficult.	We maintain a strong proposition; in MDA, our infrastructure and processes are hard to replicate. Strong supplier relationships help secure our fair share of stock. Our price match promise and technology support strong value; digital acquisition and our trusted reputation drive website traffic. Beyond MDA, we have re engineered the model to serve SDA and newer categories cost effectively. Our finance proposition helps customers spread purchase costs. Fuel and energy costs are hedged in the short term. We monitor competitors closely and can respond quickly to stay competitive, alongside continued customer retention initiatives.	**INCREASE** Geopolitical tensions and the uncertain political environment in the UK drive increased risk. Demand remains soft and we have seen reduced average selling prices. Product protection plan take up was slightly down year on year, with cancellation rates relatively stable. Supply chains have not been materially impacted so far by geopolitical conflict, but disruption risk remains.

IT Systems, Cyber Security and Agility

Relevant strategic pillars – 1, 3, 4 and 5

Nature of Risk	Control and Mitigation	Overall Change during year
AO's IT systems are critical to ongoing operations. Major website or key system downtime from breach or failure could disrupt trading and damage our reputation. Loss of sensitive information could expose our strategy; loss of personal data could trigger complaints/investigations and negative publicity. Under investment in technology could leave us reliant on inefficient systems and processes. Rapid advances in artificial intelligence present both strategic and operational risk. Failure to keep pace with AI driven trends in customer behaviour – including agentic shopping, AI led product discovery and changing routes to market – could reduce customer relevance, digital visibility and competitiveness. At the same time, increased use of AI by threat actors is accelerating the scale, complexity and frequency of cyber attacks, including more targeted ransomware, social engineering and automated attack techniques.	Self built applications have redundancy, monitoring/alerting, security controls and fault tolerance, with 24/365 support. Third party products follow procurement/review to understand failure modes, availability SLAs and security. InfoSec risk is managed via our SOC and dedicated InfoSec team. We run regular training and simulations, external penetration testing, and maintain clear policies and standards. This year we increased training and simulated phishing, and ran cyber attack simulations at functional, senior leadership and Plc Board level, supported by external cyber and legal advisers, focusing on realistic ransomware and data exfiltration scenarios. Enhanced security has improved data management/backup and reduced time to restore critical data. We continue to monitor developments in AI driven customer behaviour and technology risk, alongside enhancements to our cyber security controls, threat detection and incident response capability, recognising the increasing use of AI by both competitors and cyber criminals.	**NO CHANGE** We continue to improve availability, performance, recovery and security across our systems estate. As cyber threats grow more complex, we have continued to strengthen our security posture. AI advances increase both competitive and cyber complexity. These are offset by ongoing investment in resilience, security and digital capability, and the opportunities AI presents to strengthen customer proposition and operational effectiveness.

Our risks
continued

What are our principal risks?
continued

Read about our strategic pillars on page 07.

Culture and people	Relevant strategic pillars – 1, 3 and 4	
Nature of Risk	**Control and Mitigation**	**Overall Change during year**
Our culture is critical to success and a key differentiator. Failure to sustain our culture could affect customer attraction/retention and relationships with suppliers/partners. The risk may increase with outsourcing, leadership churn, or insufficient capability/capacity across the Group. There is also a risk of industrial action in operational areas, driven by pay expectations. Drivers include wage inflation, working practices, skills shortages and engagement levels.	Leaders are jointly responsible for embedding AO's values. Engagement is supported locally and Group wide, with surveys and engagement groups used to identify issues and improvements. Outsourcing will only be to partners we trust to reflect AO's culture, ethos and values. Competitive pay/benefits (including senior incentives and the Value Creation Plan) support attraction/retention. Pay is benchmarked for fairness and we engage closely with unions. Our Learning & Development hub, programmes and apprenticeships develop our people.	**NO CHANGE** Improved business stability has supported our culture and our ways of working are embedded in the UK. We are mindful that we need to actively manage culture as outsourcing overseas increases. Our EIS score is broadly unchanged year on year.

Business Interruption	Relevant strategic pillars – 3 and 4	
Nature of Risk	**Control and Mitigation**	**Overall Change during year**
A major event at or near a Group site (including our main DCs) could disrupt operations, harm financial performance and impact customers.	Our multi site Crewe network reduces single point of failure risk and reliance on any one DC. On site engineering teams run daily maintenance to support Crewe operations and Head Office. Standalone controls also mitigate major site events. Insurance cover further mitigates this risk.	**NO CHANGE** We continue work to implement an enhanced Group wide Crisis Management Plan.

Our risks
continued

What are our principal risks?
continued

Read about our strategic pillars on page 07.

Key Commercial Partnership

Relevant strategic pillars – 1, 2 and 3

Nature of Risk	Control and Mitigation	Overall Change during year
Delivery of our strategy depends in part on key suppliers and partners. Supplier/partner failure, or a relationship breakdown, could weaken our customer proposition and reduce sales and profit. Key partners include: • Manufacturers and distributors; • Delivery partners; • Mobile network operators and our mobile partner relationship; • Finance and Insurance providers; • B2B and Third-Party Logistics clients; and • Plant and information technology systems suppliers. This includes securing favourable terms and competitive rebates, attracting premium brands, and ensuring fair stock allocation where supply is constrained. Our mobile business is dependent on a number of material contracts. Loss of, or deterioration of these relationships/ contracts could impact the viability of our mobile business.	We actively manage key supplier relationships to maintain strong partnerships. We listen to supplier/client concerns and respond accordingly, hold regular operational and strategic meetings, and set clear SLAs so expectations are understood and met. Rebates are agreed through annual trading terms; stretch target rebates are recognised only once targets are achieved. We manage stock availability and procurement to minimise disruption and customer dissatisfaction, balanced with active working capital management to protect liquidity and headroom.	**NO CHANGE** Supplier relationships remained stable, supported by improved liquidity and a simplified strategy, helping secure good allocation of available stock. Our relationships with D&G and NewDay remain stable and contracts have been renewed. Our mobile-related relationships are stable, with a more balanced, win-win approach established during the year.

Changes to and Compliance with laws and regulations

Relevant strategic pillars – 2, 3 and 4

Nature of Risk	Control and Mitigation	Overall Change during year
Regulatory change or non-compliance could affect strategy or operations, particularly in: • Data protection and privacy; • Product protection plan rules (including commission arrangements, fair value requirements and revenue recognition); • Financial Services regulation, Consumer Duty and commission rules; • Driver employment status and wider employment rights; • Health and safety; • Mobile and Ofcom rules/guidance; and • Environmental, Social & Governance ("ESG"). The pace, complexity and cumulative cost of regulatory and legal change also create ongoing operational and management challenges, requiring sustained investment in compliance capability and judgement, increasing the risk of inadvertent non compliance as the Group continues to evolve its business model.	We routinely monitor regulatory developments to identify, assess and respond to change. AO is supported by a Legal team (awareness and best practice), Internal Audit (compliance assurance), a Health & Safety function and specialist compliance teams. Steering committees provide oversight of key regulatory risks (including data protection/security, health and safety and financial services). We obtain external legal advice where needed; recommendations are implemented and monitored. Training is delivered via the LMS and, for operational roles, face to face H&S modules, as appropriate. A Group wide H&S risk assessment programme is in place; policies and standards are defined and communicated and we run scenario-based H&S incident exercises (tabletop and live drills).	**INCREASE** Regulatory change continues at pace. We must stay ahead of employment law changes, FCA and Ofcom developments, increased scrutiny of digital markets and expanded enforcement powers for the CMA. Launching AO Mobile exposes the Group to increased regulation.

Our compliance statements

1. Purpose and scope of this section

These compliance statements summarise where AO's mandatory non financial, climate, energy & carbon and other statutory disclosures are made, and provide the key disclosures required for compliance. It is intended to sit alongside the Group's sustainability strategy and performance reporting and the Annual Report.

2. Non Financial and Sustainability Information Statement

(Companies Act 2006 – Sections 414CA and 414CB; and Non Financial Reporting Directive requirements)

2.1 Statement of compliance

The table below constitutes AO's non financial and sustainability information statement, produced to comply with Sections 414CA and 414CB of the Companies Act 2006, and with the requirements of the Non Financial Reporting Directive. The information set out below is incorporated by reference.

2.2 Non Financial and Sustainability Information Statement

Reporting requirement	Policies/ standards that govern our approach	Information necessary to understand our business and its impact, policy due diligence and outcomes
Environmental	Environmental policy	These compliance statements; The "Reuse and Reduce" section of the Sustainability report
Employees	Group employee handbook; Whistleblowing policy; Health & safety policy; Equal opportunities policy	These compliance statements; The "Responsible Retail" section of the Sustainability report
Social matters	Modern slavery policy; Data protection policy	These compliance statements; The "Responsible Retail" section of the Sustainability report
Human rights	Modern slavery policy; Code of conduct	These compliance statements; The "People and Places" section of the Sustainability report
Anti corruption and bribery	Anti-bribery policy	These compliance statements
Principal risks and impact on the business	–	Our risks on page 27
Description of business model	–	Our business model on page 06
Non financial KPIs	–	Sustainability report on page 21
Climate related financial disclosures	–	TCFD section on pages 33 to 35

3. SECR – Streamlined Energy and Carbon Reporting

(Companies (Directors' Report) and LLPs (Energy and Carbon Report) Regulations 2018)

3.1 SECR statement and methodology

AO reports on greenhouse gas ("GHG") emission sources as required under the SECR Regulations. The methodology used to calculate GHG emissions and energy use is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and ISO 14064.

3.2 Organisational boundary/ baseline approach

FY23 is used as the baseline year for future targets for the UK-only Group, based on third party work undertaken to calculate Scope 1, 2 and 3 emissions.

3.3 Required disclosures:

Greenhouse gas emissions

Scope 1, 2 & 3 Greenhouse Gas Emissions1 for AO Group for FY26 including musicMagpie

Year ending 31 March	% change FY26 v FY25	2026 tCO_2e	2025 tCO_2e[5]	2024 tCO_2e	2023 tCO_2e	2022 tCO_2e	2021 tCO_2e	2020 tCO_2e
Scope 1 (direct emissions): Total emissions from operations and combustion of fuel	4.39%	**20,817**	19,942	19,794	21,919	38,081	31,958	26,587
Scope 2 (indirect emissions)[2]: Total emissions from energy purchased								
Market-based	7.65%	**6,267**	5,822	284	304	2,992	1,284	1,697
Location-based	-4.83%	**2,481**	2,607	2,350	2,350	3,396	3,411	3,679
Total gross Scope 1 and 2:								
Market-based	5.12%	**27,084**	25,764	20,078	22,222	41,073	33,242	28,284
Location-based	3.33%	**23,298**	22,549	22,114	24,268	41,477	35,369	30,266
Carbon Intensity ratio[3]:								
Tonnes of CO_2e per £m of revenue	-6.90%	**18.45**	19.81	21.31	21.31	30.32	21.29	28.55

Our compliance statements
continued

Year ending 31 March	% change FY26 v FY25	2026 tCO_2e	2025 tCO_2e[5]	2024 tCO_2e	2023 tCO_2e	2022 tCO_2e	2021 tCO_2e	2020 tCO_2e
Scope 3[4]								
Cat 1: Purchased goods & services	5.55%	**708,332**	671,078	479,733	445,349	–	260,044	–
Cat 3: Fuel and energy	22.18%	**6,529**	5,344	5,258	5,344	–	–	–
Cat 4: Upstream transportation & distribution	593.20%	**1,969**	284	–	–	–	–	–
Cat 5: Waste in operations	78.00%	**32**	18	4.5	4.54	–	–	–
Cat 6: Business Travel	12,826%	**129**	1	–	–	–	–	–
Cat 7: Commuting	15.23%	**2,689**	2,334	2,356	3,021	–	–	–
Cat 9: Downstream transport	36.11%	**520**	382	372	705	–	–	–
Cat 11: Use of sold products	1.09%	**993,092**	982,339	903,129	1,036,426	–	928,296	–
Cat 12: End-of-life treatment of sold products	22.38%	**959**	783	546	621	–	–	–
Cat 13: Downstream Leased Assets	150.00%	**25**	10	–	–	–	–	–
Other Scope 3 emissions	–	**–**	–	–	–	–	14,564	–
Total gross Scope 3 emissions	3.11%	**1,714,276**	1,662,572	1,391,397	1,491,470	–	1,202,904	–
Total gross Scope 1, 2 (location-based) and 3 emissions	3.08%	**1,737,574**	1,685,120	1,413,542	1,515,738	–	1,238,273	–

	% change FY26 v FY25	2026	2025	2024	2023	2022	2021	2020
Energy use kWh (Scope 1 and 2)	11.08%	**16,450,763**	14,809,283	12,297,977	13,442,795	15,769,141	13,156,641	14,573,240

1 FY20 and FY21 Scope 1, 2 and 3 (where reported) emissions included our emissions in those categories for both the UK and Germany. Figures reported for more recent years relate only to the UK. All calculations use UK emissions factors.
2 Emissions from electricity use, Scope 2, have been estimated using "location-based" and "market-based" approaches.
3 In order to express our annual emissions in relation to a quantifiable factor associated with our activities, we have used revenue as our intensity ratio as this is a relevant indication of the size of our operation.
4 Emissions in Scope 3 relating to categories 1 and 12 have been estimated using secondary data (industry average); for category 5 we have used secondary data and some supplier data and for category 11 we have used primary (product efficiency) and secondary (product lifespan).
5 We have updated FY25 (but not prior years) to reflect: updated emissions factors; our improved methodology for Scope 3 Category 1, where 99% of products now have emissions factors (up from 78% in the previous year); and to include emissions and revenue from musicMagpie, since acquisition. These updates to FY25 allow readers to make a meaningful comparison against FY26. musicMagpie's total emissions for FY26 were 26,671 tCO_2e, which we have concluded are not significant in the context of the AO Group FY23 emissions, meaning no change has been made to our baseline year.

4. TCFD – Climate-Related Financial Disclosures ("TCFD")

The Board recognises the importance of understanding and managing the impact of potential climate-related risks and opportunities on AO's business and strategy. Our ESG steering group helps drive our strategy forward and facilitate cross-group collaboration amongst local area owners.

We confirm that the following section of the Annual Report includes all climate-related financial disclosures consistent with the Taskforce on Climate-related Financial Disclosures ("TCFD") recommendations and recommended disclosures and is in line with the current Listing Rules requirement (as referred to in Listing Rule 9.8.6R(8)) having considered section C of the TCFD Annex "the Guidance for all sectors".

These disclosures also satisfy the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Governance

Board's oversight of climate-related risks and opportunities
The Board oversees material climate-related risks and opportunities, supported by the Audit Committee and Risk Management Committee. It receives at least an annual written update on ESG (including climate), covering our recommerce, recycling and carbon reduction strategies, and approves the sustainability section of the Annual Report (including GHG disclosures and year-on-year progress). The Board also approves major capital investment decisions (e.g. fleet renewal and property energy strategy) and monitors the resulting emissions impact, supported by management papers. The Audit Committee considers climate-related topics as part of its review of the effectiveness of risk management and the associated system of internal control. Our Risk Management Committee meets at least twice per year to discuss all key risks (including any ESG risks) but has, from a day-to-day perspective, delegated the steering of climate risks to our ESG Steering Group and local risk owners, to help drive progress in our key pillars.

An annual ESG strategy and progress review is scheduled, and environmental impacts are considered within the Board's s.172 decision-making. During the year, the Board approved further CNG and LST investment and EV trials, reviewed UK Group Scopes 1, 2 and 3 emissions and scenario planning, and reviewed ESG metrics and KPIs.

Management's role in assessing and managing climate-related risks and opportunities
Management identifies, assesses and manages climate-related risks and opportunities through our integrated risk management process, supported by the Director of Group Audit and Risk and the ESG Steering Group. Relevant risks are captured in business unit risk registers; these are reviewed twice yearly by the Risk Management Committee, with critical risks escalated to the corporate risk register and monitored against risk appetite.

The ESG Steering Group drives delivery across three working groups: (a) Recommerce; (b) Recycling; and (c) Carbon Reduction (Fleet, Estates and Products) and supports cross-group collaboration and local ownership.

Our compliance statements
continued

Strategy

Climate-related risks and opportunities identified over the short, medium and long term
Climate-related risks and opportunities with potential to affect our strategy, operations and finances are set out on page 35. We assess impacts over the short term (1–3 years), medium term (3–5 years) and long term (5+ years), aligned to our wider risk management and financial planning.

Overall risk and potential financial impact increase over time: transitional risks are more relevant in the near term, with physical risks becoming more significant over the longer term. Based on our qualitative assessment, we do not consider there to be an immediate material financial threat to our business model. The areas of highest potential impact are those already being addressed through our working groups.

Impact of climate-related risks and opportunities on our businesses, strategy and financial planning
Our climate risk assessment and scenario analysis form the basis for evaluating how climate-related risks and opportunities affect our strategy and financial planning. We currently focus mainly on qualitative impacts, with limited short- to medium-term quantification. We will refine this analysis over time and provide more detail in future reports, including on risk interdependencies and long-term value creation.

Resilience of our strategy under different climate-related scenarios (including 2°C or lower)
In FY24 we carried out qualitative scenario analysis to 2050 at 1.5°C and 4°C, aligned to the UK net zero by 2050 ambition, using internal research and reference to the IPCC. During the reporting period we reassessed that analysis and do not consider material updates are required at this stage.

The IPCC considers a range of possible futures with different levels of projected warming and society's ability to adapt.

Orderly transition	Hot house world
Consistent with keeping warming below 2°C (c.1.5°C). • Physical risks increase (e.g. more frequent/severe extreme weather) but the most severe impacts are avoided. • Stronger policy, innovation and investment increase transition risks. • Carbon pricing introduced in the 2020s, rising through the 2030s.	Global warming exceeds 4°C (c.4.4°C), with continued reliance on fossil fuels. • Severe acute and chronic physical risks. • Lower near-term transition risk due to limited policy action.

As shown in the table on page 35, risk and estimated potential financial impact increase over time. We do not consider there to be an immediate material financial threat, but this assessment may change once quantitative scenario analysis is completed. We expect our strategy to evolve over time; demand for electrical products and physical delivery is expected to continue, although delivery methods and product characteristics may change as technologies develop.

Risk Management

Our processes for identifying and assessing climate-related risks
Climate-related risks are identified and assessed by business units through our integrated risk management process, supported by the Risk and Audit team. Business unit risk registers are reviewed twice per year; critical risks are escalated to the corporate risk register and reviewed against risk appetite. Principal risks are approved by the Board.

Our processes for managing climate-related risks
All risks are assigned an owner responsible for ensuring they are controlled and mitigated (or, where appropriate, tolerated). Risks above appetite are scrutinised by the Risk Management Committee and, where necessary, escalated to the Audit Committee and/or Board. The Risk and Audit team supports business units to strengthen identification, assessment and management of environmental risks.

Integration into our overall risk management
Climate-related risks are included in business unit and corporate registers and are assessed using the same likelihood and impact criteria as other risks. Risks are classified as short (1–3 years), medium (3–5 years) and long term (5+ years), consistent with our wider approach described in the Our risks section (page 27).

Metrics and targets

Metrics used to assess climate-related risks and opportunities
We use Scope 1, 2 and 3 GHG emissions and a carbon intensity ratio as core metrics (reported on page 32). For recommerce and recycling opportunities, we also track: appliances received for recycling/reuse; products reused; packaging tonnage recycled; plastics tonnage recycled; and used consumer tech resold or rented.

Scope 1, 2 and 3 GHG emissions and related risks
We report GHG emissions under the SECR Regulations. Emissions are calculated using the GHG Protocol Corporate Standard (revised) and ISO 14064, and expressed as tCO_2e. FY23 (UK-only Group) is our baseline, calculated with specialist third-party support (Green Jam). FY26 Scope 1, 2 and 3 results are set out on page 33; related risks (including medium-term carbon pricing) are summarised on page 35.

Targets and performance against targets
We support the UK net zero by 2050 ambition and intend to set interim science-based targets for Scope 1 and 2 once we have greater certainty on fleet decarbonisation technology/infrastructure and longer-term energy and legislative requirements.

In the short term, we target Scope 1 reductions through logistics programmes (CNG trunking, LSTs, improved capacity, delivery box design and telematics). We target HGV transition to CNG (or other lower-carbon alternatives as technology develops) by 2035.

For Scope 2, we aim for 100% renewable electricity, but have temporarily reverted to non-renewable supply due to cost; our focus is reducing absolute energy consumption per site through the initiatives on pages 22 to 23. Progress is reflected in the emissions metrics on page 32.

We also have qualitative targets to: (a) maximise e waste collected from customers; (b) optimise reuse; and (c) maximise plastics recycled. Climate-related metrics are not currently included in executive incentives due to uncertainty in UK policy, infrastructure and energy strategy.

Our compliance statements
continued

Climate-related Risks and Opportunities

Transitional Risk

Extended Producer Responsibility ("EPR")
TCFD Category (Policy and Legal)

Impact: Stronger WEEE take-back and packaging obligations could increase complexity and cost (Retail, Logistics and Recycling).

£

Right to Repair
TCFD Category (Policy and Legal)

Impact: Regulation requiring repairable products could reduce new product sales but lower compliance costs (Retail, Logistics and Recycling).

£

Reputation and greenwashing
TCFD Category (Customer Reputation)

Impact: Failing to meet customer expectations (or greenwashing risk) could damage trust, sales and share (Retail).

£

Fleet transition (cost/technology/infrastructure)
TCFD Category (Market)

Impact: Higher cost to shift away from fossil fuels; risk of sub-optimal technology choices; site constraints/ infrastructure readiness (Logistics).

£ £

Carbon pricing and regulation
TCFD Category (Policy and Legal)

Impact: Potential carbon taxes, permits, offsets, sector-specific charges and expanded reporting/ disclosure requirements.

£

Physical Risk

Supply chain disruption
TCFD Category (Acute and Chronic)

Impact[1] – orderly transition: Supplier constraints (raw materials), transport disruption, warehousing adaptation and higher inventories; risk of supplier failure.

£ £

Impact[1] – hot house world: Greater raw material scarcity, severe transport and storage constraints; potential business disruption; water scarcity could affect manufacturer production.

£ £ £

Mitigation strategy: Enhance supply chain planning, contingency and risk modelling to minimise disruption and maintain availability.

Site impacts (outages, floods, heatwaves)
TCFD Category (Acute and Chronic)

Impact[1] – orderly transition: Building adaptation costs and potential delivery restrictions (e.g. low-emission zones). Extreme weather (floods/high winds) and outages could damage assets, raise costs and reduce service levels.

£

Impact[1] – hot house world: More pronounced sea level rise and land scarcity; higher damage/maintenance from extreme weather; potential water/drainage constraints; heatwaves impact colleague wellbeing and site cooling needs.

£ £

Mitigation strategy: Adapt/retrofit buildings for resilience and efficiency; consider location and long-term climate/energy access in site planning.

Delivery disruption
TCFD Category (Acute and Chronic)

Impact[1] – orderly transition: Weather events (floods, heatwaves, severe cold) could disrupt roads and reduce drops per route, lowering profit and capacity.

£

Impact[1] – hot house world: Greater infrastructure disruption (roads/bridges) and increased delivery constraints; heatwaves could require vehicle cooling and reduced drops for health and safety.

£ £ £

Mitigation strategy: Review network resilience and, where needed, consider relocation of sites to better support delivery operations.

Opportunities

Circular economy: strengthen brand and reputation
TCFD Category (Reputation)

Impact: Higher sales; lower customer acquisition costs.

Timeframe[2]: 2

Mitigation strategy: Increase customer/stakeholder communications on recycling and circular economy progress. Expand plastics facility to include in-house extrusion, enabling easier use of recycled material in new products. Grow reuse operations, including consumer tech, supported by musicMagpie.

Extended Producer Responsibility ("EPR")
TCFD Category (Policy and Legal)

Impact: Higher sales/margins; lower compliance cost.

£

Timeframe[2]: 1

Mitigation strategy: Leverage in-house logistics and recycling/reuse to deliver efficient free take-back for AO and third parties. Continue evaluating additional recycling capacity, including a new site.

Product mix shift (e.g. heatwaves → cooling demand)
TCFD Category (Market)

Impact: Expanded ranges and sales.

Timeframe[2]: 2

Mitigation strategy: Monitor market trends and customer demand; build supplier relationships in growing categories.

1 Estimated Financial Impact – Without Detailed Quantitative Modelling

£ £ £ Significant impact on group | £ £ Moderate impact on group | £ Limited impact on group

2 Timeframe

1 Short | 2 Medium | 3 Longer

Our compliance statements
continued

5. FCA Listing Rules – Diversity Disclosure

In accordance with Listing Rule 9.8.6(R)10, annex 2, we set out our Board diversity data[1] as at 31 March 2026 below:

Gender:

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)[2]	Number in Executive management	Percentage of Executive management
Men	6	75%	3	2	100%
Women	2	25%	0	0	0%
Other categories	0	0	0	0	0
Not specified/prefer not to say	0	0	0	0	0

Ethnicity:

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)[2]	Number in Executive management	Percentage of Executive management
White British or other white (including minority-white groups)	8	100%	3	2	100%
Mixed/multiple ethnic groups	0	0%	0	0	0%
Asian/Asian British	0	0%	0	0	0%
Black/African/ Caribbean/ Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified/ prefer not to say	0	0%	0	0%	

1 Data has been collected by a survey of the Board, conducted by the Company Secretary.
2 The position of SID was vacant as at 31 March 2026 but from 1 April 2026 Peter Pritchard has been appointed as SID.

As can be seen in the above tables, AO has not met any of the FCA's targets on Board diversity: we have not met the target of 40% of the Board being women, none of the Board's senior positions are held by women and none of the Board are from an ethnic minority background. As described elsewhere in the Annual Report, the Directors recognise the FCA's diversity targets and remain supportive of the recommendations of the Parker and Hampton-Alexander reviews; they are committed to increasing female and ethnic representation on the Board and throughout the wider organisation, as they believe that the business should have a culture that truly accepts diversity of thought, equity and inclusion.

AO's 2026 Gender Pay Gap Report highlighted that our overall gender pay gap (as at the snapshot date of 5 April 2025) is 3% on a median basis and 6% on a mean basis (significantly below the ONS average). However, our gender pay gaps (on a median basis) and at individual entity level range from -2% in Recycling to c.29% in AO World – the listed Company (with the gaps reducing year on year in the main). At the AO World level, the gap is predominantly due to the stronger representation of men at more senior levels and, to some degree, because of industry-led higher pay in male-dominated Tech roles. In terms of gender representation, our Logistics and Recycling businesses are, typically, male-dominated, with only 21% and 15% female representation, respectively, as at the snapshot date. Retail and enabling functions have c.49% and 40% female representation.

As at 31 March 2026, our Senior Leadership team (i.e. the direct reports to our two Executive Directors) was 36% (FY25: 33% female). The number of female AOers across the whole business was 31% (FY25: 32%).

Our latest Gender Pay Gap Report, with a snapshot date of 5 April 2025 can be found at https://www.ao-world.com/responsibility. Please see the statement for the work we've done and are still doing to drive down the gaps in gender representation and gender pay.

Ethnicity

We currently do not report on ethnicity representation across our workforce, but, as noted above, we now have better data from AOers to understand ethnic backgrounds for the majority of AOers and our ethnicity pay gap. We will continue to promote the benefits of holding diversity data with a view to improving even further, to be able to better understand the backgrounds of our teams and devise an appropriate strategy to become more ethnically diverse.

6. Equal opportunities and disabled persons (Companies Act disclosures)

Disabled people

Disabled people have equal opportunities when applying for positions at AO and we ensure they are treated fairly. Procedures are in place to ensure that disabled AOers are also treated fairly in respect of career development. Should an AOer become disabled during their course of employment with the Group, we would seek, whenever practical, to ensure they could remain as part of our team.

Our compliance statements
continued

6. Equal opportunities and disabled persons (Companies Act disclosures) continued

Equal opportunities

AO is committed to maintaining good practice in relation to equal opportunities and reviews its policies on a regular basis in line with legislative changes and best-practice benchmarking. It is Company policy that no individual (including job applicants) is discriminated against, directly or indirectly, on the grounds of colour, race, ethnic or national origins, sexual orientation or gender, marital status, disability, religion or belief, being part time or on the grounds of age or anything else. Our inclusion policy underpins our talent attraction and recruitment process. Once people join AO, we aim to ensure that: working practices, career progression and promotion opportunities are free from discrimination or bias, and AOers are aware of their own personal responsibility in ensuring the support of the policy in practice.

In the opinion of the Directors, our equal opportunities policies are effective and adhered to.

We have put an inclusion lens over our leadership pipeline and succession process and have built inclusive practices into our leadership programmes.

This is coupled with comprehensive inclusion learning content on our learning hub for all AOers.

7. Modern Slavery/ ethical supply chain disclosures

Our Modern Slavery statement for the year ended 31 March 2025 was published during the year and can be found at https://www.ao-world.com/responsibility.

During the year, AO published its tenth Modern Slavery Statement, applying a risk based approach across all UK subsidiaries. Governance, supplier due diligence and awareness activity remained embedded, with a focus on higher risk areas such as logistics and recycling. No confirmed instances of modern slavery were identified, with continued emphasis on prevention and vigilance.

8. Anti-bribery and whistleblowing

We also have in place a formal anti-bribery policy and whistleblowing procedures. Our whistleblowing procedures allow our people to raise any issues of impropriety in confidence. As noted in the governance section, we have undertaken an assessment of these procedures during the year and are confident these continue to work effectively.

9. Consumer Duty

During the year, the Board reviewed and approved AO's annual Consumer Duty assessment, confirming that the business is delivering good outcomes for retail customers. Consumer Duty considerations are embedded through governance, training, monitoring and partner oversight, with regular review of customer outcomes, complaints and vulnerability. The Board was satisfied that AO complied with Principle 12 and PRIN 2A, with controls in place to support continuous improvement.

10. Data protection and cyber security

Protecting customer data and safe online shopping remain critical. Dedicated data protection, information security and cyber teams oversee policies, supported by mandatory employee training via the learning hub. The Data Protection and Security Committee meets quarterly to oversee strategy and risk. Continued investment has progressed initiatives to reduce risk, alongside training on cybersecurity, GDPR and related compliance policies.

11. Health and safety

AO is committed to maintaining a safe working environment for employees and customers. Health and safety is overseen at Group level through a clear governance framework, with regular Board reporting on performance, risks and incidents. A Group H&S strategy with defined KPIs is in place, supported by consistent systems, audits and training. Management monitors performance across all business units, contractor controls and high risk activities, and reviews serious incidents, assurance findings and crisis management readiness.

Further information is included in our sustainability report.

12. Tax strategy disclosure

AO's tax strategy supports the wider Group strategy by minimising risk and uncertainty and providing a stable tax environment. The Group is committed to responsible tax management, acting with integrity and transparency, paying the right amount of tax at the right time and complying with all filing obligations. The tax strategy is reviewed regularly to ensure ongoing alignment with business strategy and priorities.

A copy of our current tax strategy can be found on our corporate website at ao-world.com/responsibility.

13. Board independence, diversity and Executive remuneration

Our Corporate Governance Report sets out further details of our governance around Board independence and diversity and Executive remuneration.

14. Section 172 Statement and Engagement with Our Stakeholders

Our section 172 duty

The Board is required under section 172 of the Companies Act 2006 ("s172") to act in the way it considers, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole. In doing so, Directors must have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

Section 414CZA of the Companies Act 2006 requires the Board to describe in this Annual Report how, during the financial year, it has had regard to the matters set out in section 172 when performing its duty (the "section 172 statement"). This section 14 constitutes the Company's section 172 statement for the year ended 31 March 2026. This section 14 also provides information relevant to the requirements on employee engagement and fostering business relationships set out in the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 (SI 2008/410) as amended by the Companies (Miscellaneous Reporting) Regulations 2018.

This statement should be read in conjunction with other sections of this Annual Report, including the Strategic Report, Sustainability Report, Corporate Governance Report and Directors' Report.

Our compliance statements
continued

Stakeholder engagement

To enable effective decision making, the Board seeks to understand the perspectives and priorities of the Group's stakeholders and receives regular updates on stakeholder engagement across the business. The Board considers engagement outcomes alongside financial, strategic and risk information when making decisions.

The Group's key stakeholder groups are Customers, People, Suppliers and Partners, Communities, Shareholders and Regulators. Engagement with each stakeholder group during the year is summarised below:

Customers

How we engage
- Customer service centres supported by digital channels, including chat and social media
- Extensive use of customer satisfaction metrics and review platforms
- Product, proposition and user journey testing, including trials linked to new initiatives

What matters to them
- Reliable service and delivery. Clear, fair pricing and transparency
- Trust, data protection and product quality

How we have responded
- Continued focus on Trustpilot performance and operational service metrics
- Careful testing and phased launch of new propositions, including mobile and membership enhancements
- Ongoing investment in cyber security, data protection and customer communications

People

How we engage
- CEO led business updates, listening groups and engagement surveys
- Designated NED for workforce engagement
- Formal engagement arrangements with recognised trade unions in relevant areas

What matters to them
- Job security, wellbeing and health and safety
- Fair reward and pay transparency
- Career development and effective communication during change

How we have responded
- Board oversight of workforce engagement outcomes and labour stability metrics
- Continued investment in leadership capability, training and mandatory learning
- Careful consideration of people impacts associated with offshoring, technology change and restructuring

Suppliers and Partners

How we engage
- Regular senior level and operational engagement
- Structured governance with key commercial and strategic partners
- Ongoing dialogue on performance, resilience and compliance standards

What matters to them
- Long term, collaborative relationships
- Fair payment practices
- Clear standards of conduct and mutual accountability

How we have responded
- Active management of supplier relationships during periods of operational and strategic change
- Focus on resilience, continuity and quality, particularly in logistics, technology and mobile partnerships

Communities and the Environment

How we engage
- Engagement with local communities where the Group operates
- Participation in recycling, sustainability and industry forums
- Environmental and health and safety reporting

What matters to them
- Environmental performance and responsible retailing
- Safe operations
- Local employment and community investment

How we have responded
- Continued progress on recycling and reverse supply chain capabilities
- Consideration of environmental impacts in fleet, property and logistics decisions
- Ongoing investment in health and safety systems and practices

Shareholders

How we engage
- Regular results announcements and investor presentations
- Meetings with shareholders and analysts
- Transparent disclosure through regulatory announcements and reports

What matters to them
- Sustainable value creation and capital discipline
- Financial resilience and risk management
- Clear strategy and governance

How we have responded
- Continued focus on profitability, cash generation and disciplined investment
- Enhanced transparency around capital allocation and returns
- Regular engagement with the investment community

Regulators

How we engage
- Ongoing horizon scanning and regulatory updates
- Formal compliance reporting and internal control frameworks
- Participation in industry consultations

What matters to them
- Compliance and cooperation
- Consumer protection and data security
- Environmental and social responsibility

How we have responded
- Board level oversight of regulatory compliance, including consumer duty, SM&CR and data protection
- Continued enhancement of internal controls and governance processes

Our compliance statements
continued

An example of how the Board has had regard to section 172 when making decisions

During the year, the Board considered and approved a programme of investment to strengthen the Group's cyber resilience and to modernise critical legacy systems that support core operations, including logistics and customer fulfilment.

In reaching its decision, the Board had regard to the following section 172 matters:

The likely long-term consequences of the decision
The Board recognised that the reliability and resilience of critical systems are fundamental to the long-term success of the Group. Investment in modern platforms and enhanced cyber controls was intended to reduce operational risk, mitigate the increasing threat of cyber incidents, and ensure continuity of service as the business scales and evolves.

The interests of employees
The Board considered that reliable, well supported systems enable employees to perform their roles safely and effectively, reduce operational disruption and create a more stable working environment, particularly in customer facing and logistics operations.

The need to foster relationships with customers, suppliers and other stakeholders
The Board noted that customers and partners expect secure handling of data, consistent service delivery and operational resilience.

Strengthening cyber security and system continuity was therefore seen as critical to maintaining trust and supporting long term relationships with customers, suppliers and key technology partners.

The desirability of maintaining high standards of business conduct and reputation
The Board considered its responsibilities in relation to data protection, regulatory compliance and responsible business practices. Continued investment in cyber resilience and system controls was viewed as essential to maintaining the Group's reputation for high standards of conduct.

Acting fairly between members of the Company
The Board balanced the cost of investment against the potential financial and reputational impact of system failure or cyber incidents, concluding that a disciplined, phased approach represented a responsible use of capital in the interests of shareholders as a whole.

Having taken these matters into account, the Board concluded that strengthening cyber resilience and ensuring continuity of critical systems would promote the long-term success of the Company for the benefit of its members as a whole.

15. Viability assessment
In accordance with Provision 31 of the 2024 UK Corporate Governance Code, the Directors have assessed the viability of the Company and the Group over a three-year period to 31 March 2029. The Directors believe this period to be appropriate as the Company's and the Group's strategic planning encompasses this period, and because it is, typically, a reasonable period over which the impact of key risks can be assessed within a fast-moving retail business, and changes in the economic environment that may alter customer demand patterns. The Directors are mindful, however, of the heightened uncertainty driven by the current macro-economic climate and accept that forecasting across this time frame is more challenging.

In making this viability statement, the Directors have reviewed the overall resilience of the Group and have specifically considered:

- a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. These risks, and how they are mitigated, are set out above on pages 29 to 31; and
- financial analysis and forecasts showing current financial position and performance, cash flow and covenant requirements.

The Directors have reviewed the Group's annual and longer-term financial forecasts and have considered the resilience of the Group using sensitivity analysis to test these metrics over the three-year period. This analysis principally involves varying the key assumptions, being revenue growth, gross margin and wage inflation, and evaluating the monetary impact of these severe but plausible risks, in isolation and combined, and the likely degree of mitigating actions available to the Company over the three-year period if such risks did arise.

Based on the Group's current position, the Board has a reasonable expectation that the Group and Company will be able to continue in operation and meet its liabilities as they fall due, retain sufficient available cash and not breach any covenants over the period of their assessment and the remaining term of the current facilities. As is customary when dealing with longer-term debt facilities, the Board would expect these to be renewed well in advance of their next term with the current facility due to expire in October 2028.

Our compliance statements
continued

16. Going concern statement

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 03 to 40. The financial position of the Group and its cash flows are described in the Financial and Operational review on page 12. In addition, the Notes to the Financial Statements include the Group's policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk. Further information on our risks is on page 27.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate.

The Group meets its day-to-day working capital requirements from its cash balances and the availability of its £120m revolving credit facility which expires in October 2028.

The Directors have prepared base and sensitised cash flow forecasts for the Group for a period of at least 12 months from the expected approval of the financial statements (the "going concern period") which indicate that the Group will remain compliant with its covenants and will have sufficient funds through its existing cash balances and availability of funds from its revolving credit facility to meet its liabilities as they fall due for that period. The forecasts take account of current trading, management's view on future performance and their assessment of the impact of market uncertainty and volatility.

In assessing the going concern basis, the Directors have taken into account a severe but plausible downside to sensitise its base case by applying a sales risk of 15%, which restricts revenue growth to levels below those achieved in the year ended 31 March 2026. Further sensitivities have been modelled to reduce gross margin by 1% and to assume greater than inflation staff costs for non head office staff. These sensitivities capture a severe cash flow impact from a combination of potential downsides including a weaker UK electricals market, a business interruption or a cyber security incident.

Although not modelled in these severe but plausible downside scenarios, the risks above could be offset with controllable mitigations across various expense categories and discretionary spend. Under this severe but plausible downside scenario the Group continues to demonstrate headroom on its banking facilities and remains compliant with its quarterly covenants, which are interest cover (Adjusted EBITDA being at least 4x net finance costs) and leverage (Net debt to be no more than 2.5x EBITDA). The likelihood of a breach of covenants is considered remote and hence headroom against its covenants has not been disclosed.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

17. Approval and sign off

The Company's Strategic Report was approved by the Board on 16 June 2026 and signed on its behalf by:

Julie Finnemore
Legal Director and Company Secretary
16 June 2026



“AO has a balanced Board with diversity of skills and thought.”

Geoff Cooper
Chair

Our Governance

Governance at a glance	42	Audit committee report	52
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Governance at a glance

The strength in our people

The Board's composition is reviewed regularly with a view to ensuring a diverse mix of backgrounds, skills, knowledge and experience as well as deep expertise in retail and customer focus and technology.



Board meeting attendance

The table below summarises the attendance of the Directors during the year ended 31 March 2026.

Director	Meetings eligible to attend
Geoff Cooper	6/6
John Roberts	6/6
Mark Higgins	6/6
Chris Hopkinson	6/6
Shaun McCabe	6/6
Peter Pritchard	6/6
Sarah Venning	6/6
Sophie Tomkins*	4/4

* Sophie was appointed on 1 September 2025.

Skills Matrix

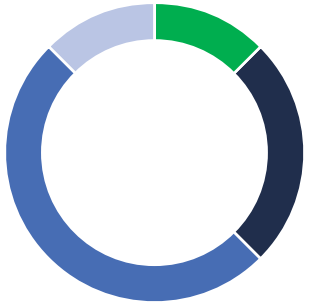
	Geoff Cooper	John Roberts	Mark Higgins	Chris Hopkinson	Peter Pritchard	Shaun McCabe	Sarah Venning	Sophie Tomkins
Retail/customer-focused business experience	●	●	●	●	●	●	●	●
Digital experience		●	●		●	●	●	
Finance and accounting	●		●	●		●		●
International experience	●	●	●	●	●	●	●	●
Functional experience in management and operations	●	●	●	●	●	●	●	●
Marketing		●					●	●
Strategy	●	●	●	●	●	●	●	●
Public company governance	●				●	●		●

Board Gender



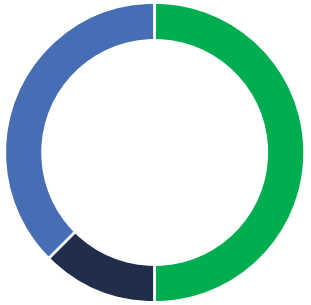
- Female **25%**
- Male **75%**

Board Role and Independence



- **1** Chair (Independent on appointment)
- **2** Executive Directors
- **4** Independent NEDs
- **1** Non-independent NED (Chris Hopkinson is considered non-independent in respect of his Board tenure only)

Board Tenure (In years)



- JR, CH, MH and GC = **9+ years**
- SM = **6-9 years**
- SV, PP and ST = **1-3 years**

AO's compliance with the 2024 Corporate Governance Code (the "Code")

This Corporate Governance Statement ("Statement"), together with the Corporate Governance Report and Committee Reports, explains the key features of the Company's governance structure and how it has applied the principles set out in the Code during the reporting period. The Financial Reporting Council is responsible for the publication and periodic review of the Code. The Code and associated guidance are available on the Financial Reporting Council's website at frc.org.uk.

The Directors consider that the Company has, throughout the period under review, complied with the provisions of the Code, save that:

- the Chair's tenure has been extended beyond 9 years by agreement of the full Board (Provision 19) – see page 50 for further explanation;
- no externally facilitated board performance review has been conducted (Provision 21) – see page 51 for further explanation;
- the share awards granted to the Executive Directors are subject to a total vesting and holding period of 4 years by agreement of the shareholders at the 2025 AGM (Provision 36) – see last year's Remuneration Committee Report for further explanation; and
- during the year under review, the Company had not appointed a Senior Independent Director (Provision 12) – Peter Pritchard has now been appointed as Senior Independent Director.

The Directors confirm that, through the activities of the Audit Committee described on pages 52 to 55, it has reviewed the effectiveness of the Company's risk management and internal controls.

The table below summarises how the Directors have applied the principles of the Code during the year and where relevant content can be found in other parts of this report.

Selection of the Code		Further information
Board leadership and Company purpose (Principles A to E)	The Board's role is to provide leadership to the Company and to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. The Board sets the Company's values and standards, making sure that they align with its strategic aims and purpose.	Business model – page 06 Risk management – page 27 Board leadership and purpose – page 46 Shareholder engagement – page 48 People, culture and workforce engagement – page 25
Division of responsibilities (Principles F to I)	There exists a clear division of responsibilities between the Chair and the CEO. The Chair's primary role includes ensuring the Board functions properly, that it meets its obligations and responsibilities, and that its organisation and mechanisms are in place and are working effectively.	Governance framework – page 44 Division of responsibilities – page 46 Independence and time commitments – page 47 Nomination Committee Report – page 49
Composition, succession and evaluation (Principles J to L)	The Nomination Committee is responsible for regularly reviewing the composition of the Board. It appraises the Directors and evaluates the skills and characteristics required on the Board.	Board effectiveness review – page 50 Nomination Committee Report – page 49 Board skills and experience – page 42 and pages 44 to 45
Audit, risk and internal control (Principles M to O)	The Audit Committee plays a key role in monitoring and evaluating our compliance and risk management processes. It provides independent oversight of our external auditors, our internal controls framework and our accounting policies. It also ensures the Board Reports are fair, balanced and understandable.	Risk Management – page 27 Audit Committee report – page 52
Remuneration (Principles P to R)	The Remuneration Committee sets levels of remuneration that are designed to promote long-term, sustainable success and structures remuneration to align management's interests with those of shareholders.	Remuneration Committee report – page 56

Board of Directors



Geoff Cooper

Non-Executive Chair

N R

Committee membership
Nomination and Remuneration Committees

Appointment to the Board
1 July 2016

Relevant skills and experience
- Over 25 years' UK public company board experience, including chair and chief executive officer roles.
- Significant retail and customer-facing industry experience across the UK.
- Ability to steer boards through high-growth strategies and overseas expansion.
- Former non-executive chair of Bourne Leisure Holdings, Dunelm Group PLC, Card Factory PLC and Brakes Group, and former chief executive officer of Travis Perkins PLC.

Significant current external appointments
Chair at Channel 4 Corporation.



John Roberts

Founder and CEO

Committee membership
None

Appointment to the Board
2 August 2005 (AO Retail Limited 19 April 2000)

Relevant skills and experience
- Co-founded the business over 20 years ago, giving him thorough knowledge and understanding of the Group's business.
- Extensive CEO experience: led the management team to successfully develop and expand the business during periods of challenging market conditions.
- Innovator and visionary lead.
- Significant market knowledge and understanding.

Significant current external appointments
None.



Mark Higgins

Group Chief Financial Officer and Chief Operating Officer

Committee membership
None

Appointment to the Board
1 August 2015

Relevant skills and experience
- Joined AO in 2011 as Group Finance Director.
- Appointed as Group Chief Financial Officer in 2015.
- Appointed as Chief Operating Officer in 2025, a role he performs in conjunction with his role as Group Chief Financial Officer.
- Previous senior finance roles held at Enterprise Managed Services Limited and the Caudwell Group.
- Member of the Chartered Institute of Management Accountants.

Significant current external appointments
None.



Peter Pritchard

Senior Independent Non-Executive Director

A R N

Committee membership
Audit, Remuneration and Nomination Committees

Appointment to the Board
1 October 2022

Relevant skills and experience
- Significant consumer and broad operational experience.
- Previously CEO at Pets at Home PLC and held other senior positions at several of the UK's best-known retail brands, including Wilkinson Stores Limited, Asda/Walmart stores Inc, J Sainsbury PLC and M&S PLC.

Significant current external appointments
NED and Remuneration Committee Chair at Motability Operations Group PLC, NED at Nutriment and NED at B&M European Value Retail plc.

Independent
Yes

Key

A Audit Committee | N Nomination Committee | R Remuneration Committee | P People Champion | Chair of Committee

Board of Directors
continued



Shaun McCabe

Non-Executive Director

R A

Committee membership
Remuneration and Audit Committees

Appointment to the Board
24 July 2018

Relevant skills and experience
- ICAEW chartered accountant with a strong mix of knowledge of consumer-focused businesses and digital expertise.
- Significant international, finance and general management experience.
- Previous senior positions held at several online market leaders, including Trainline PLC, ASOS PLC, Amazon Europe and boohoo Group PLC.

Significant current external appointments
Chief Financial Officer at Tide.

Independent
Yes



Chris Hopkinson

Non-Executive Director and People Champion

N P

Committee membership
Nomination Committee and People Champion

Appointment to the Board
12 December 2005

Relevant skills and experience
- Former City financial analyst.
- Significant industry experience.
- Holds a master's degree in Logistics.

Significant current external appointments
Executive Director of Clifton Trade Bathrooms Limited.

Independent
No, due to length of tenure only.



Sarah Venning

Non-Executive Director

A R N

Committee membership
Audit, Remuneration and Nomination Committees

Appointment to the Board
1 November 2022

Relevant skills and experience
- Significant experience in digital and IT fields across retail, hospitality and transport sectors having worked previously at John Lewis Partnership, BAA and Pret A Manger.
- Experience in digital transformation and information technology.

Significant current external appointments
Chief Strategy and Transformation Officer at Allwyn UK.

Independent
Yes



Sophie Tomkins

Non-Executive Director

A N

Committee membership
Audit and Nomination Committees

Appointment to the Board
1 September 2025

Relevant skills and experience
- Chartered Accountant with substantial Board and Audit Committee Chair experience. Sophie's executive stockbroking career included senior managerial roles, and she has advised numerous companies on a huge range of transactions.
- Previous Board roles have included Hotel Chocolat Group PLC, The Snowfox Group, and CloudCall Group PLC, all of which have seen highly successful capital events.

Significant current external appointments
NED and Audit Committee Chair of Wilmington PLC, Virgin Wines UK PLC, and System1 Group PLC. She is also Senior Independent Director of System1 Group PLC which won the AIM Corporate Governance Award in 2024.

Independent
Yes

Key

A Audit Committee | N Nomination Committee | R Remuneration Committee | P People Champion | Chair of Committee

Corporate Governance report

AO World Plc Board

The Company is led and controlled by the Board. The structure and business of the Board is designed to ensure that the Directors focus on strategy, monitoring, governance and the performance of the Group.

Governance framework

The Board is responsible for maintaining a strong and effective system of governance throughout the Group. Day-to-day management of the implementation of the matters approved by the Board, the Group's activities, governance and oversight is delegated to the Executive Committee comprising the CEO and CFO/COO. The Executive Committee is supported by the Senior Leadership Team, who are the direct reports of the Executive Committee, and comprise a team of highly skilled and experienced senior managers, including the leaders of the Group's business units, and leaders from our enabling and supporting functions, including Tech, Finance, HR and Legal. The Senior Leadership Team meets with the Executive Committee regularly and is focused on the strategic direction and achievement of the Group's priorities.

Trading Team meetings, led by the Executive Committee, are held weekly. This team focuses on the performance, operational delivery, forecasting and resolution of any business issues with escalation to the Senior Leadership Team as required. It is formed of leadership and management team members with operating responsibility. The Group's management team is led by the CFO/COO and comprises our work level three and above AOers (defined as those who lead, run key operations, or have specialist knowledge to lead projects and processes).

The management team meets monthly and receives an update from the Executive Committee on the financial performance and strategic priorities of the Group, as a two-way communication session.

Steering Committees are also in place for key areas of compliance, such as Data Protection and Information Security ("DPS"), the Senior Managers and Certification Regime ("SM&CR"), Health and Safety and ESG.

Formal Board meetings of our operating subsidiary companies are also held on a regular basis. Our Risk Management Committee, which includes the Executive Committee, our Director of Group Audit and Risk and our Legal Director, also meets at least bi-annually to oversee our robust risk management procedures and to critically review the Group's risk register.

Board leadership and Group purpose

Our Board is collectively responsible for the Group's performance and to shareholders for the long-term sustainable success of the Company; we recognise that a clearly defined and well-established strategy and purpose, combined with the Group's culture and values, are critical to achieving this.

The positions of our Chair and CEO are not exercised by the same person, ensuring a clear division of responsibility at the top of the Company. The roles and responsibilities of our Board members are clearly defined and are summarised below. For a more detailed description of the roles of the Chair and CEO, please review the Terms of Reference on our website at ao-world.com.

Board roles and key responsibilities

As at the date of this Annual Report, the Board comprises eight members: the Chair, two Executive Directors and five Non-Executive Directors. Excluding the Chair, four Board members (i.e. at least half) are considered independent in line with the Code.

All current Directors served throughout the year, save for Sophie Tomkins, who was appointed on 1 September 2025. The Chair and Non-Executive Directors are appointed for an initial three-year term, which then rolls over but all Directors are subject to annual re-election by shareholders at the AGM.

Chair (Geoff Cooper)

- Providing leadership of the Board.
- Setting the Board's agenda to emphasise strategy, performance and value creation.
- Monitoring the effectiveness of the Board.
- Ensuring good governance.
- Facilitating both the contribution of the Non-Executive Directors and constructive relations between the Executive and Non-Executive Directors.

Founder and CEO (John Roberts)

- Leading the performance and management of the Group.
- Proposing strategies and business plans to the Board.
- Providing entrepreneurial leadership of the Company to ensure the delivery of the strategy agreed by the Board.

Group Chief Financial Officer and Chief Operating Officer (Mark Higgins)

- Day-to-day management of all functions within the Group and implementing Board's decisions.
- Providing strategic and operational leadership of the Company.

Senior Independent Director (Peter Pritchard)

- Acting as an internal sounding board for the Chair and serving as an intermediary for the other Directors, with the Chair, when necessary.
- Being available to shareholders if they require contact both generally and when communication with the Chair or Executive Directors would be inappropriate.

Non-Executive Directors (Chris Hopkinson, Shaun McCabe, Peter Pritchard, Sarah Venning and Sophie Tomkins)

- Bringing independence, impartiality, experience and special expertise to the Board.
- Constructively challenging the Executive Directors, helping to develop proposals on strategy and ensuring good governance, to scrutinise and hold to account the performance of management against performance objectives.

Designated Non-Executive Director – People Champion (Chris Hopkinson)

- Providing an appropriate avenue for AOers to raise any areas of concern.
- Ensuring a regular dialogue between employees and the Board to aid information flow and to communicate the views and concerns of the workforce.
- Working with the Board to take appropriate steps to evaluate the impact of Board proposals on the workforce.
- Assessing and monitoring the Group's culture.
- Ensuring workforce policies and practices are consistent with the Company's values.

Committees of the Board

The Board has delegated authority to three Committees: Nomination, Audit and Remuneration. These Committees carry out certain tasks on the Board's behalf. This allows the Board to operate efficiently and to give the right level of attention and consideration to relevant matters. The reports of the Committee Chairs are set out on pages 49 to 67.

The full Terms of Reference for each Committee are available on the Company's website at ao-world.com, and from the Company Secretary upon request.

Corporate Governance report
continued

Board meetings
The Board meets as often as necessary to effectively conduct its business. Seven formal meetings are scheduled each year plus additional meetings to exclusively discuss the Group's strategy as appropriate. Unscheduled, ad hoc meetings are arranged as required, where, for example, additional time is required or where a decision is required outside of the Board's normal meeting cycle. The Board also holds several informal dinners before or after a Board meeting, which help foster a healthy culture and promote open and transparent debate.

The Board has an annual rolling plan of items for discussion, which is reviewed and adapted regularly to ensure all matters reserved for the Board, with other items as appropriate, are discussed. Pre-agreed meeting agendas ensure that time is balanced between operating performance, strategy, governance and compliance so that the Board can discharge their duties effectively. To ensure the Board's time is used effectively in meetings, papers are circulated several days in advance to provide adequate time for reading and to raise any specific queries or questions.

At each meeting, the CEO and Group Chief Financial Officer and Chief Operating Officer update the Board on: key operational developments and performance; the market and other key operational risks; the important milestones reached in the delivery of the Group's strategic objectives; the Group's financial performance and banking arrangements; AO's relationships with investors and potential investors; and shareholder feedback and analysis. Meetings and any unresolved concerns expressed by any Director are minuted by the Company Secretary who, as Director of Group Legal, provides the Board with an update on any legal issues. The Head of Group Health and Safety reports quarterly to the Board and provides an in-person, annual update.

All members of the leadership team and selected members of the management team are invited to attend Board or Committee meetings to present on specific business issues and proposals. This way, the Board is given the opportunity to meet with the next layers of management and gain a more in-depth understanding of key areas of the business. External speakers are also invited to present to the Board on topical industry and regulatory issues and to provide training for the Directors where necessary.

There is a formal schedule of matters reserved to our Board for decision, which the Company Secretary ensures is complied with, and which is available on the Company's website at ao-world.com, and from the Company Secretary upon request.

Key Board activities during the year to 31 March 2026
Some of the key Board activities during the year include:

- Continually reviewing and challenging the Group's strategy, including monitoring the alignment between strategy and culture.
- Reviewing regular reports from senior management on trading, business performance and health and safety.
- Supporting management in the continual review of current trading, reforecasting and actions proposed to drive efficiencies.
- Hearing from expert speakers on the Employment Rights Act, Cyber risk and the Mobile industry.
- Approving the annual budget, the business plan for the Group and individual capital expenditure projects.
- Reviewing and approving the Group's full-year and half-year results, together with trading statements and the Group's viability statement and going concern status.
- Reviewing the principal and emerging risks of the Group and consideration of risk appetite.

Board meeting attendance
The table on page 42 summarises the attendance of the Directors during the year ended 31 March 2026.

Where Directors are unable to attend meetings, they receive the papers scheduled for discussion at the relevant meetings, giving them the opportunity to raise any issues and give any comments to the Chair in advance of the meeting.

Board Tenure as at 31 March 2026

Sophie Tomkins	appointed 1 September 2025
Sarah Venning	appointed 1 November 2022
Peter Pritchard	appointed 1 October 2022
Shaun McCabe	appointed 24 July 2018
Geoff Cooper	appointed 1 July 2016
Mark Higgins	appointed 1 August 2015
Chris Hopkinson	appointed 12 December 2005
John Roberts	appointed 2 August 2005

Independence
For the purposes of assessing compliance with the Code, the Board considers that Shaun McCabe, Peter Pritchard, Sarah Venning and Sophie Tomkins are Non-Executive Directors who are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The Board also considers that Geoff Cooper, Chair of the Company, was independent at the time of his appointment in July 2016 and remains so. Chris Hopkinson is not considered to be independent for the purposes of the Code solely due to his long-term involvement with the business but otherwise exercises independent judgement.

Information, support and development opportunities available to Directors
All Board Directors have access to the Company Secretary, who advises them on governance matters. The Chair and the Company Secretary work together to ensure that Board papers are clear, accurate, delivered in a timely manner to Directors and are of sufficient quality to enable the Board to discharge its duties. Specific business-related presentations are given by members of the Group management team when appropriate and external speakers attend Board meetings to present on relevant topics and provide training as required.

As well as the support of the Company Secretary, there is a procedure in place for any Director to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary; for example, Deloitte advise on remuneration matters. As part of the Board review process, training and development needs are considered and training courses are arranged, where appropriate. Directors are encouraged to be proactive in identifying areas where they would like additional information to ensure that they are adequately informed about the Group.

The Board confirms that all Directors have the requisite knowledge, ability and experience to perform the functions required of a Director of a UK premium-listed company.

Directors' conflicts of interest
Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of the Company, unless that conflict is first authorised by the Board. This includes potential conflicts that may arise when a Director takes up a position with another company.

Corporate Governance report
continued

The Company's Articles of Association, which are in line with the Companies Act 2006, allow the Board to authorise potential conflicts of interest that may arise and to impose limits or conditions, as appropriate, when giving any authorisation. Any decision of the Board to authorise a conflict of interest is only effective if it is agreed without the conflicted Director's voting or without their votes being counted. In making such a decision, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Company.

The Company has established a procedure for the appropriate authorisation to be sought prior to the appointment of any new Director, or prior to a new conflict arising and for the regular review of actual or potential conflicts of interest. An Interests Register records any authorised potential conflicts and will be reviewed by the Board on a regular basis to ensure that the procedure is working effectively.

Whistleblowing and anti-bribery and corruption procedures

AO is committed to the highest standards of ethical conduct, honesty and integrity. The Board recognises that transparent communication is key to upholding these values and supports a culture in which colleagues can raise concerns. During the year, the Board, through the Audit Committee, reviewed the Group's whistleblowing policies and received regular updates on reports. The review confirmed that the policies are appropriate, accessible and comprehensive, and enable colleagues to raise concerns anonymously.

The Group has zero-tolerance for corruption, fraud, criminal activity (including financial crime), and bribery. Colleagues are required to complete annual anti-bribery and corruption training via the Group's learning platform. Any breach of procedures is treated as serious misconduct and may result in immediate dismissal.

Shareholder engagement

The Board recognises the importance of communicating with shareholders to ensure its strategy and performance are understood and that it remains accountable. The Company has an Investor Relations function, led by the Group Chief Financial Officer and Chief Operating Officer, which manages communication on strategy and ensures the Board understands the views of major shareholders. This function is supported by corporate brokers Jefferies and Peel Hunt. Executive Directors maintain an ongoing programme of engagement with institutional investors, fund managers and analysts through results presentations, regular dialogue, conferences and roadshows. These discussions cover strategy, performance, management and governance within the bounds of publicly available information. The Investor Relations function also handles ad hoc shareholder queries. The Remuneration Committee Chair engages with shareholders on executive pay matters, while the Board Chair engages with shareholders as needed and has held discussions during the year on investor sentiment regarding Board composition, governance and strategy.

The Board recognises that institutional shareholders may have more frequent contact but ensures all price-sensitive information is disclosed to all shareholders simultaneously in line with legal requirements. The Company Secretary is available to address unresolved shareholder concerns. The Board receives feedback from Jefferies and Peel Hunt on investor views, and any major shareholder concerns are communicated by Executive Directors. It also regularly reviews share price performance, trading activity, changes in shareholdings, and analyst opinions and forecasts. Shareholders can access all key information, including announcements, presentations and the Annual Report, via the Company's website at ao-world.com.

Annual General Meeting

The AGM of the Company will take place at 4pm on 24 September 2026 at Telephone House, 2-4 Temple Avenue, London, EC4Y 0HB. All shareholders can attend in person or, alternatively, vote electronically prior to the meeting. The notice of the AGM can be found in a booklet that is being mailed out at the same time as this report and can also be found on our website ao-world.com. The notice of the AGM sets out the business of the meeting and an explanatory note on all resolutions. Separate resolutions are proposed in respect of each substantive issue. Whether or not you are able to attend, the Board encourages all shareholders to vote as soon as possible and, in any event, by no later than 4pm on 22 September 2026 by taking advantage of our registrar's secure online voting service (via aoshareportal.com) by using the CREST system, or by using a proxy voting form, which is available on request from the Company's registrars, MUFG Group.

Shareholders can submit questions on the AGM resolutions electronically before the meeting and such questions, limited to matters relating to the business of the AGM itself, should be sent to Cosec@ao.com and will be responded to on an individual basis.

The results of the voting will be announced to the London Stock Exchange and made available on our corporate website as soon as practicable after the meeting. At last year's AGM, all resolutions were passed with votes in support of 93% or more.

Stakeholder voice into the Boardroom

Further information on how the Group engages with its key stakeholders including suppliers, employees and the community and the Board's s172 statement can be found on pages 37 to 39. In setting and monitoring strategy, the Board is mindful of the impact that its decisions will have on the Group's stakeholders.

The Board's decision making follows a consistent process, by considering the Company's strategic priorities whilst working within a governance framework for key decision making that takes into account all relevant stakeholders and balances their various interests. The Board considers the need to act fairly between stakeholders and continues to maintain high standards of business conduct. Nevertheless, the Board acknowledges that stakeholder interests may conflict with each other and that not every decision can result in a positive outcome for all stakeholders.

The following are used to bring the voice of the stakeholder into the Boardroom:

- Board papers include consideration of s172 factors.
- Regular updates are received from the HR Director on people, culture, diversity, talent and engagement.
- The Non-Executive Director and People Champion, Chris Hopkinson, provides regular feedback and updates from the Employee Voice to the Board forum.
- The CEO regularly holds interactive Q&A sessions with colleagues, which complement the monthly "State of the Nation".
- The Board's strategy sessions include the potential impact to stakeholders when deciding and agreeing on strategic priorities.
- The Executive Directors meet with major shareholders and feedback is provided to the Board.
- The Board receives regular presentations from the Group management team, Legal Director and external advisers.

Nomination committee report

I am pleased to introduce the report of the Nomination Committee for the year ended 31 March 2026, which details the Committee's activities during the year.

Overview

Committee member	Meetings attended/ Meetings eligible to attend
Geoff Cooper	3/3
Chris Hopkinson	3/3
Peter Pritchard	3/3
Sarah Venning	3/3
Sophie Tomkins (appointed September 2025)	3/3



"Ensuring an effective Board for the leadership and direction of the Company."

Geoff Cooper
Chair, Nomination Committee

Membership and meetings

- During the period under review, the Committee comprised five Non-Executive Directors.
- The Code requires that the majority of the Committee are Independent Non-Executive Directors. I am Chair of the Board and of the Committee and was deemed independent on appointment and the Board considers that I continue to be so. Both Peter Pritchard and Sarah Venning are deemed independent. Chris Hopkinson is not deemed to be independent due to his historic involvement with the Company; however, Chris's continuity, experience and knowledge meant he continued to make a significant contribution to the work of the Committee, ensuring it was run effectively. Therefore, the Board considers that the Committee comprises a majority of Independent Non-Executive Directors and complies with the requirement of the Code.
- Detailed experience, skills and qualifications of all Committee members can be found on pages 44 to 45.
- The Group Legal Director and Company Secretary serves as Secretary to the Committee. By invitation, the meetings of the Nomination Committee may be attended by the CEO, Group Chief Financial Officer and Chief Operating Officer, the Group HR Director and the other Non-Executive Directors.
- Under its Terms of Reference, the Committee is required to meet no less than twice a year. This year, the Committee met three times and this was deemed appropriate to allow the Committee to discharge its responsibilities.
- The timing of meetings is scheduled to coincide with key dates in the Group's financial cycle and in advance of a Company Board meeting to maximise effectiveness.

There are no unresolved disagreements between the Committee and the Board.

Key responsibilities and Terms of Reference

The Committee is responsible for regularly reviewing the structure, size and composition of the Board, and has responsibility for nominating candidates for appointment as Directors to the Board, having regard to its composition in terms of diversity and ensuring it reflects a broad range of skills, knowledge and experience to enable it to meet its responsibilities. It also ensures that plans are in place for orderly succession for appointments to the Board. The Nomination Committee makes recommendations to the Board on its membership and the membership of its principal Committees. The Nomination Committee also makes recommendations to the Board concerning the reappointment of any Non-Executive Director as they reach the end of the period of their initial appointment (three years) and at appropriate intervals during their tenure. The Committee also considers and makes recommendations to the Board on the annual election and re-election of any Director by shareholders, including Executive Directors, after evaluating the balance of skills, knowledge and experience of each Director against the Company's strategy and with regard to the results of the review of Board effectiveness. The Nomination Committee takes into account the provisions of the Code and any regulatory requirements that are applicable to the Company. The Chair does not chair the Nomination Committee when it is dealing with the appointment of a successor Chair. In these circumstances, the Committee is chaired by the Senior Independent Director or an independent member of the Nomination Committee elected by the remaining members. The responsibilities of the Committee are delegated by the Board and are set out in its written Terms of Reference, which are reviewed, updated as necessary and approved each year. A copy of the Terms of Reference is available on our corporate website at ao-world.com or upon request from the Company Secretary.

Nomination committee report
continued

Board appointment process
The Nomination Committee has a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. When the need to appoint a Director is identified, the Committee determines the role profile, including the skills, knowledge and experience required. This takes into account the existing composition of the Board and any required experience and understanding of our stakeholders. We use a combination of external recruitment consultants and personal referrals in making any required appointments. We consider the gender, nationality, ethnic background, educational and professional background of candidates, as well as individual characteristics that will enhance diversity of thinking of the Board and delivery of our strategy. Suitable candidates are interviewed by Committee members, the Executive team and the Company Secretary. We give careful consideration to ensure proposed appointees have enough time available to devote to the role and that the balance of skills, knowledge and experience on the Board is appropriate. When the Nomination Committee has identified a suitable candidate, we then make a recommendation to the Board, which has responsibility for making the final decision. All appointments are made on merit, against objective criteria and with due regard to the benefits of diversity on the Board.

During the year and following the process described above, we were delighted to welcome Sophie Tomkins to the Board as an additional Non-Executive Director. Sophie brings extensive board-level experience and her background in finance, combined with a strong commitment to customer service excellence, will be a valuable asset to the Board. It is expected that Sophie will succeed Shaun McCabe as AO's Audit Committee Chair over time.

Induction process
In line with the Code, we ensure that any new Directors joining the Board receive appropriate support and are given a comprehensive and tailored induction programme organised by the Company Secretary, with each Director's individual experience and background taken into account in developing a programme tailored to their own requirements. The induction, typically, includes the provision of background material on the Company, one-to-one meetings with the CEO and CFO and briefings with senior management as appropriate. Any new Director will also be expected to meet with major shareholders if required. New Directors also receive appropriate guidance on key duties as a Director of a listed company.

Board composition and succession planning
The composition of the Board has continued to be an area of focus for the Nomination Committee this year as it considers succession planning and seeks to ensure that the Board maintains the appropriate balance of skills, experience and independence, as well as providing the appropriate challenge and promoting diversity.

Having regard to the character, judgement, commitment and performance of the Board and Committees to date, and following the internal Board Effectiveness review conducted during the year, the Board is satisfied that no one individual will dominate the Board's decision making and considers that all of the Non-Executive Directors are able to provide effective challenge to management.

As I have now served on the Board for over 9 years the Committee regularly reviews, without me present, whether I continue to hold management to account, exercise objective judgement and promote constructive challenge amongst other Board members.

The Committee is satisfied that I do and, in reaching this conclusion, has taken into account that I have no material business relationship with AO, receive no additional remuneration from AO, have no close family ties with any AO employees, have no cross-directorships and have no links to significant shareholders.

Last year, we commenced the recruitment of two new Non-Executive Directors to join the Board and, as detailed above, are delighted to have appointed Sophie Tomkins. The Committee has decided to pause the recruitment of a second new Non-Executive Director with a marketing and brand background as extensive searches failed to identify a suitable candidate.

Diversity and inclusion
The Board's diversity policy forms part of AO's Group-wide diversity and inclusion strategy, which seeks a workforce with a culture that truly accepts diversity of thought, equity and inclusion. The Board believes that diversity in its composition is an important part of its overall effectiveness and that a diverse Board with different perspectives, and those that reflect the Group's customer base, will enhance the quality of debate and decision making. The Directors consider that, although relatively small in number, its composition should aim to reflect diversity in its broadest sense, including aspects such as diversity of skills, perspectives, industry experience, educational and professional background, gender, ethnicity and age. All these aspects are to be considered in determining the optimum composition of the Board and the Executive Committee to ensure an appropriate balance.

The Directors remain supportive of the recommendations in both the Hampton-Alexander Review on gender diversity and the Parker Review on ethnic diversity, together with the Listing Rules' targets, and are committed to increasing female and ethnic representation on the Board and throughout the wider organisation, as they believe that the business should have a culture that truly accepts diversity of thought, equity and inclusion. We will only appoint candidates who we judge can contribute strongly to the Board's experience and skill set. This will continue to be the Board's approach in making any new appointments.

Female representation on our Board has increased this year to 25% (2025: 14%), and 36% at senior management level (which comprises the Executive Committee's direct reports) (2025: 33%). Currently, we have no ethnic diversity at any of these levels. Accordingly, we do not meet the diversity targets set out in the Listing Rules but, as covered above, this will remain an important consideration in future appointments. Disclosures relating to gender diversity within the Company and further information on the work being undertaken across the Group to diversify our workforce is included in the Sustainability report on page 21.

Board effectiveness
The effectiveness and performance of the Board is vital to our success. The Code requires that there should be a formal and rigorous annual review of the performance of the Board, its Committees, the Chair and individual Directors and that consideration should be given to conducting a regular, externally facilitated Board review, which, for FTSE 350 companies, should be at least every three years.

Nomination committee report
continued

Our last external review was carried out in the year ended 31 March 2018 and the Board has, instead, conducted internal reviews annually, as it does not consider that the benefits of an external evaluation, over and above those provided by the internal evaluation, are sufficient to justify the cost.

The internal review during the 2026 financial year was led by the Chair and, in relation to the review of the Chair himself, by Chris Hopkinson. As part of this process, one-to-one meetings were conducted with all Directors and the Company Secretary, who were given the opportunity to express their views about:

- the performance of the Board and its Committees, including how the Directors work together as a whole;
- the balance of skills, experience, independence and knowledge of the Directors; and
- whether each Director continues to make an effective contribution.

The results of the review were collated by the Chair and an assessment was provided to the Nomination Committee for further discussion. The results of the review indicated that the Board is working well and that there are no significant concerns amongst the Directors about its effectiveness. Some actions were agreed and will be progressed over the coming year.

Following the review, it was agreed that all Directors contribute effectively, demonstrate a high level of commitment to their role and together provide the skills and experience that are relevant and necessary for the leadership and direction of the Company.

Assessment of independence and time commitments of the Non-Executive Directors

Following our assessment this year, the Nomination Committee is satisfied that, throughout the year, all Non-Executive Directors remained independent as to both character and judgement and in accordance with the Code. This was with the exception of Chris Hopkinson who is designated as non-independent due to his tenure of appointment and historic involvement with the Company. However, the Committee remains confident that Chris's experience and knowledge continue to make a significant contribution to the work of the Board over the reporting period.

Before appointing prospective Directors, the Board takes into account the other demands on the Directors' time and any significant time commitments are disclosed prior to appointment. The letters of appointment for the Chair and Non-Executive Directors set out their expected time commitments to the Group. Any additional external appointments following appointment to the Board require prior approval by the Board in accordance with the Code.

In its assessment of the effectiveness of the Board, the Committee gave consideration to the number of external appointments held by the Non-Executive Directors, including the time commitment required for each. No instances of overboarding were identified and the Nomination Committee confirms that all individual Directors have sufficient time to fulfil their responsibilities and are fully engaged with the Group's business.

Reappointment of Directors

On the recommendation of the Nomination Committee, and in line with the Code, all currently appointed Directors will retire at the 2026 AGM and offer themselves for reappointment, with the exception of Chris Hopkinson, who is minded to step down at the AGM having served on our Board for over 20 years. We are sincerely grateful for his long serving support, guidance and stewardship.

The biographical details of the current Directors can be found on pages 44 to 45. The Committee considers that the performance of the Directors standing for re-election continues to be effective and that they each demonstrate commitment to their role and devote sufficient time to attend Board and Committee meetings and any other duties. The terms and conditions of appointment of Non-Executive Directors, including the expected time commitment, are available for inspection at the Company's registered office.

Looking ahead

Over the coming year, the Committee will be focused on the Board's mix of skills, knowledge and experience to ensure that it can continue to support the Group to achieve its goals. The Committee will also continue to ensure the Board operates effectively as a decision making and oversight body. The Board will input to senior management succession planning and strengthening our senior talent pipeline, elevating this activity due to it's importance to AO's strategic progress.

Geoff Cooper
Chair, Nomination Committee
16 June 2026

Audit committee report

On behalf of the Committee, I am pleased to present this year's Audit Committee Report for the year ended 31 March 2026. The report provides an overview of the Committee's role and how it has discharged its responsibilities in monitoring and reviewing the integrity of financial information and in ensuring appropriate challenge and oversight across the Company's internal control environment and financial reporting, setting out the significant issues we have reviewed and concluded on during the year.

Overview

Committee member	Meetings attended/ Meetings eligible to attend
Shaun McCabe	6/6
Peter Pritchard	6/6
Sarah Venning	6/6
Sophie Tomkins (appointed September 2025)	4/4



"Ensuring effective oversight of internal controls, risk and reporting."

Shaun McCabe
Chair, Audit Committee

Membership

- During the year, the Audit Committee comprised solely of Independent Non-Executive Directors.
- As required by the 2024 Code, I have recent and relevant financial experience and am a Member of the Institute of Chartered Accountants in England and Wales, and so can provide appropriate challenge to management.
- Detailed experience, skills and qualifications of all Committee members can be found on pages 44 to 45, and the Board has confirmed that it is satisfied that the Committee has the appropriate range of financial, commercial and sectoral expertise and satisfies the 2024 Code requirements.

Key responsibilities and Terms of Reference

The responsibilities of the Committee are delegated by the Board and are set out in its written Terms of Reference, which are reviewed, updated as necessary and approved each year. A copy of the Terms of Reference is available on our corporate website at ao-world.com, or upon request from the Company Secretary.

Effectiveness of the Audit Committee

The effectiveness of the Committee is assessed annually and as part of the annual Board and Committee effectiveness review, further details of which are set out on pages 50 and 51. The review for the year to 31 March 2026 concluded that the Committee continued to operate effectively during the year. There are no unresolved disagreements between the Committee and the Board.

Key work during the year

- Focused on financial reporting, to ensure the Annual Report and Accounts are fair, balanced and understandable.
- Challenged management on key areas of estimate and judgment and reviewed conclusions and associated disclosure, particularly around the assessment of the valuation of contract assets.
- Reviewed interim results statements and financial results presentations, including going concern statements.
- Reviewed the effectiveness of external and internal audit processes and the effectiveness and appropriateness of our system of internal controls, including preparing for Provision 29 reporting.
- Reviewed the quarterly internal audit reports together with management responses and reviewed the progress on required actions to improve the controls environment.
- Reviewed updates on the changing regulatory environment.
- Reviewed Internal Audit practices against IIA International Professional Practices standards.
- Conducted an External Auditor tender and reviewed audit and non-audit fees.
- Reviewed the Group's risk management procedures.
- Reviewed the Group's whistleblowing, anti-bribery and fraud prevention procedures.
- Reviewed the Group's Finance function.

Assessment of the Group's internal controls and risk management

The Board acknowledges its responsibility for establishing and maintaining the Group's system of internal controls in the achievement of its objectives. Good internal controls also facilitate the effectiveness and efficiency of operations, help to ensure the reliability of internal and external reporting and assist in compliance with applicable laws and regulations.

Audit committee report
continued

However, the system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

During the year, the Committee continued to oversee and review AO's internal financial controls and risk management processes, notably reviewing the actions identified by the External Auditor and the Internal Audit function to improve certain aspects of the Group's control environment.

Other key elements of the Group's risk management and internal controls system, which have been reviewed by the Committee during the year, include the Group's financial reporting and information system and the information security and IT controls framework. Our Risk Management Committee operates separately (meeting bi-annually and attended by Executive Directors) sitting alongside the Audit Committee, and issues regular reports to the Board. In line with the 2024 Code, this year, the Risk Management Committee has reviewed the Group's risk management processes and procedures. A separate report on the work of the Risk Management Committee, including the Group's risk management practices, its principal risks and its long-term viability, can be found in the Our risks section on page 27.

Internal Audit

Through the Committee, the Group's Internal Audit function provides independent assurance to the Board on the effectiveness of the internal control framework through its dynamic audit plan, which is aligned to the key risks of the business. The Director of Group Audit and Risk reports to me in relation to all Internal Audit matters and, as a Committee, we are responsible for ensuring that the Internal Audit team has adequate skills and resource levels that are sufficient to provide the level of assurance required.

The Audit Committee receives reports from the Internal Audit function on a quarterly basis. These reports enable the Committee to discuss key findings, recommendations and any plans by management to address any areas of weakness, with management action tracked and reviewed as appropriate. Progress against the audit plans is also reviewed and any proposed amendments to the plans are approved by the Committee.

The Committee concluded, based on the information received over the year, that the system of internal control was appropriately monitored and managed.

Internal Audit effectiveness review

We monitor and assess the role, effectiveness and independence of the Internal Audit function in the overall context of the Group's risk management systems, annually.

The Committee confirms that it is satisfied that, throughout the reporting period, the Internal Audit function provided the level of assurance required and had an appropriate level of resources to carry out its responsibilities effectively and that it continues to do so. The necessary procedures are also in place to ensure the appropriate independence of the Internal Audit function, including the Director of Group Audit and Risk, whose tenure means his independence and objectivity is subject to increased scrutiny from the Committee.

Whistleblowing

The Group has established formal whistleblowing procedures by which all employees may, in confidence, raise concerns about possible improprieties in finance and other matters. Our whistleblowing policy sets out the ethical standards expected of everyone that works for, and with, us, and includes the procedures for raising concerns in strict confidence through two channels – email or voicemail.

Both channels are overseen by the Company Secretary and Director of Group Audit and Risk to ensure issues are investigated independently with findings reported to the Audit Committee and all significant matters reported directly to the Board.

The Audit Committee monitors and reviews the effectiveness of the Group's whistleblowing arrangements. Following its annual review of whistleblowing arrangements, the Committee is satisfied that they are effective, facilitate the proportionate and independent investigation of reported matters, and allow appropriate follow-up action to take place. The Committee also reviewed the Group's anti-bribery, anti-corruption and fraud prevention procedures and controls and was satisfied that these were effective.

The Board has confirmed that, through the Audit Committee's review of the key financial and internal control matters as detailed above, it has reviewed the effectiveness of the system of internal, financial, operational and compliance controls and risk management.

Review of financial statements and reporting

The Audit Committee is responsible for reviewing the appropriateness of, and monitoring, the financial reporting processes for the Group. This includes reviewing reports from the External Auditor, reports on internal controls, accounting and report matters, and management representation letters concerning accounting and reporting matters. The Committee reviews management's report on areas of significant judgement and estimation and considers whether these correlate with the key audit risks identified by the External Auditor and the comments of the External Auditor on management's chosen approach. The Committee also considers the accounting policies and practices adopted by the Group, the application of the applicable reporting standards, compliance with governance frameworks, and the presentation and disclosure of financial information.

Fair, balanced and understandable

The Directors are responsible for preparing the Annual Report and Accounts and, at the request of the Board, we have considered whether the Annual Report and Accounts for the year ended 31 March 2026, when taken as a whole, are fair, balanced and understandable and whether they provide the information necessary for members to assess the Group's position, performance, business model and strategy.

Following the Committee's review, we were pleased to provide assurance to the Board that the Annual Report and Accounts for the year ended 31 March 2026 are fair, balanced and understandable and that the Directors have provided the necessary information for our shareholders to assess the Company's position, prospects, business model and strategy. This was confirmed to the Board, whose statement in this regard is set out on page 71.

Significant financial statement reporting issues

In reviewing the financial statements with management and the External Auditor, the Audit Committee reviewed and discussed reports from management on accounting policies, current accounting issues and the key judgements and estimates in relation to this Annual Report. It assessed whether suitable accounting policies had been adopted and the reasonableness of the judgements and estimates that had been made by management. The following were the most significant issues, judgements, estimates and policies for the Period in the opinion of the Audit Committee.

Product Protection Plan Asset: Risk that the contract asset is under/over stated

The Company sells product protection plans to customers purchasing electrical appliances, as agent, for Domestic & General, who administer the plans, collect money from the customers and pay a commission to the Company for each plan sold.

Audit committee report
continued

Commission for sales of product protection plans, for which the Group acts as an agent, are included within revenue and as a contract asset based on the estimated value of future commissions receivable over the life of the product protection plan. Revenue is recognised at the point of sale on the basis that the Group has fulfilled its obligations to the customer in line with accounting standards relating to revenue recognition. The calculation takes into consideration the anticipated length of the plan, the historical rate of customer attrition and any other matters including commission rates and price increases, which could affect future attrition, and is discounted to reflect the time value of money but also risks around the recoverability of the receivable balance attributable to the product protection plans. In line with normal practice, management has reassessed all the key estimates, assumptions and judgements used in recognising revenue (which are set out in Notes 4 and 22). It has prepared a detailed paper setting out the results of this reassessment. The Committee has reviewed the assumptions, judgements and estimates used in this area by management and, following appropriate challenge, we consider the policy and practice appropriate.

Network Commission contract asset: Risk that the contract asset is under/over stated
The Group's Mobile business receives commission from the Mobile Network Operators. The network commission revenue is based on the value of commissions due over the expected life of the network contract. As this requires subjective estimates, the future outcomes of these estimates could be different which would affect the amount of revenue recognised.

Management reassesses the judgements and estimates used on a half-yearly basis taking into account any changes in customer behaviour particularly with regard to cancellations.

Management has prepared a detailed paper setting out the key assumptions used in recognising revenue (which are set out in Notes 4 and 22). The Committee has reviewed the judgements and estimates made in this area by management and, following appropriate challenge, we consider the policy and practice appropriate.

In addition to the significant financial matters noted above, the Audit Committee also considered the carrying value of the Company's investments as this is a key audit matter identified by KPMG. The Committee were satisfied with the carrying value and noted that no issues were raised by KPMG.

Going concern and viability assessments
The Committee reviewed the Group's going concern and viability statements as set out on page 40. It considered the reports prepared by management in support of such statements and obtained the External Auditor's views on the work undertaken by management to assess the Group's resilience to its principal risks under various scenarios. The Committee was satisfied that the viability statement set out in the Strategic Report presented a reasonable outlook for the Group to March 2029 and recommended to the Board the adoption of both the going concern and viability statements for inclusion in this report.

External audit
The Audit Committee has primary responsibility for leading the process for selecting the External Auditor and overseeing the relationship and performance. It is required to make appropriate recommendations on the appointment, reappointment and removal of the External Auditor, through the Board, to the shareholders to consider at the Company's AGM. It is also required to assess the independence of the External Auditor on an ongoing basis and to negotiate the terms of engagement, audit fee and to ensure that they have an appropriate audit plan in place.

Following approval by shareholders at the AGM held on 15 September 2025, KPMG LLP was reappointed as AO's External Auditor for the financial year ended 31 March 2026. The External Auditor was not asked to look at any specific areas by the Audit Committee during the review period.

Review of effectiveness of external audit process
A key responsibility of the Committee is to review and monitor the effectiveness of the external audit process and independence of the External Auditor. The assessment of the audit effectiveness for the year ended 31 March 2025 was undertaken at the completion of that audit as part of an ongoing process of review throughout the year.

In conducting its review, the Committee had regard to:

- openness of communication between the External Auditor and senior management;
- any risks to audit quality that the External Auditor identified;
- the key controls that the External Auditor relied on to address any identified risk to audit quality, such as appropriate audit methodologies;
- the findings from internal and external inspections of the external audit and audit firm;
- whether the original audit plan was met;
- the reports that are brought to the Committee by the lead audit engagement partner and other senior members of the audit team;
- the quality of the management responses to audit queries;
- the skills and experience of the audit team, including whether, in the opinion of the Committee, the External Auditor demonstrated sound understanding of the business;
- whether an appropriate degree of challenge and professional scepticism was applied by the External Auditor through its meetings with management; and
- a review of the independence and objectivity of the audit firm and the quality of the formal audit report given by the Auditor to shareholders.

The assessment process is based on open and honest dialogue with the External Auditor. The Committee sought assurance from KPMG at the half-year review and year end audit planning meetings on the approach to the audit, an explanation of their understanding of the Group's significant risks to audit quality and the level of their understanding of the business, its industry and related risk. Further, the Committee held discussions with the External Auditor at various stages during the year to discuss their remit and any issues arising from their work that helped to ensure that the audit remained on track and that the deliverables would be achieved.

Based on the above, the Committee was satisfied that: KPMG delivered a robust and quality audit with the appropriate resources available to the Company; suitable focus was placed on the significant risk areas and key areas of accounting judgement; and that they provided effective challenge to management. We therefore concluded that the relationship with the External Auditor continued to work well and we are satisfied with their effectiveness and independence.

External audit tenure
On behalf of the Board, the Committee oversees the relationship with the External Auditor. KPMG was appointed as Auditor to the Company in July 2016 for the financial year ended 31 March 2017 and was reappointed at the 2025 AGM. Roger Nixon was the Audit Partner for the year ended 31 March 2026.

In accordance with requirements set out within the Competition and Markets Authority's regulations (the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014) (the "CMA Order") and the UK Corporate Governance Code, the Committee was required to retender the external audit contract by no later than the 2027 year end audit, this being ten years since appointment.

Audit committee report
continued

Under the CMA Order, when an incumbent Auditor has been in office for five consecutive years, the Company is required to explain when it plans to conduct a new tender process and the reasons why completing it in that year is in the best interests of the Company's members.

The Committee did, therefore, retender the external audit contract and commence this process during the year. A list of invitees was approved by the Committee in November 2025. Tender responses were collected and evaluated in January 2026. Interviews with the Committee were conducted in March 2026, with KPMG and Grant Thornton making it through to this stage. A final decision was made in March 2026, and it was decided that KPMG should be reappointed. This was based on a structured set of criteria designed to assess both audit quality and overall value. The assessment placed significant emphasis on the ability to deliver a high-quality audit, including relevant sector experience, technical capability, use of technology and innovation, flexibility to support the Group's future development, and the provision of value-added insights for the Board and Audit Committee. Proposals were also assessed on team quality and fit, covering the experience of proposed partners and managers, arrangements for succession planning and continuity, and the approach to engagement and communication with management and the Audit Committee. Cost and value for money formed a further key criterion, including fee transparency, the efficient use of technology and data analytics, and confidence in achieving cost efficiencies over time. In addition, consideration was given to the overall quality of submissions and presentations. The criteria were weighted to reflect their relative importance, with audit quality, team fit and cost each carrying equal weighting, supplemented by qualitative factors.

Reappointment of External Auditor for the next financial year

Through open and honest dialogue with the External Auditor, as well as feedback received from the Executive Directors and senior management and learnings from the tender process, the Committee is satisfied with the objectivity and independence of the External Auditor. The Committee is also satisfied that KPMG continues to perform its audit work to a high standard and with robust challenge. On this basis, the Committee has recommended to the Board that KPMG be reappointed at the 2026 AGM.

Statement of compliance with the Competition and Markets Authority ("CMA") Order

The Company confirms that it has complied with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014 (Article 7.1), including with respect to the Audit Committee's responsibilities for agreeing the audit scope and fees and authorising non-audit services.

Non-audit services

There are policies and procedures in place in relation to the provision of non-audit services by the External Auditor. The Company's general policy is not to use the appointed External Auditor for any non-audit services. However, the Committee recognises that it may be appropriate to use the External Auditor to provide specialist advice where, as a result of their position as Auditor, they either must, or are best placed to, perform the work in question as a result of their position, subject always to audit rules surrounding prohibited non-audit services.

In such ad hoc occurrences, the Group's policy ensures that: there is adequate protection of their independence and objectivity; any such use requires approval by the Audit Committee; any non-audit services must fall within the limits specified by legislation of not more than 70% of the average audit fee over a consecutive three-year period; and various services are wholly prohibited, including tax, legal, valuation and payroll service. Further, the External Auditor is not permitted to perform any work which they may later be required to audit, or which might affect their objectivity and independence or create a conflict of interest.

During the year, KPMG undertook non-audit-related assignments relating to the review of the Group's half-year report amounting to £75,000 (2025: £72,000), representing c.7.6% of the value of the Group audit fee (2025: c.7.2%). This assignment was conducted in accordance with the Group's policy and was consistent with the professional and ethical standards expected of the External Auditor, and the Committee considers that the assurance provided by the Auditor on this item is considered necessary in the interests of the Group. The Audit Committee was satisfied with work performed and considered the level of these fees, determining that they are not material relative to KPMG's income from the external audit, and, therefore, did not conflict with KPMG's objectivity and independence.

The Group has also continued with the appointment of other accountancy firms to provide certain non-audit services to the Group, for example, in connection with tax advisory services, remuneration advice and debt advice, and anticipates that this will continue during the year ending 31 March 2027.

External Auditor fees

During the financial year, the Group External Auditor's fees were £990k (2025: £1m). The Audit Committee was satisfied that the level of audit fees payable in respect of the audit services provided was appropriate and that an effective audit could be conducted for such a fee.

Details of the fees paid to the External Auditor for audit and non-audit services are set out in Note 9 to the consolidated financial statements.

Independence and objectivity of the External Auditor

The Audit Committee monitors and assesses the independence and objectivity of the External Auditor, including the evaluation of potential threats to independence and the safeguards in place to mitigate these. The Committee considered there were no relationships between the External Auditor and the Group that could adversely affect its independence and objectivity. The External Auditor reported to the Committee that it had considered its independence in relation to the audit and confirmed that it complies with UK regulatory and professional requirements and that its objectivity is not compromised. The Committee also considered the tenure of the External Auditor, the Auditor's own processes for maintaining independence, and the nature and amount of non-audit work undertaken by the Auditor. The Audit Committee took these factors into account in considering the External Auditor's independence and concluded that KPMG remained independent and objective in relation to the audit.

Priorities for the year ending 31 March 2027

A forward agenda will be used for the coming year's activities focused on the review of the annual financial statements, the results of the external annual audit and interim reviews, and internal audit quarterly updates and the external audit plan, review of risk management reports, review of internal audit plans, and findings and recommendations.

Shaun McCabe,
Chair, Audit Committee

16 June 2026

Directors' Remuneration report



"Ensuring a reward strategy that supports short- and long-term sustainable performance."

Peter Pritchard
Chair, Remuneration Committee

Committee membership and Governance

The Committee comprises Peter Pritchard (Chair), Shaun McCabe, Sarah Venning and Geoff Cooper. Peter, Shaun and Sarah are all independent Non-Executive Directors and Geoff was deemed independent on appointment as Chair of the Board. There were 6 meetings of the Committee during the year, all of which were attended in full. The full Terms of Reference of the Committee are available on the Company's corporate website at www.ao-world.com.

FY26 highlights and to date

Highlights of the work of the Remuneration Committee in FY26 and to the date of this report:

- Determined the levels of vesting for the AO Incentive Plan FY26 Award.
- Determined the shares to be released pursuant to the AO Incentive Plan FY23 Award.
- Reviewed the effectiveness of the Directors' Remuneration Policy.

Overview

Committee member	Meetings attended/ Meetings eligible to attend
Peter Pritchard	6/6
Shaun McCabe	6/6
Sarah Venning	6/6
Geoff Cooper	6/6

- Considered pay levels for the wider workforce.
- Reviewed the Company's Gender Pay Gap report and recommended actions.
- Determined the remuneration for FY27 for our Executive Directors and certain senior management.
- Set the performance conditions for the AO Incentive Plan FY27 Award.

FY26 AOIP Performance Snapshot:

	Performance Condition	Weighting	Result*	Vesting %
Financial	B2C Revenue	15%	£911m	8.2%
	Group Adjusted PBT	45%	£50.5m	36.4%
	Average Daily Cash	10%	£75.1m	10%
Strategic	Trustpilot Score	10%	4.9	10%
	Engagement Index Score	5%	80.3	3.2%
	Development of Membership	7.5%	Full attainment	7.5%
	Development of Mobile Business	7.5%	Full attainment	7.5%
Total				82.8%

Director Compensation implementation for FY27

Base Salary	**2.5% increase (aligned to the majority of the wider workforce) CEO: £571k; CFO/COO: £487k**
Flexible Benefits inc. pension	13% of salary for CEO 14% of salary for CFO With a commitment from the Executives to not allocate an amount in excess of 5% of their salary to their pension (being the rate of pension which is available to the majority of the wider workforce).
AOIP (single incentive plan combining cash bonus and long-term share incentive)	Maximum Opportunity • CEO – 300% of salary • CFO – 300% of salary
Shareholding guidelines	200% of salary (to be held for two years post-employment).
Non-Executive Directors and Chair	Increase Chair fee to £225k (FY26: 210k); Increased base NED fee to £60k (FY26: £57k). No changes to additional fees.

This section sets out the Company's Directors' Remuneration report. The report is structured as follows:

- The annual statement from the Chair of the Remuneration Committee.
- A concise summary of the Directors' Remuneration Policy (which was approved by shareholders at the 2025 AGM).
- The Annual Report on Remuneration for FY26 (which will be subject to an advisory vote at the 2026 AGM).

Directors' Remuneration report
continued

Annual Statement by the Chair of the Remuneration Committee

Dear shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 March 2026 (FY26).

Looking back

FY26 was a year of continued strategic delivery and disciplined execution. Trading performance was strong with B2C revenue growth of 9.5% YOY, and record adjusted PBT delivered at £50.5m (up 16.1% YOY). Customer satisfaction stayed market leading, and culture/engagement remained strong. From a strategic perspective the work done to develop our membership proposition and strengthen our mobile business has gone well. These outcomes are appropriately reflected in variable pay, with a high proportion of Executive reward delivered through performance linked arrangements under our single incentive plan, the AO Incentive Plan ("AOIP").

AOIP Award FY26

As with prior years, the FY26 AOIP combined financial, stakeholder and strategic measures.

The financial performance is detailed above and earlier in this report, with strong outturns for both the Group adjusted PBT (36.4% out of 45%) and average daily cash (10% out of 10%) reflecting our strong performance in the year. The B2C revenue outturn was 8.2% (out of 15%), despite c.9.5% total growth YoY, reflecting the stretching nature of the targets set by the Committee.

Customer satisfaction, measured via Trustpilot, performed strongly with AO ending the year with an improved score of 4.9 out of 5 from almost 1,000,000 customer reviews, a market leading score. Accordingly, the Committee has determined that this performance condition has been met in full.

Three employee surveys have been conducted in house during FY26, which assessed our Engagement Index Score yielding an average score for the year of 80.3, which translates that engagement at AO is regarded as Very Good. Accordingly, the Committee has determined that this performance condition vested in line with the formulaic approach at 3.2% (out of 5%).

In relation to the first strategic transformation measure, the Committee was pleased with the work done to develop the membership proposition with the base increasing, improved cross category repeat, lower customer acquisition costs, enhanced personalisation infrastructure and continued proposition innovation with our Switch24 and MVNO initiatives. Accordingly, the Committee has determined that this performance condition has been met in full.

In relation to the second strategic transformation measure, the Group completed a comprehensive strategic, financial and operational review of the mobile division and actions have been implemented with the division now profitable. Accordingly, the Committee has also determined that this performance condition has been met in full.

In total, the Committee has awarded 82.8% of the maximum AO Incentive Plan Award, which we feel is warranted and well-earned in a strong year for the Group. On this basis, no discretion was applied.

The award value will be settled as one-third in cash and two-thirds under an option over shares to become exercisable in 2028 (subject to the performance underpin of overall business performance over the period and continued employment).

Full details of the cash amount to be paid and share awards to be issued to our Executive Directors under the AO Incentive FY26 Award are disclosed on page 61.

The Committee deems that the payout levels over the past years show the AOIP is functioning as intended, with the level of payout this year reflecting the Company's strong performance and the broader stakeholder experience.

AOIP FY23 Award – release of conditional deferred shares

Each of John Roberts and Mark Higgins were granted a conditional deferred share award pursuant to the FY23 AOIP Award, which had a deferral period spanning FY24 to FY26, inclusive, and which – at the point of grant – had a value of £778,401 and £587,272, respectively. These awards were subject to a performance underpin based on overall business performance (both operational and strategic) over the vesting period, which was assessed by the Committee following the end of FY26. The Remuneration Committee has deemed that the performance underpin has been met in full given the profitable growth during the vesting period and, accordingly, the share awards should vest in full. Accordingly, nil-cost options over 918,900 and 693,273 shares for John and Mark will vest following the announcement of our FY26 results.

The CEO's total remuneration was £2.0m, compared with £1.4m last year. This increase mainly reflects (i) a slightly higher AOIP cash payout for FY26 and (ii) a higher value recognised for AOIP conditional deferred shares that vested in the year.

Value Creation Plan

During the year, we continued to engage with AOers on our all-employee AO Value Creation Plan ("VCP22"), which targets sustained profitable high growth over the longer term and will be measured over FY27 to FY29. It continues to be powerful in engaging the broad employee population effectively on a common stretching path, creating an understanding of value creation drivers, market mechanics, and steering progress and immense pride of being one team.

Looking forward

Pay for sustainable performance; our remuneration policy

Our remuneration policy was approved by shareholders in September 2025 and has been in force throughout the year under review. The Committee reflected on the policy during the year and its operation and has determined that it continues to support sustained value creation and performance steering alongside our goals and stretching targets. The single incentive plan (the "AOIP"), which allows the Committee to refresh targets each year, aligns effectively with AO's strategy of working towards annual milestones to deliver long-term performance, allowing the Company to remain agile and respond to a rapidly changing market, whilst ensuring that both performance measures and targets align with our evolving business strategy. In particular, the Committee considers the AOIP works well with the VCP22 to drive short-, medium- and long-term sustainable performance.

As a result, no new Policy will be put to shareholders at the forthcoming AGM.

Wider workforce pay

A pay increase of 2.5% has been awarded to the majority of the workforce to continue to support our people with the cost-of-living increases, with certain areas and individuals receiving higher increases either to remain competitive in market, or as a result of increases in national minimum wage or to reflect high performance.

Approach to remuneration for FY27 Executives

Both John and Mark have received pay increases of 2.5% for the year ahead, in line with the cost-of-living increase granted to the wider workforce.

Flexible benefit amounts broadly remain unchanged against the prior year (with Mark's total benefit amount falling slightly as a percentage of salary).

Directors' Remuneration report
continued

FY27 AOIP
In terms of variable pay, the Executives will be entitled to participate in the AOIP with an opportunity level of 300% of salary.

The Committee has reviewed the FY27 AOIP construct to ensure it continues to steer value creation and align to the Board's strategic priorities. We intend to retain the AOIP's single plan architecture and the familiar three pillar structure (financial, stakeholder, strategic), while updating measures to reflect the Group's financial position and priorities.

Financial framework
- Adjusted PBT (45%) – remains the principal financial driver of value.
- UK Retail B2C revenue growth (15%) – maintains top line ambition in the core channel.
- Free cash flow metric (10%).

As the Group has progressed to a structurally cash generative position, average daily cash has been replaced by free cash flow as the relevant metric. Free cash flow provides a more meaningful measure of the quality and sustainability of cash generation, supporting a sharper focus on returns and capital discipline.

Stakeholder and strategic targets
- Trustpilot (10%) and Engagement Index Score (5%) are being retained – reinforcing AO's customer obsession and cultural strength.
- Two strategic targets (7.5% each): Membership Development and Smarter Operations. The Membership Development measure incentivises the delivery of sustainable membership growth by improving retention, deepening customer engagement and expanding the membership proposition through new recurring revenue products whilst the Smarter Operations measure focuses on driving structural efficiency improvements through technology, automation and process optimisation, supporting improved operational leverage and medium term margin sustainability.

This mix preserves the financial majority, keeps customers and AOers central to pay outcomes, and anchors incentives to the two strategic levers where execution will compound long term value.

Non-Executives
Fees for the Non-Executive Directors (including the Chair) were reviewed during the year and benchmarked against peers. It was determined to increase the Chair's salary by c.7% from £210k to £225k reflecting external benchmarking, time commitment and performance (whilst also recognising that no increase was made last year). For the same reasons the base NED fee has increased from £57k to £60k.

Further details regarding the implementation of our policy in the year ahead are provided on page 65.

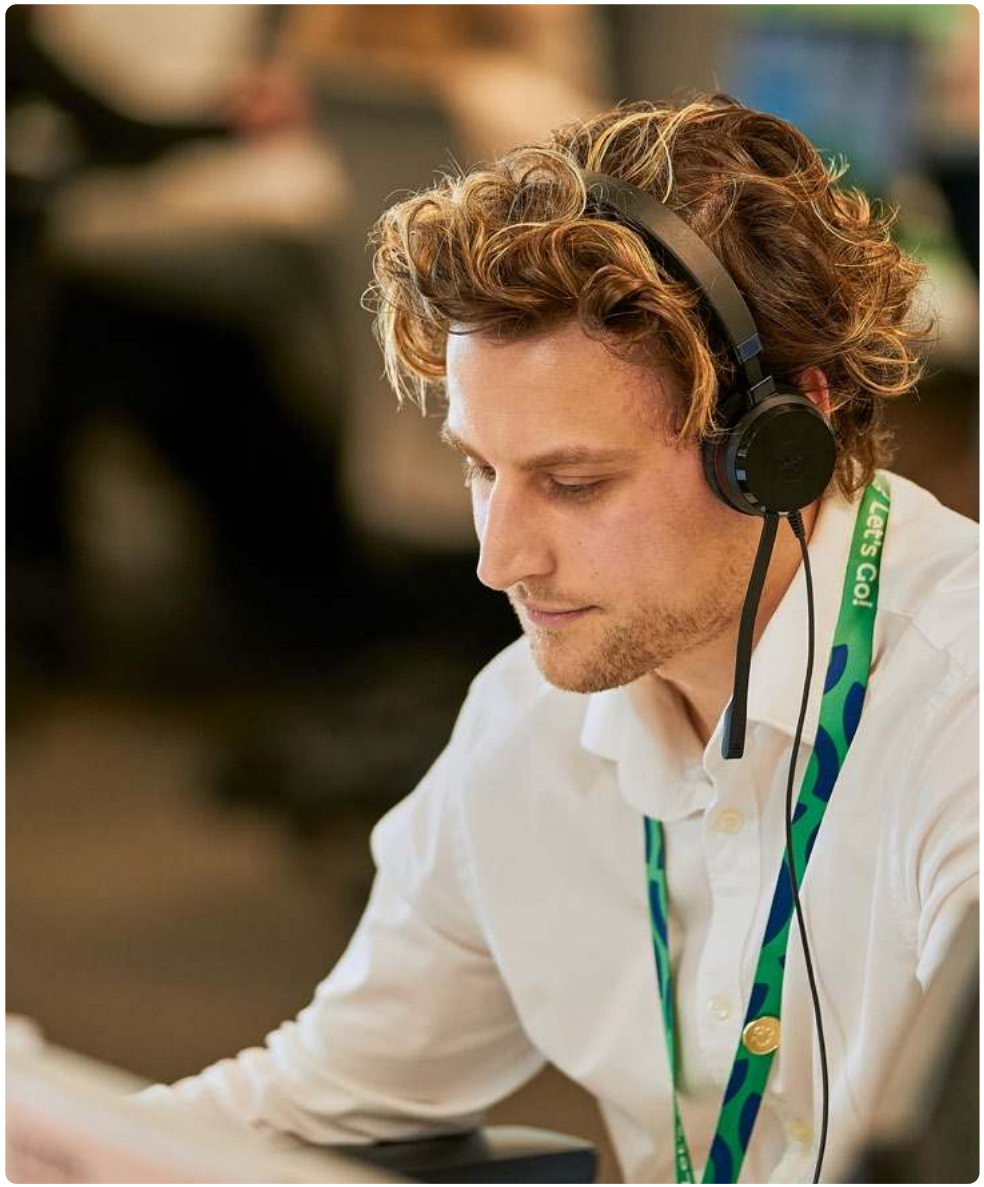
Employees
As set out in the Corporate Governance report, Chris Hopkinson, our designated People Champion, has headed up engagement with the workforce over the year, generally, and looked at areas of pay through survey feedback and Voice to the Board sessions.

We plan to continue engaging with employees to ensure both transparency of remuneration, and that employee views are taken into account when setting and determining Executive remuneration in the year ahead.

I trust this sets out clearly how the Committee has implemented the existing policy during FY26, the key features of the policy and how we propose to approach FY27.

If shareholders wish to discuss any aspects of this report, please contact me through the Company Secretarial team at cosec@ao.com.

Peter Pritchard
Chair, Remuneration Committee
16 June 2026



Directors' Remuneration report
continued

Policy report

The shareholder-approved Directors' Remuneration Policy (the "Policy") was approved on 15 September 2025 and remains unchanged for FY27. No new Policy will be put to shareholders at the forthcoming AGM; the existing Policy continues to apply as set out in the 2025 Annual Report and Accounts. The summary table of the policy can also be found at ao-world.com/investor-centre/governance-and-leadership/governance-documents.

Policy approach (at a glance)

- *Purpose & alignment.* Reward supports AO's strategy and long-term value creation, emphasising customer outcomes, profitable growth, capital discipline and shareholder alignment.
- *Pay mix.* The Policy comprises fixed pay (salary, pension, benefits), performance-linked pay delivered through the single combined plan (the AO Incentive Plan – AOIP) and the Value Creation plan ("VCP") which rewards exceptional, sustained value creation over a multi-year horizon, tightly aligned with shareholder outcomes.
- *Shareholder alignment & safeguards.* Strong alignment through shareholding guidelines, deferral features within the AOIP, and malus & clawback provisions (unchanged).

Fixed pay (salary, flexible pension and benefits)

Set at market-appropriate levels reflecting role, experience and performance; flexible pension and benefits provides market competitive benefits, with pensions contributions within this aligned with the wider UK workforce approach (unchanged).

AOIP – AO Incentive Plan (single combined plan)

Purpose. Align executives with delivery of AO's near- and long-term strategy within one integrated incentive; balance annual execution with multi-year value creation; reinforce share ownership through equity deferral and shareholding guidelines.

Measures & balance. AOIP outcomes are based on a balanced scorecard of financial, strategic/operational and customer measures, with an underpin based on overall business performance . The Board expects continued emphasis on Membership Development (e.g., CLV, repeat behaviour, retention) and Smarter Operations (AI-enabled service, warehouse robotics, efficiency/cost-to-serve), together with returns/profitable growth measures. Weightings and targets are disclosed annually in the ARR.

Time horizon & alignment. A material portion of AOIP is delivered in shares with multi-year deferral and with malus and clawback provisions applying (unchanged in policy).

Discretion. The Committee may exercise discretion to ensure formulaic outcomes reflect underlying performance, risk and shareholder experience.

VCP – Value Creation Plan (summary)

Purpose. A separate long-term, share-based framework intended to reward exceptional, sustained value creation over a multi-year horizon, tightly aligned with shareholder outcomes; used in limited circumstances alongside the AOIP (unchanged in policy).

Performance focus. Oriented to absolute value creation over time (i.e., demanding share price/value-based hurdles), with no vesting unless a material threshold level of value creation is achieved; scaled vesting thereafter subject to Committee judgement and underpins. For Executive Directors, performance will be assessed based on the share price in the periods up to the end of FY27, FY28 and FY29, ensuring that share price growth must be sustained.

Alignment & safeguards. Equity-settled outcomes with robust malus/clawback, post-vesting holding and two-step assessment where relevant.

Shareholding requirements (employment and post-cessation)

Executive Directors are expected to build and maintain meaningful minimum shareholdings during employment, with a defined post-cessation holding period where applicable (unchanged).

Recruitment, promotion and leavers (principles)

Appointments follow this Policy framework using AOIP (and, in rare cases, VCP) within normal limits. Leaver treatment follows the plan rules, with pro-ration and performance testing applied as appropriate; no payments for loss of office beyond contractual entitlements.



Directors' Remuneration report
continued

Annual Report on Remuneration
The Annual Remuneration for FY26 was structured within the framework of the remuneration policy adopted by shareholders at 2025 AGM and has been implemented accordingly. This will be put to an advisory vote at the Company's AGM in September.

Single figure of total remuneration for FY26 (Audited)
The audited table below shows the aggregate emoluments earned by the Directors of the Company in respect of FY26 being the period 1 April 2025 to 31 March 2026 and, for comparison, the amounts earned in respect of FY25, being the period 1 April 2024 to 31 March 2025.

		Salaries and fees and fees £	Benefits (exc pension)[1] £	Pension[1] £	Total fixed £	AOIP cash[2] £	AOIP Deferred shares[3] £	Total variable £	Total £
Executive Directors									
John Roberts	**FY26**	**557,080**	**49,232**	**22,000**	**628,312**	**461,262**	**920,971**	**1,382,233**	**2,010,546**
	FY25	546,174	65,836	4,000	616,010	422,193	346,965	769,158	1,385,168
Mark Higgins[4]	**FY26**	**475,000**	**57,089**	**10,000**	**542,089**	**393,300**	**694,836**	**1,088,136**	**1,630,224**
	FY25	400,500	49,907	10,000	460,407	309,587	261,719	571,306	1,031,713
Chairman									
Geoff Cooper	**FY26**	**210,000**	**0**	**0**	**210,000**	**0**	**0**	**0**	**210,000**
	FY25	210,000	0	0	210,000	0	0	0	210,000
Non-Executive Directors									
Christopher Hopkinson	**FY26**	**59,000**	**0**	**0**	**59,000**	**0**	**0**	**0**	**59,000**
	FY25	59,000	0	0	59,000	0	0	0	59,000
Shaun McCabe	**FY26**	**76,000**	**0**	**0**	**76,000**	**0**	**0**	**0**	**76,000**
	FY25	76,000	0	0	76,000	0	0	0	76,000
Peter Pritchard	**FY26**	**78,000**	**0**	**0**	**78,000**	**0**	**0**	**0**	**78,000**
	FY25	78,000	0	0	78,000	0	0	0	78,000
Sarah Venning	**FY26**	**67,000**	**0**	**0**	**67,000**	**0**	**0**	**0**	**67,000**
	FY25	67,000	0	0	67,000	0	0	0	67,000
Sophie Tomkins[5]	**FY26**	**36,750**	**0**	**0**	**36,750**	**0**	**0**	**0**	**36,750**
Total	**FY26**	**1,558,830**	**106,321**	**32,000**	**1,697,151**	**854,562**	**1,615,807**	**2,470,369**	**4,167,520**
	FY25	**1,436,674**	**115,743**	**14,000**	**1,566,417**	**731,780**	**608,684**	**1,340,464**	**2,906,881**

1 The Group operates a flexible benefits scheme for the Executives and other management. Pension contributions show the total amount each Executive contributed to the pension from their flexible benefit allowance, with the balance of the flexible benefits allowance shown under benefits. John Roberts' total pension contributions for FY26 were £22,000, comprising £10,000 for FY26 and £12,000 relating to the two prior financial years (FY24 and FY25), where contributions were £4,000 in each year.
2 Each of John Roberts and Mark Higgins were granted an award under the AO Incentive Plan of 300% of salary for the performance period of FY26. Following partial attainment of the performance conditions 82.8% of the award has vested of which one-third has been paid in cash with the remaining two-thirds of value payable in the form of a deferred share award. The deferred share options will vest in July 2029 subject to continued employment and attainment of the performance underpin. The value disclosed above relates to the cash portion of the FY26 award only, with the share portion due to be disclosed in the FY29 single figure.
3 Each of John Roberts and Mark Higgins were granted a conditional deferred share award pursuant to the FY23 AOIP Award of 918,900 and 693,273 shares respectively which had a deferral period spanning FY24 to FY26 inclusive and which at the point of grant had a value of £778,401 and £587,272 respectively. The Remuneration Committee has deemed that the performance underpin has been met in full and accordingly options over 918,900 and 693,273 shares will vest to John and Mark following announcement of our FY26 results. For the purpose of the single figure calculations these awards have been valued based on the three month average share price to 31 March 2026 of 100.23p. The share price used to determine the award in July 2023 was 85p. Of the value disclosed £139,906 for John and £105,554 for Mark is attributable to share price growth. For the deferred share option value for FY25 reported for both John and Mark , in the previous report we used an estimate of 98.7p (being the 3 month average share price to 31 March 2025); when the option became exercisable on 30 June 2025, the actual share price was 96.80p and the values in the single figure above have been adjusted accordingly.
4 The increase in Mark Higgins' salary year on year reflects Mark's promotion to and additional responsibilities associated with the combined CFO and COO role.
5 Sophie Tomkins' fees reflect her appointment part way through the year on 1 September 2025.

Directors' Remuneration report
continued

Details of variable pay earned in FY26 (Audited)

AO Incentive Plan FY26 Award

John Roberts and Mark Higgins both participated in the AO Incentive Plan (which combines a cash award and deferred share award) under which they could receive an award of up to 300% of salary, for the year ended 31 March 2026. The targets for the AO Incentive Plan Award were weighted towards financial metrics (70%), with the remaining 30% subject to the achievement of strategic objectives, as set out below. The following table sets out the targets, actual performance against these targets and, accordingly, the applicable payout for the FY26 AO Incentive Plan Award.

Measure (weighting)	Targets		% payout (for this element)	Performance achieved	Award
B2C revenue (15%)	Threshold	£875.65m	25%	£911m	8.2%
	On target	£920.70m	62.5%		
	Stretch	£966.70m	100%		
Adjusted PBT (45%)	Threshold	£40m	25%	£50.5m	36.4%
	On target	£47m	62.5%		
	Stretch	£54.1m	100%		
Average Daily Cash (10%)[1]	Threshold	£23.1m	25%	£75.10m	10%
	On target	£33.1m	62.5%		
	Stretch	£43.1m	100%		
Ao.com Trustpilot (10%)	Threshold	4.6	25%	4.9	10%
	On target	4.7	62.5%		
	Stretch	4.8	100%		
Engagement Index Score (5%)[2]	Threshold	75	25%	80.3	3.2%
	On target	80	62.5%		
	Stretch	85	100%		
Strategic – Mobile (7.5%)	Committee assessment			Full attainment	7.5%
Strategic – Membership (7.5%)	Committee assessment			Full attainment	7.5%
				Total	82.8%

1 In line with the principles agreed by the Committee to measure Average Daily Cash performance, the impact of Board approved share purchase activities was neutralised to measure performance on a like for like basis compared to how the targets were set.
2 This is the average Engagement Index Score taken across the three surveys conducted in the year.

Performance against financial targets

As is covered in the CFO/COO report, the Group continued to focus on profitable growth this year and performance has been pleasing against those targets with us achieving Adjusted PBT above target and Cash at above the stretch target. The B2C Revenue outturn was 8.2% (out of 15%), despite c.9.5% B2C revenue growth YoY reflecting the stretching nature of the targets set by the Committee.

Accordingly, 54.6% of the award relevant to financial targets (of the possible 70%) has been met.

Performance against strategic targets

Customer satisfaction

Customer satisfaction, measured via Trustpilot, performed strongly with AO ending the year with an improved score of 4.9 out of 5 from over 1,000,000 customer reviews, a market leading score. Accordingly, the Committee has determined that this performance condition has been met in full.

Engagement Index Score

Three employee surveys have been conducted in-house during FY26, which assessed our Engagement Index Score. The first was conducted in June 2025, which resulted in a score of 82, the second in September 2025, which resulted in a score of 79 and a third score of 80 in January 2026, which gave an average score of 80.3. This translates that engagement at AO is regarded as Very Good. The Committee is also pleased with the participation rates, therefore determining that this performance condition vested in line with the formulaic approach at 3.2% (out of 5%).

Strategic transformation

In relation to the first strategic transformation measure, the Committee was pleased with the work done to develop the membership proposition with the base increasing, improved cross category repeat, lower CAC via supplier funded brand takeovers, enhanced personalisation infrastructure and continued proposition innovation with our Switch24 and MVNO launches. Accordingly, the Committee has determined that this performance condition has been met in full.

In relation to the second strategic transformation measure, the Group completed a comprehensive strategic, financial and operational review of the mobile division and actions have been implemented with the division now profitable. Accordingly, the Committee has also determined that this performance condition has been met in full.

In total, therefore, we have awarded 82.8% of the maximum award to our Executive Directors.

	Max opportunity (% salary)	Outcome % max	Cash award (1/3rd)[1]	Share award (2/3rd)[2]
CEO	300%	82.8%	£461,262	£922,524
CFO	300%	82.8%	£393,300	£786,600

1 The cash element will be paid in June 2026.
2 The share award will similarly be granted in June 2026 by way of nil-cost options, which will vest after a period of three years subject to the performance of the business until the completion of our financial year ending 31 March 2029 as well as the Executive's continued employment.

Directors' Remuneration report
continued

Release of shares under the FY23 AOIP Award

Each of John Roberts and Mark Higgins were granted a conditional deferred share award pursuant to the FY23 AOIP Award (of 918,900 and 693,273 shares respectively) which had a deferral period spanning FY24 to FY26 inclusive and which at the point of grant had a value of £778,401 and £587,272 respectively. These awards were subject to a performance underpin based on overall business performance (both operational and strategic) over the vesting period, which was assessed by the Committee following the end of FY26. The Remuneration Committee has deemed that the performance underpin has been met in full and accordingly options over 918,900 and 693,273 shares will vest following the announcement of our FY26 results.

For the purpose of the single figure calculations these awards have been valued based on the three month average share price to 31 March 2026 of 100.23p. The share price used to determine the award in July 2023 was 85p. Of the value disclosed £139,906 for John and £105,554 for Mark is attributable to share price growth.

Recovery provisions

AOIP and VCP awards are subject to recovery provisions that enable the Committee to withhold or recover the value of awards. This applies up to five years of the grant date/payment for the AOIP and within three years of each measurement date under the VCP. The Committee considers these timeframes to be sufficient for any relevant events to be identified and are consistent with market practice.

The table below sets out details of the circumstances in which malus and clawback may be applied.

AOIP	VCP
• a material misstatement of accounts; • an error in assessing any applicable performance condition or employee misconduct; • a material failure of risk management; • serious reputational damage; • a material corporate failure; or • any other circumstances that the Board in its discretion considers to be similar in their nature or effect.	• a material misstatement of any Group Member's financial results; • an error in assessing the plan value applicable to the award or in the information or assumptions on which the award was granted or vests; • a material failure of risk management, fraud or material financial irregularity in any Group Member or a relevant business unit; • serious reputational damage to any Group Member or a relevant business unit; • serious misconduct or material error on the part of the Participant; • a material corporate failure or a material safety failure in any Group Member or a relevant business unit; or • any other circumstances which the Board in its discretion considers to be similar in their nature or effect.

Malus or clawback have not been applied in the year.

Percentage change in remuneration levels

The table below shows the movement in the salary, benefits and cash element of the AO Incentive Plan Award for each Director between the financial year ended 31 March 2026 and the previous three financial years compared to that for the average employee of the Company – AO World Plc – (but not the wider Group). For the benefits and bonus/Incentive Award (cash element) per employee, this is based on those employees eligible to participate in such schemes.

	FY26 vs FY25			FY 25 vs FY24			FY24 vs FY23			FY23 vs FY22			FY22 vs FY21		
	Salary[1]	**Taxable benefits[2]**	**AOIP cash element[3]**	**Salary[1]**	**Taxable benefits[2]**	**AOIP cash element[3]**	**Salary[1]**	**Taxable benefits[2]**	**AOIP cash element[3]**	**Salary[1]**	**Taxable benefits[2]**	**AOIP cash element[3]**	**Salary[1]**	**Taxable benefits[2]**	**AOIP cash element[3]**
John Roberts	**2%**	**2%**	**9%**	7%	4%	-16%	4%	4.7%	29%	3%	2.0%	445%	2.7%	4.3%	-84%
Mark Higgins	**18.6%**	**12%**	**27%**	4%	4%	-19%	4%	6.1%	29%	3%	10.8%	429%	2.7%	1.1%	-84%
Geoff Cooper	**0%**	**0%**	**0%**	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Chris Hopkinson	**0%**	**0%**	**0%**	14.04%	0%	0%	3.60%	0%	0%	0%	0%	0%	0%	0%	0%
Shaun McCabe	**0%**	**0%**	**0%**	5.56%	0%	0%	-4%	0%	0%	36.6%	0%	0%	0%	0%	0%
Peter Pritchard	**0%**	**0%**	**0%**	24.03%	0%	0%	17.27%	0%	0%	36.6%	0%	0%	0%	0%	0%
Sarah Venning	**0%**	**0%**	**0%**	21.05%	0%	0%	3.64%	0%	0%	36.6%	0%	0%	0%	0%	0%
Other employees (AO World Plc)	**10.6%**	**-7.1%**	**0.13%**	0.04%	-0.5%	-19%	8.15%	-1.8%	18.1%	8.25%	27.6%	8%	-1.1%	7.4%	221%

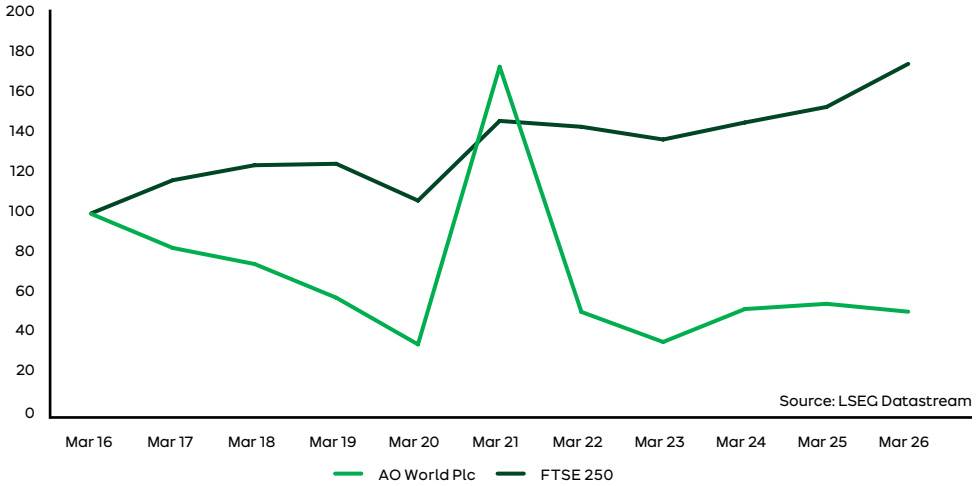
1 Reflects the average change in pay for employees, calculated by reference to the aggregate remuneration for all employees of AO World Plc in each year divided by the number of employees.
2 As covered elsewhere in this report, there are no changes to benefit entitlements per se for employees or Executives; however, we did introduce a flexible benefit scheme part way through FY23, which gives Executives a "benefit allowance" that they can spend on a choice of benefits. The allowance has been calculated based on the costs of the provision of benefits to which they were entitled (whether they had chosen to take that benefit or not).
3 The percentage change in the AO Incentive Plan Award cash element for "other employees" is calculated by looking at the average amount participants in the scheme in a financial year received in cash, compared to the cash element participants in the AO Incentive Plan, are expected to receive relating to the following financial year, in each case, excluding Executive Directors.
4 No comparative figures have been given for Sophie Tomkins, since she was only appointed part way through FY26.

Directors' Remuneration report
continued

Performance graph and pay table

The chart below shows the Company's TSR performance against the performance of the FTSE 250 Index from 31 March 2016 to 31 March 2026. This index was chosen as it represents a broad equity market index, of which AO is a constituent, which includes companies of a broadly comparable size and complexity.

TSR (Rebased) AO World Plc vs. FTSE 250



Total remuneration of CEO

The table below shows the total remuneration figure for the Chief Executive during the financial years ended 31 March 2017 to 31 March 2026. The total remuneration figure includes the annual bonus payable for performance in each of those years up to FY18 and, from FY19, the cash element of the AOIP. The total remuneration figure from FY23 also includes the value of vested options under the AOIP.

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Total remuneration (£'000)	575# +	781#	551* +	733*	977*	611*	1,132*	1,542*	1,392*	**2,011***
Annual bonus (% of maximum)	10%	37.5%	–	–	–	–	–	–		**–**
AO Incentive Plan Award (% of maximum)	–	–	50.5%	47.8%	97.5%	15%	79.3%	98.7%	77.3%	**82.8%**
PSP vesting (% of maximum)	–	–	8.59%	–	–	–	–	–		**–**

* John Roberts, # Steve Caunce, + Figures calculated for full year pro-rata.

Relative importance of the spend on pay

The table below shows the movement in spend on staff costs versus that in distributions to shareholders.

	FY25	FY26	% change
Staff costs[1]	£125.9m	**£139.7m**	11.0%
Distributions to shareholders	The Company conducted a share buyback programme over the year of £10m in aggregate		

1 Includes base salaries, social security and pension, and share-based payment charges.

CEO pay ratio

The table below shows the ratio of the single total figure of remuneration ("STFR") of the CEO to the equivalent pay for the 25th, 50th and 75th percentile employees (on a full-time equivalent basis).

Year	Method	P25 25th percentile pay ratio	P50 50th percentile pay ratio	P75 75th percentile pay ratio
FY26	**Option A**	**69:1**	**59:1**	**45:1**
FY25	Option A	51:1	43:1	33:1
FY24	Option A	56:1	48:1	35:1
FY23	Option A	46:1	40:1	29:1
FY22	Option A	27:1	23:1	16:1
FY21	Option A	46:1	37:1	26:1
FY20	Option A	35:1	28:1	20:1

Notes:
1 Of the three calculation approaches available in the regulations, we have chosen Option A as we believe it to be the most appropriate and statistically accurate means of identifying the median, lower and upper quartile employees.
2 The single total figure of remuneration of all AOers employed by the Group for FY26 was calculated and ranked using 2025/26 P60 and P11D data, employer pension contributions and payments under the Company share schemes, in line with the reporting regulations. The total remuneration for FY26 for the employees identified at P25, P50 and P75 is £28,965, £34,351 and £44,703 respectively. The base salary in respect of FY26 for the employees identified at P25, P50 and P75 is £27,816, £27,513 and £40,808 respectively.
3 FY26 payments to the wider employee base referred to above include the FY25 cash element of the FY26 AOIP payment, which was paid in FY26, but for the CEO, we have used the single total figure value, which includes the FY26 AOIP cash payment to be paid in early FY27, but which relates to the FY26 performance.
4 Part-time colleagues' earnings have been annualised on a full-time equivalent basis. In-year joiners' earnings were also annualised on the same full-time equivalent basis.

These ratios form part of the information provided to the Committee on broader employee pay practices to inform remuneration decisions for Executive Directors and senior management. As noted in the policy section, the Company's principles for making pay decisions for our Executives are the same as for the wider workforce, reflecting our pay philosophy; a fair and attractive reward package, market competitive in the context of the relevant talent market and differentiated by the level of value creation.

Directors' Remuneration report
continued

The ratios, therefore, reflect the different remuneration arrangements between our warehouse and call centre employees at one end, and our senior Executives whose roles require them to focus on long-term value and alignment with shareholder interests at the other.

The increase in the CEO pay ratio year-on-year is primarily driven by higher variable remuneration, with a significant proportion of total pay linked to the AOIP. For FY26, AOIP vested at 82.8% (FY25: 77.3%), and the value recognised in respect of deferred shares vesting in-year was materially higher than the prior year. This reflects stronger underlying business performance and the alignment of executive pay with outcomes.

For the reasons given above and AOIP outcomes, the Company believes that the ratio is consistent with the pay, reward and progression policies across the Group.

Payments to past Directors and loss-of-office payments (Audited)

There were no payments to past Directors or loss of office payments made in the year ended 31 March 2026.

External appointments

No fees were received by Executive Directors for external appointments during the year ended 31 March 2026.

Directors' shareholdings and share interests (Audited)

Directors' shareholdings as at 31 March 2026 are set out below.

During the year under review, no options were exercised by either of the Executive Directors, save as disclosed in Notes 3 and 4 below.

There have been no changes to Directors' shareholdings during the period from 1 April 2026 to the date of this report save for a sale of 5,359,056 shares by John Roberts on 17 April 2026 and the sale by the Jolly Foundation (a charitable trust of which John is a trustee) of a further 2,221,326 shares on the same date.

Directors' shareholdings

	Shares held beneficially at 31 March 2026[1]	Target shareholding guidelines (% of salary)[2]	Target shareholding achieved	AOIP share awards[3,4,5]	SAYE options[6]
Geoff Cooper	154,274	N/A	N/A	N/A	N/A
John Roberts	88,585,888	200%	Yes	3,060,072	20,222
Mark Higgins	160,138	200%	No	2,691,646	-
Chris Hopkinson	21,080,429	N/A	N/A	N/A	N/A
Shaun McCabe	NIL	N/A	N/A	N/A	N/A
Peter Pritchard	93,517	N/A	N/A	N/A	N/A
Sarah Venning	NIL	N/A	N/A	N/A	N/A
Sophie Tomkins	NIL	N/A	N/A	N/A	N/A

1 Excludes shares held by connected persons. For John Roberts, it excludes 4,547,115 shares held by a charitable trust as at 31 March 2026 of which John Roberts and his spouse Sally Roberts are each a trustee, member and director. Chris Hopkinson's holding in the table above excludes 2,499,999 shares held by a pension fund of which Chris is one of the beneficiaries but not the sole beneficiary. During the year:
- John Roberts, acquired a total of 752,015 shares following the exercise of employee share options (including his remaining PSP options), he gifted 4,000,000 shares to charity and sold, in aggregate, 4,218,053 shares.
- Mark Higgins acquired 33,962 shares following the exercise of his SAYE options and sold 147,090 shares.
- Chris Hopkinson sold an aggregate of 1,200,000 shares.

2 Comprises shares held beneficially only (and excludes options).

3 For John Roberts, conditional awards over 358,435 shares were awarded in July 2022 as part of the AOIP FY22 award (based on a share price of £0.40), which vested in July 2025 (and are then subject to an additional one year holding period); options over 918,900 shares were awarded in July 2023 as part of the AOIP FY23 award (based on a share price of £0.85), which will vest in following announcement of our FY26 results subject to the attainment of the performance underpin and continued employment (and then be subject to an additional one-year holding period); options over 893,564 shares were awarded in July 2024 as part of the AOIP FY24 award (based on a share price of £1.1276), which will vest following announcement of our FY27 results subject to the attainment of the performance underpin and continued employment (and then be subject to an additional one-year holding period) and options over 889,173 shares were awarded in September 2025 as part of the AOIP FY25 award (based on a share price of £0.95), which will vest following announcement of our FY28 results subject to the attainment of the performance underpin and continued employment (but with no holding period).

4 For Mark Higgins, conditional awards over 215,258 shares were awarded in July 2020 as part of the AOIP FY20 award (based on a share price of £1.51), which vested in July 2023, half of which were exercised and sold, and half of which have been retained. Conditional awards over 294,181 shares were awarded in July 2021 as part of the AOIP FY21 award (based on a share price of £2.32), which were released in July 2024 but which remain unexercised. Conditional awards over 270,371 shares were awarded in October 2022 as part of the AOIP FY22 award (based on a share price of £0.40), which vested in July 2025 (and are then subject to an additional one-year holding period). Options over 693,273 shares were awarded in July 2023 as part of the AOIP FY23 award (based on a share price of £0.85), which will following announcement of our FY26 results subject to the attainment of the performance underpin and continued employment. Options over 674,157 shares were awarded in July 2024 as part of the AOIP FY24 award (based on a share price of £1.1276), which will vest following announcement of our FY27 results subject to the attainment of the performance underpin and continued employment (and then be subject to an additional one-year holding period). Options over 652,035 shares were awarded in September 2025 as part of the AOIP FY25 award (based on a share price of £0.95), which will vest following announcement of our FY28 results subject to the attainment of the performance underpin and continued employment (but with no holding period).

5 All AOIP share awards have been converted to options over the relevant number of shares, which, upon vesting, will be capable of being exercised by the Executives in accordance with scheme rules.

6 John Roberts entered into three-year SAYE contract, under which options over 20,222 shares were granted on 1 March 2026.

Directors' Remuneration report
continued

Implementation of remuneration policy for 2026/2027 ("FY27")
A summary of the Policy can be found on page 59 of this Annual Report.

Salary
The performance of the business this year has been strong and our Executives have played hugely significant roles in continuing to grow the business, deliver improved operational performance, profitability and the creation of shareholder value.

Both John and Mark have received pay increases of 2.5% for the year ahead, in line with the cost-of-living increase granted to the wider workforce.

Flexible benefit amounts broadly remain unchanged against the prior year (with Mark's total benefit amount falling slightly as a percentage of salary).

The current salaries as at 1 April 2026 (and those as at 1 April 2025) are as follows:

Individual	Role	Base salary at 1 April 2025	Base salary at 1 April 2026	% increase
John Roberts	CEO	£557,080	**£571,007**	2.5%
Mark Higgins	CFO and COO	£475,000	**£486,875**	2.5%

Pension and other benefits
Executive Directors are eligible for a flexible benefits regime equivalent to 13% and 14% of salary for the CEO/CFO respectively, which can be used to acquire benefits as they see fit. Through this mechanism, Executives can choose the level of their pension contributions. However, each of the Executives have committed to not allocate an amount in excess of 5% of their salary to their pension in future years to align with the rate of pension which is available to the majority of the wider workforce.

AO Incentive Plan
In respect of FY27, the Executive Directors will have a maximum award opportunity of 300% of basic salary. Performance will be measured between 1 April 2026 and 31 March 2027 and against the measures disclosed below.

Subject to the achievement of the performance measures, one-third of the award will be paid in cash subject to approval of the audited accounts for FY27. The remaining two-thirds of the award will be granted as a nil-cost option over shares. These options will vest after three years, subject to the Committees' satisfaction that their value reflects the underlying performance of the business.

Performance conditions for the FY27 AO Incentive Plan Award
We have continued to set the performance conditions along three sets of deliverables:

1. financial (output) metrics, focused on adjusted profit before tax, Retail B2C revenue growth (excluding musicMagpie) and free cash flow (45%, 15% and 10% weighting, respectively);
2. stakeholder impact measures, focusing on customers (Trustpilot) and employees (Engagement Index Score) (10% and 5% weighting, respectively); and
3. two strategic measures, specifically aimed at: (i) developing membership and (ii) becoming smarter with our operations (both with a 7.5% weighting).

Financial
The Committee believes these performance conditions will focus management on profitable growth, with a PBT metric accounting for the lion's share of the financial metrics (45%). This, combined with the UK Retail B2C Revenue (15%), free cash flow (10%) and the customer metric (10%) will ensure a clear focus on sustainable growth with an exceptional customer proposition.

For the financial/output metrics, we have set targets with regard to the Company's budget for the year ahead and following a robust process with a stretching and ambitious mindset. We deem the budget numbers to be commercially sensitive at this juncture, but will disclose these, retrospectively, in next year's Annual Report on Remuneration.

Stakeholder
We continue to recognise the importance of ESG and in the context of remuneration continue to set "stakeholder" measures encompassing customers and employees, which are aimed at ensuring the goodwill of the business over the longer term. As can be seen on pages 06 and 07 customer and employee satisfaction are central to our strategy with both being key drivers for creating long-term sustainable growth.

- **Customer:** Last year we refocused the AOIP on Trustpilot scores, and this metric will continue to apply for FY27, reflecting our commitment to positioning AO as the UK's most trusted electrical retailer, as set out in John's report. Trustpilot provides a clear, transparent and publicly accessible measure of customer trust, enabling the business to consolidate its focus on a single external benchmark. This supports greater accountability and allows management to concentrate on improving customer satisfaction while reducing waste and inefficiency across the Group. The measure applies solely to Trustpilot scores for ao.com. Given its importance to the Group's long term success, the weighting remains at 10%, reinforcing our continued focus on the customer alongside driving profitable growth.
- **Employee:** We continue to recognise our people as central to the Group's success and, as in the prior year, the AOIP includes an Engagement Index Score ("EIS") measure. EIS captures employee engagement across six dimensions: happiness, loyalty and retention, meaningful work, discretionary effort, belonging and growth. Threshold, target and stretch scores are set at 75, 80 and 85 respectively. This measure carries a weighting of 5%.

Strategic
The final measures are also strategic and are specifically aimed at:

- **Membership Development (7.5%)** This measure incentivises the delivery of sustainable membership growth by improving retention, deepening customer engagement and expanding the membership proposition through new recurring revenue products.
- **Smarter Operations (7.5%)** This measure focuses on driving structural efficiency improvements through technology, automation and process optimisation, supporting improved operational leverage and medium term margin sustainability.

The Committee believes these measures provide the appropriate balance, continuing to drive transformation, recognising the importance of key stakeholders, and output measures that should drive the creation of shareholder value.

Directors' Remuneration report
continued

	Performance condition	Weighting
Group financial (70%)	Adjusted PBT	45%
	Retail B2C Revenue	15%
	Free cash flow	10%
Stakeholder measures non-financial (15%)	Customer – Trustpilot score	10%
	Employee EIS Score	5%
Strategic measures non-financial (15%)	Membership Development	7.5%
	Smarter Operations	7.5%

The award pays out in full for achieving maximum levels of performance, and 62.5% of maximum pays out for achieving target levels of performance. The target requirements are set to be significantly stretching and, therefore, the Committee considers that this level of payout at target is appropriate. 25% of maximum pays out for threshold performance. Performance below threshold results in zero payout.

The Committee has discretion to override the formulaic outcome if it considers that the formulaic outcome is not reflective of the underlying financial or non-financial performance of the Group, or the individual performance of the participant over the relevant period.

All-employee share plans
The Company proposes to roll out a new SAYE scheme each year and all Executive Directors will be entitled to participate on the same basis as other employees.

Share ownership requirements
As with prior years, the required share ownership level for the Executive Directors for FY27 will be 200% of salary.

All Executives are required to hold shares to the value of 200% of salary for two years following stepping down from the Board.

Additionally, for good leavers, AO Incentive Plan options will, typically, vest/only be released at the end of the normal vesting period, subject to the attainment of the performance underpin.

There are no share ownership requirements for the Non-Executive Directors.

Non-Executive Director fees
Fees for the Non Executive Directors (including the Chair) were reviewed during the year and benchmarked against peer companies. Following consideration of time commitment and performance, certain increases were approved.

The Non-Executive Director fees for FY27 are, therefore, as follows:

	FY26	FY27	% change
Chairman fee covering all board duties	£210,000	**£225,000**	7.1%
Non-Executive Director basic fee	£57,000	**£60,000**	5.3%
Supplementary fees to Non-Executives covering additional Board duties			
Audit Committee Chairman Fee	£15,000	**£15,000**	0.0%
Remuneration Committee Chairman Fee	£15,000	**£15,000**	0.0%
Senior Independent Director Fee	£10,000	**£10,000**	0.0%
Audit Committee member	£4,000	**£4,000**	0.0%
Remco member	£4,000	**£4,000**	0.0%
Nomco member	£2,000	**£2,000**	0.0%

Remuneration Committee membership
The members of the Committee were, for the year in question, Peter Pritchard, Shaun McCabe, Geoff Cooper and Sarah Venning.

Peter Pritchard took over chairing the Committee from Shaun McCabe following the AGM in September 2023.

All current members of the Committee are deemed to be independent. Accordingly, the Committee continues to comply with the independence requirements set out in the Code.

During FY26, there were six formal meetings of the Remuneration Committee. All relevant Committee members attended all meetings.

The responsibilities of the Committee are set out in the Terms of Reference available to view on ao-world.com/investor-centre/governance-and-leadership/governance-documents. The Executive Directors, the Legal Director and the HR Director may be invited to attend meetings to assist the Committee in its deliberations as appropriate. The Committee may also invite other members of the management team to assist as appropriate. No person is present during any discussion relating to their own remuneration or is involved in deciding their own remuneration.

Directors' Remuneration report
continued

Advisers to the Committee

Deloitte LLP provided advice during the year to 31 March 2026, in relation to incentive arrangements and the review of the remuneration policy for Executive Directors. It was appointed by the Committee. Deloitte is a signatory to the Remuneration Consultants Group Code of Conduct and any advice provided by them is governed by that code.

Deloitte also provided certain tax advice during the year to the Group.

The Committee is committed to regularly reviewing the external adviser relationship and is comfortable that Deloitte's advice remains objective and independent, and that the engagement team, which provides advice to the Committee, do not have connections with the Company or any of its Directors, which may impair their independence.

For the year under review, Deloitte's fees for remuneration advice were £11,650 plus VAT.

Shareholder feedback

At the 2025 AGM, the Annual Remuneration Report for the year ended 31 March 2025 together with our current remuneration policy were put to shareholders. Votes cast are set out in the table below.

	Votes in favour No. of shares	%	Votes against No. of shares	%	Total number of votes cast	Votes withheld No. of shares
2025: To approve the Directors' Remuneration Report	507,415,696	99.1	4,693,287	0.9	512,108,983	2,097
2025: To approve the Directors' remuneration policy	477,803,948	93.3	34,305,027	6.7	512,108,975	2,105

As ever, the Committee welcomes any enquiries or feedback shareholders may have on the Policy or the work of the Committee.

Peter Pritchard
Chair, Remuneration Committee
16 June 2026



Directors' report

Additional Statutory Information

The Directors have pleasure in submitting their report and the audited financial statements of AO World Plc (the "Company") and its subsidiaries (together, the "Group") for the financial year to 31 March 2026. This report sets out additional statutory information.

Results and dividends

The Group's and Company's audited financial statements for the year are set out on pages 73 to 121. The Directors do not recommend payment of a dividend by the Company in respect of the year ended 31 March 2026.

Issued share capital and control

The Company's issued share capital comprises ordinary shares of 0.25p, each of which are listed on the London Stock Exchange (LSE: AO.L). The ISIN of the shares is GB00BJTNFH41. As at both the 31 March 2026 and the date of this document, the issued share capital of the Company was £1,426,386.20, comprising 570,554,481 ordinary shares of 0.25p each. Shortly following the date of this document, the FY23 AOIP Deferred Share Awards will vest and employees will be able to exercise options to acquire an aggregate of 3,689,828 new ordinary shares of 0.25p each in the Company; the Company will satisfy these Awards by transferring shares from its Employee Benefit Trust.

Further details of the issued share capital of the Company, together with movements in the issued share capital during the year, can be found in Note 28 to the financial statements. All the information detailed in Note 28 forms part of this Directors' Report and is incorporated into it by reference.

Details of employee share schemes are provided in Note 30 to the financial statements.

At the Annual General Meeting of the Company, to be held on 24 September 2026, the Directors will seek authority from shareholders to allot shares in the capital of the Company up to a maximum nominal amount of £950,924.135 (380,369,654 shares) representing, approximately, 66.6% of the Company's issued ordinary share capital (excluding treasury shares)) of which 190,184,827 shares (representing, approximately, 33.3% of the Company's issued ordinary share capital (excluding treasury shares)) can only be allotted pursuant to a rights issue.

Authority to purchase own shares

The Directors will seek authority from shareholders at the forthcoming Annual General Meeting for the Company to purchase, in the market, up to a maximum of 85,526,116 of its own ordinary shares, either to be cancelled or retained as treasury shares. The Directors will only use this power after careful consideration, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The Directors will also take into account the effects on earnings per share and the interests of shareholders generally.

During the year, the Directors used the authority granted at the 2025 Annual General Meeting to purchase a total of 9,748,994 ordinary shares of 0.25 pence each in the capital of the Company.

Rights attaching to shares

All shares have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as set out in the Articles, described below. Except in relation to dividends that have been declared and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company. The Company's shares are not redeemable. However, following any grant of authority from shareholders, the Company may purchase, or contract to purchase, any of the shares on or off-market, subject to the Companies Act 2006 and the requirements of the Listing Rules.

No shareholder holds shares in the Company that carry special rights with regard to control of the Company. There are no shares relating to an employee share scheme that have rights with regard to control of the Company that are not exercisable directly and solely by the employees, other than in the case of the AO Sharesave Scheme, the AO Performance Share Plan ("PSP"), the Employee Reward Plan ("ERP") or the AO Incentive Plan ("AOIP"), where share interests of a participant in such scheme can be exercised by the personal representatives of a deceased participant in accordance with the scheme rules.

Voting rights

Each ordinary share entitles the holder to vote at general meetings of the Company. Under the Articles, a resolution put to the vote at the meeting shall be decided on a show of hands unless a poll is demanded. On a show of hands, every member who is present in person or by proxy at a general meeting of the Company shall have one vote. On a poll, every member who is present in person or by proxy shall have one vote for every share of which they are a holder.

Shareholders are also encouraged to vote by taking advantage of the Company registrar's secure online voting service, which is available at aoshareportal.com or by requesting a Form of Proxy from them and returning it by post. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. No member shall be entitled to vote at any general meeting either in person or by proxy, in respect of any share held by them unless all amounts presently payable by them in respect of that share have been paid. Save, as noted, there are no restrictions on voting rights nor any agreement that may result in such restrictions.

Restrictions on transfer of securities

There are no restrictions on the free transferability of the Company's shares save that the Directors may, in their absolute discretion, refuse to register the transfer of a share:

1. in certificated form, which is not fully paid, provided that if the share is listed on the Official List of the UK Listing Authority such refusal does not prevent dealings in the shares from taking place on an open and proper basis; or
2. in certificated form (whether fully paid or not) unless the instrument of transfer (a) is lodged, duly stamped, at the Office or at such other place as the Directors may appoint and (except in the case of a transfer by a financial institution where a certificate has not been issued in respect of the share) is accompanied by the certificate for the share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; (b) is in respect of only one class of share; and (c) is in favour of not more than four transferees; or
3. in uncertificated form to a person who is to hold it thereafter in certificated form in any case where the Company is entitled to refuse (or is excepted from the requirement) under the Uncertificated Securities Regulations to register the transfer; or
4. where restrictions are imposed by laws, and regulations, from time to time, apply (for example insider trading laws).

In relation to awards/options under the PSP, ERP, AOIP and the AO Sharesave Scheme, rights are not transferable (other than to a participant's personal representatives in the event of death).

The Directors are not aware of any arrangements between shareholders that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Change of control

Save, in respect of a provision of the Company's share schemes, which may cause options and awards granted to employees under such schemes to vest on takeover, there are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) because of a takeover bid.

Directors' report
continued

Save, in respect of the Company's share schemes and the Revolving Credit Facility agreement entered into with Barclays Bank Plc, HSBC Bank Plc, NatWest Bank Plc and Santander UK PLC on 8 October 2024, there are no significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control.

Interests in voting rights

As at 31 March 2026, the Company had been notified of, in accordance with chapter 5 of the FCA's Disclosure Guidance and Transparency Rules, or was aware of (to the best of its knowledge), the following significant interests:

Shareholder	No. of shares held	% voting rights
Frasers Group PLC	147,467,775	25.85
Camelot Capital Partners	117,526,508	20.60
John Roberts*	88,585,888	15.52
Lancaster Investment Management	29,339,031	5.14
Phoenix Asset Management Partners	28,751,179	5.04
Christopher Hopkinson**	21,080,429	3.69

* Holding excludes 6,348 ordinary shares held by Crystalcraft Limited, a company of which he is a director and shareholder. Separately, The Jolly Foundation, a registered charity and private company limited by guarantee, of which John and his spouse are each a trustee, member and director, held a legal (but not beneficial) interest in 4,547,115 shares as at 31 March 2026.

** Holding excludes 350,857 ordinary shares held by Gayle Halstead (defined under MAR as a person with whom Christopher Hopkinson is closely associated) and 2,499,999 ordinary shares held in a pension of which Christopher Hopkinson is one of the beneficiaries.

Since the period end, and to 16 June 2026, the Company has been notified of the following changes in significant interests:

Shareholder	No. of shares held	% voting rights
Frasers Group PLC	149,028,913	26.12
Camelot Capital Partners	117,526,508	20.60
John Roberts*	83,226,832	15.52
Lancaster Investment Management	29,339,031	5.14
Phoenix Asset Management Partners	28,751,179	5.04
Christopher Hopkinson**	21,080,429	3.69

Appointment and replacement of Directors

The appointment and replacement of Directors of the Company is governed by the Articles.

Appointment of Directors: A Director may be appointed by the Company by ordinary resolution of the shareholders or by the Board (having regard to the recommendation of the Nomination Committee). A Director appointed by the Board holds office only until the next Annual General Meeting of the Company and is then eligible for reappointment.

The Directors may appoint one or more of their number to the office of CEO or to any other Executive office of the Company, and any such appointment may be made for such term, at such remuneration and on such other conditions as the Directors think fit.

Retirement of Directors: Under the Articles, at every Annual General Meeting of the Company, all Directors who held office at the time of the two preceding AGMs, and did not retire at either of them, shall retire from office but may offer themselves for re-election, and if the number of retiring Directors is fewer than one-third of Directors, then additional Directors shall be required to retire. However, in accordance with the Code, all Directors will retire and be subject to re-election at the forthcoming AGM, with the exception of Chris Hopkinson.

Removal of Directors by special resolution: The Company may, by special resolution, remove any Director before the expiration of their period of office.

Termination of a Director's appointment: A person ceases to be a Director if:

i. that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a Director by law;
ii. a bankruptcy order is made against that person;
iii. a composition is made with that person's creditors generally in satisfaction of that person's debts;
iv. that person resigns or retires from office;
v. in the case of a Director who holds any Executive office, their appointment as such is terminated or expires and the Directors resolve that they should cease to be a Director;
vi. that person is absent without permission of the Board from Board meetings for more than six consecutive months and the Directors resolve that they should cease to be a Director; or
vii. a notice in writing is served upon them personally, or at their residential address provided to the Company for the purposes of section 165 of the Companies Act 2006, signed by all the other Directors stating that they shall cease to be a Director with immediate effect.

For further details of our Directors, please refer to pages 44 and 45.

Amendment of the Articles

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders. No amendments are proposed to be made to the existing Articles of Association at the forthcoming Annual General Meeting.

Post-balance sheet events

There have been no balance sheet events that either require adjustment to the financial statements or are important in the understanding of the Company's current position.

Research and development

Innovation, specifically in IT, is a critical element of AO's strategy and, therefore, of the future success of the Group. Accordingly, the majority of the Group's research and development expenditure is predominantly related to the Group's IT systems. In addition, as part of the Group's ongoing investment into our recycling processes, we are constantly looking at innovating and improving our technology. Through this investment, additional research and development expenditure is incurred.

Indemnities and insurance

The Company maintains appropriate insurance to cover Directors' and Officers' liability for itself and its subsidiaries. The Company also indemnifies the Directors under an indemnity, in the case of the Non-Executive Directors in their respective letters of appointment and in the case of the Executive Directors in a separate deed of indemnity. Such indemnities contain provisions that are permitted by the Director liability provisions of the Companies Act 2006 and the Company's Articles.

Political donations

During the year, no political donations were made.

Directors' report
continued

External branches
The Group has no external branches established as at 31 March 2026.

Independent Auditor
The Company's Auditor, KPMG LLP, has indicated its willingness to continue its role as the Company's Auditor. Resolutions to reappoint KPMG LLP as Auditor of the Company and to authorise the Audit Committee to determine their remuneration will be proposed at the forthcoming AGM.

Disclosure of information to the Auditor
Each of the Directors has confirmed that:

i. so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and

ii. the Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Reporting requirements
As permitted by section 414C of the Companies Act 2006, certain information required to be included in the Directors' Report has been included in the Strategic Report and its location, together with other information forming part of the Directors' Report, is set out in the table to the right.

The Strategic report, comprising pages 03 to 40, and this Directors' Report, have been approved by the Board and are signed on its behalf by:

Julie Finnemore
Legal Director and Company Secretary
16 June 2026

Reporting requirement	Location
Annual General Meeting	Corporate Governance report on page 48
Strategic Report – Companies Act 2006 s.414A-D	Strategic report on pages 03 to 40
Likely future developments of the business and Group	Strategic report on pages 03 to 40
DTR4.1.8R – management report – the Directors' Report and Strategic Report comprise the "management report"	This Directors' report and the Strategic report on pages 03 to 40
Directors' remuneration including disclosures required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008	Directors' Remuneration Report on pages 56 to 67
Statement on corporate governance	Corporate Governance Report, Audit Committee Report, Nomination Committee Report and Directors' Remuneration Report on pages 46 to 67
Board's assessment of the Group's internal control systems	Corporate Governance Report from pages 46 to 48 and the Audit Committee Report on pages 52 to 55
Board of Directors	Pages 44 to 45
Community	Sustainability report on page 21
Business relationships with suppliers, customers and others	Engagement with our Stakeholders on page 38
Directors' interests	Directors' Remuneration Report from pages 56 to 67
Diversity policy	Sustainability report on page 21 and the Nomination Committee Report on page 49
Employee engagement	Engagement with our Stakeholders on page 38
Employee involvement	Sustainability report on page 21 and engagement with our Stakeholders on page 38
Employees with disabilities	Sustainability report on page 21
Going concern and viability statement	Strategic Report page 40
Task force on climate-related financial disclosures	TCFD disclosures on pages 33 to 35
Greenhouse gas emissions and streamlined energy and carbon reporting	Sustainability report on page 21
Details of use of financial instruments and specific policies for managing financial risk	Note 3 to Group financial statements
Significant related-party agreements	Note 33 to the consolidated financial statements
Directors' responsibility statement	Directors' responsibility statement on page 71

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable and, in respect of the Parent Company financial statements only, prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements;
- assess the Group and Parent Company's ability to continue as a going concern disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Parent Company, and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The Auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

John Roberts
Founder and CEO

Mark Higgins
Group Chief Financial Officer and Chief Operating Officer

16 June 2026

“The strong conversion of profit into cash has enabled disciplined capital allocation including continued investment in the business.”

Mark Higgins
Group Chief Financial Officer and Chief Operating Officer

Our Financials

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Independent Auditor's Report
to the members of AO World Plc

1. Our opinion is unmodified

We have audited the financial statements of AO World Plc ("the Company") for the year ended 31 March 2026 which comprise the Consolidated Income Statement, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity and the related notes, including the accounting policies in note 3 to the Group financial statements and note 1 to the Company financial statements. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2026 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 21 July 2016. The period of total uninterrupted engagement is for the 10 financial years ended 31 March 2026. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Group financial statements as a whole	£3.2m (2025: £2.5m) 0.25% (2025: 0.22%) of Group total revenue	
Key audit matters	**vs 2025**	
Recurring risks	Product protection plans contract asset	◀▶
	Recoverability of parent Company's investment in subsidiaries	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Independent Auditor's Report continued
to the members of AO World Plc

	The risk	Our response
Product protection plans contract asset (£99.3 million contract asset; 2025: £98.1 million) *Refer to* page 53 *(Audit Committee Report),* page 87 *(Accounting Policy),* page 92 *(Key sources of estimation uncertainty) and* page 102 *(Financial disclosures – contract asset).*	**Subjective estimate:** The contract asset recognised is based on the value of commissions due over the expected life of the plans. This involves the use of a model. The inputs into that model, such as cancellation rates and the impact of price increases, are based on forecast performance and are subjective estimates which require judgement. This gives rise to a fraud risk in respect of the revenue recognised. Management performance is assessed in relation to Adjusted PBT which may create an incentive to overstate revenue recognised in respect of product protection plans. **Application of data:** The calculation of the contract asset is based on the correct categorisation of certain data elements within the model, such as the method of sale of the plan. The historic data is also used by the directors as a benchmark for determining their estimates of future cancellations. Given there is a judgement required in this categorisation and the potential for material changes to the carrying value of the plan asset, this area is open to the possibility of fraud or error. **Calculation error:** The model used to calculate the values recorded in relation to the asset is extensive, and as such is open to the possibility of mathematical error. The effect of these matters is that, as part of our risk assessment, we determined that the product protection plans contract asset has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 22) disclose the sensitivity estimated by the Group.	Our procedures included: • **Benchmarking assumptions:** we assessed the directors' assumption applied in the model such as using historic plan data to generate the expected average life of plans sold. This was assessed by comparing the historical assumption to actual cancellations; • **Reperformance:** with the assistance of our data modelling specialists, we have independently re-performed the calculations of the contract asset and compared these to the values calculated by the Group; • **Our sector experience:** we challenged the assumptions made such as life of the plans and expected future plan profitability based on our knowledge of the business and the Group, considering factors occurring in the macroeconomic environment; • **Expectation vs outcome:** we evaluated the accuracy of the model with reference to alternative data, e.g. expected cumulative cash received compared to actual cash received; • **Test of details:** for a sample of plans we assessed whether the categorisation of the plan in the model was appropriate; • **Sensitivity analysis:** we performed sensitivity analysis on judgemental assumptions relating to future plan profitability and the life of plans and the impact of price increases, and challenged the plausibility and severity of sensitivities performed by management; • **Assessing transparency:** we assessed the adequacy of the Group's disclosures on the subjectivity of the calculation and the sensitivity of the outcome of the calculations to changes in the key assumptions, reflecting the risks inherent in the calculation of the contract asset. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results:** we found the carrying value of the contract asset for product protection plans to be acceptable (2025: acceptable).
Recoverability of parent Company's investment in subsidiaries (Investment in subsidiaries £50 million, 2025: £50.1 million) Refer to page 54 (Audit Committee Report) Page 117 (Accounting Policy and Financial Disclosures)	**Low risk, high value:** The carrying value of the parent Company's investment in subsidiaries represents 16.5% (2025: 21%) of the Company's total assets. The recoverability of investments is not at high risk of significant misstatement or subject to significant judgement. However, due to materiality in the context of the parent Company financial statements, it is considered to be the area of greatest significance in relation to the audit of the parent Company and that is why we consider it to be a key audit matter.	Our procedures included: • **Test of detail:** We compared the carrying value of investments with the relevant subsidiaries' net assets in the group consolidation, to identify whether their net assets, being an approximation of their minimum recoverable amount, are in excess of their carrying amount and assessed whether these subsidiaries have historically been profit-making. • **Assessing subsidiary audits:** We considered the results of our work on all of those subsidiaries' profits and net assets. We performed the tests above rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results** • We found the Company's conclusion that there is no impairment of its investments in subsidiaries to be acceptable (2025: acceptable).

The prior year key audit matter relating to the valuation of intangible assets including goodwill from the musicMagpie acquisition has not been included in the current year as the transaction was completed in the prior period and no longer represents one of the most significant risks in our current year audit.

In the prior year, impairment of Mobile CGU goodwill and other intangible assets was identified as a key audit matter due to the level of judgement involved in assessing recoverability. During that period, the goodwill balance was fully impaired and, therefore, no goodwill remains at the current year end. In addition, the estimation uncertainty associated with the remaining intangible assets has reduced in the current period and we have not assessed this as a risk of material misstatement in our current year audit.

Independent Auditor's Report continued
to the members of AO World Plc

3. Our application of materiality and an overview of the scope of our audit

Our application of materiality

Materiality for the Group financial statements as a whole was set at £3.2 million (2025: £2.5 million), determined with reference to a benchmark of Group total revenue of which it represents 0.25% (2025: 0.22%).

In selecting the most appropriate benchmark in the current period we considered the Group's continued profitability following the changes in the Group's strategy in recent years. Similarly to the previous period, we selected the total revenue from continuing operations to be the most appropriate benchmark as it provides a more stable measure year on year and because of the low level of profit before tax from continuing operations in recent periods.

Materiality for the parent Company financial statements as a whole was set at £1.2m (2025: £0.8m), which is the component materiality for the parent Company determined by the Group auditor. This is lower than the materiality we would otherwise have determined with reference to parent Company total assets, of which it represents 0.4% (2025: 0.33%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

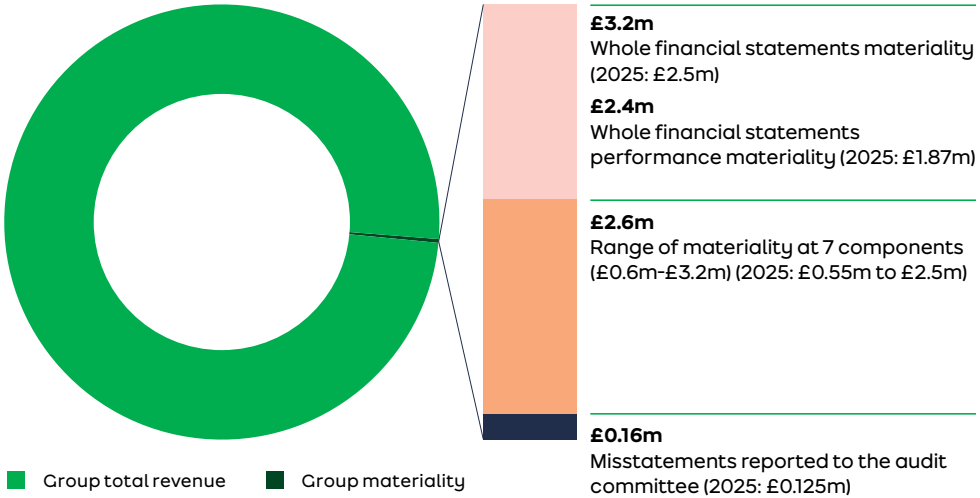
Performance materiality was set at 75% (2025: 75%) of materiality for the financial statements as a whole, which equates to £2.4 million (2025: £1.87 million) for the Group and £0.9 million (2025: £0.6 million) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.16 million (2025: £0.125 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit

Group total revenue
£1,267m (2025: £1,138m)

Group materiality
£3.2m (2025: £2.5m)



£3.2m
Whole financial statements materiality (2025: £2.5m)

£2.4m
Whole financial statements performance materiality (2025: £1.87m)

£2.6m
Range of materiality at 7 components (£0.6m-£3.2m) (2025: £0.55m to £2.5m)

£0.16m
Misstatements reported to the audit committee (2025: £0.125m)

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 15 components, having considered our evaluation of the Group's operational structure, the Group's legal structure and our ability to perform audit procedures centrally.

Of those, we identified 3 quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

Additionally, having considered qualitative and quantitative factors, we selected 4 components with accounts contributing to the specific RMMs of the Group financial statements.

Accordingly, we performed audit procedures on 7 components. We also performed the audit of the parent Company.

We set the component materialities, ranging from £0.6 million to £3.2 million, having regard to the mix of size and risk profile of the Group across the components.

Our audit procedures covered 99% of Group revenue.

We performed audit procedures in relation to components that accounted for 95% of the total profits and losses that made up Group profit before tax and 100% of Group total assets.

Independent Auditor's Report continued
to the members of AO World Plc

3. Our application of materiality and an overview of the scope of our audit continued

Overview of the scope of our audit continued

Impact of controls on our Group audit

We identified the Group's financial reporting system and the revenue and inventory systems to be the main IT systems relevant to our audit. Consistent with prior periods, the most efficient and effective approach for gaining appropriate audit evidence meant that we planned, and undertook, a fully substantive approach in all areas of the audit.

We assessed the design of manual controls that addressed the risk of management override of controls; and as a result of this assessment, we were unable to rely on controls in this area. Following incremental risk assessment, we assessed that no significant changes were required to our planned audit approach to journals.

We adopted a data-oriented approach to auditing revenue by performing data and analytics routines. Given that we did not plan to rely on IT controls in our audit, a direct testing approach was used over the completeness and reliability of data used in these routines.

Our audit procedures covered the following percentage of Group revenue:

Group revenue

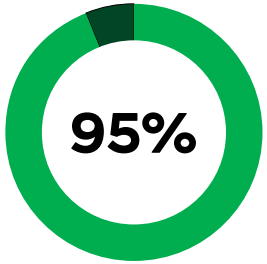


We performed audit procedures in relation to components that accounted for the following percentages of the total profits and losses that made up Group profit before tax and Group total assets:

Group total assets



Total profits and losses that made up Group profit before tax



Independent Auditor's Report continued
to the members of AO World Plc

4. The impact of climate change on our audit

In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business and its financial statements.

As part of our audit we performed a risk assessment, including making enquiries of management, holding discussions with our internal climate change professionals to challenge our risk assessment, reading board minutes and applying our knowledge of the Group and sector in which it operates to understand the extent of the potential impact of climate change risk on the Group's financial statements.

We assessed that there was no significant impact from climate risk on the financial statements or our audit approach this year due to the nature of the Group's current business operations. As a result, there was no impact from climate risk on our key audit matters.

We have read the disclosure of climate related information in the annual report and considered consistency with the financial statements and our audit knowledge. We have not been engaged to provide assurance over the accuracy of the climate risk disclosures in the annual report.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period.

The risk that we considered most likely to adversely affect the Group's available financial resources and metrics relevant to debt covenants over this period was the general macroeconomic environment, including a reduction in consumer confidence and cost inflation.

We considered whether the risk could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from the risk against the level of available financial resources and covenants indicated by the Group's financial forecasts.

Our procedures also included:

- Inspecting confirmation from the lender of the level of committed financing, and the associated covenant requirements.
- Critically assessing assumptions in base case and downside scenarios relevant to liquidity and covenant metrics, in particular in relation to the current economic environment, comparing to historical trends and considering knowledge of the Group's plans based on approved budgets and our knowledge of the Group and the sector in which it operates.
- Assessing whether downside scenarios applied mutually consistent and severe assumptions in aggregate, using our assessment of the possible range of each key assumption and our knowledge of inter-dependencies.
- Comparing past budgets to actual results to assess the Directors' track record of budgeting accurately.
- We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement on page 71 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 3 to be acceptable; and
- the related statement under the UK Listing Rules set out on page 39 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Independent Auditor's Report continued
to the members of AO World Plc

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included

- Enquiring of directors, internal audit, legal and Group management as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit Committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors including the Value Creation Plan, Performance Share Plan and the AO Sharesave scheme.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and performance incentives and our knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries; and
- the risk of bias in accounting estimates and judgements such as the carrying value of the product protection plans ("PPP") contract asset.

On this audit we do not believe there is a fraud risk related to other revenue streams, excluding PPP revenue as discussed in the Key Audit Matters above, because there is limited opportunity to commit fraud, and no material judgements or estimation involved in these revenue streams.

We did not identify any additional fraud risks.

Further detail in respect of the fraud risk identified in respect of the subjective estimates for the product protection plans contract asset is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries and other adjustments to test at Group level and for selected components based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries with unusual characteristics compared to the total journal population.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias including assessing the PPP contract asset estimates for bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, financial services regulation, data protection laws, anti-bribery, employment law, Mobile and Ofcom rules and guidance and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report continued
to the members of AO World Plc

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability assessment on page 39 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the 'our risks' disclosures on page 27 describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability assessment of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability assessment, set out on page 39 under the UK Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the UK Listing Rules for our review. We have nothing to report in this respect.

Independent Auditor's Report continued
to the members of AO World Plc

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 71, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Roger Nixon
Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peter's Square
Manchester
M2 3AE

16 June 2026

Consolidated income statement

For the year ended 31 March 2026

	Note	2026 £m	2025 £m
Revenue	5, 6	**1,266.6**	1,137.5
Cost of sales	6, 8	**(950.5)**	(861.5)
Gross profit		**316.1**	276.0
Administrative expenses – impairment of goodwill and intangible fixed assets	7	**–**	(19.6)
Other administrative expenses		**(266.7)**	(235.4)
Total administrative expenses	7, 8	**(266.7)**	(255.0)
Other operating income	8	**–**	0.1
Operating profit	8	**49.4**	21.1
Finance income	11	**6.6**	4.8
Finance costs	12	**(5.5)**	(5.3)
Profit before tax		**50.5**	20.6
Tax charge	13	**(14.6)**	(10.9)
Profit after tax for the period from continuing operations		**35.9**	9.7
Result for the period from discontinued operations	34	**–**	0.8
Profit after tax for the year		**35.9**	10.5
Total comprehensive profit attributable to owners of the parent arising from:			
Continuing operations		**35.9**	9.7
Discontinued operations		**–**	0.8
		35.9	10.5
Earnings per share from continuing operations (pence)			
Basic earnings per share	15	**6.36**	1.70
Diluted earnings per share	15	**6.11**	1.63
Earnings per share from continuing and discontinued operations (pence)			
Basic earnings per share	15	**6.36**	1.83
Diluted earnings per share	15	**6.11**	1.76

The Group has no items of other comprehensive income for the period ended 31 March 2026 or the prior period. As a result, the total comprehensive income for the period is the same as the profit for the period and therefore no separate Statement of Comprehensive Income has been presented.

Consolidated statement of financial position

As at 31 March 2026

	Note	2026 £m	2025 £m (Restated See Note 3)
Non-current assets			
Goodwill	16	**25.5**	25.5
Other intangible assets	17	**11.4**	13.2
Property, plant and equipment	18	**39.5**	27.1
Right of use assets	18	**42.4**	51.6
Trade and other receivables	22	**92.2**	88.5
Deferred tax	20	**–**	2.2
		211.0	208.1
Current assets			
Inventories	21	**87.4**	88.5
Trade and other receivables	22	**105.5**	102.5
Corporation tax receivable		**0.2**	–
Cash and cash equivalents	24	**81.3**	27.4
		274.4	218.4
Total assets		**485.4**	426.5
Current liabilities			
Trade and other payables	23	**(232.5)**	(207.7)
Borrowings	25	**(0.2)**	(0.2)
Lease liabilities	26	**(16.7)**	(18.5)
Corporation tax payable		**–**	(0.6)
Provisions	27	**(1.4)**	(0.5)
		(250.9)	(227.5)
Net current assets/ (liabilities)		**23.5**	(9.1)

Consolidated statement of financial position continued

As at 31 March 2026

	Note	2026 £m	2025 £m (Restated See Note 3)
Non-current liabilities			
Trade and other payables	23	**(5.7)**	(5.2)
Borrowings	25	**(1.5)**	(1.7)
Lease liabilities	26	**(46.4)**	(42.9)
Deferred tax liability	20	**(1.3)**	–
Provisions	27	**(4.1)**	(4.7)
		(59.0)	(54.5)
Total liabilities		**(309.9)**	(282.0)
Net assets		**175.5**	144.5
Equity attributable to owners of the parent			
Share capital	28	**1.4**	1.5
Share premium account	28	**108.5**	108.5
Investment in own shares	28	**(11.0)**	(10.9)
Other reserves	29	**72.0**	68.2
Retained earnings/ (losses)		**4.6**	(22.8)
Total equity		**175.5**	144.5

The financial statements of AO World Plc, registered number 05525751, on pages 81 to 113 were approved by the Board of Directors and authorised for issue on 16 June 2026. They were signed on its behalf by:

John Roberts
Founder and CEO
AO World Plc

Mark Higgins
Group Chief Financial Officer and Chief Operating Officer
AO World Plc

Consolidated statement of changes in equity

As at 31 March 2026

				Other reserves						
	Share capital £m	Investment in own shares £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Share-based payments reserve £m	Translation reserve £m	Other reserve £m	Retained (losses)/ earnings £m	Total £m
Balance at 31 March 2024	1.4	–	108.5	59.2	0.5	20.4	(9.4)	(6.3)	(36.5)	137.8
Profit for the period	–	–	–	–	–	–	–	–	10.5	10.5
Share-based payment charge (net of tax)	–	–	–	–	–	7.1	–	–	–	7.1
Issue of shares	0.1	–	–	–	–	–	–	–	–	0.1
Purchase of shares by EBT (see Note 28)	–	(11.1)	–	–	–	–	–	–	–	(11.1)
Share options exercised	–	0.2	–	–	–	–	–	–	–	0.2
Movement between reserves	–	–	–	–	–	(3.2)	–	–	3.2	–
Balance at 31 March 2025	1.5	(10.9)	108.5	59.2	0.5	24.3	(9.4)	(6.3)	(22.8)	144.5
Profit for the period	–	–	–	–	–	–	–	–	35.9	35.9
Share-based payment charge (net of tax)	–	–	–	–	–	7.6	–	–	–	7.6
Purchase of shares by EBT (see Note 28)	–	(4.2)	–	–	–	–	–	–	–	(4.2)
Share options exercised	–	4.0	–	–	–	–	–	–	(2.2)	1.8
Purchase of own shares by entity	–	–	–	–	–	–	–	–	(10.1)	(10.1)
Cancellation of shares	(0.1)	–	–	–	0.1	–	–	–	–	–
Movement between reserves	–	–	–	–	–	(3.9)	–	–	3.9	–
Balance at 31 March 2026	**1.4**	**(11.0)**	**108.5**	**59.2**	**0.5**	**28.0**	**(9.4)**	**(6.3)**	**4.6**	**175.5**

Consolidated statement of cash flows

For the year ended 31 March 2026

	Note	2026 £m	2025 £m
Cash flows from operating activities			
Cash generated from continuing operations	24	**107.8**	66.1
Taxation paid		**(12.1)**	(9.3)
Net cash flows from operating activities – continuing operations		**95.7**	56.8
Net cash generated from operating activities in discontinued operations	34	**–**	1.2
Cash generated from operating activities		**95.7**	58.0
Cash flows from investing activities			
Interest received		**2.1**	1.0
Proceeds from sale of property, plant and equipment		**–**	0.1
Acquisition of property, plant and equipment		**(5.2)**	(8.8)
Acquisition of intangible assets		**(0.8)**	(0.1)
Acquisition of subsidiary (net of cash acquired)		**–**	(5.7)
Cash used in investing activities		**(3.9)**	(13.5)
Cash flows from financing activities			
Purchase of shares by EBT (including transaction costs)	28	**(4.2)**	(11.1)
Employee contributions on the exercise of share options	28	**1.8**	0.1
Purchase of own shares by entity		**(10.1)**	–
Repayment of borrowings	24	**(0.2)**	(19.4)
Interest paid on lease liabilities		**(3.6)**	(3.4)
Repayment of lease liabilities		**(20.2)**	(21.2)
Other interest paid including interest on borrowings		**(1.3)**	(2.3)
Net cash used in financing activities by discontinued operations	34	**–**	(0.1)
Net cash used in financing activities		**(37.9)**	(57.2)
Net increase/ (decrease) in cash		**53.9**	(12.7)
Cash and cash equivalents at beginning of year		**27.4**	40.1
Cash and cash equivalents at end of year	24	**81.3**	27.4

Notes to the consolidated financial statements

For the year ended 31 March 2026

1. Authorisation of financial statements and statement of compliance with IFRSs

AO World Plc is a public limited company and is incorporated in the United Kingdom under the Companies Act. The Company's ordinary shares are traded on the London Stock Exchange. The Group's financial statements have been prepared and approved by the Directors in accordance with UK adopted International Accounting Standards ("UK adopted IFRS").

The address of the registered office is given on page 122. The nature of the Group's operations and its principal activities are set out in Note 19 and in the Strategic Report on pages 01 to 40.

These financial statements are presented in pounds sterling (£m) as that is the currency of the primary economic environment in which the Group operates.

Certain financial data have been rounded. As a result of this rounding, the totals of data presented may vary slightly from the actual arithmetic totals of such data.

2. Adoption of new and revised standards

The accounting policies set out in Note 3 have been applied in preparing these financial statements.

The Group has considered the following standards, interpretations and amendments, issued by the International Accounting Standards Board ("IASB") that are effective for the Group for the period ended 31 March 2026 and concluded that they are not relevant to the Group's Financial Statements:

- Amendments to IAS 21, Lack of exchangeability

New accounting standards effective for future periods

The following UK-adopted IFRSs have been issued but have not been applied, as they are not yet effective, by the Group in these consolidated financial statements:

- Annual Improvements to IFRS Accounting Standards – Volume 11 (effective date 1 January 2026)
- Amendments to IFRS 9 and IFRS 7, "Classification and measurement of financial instruments" and "Contracts referencing nature-dependent electricity" (effective date 1 January 2026)
- IFRS 18, "Presentation and Disclosure in Financial Statements" (effective date 1 January 2027)
- IFRS 19, "Subsidiaries without Public Accountability: Disclosures" (effective date 1 January 2027)

The Group does not consider that any of the issued standards, or standard amendments issued by the IASB, but not yet applicable, will have a significant impact on the financial statements with the exception of IFRS 18 which will primarily affect the classification and presentation of income and expense items.

The Group also continues to monitor the potential impact of new standards and interpretations which may be endorsed and require adoption by the Group in future reporting periods.

3. Significant accounting policies

Basis of consolidation

The Group's financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

Subsidiary undertakings are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases.

Subsidiary undertakings acquired during the period are recorded under the acquisition method of accounting. The cost of the acquisition is measured at the aggregate fair value of the consideration given. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair value at the date the Group assumes control of the acquiree. Acquisition-related costs are recognised in the consolidated income statement as incurred. All intercompany balances and transactions have been eliminated in full. A list of all the subsidiaries of the Group is included in Note 19 to the Group financial statements.

Discontinued Operations

Following the closure of the German operations in FY23, the German operations are treated as a discontinued activity under IFRS5 and the results and cashflows are therefore shown separately on the face of each of the primary statements. Further details are included in Note 34.

Restatement of comparatives

In accordance with IFRS 3 Business Combinations, adjustments to the fair value assessment of assets and liabilities acquired on the acquisition of musicMagpie plc in the prior year, during the 12 month measurement period, have been applied retrospectively, and the comparative information has been restated.

As a result, goodwill recognised on this acquisition in the prior year has been reduced from £12.1m to £12.0m reducing the total Goodwill disclosed on the face of the balance sheet from £25.6m (previously reported as at 31 March 2025) to £25.5m (restated as at 31 March 2025) with a corresponding reduction of £0.1m in the previously reported Corporation tax payable as at 31 March 2025 to £0.6m (restated as at 31 March 2025). Further details are included in Note 35.

Going concern

Further information on our risks are shown on pages 27 to 31.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate.

The Group meets its day-to-day working capital requirements from its cash balances and the availability of its £120m revolving credit facility which expires in October 2028.

Notes to the consolidated financial statements
continued

3. Significant accounting policies continued

Going concern continued
The Directors have prepared base and sensitised cash flow forecasts for the Group for a period of at least 12 months from the expected approval of the financial statements ("the going concern period") which indicate that the Group will remain compliant with its covenants and will have sufficient funds through its existing cash balances and availability of funds from its revolving credit facility to meet its liabilities as they fall due for that period. The forecasts take account of current trading, management's view on future performance and their assessment of the impact of market uncertainty and volatility.

In assessing the going concern basis, the Directors have taken into account a severe but plausible downside to sensitise its base case by applying a sales risk of 15%, which restricts revenue growth to levels below those achieved in the year ended 31 March 2026. Further sensitivities have been modelled to reduce gross margin by 1% and to assume greater than inflation staff costs for non head office staff. These sensitivities capture a severe cash flow impact from a combination of potential downsides including a weaker UK electricals market, a business interruption or a cyber security incident.

Although not modelled in these severe but plausible downside scenarios, the risks above could be offset with controllable mitigations across various expense categories and discretionary spend. Under this severe but plausible downside scenario the Group continues to demonstrate headroom on its banking facilities and remains compliant with its quarterly covenants, which are interest cover (Adjusted EBITDA being at least 4x net finance costs) and leverage (Net debt to be no more than 2.5x EBITDA). The likelihood of a breach of covenants is considered remote and hence headroom against its covenants has not been disclosed.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Revenue recognition
Revenue primarily comprises sales of goods and services net of returns, expected returns and excludes sales taxes. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer.

B2C Retail revenue
B2C Retail revenue relates to products and services purchased by B2C customers through the retail websites (including membership fees, revenue attributable to protection plans sold with the products and profit share received from our finance provider, NewDay). All revenue is recognised when performance obligations are met, which are typically at the point of delivery with the exception of membership fees (which are recognised over the membership period), some product protection plans (that are sometimes sold after the product has been delivered) and profit share from NewDay (which is based on expected lifetime performance of the finance book and recognised in line with the proportion of the obligation satisfied at each reporting date, with any variable consideration constrained as appropriate).

Commission receivable for sales of product protection plans for which the Group acts as an agent (on the basis that the plan is a contract between the customer and Domestic & General, and the Group has no ongoing obligations following the sale of such plans) is included within revenue based on the estimated future commissions receivable over the estimated life of the product protection plan. Revenue is recognised on the basis that the Group has fulfilled its obligations to the customer at the point of sale. Further details of the specific methodology for recognising revenue are included in Note 4 and Note 22.

B2B Retail revenue
B2B Retail revenue relates to products and services purchased by B2B customers and includes funding for marketing services provided to suppliers. All revenue is recorded once performance obligations are met such as at the point of delivery or on finalisation of marketing and promotional campaigns, and most customers pay on credit terms.

In relation to strategic marketing services provided to customers, investment funding is recognised in one of two ways:

- in advertising costs or cost of sales to offset directly attributable costs incurred by the Group on behalf of the suppliers; and
- in revenue when it represents distinct marketing services provided to suppliers.

Mobile revenue
The Group operates under contracts with a number of Mobile Network Operators ("MNOs"). Over the life of these contracts, the service provided is the procurement of connections to the MNO's network and the delivery of the handset to the end customer. The individual consumer enters into a contract with the MNO for the MNO to supply the ongoing airtime over that contract period and with the Group for the supply of the handset. The Group earns a commission for the service provided to each MNO ("network commission").

The method of estimating the revenue and the associated contract asset in the month of connection is to estimate all future cash flows that will be received from the network and discount these based on their timing of receipt. The determined commission is recognised in full in the month of connection of the consumer to the MNO as this is the point at which the Group has completed the service obligation relating to the consumer connection.

Commission revenue is only recognised to the extent it can be reliably measured for each consumer. The level of network commission earned is based on an agreed contractual percentage share of the monthly payments made by the consumer to the MNO. The total consideration receivable is determined by both fixed (monthly line rental) and variable elements (being out of bundle and out of contract revenue share).

The Group recognises all of the fixed revenue share expected over a consumer's contract when a consumer is connected to the MNO. This gives rise to a contract asset being recognised, which is collected over the consumer's contract.

Estimating in advance variable elements of revenue, including any constraints, is based on historical data, is subject to significant judgements and is dependent on consumer behaviour after the point of recognition. The Group does consider that the amount of out of bundle and out of contract revenue can be measured reliably in advance for certain MNOs, and therefore these revenues are recognised when a consumer is connected to the MNO.

Notes to the consolidated financial statements
continued

3. Significant accounting policies continued

Revenue recognition continued

Recommerce revenue
Recommerce revenue relates to second hand and refurbished products and related services including revenue from rental assets. Revenue is recognised when performance obligations are met which is typically on delivery (for outright sales), with customers generally paying upfront and over the rental term for rental contracts.

The contracts for the rental of devices are classified as operating leases in accordance with IFRS 16 "Leases". The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term.

Third-party logistics revenue
Third-party logistics revenue relates to the provision of third-party logistics services to a number of customers. Revenue is recognised when performance obligations are met, being on completion of the delivery or service with customers paying on credit terms.

Recycling revenue
Recycling revenue relates to revenue from the recycling of used electrical products. Revenue is recognised when performance obligations are met which is typically on delivery, with customers paying on credit terms.

Volume and marketing-related expenditure
At the year end, the Group recognises supplier income receivable from agreements for volume rebates. These are largely agreed in the month after recognition and where estimates are required, these are calculated based on historical data, adjusted for expected changes in future purchases from suppliers, and reviewed in line with current supplier contracts.

Commercial income can be recognised as volume rebates, which are recognised in the income statement as a reduction in cost of sales or as strategic marketing investment funding, as outlined in the B2B revenue recognition policy above.

Employee benefits
The Group contributes to a defined contribution pension scheme for employees who have enrolled in the scheme. A defined contribution scheme is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the years during which services are rendered by employees.

Share-based payments
The cost of share-based payment transactions with employees is measured by reference to the fair value of the equity instruments at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is generally determined by an external valuer using an appropriate pricing model (see Note 30). In valuing equity-settled transactions, no account is taken of any service and performance (vesting) conditions, other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions that are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards under the AO Sharesave Scheme that are cancelled. These awards are treated as if they had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over the fair value of the settled award being treated as an expense in the income statement.

Where there has been a change to an award during the period which constitutes a modification for IFRS 2 purposes, the fair value of both the original award and the new award will be valued at the date the modification takes effect.

The fair value of the original award (measured at the original grant date) will be recognised over the original vesting period as a minimum and any incremental increase to the fair value of the new award will be recognised over the period from the modification date to the vesting date of the new award.

At each statement of financial position date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of service and non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of cancelled options in the AO Sharesave Scheme, be treated as vesting as described above.

The movement in cumulative expense since the previous statement of financial position date is recognised in the consolidated income statement with a corresponding entry in equity. On vesting, amounts held in the share-based payments reserves are transferred to retained earnings/ (losses).

Employee benefit trust
The Group operates an employee benefit trust ("EBT"). Own shares held by the EBT are treated as Treasury shares on consolidation and are shown as a reduction in equity in the statement of financial position.

Finance income and costs
Finance income is recognised in the consolidated income statement in the period to which it relates using the effective interest rate method.

Finance income comprises:

- income arising from the unwinding of the discount applied to the contract assets in relation to product protection plans and network commissions in excess of their previously recognised value; and
- bank interest.

Notes to the consolidated financial statements
continued

3. Significant accounting policies continued

Finance income and costs continued
Finance costs are recognised in the consolidated income statement in the period to which they occur.

Finance costs principally comprise:

- finance costs incurred on borrowings, finance leases and right of use lease liabilities, which are recognised in the income statement using the effective interest method; and
- financing costs of raising debt and ongoing utilisation/non-utilisation fees.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment for items of income or expense that are taxable or deductible in other years or that are never taxable or deductible.

Research and development credits are accounted for in accordance with IAS 20. The credit is recognised once a reasonable estimate of the amount can be made.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and its tax base as at the reporting date. The following temporary differences are not provided for: the initial recognition of goodwill; and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (other than in a business combination) to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax liability is recognised at the expected future tax rate on the value of intangible assets with finite lives, which are acquired through business combinations representing the tax effect of the amortisation of these assets in the future. These liabilities will decrease in line with the amortisation of the related assets with the deferred tax credits recognised in the statement of comprehensive income in accordance with IAS 12.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities are offset, and presented net on the balance sheet, when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

The Group has applied the mandatory temporary exception to the requirements of IAS 12 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed Pillar Two rules.

Goodwill and intangible assets
Goodwill represents the excess of the total consideration transferred for an acquired entity, over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. Goodwill is stated at cost. Goodwill is allocated to CGUs and is not amortised but is tested at least annually for impairment.

Other intangible assets are stated at cost less accumulated amortisation. Amortisation is charged to the consolidated income statement in administrative expenses on the basis stated below over the estimated useful lives of each asset. The estimated useful lives are as follows:

Asset class	Amortisation method and rate
Brand and domain names	5 to 15 years straight-line
Software	3 to 5 years straight-line
Customer lists	5 years straight-line

Software costs incurred as part of a service agreement are only capitalised when it can be evidenced that the Group has control over the resources defined in the arrangement. Any expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Costs relating to software not controlled by the Group are charged to the income statement.

Other development expenditure is recognised in the income statement as an expense as incurred.

Amortisation methods, useful lives and residual values are reviewed at each statement of financial position date.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than Land) less their residual values over their useful lives on the following bases:

Asset class	Depreciation method and rate
Land and buildings	25 years straight-line (excluding Land which is not depreciated)
Property alterations	10 years straight-line or over the life of the lease to which the assets relate
Fixtures, fittings and plant and machinery	15% reducing balance or 3 to 10 years straight-line
Motor vehicles	2 to 10 years straight-line
Computer equipment	3 to 5 years straight-line
Office equipment	15% reducing balance or 3 to 5 years straight line
Assets held for rental purposes	33% reducing balance

Notes to the consolidated financial statements
continued

3. Significant accounting policies continued

Property, plant and equipment continued
The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Assets held for rental purposes relate to devices or handsets rented to customers over a fixed or rolling rental term. New rentals are satisfied using existing stock (transfers from stock) at the start of the term. Assets returned to the Group at the end of the rental period are returned to stock (transfers to stock) at their net book value. Disposed rental assets relate to any device or handset that are not considered recoverable from customers.

Right of use assets and liabilities
The Group has applied IFRS 16 in these financial statements.

AO World Plc as a lessee
At inception, the Group assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset and whether the Group has the right to direct the use of the asset.

The Group recognises a right of use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured based on the present value of lease payments plus any initial direct costs incurred and the costs of obligations to refurbish the asset, less any incentives received. The ROU asset is subsequently depreciated using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. In addition, the ROU asset is subject to testing for impairment if there is any indication of impairment.

For short term leases (less than 12 months) or contracts for which the underlying asset has a low value, the Group takes the exemption permitted by IFRS 16 to recognise the payments for such leases in the income statement on a straight line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

The lease liability generally includes fixed payments and variable payments that depend on an index (such as an inflation index). When the lease contains an extension or purchase option that the Group considers reasonably certain to be exercised, the cost of the extension or option is included in the lease payments.

ROU assets are separately disclosed as a line in the balance sheet. The corresponding lease liability is separately disclosed as "lease liabilities" in both current and non-current liabilities. The Group has classified the principal portion of lease payments, as well as the interest portion, within financing activities.

Lease payments for short-term leases, lease payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

The Group has elected to disclose its lease liabilities split by those which ownership transfers to the Group at the end of the lease ("Owned asset lease liabilities") and are disclosed within the Property Plant and Equipment table in Note 18, and those leases which are rental agreements and where ownership does not transfer to the Group at the end of the lease as Right of use asset lease liabilities which are disclosed within the Right of use assets table. This is to give the users of these Financial Statements additional information that the Directors feel will be useful to the readers understanding of the business.

Subsequent measurement
The Group applies IAS 36 to determine whether a right of use asset is impaired and accounts for any identified impairment loss. The lease liability is measured at amortised cost under the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or recorded in profit or loss if the carrying amount of the right of use asset has been reduced to nil.

AO World Plc as lessor
Where the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease, then it classifies the sublease as an operating lease. The Group recognises lease payments received under property operating leases as income on a straight-line basis over the lease term as other operating income. The Group has classified cash flows from operating leases as operating activities.

Impairment of assets
At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Goodwill is not amortised but is reviewed for impairment annually, or more frequently where there is an indication that the goodwill may be impaired. For the purpose of impairment testing, goodwill is allocated to each of the Group's CGUs expected to benefit from synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the consolidated financial statements
continued

3. Significant accounting policies continued

Impairment of assets continued
An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out ("FIFO") method and comprises direct purchase cost net of rebates. Net realisable value represents the estimated selling price less all estimated and directly attributable costs of selling and distribution. Net realisable value includes, where necessary, provisions for slow-moving and damaged inventory.

Trade and other receivables (excluding contract assets)
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Contract assets
Contract assets arising from sale of product protection plans and network contracts are recognised in line with the revenue recognition policies for commission revenue and are disclosed as a contract asset within trade and other receivables.

It represents the right to consideration in exchange for the service provided at the balance sheet date in relation to revenue recognised for the commissions. While the revenue is recognised at the point of sale, the cash receipts, which reduce the contract asset, are received over time.

As the consideration is receivable over time but is conditional on the behaviour of customers post provision of the service, it is classified as a contract asset under IFRS 15 rather than a receivable under IFRS 9.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank, in hand, on demand deposits and cash in transit.

Financial instruments
Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities
Financial assets and liabilities comprise trade and other receivables (excluding contract assets), cash and cash equivalents, loans and borrowings and trade and other payables.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Advance payments on account
Advanced payments on account relate to payments on account from Mobile Network Operators and our product protection plan provider where there is no right of set off with the contract asset.

Amounts are initially recognised within creditors at fair value. Subsequent to initial recognition they are measured at amortised cost.

Financial liabilities and equity components
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and in conjunction with the application of IFRSs. Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

a. they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

b. where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called-up share capital and share premium account exclude amounts in relation to those shares.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method less any impairment losses.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. The estimated cash outflow is discounted to net present value.

Notes to the consolidated financial statements
continued

3. Significant accounting policies continued

Foreign currency translation
Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency at the rates of exchange at the reporting date. Exchange differences on monetary items are recognised in the income statement.

Alternative performance measures
The Group tracks a number of alternative performance measures in managing its business. These are not defined or specified under the requirements of IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. The Group believes that these alternative performance measures, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These alternative performance measures are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Some of these alternative performance measures are also used for the purpose of setting remuneration targets. These alternative performance measures should be viewed as supplemental to, but not as a substitute for, measures presented in the consolidated financial statements relating to the Group, which are prepared in accordance with IFRS. The Group believes that these alternative performance measures are useful indicators of its performance.

Adjusted Profit Before Tax
Adjusted Profit Before Tax ("PBT") is calculated by adding back or deducting Adjusting items to Profit Before Tax. Adjusting items are those items that the Group excludes in order to present a further measure of the Group's performance. Each of these items, costs or incomes is considered to be significant in nature and/or quantum or are consistent with items treated as Adjusting in prior periods. Excluding these items from profit metrics provides readers with helpful additional information on the performance of the business across periods because it is consistent with how the business performance is planned by, and reported to, the Board and the Chief Operating Decision Maker.

There are no Adjusting items in the current year.

The Adjusting items in the prior year related to the following:

- on 12 December 2024, the Group acquired the whole of the issued and to be issued share capital of musicMagpie plc ("MM"). Costs, relating to advisor fees, incurred during the period in relation to this transaction totalled £3.3m; and
- the continued challenging trading conditions in the Mobile market triggered an impairment review of the Mobile Cash Generating Unit ("CGU") resulting in an impairment charge of £14.7m recognised to reduce the goodwill in relation to this CGU down to Nil and a further impairment of £4.8m against the carrying value of intangible fixed assets.

Due to their size and one off nature, these costs were treated as Adjusting items and were added back in arriving at Adjusted PBT.

4. Key sources of estimation uncertainty
In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis.

Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available.

Accounting standards require the Directors to disclose those areas of critical accounting judgement and key sources of estimation uncertainty that carry a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next 12 months.

As a result of macro-economic factors in recent years, the Directors consider that revenue recognition in respect of commission for product protection plans and network connections include significant areas of accounting estimation. The Directors have applied the variable consideration guidance in IFRS 15 and as a result of revenue restrictions, do not believe there is a significant risk of a material downward adjustment. Revenue has been restricted to ensure that it is only recognised when it is highly probable and therefore subsequently, there could be a material reversal of restrictions.

The information below sets out the estimates and judgements used in these areas.

Revenue recognition and recoverability of income from product protection plans
Revenue recognised in respect of commissions receivable over the lifetime of the plan for the sale of product protection plans is recognised in line with the principles of IFRS 15, when the Group obtains the right to consideration as a result of performance of its contractual obligations (acting as an agent for a third party).

Revenue in any one year therefore represents an estimate of the commission due on the plans sold, which management estimate reliably based upon a number of key inputs, including:

- the contractual agreed margins;
- the number of live plans;
- the discount rate;
- the estimated length of the plan;
- the estimate of profit share relating to the scheme as a whole;
- the estimated rate of attrition based on historic data; and
- the estimated overall performance of the scheme.

Commission receivable also depends for certain transactions on customer behaviour after the point of sale. Assumptions are therefore required, particularly in relation to levels of customer attrition within the contract period, expected levels of customer spend, and customer behaviour beyond the initial contract period. Such assumptions are based on extensive historical evidence, and adjustment to the amount of revenue recognised is made for the risk of potential changes in customer behaviour, but they are nonetheless inherently uncertain.

Notes to the consolidated financial statements
continued

4. Key sources of estimation uncertainty continued

Revenue recognition and recoverability of income from product protection plans continued

Reliance on historical data assumes that current and future experience will follow past trends. The Directors believe that the quantity and quality of historical data available provides an appropriate proxy for current and future trends. Any information about future market trends, or economic conditions that we believe suggests historical experience would need to be adjusted, is taken into account when finalising our assumptions each year. Our experience over the last decade, which has been a turbulent period for the UK economy as a whole, is that variations in economic conditions have not had a material impact on consumer behaviour and, therefore, no adjustment to commissions is made for future market trends and economic conditions.

In assessing how consistent our observations have been, we compare cash received in a period versus the forecast expectation for that period as we believe this is the most appropriate check on revenue recognised. Small variations in this measure support the assumptions made.

For plans sold prior to 1 December 2016, the commission rates receivable are based on pre-determined rates. For plans sold after that date, base-assumed commissions will continue to be earned on pre-determined rates but overall commissions now include a variable element based on the future overall performance of the scheme.

Changes in estimates recognised as an increase or decrease to revenue may be made, where for example, more reliable information is available, and any such changes are required to be recognised in the income statement. During the year, management have refined estimations in relation to the valuation of plans which has resulted in £0.6m of previously recognised revenue being reversed in the year ended 31 March 2026.

In line with the requirements of IFRS 15, the Group only recognises revenue to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with its variable consideration is subsequently resolved. This 'constraint' results in potential revenue of £3.7m being restricted at 31 March 2026 (31 March 2025: £3.0m).

The commission receivable balance as at 31 March 2026 was £99.3m (2025: £98.1m). The rate used to discount the revenue for the FY26 cohort is 5.35% (2025: 5.15%). The weighted average of discount rates used in the years prior to FY26 was 5.01% (2025: 4.73%).

Revenue recognition and recoverability of income in relation to network commissions

Revenue in respect of commissions receivable from the Mobile Network Operators ("MNOs") for the brokerage of network contracts is recognised in line with the principles of IFRS 15, when the Group obtains the right to consideration as a result of performance of its contractual obligations (acting as an agent for a third party).

Revenue in any one year therefore represents an estimate of the commission due on the contracts sold, which management estimates reliably based upon a number of key inputs, including:

- the contractually agreed revenue share percentage – the percentage of the consumer's spend (to MNOs) to which the Group is entitled;
- the discount rate using external market data (including risk free rate and counterparty credit risk) 3.94% (2025: 4.25%); and
- the length of contract entered into by the consumer (12 – 24 months) and the resulting estimated consumer average tenure which takes account of both the default rate during the contract period and the expectations that some customers will continue beyond the initial contract period and generate out of contract ("OOC") revenue (c.6%).

The commission receivable on mobile phone connections can therefore depend on customer behaviour after the point of sale. The revenue recognised and associated receivable in the month of connection is estimated based on all future cash flows that will be received from the MNO and these are discounted based on the timing of receipt. This also takes into account the potential clawback of commission by the MNOs and any additional churn expected as a result of recent price increases announced and applied by the MNOs, for which a restriction to revenue is made based on historical experience.

The Directors consider that the quality and quantity of the data available from the MNOs is appropriate for making these estimates and, as the contracts are primarily for 24 months, the period over which the amounts are estimated is relatively short. As with commissions recognised on the sale of product protection plans, the Directors compare the cash received to the initial amount recognised in assessing the appropriateness of the assumptions used.

Changes in estimates recognised as an increase or decrease to revenue may be made where, for example, more reliable information is available, and any such changes are required to be recognised in the income statement. During the year, management have refined the estimations in relation to the valuation of connections which has resulted in a £1.5m of previously constrained revenue which has now been recognised in the year ended 31 March 2026.

In line with the requirements of IFRS 15, the Group only recognises revenue to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with its variable consideration is subsequently resolved. This 'constraint' results in potential revenue of £2.0m being restricted at 31 March 2026 (31 March 2025: £3.2m).

Whilst there is estimation uncertainty in valuing the contract asset, reasonably possible changes in assumptions are not expected to result in material changes to the valuation of the asset in the next financial year.

The commission receivable balance as at 31 March 2026 was £50.5m (2025: £46.7m).

Notes to the consolidated financial statements
continued

5. Revenue

The table below shows the Group's revenue by major revenue stream. Revenue recognition for each area is set out in Note 3.

Major revenue streams	2026 £m	2025 £m
B2C Retail revenue	**911.0**	831.9
B2B Retail revenue	**103.0**	116.9
Mobile revenue	**77.0**	94.4
Recommerce revenue	**119.5**	42.6
Third-party logistics revenue	**33.3**	30.5
Recycling revenue	**22.7**	21.3
	1,266.6	1,137.5

6. Segmental analysis

Operating segments are determined by the internal reporting regularly provided to the Group's Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors.

The Group's Chief Operating Decision Maker reviews the Group's performance as a whole and makes decisions for allocating resources based on the Group as a whole and as such, there is only one operating segment in the Group.

7. Administrative expenses

	2026 £m	2025 £m
Marketing and advertising expenses	**53.5**	44.4
Warehousing expenses	**75.1**	62.0
Impairment of goodwill and intangible fixed assets	**–**	19.6
Other administrative expenses	**138.2**	129.1
	266.7	255.0

8. Operating profit for the year

Operating profit for the year has been arrived at after charging/(crediting):

	2026 £m	2025 £m
Depreciation of:		
Owned assets	**8.0**	6.3
Owned assets financed by lease	**2.3**	1.0
Right of use assets	**16.4**	17.0
Amortisation	**2.6**	2.8
Loss/ (profit) on disposal of property, plant and equipment	**0.3**	(0.1)
Cost of inventory	**805.2**	758.8
Staff costs	**147.4**	133.1
Other operating income:		
Short-term sublets	**–**	(0.1)
Adjusting items – included in administrative expenses		
Impairment of goodwill and intangible fixed assets	**–**	19.6
musicMagpie acquisition costs	**–**	3.3

9. Auditor's remuneration

The analysis of the Auditor's remuneration is as follows:

	2026 £m	2025 £m
Fees payable to the Company's Auditor and their associates for the audit of the Company's annual accounts	**0.1**	0.1
Fees payable to the Company's Auditor and their associates for the audit of the Company's subsidiaries and interim financial statements	**0.9**	1.0
Total Auditor's remuneration	**1.0**	1.1

Details of the Company's policy on the use of auditors for non-audit services, the reasons why the Auditor was used rather than another supplier and how the Auditor's independence and objectivity were safeguarded are set out in the Audit Committee report on page 52. No services were provided on a contingent fee basis. Non-audit fees of £75,000 were incurred in relation to the review of the interim financial statements (2025: £72,000).

Notes to the consolidated financial statements
continued

10. Staff numbers and costs

The average monthly number of employees (including Directors) was:

	2026 Number	2025 Number
Sales, marketing and distribution	**2,884**	3,133
Directors (Executive and Non-Executive)	**8**	7
	2,892	3,140

Their aggregate remuneration comprised:

	2026 £m	2025 £m
Wages and salaries	**119.3**	108.8
Social security costs	**15.6**	12.3
Contributions to defined contribution plans (see Note 31)	**4.7**	4.8
Share-based payment charge (see Note 30)	**7.7**	7.3
	147.4	133.1

11. Finance income

	2026 £m	2025 £m
Bank interest	**2.1**	1.0
Unwind of discounting on non-current contract assets (see Note 22)	**4.5**	3.8
	6.6	4.8

12. Finance costs

	2026 £m	2025 £m
Interest on lease liabilities	**3.7**	3.4
Interest on bank loans	**0.1**	0.2
Other finance costs	**1.7**	1.8
	5.5	5.3

13. Tax

	2026 £m	2025 £m
Corporation tax		
Current year	**11.0**	10.1
Adjustments in respect of prior years	**0.2**	0.2
	11.2	10.3
Deferred tax (see Note 20)		
Current year	**3.2**	0.8
Adjustments in respect of prior years	**0.2**	(0.2)
	3.4	0.6
Total tax charge	**14.6**	10.9

The expected corporation tax charge for the year is calculated at the UK corporation tax rate of 25% (2025: 25%) on the profit before tax for the year.

The charge for the year can be reconciled to the profit in the statement of comprehensive income as follows:

Year ended 31 March	2026 £m	2025 £m
Profit before tax on continuing operations	**50.5**	20.6
Tax at the UK corporation tax rate of 25% (2025: 25%)	**12.6**	5.1
Ineligible expenses	**0.7**	0.2
Income not taxable	**–**	(0.1)
Non-deductible goodwill impairment	**–**	3.7
Non-deductible acquisition costs	**–**	0.8
Share-based payments	**1.0**	1.1
Prior period adjustments	**0.2**	–
Tax charge for the year	**14.6**	10.9

The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. Based on the assessment performed on the latest financial information for the year ended 31 March 2026, the Pillar Two effective tax rates in all jurisdictions in which the Group operates are expected to be above 15%.

Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes.

Notes to the consolidated financial statements
continued

14. Dividends

The Directors do not propose a dividend for the year ended 31 March 2026 (2025: £nil).

15. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2026 £m	2025 £m
Profit attributable to owners of the Parent Company from continuing operations	**35.9**	9.7
Profit attributable to Owners of the Parent Company from discontinued operations	**–**	0.8
Earnings attributable to owners of the Parent Company	**35.9**	10.5
Adjusting items (see Note 8)	**–**	22.9
Adjusted earnings attributable to owners of the Parent Company	**35.9**	33.4
Number of shares		
Weighted average shares in issue for the purposes of basic earnings per share	**564,430,910**	571,918,807
Potentially dilutive shares	**22,737,153**	21,413,462
Weighted average number of dilutive ordinary shares	**587,168,063**	593,332,269
Earnings per share from continuing operations (pence per share)		
Basic earnings per share	**6.36**	1.70
Diluted earnings per share	**6.11**	1.63
Adjusted basic earnings per share	**6.36**	5.70
Earnings per share from continuing and discontinued operations (pence per share)		
Basic earnings per share	**6.36**	1.83
Diluted earnings per share	**6.11**	1.76
Adjusted basic earnings per share	**6.36**	5.84

The basic earnings per share is affected by adjusting items that are one off in nature as set out in Note 3. Management have therefore presented an adjusted earnings per share which is based on adjusted earnings attributable to the owners of the Parent Company as they believe it provides helpful additional information for stakeholders in assessing the performance of the business.

16. Goodwill

	2026 £m	2025 Restated (see Note 35) £m
Opening balance	**25.5**	28.2
Additions	**–**	12.0
Impairment	**–**	(14.7)
Closing balance	**25.5**	25.5

The carrying value of goodwill relates to the purchase of Expert Logistics Limited, the purchase by DRL Holdings Limited (now AO World Plc) of DRL Limited (now AO Retail Limited), the acquisition of AO Recycling Limited (formerly The Recycling Group Limited) and the acquisition of musicMagpie by AO Limited.

The impairment in the previous year related to goodwill from the acquisition of Mobile Phones Direct Limited (the Mobile CGU) by AO Limited which was fully impaired following an impairment review in the previous year.

The addition in the prior year represents the residual goodwill on the acquisition of musicMagpie by AO Limited (see Note 35). In line with IAS 36, goodwill is allocated to CGUs or groups of CGUs that are expected to benefit from the combination. Management have allocated £11.6m of the residual goodwill to the UK CGU and £0.4m to the musicMagpie CGU, being the lowest levels within the Group that this allocated goodwill is monitored for internal management purposes.

Impairment review

At 31 March 2026, goodwill of £25.1m (2025: £25.1m) acquired through UK business combinations (excluding Mobile Phones Direct Limited) was allocated to the UK cash-generating unit ("CGU") and goodwill of £0.4m (2025: £0.4m) was allocated to the musicMagpie CGU. This represents the lowest level within the Group at which the allocated goodwill is monitored for internal management purposes.

The Group performed its annual impairment test as at 31 March 2026 by determining the recoverable amount at a combined level for the UK CGU and the musicMagpie CGU, using a value in use model.

The key assumptions, which take account of historic trends, management's approved budget and forecasts, upon which management has based their cash flow projections are sales growth rates, selling prices, product margin and a pre tax discount rate of 12.9% (2025: 13.4%) reflecting current market assessments. The final year cash flow is used to calculate a terminal value and is based on an estimated growth rate of 1%, which does not exceed the long-term growth rate for the market.

The recoverable amount exceeded the carrying value by a significant margin and no impairment was recognised. Management considers that no reasonably possible change in key assumptions would result in an impairment of goodwill.

Notes to the consolidated financial statements
continued

17. Other intangible assets

	Software £m	Brand and domain names £m	Customer lists £m	Total £m
Cost				
At 31 March 2024	6.1	17.8	0.7	24.6
Acquired with subsidiary	4.0	7.2	–	11.2
Additions	0.1	–	–	0.1
At 31 March 2025	10.1	25.0	0.7	35.9
Additions	0.7	0.2	–	0.9
Disposals	(3.3)	–	–	(3.3)
At 31 March 2026	**7.5**	**25.2**	**0.7**	**33.4**
Amortisation				
At 31 March 2024	5.7	8.9	0.4	15.0
Charge for the year	0.6	2.1	0.1	2.8
Impairment	–	4.7	0.1	4.8
At 31 March 2025	6.3	15.8	0.6	22.7
Charge for the year	1.6	1.0	–	2.6
Disposals	(3.3)	–	–	(3.3)
At 31 March 2026	**4.7**	**16.8**	**0.6**	**22.1**
Carrying amount				
At 31 March 2026	**2.8**	**8.4**	**0.1**	**11.4**
At 31 March 2025	3.8	9.2	0.1	13.2

Amortisation is charged to administrative expenses in the consolidated income statement.

In the prior year, an impairment review resulted in an impairment charge of £4.8m against the carrying value of intangibles of the Mobile CGU in relation to the websites and customer lists.

Notes to the consolidated financial statements
continued

18. Property, plant and equipment

Owned assets	Land and buildings £m	Property alterations £m	Fixtures, fittings, plant and machinery £m	Motor vehicles £m	Computer and office equipment £m	Assets held for rental purposes £m	Total £m
Cost							
At 31 March 2024	4.6	11.6	22.0	16.0	13.7	–	67.9
Acquired with subsidiary	–	0.4	0.2	–	0.7	3.7	5.0
Additions	–	0.3	3.0	4.4	1.1	–	8.8
Disposals	–	(0.1)	(0.1)	(2.4)	–	–	(2.6)
Net transfer to stock	–	–	–	–	–	(0.1)	(0.1)
At 31 March 2025	4.6	12.2	25.1	18.1	15.5	3.6	79.1
Additions	1.6	0.3	2.3	15.1	0.7	–	20.0
Disposals	–	–	(0.4)	(2.1)	(1.0)	(0.3)	(3.8)
Transfers							
– From stock	–	–	–	–	–	4.3	4.3
– To stock	–	–	–	–	–	(1.1)	(1.1)
At 31 March 2026	**6.2**	**12.5**	**27.0**	**31.1**	**15.1**	**6.6**	**98.6**
Accumulated depreciation							
At 31 March 2024	0.2	8.4	13.5	13.3	12.4	–	47.8
Charge for the year	0.1	1.2	2.3	1.8	1.1	0.6	7.3
Disposals	–	(0.1)	(0.1)	(2.4)	–	(0.5)	(3.0)
At 31 March 2025	0.3	9.5	15.8	12.8	13.4	0.1	52.0
Charge for the year	0.1	1.3	2.5	3.2	1.3	2.0	10.3
Disposals	–	–	(0.3)	(2.0)	(1.0)	–	(3.4)
At 31 March 2026	**0.4**	**10.7**	**18.0**	**14.0**	**13.7**	**2.1**	**59.0**
Carrying amount							
At 31 March 2026	**5.8**	**1.7**	**9.0**	**17.1**	**1.5**	**4.5**	**39.5**
At 31 March 2025	4.3	2.6	9.3	5.3	2.1	3.5	27.1

At 31 March 2026, the Group had capital expenditure commitments of £15.2m (2025: £12.5m).

At 31 March 2026, the carrying amount of property, plant and equipment, that would have been historically recognised as finance lease assets prior to the introduction of IFRS 16 "Leases", was £13.3m (2025: £2.7m). As disclosed in Note 24, the Group has elected to disclose its leases split by the nature that they relate to. This is to give the user of these Financial Statements additional information that the Directors believe will be useful to the reader's understanding of the business.

Notes to the consolidated financial statements
continued

18. Property, plant and equipment continued

Right of use assets are reflected in the following asset classes:

Right of use assets	Land and buildings £m	Motor vehicles £m	Computer equipment £m	Total £m
Cost				
At 31 March 2024	91.6	30.3	0.3	122.2
Acquired with subsidiary	1.8	–	–	1.8
Additions	11.0	4.6	–	15.6
Disposals	(5.6)	(9.7)	–	(15.2)
At 31 March 2025	98.9	25.2	0.3	124.4
Additions	5.4	2.2	–	7.6
Disposals	(3.4)	(8.5)	–	(11.9)
At 31 March 2026	**100.9**	**19.0**	**0.3**	**120.1**
Accumulated depreciation				
At 31 March 2024	47.7	18.2	0.1	65.9
Charge for the year	10.4	6.5	0.1	17.0
Disposals	(0.6)	(9.6)	–	(10.2)
At 31 March 2025	57.5	15.2	0.2	72.8
Charge for the year	10.3	6.0	0.1	16.4
Disposals	(3.1)	(8.4)	–	(11.5)
At 31 March 2026	**64.7**	**12.8**	**0.3**	**77.7**
Carrying amount				
At 31 March 2026	**36.2**	**6.2**	**–**	**42.4**
At 31 March 2025	41.3	10.0	0.1	51.6

The expense relating to short-term leases and low value assets included within the Income Statement amounted to £3.5m (2025: £2.4m).

Notes to the consolidated financial statements
continued

19. Subsidiaries

The Group consists of the parent Company, AO World Plc, incorporated in the UK and a number of subsidiaries held directly/indirectly by AO World Plc.

The table below shows details of all subsidiaries of AO World Plc as at 31 March 2026.

Name of subsidiary	Principal place of business	Class of shares held	Proportion of ownership interests and voting rights held by AO World Plc	Principal activity
AO Retail Limited	United Kingdom	Ordinary	100%†	Retail
Elekdirect Limited	United Kingdom	Ordinary	100%	Retail
Electrical Appliance Outlet Limited	United Kingdom	Ordinary	100%	Non trading
Affordable Mobiles Limited	United Kingdom	Ordinary	100%†	Retail
Expert Logistics Ltd	United Kingdom	Ordinary	100%†	Logistics and transport
AO Recycling Limited	United Kingdom	Ordinary	100%	WEEE recycling
Entertainment Magpie Limited	United Kingdom	Ordinary	100%†	Retail
Entertainment Magpie, Inc	U.S.A	Ordinary	100%†	Non trading
Monzo Media Limited	United Kingdom	Ordinary	100%†	Dormant
Music Magpie Limited	United Kingdom	Ordinary	100%†	Holding Company
Entertainment Magpie Group Limited	United Kingdom	Ordinary	100%†	Holding Company
Entertainment Magpie Holdings Limited	United Kingdom	Ordinary	100%†	Holding Company
Worry Free Limited	United Kingdom	Ordinary	100%	Holding company
Appliances Online Ltd	United Kingdom	Ordinary	100%	Holding company
AO Ltd	United Kingdom	Ordinary	100%	Holding company
AO Deutschland Limited	United Kingdom	Ordinary	100%‡	Non trading
AO.BE SA	Belgium	Ordinary	99.99%*	Dormant
WEEE Collect It Limited	United Kingdom	Ordinary	100%**	Dormant
WEEE Re-use It Limited	United Kingdom	Ordinary	100%**	Dormant
Mobile Phones Direct Limited	United Kingdom	Ordinary	100%	Dormant
AO Mobile Limited	United Kingdom	Ordinary	100%†	Dormant
AO Business Limited	United Kingdom	Ordinary	100%	Dormant
AO B2B Limited	United Kingdom	Ordinary	100%	Dormant
AO Trade Limited	United Kingdom	Ordinary	100%	Dormant
AO Rental Limited	United Kingdom	Ordinary	100%	Dormant
AO Care Limited	United Kingdom	Ordinary	100%	Dormant
AO Premium Club Limited	United Kingdom	Ordinary	100%	Dormant
AO Club Limited	United Kingdom	Ordinary	100%	Dormant
AO Distribution Limited	United Kingdom	Ordinary	100%	Dormant
AO Logistics Limited	United Kingdom	Ordinary	100%	Dormant

* 0.01% of the investment in AO.BE SA is owned by AO Deutschland Limited.

** Indirectly owned through AO Recycling Limited.

† Indirectly owned through AO Limited.

‡ Indirectly owned through Worry Free Limited (50%) and Appliances Online Limited (50%).

Notes to the consolidated financial statements
continued

19. Subsidiaries continued

All companies within the Group are registered at the same address disclosed on page 122 apart from Entertainment Magpie, Inc and AO.BE SA who are registered at the addresses listed below:

Entertainment Magpie, Inc
4175 Royal Drive Suite 300
Kennesaw
GA, 30144
USA

AO.BE SA
Naamloze Vennootschap Esplanade
Heysel 1
Bus 94, 1020|
Brussels

20. Deferred tax

Deferred tax is recognised by the Group as shown in the table below:

	Share options £m	Accelerated depreciation £m	Short-term timing difference £m	Intangible fixed assets £m	Transitional relief on IFRS 16 adoption £m	Losses and unused tax relief £m	Total £m
At 31 March 2024	1.9	1.0	0.1	(1.8)	0.4	1.3	2.9
Credit/(debit) to income statement	0.7	(1.6)	–	1.4	(0.2)	(0.9)	(0.6)
Debit to reserves	(0.2)	–	–	–	–	–	(0.2)
Acquired with subsidiary (see Note 35)	–	–	–	(1.1)	–	1.1	–
At 31 March 2025	2.4	(0.6)	0.1	(1.5)	0.2	1.6	2.2
Credit/(debit) to income statement	0.3	(3.3)	0.1	(0.1)	(0.1)	(0.2)	(3.4)
Debit to reserves	(0.1)	–	–	–	–	–	(0.1)
At 31 March 2026	**2.5**	**(3.9)**	**0.2**	**(1.6)**	**0.1**	**1.4**	**(1.3)**

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

A deferred tax asset of £1.3m (2025: £1.1m), relating to a portion of tax losses acquired as part of the musicMagpie acquisition continue to be recognised on consolidation. These assets are fully offset by a deferred tax liability of £1.3m (2025: £1.1m) recognised in respect of fair value adjustments on acquired intangible assets. Continued recognition is on the basis that there are sufficient taxable temporary differences at the balance sheet date arising from those acquired intangibles which are expected to reverse over the same time period that losses are expected to be used.

At the balance sheet date, the Group has an unrecognised deferred tax asset of £4.9m (2025: £5.2m) in respect of unused tax losses carried forward, of which £4.8m (2025: £5.1m) relates to losses acquired with MusicMagpie. While these losses do not expire, restrictions apply to their utilisation within the wider Group for a period of five years following acquisition. Based on management's current forecasts, it is not considered probable that sufficient taxable profits will be generated to support recognition of these losses at this time. This position is reviewed at each reporting date.

Notes to the consolidated financial statements
continued

21. Inventories

	2026 £m	2025 £m
Finished goods	**87.4**	88.5

Included within inventories are provisions of £4.0m (2025: £3.7m).

22. Trade and other receivables

	2026 £m	2025 £m
Trade receivables	**15.6**	15.1
Contract assets	**149.8**	144.8
Prepayments and accrued income	**31.9**	31.0
Other receivables	**0.4**	0.2
	197.7	191.0

The trade and other receivables are classified as:

	2026 £m	2025 £m
Non-current assets	**92.2**	88.5
Current assets	**105.5**	102.5
	197.7	191.0

All of the amounts classified as non-current assets relate to contract assets.

Contract assets

Contract assets represent the expected future commissions receivable in respect of product protection plans and mobile phone connections. The Group recognises revenue in relation to these plans and connections when it obtains the right to consideration as a result of performance of its contractual obligations (acting as an agent for a third party). Revenue in any one year therefore represents the estimate of the commission due on the plans sold or connections made.

The reconciliation of opening and closing balances for contract assets is shown below:

	2026 £m	2025 £m
Balance brought forward	**144.8**	159.6
Revenue recognised	**98.4**	115.4
Cash received	**(98.8)**	(134.1)
Revisions to estimates	**0.9**	0.1
Unwind of discounting	**4.5**	3.8
Balance carried forward	**149.8**	144.8

Revisions to estimates represents changes to previously recognised or constrained revenue from periods prior to the current year.

Product protection plans

Under our arrangement with Domestic & General ("D&G"), the Group receives commission in relation to its role as agent for introducing its customers to D&G and recognises revenue at the point of sale as it has no future obligations following this introduction. It also receives a share of the overall profitability of the scheme. A discounted cash flow methodology is used to measure the estimated value of the revenue and contract assets in the month of sale of the relevant plan, by estimating all future cash flows that will be received from D&G and discounting these based on the expected timing of receipt. Subsequently, the contract asset is measured at the present value of the estimated future cash flows. The key inputs into the model which forms the base case for management's considerations are:

- the contractually agreed margins, which differ for each individual product covered by the plan as is included in the agreement with D&G;
- the number of live plans based on information provided by D&G;
- the discount rate for plans sold in the year using external market data reflecting the time value of money;
- the estimate of profit share relating to the scheme as a whole based on information provided by D&G;
- historic rate of customer attrition that uses actual cancellation data for each month for the previous 6 years to form an estimate of the cancellation rates to use by month going forward (range of 0% to 9.0% weighted average cancellation by month); and
- the estimated length of the plan based on historical data plus external assessments of the potential life of products (5 to 18 years).

Notes to the consolidated financial statements
continued

22. Trade and other receivables continued

Product protection plans continued

The last two inputs are estimated based on extensive historical evidence obtained from our own records and from D&G. The Group has accumulated historical empirical data over the last 18 years from c.3.9m plans that have been sold. Of these, c.1.11m are live. Applying all the information above, management calculates their initial estimate of commission receivable. Consideration is then given to other factors outside of the historical data noted above that could impact the valuation. This primarily considers the reliance on historical data as this assumes that current and future experience will follow past trends. There is, therefore, a risk that changes in consumer behaviour could reduce or increase the total cash flows ultimately realised over the forecast period. Management makes a regular assessment of the data and assumptions with a detailed review at half year and full year to ensure this continues to reflect the best estimate of expected future trends. As set out in Note 4, the Directors do not believe there is a significant risk of a downward material adjustment to the revenue recognised in relation to these plans over the next 12 months. The sensitivity analysis below is disclosed as we believe it provides useful insight to the users of the financial statements into the factors taken into account when calculating the revenue to be recognised.

The table shows a possible indicative sensitivity to the carrying value of the commission receivable and revenue to a reasonably possible change in inputs to the discounted cash flow model over the next 12 months. However, there are other reasonably possible alternative outcomes that could result in the contract asset increasing materially in the next 12 months.

Sensitivity	Impact on contract asset and revenue £m
Cancellations (increase) or decrease by 2%	(1.9)/ 1.9

Cancellations

The number of cancellations and therefore the cancellation rate can fluctuate based on a number of factors including macroeconomic changes such as unemployment and cost-of-living. The impact of reasonable potential changes is shown in the sensitivities above.

Network commissions

The Group operates under contracts with a number of Mobile Network Operators ("MNOs"). Over the life of these contracts, the service provided by the Group to each MNO is the procurement of connections to the MNO's networks. The individual consumer enters into a contract with the MNO for the MNO to supply the ongoing airtime over that contract period. The Group earns a commission for the service provided to each MNO. Revenue is recognised at the point the individual consumer signs a contract and is connected with the MNO. Consideration from the MNO becomes receivable over the course of the contract between the MNO and the consumer. The Group has determined that the number and value of consumers provided to each MNO in any given month represents the measure of satisfaction of each performance obligation under the contract.
A discounted cash flow methodology is used to measure the estimated value of the revenue and contract assets in the month of connection, by estimating all future cash flows that will be received from the MNOs and discounting these based on the expected timing of receipt. Subsequently, the contract asset is measured at the present value of the estimated future cash flows.

The key inputs to management's base case model are:

- revenue share percentage, i.e. the percentage of the consumer's spend (to the MNO) to which the Group is entitled;
- the discount rate using external market data to reflect the time value of money; and
- the length of contract entered into by the consumer (12 – 24 months) and the resulting estimated consumer average tenure that takes account of both the default rate during the contract period and the expectations that some customers will continue beyond the initial contract period and generate out of contract revenue.

The input is estimated based on extensive historical evidence obtained from the networks, and adjustment is made for the risk of potential changes in consumer behaviour. Applying all the information above, management calculates their initial estimate of commission receivable. Consideration is then given to other factors outside of the historical data noted above which could impact the valuation. This primarily considers the reliance on historical data as this assumes that current and future experience will follow past trends.

The risk remains that changes in consumer behaviour could reduce or increase the total cash flows ultimately realised over the forecast period. Management make a regular assessment of the data and assumptions with a detailed review at half year and full year to ensure this continues to reflect the best estimate of expected future trends and appropriate revisions are made to the estimates.

As set out in Note 4, the Directors do not believe there is a significant risk of a downward material adjustment to the revenue recognised in relation to these plans over the next 12 months given the variable revenue constraints applied.

The sensitivity analysis below is disclosed as we believe it provides useful insight to the users of the financial statements by giving insight into the factors taken into account when calculating the revenue to be recognised. The table shows the sensitivity of the carrying value of the commission receivables and revenue to a reasonably possible change in inputs to the discounted cash flow model over the next 12 months, having taken account of the changes in behaviour experienced in the period.

Sensitivity	Impact on contract asset and revenue £m
2% decrease/ (increase) in expected cancellations	0.9/ (0.9)

Cancellations

The number of cancellations and, therefore, the cancellation rate, can fluctuate based on a number of factors. These include macroeconomic changes e.g., unemployment, interest rates and inflation. The impact of reasonable potential changes is shown in the sensitivities above.

Notes to the consolidated financial statements
continued

23. Trade and other payables

	2026 £m	2025 £m
Trade payables	**150.3**	128.2
Accruals	**27.7**	24.6
Advance payments on account	**23.4**	22.8
Deferred income	**24.5**	20.9
Other payables	**12.3**	16.3
	238.3	212.9

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

Trade and other payables are classified as:

	2026 £m	2025 £m
Current liabilities	**232.5**	207.7
Long-term liabilities	**5.7**	5.2
	238.3	212.9

24. Notes to the cash flow statement

a) Reconciliation of operating profit to cash generated from continuing operations

	Note	2026 £m	2025 £m
Profit for the year in continuing operations		**35.9**	9.7
Adjustments for:			
Depreciation and amortisation	17, 18	**29.4**	27.1
Non cash impairments of goodwill and intangible fixed assets	16, 17	**–**	19.6
Loss/ (profit) on disposal of property, plant and equipment		**0.3**	(0.1)
Finance income	11	**(6.6)**	(4.8)
Finance costs	12	**5.5**	5.3
Taxation charge	13	**14.6**	10.9
Share-based payment charge	30	**7.7**	7.3
Increase in provisions	27	**0.3**	0.4
Operating cash flows before movement in working capital		**87.1**	75.4
Increase in inventories		**(2.2)**	(4.2)
(Increase)/ decrease in trade and other receivables		**(2.0)**	18.3
Increase/ (decrease) in trade and other payables		**24.8**	(23.5)
Total movement in working capital		**20.6**	(9.4)
Cash generated from continuing operations		**107.8**	66.1

Notes to the consolidated financial statements
continued

24. Notes to the cash flow statement continued

b) Analysis of net funds/ (debt)

	2026 £m	2025 £m
Cash and cash equivalents at year end	**81.3**	27.4
Borrowings – Repayable within one year	**(0.2)**	(0.2)
Borrowings – Repayable after one year	**(1.5)**	(1.7)
Owned asset lease liabilities – Repayable within one year	**(3.2)**	(0.7)
Owned asset lease liabilities – Repayable after one year	**(11.5)**	(1.4)
Net funds (excluding leases relating to right of use assets)	**64.9**	23.4
Right of use asset lease liabilities – Repayable within one year	**(13.5)**	(17.7)
Right of use asset lease liabilities – Repayable after one year	**(34.9)**	(41.5)
Net funds/ (debt)	**16.4**	(35.9)

Whilst not required by IAS 1 "Presentation of Financial Statements", the Group has elected to disclose its lease liabilities split by those which ownership transfers to the Group at the end of the lease ("Owned asset lease liabilities") and are disclosed within the Property Plant and Equipment table in Note 18, and those leases which are rental agreements and where ownership does not transfer to the Group at the end of the lease as Right of use asset lease liabilities which are disclosed within the Right of use assets table. This is to give the users of these Financial Statements additional information that the Directors feel will be useful to the readers understanding of the business.

c) Changes in liabilities from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes:

		Lease liabilities	
	Borrowings £m	Owned assets £m	Right of use £m
At 1 April 2025	1.9	2.1	59.3
Changes from financing cash flows			
Payment of interest	(0.1)	(0.6)	(3.1)
Repayment of lease liabilities	–	(2.0)	(18.1)
Repayment of borrowings	(0.2)	–	–
Total changes from financing cash flows	(0.3)	(2.6)	(21.2)
Other changes			
New lease liabilities	–	14.8	7.6
Reassessment of lease terms	–	(0.1)	(0.3)
Interest expense	0.1	0.6	3.1
Total other changes	0.1	15.2	10.4
At 31 March 2026	**1.7**	**14.7**	**48.4**

New lease liabilities include existing leases that have been renewed or extended beyond their original lease terms. Reassessment of lease terms relate to leases the Group exited during the period and those that will end before their original lease term.

Notes to the consolidated financial statements
continued

24. Notes to the cash flow statement continued

c) Changes in liabilities from financing activities continued

Movement in financial liabilities in the prior year was as follows:

		Lease liabilities*	
	Borrowings £m	Owned assets £m	Right of use £m
At 1 April 2024	2.1	3.6	65.2
Changes from financing cash flows			
Payment of interest	(0.2)	(0.1)	(3.3)
Repayment of lease liabilities	–	(1.5)	(19.7)
Repayment of borrowings	(19.4)	–	–
Total changes from financing cash flows	(19.5)	(1.6)	(23.0)
Other changes			
Brought in on acquisition of subsidiary (see Note 35)	19.1	–	3.4
New lease liabilities	–	–	15.2
Reassessment of lease terms	–	–	(4.8)
Interest expense	0.2	0.1	3.3
Total other changes	19.4	0.1	17.2
At 31 March 2025	1.9	2.1	59.3

* In the prior period, the Group presented lease liabilities, in the movement in liabilities table, as the total of both owned asset lease liabilities and right of use liabilities. Management believe that the disaggregation of the two types in the movement in liabilities table better aligns to the information presented in the Net Funds/ debt table and as such, the prior year comparative information has been re-presented.

25. Borrowings

	2026 £m	2025 £m
Secured borrowing at amortised cost		
Bank loan	**1.7**	1.9
Amount due for settlement within 12 months	**0.2**	0.2
Amount due for settlement after 12 months	**1.5**	1.7

The bank loan relates to a commercial mortgage for the acquisition of land and buildings in AO Recycling Limited, a wholly owned subsidiary.

Available facilities

The Group has a £120m Revolving Credit Facility which expires in October 2028. The total amount utilised at 31 March 2026 was £nil (2025: £0.1m of guarantees and letters of credit).

26. Lease liabilities

	Minimum lease payments	
	2026 £m	2025 £m
Amounts payable under lease liabilities:		
Within one year	**19.0**	21.9
Within one to two years	**14.2**	15.6
Within two to three years	**13.0**	10.1
Within three to four years	**11.6**	8.5
Within four to five years	**8.1**	7.4
Greater than five years	**3.7**	6.8
	69.6	70.3

Notes to the consolidated financial statements
continued

26. Lease liabilities continued

	Present value of minimum lease payments	
	2026 £m	2025 £m
Amounts payable under lease liabilities:		
Within one year	**16.7**	18.5
Within one to two years	**12.2**	13.5
Within two to three years	**11.8**	8.6
Within three to four years	**11.0**	7.5
Within four to five years	**7.9**	6.8
Greater than five years	**3.6**	6.4
	63.1	61.4

27. Provisions

	2026 £m	2025 £m
Provisions	**5.5**	5.2

Provisions are classified as:

	2026 £m	2025 £m
Current liabilities	**1.4**	0.5
Non-current liabilities	**4.1**	4.7
	5.5	5.2

The provisions all relate to restructuring and dilapidations and the movement in the year is shown below:

	Restructuring provision £m	Dilapidations provision £m	Total £m
At 31 March 2025	0.3	4.9	5.2
Provisions created in the year	–	0.9	0.9
Utilised in the year	(0.3)	(0.3)	(0.6)
At 31 March 2026	**–**	**5.5**	**5.5**

The dilapidations provision is created for leases where the Group is liable to return the assets to their original state at the end of the lease and therefore the provision represents the estimated cost to fulfil this. The provision will be utilised as leased assets expire.

28. Share capital, investment in own shares and share premium

	Number of shares m	Share capital £m	Share premium £m	Investment in own shares £m	Capital redemption reserve £m
At 1 April 2025	580.3	1.5	108.5	(10.9)	0.5
Cancellation of shares	(9.7)	(0.1)	–	–	0.1
Purchase of shares by EBT (including transaction costs)	–	–	–	(4.2)	–
Transfer of own shares upon exercise of share options	–	–	–	4.0	–
At 31 March 2026	**570.6**	**1.4**	**108.5**	**(11.0)**	**0.5**

On 17 September 2025, the Company commenced a share buyback programme with the aggregate purchase price of ordinary shares being up to £10m (excluding expenses). The purpose of the programme was to reduce the share capital of the Company and therefore any shares purchased under the programme were subsequently cancelled. During the year, 9,748,994 shares were purchased for £10.1m (including transaction costs).

Notes to the consolidated financial statements
continued

28. Share capital, investment in own shares and share premium continued

During the period, the Company's EBT purchased 4,399,472 of the Company's ordinary shares at market value. Consideration, including transactions costs, was £4.2m. Shares held by the EBT are used to satisfy options under the Group's share schemes. During the year 4.5m shares were transferred to employees to satisfy share option exercises. As at 31 March 2026, the number of shares held by the EBT was 11,039,469 (31 March 2025: 11,161,642).

The capital redemption reserve arose as a result of the redemption of ordinary and preference shares in the year ended 31 March 2012 and 31 March 2014 respectively. The movement in the current year relates to the redemption of ordinary shares as part of the share buyback programme during the year.

29. Reserves

The merger reserve arose on the purchase of DRL Limited (now AO Retail Limited) in the year ended 31 March 2008 and Mobile Phones Direct Limited in the year ended 31 March 2019. In the year ended 31 March 2023, the difference between the nominal value and fair value issued as part of the capital raise of £37.0m was also taken to the merger reserve.

The translation reserve represents the cumulative exchange differences arising from the translation of overseas subsidiaries.

The other reserve arose on the acquisition of AO Recycling Limited, which is now a wholly owned subsidiary, and relates to the difference between the gross and fair valuation of the put option.

30. Share-based payments

Share Plans

The table below summarises the amounts recognised in the income statement during the year.

	2026 £m	2025 £m
FY22 AO Incentive Plan	–	0.1
FY23 AO Incentive Plan	**0.9**	0.9
FY24 AO Incentive Plan	**1.2**	1.2
FY25 AO Incentive Plan	**1.0**	0.8
FY26 AO Incentive Plan	**1.0**	–
Value Creation Plan ("VCP")	**2.7**	3.4
Sharesave scheme	**0.9**	0.8
Total share based payment charge	**7.7**	7.3

AO Incentive Plans

The Group offers conditional share awards or share options under the AO Incentive Plan ("AOIP") to senior employees. Awards are granted annually, vest following approval by the Board following the end of the relevant performance period (subject to achievement of the performance criteria) and released after three years subject to a performance underpin.

Schemes vesting in the current year

During the year, the conditional deferred shares under the FY22 AO Incentive Plan vested. The number of shares released was 1,344,193.

Schemes still under the performance underpin

At 31 March 2026, based on the performance criteria achieved and subject to continued employment, the total number of outstanding share options in relation to schemes that are still under the performance underpin was as follows:

	FY23 AOIP	FY24 AOIP	FY25 AOIP
Outstanding at 31 March 2026	3,689,828	4,103,052	4,178,305

FY26 AO Incentive Plan

In June 2025, the Company adopted the FY26 AO Incentive Plan award in which the Directors and key members of staff participate. The Plan combines an annual bonus element (33.33%) and a share options element (66.67%) based on performance conditions across three sets of deliverables as detailed below as well as the continuing employment of the individuals:

1. financial (output) metrics – focused on profit before tax, revenue growth and average liquidity (70% weighting);
2. stakeholder impact measures – focusing on customers and employees (15% weighting); and
3. strategic measures – tied to delivering strategic priorities (15% weighting).

The bonus and number of share options has been initially calculated based on the performance criteria for the year ended 31 March 2026. The vesting date for the share options is July 2029. The Remuneration Committee of the Board determines the extent to which this target has been met.

The fair value was determined to be the share price at grant date of £0.97.

The number of awards made were 6,505,005 and based on the performance criteria achieved, and subject to continued employment, the number of options relating to the scheme at 31 March 2026 is 5,174,923.

Notes to the consolidated financial statements
continued

30. Share-based payments continued

Value Creation Plan ("VCP")

The Group has a value Creation Plan ("VCP"), initially launched during FY21 and replaced in FY23, which is aimed at incentivising and rewarding exceptional performance and retaining the talented team whilst driving exceptional value for shareholders. The VCP resulted in conditional awards being granted to Executives and Employees which would vest at the end of measurement periods (31 March 2027, 31 March 2028 and 31 March 2029) subject to the participants remaining in employment and meeting certain performance conditions.

The charge to the income statement for the year ended 31 March 2026 was £2.7m.

The principal features of the VCP are as follows:

Executive Awards

There are 2 Executive units which vest in equal tranches at each measurement date. The initial hurdle share price is £1. Any excess above £1 is measured at 1.1% of the excess up to a maximum of £4.2bn. The maximum amount which can vest for Executive awards is £20m per Executive.

The fair value of each unit (calculated using a Black-Scholes model) was £151,889, £176,637 and £194,716 for 31 March 2027, 31 March 2028 and 31 March 2029 respectively.

There were no new executive awards granted in the current year.

Employee Awards

There are a maximum of 1,766,880 Employee units which vest in a single tranche on 31 March 2027. To the extent that the Company's share price increases between 31 March 2027 and the second and third measurement dates of 31 March 2028 and 31 March 2029, at the Board's discretion, further incremental value will be delivered on the awards.

The fair of each unit (which has been calculated on a Monte Carlo valuation basis) was £2.11, £1.03 and £0.96 for 31 March 2027, 31 March 2028 and 31 March 2029 respectively.

Additional Employee Awards of 133,989 were granted on 18 June 2025 which have fair values (calculated using the Monte Carlo model) using the main assumptions as set out below:

18 June 2025	31 March 2027	31 March 2028	31 March 2029
Number of units granted	133,989	133,989	133,989
Fair value per unit	£3.60	£2.20	£1.97
Dividend yield	0%	0%	0%
Expected term	1.75 years	2.75 years	3.75 years
Risk-free rate	4.07%	4.07%	4.07%
Volatility	45%	45%	45%

Having taken account of the new awards in the period and the impact of leavers, the number of Employee outstanding units at 31 March 2026 is 1,261,370.

AO Sharesave scheme (referred to as "SAYE" scheme)

The Group has a savings-related share option plan under which employees save on a monthly basis, over a three-year period, towards the purchase of shares at a fixed price determined when the option is granted. The price is set at a discount being 20% of the average share price during a specified averaging period prior to the grant date. The option must be exercised within six months of maturity of the SAYE contract, otherwise it lapses.

As per IFRS 2, these grants have been valued using a Black-Scholes model.

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in, share options granted under the Sharesave scheme:

	2026 No. of options	2026 WAEP (£)*	2025 No. of options	2025 WAEP (£)*
Outstanding at the beginning of the year	**7,408,183**	**0.64**	7,115,468	0.63
Granted during the year	**2,075,167**	**0.90**	1,482,618	0.53
Forfeited during the year	**(929,264)**	**0.75**	(975,583)	0.64
Exercised during the period	**(3,317,507)**	**0.54**	(164,029)	0.89
Lapsed in the year	**(28,223)**	**0.88**	(50,291)	1.01
Outstanding at the end of the year	**5,208,356**	**0.79**	7,408,183	0.64

* Weighted average exercise price.

For the shares outstanding at 31 March 2026, the remaining weighted average contractual life is 1.83 years (2025: 1.57 years).

New options were granted on 28 January 2026. The following table gives the assumptions made during the year ended 31 March 2026:

For options granted on	28 Jan 2026
Risk-free rate	4.12%
Expected volatility	45.0%
Expected dividend yield	0.00%
Option life	3 years

Expected volatility under both the LTIP and the SAYE schemes was calculated by considering both the Company's historical daily share price volatility data and that of a group of listed comparator companies over a period commensurate with the expected term of the awards.

Notes to the consolidated financial statements
continued

31. Retirement benefit schemes

Defined contribution schemes
The pension cost charge for the year represents contributions payable by the Group and amounted to £4.7m (2025: £4.8m). Contributions totalling £0.1m (2025: £0.7m) were payable at the end of the year and are included in accruals.

32. Financial instruments

a) Fair values of financial instruments

Receivables and payables
For receivables and payables classified as financial assets and liabilities in accordance with IAS 32, fair value is estimated to be equivalent to book value. These values are shown in Notes 22 and 23, respectively. The categories of financial assets and liabilities and their related accounting policy are set out in Note 3.

Cash and cash equivalents
The fair value of cash and cash equivalents is estimated as its carrying amount.

Borrowings
Borrowings are stated at their amortised cost using the effective interest method.

The fair value of borrowings, calculated based on the discounted value of future cash flows, is not materially different to their carrying value.

Lease liabilities
The carrying value of lease liabilities are measured in accordance with IFRS 16.

Fair values
The fair values of all financial assets and financial liabilities by class, together with their carrying amounts shown in the statement of financial position, are as follows.

	Carrying amount 2026 £m	Fair value 2026 £m	Carrying amount 2025 £m	Fair value 2025 £m
Financial assets not measured at fair value				
Cash and cash equivalents	**81.3**	**81.3**	27.4	27.4
Trade receivables (see Note 22)	**15.7**	**15.7**	15.1	15.1
Total financial assets	**97.0**	**97.0**	42.5	42.5
Financial liabilities measured at amortised cost				
Trade payables (see Note 23)	**(150.3)**	**(150.3)**	(128.2)	(128.2)
Other payables excluding deferred income (see Note 23)	**(63.5)**	**(63.5)**	(63.7)	(63.7)
Borrowings (see Note 25)	**(1.7)**	**(1.7)**	(1.9)	(1.9)
Total financial liabilities	**(215.5)**	**(215.5)**	(193.8)	(193.8)
Total financial instruments	**(118.5)**	**(118.5)**	(151.3)	(151.3)

Notes to the consolidated financial statements
continued

32. Financial instruments continued

b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, with a maximum exposure equal to the book value of these assets.

The Group's trade receivable balances comprise a number of individually small amounts from unrelated customers. Concentration of risk is therefore limited. Sales to retail customers are made predominantly in cash or via major credit cards. It is Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures. New credit customers are assessed using an external rating report which is used to establish a credit limit.

Such limits are reviewed periodically on both a proactive and reactive basis, for example, when a customer wishes to place an order in excess of their existing credit limit. Receivable balances are monitored regularly with the result that the Group's exposure to bad debts is not significant. Management therefore believe that there is no further credit risk provision required in excess of the normal provision for doubtful receivables.

Exposure to credit risk

The maximum exposure to credit risk at the statement of financial position date by class of financial instrument was:

	2026 £m	2025 £m
Trade receivables	**15.7**	15.1

Credit quality of financial assets and impairment losses

The ageing of trade receivables at the statement of financial position date was:

	Gross £m	Impairment £m	Net £m
Not past due	14.8	–	14.8
Past due 0–30 days	0.7	–	0.7
Past due 31 – 120 days	–	–	–
More than 120 days	0.3	(0.2)	0.1
At 31 March 2026	**15.8**	**(0.2)**	**15.6**

	Gross £m	Impairment £m	Net £m
Not past due	14.4	–	14.4
Past due 0–30 days	0.6	–	0.6
Past due 31 – 120 days	0.1	–	0.1
More than 120 days	0.1	(0.1)	–
At 31 March 2025	15.2	(0.1)	15.1

The current year includes an impairment charge of £0.2m (2025: £0.1m) to trade receivables. Contract assets are also assessed for credit risk. Total contract assets at 31 March 2026 were £149.8m (2025: £144.8m). Management assesses the counterparty risk relating to these assets that comprise commissions receivable from blue chip Mobile Network Operators or from the Group's protection plan partner. The level of counterparty risk is considered low. Having applied IFRS 15 to the balances on initial recognition of revenue, restrictions on the amounts recognised based on assumptions from historical data provide further reassurance that the amount recognised is recoverable and hence no further expected credit loss provision is required. Expected credit losses on other financial assets held at amortised cost are not considered to be material.

c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. It is Group policy to maintain a balance of funds, borrowings, committed bank and other facilities sufficient to meet anticipated short-term and long-term financial requirements. In applying this policy, the Group continuously monitors forecast and actual cash flows against the maturity profiles of financial assets and liabilities. It is Group treasury policy to ensure that a specific level of committed facilities is always available based on forecast working capital requirements. Cash forecasts identifying the Group's liquidity requirements are produced and are stress tested for different scenarios including, but not limited to, reasonably possible decreases in revenue and profit margins.

Notes to the consolidated financial statements
continued

32. Financial instruments continued

c) Liquidity risk continued

Financial risk management continued

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount £m	Contractual cash flows £m	Within 1 year £m	Between 1 and 5 years £m	Between 5 and 10 years £m
Non-derivative financial liabilities					
Trade and other payables	213.8	213.8	208.0	5.7	-
Bank loans	1.7	2.1	0.3	1.2	0.6
Lease liabilities	63.1	69.6	19.0	46.8	3.7
At 31 March 2026	**278.6**	**285.5**	**227.3**	**53.8**	**4.4**

d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments (and hence no sensitivity analysis is performed).

Interest rate risk

The principal interest rate risks of the Group arise in respect of borrowings. As the interest expense on variable rate financial instruments is immaterial, the Group does not actively manage the exposure to this risk.

At the statement of financial position date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2026 £m	2025 £m
Fixed and variable rate instruments		
Fixed rate	**14.7**	2.1
Variable rate	**1.7**	1.9
	16.4	4.0

If interest rates increased by 1% there would be an immaterial impact on the finance cost.

e) Capital management

It is the Group's policy to maintain an appropriate equity capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

The capital structure of the Group consists of net cash, borrowings (disclosed in Note 25) and equity of the Group. The Group is not subject to any externally imposed capital requirements. In addition, as set out in Note 25, the Group has access to an £120m Revolving Credit Facility which expires in October 2028.

The Board has delegated responsibility for routine capital expenditure to the management of the business. All significant expenditure is approved by the Board.

f) Foreign currency risk management

The Group previously undertook transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arose. However, given the closure of the Germany operations, the Directors no longer deem foreign currency a material risk.

33. Related-party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties are disclosed below.

Transactions with Directors and key management personnel

The compensation of key management personnel (including the Directors) is as follows:

	2026 £m	2025 £m
Short-term employee benefits	**5.8**	4.5
Share-based payments	**3.3**	2.7
Post-employment benefits	**0.1**	0.1

Short-term employee benefits relate to cash remuneration paid to the directors of the Company, and its subsidiaries, during the year and include social security costs.

Share based payments in the table above relate to the maximum potential share award granted to directors under the AO Incentive Plan for the performance period of FY26.

In addition, the Directors were granted a conditional deferred share award pursuant to the FY23 AOIP Award which had a deferral period spanning FY24 to FY26 inclusive. The Remuneration Committee has deemed that the performance underpin has been met in full, and accordingly, 2,273,671 shares will be issued to the Directors in June 2026. Based on the three-month average share price to 31 March 2026 of 100p, these have a total value of £2.3m. (2025: 812,149 shares issued in July 2025 pursuant to the FY22 AOIP Award with a value of £0.8m based on a share price of 98.71p).

Notes to the consolidated financial statements
continued

33. Related-party transactions continued

Termination payments paid to key management personnel amounted to £0.1m (2025: £nil) during the year ended 31 March 2026.

Further information about the remuneration of individual Board Directors is provided in the audited part of the Directors' Remuneration Report on pages 56 to 67.

34. Discontinued operations

Since the closure of the Group's German business in FY23, the business has been treated and presented as a discontinued operation. The tables below show the results of the German operation for the relevant reporting periods:

	2026 £m	2025 £m
Revenue	–	1.0
Cost of sales	–	–
Gross profit	–	1.0
Administrative expenses and other operating income	–	0.1
Operating profit	–	1.1
Finance income	–	–
Profit before tax	–	1.1
Taxation charge	–	(0.3)
Profit after tax of discontinued operations	–	0.8

Revenue in the prior year represented a payment in full and final settlement to AO Deutschland by Domestic and General ("D&G") in relation to any commercial obligations or liabilities in respect of insurance backed warranty plans previously sold in the territory. There were no material transactions during the year ended 31 March 2026.

Basic earnings per share from discontinued operations is 0.00p (2025: 0.14p). Diluted earnings per share from discontinued operations is 0.00p (2025: 0.13p).

The table below summarises the cashflows of the German operation for the relevant reporting periods:

	2026 £m	2025 £m
Net cash flows from operating activities	–	1.2
Net cash flows from investing activities	–	–
Net cash flows from financing activities	–	(0.1)

35. Acquisition of subsidiaries and measurement period adjustments

On 12 December 2024, the Group acquired all the ordinary shares in musicMagpie plc.

During the current financial year, the Group finalised the fair value assessment of assets and liabilities acquired on the acquisition. This resulted in a measurement period adjustment of £0.1m, arising from additional information obtained in relation to facts and circumstances that existed at the acquisition date.

In accordance with IFRS 3 "Business Combinations", the adjustment has been applied retrospectively, and the comparative information has been restated.

As a result, goodwill recognised in the prior year has been reduced from £12.1m to £12.0m and the reported corporation tax payable as at 31 March 2025 has reduced by £0.1m to £0.6m. The adjustment had no impact on profit for the prior year.

Company statement of financial position
As at 31 March 2026

	Note	2026 £m	2025 £m
Non-current assets			
Intangible assets	4	**0.6**	–
Property, plant and equipment	5	**1.0**	1.3
Right of use assets	5	**0.8**	1.9
Investment in subsidiaries	3	**50.0**	50.1
Trade and other receivables	7	**245.3**	179.3
Deferred tax asset	6	**1.8**	1.6
		299.5	234.2
Current assets			
Trade and other receivables	7	**4.5**	4.6
Cash at bank and in hand		**0.3**	0.2
		4.8	4.8
Total assets		**304.3**	239.0
Current liabilities			
Trade and other payables	8	**(62.6)**	(69.4)
Lease liabilities	9	**(1.3)**	(1.4)
Provisions	10	**(0.6)**	(0.3)
		(64.4)	(71.1)
Net current liabilities		**(59.6)**	(66.3)
Non-current liabilities			
Lease liabilities	9	**(0.1)**	(1.6)
Provisions	10	**–**	(0.7)
		(0.1)	(2.3)
Total liabilities		**(64.6)**	(73.4)
Net assets		**239.7**	165.6

Company statement of financial position continued

As at 31 March 2026

	Note	2026 £m	2025 £m
Equity			
Share capital	11	**1.4**	1.5
Share premium	11	**108.5**	108.5
Investment in own shares	11	**(11.0)**	(10.9)
Merger reserve	11	**59.2**	59.2
Capital redemption reserve		**0.5**	0.5
Share-based payments reserve		**27.9**	24.1
Other reserves		**0.4**	0.4
Retained earnings/ (losses)		**52.7**	(17.7)
Total equity		**239.7**	165.6

AO World Plc reported a profit after tax for the year ended 31 March 2026 of £78.8m (2025: £123.0m) which includes dividends received from subsidiaries of £97.1m (2025: £149.8m).

The financial statements of AO World Plc, registered number 05525751, were approved by the Board of Directors and authorised for issue on 16 June 2026. They were signed on its behalf by:

John Roberts
Founder and CEO
AO World Plc

Mark Higgins
Group Chief Financial Officer and Chief Operating Officer
AO World Plc

Company statement of changes in equity
As at 31 March 2026

	Share capital £	Investment in own shares £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Share-based payments reserve £m	Other reserve £m	Retained losses £m	Total £m
Balance at 31 March 2024	1.4	–	108.5	59.2	0.5	20.3	0.4	(143.8)	46.5
Profit for the year	–	–	–	–	–	–	–	123.0	123.0
Share-based payments charge (net of tax)	–	–	–	–	–	7.1	–	–	7.1
Issue of shares (net of expenses)	0.1	–	–	–	–	–	–	–	0.1
Purchase of shares by EBT	–	(11.1)	–	–	–	–	–	–	(11.1)
Share options exercised	–	0.2	–	–	–	–	–	–	0.2
Movement between reserves	–	–	–	–	–	(3.2)	–	3.2	–
Balance at 31 March 2025	1.5	(10.9)	108.5	59.2	0.5	24.1	0.4	(17.7)	165.6
Profit for the year	–	–	–	–	–	–	–	78.8	78.8
Share-based payments charge (net of tax)	–	–	–	–	–	7.7	–	–	7.7
Purchase of shares by EBT (see Note 28)	–	(4.2)	–	–	–	–	–	–	(4.2)
Share options exercised	–	4.0	–	–	–	–	–	(2.2)	1.8
Purchase of own shares by entity	–	–	–	–	–	–	–	(10.1)	(10.1)
Cancellation of shares	(0.1)	–	–	–	0.1	–	–	–	–
Movement between reserves	–	–	–	–	–	(3.9)	–	3.9	–
Balance at 31 March 2026	**1.4**	**(11.0)**	**108.5**	**59.2**	**0.5**	**27.9**	**0.4**	**52.7**	**239.7**

Notes to the Company financial statements

For the year ended 31 March 2026

1. Basis of preparation and accounting policies

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006, and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under s408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 "Share-based Payments" in respect of Group-settled share-based payments;
- certain disclosures required by IAS 36 "Impairment of Assets" in respect of the impairment of goodwill and indefinite life intangible assets; and
- certain disclosures required by IFRS 13 "Fair Value Measurement" and the disclosures required by IFRS 7 "Financial Instrument Disclosures".

Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Other accounting policies

For other accounting policies relevant to balances in the Company accounts, please refer to the Group accounting policies on page 86.

2. Operating loss

The Auditor's remuneration for audit and other services is disclosed in Note 9 to the consolidated financial statements.

3. Investment in subsidiaries

	Investments £m
Cost	
At 31 March 2024	46.8
Additions	2.8
Group share-based payments	3.9
At 31 March 2025 and at 31 March 2026	**53.5**
Impairment	
At 31 March 2024	0.6
Impairment	2.8
At 31 March 2025	3.4
Impairment	0.1
At 31 March 2026	**3.5**
Carrying amount	
At 31 March 2026	**50.0**
At 31 March 2025	50.1

The Company has made capital contributions to its subsidiaries of £nil (2025: £3.9m) in relation to the allocation of share-based payment charges.

Notes to the Company financial statements
continued

3. Investment in subsidiaries continued

As at 31 March 2026, the Company has investments in the following subsidiaries:

Name of subsidiary	Principal place of business	Class of shares held	Proportion of ownership interests and voting rights held by AO World Plc	Principal activity
AO Retail Limited	United Kingdom	Ordinary	100%†	Retail
Elekdirect Limited	United Kingdom	Ordinary	100%	Retail
Electrical Appliance Outlet Limited	United Kingdom	Ordinary	100%	Non trading
Expert Logistics Ltd	United Kingdom	Ordinary	100%†	Logistics and transport
AO Recycling Limited	United Kingdom	Ordinary	100%	WEEE recycling
AO Ltd	United Kingdom	Ordinary	100%	Holding company
Mobile Phones Direct Limited	United Kingdom	Ordinary	100%	Dormant

† Indirectly owned through AO Limited.

A full list of the Company's subsidiaries is included in Note 19 of the consolidated financial statements.

4. Intangible assets

	Domain names £m	Software £m	Total £m
Cost			
At 31 March 2025	0.7	3.4	4.1
Additions	–	0.6	0.6
Disposals	–	(3.4)	(3.4)
At 31 March 2026	**0.7**	**0.6**	**1.3**
Amortisation			
At 31 March 2025	0.7	3.4	4.1
Disposals	–	(3.4)	(3.4)
At 31 March 2026	**0.7**	**–**	**0.7**
Carrying amount			
At 31 March 2026	**–**	**0.6**	**0.6**
At 31 March 2025	–	–	–

Amortisation is charged to administrative expenses in the income statement.

Disposals in software relate to assets that have been fully amortised and are no longer in use.

Notes to the Company financial statements
continued

5. Property, plant and equipment and right of use assets

	Computer and office equipment £m	Leasehold improvements £m	Total £m	Right of use assets £m
Cost				
At 31 March 2025	5.2	1.4	6.6	5.9
Additions	0.4	–	0.4	0.2
Disposals	(0.9)	–	(0.9)	(1.9)
At 31 March 2026	**4.7**	**1.4**	**6.1**	**4.3**
Accumulated depreciation				
At 31 March 2025	4.4	0.9	5.3	4.0
Charge for the year	0.4	0.3	0.7	1.0
Disposals	(0.9)	–	(0.9)	(1.5)
At 31 March 2026	**3.9**	**1.2**	**5.1**	**3.5**
Carrying amount				
At 31 March 2026	**0.8**	**0.2**	**1.0**	**0.8**
At 31 March 2025	0.8	0.5	1.3	1.9

The carrying value of right of use assets is analysed as follows:

Right of use assets	2026 £m	2025 £m
Land and buildings	**0.3**	1.2
Motor vehicles	**0.5**	0.7
IT equipment	**–**	0.1
	0.8	1.9

6. Deferred tax

The following is the asset recognised by the Company and movements thereon during the current and prior reporting year:

	Share options £m	Transitional relief £m	Other timing difference £m	Total £m
Deferred tax asset at 31 March 2024	1.2	0.1	0.1	1.4
Credit/ (Debit) to income statement	0.4	–	(0.1)	0.3
Debit to reserves	(0.1)	–	–	(0.1)
Deferred tax asset at 31 March 2025	1.5	0.1	–	1.6
Credit to income statement	0.3	–	–	0.3
Debit to reserves	(0.1)	–	–	(0.1)
Deferred tax asset at 31 March 2026	**1.7**	**–**	**–**	**1.8**

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

7. Trade and other receivables

	2026 £m	2025 £m
Amounts owed by Group undertakings	**245.7**	179.3
Prepayments	**3.4**	3.5
Other receivables	**0.7**	1.2
	249.8	183.9

The Trade and other receivables are classified as:

	2026 £m	2025 £m
Non-current assets – Amounts owed by Group undertakings	**245.3**	179.3
Current assets	**4.5**	4.6
	249.8	183.9

Amounts owed by Group undertakings are repayable on demand and bear no interest. All other trade and other receivables are receivable in less than one year.

Notes to the Company financial statements
continued

8. Trade and other payables

	2026 £m	2025 £m
Trade payables	**1.3**	3.0
Accruals	**7.9**	8.4
Other payables	**0.7**	0.7
Amounts owed to Group undertakings	**52.7**	57.3
	62.6	69.4

Amounts owed to Group undertakings are repayable on demand and carry no interest.

9. Lease liabilities

	2026 £m	2025 £m
Lease liabilities	**1.4**	3.0
Amounts payable under lease liabilities		
Within one year	**1.3**	1.4
Within one to two years	**0.1**	1.3
Within two to three years	**–**	0.3
	1.4	3.0

Movements in the year were as follows:

	Leases £m
At 1 April 2025	3.0
Changes from financing cash flows	
Repayment of lease liabilities	(1.6)
Payment of interest	(0.2)
Total changes from financing cash flows	(1.8)
Other changes	
New lease liabilities	0.2
Reassessment of lease term	(0.2)
Interest charge	0.2
Total other changes	0.2
At 31 March 2026	**1.4**

Notes to the Company financial statements
continued

10. Provisions

Provisions are classified as:

	2026 £m	2025 £m
Current liabilities	**0.6**	0.3
Non-current liabilities	**–**	0.7
	0.6	1.0

The movement in the year is shown below:

	Dilapidations provision £m	Restructuring provision £m	Total £m
At 31 March 2025	0.7	0.3	1.0
Utilised in the year	(0.1)	(0.3)	(0.4)
At 31 March 2026	**0.6**	**–**	**0.6**

The dilapidations provision is created for leases where the Company is liable to return the assets to their original state at the end of the lease. The provision will be utilised as leased assets expire.

11. Share capital, share premium and reserves

	Number of shares m	Share capital £m	Share premium £m	Investment in own shares £m	Capital redemption reserve £m
At 31 March 2025	580.3	1.5	108.5	(10.9)	0.5
Cancellation of shares	(9.7)	(0.1)	–	–	0.1
Purchase of shares by EBT (including transaction costs)	–	–	–	(4.2)	–
Transfer of shares upon exercise of share options	–	–	–	4.0	–
At 31 March 2026	**570.6**	**1.4**	**108.5**	**(11.0)**	**0.5**

On 17 September 2025, the Company commenced a share buyback programme with the aggregate purchase price of ordinary shares being up to £10m (excluding expenses). The purpose of the programme was to reduce the share capital of the Company and therefore any shares purchased under the programme were subsequently cancelled. During the year, 9,748,994 shares were purchased for £10.1m (including transaction costs).

During the period, the Company's EBT purchased 4,399,472 of the Company's ordinary shares at market value. Consideration, including transactions costs, was £4.2m. Shares held by the EBT are used to satisfy options under the Group's share schemes. During the year 4.5m shares were transferred to employees to satisfy share option exercises.

As at 31 March 2026, the number of shares held by the EBT was 11,039,469 (31 March 2025: 11,161,642).

The capital redemption reserve arose as a result of the redemption of ordinary shares and preference shares in the year ended 31 March 2012 and 31 March 2014 respectively. The movement in the current year relates to the redemption of ordinary shares as part of the share buyback programme during the year.

The merger reserve arose on the purchase of DRL Limited (now AO Retail Limited) in the year ended 31 March 2008 and Mobile Phones Direct Limited in the year ended 31 March 2019 (where shares in the Company were issued to the vendors). In the year ended 31 March 2023, the difference between the nominal value and fair value issued as part of the capital raise of £37.0m was also taken to the merger reserve.

12. Share-based payments

The Company recognised total expenses of £3.8m (2025: £3.5m) in the year in relation to both the AO Incentive Plan (referred to as "AOIP"), Value Creation Plan ("VCP") and the AO Sharesave scheme (referred to as "SAYE"). Details of these schemes are described in Note 30 to the consolidated financial statements.

Important information

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3 Hardman Street
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HSBC Bank plc
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Lines are open 9.00 am to 5.30 pm, Monday to Friday, excluding public holidays in England and Wales.

Email: shareholderenquiries@cm.mpms.mufg.com

Enquiring about your shareholding
If you want to ask, or need any information, about your shareholding, please contact our registrar (see contact details in the opposite column). Alternatively, if you have internet access, you can access the Group's shareholder portal via aoshareportal.com where you can view and manage all aspects of your shareholding securely.

Investor relations website
The investor relations section of our website, ao-world.com, provides further information for anyone interested in AO.

In addition to the Annual Report and share price, Company announcements, including the full year results announcements and associated presentations, are also published there.

Share dealing service
You can buy or sell the Company's shares in a simple and convenient way via the Link share dealing service either online (https://ww2.linkgroup.eu/share-deal) or by telephone (+44 (0) 371 664 0445).

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK are charged at the applicable international rate. Lines are open between 8.00 am and 4.30 pm, Monday to Friday, excluding public holidays in England and Wales.

Please note that the Directors of the Company are not seeking to encourage shareholders to either buy or sell shares in the Company. Shareholders in any doubt about what action to take are recommended to seek financial advice from an independent financial adviser authorised by the Financial Services and Markets Act 2000.

Cautionary note regarding forward-looking statements
Certain statements made in this report are forward-looking statements. Such statements are based on current expectations and assumptions, and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. They appear in a number of places throughout this report and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. Persons receiving this report should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, AO does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Glossary

Adjusted PBT	means Profit Before Tax, adjusted for any adjusting items as defined by the Board
AGM	means the Group's Annual General Meeting
An AOer	means one of our amazing employees
AOIP	means The AO Incentive Plan, a form of LTIP
AO World, AO or the Group	means AO World Plc and its subsidiary undertakings
AV	means audio visual products
B2B	means business to business
B2C	means business to consumer
Board	means the Board of Directors of the Company or its subsidiaries from time to time as the context may require
Code	means the UK Corporate Governance code published by the FRC in 2024
Companies Act	means the Companies Act 2006
Company	means AO World Plc, a company incorporated in England and Wales, with registered number 05525751, whose registered office is at 5A The Parklands, Lostock, BL6 4SD
CRM	means customer relationship management
CRR	means Corporate Risk Register
DC	means distribution centre
D&G	means Domestic and General
ENPS	means Employee Net Promoter Score
EPS	means earnings per share
ERP	means the AO Employee Reward Plan, or Enterprise Resource Planning, as the context requires
Europe	means the Group's entities operating within the European Union, but outside the UK
FY24, FY25 and FY26	mean the financial years of the Group ended 31 March 2024, 31 March 2025 and 31 March 2026
GAAP	means Generally Accepted Accounting Practice
GHG	means greenhouse gas
IAS	means International Accounting Standards
IFRS	means International Financial Reporting Standards
IPO	means the Group's Initial Public Offering in March 2014
KPMG	means KPMG LLP
LSE	means London Stock Exchange
LTIP	means Long-term Incentive Plan
MDA	means major domestic appliances
MPD	means Mobile Phones Direct
Magpie and musicMagpie	refers to the musicMagpie group of companies, unless the context indicates otherwise
MVNO	means Mobile Virtual Network Operator
NED	means Non-Executive Director
NPS	means Net Promoter Score, which is an industry measure of customer loyalty and satisfaction
PSP	means the AO Performance Share Plan, a form of LTIP
RMC	means our Risk Management Committee
SDA	means small domestic appliances
SECR	means Streamlined Energy and Carbon Reporting
SEO	means Search Engine Optimisation
SG&A	means Selling, General & Administrative Expenses
SID	means Senior Independent Director
SKUs	means stock keeping units
TCFD	means Task force on climate-related financial disclosures
UK	means the Group's entities operating within the United Kingdom
VCP	means the Value Creation Plan, a form of LTIP
WEEE	means Waste Electrical and Electronic Equipment

There's lots more online:

UK sites:

Customer
ao.com
ao-delivery.com
ao-outlet.co.uk
ao-recycling.com
mobilephonesdirect.co.uk
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