



The UK's Most Trusted Electrical Retailer

AO World PLC
Annual Report and
Accounts 2025

Company number: 05525751



The UK's most trusted electrical retailer

25 years ago, AO was founded on a £1 bet. Today, we're the most trusted major electrical retailer globally on Trustpilot with around 750,000 reviews and an average rating of 4.9/5.

We sell over 9,000 different electrical products on ao.com, from major domestic appliances, small domestic appliances, audio visual equipment, computing, haircare, mobile, gaming to smart home technology and more.

Millions of happy customers choose AO because we're able to deliver quickly with our tried-and-tested logistics network, as well as offering installation, industry-leading recycling, finance and insurance - all underpinned by our trusted service that's magic in the moments that matter.

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Chair's statement



I am pleased to report on another year of strong performance by AO.

Revenues in our B2C Retail¹ business have grown by c.12% YoY, with total Group revenues (on a like for like basis²) increasing by c.7% YoY to £1bn. On a like-for-like basis, we have delivered outstanding adjusted profit before tax of £45m³, with profits growing faster than sales, at c. 32%. Our balance sheet is robust and at the period end we had net funds of around £23m following the acquisition of musicMagpie and the repayment of its debt and funding our Employee Benefit Trust to purchase AO shares in the market to satisfy employee awards in the period. The Group extended its revolving credit facility in the period from £30m to £120m to October 2028 on more favourable terms, and it remains undrawn.

This strong performance was delivered despite continuing challenges in our mobile business, which is operating in a declining market and continues to see significant competition. These challenges have led to an impairment in the goodwill and intangibles associated with it of c.£20m at year end. Nonetheless, mobile, as a category, is strategically important to the Group through both a consumer and a supplier lens.

During the year, we acquired musicMagpie, one of the UK's leading mobile recommerce operators. With highly complementary business models, this acquisition will enable AO to enhance its consumer mobile and tech proposition, offering a differentiated service to our customers, and unlock value through our reverse supply chain whilst simultaneously advancing our sustainability objectives.

Critically, over the year, we have continued to perform well for customers. Our trust pilot score

has increased to 4.9 and we now have over 750,000 reviews, cementing our position as the most trusted electrical retailer. Our AO Five Star membership continues to grow strongly and we are increasing our frequency and share of wallet with customers, having re-engineered our model for cost effective warehousing and distribution of smaller items and newer categories.

Our culture and people are fundamental to the success of the Group and it's pleasing to see another year of high engagement with an average Employee Index Score for the year of 81. Our people are happy, committed, have a sense of belonging and are operating with a growth mindset; we are working together cohesively and collaborating brilliantly across the Group to drive stakeholder value.

Through our evaluation of the Board and its committees, I am confident that our ways of working are very effective and there is appropriate expertise around the table to effectively support and challenge our leadership team. However, we have embarked on a search for two new NEDs to join the Board; the first to have experience of the plc landscape and a financial background, as part of our succession planning, and the second to have a marketing and brand background to enhance our existing skill set. With both appointments, we have highlighted to our search partner the strong desire to enhance Board diversity.

Towards the period end, we appointed Mark Higgins to Chief Operating Officer (in addition to his existing role of Chief Financial Officer). This appointment reflects the way Mark and John have been running the business together for some time, with Mark taking additional responsibility for driving some critical development activities. The Board has been pleased with the progress Mark has made in developing his skills and delighted with the impact he has made on a number of key commercial topics.

I would like to give thanks to the Board, our Executives and all our people for their hard work and dedication throughout the year. As we look to FY26 we have a number of initiatives in the pipeline which we expect to give customers more opportunities to buy from us and more reasons to keep coming back. Despite the wider macroeconomic challenges, particularly employment cost increases, our objectives remain unchanged and we are confident in our ability to continue to grow revenue, alongside Group adjusted PBT.

Geoff Cooper
Chair

¹ B2C (business-to-consumer) Retail revenue relates to products and services purchased by B2C customers through the retail websites (including membership fees and revenue attributable to protection plans sold with the products).

² Like-for-like basis relates to the continuing operations of the Group, excluding the post-acquisition revenue and PBT of musicMagpie. Adjusted profit before tax is defined as statutory profit before tax adjusted for the fees relating to the musicMagpie acquisition and the impairment charge relating to the Mobile cash generating unit.

Highlights of the year



“

Our obsession with amazing first-time customer service and creating magic in the moments that matter is a true brand differentiator and a significant moat around the business.”

John Roberts
Chief Executive Officer



“

We are focusing on driving revenue growth and profitability in product categories in which we can leverage our whole ecosystem and deliver the right return.”

Mark Higgins
Group Chief Financial Officer and Chief Operating Officer

Financial Alternative Performance Measures

LFL Revenue¹

£1,108m

(2024: £1,039m)

B2C Rev² Growth

12%

LFL adjusted PBT¹

£45.2m

(2024: £34.3m)

Financial

Revenue

£1,138m

(2024: £1,039m)

PBT

£20.6m

(2024: £34.3m)

Net Funds³

£23.4m

(2024: £34.4m)

Product Range

Major domestic appliances (MDA)

4,150

(2024: 3,883)

Small domestic appliances (SDA)

1,848

(2024: 1,326)

Other categories

3,137

(2024: 2,428)

People

Employee index score

81

(2024: 81)

Labour stability

65%

(2024: 48%)

Top 200 UK Best Employer

Sustainability

MDA recycled

1.2m units

(2024: 1.0m units)

Consumer Tech recycled⁴

191k units

(2024: 180k units)

Plastics processed

9.3k tonnes

(2024: 11k tonnes)

¹ LFL is Like-for-Like basis and relates to the continuing operations of the Group, excluding the post acquisition revenue and PBT of musicMagpie. LFL revenue excludes the post acquisition revenue of musicMagpie of £29.7m. Adjusted PBT excludes the fees related to the musicMagpie (mM) acquisition and the impairment charge relating to the Mobile cash generating unit. See page 18.

² B2C (Business-To-Consumer) revenue relates to products and services purchased by B2C customers through the retail websites (including membership fees and revenue attributable to protection plans sold with the products).

³ Net Funds is defined as cash less borrowings less owned asset leased liabilities, but excluding right of use asset leased liabilities.

⁴ Figures given are for musicMagpie for the 12 months to 31 March 2025 versus the 12 months to 30 November 2024.

The AO family



Who do customers trust?

★ Trustpilot ratings¹



Excellent

Rating 4.9/5

747,674 Reviews

FY24: 532,308

4 & 5-Stars



1, 2 & 3-Stars



“

Great choice, easy to use online search engine, fast delivery with very friendly staff. We have also signed up as members as this offered extra discounted prices, free delivery and free old appliance removal for recycling. A fabulous service – very happy.”

AO Customer review

“

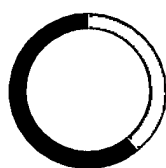
Excellent all round. Ordered Wednesday, delivered Friday. Guys arrived within designated time slot. Lots of updates beforehand and a call to confirm exact time. Quick and efficient removal of old washing machine then installation of new. Polite, courteous, helpful, thorough. Really cannot fault anything about the whole process from start to finish and will definitely use AO again.”

AO Customer review

Our customer focus - ao.com²

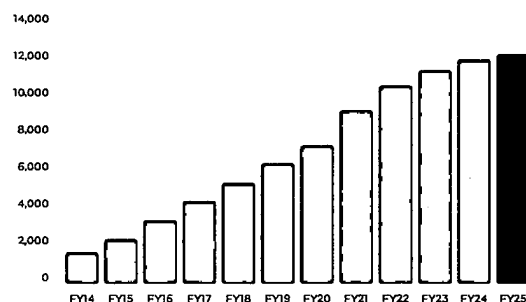
The AO smile is more than a logo, it's how we make customers feel in every interaction with us. That's why customers come back again and again.

New customers vs repeat customers



- New customers (670k)
- Repeat customers (1,106k)

Cumulative customers %



Our Social Media

With a strong and engaged community of followers on our AO social channels (including Facebook, TikTok, Instagram and Pinterest), every day we tell the story to...

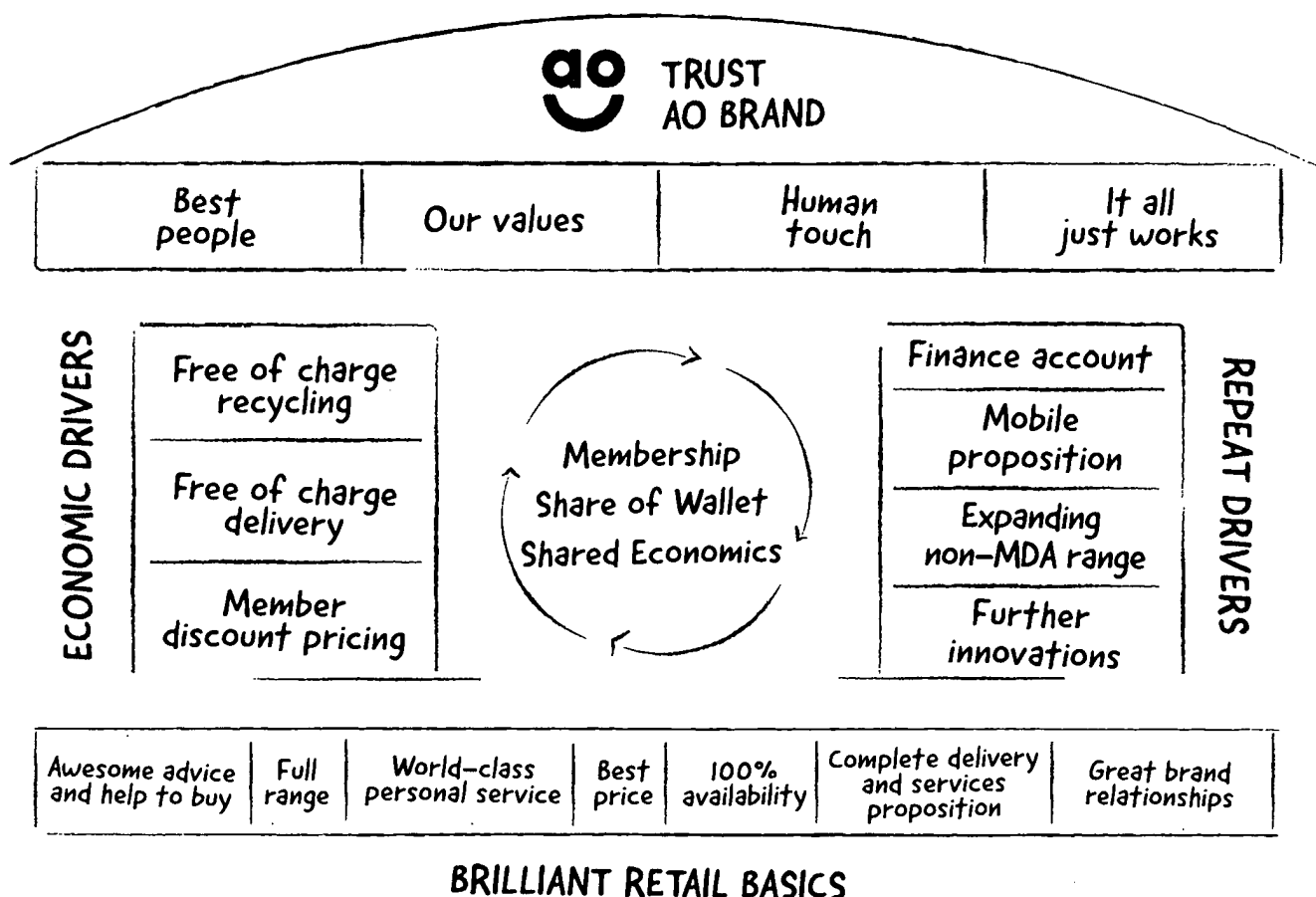
Over
2 million
followers



¹ Trustpilot scores sourced from their website, FY25: April 2025 and FY24: April 2024.

² A customer is defined as an individual customer who has purchased through us via ao.com.

Our business model and strategy



Brand trust ①

Customers are at the heart of our strategy, so we obsess about providing the best possible proposition and service experience.

Our people are core to delivering this by living and breathing our values, treating customers like our grans and making decisions our mums would be proud of, within a high-performance culture in which they can grow and flourish.

Quite simply, the best service should always be no service. We need to build everything to eliminate friction and waste and work perfectly every time.

What we do, and how we do it, is not easily replicated. Vertical integration and structural economic advantage takes time - and sometimes blind faith. It is difficult to build scale in low-frequency categories.

Consequently, AO has a strong, trusted brand identity, underpinned by a globally leading 4.9 out of 5 from three quarters of a million Trustpilot reviews.

Deepening customer relationships ②

We want to deepen our relationship with customers beyond brilliant retail basics. In membership, not only have we created a shared economics model that customers can understand and invest in with us. It also drives frequency of transactions, familiarity and loyalty.

Vertical integration enables us to control both costs and value capture, driving efficiency throughout the group, driving profit through the membership model.

As we capture more of our customers' share of wallet, we can leverage our structural advantage and drive profitability further. This, in turn, enables our investment in shared economics with members via exclusive extra discounts, motivating them to further invest their share of wallet.

This model encourages customers to use their membership more and, therefore, motivate renewal because they get more value across more products.

Transactions on AO.com are even quicker and simpler with a finance account so we encourage members to sign up, which further drives repeat purchases.

This also enables us to offer promotional finance to spread the cost, including exclusive member deals. We will further drive share of wallet through the expansion of our non-MDA product range and our mobile proposition.

Membership provides predictability and visibility of future sales and spend, enabling further service enhancements such as choice, pricing and services, as well as profits to reinvest accordingly.

Brilliant retail basics - what sets us apart ③

These are the fundamental hygiene factors that determine why a customer should choose to shop with AO.

We have a market-leading share in MDA and an expanding non-MDA product range, meaning we serve the widest-possible customer base, offering great prices whilst maintaining appropriate levels of margin to meet our financial targets.

Delivering a seamless shopping experience with trusted customer service requires a slick, intuitive and engaging website including inspiring product information with easy-to-add supporting services and ancillary products.

Customers have a choice of payment options, including finance and credit in partnership with NewDay. Plus, we make things right if things go wrong.

Vertical integration, including in-house logistics and recycling capabilities, enable us to offer a complete delivery and services proposition.

This is supported by enhanced customer lifecycle services, including the promotion of product protection plans, acting as an agent for Domestic & General.

Over 25 years, we've built trusted partnerships with global suppliers; we have a deep and broad understanding of their strategic and operational context, leading to high-quality SLAs, which meet both our expectations and those of our customers.

Our ecosystem of expertise and service

Our eco-system is a range of our expertise and services – from across retail and logistics through to financial services, our very own recycling plant and our newly acquired recommerce business.

Our customers are at the heart of everything we do and that's why we are constantly evolving our eco-system to meet market demand and ensure we achieve our mission. It's not about what we do though – it's about how we do it.

Product – From fridges and freezers, laundry products and dishwashers, to smart tech, computing and TV and entertainment. We sell over 9,000 products on our multiple e-commerce platforms, all at a competitive price.

Content – Our multimedia team produce our in-house diverse content, which includes imagery, videos, how-to guides and lifestyle, and energy efficiency ratings.

Tech – Our bespoke shop functionality and pricing tools enable us to sweep the market several times a day to keep our prices competitive. Our My Account functionality enables customers to order, review and make changes to their orders up to the day of delivery.

Our Webshop is supported by our contact centre.

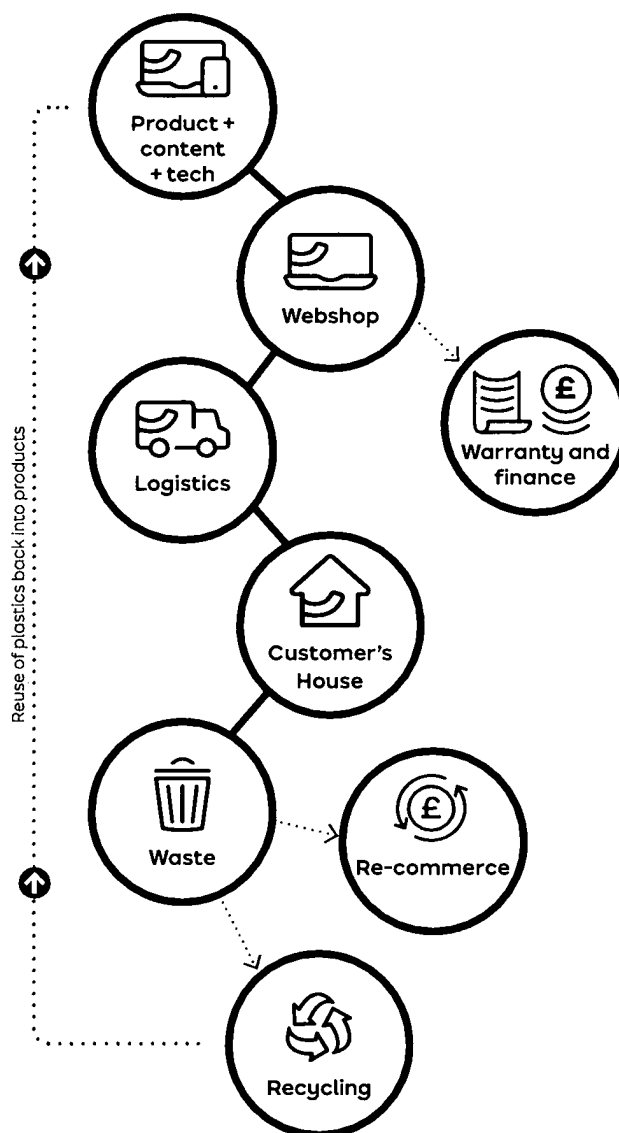
Warranty and finance – We work with Domestic & General (the UK's leading specialist warranty provider) to offer our customers a product protection plan to provide them with the peace of mind that their new product could be repaired or replaced if required. On behalf of NewDay, we promote a range of credit 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.

Our in-house logistics network – comprises five distribution centres, with a total of over 1.4m sq ft, 16 delivery depots and around 800 trucks and 300 trailers, we are able to offer nationwide delivery seven days a week with dynamic timeslots and next day options.

Customer's house – our services include the basics of unpacking and inspecting customers' products, to complex gas cooking and integrated installations – we go the extra mile.

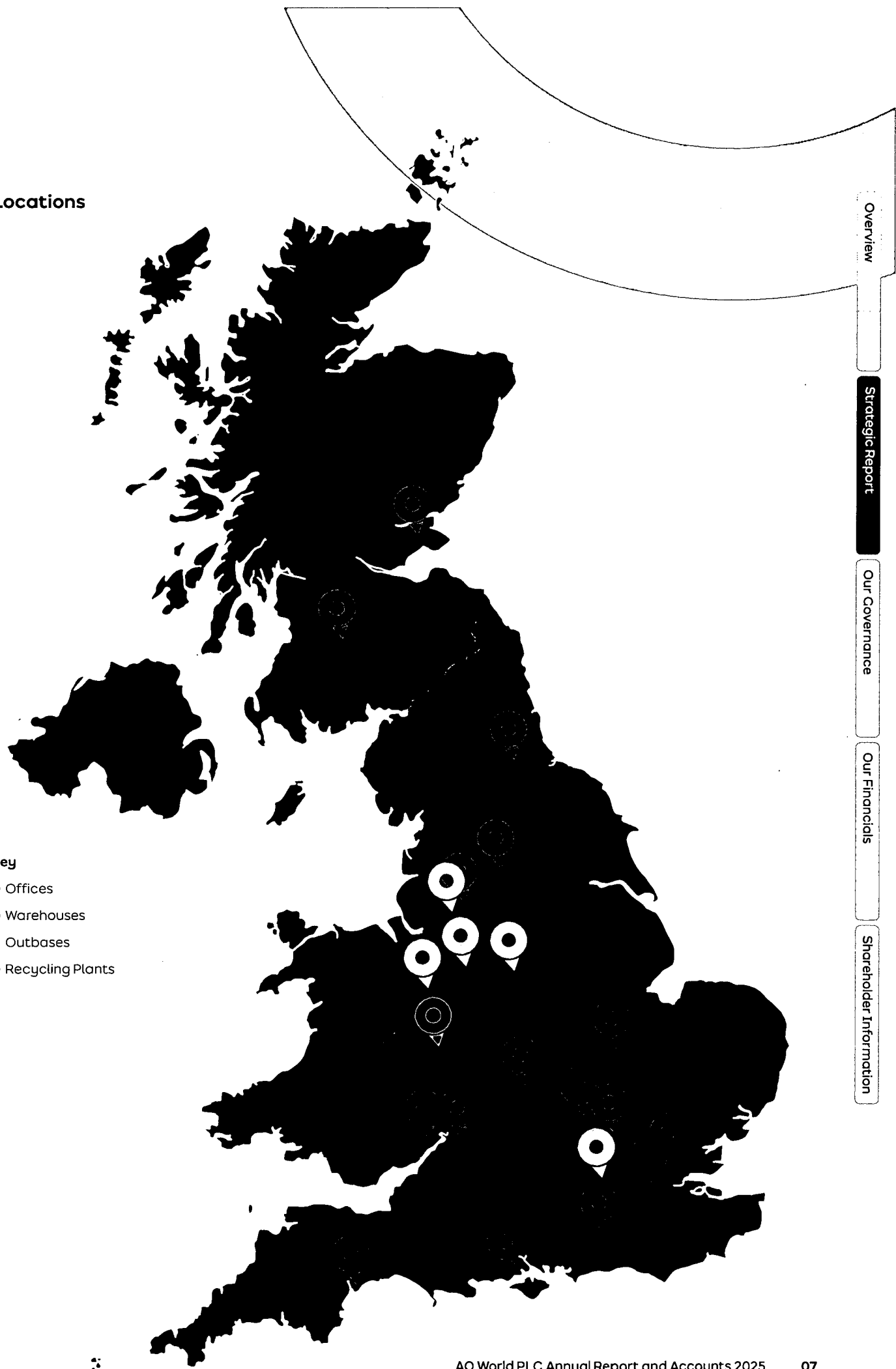
Recycling – Our purpose-built, state-of-the-art WEEE (Waste Electrical and Electronic Equipment) and plastics recycling facilities in Telford. Our vertically integrated WEEE recycling facility recycles well over one million large domestic appliances annually, with over 40% of these being recycled by Bertha (our fridge shredding machine). Plastics from Bertha are refined using our AO designed plastics recycling plant (with an annual capacity of 25,000 tonnes), creating high-quality consistent plastics for reuse in new products and appliances.

Re-commerce – through our reverse supply chain platform, musicMagpie, we offer customers options to trade in old tech, whilst also giving customers the option to buy second life products. Where it's possible to do so, we will look to resell any products scrapped by our customers via our own third-party outlets, such as elekDirect.



Locations

- Key
- 📍 Offices
 - 📍 Warehouses
 - 📍 Outbases
 - 📍 Recycling Plants



Overview

Strategic Report

Our Governance

Our Financials

Shareholder Information

Our markets

Inflation, interest rates and consumer confidence

Impact

Consumers' spending power is impacted by several macro-economic factors.

The Bank of England base rate was reduced during FY25 from its long-term high of 5.25%¹ in April 2024 down to 4.5% (as at March 2025). Higher rates act to suppress the housing market as well as impacting customers' disposal income.

Despite reduced interest rates, inflation rose from the Bank of England's target level of 2% (during summer 2024) to its current 2.6% (as at March 2025)². Inflationary pressures from an increase in the Ofgem price cap, higher food prices and an increase in regulated water bills are expected to push inflation to a peak of 3.8% in mid 2025 before falling back to the 2.0% target from 2026 onwards³.

Wage inflation - annual growth in regular earnings - was 5.9%⁴ for the period December to February 2025. It is expected that this elevated wage inflation will be supported by the National Minimum Wage increase from April 2025⁵; however, uncertainty in the global economy could lead to increased unemployment levels.

Financial pressures on consumers have given rise to an increase in the demand for "Buy Now Pay Later" options when making major purchases.

Our response

Despite current uncertainty, further reductions in interest rates are expected¹, and should see the cost of borrowing and, specifically, mortgage rates fall, giving rise to buoyancy in the housing market.

CFK's Consumer Confidence Index⁶ continues to marginally increase, with current levels at -19 (March 2025), a two-point improvement from this time last year. Our range of over 9,000 products give our customers choice, so they can get the product they want at the price point that suits them.

The majority of MDA sales are driven by distressed⁷ purchases thus providing AO with some resilience to macro-economic factors. Given expected decrease in interest rates, the medium-term stabilisation of inflation levels and consumer confidence we would expect to see discretionary consumer spending supported as a result.

With our own in-house two-person delivery fleet, fuel is a key component of our gross margin. As such, we have fixed most of our fuel usage to an agreed fixed price for the financial year, providing AO with some short-term stability.

We have offices, warehouses and outbases, which all consume energy. Fixed-price agreements are in place for 90% of usage until October 2026, giving some longer-term stability to operational costs.

We recognise our employees are the ones who deliver our best-in-class service and, as such, all eligible AOers received a minimum 2% increase in basic pay in April 2025's pay review.

AO offers customers access to a range of finance options to help fund their purchases, whether it be revolving credit or promotional instalment plans. The revolving credit adjusts rate and credit line to the individual customer's profile, ensuring responsible lending and facilitating those needy purchases in a challenging economic landscape. AO acts as Introducer in the distribution of AO Finance through NewDay, the product being regulated by the Financial Conduct Authority ("FCA").

Technology and the customer journey

Impact

Reliance on technology for purchasing is increasing, and with over 59%¹ of the electricals market now transacted online and expected to keep growing, retailers must adapt to market demand. Customers want a low-touch purchasing journey via apps and mobile browsers.

Customers want to be able to compare products and brands as well as being able to choose services and delivery slots that meet their demands.

Customers entrust their personal data, including payment details with retailers. Increased cybercrime has seen customers demand a higher level of cybersecurity when transacting online.

There is rising demand for personalised experience and products. Customers are moving to subscriptions, membership and personalisation.

Our response

Our website and app are designed to be simple, easy and empowering to use, ensuring that customers can shop in the way that best suits them. We understand that today's customers not only want a hassle-free experience, but also seek to make informed and personalised choices.

We simplify the process of finding the right product through intuitive filters and popular search terms, as well as providing detailed information on energy ratings and sustainable products, enabling our customers to make responsible decisions.

Our "My Account" feature offers a personalised experience, allowing customers to manage their orders effortlessly as well as track orders, providing peace of mind from purchase to delivery.

With over 9,000 electrical products available on our website, we give the customer a wide range of choice, by category and brand. Our in-house two-person delivery service enables customers to deal with us directly regarding time slots and services they require to make the delivery and installation of their goods hassle free.

AO continually invests in the online proposition through improved product visualisation and interactive product information, which enables a better digital journey for our customers. AO's operational gearing gives the business the ability to move with consumer demand with limited investment required.

AO has invested and continues to invest in leading customer identity and access management technology to maintain the trust of our customers.

¹ bankofengland.co.uk/monetary-policy/the-interest-rate-bank-rate

² ons.gov.uk/economy/inflationandpriceindices

³ obr.uk/efo/economic-and-fiscal-outlook-march-2025/

⁴ ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/latest

⁵ gov.uk/national-minimum-wage-rates

Environment/Net zero

Impact

There is an increased requirement for mandatory climate-related disclosures as recommended by the Task Force on Climate-related Financial Disclosures ("TCFD"). The implementation of IFRS S1 and S2, as set out by the International Sustainability Standards Board ("ISSB") are all clear indications that corporate responsibility for the environment continues to be a clear directive.

Consumers are becoming increasingly aware of energy costs and as a result are demanding more energy-efficient products. Almost half of consumers⁶ consider energy efficiency an important criterion when purchasing a MDA product.

Consumers are increasingly environmentally aware. 1 in 4¹⁰ consumers are prepared to pay more to protect biodiversity or for sustainable products and packaging.

Our response

We understand the importance of aligning our purpose, values and strategy with the needs of our stakeholders to build long-term value in a sustainable way. We see sustainability as an investment to stay relevant for customers, suppliers and our people, while driving down costs and realising efficiencies in our operations.

AO is dedicated to responsible recycling and reuse. Since the inception of our in-house recycling plant we have recycled or reused over 8m products. We continue to invest in our recycling facility, with the addition of an extruder made in FY25.

With over 800 vehicles on the road 364 days of the year we are continuously looking at ways to reduce our carbon footprint. In FY25, we invested in technology to make our routing more efficient, both reducing our environmental impact and the cost of delivery. Along with our fleet partner, we have launched our new semi-trailers, which give a 10% increase in capacity per vehicle and will enable us to use compressed natural gas ("CNG") across the vast majority of the trunking fleet by 2030. CNG will become c.50% of our core operation fuel usage from October this year. For trailers, we have 50 x Longer-Semi Trailers entering the fleet this summer. This effectively grows our capacity per trailer by around 5%, thereby improving our efficiency.

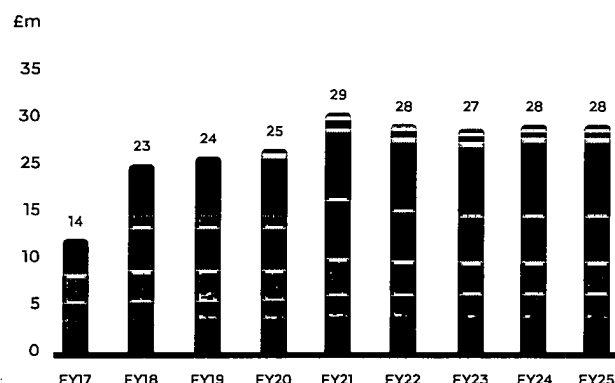
AO's acquisition of musicMagpie during FY25 allows it to position itself to tap into the burgeoning market for refurbished electronics, which has gained traction as consumers become more environmentally conscious and budget-savvy. The rise of the circular economy emphasises sustainability, and AO's move to integrate musicMagpie aligns with this trend, potentially appealing to a demographic that values eco-friendly practices.

Our website, with its detailed listing of product details, empowers the customer to understand the environmental rating of the product they buy.

Our market

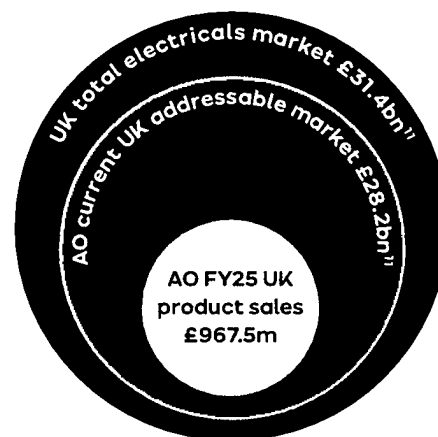
- AO's current UK addressable market (which comprises MDA, SDA, AV, consumer electronics, gaming, mobile garden and DIY, smart home and personal care) is £28.2bn¹¹.
- AO remains a UK market leader in MDA, with 16.0% market share.

AO addressable market by year¹¹



Key

- MDA
- CE
- Smart Home
- SDA
- Mobile
- Lifestyle
- Personal Care
- Gaming
- AV
- Garden & DIY



⁶ nielseniq.com/global/en/news-center/2025/uk-consumer-confidence-up-one-point-in-march/

⁷ Mintel, Major Domestic Appliances, UK Report 2022 62%

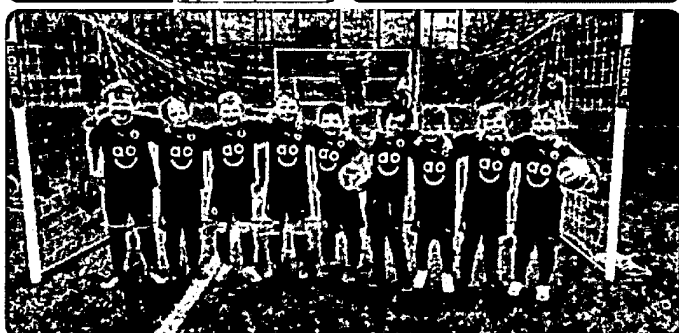
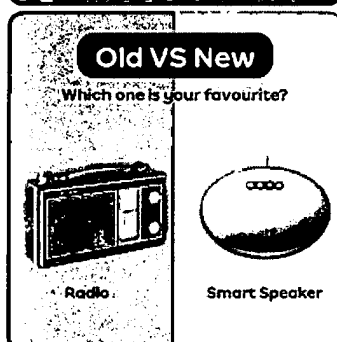
⁸ Analysis of GfK data for the twelve months to 1 April 2025

⁹ gfk.com/blog/how-brands-can-hit-the-energy-efficiency-sweet-spot

¹⁰ deloitte.com/uk/en/pages/consumer-business/articles/sustainable-consumer-what-consumers-care-about.html

¹¹ GfK, gross value, for the twelve months to the 1 April 2025

Our Brand



Trust – Fuelling our brand strategy

We remain committed to reinforcing our position as the UK's most trusted electrical retailer. This foundation drives efficiency, ensures focus and gives consumers clear reasons to believe in us.

In a world full of uncertainty, trust matters more than ever. That's why our brand purpose is built around being trusted. With a Trustpilot rating of 4.9 from over 700,000 reviews, our customers don't just have to take our word for it, they can rely on the voices of countless others across the UK who already trust AO.

Marketing

Grabbing consumer attention in today's crowded media landscape means having a voice that's bold, consistent and unmistakably AO. Our creative is built to stand out: visually distinctive, emotionally engaging and instantly recognisable across every channel. From TV to social, digital to print, we ensure AO shows up with clarity, confidence and character, wherever our customers are.

Our media strategy continues to evolve, guided by data, insight and a sharp focus on effectiveness. We prioritise delivering the right message to the right audience at the right time, allowing us to build meaningful reach and frequency at scale. By focusing on high-impression environments and formats that connect with audiences at key moments, we're maximising visibility and strengthening relevance across the entire customer journey.

We want more customers to choose AO as their first choice for electricals. To achieve that, we're building long-term brand fame whilst giving consumers compelling reasons to consider us in the moments that matter. At the same time, we continue to improve the efficiency of our media buying by selecting the most effective channels to drive results. Striking the right balance between brand building and short-term performance remains central to our approach, ensuring every campaign not only reaches more people, but also drives action and long-term loyalty.

Our strategy is designed to attract new customers while also strengthening loyalty and advocacy from our existing base. One standout initiative has been the launch of AO at Home, our printed magazine delivered to households across the country, which has been created to tell great stories about our products.

The magazine, long term, has the aim of increasing category awareness and improving repeat purchases.



The delivery guys were prompt calling me with information and delivered the goods and magazine and teddies wow! What a great company."

Jeannie

Social media

As social platforms continue to evolve, so does our approach. We remain focused on creating content that is not only platform specific but also audience first ensuring every post, video and interaction feels relevant, engaging and on brand.

Influencer marketing continues to be an integral part of our strategy, helping us connect with communities through voices our customers already know and trust. A stand-out example this year was our collaboration with TikTok creator @cleanwithbea, whose content centres around supporting individuals and families in need. Together, we launched a joint initiative that resonated deeply with audiences, generating over 2.1 million views and winning a national award for Best Collaboration with a Content Creator at the Global Social Media Awards.

Campaigns like this demonstrate the power of authentic storytelling around all of our products, specifically non-MDA as well as meaningful partnerships, reinforcing our brand values whilst driving awareness, engagement and impact across social platforms.

Sponsorship

We're proud to bring the AO brand to life through partnerships and programmes that connect us with people and communities in powerful and tangible ways. Our continued sponsorship of the AO Arena in Manchester gives us a prominent presence in the heart of the city, aligning our name with one of the UK's most iconic entertainment venues and strengthening our brand visibility.

In addition to our partnerships with Manchester Thunder and Altrincham, we've also continued our support of grassroots initiatives of Jag Tags (through Jacksonville Jaguars) and our own grassroots programme, a key part of our commitment to social impact. These initiatives span a range of grassroots activities across the UK and aim to create greater access to opportunities for young people through sport. Over the next five years, we're committed to supporting 500,000 children by providing opportunities that may prevent participation.

This is about more than brand awareness. It's about delivering meaningful change and reflecting the values that guide our business. As our CEO explains: "Talent is evenly spread, but opportunity is not."

We take this responsibility seriously and are proud to be helping to level the playing field for the next generation, one community at a time.

Our Values

We treat every customer like our gran We focus on being brilliant for our customers and our teams care passionately about them. The best service is no service - it should be personal and simple. We make it easy for customers to buy what they need. We do the right thing for our customers, always with an AO smile.	We make decisions that make our mums proud We empower our people to make the right decisions, not necessarily the easy ones. We inspire each other to be our true selves and the best that we can be. We genuinely care, we listen to each other, and we do everything we can to make things better. Having a positive impact on the world in which we live is the right thing to do.
We have a growth mindset Creativity and thinking big is what we do. We're a high performing team; always learning and stretching. We challenge ourselves to seek better ways of doing things. We see opportunities others don't, and thinking differently strengthens our future.	We operate at AO speed We have a bias for action and make things happen today, not tomorrow. We prefer to rely on data, and we trust our intuition. We don't think we're always right, we're happy to learn from our mistakes quickly and correct course. We commit to decisions as One AO - whether we agree or not.

Chief Executive Officer's strategic review



Another year of strong progress

It's 25 years since the now famous £1 bet in a Bolton pub that brought AO into being.

It's been a fantastic journey of innovation and investment, resilience and rejuvenation and sheer hard work.

Today, we have operations spanning Retail, Warehousing and Logistics, Recycling, circularity and Financial Services. We are vertically integrated to maximise control of the customer journey whilst simultaneously capturing the maximum amount of the value we create.

Our Group turnover is over £1.1bn, our like-for-like ("LFL") Adjusted PBT is over £45m, and we directly employ c.3,000 people, engaging many more.

We began this financial year with a commitment to grow our B2C retail sales by over 10%, so I'm delighted to report that the AO team delivered c.12%.

We also guided that said profits would grow faster than sales as a result of our operational gearing. LFL adjusted PBT grew c.32% to c. £45m, which is the clearest possible proof that our model is working.

At the year end, we had cash in the bank of £27m with an unused RCF of £120m on refreshed and improved terms dated to 2028. This position also accounts for c.£35m net cash spent on the musicMagpie acquisition and the EBT share purchase.

As ever, these numbers are the output of the incredible work of all AOers, and their relentless commitment to delivering brilliantly for our customers. The performance also wouldn't have been possible without the support from our suppliers who have yet again worked with us to deliver amazingly for our mutual customers.

Looking forward, we have a number of initiatives in the pipeline which we expect to give customers more opportunities to buy from us, and welcome back customers who have received our excellent service. Despite the wider macroeconomic challenges, particularly employment cost increases, our objectives remain unchanged and we are confident in our ability to continue to grow revenue, alongside Group adjusted PBT.

Significant competitive moats

We are now the number one rated company of scale in the world across all categories on Trustpilot, with over 750,000 reviews at an average rating of 4.9/5. This is an incredible achievement and holds a huge value for the brand and business.

It's particularly impressive given the nature of what we do. Our products and services have a huge impact on people's lives, and we sell them in one of the most competitively transparent price environments. What's more, we fulfil largely on a two-man delivery basis that requires us to enter customers' homes - rather than simply handing over a parcel - and complete hugely complex tasks like product installations, as well as removing items to be recycled within our operations. There are an awful lot of moving parts, but the AO machine is well-oiled and highly efficient, as our customer ratings demonstrate.

We do all of this in partnership with world-leading manufacturers and brand owners. We're fully integrated into their businesses, both commercially and through their supply chains, and our status as the most trusted electrical retailer is critically important to them.

Our shared obsession with amazing first time customer service and creating magic in the moments that matter is a true brand differentiator and a significant moat around the business.

To do this at scale, and with structurally better unit economics than our competitors, is extremely hard to copy.

We're in a low-frequency category and so building brand and reputation also takes time and significant investment. First-time customers cost a lot more than repeating customers - so when we get customers to commit to being members, they are meaningfully more valuable.

And of course, our people are our biggest differentiator. Whether they support customers directly or indirectly, or work with our partners, their passion and dedication is humbling and I'm incredibly proud of what we've all achieved together this year.

You can't pay people to care and yet it is that ingredient that is the magic and core to our culture. We'll continue to invest in creating and fostering an environment for our people to grow into the best version of themselves.

All of these are moats around our business and building them is hard yet they are assets that sit on the balance sheet at zero. They also require significant investment, because the cost of innovation is front loaded and takes time to pay back.

Growing loyal customers, expanding categories

It took us over 10 years to serve the first million customers and we served about 10m customers in the following 10 years. In the last five years, we've served 7.5m unique customers – many of them repeating – and over 5m of them had never shopped with us before 2021.

Category-wise, in the first five years of offering non-MDA products, we sold just over 3m units. In the last five years, we've sold nearly 5m units, and many of those customers originally bought only MDA from us. We have also fixed the unit economics in the newer, non-MDA categories whereby virtually all orders are margin accretive compared to the first five years when they were margin dilutive as we built scale, reputation and credibility.

Our gap now is simply one of education and making customers aware that we sell these new categories with a better price and proposition than our competitors. It will take time, but we can do this very cost effectively, by marketing directly to our own base – and it is working.

Our finance base continues to grow, as does its value. We now have over 500,000 finance customers with just under £1bn of available finance to spend with us. Over 1m customers see the value of AO Care Insurance and pay monthly to protect themselves from the unforeseen cost of product failure.

Our membership programme overarches all of these customer cohorts. We are pleased with the progress of membership, where customers pay £39 per year to benefit from free delivery, free recycling and exclusive prices. All metrics, including acquisition and renewal rates as well as the share of wallet that members reward us with, are on track.

All these cohorts of customers are more valuable than a standard customer to us, so, as time progresses, and more customers become members and more members buy more services from us, the more we are able to share the economics to bring them even better value. As well as widening the moat, this also gives us more predictability and visibility of future spend and sales to make the business ever more robust.

Mobile

The most challenged part of the group remains our mobile division because the market continues to structurally move away from the phone and

contract bundle market towards SIM only, with handset renewal cycles slowing again. These challenges have led to an impairment charge for the Mobile business. Nonetheless, Mobile as a category is strategically important to the Group, both through a consumer and supplier lens. We intend to offer both a SIM only and credit backed SIM free products on ao.com in the future. We will review our post pay connection business as we do not have appetite for continued losses in this area.

musicMagpie

During the year, I was delighted to welcome the team from musicMagpie to the AO family. Steve Oliver founded and built an amazing culture that dovetails perfectly into our AO world. The opportunities that exist by plugging their capabilities into our platform are significant, and will enable us to share even more value with customers to make AO even more of a no-brainer choice. musicMagpie is the world's biggest seller on both eBay and Amazon Marketplace and so has a huge amount of rich data and capability for us to use, while removing lots of customer acquisition costs that we can pass back to customers through higher trade in and residual product values. It's early days, but all signs are very exciting.

Mitigating increased costs

The changes within the 2024 Budget has added to our cost bill, as it has for every other retailer. However, we believe we can largely mitigate the cost headwinds through a range of initiatives. We anticipate that our sales will remain robust because our core customer base is the least affected by economic environment, and the majority of our sales are distressed purchases and replacements.

Looking ahead

We are now five years since the Covid spike in volumes through the 2020 and 2021 lockdown period; consequently, the three years since have seen record low volumes. However, people have been working at home more than ever, meaning electrical products have been used more. Whilst it's impossible to predict exactly, I'm hopeful that over the next couple of years, we will start to see some renewal cycles flowing in to market demand and we are now extremely well placed to capitalise fully when that does arrive. As a result of all of the above, I am optimistic about the year ahead and believe we have the right people, strategy and operational model to make the most of the exciting opportunities in front of us.

John Roberts

Founder and Chief Executive Officer

¹ Figures stated on this page exclude any revenue or profit/loss from musicMagpie

Financial & Operational Review



“We have continued to deliver exceptional service to our customers and I’m pleased with the resultant revenue growth and profitability.”

Adjusted profit before tax growth outpaced revenue growth

We have successfully returned to growth, repositioning the business with our membership model underpinning sustainable long-term value creation. Group revenue has grown over 9% in the year, with our underlying retail business delivering double digit growth. Our impressive Trustpilot rating (4.9/5) demonstrates that our large customer base is consistently delighted by our service. The well documented pressures on the UK consumer have inevitably impacted demand in the electricals market, however, our core business of MDA - which represents about 60% of our total revenue - remains robust. In the coming year I expect us to continue to grow revenue, control and leverage our costs with scale towards our medium term 5% PBT target, and convert those profits to cash.

Operational highlights

B2C Retail

Our B2C Retail business is one of the UK's market leaders in MDA retailing. We serve customers directly through our website, ao.com as well as through various marketplaces. Established over 20 years ago, we offer a comprehensive range of MDA products, smaller domestic appliances, computing, AV, mobile phones, consumer electronics, gaming and smart home products.

ao.com, is the cornerstone of our retail operations and we pride ourselves on our exceptional customer service, extensive product range and competitive pricing. We are committed to enhancing the customer experience through improved product

information, diverse payment options, flexible delivery and installation options, and recycling services. By continuously monitoring the market, we maintain our price promise to customers.

This year, over 650,000 new shoppers have chosen to buy from us bringing the total historical customer base on ao.com to over 12.5 million. We continue to report market-leading customer satisfaction scores with a Trustpilot rating of 4.9/5, on over 750,000 reviews, which undoubtedly supports a customer repeat rate of over 60% during the year. It also reflects our unwavering commitment to outstanding service, which we firmly believe is the most economical way to serve customers - that is, getting it right first time.

Our share of the total MDA market increased in the year by 1.1% to 16%, meaning that we have plenty of headroom to grow further in this core category. We continue to expand our product range in all categories, particularly those outside MDA, and now sell over 9,000 different SKU's; an increase of around 1,500 in the year.

Maintaining and improving brand awareness is key to driving new customers, and ensuring repeat customers keep returning. We continue to invest in advertising and marketing spend, with an increase in year on direct acquisition costs with immediate transaction links, as well as continued brand investment across sponsorships, postal mail brochures and other media.

As anticipated, there has been an impact to operational costs, particularly in our logistics operation, from inflationary pressures both in the year and as the benefit of multi-year contracts roll off. The largest increase in both quantum and percentage terms has been employment costs. This will only further increase in FY26 because of government policy changes to minimum wage and employers NI. We anticipate that this is likely to continue for the next few years, and so we will increasingly look to mitigate these costs through rationalisation, outsourcing and off-shoring.

Our Care production protection offering performed resiliently as customers continue to recognise the value and peace of mind that our plans offer. We have extended our partnership with Domestic & General in relation to the sale and promotion of our Care product protection plans to December 2033.

Shortly before the end of the period we extended our partnership for a further seven years with New Day, who provide our Customer Finance. The extension allows for a number of new innovative finance products that we look forward to being released in the coming year.

Mobile

Mobile is the largest category in the electrical sector by value, and a strategically important product for AO to make available to its customers - given it is the product they change the most frequently and have the most emotional attachment to. However,

our Mobile business has faced a challenging year, and the new contract mobile phone market decline of c13% has been driven by depressed customer demand, a lack of handset innovation and a move towards disaggregated contracts. The shrinking market, has forced up acquisition costs through affiliate channels and reduced margins as competitors fight for share which has ultimately led to an impairment in the goodwill and intangibles of the Mobile business of £19.6m. We have focused on delivering a competitive and compelling proposition for our customers, but this has resulted in losses in the year.

We have made strategic progress, notably securing an exclusive licence from Lebara to operate a mobile handset webshop under the Lebara brand, leveraging their customer base. In addition, we entered into an agreement with Samsung to provide customers buying handsets on the Samsung website with a bundled airtime contract.

As we enter the new financial year we are evaluating the non-core mobile websites with a view to finding a path to profitability, or closing those sites. We are looking to find sustainable solutions with the mobile network operators on whose behalf we connect customers to ensure that both parties make a sensible economic return. We will also enhance the offering on our main ao.com website and expect to launch a mobile virtual network operator proposition and improved customer finance offerings that will leverage our brand and position our proposition in a way that resonates with customer demand.

musicMagpie

We were delighted to welcome the musicMagpie team to the AO family in December 2024. The acquisition will augment our capability and value capture in the consumer technology categories as well as further driving our ESG credentials. We expect that in time this will improve the affordability of many products on ao.com for customers, helping to further differentiate the AO proposition.

Logistics

Our market-leading in-house logistics infrastructure enables the nationwide delivery of millions of products annually, seven days a week, serving both AO's retail business and third-party clients. Our delivery network operates from our central hub in Crewe and encompasses warehouses and distribution centres with a total of over 1.4 million sq ft of space, supplemented by a network of 16 delivery depots across the UK.

With our continued focus on profit and cash generation, our logistics division continued to look to drive costs down and enhance efficiencies within our delivery and warehousing operations throughout the year. Our operations are adaptable to the retail business's demands for driver resources and can leverage our operational gearing through third-party logistics. Our expertise in complex

two-person delivery, which is highly valued in our industry, allows us to achieve incremental profitability without detracting from our core business.

It is critically important that our people and our delivery partners are happy and feel valued in the work they do, given how central they are to delivering exceptional service to our customers. During the year we reviewed the structure of driver payments which has resulted in increased tenure with a consequential link to customer satisfaction.

As part of the Group's wider roadmap for technology development, during the year we commenced the process of replacing our warehouse management systems which are expected to go live in FY26. We continue to invest in our fleet with a focus on driving capacity per vehicle as well as moving our trunking fleet to compressed natural gas fuel, with the target of having the vast majority transitioned by 2030.

We also outsourced the warehousing of smaller products to a third-party early in FY25. This change has improved unit economics and enabled us to expand the range of products available to customers giving them more reasons to buy from us.

Recycling

Our recycling plant in Telford is one of the most sophisticated fridge recycling facilities in Europe and adhere to the highest UK and European standards. This ensures the safe and efficient capture of environmentally harmful gases and oils. We specialise in recycling refrigeration products, including large American style fridges, but also process all old fridges and other white goods. Our highly skilled repairs team refurbishes appliances that still have a useful life, which are then sold with a warranty through our established base of trade customers.

We recycled or reused over 1.2m products in the year, bringing the total number of products recycled or reused to over 8.5 million. We continue to promote recycling by making it easy and accessible to all our customers.

We invested in our plastics refining facility during the year with the addition of an extruder which processes the plastics flakes into pellet form – a more commoditised and valuable product. This has helped us develop our circular economy strategy with clients such as Volusion Group and Ultra-Polymers and we were pleased to have been awarded BEAMA's Net Zero Collaboration Award for our work with Vent-Axia (a Volusion Group brand), creating ventilation products from our recycled fridge plastics. Our medium-term strategic objective continues to be "Closing the Loop" partnerships with key manufacturers to supply recycled products to make electrical appliances and in doing so maximising value recovery.

Financial & Operational Review continued

We continue to collect third-party volumes using our own logistics network, providing efficient service from council amenity sites, while reducing the number of miles driven.

We continue to monitor potential legislative changes, including Extended Producer Responsibility and the possibility that retailers will have to take back old waste products for free when they deliver new ones. Although this will add complexity to our operation and comes at a cost, with our vertically integrated logistics and recycling businesses we would be best placed amongst our competition to deal with such a requirement should it arise and indeed it could provide further downstream opportunities.

Technology

During the year we continued to deliver against our multi-year technology strategy, with strong progress across digital, data, and core systems transformation. Our focus remained on enhancing customer experience, increasing operational efficiency, and building a scalable, resilient technology foundation for future growth.

We commenced Phase 2 of our ERP transformation programme, aiming at delivering significant process simplification and improved data visibility across supply chain & warehouse management. Our application modernisation agenda advanced further, including implementation of a new Contact Centre platform that will improve customer support experience and operational insight.

We also made progress in our data and analytics strategy—expanding our use of machine learning and advanced analytics to inform business decisions and enable more personalised customer interactions.

In parallel, we continued to invest in cyber security and resilience – focussing on technology, people and process – maintaining a strong security posture in an evolving threat landscape.

Looking forward we will complete the second phase of our ERP transformation programme in FY26. We will continue evolving our digital and data platforms—deepening the integration of AI/ML capabilities into core business processes and expanding the use of real-time data to improve responsiveness and performance. As part of our modernisation strategy, we will focus on rationalising legacy systems, accelerating cloud adoption, and continuing to shift undifferentiated workloads to enterprise-grade platforms.

Customer experience will remain a key priority. We will further enhance our personalisation capabilities, with new tools and data models aimed at delivering more relevant and engaging customer journeys across channels.

Finally, we will build on our progress in technology governance, architecture, and delivery capability—ensuring we can scale sustainably, innovate

responsibly, and support the evolving needs of the business.

Financial performance

The 2025 Financial Year saw a continued focus on growing revenue whilst generating profit and cash. The financial year covered a period of depressed consumer confidence because of the ongoing cost-of-living crisis as well as geopolitical events giving rise to uncertainty and volatility. Despite this backdrop, we maintained our strategy of delivering profitable, cash generative growth, through the following key steps:

1. Improving gross margin

We continued to improve our gross margin by optimising product margins and outsourcing the warehousing of small products to a third party. This transfer facilitated improved unit economics which has allowed us to increase the range of small products we offer to customers.

2. Optimisation of processes

A culture of continual improvement has delivered efficiency wins across our key operations including Logistics and Recycling. The vertically integrated nature of our business enables us to benefit from small changes in business units, generating financial gains to the P&L quickly, as well as capability wins for the business as we look to deliver profitable revenue growth.

3. Ongoing overhead control

We maintain our disciplined approach to overhead cost control. We are investing in making operational efficiencies to deal with inflationary pressures across all areas of overheads, specifically in our headcount cost.

4. Conversion of profit to cash

Converting profit to cash is a key component of our ability to deliver further growth. It has enabled us to invest in assets to drive the long-term profitability of the business. The current year has seen us continue to invest in our plastic processing plant at our recycling business and acquire musicMagpie to further strengthen our vertically integrated model.

We increased and extended our Revolving Credit Facility in October 2024 with the total facility increasing to £120m with the facility now due to expire in October 2028.

Our priorities for the current financial year remain to leverage our cost base and strengthen our balance sheet for profitable growth. AO remains a market leader in MDA in the UK with a 16% share of the total market, which provides us with a strong and resilient base from which to grow. Our strategy is to invest prudently in the business, seize the significant market opportunities that we see in front of us, and leverage our growing and loyal customer base.

The following commentary, unless otherwise stated, covers our UK business only and includes musicMagpie from the point of acquisition on 12th December 2024.

Revenue

	31 March 2025	31 March 2024 (represented see note 5)	% Change
1. Revenue Year ended £m			
B2C Retail revenue	831.9	743.5	11.9%
B2B Retail revenue	116.9	130.5	(10.5%)
Mobile revenue	94.4	106.3	(11.2%)
Re-commerce revenue	42.6	10.6	297.6%
Third-party logistics revenue	30.5	27.6	10.8%
Recycling revenue	21.3	20.8	2.6%
	1,137.5	1,039.3	9.5%

For the 12 months ended 31 March 2025, total Group revenue (including musicMagpie) increased by 9.5% to £1,137.5m (2024: £1,039.3m). LFL revenue increased YoY by 7% to £1,108bn.

B2C retail revenue

Revenue in our core B2C Retail business has increased 12% YoY in the in line with our plan to achieve double-digit revenue growth. This increase has been driven by growth in product, service and delivery and product protection plan revenue. Product, service and delivery 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 but also in other electrical appliances. Our MDA revenue increased YoY by c8%, with our total MDA market share increasing c1% to 16%.

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 10.5% YoY in B2B, as expected, in line with the groups focus on optimising for profitability.

Mobile revenue

Mobile revenue generated from commissions paid by the phone networks per connection, decreased as a result of a decline in the total new contract market, and as we optimise our margin and acquisition cost structure.

Re-commerce revenue

Recommerce revenue is generated from product sales through Elekdirect and musicMagpie as well as reworked recycled products through AO Recycling. Revenue grew YoY by £32.0m mainly as a result of the acquisition of musicMagpie on 12th December 2024.

Third-party logistics revenue

Third-party logistics increased YoY by 10.8%, generating total revenue of £30.5m. Our expertise in complex two-person delivery is highly valued in our industry, and we undertake a number of deliveries and other services on behalf of third-party clients in the UK including Hisense and Simba. This revenue delivers incremental profitability. The business will continue to maximise this revenue opportunity to leverage our operational gearing, without it distracting from the core business.

Recycling revenue

Recycling revenues increased 2.6% over the year, which again was a pleasing performance when taking into account the wider trading environment. Increased MDA sales and uptake of our recycling service by customers increased processed volumes year on year along with the introduction of the palletisation of plastic. This increase in volumes was offset by a decrease in output prices for recycled materials due to market forces.

Financial & Operational Review continued

Gross margin

	31 March 2025	31 March 2024	% Change
2. Gross Margin Year ended £m			
Gross profit	276.0	243.3	13.5%
Gross margin	24.3%	23.4%	+ 0.9 ppts

Gross profit, including product margins, services and delivery costs, increased by 13.5% to £276.0m (2024: £243.3m), against a sales increase of 9.5%. Gross margin increased by 0.9ppts to 24.3%. This increase reflects the significant steps taken by the business to offset inflationary increases in operational costs through operational efficiencies, pricing actions and optimising margin.

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

	31 March 2025	31 March 2024	% Change
3. Selling, General & Administrative Expenses ("SG&A") Year ended £m			
Advertising and marketing	44.4	40.5	9.7%
% of revenue	3.9%	3.9%	
Warehousing	62.0	52.2	18.8%
% of revenue	5.4%	5.0%	
Other admin	125.7	115.0	9.3%
% of revenue	11.0%	11.1%	
Administrative expenses before adjusting items	232.1	207.7	11.7%
% of revenue	20.4%	20.0%	
Adjusting items	22.9	-	100%
% of revenue	2.0%	-	
Total Administrative expenses	255.0	207.7	22.9%
% of revenue	22.4%	20.0%	

SG&A costs, excluding the adjusting items (see Alternative Performance measures for further detail) increased to £232.1m (2024: £207.7m). Costs increased as a percentage of sales as a result of increased warehouse costs.

Advertising and marketing costs increased to £44.4m (2024: £40.5m) but remained flat as a percentage of revenue at 3.9%. We have seen a small increase in acquisition spend as a percentage of total revenue and have chosen to invest in direct marketing channels and move away from TV spend.

Warehousing costs, which include the costs of running our central warehouses for both our customers and for our third-party customers, the outbase infrastructure and our recycling operation increased to £62.0m (2024: £52.2m). The impact of inflation saw an increase in general property costs including rates; increased operational labour costs as well as an increase in rent for one of our central warehouses. Operational efficiencies including outsourcing the warehousing of SDA products and leasing warehouse space to third parties acted to partly offset the inflationary costs.

Other admin costs have marginally decreased as a percentage of revenue, with total pound spend in the year of £125.7m (2024: £115.0m). Inflationary pressures, mainly driven by wage inflation offset by our continued drive to right size the business and drive efficiencies.

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 is calculated by adding back or deducting Adjusting Items to Profit Before Tax. Adjusting Items are those items which 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.

Adjusting items of £22.9m for the year ended 31 March 2025 are as follows:

- On 12th December 2024, the Group acquired the whole of the issued and to be issued share capital of musicMagpie plc. Costs, relating to advisor fees, incurred during the period in relation to this transaction total £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 have been treated as adjusting items and are added back in arriving at Adjusted profit before tax. There were no Adjusting Items in the prior year.

LFL adjusted profit before tax (PBT)

To give a meaningful comparison against prior years and in line with guidance previously given to the market we have stated a LFL adjusted PBT number. This is Adjusted PBT adding back the pre-tax losses of musicMagpie of £1.7m for the period from acquisition to 31st March 2025 to enable comparison on a LFL adjusted basis.

The reconciliation of statutory PBT to Adjusted PBT and LFL adjusted PBT is set out in table 4.

4. Adjusted PBT and LFL Adjusted PBT

Year ended £m	31 March 2025	31 March 2024	% Change
Profit before tax	20.6	34.3	(40%)
Adjusting Items	22.9	-	100%
Adjusted profit before tax	43.5	34.3	27%
Adjusted profit before tax as % of Revenue	3.8%	3.3%	
musicMagpie losses	1.7	-	
LFL adjusted profit before tax	45.2	34.3	32%
LFL adjusted profit before tax as % of revenue	4.1%	3.3%	

Taxation

The tax charge for the year was £10.9m (2024: £9.6m) resulting in an effective rate of tax for the year of 53.0%. The effective rate of tax is higher than the UK corporation tax rate for the period of 25% predominantly due to the impact of the non-deductible adjusting items (see above) in particular the goodwill impairment of £14.7m and the acquisition costs of £3.3m. Excluding these adjusting items, the effective rate of tax for the year would have been 28.3%.

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 have performed an assessment of this legislation and do not expect a potential exposure to Pillar Two income taxes.

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

Financial & Operational Review continued

Retained profit for the year and earnings per share

The Group's retained profit for the year was £10.5m (2024: £24.7m).

Earnings per share were as follows:

12 months ended £m	31 March 2025	31 March 2024
Profit		
Profit attributable to Owners of the Parent Company from Continuing operations	9.7	24.7
Profit attributable to Owners of the Parent Company from Discontinued operations	0.8	-
Earnings attributable to owners of the parent company	10.5	24.7
Adjusting items- see table 4 above	22.9	-
Adjusted earnings attributable to owners of the parent company	33.4	24.7
Number of shares		
Weighted average shares in issue for the purposes of basic earnings per share	571,918,807	577,184,050
Potentially dilutive shares	21,413,462	21,058,825
Diluted weighted average number of shares	593,332,269	598,242,875
Earnings per share from continuing operations (pence per share)		
Basic earnings per share	1.70	4.29
Diluted earnings per share	1.63	4.14
Adjusted basic earnings per share	5.70	4.29
Earnings per share from continuing and discontinued operations (pence per share)		
Basic earnings per share	1.83	4.29
Diluted earnings per share	1.76	4.14
Adjusted basic earnings per share	5.84	4.29

Adjusted basic earnings per share is calculated by adding back the Adjusting items – see table 4 above

Cash resources and cashflow

At 31 March 2025, the Group's available liquidity, being Cash and cash equivalents plus amounts undrawn on its revolving credit facility, was £147.3m (2024: £116.4m). On 8 October 2024, the Group amended and extended its Revolving Credit Facility with the total facility increasing from £80m to £120m which now expires in October 2028. The total amount utilised at 31 March 2025 on the existing facility was £0.1m and represents letters of credit (2024: £3.7m of guarantees and letters of credit).

During the year, the Group had a cash outflow of £12.7m (2024: £21.0m inflow) as set out in the table below:

As at £m	31 March 2025			31 March 2024		
	UK	Germany	Total	UK	Germany	Total
Cashflow from operating activities	56.8	1.2	58.0	62.1	(0.5)	61.6
Cashflow from investing activities	(13.5)	-	(13.5)	(7.6)	-	(7.6)
Cashflow from financing activities	(57.1)	(0.1)	(57.2)	(32.9)	(0.1)	(33.0)
Cash movement in the year	(13.8)	1.1	(12.7)	21.6	(0.6)	21.0

Cashflow from UK operating activities £56.8m (2024: £62.1m)

Despite the improvement in the operating performance in the year as detailed above, operating cashflows reduced largely due to an increase in tax payments (£9.3m v £1.2m) as a consequence of the majority of tax losses being utilised in the prior year. Working capital continued to be well controlled with key movements set out in the table below.

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

As at £m	31 March 2025			31 March 2024		
	UK	Germany	Total	UK	Germany	Total
Inventories	88.5	-	88.5	79.5	-	79.5
Trade and other receivables	191.0	-	191.0	205.1	-	205.1
Trade and other payables	(212.9)	-	(212.9)	(228.0)	(0.1)	(228.1)
Net working capital	66.6	-	66.6	56.6	(0.1)	56.5

Inventories increased by £9m in the year principally as a result of the acquisition of musicMagpie (£5m) and within our Retail business where we continue to improve availability as well as broadening the range of products, particularly in new categories. Inventory days were 47 days at 31 March 2025 (31 March 2024: 43 days).

Trade and other receivables reduced by £14m to £191m. This was driven in the main by the impact of lower connection volumes in our Mobile business with cash received from past connections outweighing new income recognised.

Trade and other payables reduced by £15m to £213m. This again was impacted by Mobile with reduced connections impacting the purchases in the last quarter in addition to a reduction in upfront payments received from the networks. In the rest of the Group, the phasing of purchases in Q4 of each year in Retail impacted the year end position and the acquisition of musicMagpie added c£6m of payables to the current year. Creditor days at 31 March 2025 were 52 (31 March 2024: 55) reflecting continued support from our supplier base.

Cashflow from UK investing activities £13.5m outflow (2024: £7.6m outflow)

Cash capital expenditure in the year of £8.8m principally related to the continued refresh of delivery vehicles in Logistics and further investment in our Recycling activities. In addition, in December 2024, the Group acquired the whole of the issued share capital of musicMagpie for net cash consideration of £5.7m.

Cashflow from UK financing activities £57.1m outflow (2024: £32.9m outflow)

The cash outflow principally related to lease repayments of £21.2m (2024: £18.4m), the purchase in the market, by the Company's EBT of shares in the Company totalling £11.1m (2024: £nil) including transaction fees, repayment of borrowings acquired with musicMagpie of £19.1m and net interest paid of £5.7m (2024: £6.9m). The prior year also included the repayment of borrowings on the Group's revolving credit facility of £10.0m.

Net funds and total net debt

As a result of the above movements, Net funds and Total net debt were as follows:

As at £m	31 March 2025 £m	31 March 2024 £m
Cash and cash equivalents at year end	27.4	40.1
Borrowings - Repayable within one year	(0.2)	(0.2)
Borrowings - Repayable after one year	(1.7)	(1.9)
Owned asset lease liabilities - Repayable within one year	(0.7)	(1.6)
Owned asset lease liabilities - Repayable after one year	(1.4)	(2.0)
Net funds excluding leases relating to right-of-use assets	23.4	34.4
Right of use asset lease liabilities - Repayable within one year	(17.7)	(15.4)
Right of use asset lease liabilities - Repayable after one year	(41.5)	(49.8)
Net debt	(35.9)	(30.8)

Borrowings of £1.9m (2023: £2.1m) relate to a mortgage used to partly fund the acquisition of one of the Group's recycling sites.

Lease liabilities decreased by £7.4m to £61.4m (2024: £68.8m) principally reflecting capital repayments of £21.2m offset partly by net new leases of £10.4m (including the reassessment of lease terms) mainly relating to leased premises in our Logistics business and £3.4m of property leases acquired with musicMagpie.

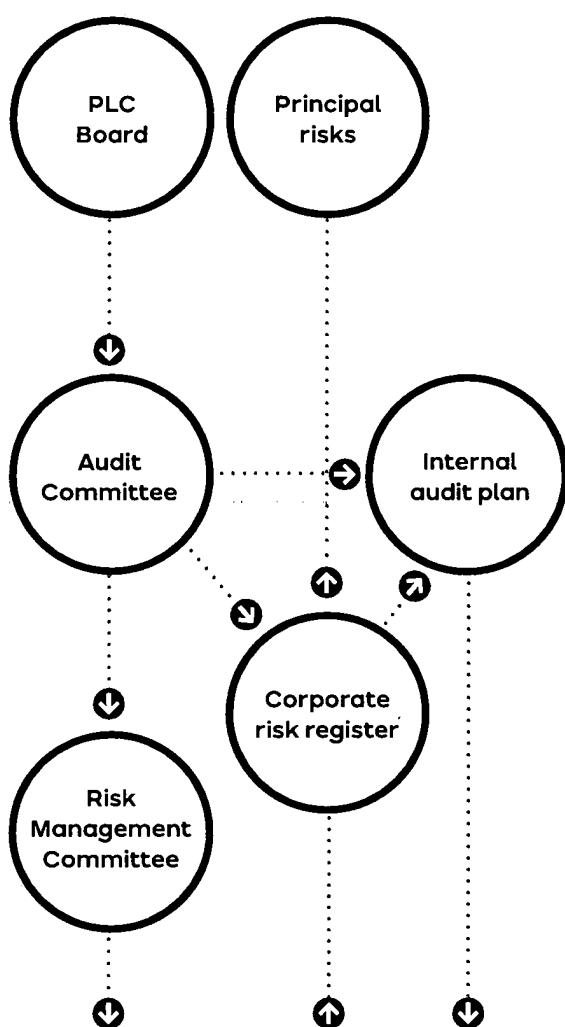
Mark Higgins

Group Chief Financial Officer and Chief Operating Officer

Our risks

How do we manage risk?

To manage our risks, we have developed an Enterprise Risk Management Framework ("ERM") with policies and processes in place for identifying and addressing risks and with clearly defined lines of responsibility, accountability and delegation of authority. An effective ERM allows us to identify, appropriately monitor and, to the extent possible, mitigate these risks in line with our risk appetite, so that we can deliver our strategic objectives and protect value for our key stakeholders.



Plc Board

- Has overall responsibility for effectiveness of AO's internal control and risk management process.
- Approves risk appetite and risk capacity and agrees on the principal risks and mitigation strategy.

Audit Committee

- Reviews corporate risk register bi-annually; is notified of any significant changes in perceived risk as appropriate.
- Annually appraises the Group's Enterprise Risk Management and Internal Control Framework and makes a recommendation to the Board as to its effectiveness.
- Oversees implementation of GRC tool in readiness to meet Code requirements.

Risk Management Committee ("RMC")

- Meets twice a year to review the Business Unit Risks, the status of the existing Corporate Risk Register ("CRR") and whether all risks are still current and relevant.
- Appraises newly identified risks to determine whether these impact existing risks or require inclusion on the CRR in their own right, including an assessment of how each risk is being mitigated, its inherent and residual risk and any changes.

Group Audit & Risk

- Shares risk management information and best practice across the AO Group.
- Provides independent assurance on risk management and controls.
- Monitors compliance, identifies gaps and improvements, recommends corrective action.
- Facilitates the administration of the governance, risk and compliance tool, which enables key controls self-attestation, improved management information and validation for the UK controls declaration.
- Issues the annual risk survey, summarises resulting into a thematic reporting pack for the RMC.

Business Unit Risk Management

- Meetings twice a year for each business unit or more frequently as required to assess emerging and existing risks, how these are being mitigated and how changes from within that business unit, or the wider Group, or even at a macro level, may impact them.
- Each business unit has its own risk register, assessing the likelihood and impact of the relevant risks, which together combine to form our Corporate Risk Register.

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.

Risk Assessment

The likelihood and impact of each risk is assessed against the Group's Risk Assessment matrix, which determines its risk factor and resulting risk category that ranges from minimal to significant or aggressive. This is then balanced with an "intuitive" assessment: Do these scores look right both from an individual perspective and comparatively? Are we missing anything? This process allows us to regularly understand the strength and performance of the controls in place and to address any potential gaps and weaknesses.

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.

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

We have a combined top-down and bottom-up approach to risk identification. Our Director of Group Audit and Risk meets with the senior team of each of our business units on twice per year (and more frequently as required) to assess emerging (and existing) risks, how these are being mitigated and how changes from within that business unit, or the wider Group, or even at a macro level, may impact them. Each business unit has its own risk register, assessing the likelihood and impact of the relevant risks, which, together, combine to form our Corporate Risk Register.

The legal team performs regular horizon scanning to understand emerging regulatory or legal risks and developments in governance and the ESG team raise developments in the ESG field – in particular, relating to environmental and climate risk.

We have an ESG steering team that supports local business owners to identify, mitigate and manage climate risk (both physical and transitional) to instil an overarching approach to ESG risk management. ESG risks continue to be identified and manage risk at a local level within business units.

We monitor market developments and macro-economic developments, and these are discussed at business unit risk management meetings.

Introduced in FY22, we run an annual risk survey where senior leaders from across the Group are asked to have their say on threats to AO in the short and medium to long term. The results of the survey will feed into the Risk Management Committee, reconciled to the Corporate Risk Register, and be included in the upcoming Board discussions on risk.

Key Achievements in FY25

- Expanded the Risk function to include Fraud, Health & Safety and Loss Prevention under the Director of Audit & Risk, enabling improved collaboration, coordinated activity and increasing their independence and objectivity.
- Extended the ERM to include musicMagpie, identifying risk by reconciling relevant business practices to AO's existing risk registers, and through SLT interview/group discussion; all risks have been assessed and have been given a gross risk rating.
- Completed a material fraud risk assessment and assurance mapping exercise for the Economic Crime and Corporate Transparency Act. The key controls will be included within the Groups GRC tool for periodic self-attestation and Internal Audit validation.
- Working towards the UK controls declaration (Provision 29 of Corporate Governance Code change), all risks from the business unit risk registers have been uploaded into the GRC tool with clear risk ownership assigned. We have begun to identify and map key controls, starting in Finance and Tech.

Key Actions for FY26

- Deeper dive into risks on the musicMagpie risk register and, where possible, improved quantification. Assurance mapping of controls and residual risk scoring to be completed.
- Completion of testing of GRC tool in Finance, Tech, Logistics and Recycling.
- Repeat controls identification, assurance mapping, training, UAT and rollout of the GRC tool to remaining business units in FY26.
- Periodic reporting on self-attestation compliance to the Plc Board and Audit Committee by the close of FY26.

Our risks continued

A

UK Electricals Market

Relevant strategic pillar

1

2

3

Nature of risk

Uncertainty in the UK (and global) economy has continued with the conflict in Ukraine, the situation in Gaza and recent trade tariffs being imposed by the US.

Inflation continues to squeeze many consumers, which can affect consumer demand (and, therefore, sales), sales rates or cancellation rates of product protection plans, defaults on mobile phone contracts or cancellations or a reduction in out-of-contract income or upgrade rates.

Additionally, our suppliers may be affected by global supply chain issues due to increased operating and transportation costs.

All these factors can drive competition and make forecasting challenging.

Control and mitigation

Customer proposition remains strong and in our core category of MDA it is difficult to replicate our infrastructure and processes.

Robust relationships with suppliers ensure we receive our fair supply of stock.

Our price match promise and technology ensure that customers get the best deals, and our digital acquisition capabilities ensure strong levels of traffic to our websites.

Outside of MDA, we have re-engineered the model to ensure we can offer smaller appliance and newer categories in a cost-effective way.

We have a good finance proposition, which enables more customers to easily spread the cost of their purchase.

We closely monitor competitor activity and have the ability to react quickly to ensure our proposition remains competitive. We continue to develop our customer retention strategies.

Overall change during the year

→

No change

We continue to see “soft” demand in our markets. Our MDA category has proved fairly resilient; however, the Mobile category has seen a material decline and more intense competition.

We have seen product protection plans take-up rates remain broadly the same YoY and cancellation rates relatively stable.

Whilst our supply chains have not been materially impacted by the geo-political conflicts or the US trade tariff programme to date, there is still potential for disruption.

Link to strategy

- 1

Brand Trust
- 2

Deepening Customer Relationships
- 3

Brilliant Retail Basic

B

IT Systems, Cybersecurity and Agility

Relevant strategic pillar

1

2

3

Nature of risk

AO's IT systems are critical for ongoing operations.

Significant downtime of the website or warehouse management system as a result of a successful systems breach or failure could affect the ability to trade and could affect our reputation.

The loss of sensitive information may compromise our future strategies or the loss of data relating to individuals may result in regulatory complaints/investigations and negative publicity.

Failure to invest in and develop our technological systems could cause us to rely on inefficient systems and processes

Control and mitigation

All self-built applications are built with high levels of redundancy, operational monitoring, active alerting, security controls and fault tolerance. These systems are supported 24/365.

Off-the-shelf products are subject to a procurement and review process to ensure that their failure modes, availability service levels and security qualities are well understood.

Information Security risks are mitigated through our security operations centre and dedicated infosec personnel. Cap analysis is conducted with Cartner focusing on 16 key metrics.

Regular training and simulations are undertaken alongside external penetration testing. Policies and standards are defined and communicated.

Improved data management and backup processes through enhanced security and the ability to restore critical data within a significantly reduced timescale.

Overall change during the year

↑

Increase

We are driving down our “Tech debt” and have improved the operational qualities of our systems estate, with regard to availability, performance, recovery and security.

We have transitioned our finance systems to Dynamics 365 and are looking toward Telephony and Warehouse Management System transformation over the next 12 months. The cyber threat landscape continues to become more complex and there have been recent attacks on major retailers. Against this, AO has continued to make improvements its cybersecurity posture.

Risk trend

- ↑

Increase
- ↓

Decrease
- No change

C Changes to and Compliance with laws and regulations

Relevant strategic pillar

1 2 3

Nature of risk

Changes in regulations or compliance failures may affect our strategy or operations, in particular in the following areas:

Data protection and privacy

- The basis upon which the Company offers and sells product protection plans including marketing requirements, rules around commission arrangements or fair value requirements or the basis upon which revenue from the sale of such plans is accounted for
- Financial Services regulation, consumer duty and rules around commission arrangements
- Driver employment status or general employment rights;
- Health and safety
- Mobile and Ofcom rules and guidance
- Environmental, Social & Governance

Control and mitigation

Regulatory developments are routinely monitored to ensure that potential changes are identified, assessed and appropriate action is taken.

AO is supported by a legal team who promote awareness and best practice, an internal audit team which provide assurance on compliance and a health and safety function.

Further specific governance and steering committees oversee key regulatory risks, such as data protection and security, health and safety and financial services.

Third-party legal advice is sought where necessary and any recommendations are implemented and subject to ongoing monitoring.

Regular training is conducted, through the learning management system and, in operational areas, face-to-face Health and Safety module, as appropriate.

H&S risk assessment programme is in place covering all areas. Policies and standards defined and communicated.

Overall change during the year

↑ Increase

The pace of regulatory change is increasing and the new government has promised a wave of new UK legislation to reshape and redefine compliance standards. From employment law changes, FCA developments and OFCOM rule changes to greater general scrutiny in digital markets and increased powers for enforcement bodies; we will need to stay ahead to navigate these changes effectively.

D Culture and people

Relevant strategic pillar

1 2 3

Nature of risk

Culture is a key ingredient in the success of the business and a unique differentiator from our competitors.

A failure to maintain the culture could affect all areas of the business including our ability to attract and retain customers, and our relationships with suppliers and partners. This risk could increase with outsourcing of certain areas of the business. It could be further impacted by significant erosion of our leadership team and/or not having the right amount and capability of dedicated people across the Group.

There is further the risk of industrial action in our operational areas due to pay expectations.

Risk drivers include wage inflation, working policies, areas of national skills shortage and engagement.

Control and mitigation

The Group's leadership team has a shared responsibility to drive culture throughout the business on the basis of AO's values. Engagement is promoted both locally and Group-wide through various forums. Employee surveys and engagement groups run to understand any issues and what we can do better.

Any outsourcing will be done to selected partners who we are confident will live the same culture and values and understand AO's ethos and philosophy.

Attractive remuneration and benefits packages with incentives for senior management and the value creation plan for the whole employee population help to attract, motivate and retain. We ensure that pay levels for all employees are fair and benchmarked. We work closely with the unions to understand any issues.

Learning and Development hub and programmes develop our people alongside a variety of apprenticeship programmes.

Overall change during the year

→ No change

Our culture has benefited from the further stability of the business over the year and our ways of working are now settled and embraced.

Our Engagement Index Score score has remained materially constant YoY.

Our risks continued

E Business Interruption

Relevant strategic pillar

1 2 3

Nature of risk

A disastrous event occurring at, or around, one or more of the Group's sites, including our main distribution centres, may affect the ongoing performance of our operations and negatively impact the Group's finances and our customers.

Control and mitigation

Our multi-site distribution network in Crewe reduces the single point of failure risk and reliance on any one distribution centre.

Dedicated engineering teams on site with daily maintenance programmes to support the continued operation of the multi-site distribution network in Crewe and Head Office.

A number of standalone controls are in place to mitigate a major event occurring at one of the Group's sites.

Insurance policies are also in place to further mitigate this risk.

Overall change during the year

→ No change

There is ongoing work towards the implementation of an improved Crisis Management Plan across the Group.

During the year, we have undertaken a BI exercise in conjunction with our insurances brokers to give us a comprehensive view of impact analysis for logistics and recycling.

Link to strategy

- 1** Brand Trust
- 2** Deepening Customer Relationships
- 3** Brilliant Retail Basic

F Key Commercial Partnership

Relevant strategic pillar

1 2 3

Nature of risk

The achievement of our strategy is partly dependent upon relations, support and the service provided by key suppliers. If there was failure on the part of the suppliers or partners, or a breakdown in our relationship, this would affect our proposition to the customer, and ultimately sales and profit.

Key partners include:

- Manufacturers and distributors;
- Delivery partners;
- Mobile network operators;
- Finance and Insurance providers;
- B2B and Third-Party Logistics clients; and
- Plant and information technology systems suppliers.

The risk includes the ability to achieve favourable terms, competitive rebates being agreed, the ability to attract premium brand suppliers and the risk that we fail to ensure we get a fair allocation of stock where it is available in limited quantities.

Control and mitigation

There is ongoing management of relationships with key suppliers to ensure strong business relations. We are careful to listen to the concerns of all suppliers and clients and act accordingly; have regular meetings at both operational levels and strategic levels with key suppliers, and put in place clear service-level agreements to ensure suppliers have a good understanding of, and are able to meet, our expectations.

In terms of rebates, these are formally agreed with suppliers via annual trading terms. Rebates for stretch targets are not included in financial reporting until the targets are achieved. There is ongoing management of stock availability and stock procurement to minimise supply chain disruption and customer dissatisfaction. This is balanced with the continuous management of working capital to ensure cash liquidity and headroom.

Overall change during the year

↓ Decrease

Our manufacturer and supplier relationships have continued to be strong over the year, with the improvement in liquidity and simplification in strategy enabling us to enhance these even further, ensuring good allocation of available stock.

Our relationships with D&C and NewDay remain strong and we have renewed our contracts with both parties as we ensure we deliver the right insurance and finance offerings in this regulated space.

Whilst the continued decline of the post-pay mobile market puts pressure on relationships with MNO partners, this is balanced with some improvements in reaching strategic partnerships.

Risk trend

- ↑ Increase
- ↓ Decrease
- No change

Viability assessment

In accordance with paragraph 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the viability of the Company and the Group over a three-year period to 31 March 2028. 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 24 to 26; 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.

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 02 to 48. The financial position of the Group and its cash flows are described in the Chief Financial Officer's review

on pages 14 to 21. 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 pages 24 to 26.

Notwithstanding net current liabilities of £9.2m as at 31 March 2025, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Group meets its day-to-day working capital requirements from its cash balances and the availability of its £120m revolving credit facility (which was amended and extended in October 2024 to now expire in October 2028).

The Directors have prepared base and sensitised cash flow forecasts for the Group for a period of 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 2025. Further sensitivities have been modelled to reduce gross margin by 1% and to assume greater than inflation staff costs for non head office staff.

Although not modelled in the severe but plausible downside scenario, 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.

Section 172 Statement and engaging with our stakeholders

The Board has a duty under section 172 of the Companies Act 2006 ("s172") to act in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its shareholders. In doing so, the Board must have regard to the matters set out in s172.

Section 414CZA of the Companies Act 2006 requires the Board to describe in this Annual Report how, during the financial year, they have had regard to the matters in s172 when performing their duty (a "s172 statement"). This section (pages 28 to 30) should be taken as the s172 statement for the year ended 31 March 2025 and is intended to give information relevant to the requirements on employee engagement and fostering business relationships set out in the Large and Medium-sized Companies Regulations 2008 (SI2008/410).

To fully understand how the Board has regard to the matters in s172, readers are encouraged to read the "How we create value" section on pages 04 to 05, the

"Fair, equal and responsible" section on pages 42 to 46 and the "Stakeholder voice into the Boardroom" section on page 61.

To enable them to have regard to the matters set out in s172, the Board seeks to understand the interests of stakeholders and, therefore, receives regular updates on the Group's engagement with the various stakeholder groups. The Group's key stakeholder groups are Customers, People, Suppliers and Partners, the Community, Shareholders and Regulators. The engagement with each of the key stakeholder groups is described in more detail below:

An example of how the Board have regard to the matters in s172 when making decisions

During 2024, the Board were asked to consider a proposal to acquire musicMagpie PLC. In considering the proposal, the Board had particular regard to:

- The likely consequences of this decision in the long term: the Board considered that the acquisition presented a strategic opportunity to integrate one of the UK's leading mobile recommerce operators into the wider AO business. With highly complementary business models, the Board considered that the acquisition would enable AO to broaden its customer offerings while simultaneously advancing its sustainability objectives.
- The interests of its employees: as explained above, the Board considered the acquisition would support growth, which would benefit team members by securing employment for both existing AO employees and employees of musicMagpie.
- The need to foster the Company's business relationships with suppliers, customers and others: the Board considered that a top-tier trade-in service was essential for AO to enhance its consumer tech offering and that musicMagpie represented a significant enabler in unlocking value through AO's reverse supply chain. Moreover, the Board considered that musicMagpie itself, as part of the enlarged AO business, stood to leverage AO's existing supply channels, which could lower its cost of acquisition and allow them to scale refurbished technology with operational precision. musicMagpie's commitment to customer satisfaction and its exceptional brand are closely aligned with our values, and our shared cultures create a strong foundation for collaboration.
- The impact of the Company's operations on the community and the environment: the Board considered that the alignment of the two business positioned them to drive growth and innovation in an increasingly environmentally-conscious market.
- The desirability of the Company maintaining a reputation for high standards of business conduct: the Board considered that musicMagpie's commitment to customer satisfaction and its exceptional brand were closely aligned with AO's values, with these shared cultures creating a strong foundation for collaboration.

Key stakeholder group	How we engage	What matters to them	How we have responded
Customers Understanding our customers is critical to the success of our Group. This allows us to continually improve our customer proposition, thereby driving sales, increasing profitability, and allowing us to invest in and innovate our capabilities, and leverage new opportunities.	- Dedicated, highly responsive customer service centre, a variety of digital communication channels, including social media platforms and Chatbot - Dedicated account management for B2B clients - Collection of customer satisfaction metrics, use of feedback and review platforms (such as Trustpilot), extensive customer research, including surveys, data analytics and virtual customer lab sessions	- Brilliant customer service through the purchasing journey and during the life of their products - Value for money - Environmental impacts and compliance matters, such as the protection of their data	- Continuous focus on the quality of product information, including information on product running costs - Continuous improvements in communications and processes in the event of order issues, delays or faulty products - Initiatives designed to promote brilliant customer service, such as membership, our 5* service level agreement and our “expert agent” programme
People Our AO culture is the most important element in binding the competencies in our business model together.	- Regular business updates provided through our electronic information channels and the CEO’s in-person “State of the Nation” updates and Q&A sessions - Feedback mechanisms including employee surveys, engagement forums, listening groups and a confidential whistleblowing hotline - Formal partnership with USDAW (in Logistics business)	- A positive culture, well-being, and health and safety - Reward and benefits - Career and development opportunities	- One-day training sessions for all new starters, led by the CEO, providing an understanding of AO’s mission, purpose and values - Bespoke health and safety training courses designed and continual investment in safe working practices - Pay increases applied to all team members, several talent development programmes and AO Play (our interactive learning and development tool containing numerous courses).
Suppliers and Partners Our relationships with suppliers and partners remain critical to our performance. We believe that we and our suppliers benefit the most where we have long-term, mutually supportive relationships, and work with them to ensure that our respective standards and expectations of business conduct are adhered to.	- Annual “top to top” (CEO) meetings to understand how we maximise our mutual objectives - Buying visits to see and understand product roadmaps and capabilities - Steering and governance meetings with finance partners	- Long-term, mutually supportive and collaborative relationships - Customer proposition enhancements, including the provision of quality product information and brilliant after-care - Payment practices	- Continued focus on effective supplier onboarding - Quarterly review sessions with all key suppliers to ensure plans are working and aligned - Continual improvements to product information and recommendations to better explain the manufacturers’ products

Section 172 Statement and engaging with our stakeholders continued

Key stakeholder group	How we engage	What matters to them	How we have responded
The Community As a Group, we aim to build relationships and support the communities where we operate. We consider the social and environmental impact of our operations and are fully committed to responsible retailing.	- Supporting charities, participating in fundraising initiatives and promoting sports and youth groups - Employability forums and linking with employment services and educational institutions - Participation in recycling forums and fostering relations with the Environment Agency and bodies, such as WEEELABEX	- Environmental performance and recycling of waste products - Investment and community support - Sustainability initiatives	- Continued focus on our environmental impact and investigation of alternative fuel vehicles for our logistics fleet - Continued investment in our in-house recycling capabilities - Promoting fundraising efforts through the AO Smile Foundation's matched fundraising programmes
Shareholders Access to capital is vital to the long-term performance of our business. We aim to provide our shareholders with fair, balanced and understandable information on our strategy, business model, culture, performance and governance.	- Financial results presentations - Institutional investor roadshows and investor conferences - Regular meetings with shareholders and analysts, conducted by the Executive Directors and, where relevant to their area of responsibility, the Chair and the Board Committee Chairs	- Performance, returns and the provision of operational and financial information - Opportunities and strategic ambition - Risk appetite and governance controls	- Continued focus on profitability and cash generation - Continuous improvement of operational and financial controls, including support systems - Regular communication between the Board and the investment community
Regulators Compliance with and anticipating changes to regulations is key to our continued success. Important regulatory bodies include the FCA, due to both our market listing and our financial services activities, the ICO, due to the volume of customer data we process, and VOSA, due to the size of our logistics fleet.	- Attending regulatory updates and horizon scanning - Participation in regulatory surveys - Participation in industry consultations, such as the recent consultation to amend or replace the current Waste Electrical and Electronic Equipment (WEEE) Regulation	- Compliance and cooperation - Environmental impact - Public safety	- Maintaining an effective internal control framework and meeting all public disclosure requirements - Progressing on our carbon reduction programme - Embedding a SMCR governance framework, with Board-level oversight, to protect consumers of our financial services products

Sustainability

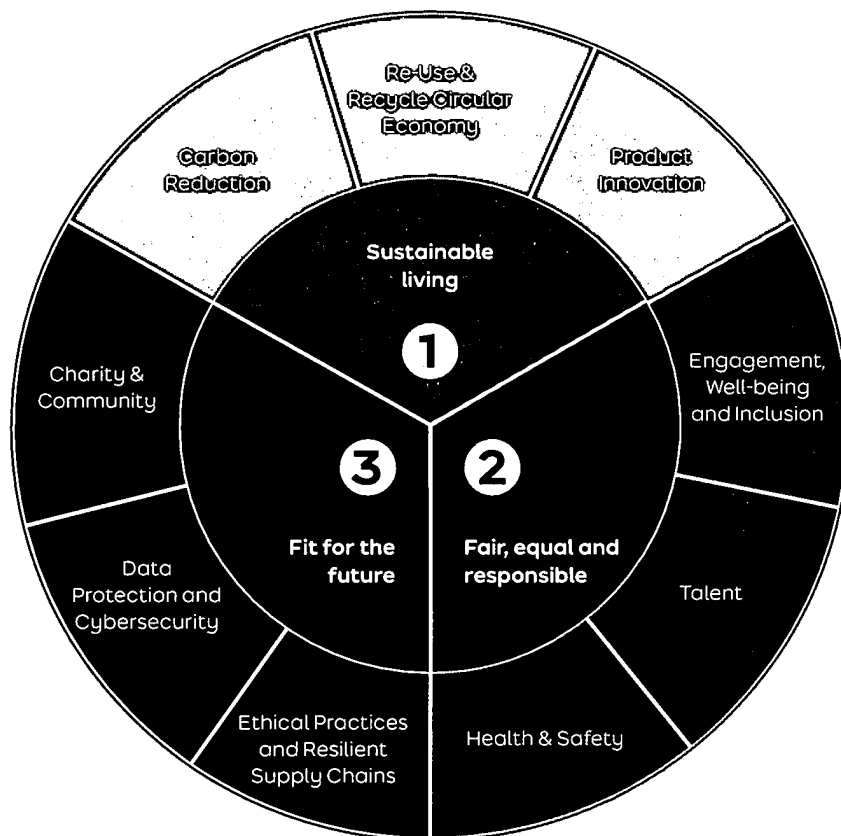
Our operations, behaviour and how we treat our people and communities have a wide-reaching impact on the environment and society.

We understand the importance of aligning our purpose, values and strategy with the needs of our stakeholders to build long-term value in a sustainable way. We see sustainability as an investment to stay relevant for customers, suppliers and our people, whilst protecting the plant and driving down costs and realising efficiencies in our operations.

Sustainability is entrenched across AO's business with our continued investment in our vertically integrated recycling facilities and plastics refining facility (with the addition of the "extruder" added during the year) and our recent acquisition of musicMagpie, which buys unwanted tech and sells refurbished products, supporting the circular economy and driving down waste.

We are driving forward initiatives to reduce carbon in our logistics operations and continue to promote the well-being of our people and our community outreach projects.

Our ESG strategy is made up of 3 pillars addressing our material topics*, and our long-term objectives remain unchanged



* 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 our material sustainability risks remain unchanged as against previous years.

1 Sustainable living

Promote circular and sustainable consumption and recycling

We've invested significantly in our in-house rework and recycling capabilities over the years, taking responsibility for the lifecycle of the products we sell. We offer our customers the option of collection of their Waste Electrical and Electronic Equipment ("WEEE") and take it back to our facilities. Our priority is to repair and refurbish an appliance where this is appropriate, giving it a new lease of life thus preventing goods from being prematurely recycled. If reuse is not appropriate, we responsibly recycle the product, maximising the value recovered.

Our plastics refining facility was enhanced through the year with the addition of an extruder which refines the plastics flakes into pellet form - a more commoditised and valuable product. This has helped us develop our circular economy strategy with clients such as Volution Group and Ultra-Polymers and we were pleased to have been

awarded BEAMA's Net Zero Collaboration Award for our work with Vent-Axia (a Volution Group brand), creating ventilation products from our recycled fridge plastics.

We continue to work with an MDA manufacturer to meet our goal of creating a fridge from our fridge plastics. Progress is slow, and the legal requirements to achieve food grade plastic is a challenging process. However, laboratory tests and trials have been very successful and several prototype fridges have been manufactured. The final step is to be granted food grade approval, which is likely to be another 9-12 months.

With the acquisition of musicMagpie this year we're able to offer our customers the ability to trade-in unwanted consumer tech, either when buying new tech from us, or as a standalone service.



Since its inception, musicMagpie has had a core principal message for consumers: "smart for you, smart for the planet." As one of the largest recyclers of consumer mobile phones in the UK, sustainability and the circular economy are embedded within its business model. musicMagpie's core strategy is simple: to provide consumers with a smart, trusted and sustainable way to sell unwanted items and buy or rent refurbished consumer technology and physical media products.

Nearly 200,000 used consumer technology products were resold or rented in FY25. In addition, the Group re-sells millions of books and disc media each year that could have ended up as waste.

AO Armour

AO Armour is a new initiative implemented this year to maximise the value capture of "returned" products by minimising damage on the return journey. We used to use bubble wrap when collecting unwanted or faulty product. Now, we have started to use AO Armour; thick padded wraps with lids, which surround and are strapped to each individual product. Initial findings are showing more unwanted products making it back to retail grade rather than being damaged on the return journey. Faulty products are also returning in better condition, which helps diagnose faults.

Recycle and reuse KPIs

c.8.6m 

MDA appliances received since opening Telford for recycling or reuse

c.1.2m 

MDA appliances received in Telford in FY25 for recycling or reuse (up 11.6%)
FY24 1.0m

c.57k 

Damaged and faulty appliances processed at our reuse/rework facility in Crewe in FY25 (up 26.7%)
FY24 45k

c.9.3k 

Tonnes of Plastics processed at our plastics recycling and refining facility in FY25 (down 17%#)
FY24 11k

c.3.5k 

Tonnes of packaging processed at Telford in FY25 (up c.30%)
FY24 2.7k

c.191k* 

Used consumer technology products were resold or rented through Music Magpie in FY25 (up 6.09%)
FY24* 180k

volumes managed down due to market headwinds

*Figures given are for the 12 months to 31 March 2025, vs 12 months to November 2024

Supporting the transition to a low-carbon economy

The non-renewable energy sources used to power our buildings, recycling facilities and the products we sell, fossil fuels used in our transport fleet, and manufacturing within our global supply chains, all create greenhouse gases that are warming our planet.

At AO, we are committed to reducing our consumption appropriately where we can and seek renewable energy alternatives where cost effective. We also know that we must consider the impact, not just within our own operations but across our entire value chain, including how our customers use the products that we supply to them and ultimately how they are repaired or recycled at the end of their first life.

Note: Emissions quoted in the following sections are for the AO Group excluding the acquired musicMagpie Group, unless specified otherwise.

The total direct and indirect emissions of our Group during FY25 are estimated to stand at 1.49 million tCO₂e (FY24 1.41m), up 5.2% but our carbon intensity ratio is down from 21.12 to 20.12 (5.1% reduction) given an increase in revenues (and an increase in delivered units of c.15%)

Scope 1 – Fleet and Gas

The direct emissions of the AO Group for FY25 were c.1.3% of our total emissions (broadly flat YoY). The major contributor to our scope 1 emission is UK diesel due to the activities of our in house logistics and recycling fleets. The transition to a decarbonised fleet is a long-term strategic priority. In absolute terms our scope 1 emissions have increased very slightly YoY (+64 tCO₂e – a 0.3% increase). This is mainly due to an increase in reported gas usage with updated emission factors negatively affecting us. Vehicle emissions were down very slightly, again with update emission factors driving an increase but we have reduced fuel consumption YoY due to our continued investment in telematics and we are seeing benefits as we start to transition to alternative fuels.

Over the last 12 months, we have seen improvements in the technology of electric home delivery vans (EVs), with increased payload and range capabilities and have placed orders for 10 such vehicles to trial which are expected to arrive in the Summer. Assuming these are successful, we would look to roll in further EVs in our normal replacement cycle over the medium term to drive down our scope 1 emissions.

In relation to tractor units, we continue to monitor development of electric and hydrogen options, which are gathering pace. In the meantime we continue with our strategy of using bio Compressed Natural Gas (CNG) tractors as a transitional measure, now operating 10 with a further 20 expected to be operational within FY26. CNG price fluctuations have stabilised and we've seen a consistent saving per annum versus diesel. Importantly, the CO₂ saving of a fully Bio- CNG fleet is circa 7,000 Tonnes annually, which could represent a c. 84% reduction for our trunking fleet. We expect to trial an electric tractor unit to trial next year.

We have been assessing the viability of longer-semi-trailers (LST), which add 10% more capacity than our mega trailers and which could save a further 800 tonnes of CO₂. The LSTs are compatible with the CNG tractor units. We have purchased 20 LSTs and these have been working well at certain sites. Some sites may not be appropriate for LSTs given space and so this is being factored into our property strategy to ensure we can accommodate these larger trailers. Orders for a further 50 LSTs have been placed.

To support a further roll out of Electric Vehicles we recognise the need to ensure our properties can deliver appropriate charging and infrastructure. We have engaged a consultancy to conduct infrastructure feasibility assessments to determine the number of EVs that can operate from each site without major infrastructure upgrades and to highlight the design choices available to Logistics (including the integration of existing energy infrastructure), the capex/opex implications, phasing of works in line with the EV rollout and the benefits of each design choice. This will include an impact assessment of the use of Solar PV canopies where applicable.

Scope 2 – Electricity and other environmental considerations

Scope 2 is relatively small, with the previous market-based figure taking into consideration AO's wide adoption of renewable energy purchasing to date. However, given the increase in renewable energy costs we have made a commercial decision to switch to non-renewable energy part way through the year. Both market based and location based emissions have increased through the year (up 81% and 9% respectively) due to the use of non-renewable sources, change in market-based emission factors and an increase in absolute energy usage as we expand our operation and obtain more accurate data from some of our sites.

46% of our Scope 2 emissions are generated by our two recycling sites, and we are exploring whether this usage and the associated costs could be offset against our sustainable initiatives.

1 Sustainable living continued

In addition to the above, our focus over the year has been to work on initiatives to reduce our electricity consumption across the estate, as follows:

- Voltage optimisation has been trialled in one of our warehouses, which reduces the voltage entering our property from the grid; consumption at the site has dropped c.7% Further sites are planned.
- Smart meters have also been installed to ensure that the majority of our AO controlled electricity (not landlord supply) has regular meter readings rather than manual submissions. This should lead to more accurate information in consumption, and help us identify when and where we overconsume, therefore how to reduce.
- Lighting has been upgraded at the Magpie facilities, including updating older LED fittings and replacing T5 fluorescent tubes.

Other environmental initiatives include:

- ESOS actions progressed.
- Retained Magpie's zero waste to landfill status for operational waste streams and worked on reducing the volume of waste going to EfW (energy from waste).
- Installing waterless urinals in certain sites to save water consumption and enhance the condition of the pipework.
- Training was completed with Reconomy to improve waste awareness and segregation practices for the Magpie group which has resulted in an overall decrease in waste volumes.

Key environmental initiatives for FY26 include:

- Rainwater harvesting installation opportunities at high consuming sites.
- Installing smart water meters at high consuming sites to further understand when and where we consume.
- Air conditioning reports to take place to ensure we are managing efficiently.
- Fork Lift Truck charging opportunities
- Further voltage optimisation installations.
- Horizontal wind turbines - we are trialling these on Magpie's warehouse roof in conjunction with a supplier to see how the turbines perform at lower height; if successful we could utilise the renewable energy it generates.

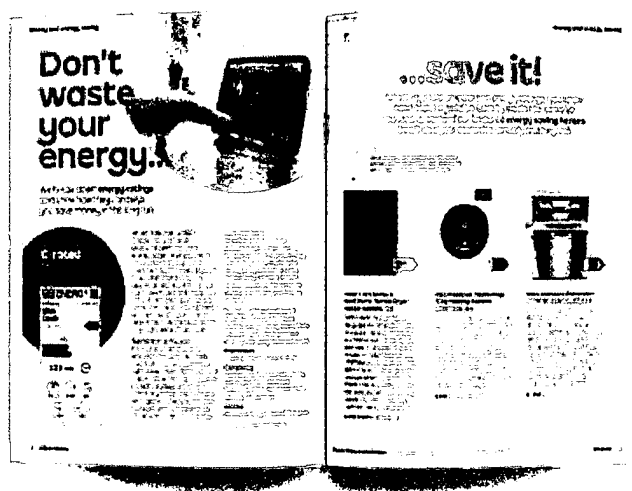
Scope 3 and sustainable products

The indirect emissions in the GHG inventory dominate our Group emissions, with Scope 3 (emissions in the value chain) representing over 98% of total emissions. The overwhelming majority of these Scope 3 emissions are linked to product lifecycle as a result of their manufacture, use and disposal. We are exploring whether any of these emissions could be offset against our reuse initiatives, through AO Recycling, Elek Direct and musicMagpie.

We recognise that while customer energy usage falls under our Scope 3 emissions, where we are indirectly responsible, it accounts for c. 67% of our total reported emissions.

In FY25, we have taken deliberate steps to promote energy efficiency and reduce carbon consumption among our customers. By collaborating closely with our suppliers, who have supported these efforts through promotional funding, we have integrated energy efficiency into our joint business plans. Our commitment is reflected in the active promotion of energy-efficient products, working towards embedding environmental responsibility within our strategy. We have maintained consistent messaging on ao.com, enhanced website functionality, and ran targeted brand and marketing campaigns.

The YourEko tool on the website allows customers to compare MDA products based on energy consumption and lifecycle costs, helping them make cost-effective and sustainable choices. We have also provided guidance on product usage to ensure customers are aware of energy-saving settings with category-specific energy usage videos now supporting MDA products. Our website features energy rating filters, and highly efficient appliances are showcased under the "Trending" menu.



Greenhouse gas emissions

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

Year ending 31 March	% change FY25 v FY24	2025 tCO ₂ e	2024 tCO ₂ e	2023 tCO ₂ e	2022 tCO ₂ e	2021 tCO ₂ e	2020 tCO ₂ e
Scope 1 (direct emissions): Total emissions from operations and combustion of fuel	-0.4%	19,725	19,794	21,919	38,081	31,958	26,587
Scope 2 (indirect emissions): ² Total emissions from energy purchased							
Market-based	81.1%	514	284	304	2,992	1,284	1,697
Location-based	7.8%	2,533	2,350	2,350	3,396	3,411	3,679
Total gross Scope 1 and 2:							
Market-based	0.8%	20,238	20,078	22,222	41,073	33,242	28,284
Location-based	0.5%	22,257	22,114	24,268	41,477	35,369	30,266
Carbon Intensity ratio: ³ Tonnes of CO ₂ e per £m of revenue	-5.9%	20.05	21.31	21.31	30.32	21.29	28.55
Scope 3⁴							
Category 1: Purchased goods & services	-5.3%	454,472	479,733	445,349	-	260,044	-
Category 3: Fuel and energy	0.4%	5,278	5,258	5,344			
Category 5: Waste in operations ⁵	65.8%	7	4.5	4.54			
Category 7: Commuting	-5.4%	2,228	2,356	3021			
Category 9: Downstream transport	2.5%	381	372	705			
Category 11: Use of sold products	10.9%	1,001,762	903,129	1,036,426	-	928,296	-
Category 12: End-of-life treatment of sold products ⁵	14.8%	627	546	621			
Other Scope 3 emissions	-	-	-	-	-	14,564	-
Total gross Scope 3 emissions	5.3%	1,464,754	1,391,397	1,491,470	-	1,202,904	-
Total gross Scope 1, 2 and 3 (location) emissions	5.2%	1,487,012	1,413,542	1,515,738	-	1,238,273	-
	% change FY25 v FY24	2025	2024	2023	2022	2021	2020
Energy use kWh (Scope 1 and 2)	9.5%	13,465,184	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 across Scope 1-3 use UK Gov GHG emissions factors.

² Emissions from electricity use, Scope 2, have been estimated using "location-based" and "market-based" approaches. For the location-based approach, the average emissions factor for the country is used, applying country-specific emissions factors published annually by the International Energy Agency ("IEA"). The alternative market-based approach refers to renewable energy certificates, and where no supplier-specific data is held, factors published for residual emissions.

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 FY24 and FY23 (but not prior years) to include the updated emissions factor determined by the government to make a meaningful comparison against FY25.

We acquired musicMagpie on 12 December 2024 and, to make a meaningful comparison, emissions of the Magpie Group have not been included in the above table. For the period from acquisition to 31 March 2025, Magpie's scope 1, 2 (location-based) and 3 emissions were 218, 74 and 6,216 tCO₂e respectively giving a total of 6,508 tCO₂e for that period. The enlarged Group's emissions (i.e. including those Magpie emissions) for the year were 19,943; 2,607 and 1,470,970 tCO₂e for scopes 1, 2 (location-based) and 3 respectively, with an aggregate total of 1,493,520 tCO₂e (a 5.7% increase for the enlarged Group YoY). Following assessment we have concluded that the emissions from musicMagpie not significant in the context of AO Group FY23 emissions and therefore no change has been made to our baseline and FY23 remains the appropriate baseline year.

Task force on climate-related financial disclosures ("TCFD")

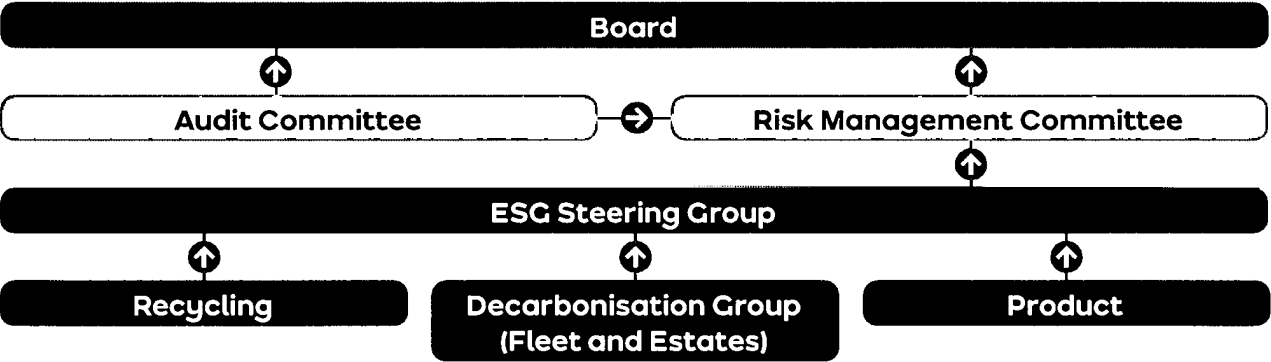
The Board recognises the importance of understanding and managing the impact of potential climate-related risks and opportunities on AO's business and strategy and because of this we have reintroduced an ESG steering group to help drive our strategy forward and facilitate cross-group collaboration amongst 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



Governance	
Board's oversight of climate-related risks and opportunities	The Board has oversight of material climate-related risks and opportunities, receiving updates from the Risk Management and Audit Committees. The Board receives an annual written update on ESG progress which includes climate related matters and specifically updates on the Group's recycling strategy and decarbonisation strategy (and status of the scope 1 emissions) with discussions also held on product lifetime emissions. Separately, it also reviews and approves the sustainability section of the annual report including the detailed GHG disclosures and progress YoY. Further, the Board also oversees and approves major capital expenditure, such as the acquisition of new vehicles and trailers as and when current leases expire or vehicles come to the end of their useful life, and monitors the resulting effect in GHG emissions from the Group's fleet. Written papers are produced by the management teams to aid the Board in its considerations. 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 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 of: a) Recycling; b) Decarbonisation (Fleet and Estates); and c) Product Emissions, and facilitate cross-group collaboration amongst local area owners. We have scheduled an annual ESG overarching review of strategy and progress. However, all significant matters requiring Board approval are considered from an environmental impact perspective as part of its s.172 obligations. For example, this year, the Board considered and approved the direction on our fleet transition with further CNC and LSTs being purchased to aid carbon reduction as well as the EV trials. The Board also has oversight of our circular economy strategy with our reuse and recycling facilities (including Magpie) being key components of that. During the year, the Board reviewed our Scopes 1, 2 and 3 emissions for the UK Group and our scenario planning and ESG metrics and targets from which metrics and some targets have now been set.
Management's role in assessing and managing climate-related risk and opportunities	Management are responsible for identification, assessment and management of climate-related risks and opportunities, as part of our integrated risk management processes, which are maintained at a business unit level, with the support of the Director of Group Audit and Risk and ESG Steering Group. Risks raised have been incorporated into relevant risk registers. Twice per year, business unit risk registers are debated by the RMC, with critical risks recorded on the corporate risk register. These risks are subject to periodic review to determine whether the risks are being mitigated within risk appetite. Our ESG Steering Committee was re-established over the year, to help drive progress in our key working groups of: a) Recycling; b) Decarbonisation (Fleet and Estates); and c) Product Emissions, and facilitate cross-group collaboration amongst local area owners

Strategy					
Climate-related risks and opportunities identified over the short, medium, and long term	In the table on pages 39 to 41 we explain the climate-related risks and opportunities that could have a significant effect on our strategy, operations and finances. Risks have been considered across the short term (1 to 3 years) the medium term (3 to 5 years) and the longer-term (5 years plus), in alignment with our wider risk management procedures and financial planning. These risks and opportunities pose different challenges to our business depending on how successful we are at mitigating the impacts of physical climate change as a global society. As can be seen, the overall risk and potential financial impact of climate change on AO increases with time. The short term is affected by transitional risks, with physical risks becoming more impactful in the much longer term. Based on this assessment, we believe that there is no immediate material financial risk or threat to our business model. Further, the areas of highest potential impact are those which we are already taking action to address through our working groups.				
Impact of climate-related risks and opportunities on our businesses, strategy, and financial planning	Our climate-related risk assessment and climate scenario analysis has provided the basis from which we can begin to properly assess the impact of climate-related risks and opportunities on our business strategy and financial planning. In the table on pages 39 to 41 we primarily focus on the qualitative impact of climate-related risks on our business. Whilst some limited quantitative impacts have been given for the short to medium term, we expect to evolve our assessment over time and intend to provide further detail in future reports, including more detail around the interdependencies of our climate-related risks and opportunities and their ability to create value over time.				
Resilience of our strategies, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	During FY24, we carried out qualitative scenario analysis at temperature increases of 1.5°C and 4°C over the longer term (i.e. to 2050), which aligns with the Government's regulatory aspirations for net zero by 2050. Our analysis was carried out internally based on our own research and by reference, in particular, to the Intergovernmental Panel on Climate Change (the "IPCC"). As part of our enterprise risk management processes during the reporting period, we have, reassessed the scenario analysis performed last year but do believe any material updates are warranted. The IPCC have considered a spectrum of possible futures that differ in terms of the level of projected warming and society's ability to adapt to the changes ahead. <table border="1"> <thead> <tr> <th data-bbox="416 1151 635 1178">Orderly transition</th><th data-bbox="930 1151 1123 1178">Hot house world</th></tr> </thead> <tbody> <tr> <td data-bbox="416 1200 900 1514"> A scenario consistent with the Paris Agreement goal of keeping global warming below 2°C at a c.1.5°C level. - While this amount of warming increases the physical risks to a degree, in particular, the frequency and severity of extreme weather, more severe physical climate impacts are avoided. - This would involve the introduction of more stringent climate policies and greater innovation and investment in infrastructure by the businesses and governments, meaning transitional risks are more notable. - Carbon pricing is introduced in the 2020s and gradually increases through the 2030s. </td><td data-bbox="930 1200 1414 1480"> A scenario where global warming increases by > 4°C. In this world, humanity doesn't just fail to reverse its emissions curve, it doubles down on fossil fuel extraction and energy-intensive lifestyles. As nations dig up and burn more and more coal throughout the century, the world warms by 4.4°C. A 4°C temperature increase intensifies the impacts seen at the 1.5°C degree scenario with severe physical risks - Severe physical risks are encountered - Transitional risks are initially quite low as limited action is taken and current policies remain in place </td></tr> </tbody> </table> As can be seen from the table on pages 39 to 41 the overall risk and estimated* potential financial impact of climate change on AO increases with time. The short term is affected by transitional risks, with physical risks becoming more impactful in the much longer term. Based on this qualitative assessment, we believe that there is no immediate material financial risk or threat to our business model; however, this conclusion may change once quantitative scenario analysis is undertaken. Further, the areas of highest estimated potential impact are those which we are already taking action to address through our working groups. The business strategy and model will need to evolve and we have started to think about mitigations. Fundamentally, we still see that there will be a market for electrical products and physical delivery will still be necessary; however, the method of delivery will be subject to change with evolving technologies, and the nature of products may change.	Orderly transition	Hot house world	A scenario consistent with the Paris Agreement goal of keeping global warming below 2°C at a c.1.5°C level. - While this amount of warming increases the physical risks to a degree, in particular, the frequency and severity of extreme weather, more severe physical climate impacts are avoided. - This would involve the introduction of more stringent climate policies and greater innovation and investment in infrastructure by the businesses and governments, meaning transitional risks are more notable. - Carbon pricing is introduced in the 2020s and gradually increases through the 2030s.	A scenario where global warming increases by > 4°C. In this world, humanity doesn't just fail to reverse its emissions curve, it doubles down on fossil fuel extraction and energy-intensive lifestyles. As nations dig up and burn more and more coal throughout the century, the world warms by 4.4°C. A 4°C temperature increase intensifies the impacts seen at the 1.5°C degree scenario with severe physical risks - Severe physical risks are encountered - Transitional risks are initially quite low as limited action is taken and current policies remain in place
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Task force on climate-related financial disclosures ("TCFD") continued

Risk management	
Our processes for identifying and assessing climate-related risks	Risks are identified and assessed by each of the business units, as part of our integrated risk management processes, which are maintained at a business unit level, with the support of the Risk and Audit team. Twice per year, business unit risk registers are reviewed by the Risk and Audit team. Critical risks are recorded on the corporate risk register and are subject to periodic review to determine whether the risks are being mitigated within risk appetite. Principal risks are approved by the Board
Our processes for managing climate-related risks	All risks are assigned a risk manager, to ensure that risk is properly controlled and mitigated, or where appropriate tolerated, by the business unit. As with all risks, decisions taken against a particular risk will be scrutinised by the RMC with any risks tolerated above our appetite threshold, discussed further with the Audit Committee and/or Board. Our Risk and Audit team is supporting the business units to better identify and assess environmental risks to ensure these are appropriately managed
How our processes for identifying, assessing and managing climate-related risks are integrated into our risk management	Our business unit and corporate risk registers include ESG-related risks. Climate-related risks are subject to the same assessment criteria as other risks, and these are classified as either short term (1-3 years), medium term (3-5 years) and longer term (5+ years), in alignment with our wider risk management procedures and are subject to the same assessment of likelihood and impact as discussed in our Risk Management section on pages 22 to 27.
Metrics and targets	
Metrics used to assess climate related risks and opportunities	We currently use our greenhouse gas emissions (in Scopes 1, 2 and 3) together with our carbon intensity ratio as metrics to help us understand and manage climate-related risks. These emissions and ratios are reported on page 35. Further in the context of recycling opportunities, we use metrics such as: - the number of appliances received for recycling and reuse; - the number of products put into reuse; - tonnage of packaging recycled; - tonnage of plastics recycled; and - Number of used consumer tech resold or rented.
Scope 1, 2 and 3 GHG emissions and related risks	AO reports on all of the greenhouse gas ("GHG") emission sources as required pursuant to The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which implement the Government's policy on Streamlined Energy and Carbon Reporting. The methodology used to calculate our GHG emissions and energy use is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and ISO 14064. Our carbon footprint is calculated by estimating the individual greenhouse gases that result from AO's activities, converted into a carbon dioxide equivalent (tCO ₂ e). In FY23, we partnered with an expert third party, Green Jam, to calculate our Scope 1, 2 and 3 emissions for the year ended 31 March 2023 and for our UK-only Group which we are using as our baseline for future targets. We have repeated our calculations in all 3 scopes for the year under review and these are shown in the following section. Risks related to these emissions are set out on pages 39 to 41 above, with the main medium-term risk relating to carbon pricing.
Targets used to manage climate-related risks and opportunities and performance against targets	We are aligned to the Government's target of net zero by 2050. In meeting this aim, we intend to set our own interim science-based targets across our Scope 1 and 2 emissions in the medium term once we have a better view of the technology and infrastructure required to fully decarbonise the fleet and our longer term energy requirements. In the short term, we are targeting a reduction of Scope 1 emissions through our logistics programmes, which centre around the use of CNG for trucking, improving vehicle capacity through use of the new LSTs and better home delivery boxes and using enhanced telematic solutions to drive most efficiently. We are targeting for all our heavy goods vehicles to be CNG based (or lower carbon alternative depending on technology developments) by 2035. In relation to our Scope 2 emissions, we are targeting the use of 100% renewable energy in our operations, although we have recently taken a backwards step and reverted to non-renewable as the current market demand for renewable has made prices soar and, therefore, too costly. Our focus is, therefore, driving down absolute reduction in energy consumption per site, through the initiatives outlined on pages 33 to 35. Performance against these targets is shown in the GHG emissions reported on page 35. In terms of our opportunities, we have set qualitative targets to: - maximise the amount of e-waste collected from AO customers; - optimise product reuse; and - maximise the amount of plastics recycled. Our Remuneration Committee has, again, considered climate-related targets in the context of Executive compensation but given the uncertainty on the UK's energy strategy, infrastructure and policy, it has not incorporated climate-related metrics in its incentive schemes to date.

Climate-related Risks and Opportunities

Overview

Strategic Report

Our Governance

Our Financials

Shareholder Information

Opportunities	TCFD category	Description of impact	Timeframe	Mitigation strategy
Increase brand awareness and reputation by demonstrating our recycling capabilities and circular economy strategy	Transition opportunity (Reputation)	Increased sales and lower costs of acquisition		We are increasing our communications to customers, as well as continuing to develop the communication of our strategy and achievements to all our stakeholders. In the year ahead, we are expanding our existing plastics refining facility to include an in-house extrusion process following which recycled material can be used more easily in new products as part of our circular economy strategy. There is opportunity to expand our "reuse" operations, particularly in the consumer tech space, following our acquisition of musicMagpie
Extended Producer Responsibility	Transition opportunity (Policy and Legal)	Increased sales (and profits); lower cost of compliance £		With our own reuse and recycling facilities and in-house logistics we can manage free take back efficiently for both products our retail entity sells but also for third parties. We continue to consider expanding or building a further recycling site to grow our recycling capabilities.
Diversification of our product ranges and product categories, e.g. an increase in heatwaves leading to increased demand for air conditioning technology (Retail).	Transition opportunity (Market)	Increased ranges and sales		We continue to build relationships with suppliers in such categories whilst monitoring market trends and consumer behaviour.

Estimated Financial Impact – Without Detailed Quantitative Modelling

£££ – Significant impact on Group

££ – Moderate impact on Group

£ – Limited impact on Group

Key



Short timescale



Medium timescale



Longer timescale

Climate-related Risks and Opportunities continued

Transitional Risk	TCFD category	Description of impact	Time Frame of impact	Mitigation strategy
Extended Producer Responsibility	Transition risk (Policy and Legal)	Increasing regulatory drivers for retailers to take responsibility for WEEE take-back and packaging, which could increase operational complexity and costs (Retail, Logistics and Recycling). £		With our own recycling facility and in-house logistics, we can manage free take back efficiently. We are considering building a further recycling site to expand our recycling capabilities (see opportunities below).
Rights to Repair	Transition risk (Policy and Legal)	Increasing regulatory drivers for retailers to sell products that are capable of easy repair, which could reduce sales of new products and costs (Retail, Logistics and Recycling). £		Reuse operations provide ability for products to have a second life. Opportunity for us to expand our product offering to include associated parts.
Reputational damage	Transition risk (Customer Reputation)	Failing to meet the demands of an increasingly environmentally conscious customer base could impact reputation and result in a reduction of sales and market share. Regulatory risk of "greenwashing" leads to loss of trust (Retail). £		Use our market insights to respond to consumer interests and respond quickly to shifts in consumer demands. Work closely with our suppliers to understand the environmental impact of their products. Focus on building brand awareness of in-house recycling and rework capabilities.
Fleet transformation	Transition risk (Market)	Increased cost of transitioning to non-fossil fuel-based fleet and/or that technologies selected initially could become sub-optimal. Risk that the location and/or infrastructure at our sites is not suitable to meet the needs of new technologies (Logistics). ££		Use of CNC in trunking, as an interim measure. Use of LSTs should reduce the number of trunking vehicles required. Trial alternative low-carbon fuels (EVs and/or Hydrogen). Site planning (e.g. the viability of solar panels, distance from substations and pipe infrastructure) when renewing leases at our existing sites or planning for new ones.
Carbon pricing and legislation	Transition risk (Policy and Legal)	Governments may impose a carbon tax, a requirement to buy and sell carbon permits, mandatory carbon offset programmes, sector-specific carbon taxes affecting electrical product, and increased emissions reporting and disclosures. £		Fleet transformation Reduced energy consumption Product emissions programme

Estimated Financial Impact – Without Detailed Quantitative Modelling

£££ – Significant impact on Group

££ – Moderate impact on Group

£ – Limited impact on Group

Key



Short timescale



Medium timescale



Longer timescale

Physical Risk	TCFD category	Description of impact – orderly transition	Description of impact – hot house world	Mitigation strategy
Physical risks impacting our supply chain	Physical risks (Acute and Chronic)	Risk around our suppliers' ability to source raw materials for products, transport disruption, adapting warehousing space and increasing our inventories, and potential supplier failure. ££	Further scarcity/quality of raw materials, severe transportation problems and warehousing availability and storage challenges. Investment in emergency supply chain planning and contingency would be required and we could face a period of business disruption. In certain geographical locations, there could be water scarcity affecting manufacturer production. ££££	Increased supply chain planning and risk modelling may be required to minimise disruption and ensure sufficient customer availability.
Physical risks impacting our site (e.g. increased frequency of power outages, flood risks, heatwaves)	Physical risks (Acute and Chronic)	Cost increase through building adaption measures. It could be expected that there would be an expansion of low-emission zones that may restrict certain vehicles from entering or toll charges may be applied. Additionally, increasingly unpredictable weather events, such as floods and high winds, may impact our buildings, and our assets held within, and power outages, therefore, increasing costs and reducing service levels. £	Sea level rise would be more pronounced and lead to increased scarcity of commercial land availability; potential for migration of people that may affect delivery efficiency. Potential damage to buildings and increased maintenance can be expected with unpredictable and extreme weather activity. There could also be reduced water availability or issues with drainage for commercial sites due to potential scarcity. Heat waves could affect the well-being of our people – distribution sites would need to be properly cooled. ££	Buildings may need to be adapted or retrofit for climate change or energy-efficiency purposes. Location of sites to be considered taking into account long-term view of weather impacts (e.g. coastal areas) and also access to energy.
Physical risks impacting our ability to deliver	Physical risks (Acute and Chronic)	Disruption caused by, e.g. flood risk and heat waves or, very cold events resulting in national road infrastructure problems. If drops per route decrease as a result of such physical issues, profits would fall (and sales could be affected if delivery capacity is affected). £	Disruption to infrastructure such as roads and bridges ££££ Heat waves could affect the well being of our people to deliver – vehicles would all need to be fitted with aircon and drop numbers may need to be reduced to address health and safety concerns. £	Potential relocation of sites to better support network.

② Fair, equal and responsible

Our AOers are the foundation of our business, and their dedication, innovation and ambition contribute to our success and sustainability. We believe that happy people care more and do the right thing. So, we make sure they are happy by giving them autonomy where appropriate, support where needed and a great and a safe working environment, in which they are treated fairly and with respect. They are empowered, they are incentivised and they know they are trusted. We love watching them grow and thrive. We aim to recruit and retain the best talent and look for people who live our values. They care not only about our customers but other AOers, our suppliers and, of course, they do it all with a sense of fun.

Culture and engagement

We regard our internal culture as a fundamental driver of our success, and invest accordingly to nurture it. Enabling AO and its people to be the best versions of themselves and to maximise their performance potential underpins our AO "Let's Go" culture and is how we deliver for our customers. Our exceptional 4.9 Trustpilot rating and strong engagement index results don't happen by accident; they are the result of how our culture enables AOers to relentlessly strive for a better way.

Our ambition is to be a business that:

- Inspires its people through great leadership, creating trust and accountability to deliver exceptional results
- Enables our people to collaborate and innovate, supported by the right information and tools to do their job
- Empowers people to thrive by creating an inclusive environment where people feel they belong and can be their true selves.

To ensure there is a broad awareness and understanding of business-wide performance, and the financial and economic factors affecting AO, we hold a monthly "State of the Nation" led by our CEO who provides a business update with separate live Q&A sessions. There are also monthly meetings with senior management, from which we provide a structured cascade so that all AOers hear the latest messages from their senior manager. We also use a number of internal social media channels, such as Yammer and YouTube, to ensure all AOers are kept up to date with the latest news and developments across the Group and to enable two-way conversations between AOers across the business.

To support our engagement strategy, we use a variety of ways to engage with AOers to understand what matters to them. Our Always Listening strategy, with employee listening groups and engagement surveys, allows us to measure our engagement, perform culture health checks and be proactive in developing future people initiatives.

Three employee surveys have been conducted in-house during FY25, which assessed our Engagement Index Score (based on six key indicators of

happiness, commitment and effort, loyalty and retention, belonging, meaningful work and growth). The first was conducted in June 2024, which resulted in a score of 82, the second in September 2024 which resulted in a score of 81 and a third in January 2025 which gave a score of 80. The average of these 3 scores is 81, which translates as engagement at AO is regarded as Very Good. Importantly, we are also seeing a good response rate with c.83% of all AOers (2,123 people) participating in our most recent engagement survey. Recently, we were also named as a top 200 UK best employer following a survey carried out by the Financial Times and Statista following an anonymous survey of employees to find the top 500 companies.

We use the results from our engagement surveys, employee forums and external metrics, such as Glassdoor, to take action to improve the people experience. This insight allows us to work to increase our engagement scores as well as other identified priority areas that need to be addressed so that we can focus on local and Group-level actions.

Chris Hopkinson, a Non-Executive Director, is our People Champion and has Board responsibility for our engagement initiatives and leading employee forums. Chris reports back to the Board and this, along with our regular People updates, allows the Board to assess and monitor culture. It will be key to ensure our culture translates to, and is maintained in, our offshore outsourced areas.

Reward and well-being

We believe that a fair and attractive reward package makes an important contribution to both employee engagement and the attractiveness of AO as a place to work.

April 2025 sees a return to a performance-related approach to the annual pay award in conjunction with a cost-of-living award for everyone (at 2% minimum), responding to both the settling economic environment and the feedback within our engagement surveys that AOers value recognition. In addition to the increased National Minimum Wage rates, increased Employer National Insurance contributions, and a reduced threshold for those contributions, the impact to the Group will be c.£8.5m per annum on a like-for-like basis.

AOers have access to digital GP services, flu jabs and free eye tests and have employee assistance programme access, which includes confidential counselling, financial well-being support and pension workshops. Manager training workshops have been delivered in FY25 to develop skills and confidence in supporting people with mental health challenges and managing sickness absence. A pro-active women's health group has been established with AOer champions volunteering to further support managers and AOers from a lived experience perspective to develop better and more meaningful reasonable adjustments. In 2024, we introduced a Women's Health policy and were proud to partner with Endometriosis UK, reinforcing our

commitment to understanding endometriosis and supporting AOers affected by it. Through this initiative, we have trained dedicated champions within our Women's Health support group to offer meaningful support, guidance and advocacy for those living with the condition.

We've continued to give AOers the flexibility to have a work-life balance that works for them by offering automatic holiday carry over of up to 5 days, extra unlimited holiday buying and flexible bank holidays where AOers can request to "swap" up to three bank holidays for days that are more meaningful for them.

We have developed a clear strategy to improve the overall well-being benefits of AOers by focusing on four key aspects: mind, body, financial and social. In FY25, we launched Total Reward Statements to enable AOers to understand the full value of their pay and benefits, influencing AOers to take advantage of benefits they may be underutilising through flexible benefits, holiday buy scheme, pension workshops, healthcare cash plans and bonus sacrifice.

We offer an annual Sharesave (SAYE) scheme to all employees, providing them with the opportunity to purchase ordinary shares in the Company. This helps to encourage employee interest in the performance of the Group. Further, during the year, we continued to grant awards under our

restructured Value Creation Plan, which gives all AOers an opportunity to share in the value created by the Company over the next five years.

Talent

We need to attract, develop and retain the best Talent. Our engagement and culture form a key part of that, but as we look to deliver on our medium-term strategy, we need to ensure we have defined and mapped our capabilities (addressing any gaps) and allow our people to develop and grow in line with the business's needs, nurturing a growth mindset.

Attract: We continued to evolve our people proposition in line with our work from work strategy, to give candidates a compelling reason to join and remain at AO as they develop a fulfilling career. Our "Hiring The AO Way" ensures hiring teams remain focused on hiring for high performance and potential, with our attraction and selection processes underpinned by AO's values and a great candidate experience. This enables us to design a focused and robust selection programme to raise the bar for all senior hires, with candidates meeting with either the CFO or CEO as a final stage to the selection process.

Develop: Our priorities this year have surrounded: (i) building high performing teams; (ii) ensuring high-calibre leadership; and (iii) providing personal and career development for all.

Priority	What we've done
High-performing teams High Performing Teams - Strengthen capabilities. - Maintain a high-performance culture across all teams, led by local managers, living AO values.	- Established AO Leadership skills framework, a consensus of what great leadership looks like at AO, we are clear on current performance and potential of our leadership teams, and on our approach to succession. - Senior leaders have updated their level 1 value chains and capabilities. - Managers trained and competent in performance management skills to create and lead high-performing teams. - Guidance for managers and AOers on how to have difficult conversations, and where to find the right support.
High-calibre leadership - Ensure our leaders and aspiring leaders have the skills they need to be the point of difference at AO, recognising their needs and making sure they are motivated and rewarded for their leadership roles. - Look at the way we are organised, how we are structured and where and how we carry out our work to ensure we optimise our efficiency and effectiveness.	- Individual leadership development. - Leader-led change programmes/projects to enhance capability, performance and well-being. - Manager development through our licence-to-manage programme.
Career development for all - Provide first-class personal and career development for all - Invest in the development of knowledge, skills and experience to enable AOers to have rewarding and progressive careers.	- Introduce graduate career pathways. - Apprenticeship levy to provide breadth of learning: In the past year, we have invested over £500,000 of levy funds into the development opportunities of our teams. Our apprenticeship programmes have expanded by 50% and we've seen a rise in engagement from our Tech teams. During National Apprenticeship Week, we celebrated 42 AOers successfully completing their qualifications since March 2024. - STAR programme. Future Leader/Emerging Talent programme. - AO Play - our digital learning platform offering bite-sized, industry-expert-led videos and podcasts. - Learning-at-work week saw 500+ AOers participate in hosted internal and external webinars and learning-related games, with AO Leaders stepping up to deliver awareness sessions for AOers to learn more about our business.

2 Fair, equal and responsible continued

Retain: It is pleasing to end the year meeting our targets for voluntary turnover and labour stability. These have been met by our focus on engagement and culture, reward and well-being, and development.

Over the next year, we will continue to raise the bar in the quality of new hires and focus on high-performance and career development for all to ensure that our people are set up for personal and business success.

Equity, diversity and inclusion (“EDI”)

We are proud of AO’s inclusive environment in which everyone can succeed, grow their career and be rewarded for their efforts. There is no doubt that, as well as being simply the right thing to do, this diversity of thought and contribution can make AO a better business for our customers and all stakeholders. This is reflected in our EDI statement: “AO is for everyone. We should all feel that we belong. That’s why we are creating a welcoming and inclusive place to work.”

During the year, we have continued to collate Group-wide diversity data and, as result, we now hold DE&I data for 80% of all AOers, up from 75% a year ago. The data enables us to design initiatives that deliver real change to diversity, equity and inclusion at AO.

We have continued to raise awareness of and celebrate diversity through a variety of initiatives at a local level, enabling AOers to contribute to shaping our inclusive culture and feel safe to share their personal stories and experiences. We have also reignited our inclusion focus groups to actively listen to feedback and enlist peer to peer support to improve the experience for current and future AO. The groups offer support to each other and provide feedback on areas of change and improvements, contributing to progressive policies and approaches that support Women at AO, Neurodivergent AOers, People with Faith and Beliefs and our LGBTQ+ community. We’ve continued to support LGBTQ+ initiatives through our Out-Loud Community, participating in Bolton Pride and Crewe Pride and created a new focus group for Religion and Belief to look at how we can make AO a more welcoming place for people who follow/practise a religion.

We celebrated international women’s day with a week’s programme of events, including leadership workshops, confidence building and inspirational talks from Sarah Venning (NED and Global Chief Digital & Data Officer for Merlin Entertainment) and Namrata Sarmah (founder and CEO of Women in Product UK and Non-Executive Director for the Open University Business School). We’ve also continued with our women in leadership programme aimed at providing support to women to develop their careers to hopefully drive an increase in female representation at more senior levels, with quarterly networking events and sponsoring 20 women to attend the “Actually She Can” conference,

a leadership event designed to empower women to invest in themselves.

Our aim with these priorities is to engage all and prospective AOers to build a fully inclusive environment in which people feel safe, respected, included and themselves.

We have introduced the AO Health Passport, which ensures that all AOers have a simple process to openly discuss any potential reasonable adjustment needs with their manager. These adjustments could be for new AOers ensuring their joining experience meets their needs, or for existing AOers covering long-term or temporary adjustments. The Health Passport is for managers to document details of any reasonable adjustments they have agreed and/or support that is needed by the team member. AOers hold their own copy of the passport and can easily and discretely share this with others as they feel it is necessary, i.e. with a new manager, or when additional support is needed, for example, to attend meetings, interviews or help with aspects of their job or learning events, making sure the AOer gets the agreed help and support when they need it. We’re proud of this step to continue making AO an inclusive, accessible and supportive place to work.

Gender representation and gender pay gap

AO’s 2025 Gender Pay Gap Report highlighted that our overall gender pay gap (as at the snapshot date of 5 April 2024) is 5% on both a mean and median basis (significantly below the ONS average of 13.1%). However, our gender pay gaps (on a median basis) and at individual entity level are generally higher, ranging from 5% in Recycling to c.33% in AO World – the listed Company. Here, 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 20% and 16% female representation, respectively, as at the snapshot date. Retail and enabling functions have c.48% and 39% female representation.

As at 31 March 2025, our Senior Leadership team (i.e. the direct reports to our two Executive Directors) was 33% (FY24: 36% female) with the decrease being due to adding musicMagpie’s (male) CEO to our leadership team. The number of female AOers across the whole business was 32% (FY24: 32%).

Our latest Gender Pay Gap Report, with a snapshot date of 5 April 2024, can be found at <https://www.ao-world.com/wp-content/uploads/2025/03/Gender-Pay-Gap-2025-FINAL-v2.pdf>. 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.

Listing Rules diversity disclosures

In accordance with Listing Rule 9.8.6(R)10, annex 2, we set out our Board diversity data¹ as at 31 March 2025 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	85.7%	3	2	100%
Women	1	14.3%	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)	7	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%	0%

¹ Data has been collected by a survey of the Board, conducted by the Company Secretary.

² The position of SID is currently vacant.

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.

In conducting its search for new Non-Executive Directors, we have in the past, and will continue in the future, to specifically highlight to our search partner that increasing the diversity of the Board, in all aspects, is an important consideration with these appointments and will have diversity requirements for candidate shortlists with a view to increasing female and ethnically diverse representation. Most importantly, however, we will only appoint candidates who we judge can contribute strongly to the Board's experience and skillset. This will continue to be the Board's approach in making any new appointments.

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.

2 Fair, equal and responsible 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, frankly, 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.

Health and safety

At AO, we are committed to maintaining a safe working environment for all our employees and customers. We drive a culture aimed at continuous improvement whilst maintaining consistently high standards. Health, safety and well-being is always on the agenda at AO and we have multiple structured ways of communicating health and safety throughout the Group.

We deliver a thorough inspection schedule to ensure that all our departments and premises

are managing risk to a good standard. We use the inspections and a range of KPIs to monitor the performance in each business unit.

This year, we have met our objective of achieving the RoSPA gold award in both the Logistics and Recycling business units. This is further complimented by the ISO45001 management system in Recycling. We have also rolled out our new "red team exercises" across Logistics and Recycling. We ran several exercises with over 100 managers and supervisors to test our control measures and resilience to a high-risk scenario. We have used the learnings from this to further strengthen our controls.

One of our main aims this year has been to grow the risk ownership model with our operational management. We have delivered multiple initiatives to develop and empower our managers to take further ownership of risk in their areas.

Our health and safety principles are built on:

- Regularly updates to the Board on health and safety performance;
- Providing all stakeholders with support to manage risk in their departments;
- Inspecting each operational area of the business on a risk-based frequency;
- Assessing risks to the business and our people, providing measures to control these risks;
- Providing adequate information, instruction and training to all people working on behalf of the business;
- Investigating all workforce incidents with the aim of preventing a reoccurrence; and
- Continuing to drive performance against the standards set out in the ISO45001 management system and RoSPA criteria.



3 Fit for the future

Ethical practices and resilient supply chains

Our Modern Slavery statement for the year-ended 31 March 2024 was published during the year and can be found at <https://www.ao-world.com/responsibility>.

During the year, we have continued to drive our working group to better monitor modern slavery risks and other ethical supply chain risks and to share ideas and practices. We have further enhanced our procurement processes through implementing a contract management system that ensures colleagues are onboarding suppliers in a more governed way and undertaking appropriate due diligence checks.

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.

Following the implementation of the FCA's Consumer Duty rules last year, we analysed our practices and those of our partners to ensure that we meet or go beyond the required standards. Our CEO, John Roberts, was appointed as our Consumer Champion ensuring we treat every customer like our gran, and that we are delivering good outcomes and acting in good faith for consumers when we look at the types of financial products and services we promote and the price and value of them. We continue to run monthly financial services governance meetings ensuring we fulfil our legal obligations and are treating customers fairly.

Our policies, including cybersecurity, GDPR, modern slavery, anti-bribery and treating customers fairly are supported through stakeholder training with employee modules included in our online employee learning hub, which helps to ensure that these principles are fully understood and are at the forefront of minds.

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.

Risk management

Details of our risk management practices can be found on pages 22 to 27.

Tax strategy

As part of our Group strategy, we believe in doing what is right and fair. Our tax strategy seeks to serve the overall Group strategy, in order to minimise risk and uncertainty and to provide a stable tax

environment to support the business in achieving this. We will continue to review the tax strategy to ensure that the two are aligned on a regular basis.

Our key objectives include, managing our tax affairs responsibly with integrity and transparency, paying the right amount of tax at the right time and complying with all applicable tax filing obligations in a timely manner.

A copy of our current tax strategy can be found at on our corporate website at [ao-world.com/responsibility](https://www.ao-world.com/responsibility).

Data protection and cyber security

As an online retailer serving millions of customers, protecting their data, and ensuring safe online shopping, is critical to our business. We have data protection and information and cyber security teams, which set out our policies in this area and support stakeholder training with employee modules included in our online employee learning hub - helping to ensure that the GDPR principles are fully understood and at the forefront of our minds. The Data Protection and Security Committee meets quarterly to oversee our data protection and information security strategy, assess risk and monitor market developments. We continue to invest in this area, particularly in relation to information security and have seen progression of number of initiatives to reduce our risk in this area.

Community and charity

Supporting our community and charitable causes is massively important at AO, led from the top with our CEO's well-publicised support for restoring funding for youth services matched by private philanthropy. Our corporate sponsorship programme, therefore, centres on supporting young people to thrive, with a particular focus on sports programmes which can help improve both physical and mental health and help address loneliness. All our AOers are encouraged to do their bit for our wider society, but we try not to be prescriptive on this and urge them to support causes close to their hearts.

During the year, we have been involved in the following initiatives:

- Continued sponsorship of Manchester Thunder, one of the country's leading netball teams, raising awareness of the sport in general and the team's journey to professionalism.
- Continued with our grass roots sponsorship programme through which we've pledged funds for sports kits for a hundred UK grass roots youth teams, including ones our mini AOers are part of.
- Continued sponsorship of Jacksonville Jaguars Jag Tag Programme, which will bring American football to around 300 UK schools.
- Continued our sponsorship of BLCC, Altrincham Football Club and Lancashire County Cricket Club Youth Medical team.

3 Fit for the future continued

The AO Smile Foundation continues to make a positive contribution to the wider community. When AOers raise money for a charity close to their hearts, AO Smile boosts the money raised by up to 50%. In FY25, AOers raised almost £50k for charities across the UK, which was boosted by £22k by the Smile Foundation.

These include Alder Hey Children's Hospital, Cash4Kids, Cheshire Buddies, Alzheimers Society, Wildlife Trust, Prostate Cancer UK, Macmillan Cancer Support and the National Autistic Society.

We continue to offer two paid Make a Difference ("MAD") days to every AOer, encouraging AOers to support their local communities and the causes that matter to them. Since April 2024, 22 good causes have benefited from MAD days, which have involved 167 AOers donating 1,336 hours of their time.

The AO Smile Foundation has the potential to be a massive driver of engagement and brand. During FY25, we put more focus onto Smile in internal communications, which saw almost 200 AOers chose to donate via payroll giving to Smile, and engagement with boosts and MAD days has increased take up by c.20% and c.10%, respectively. We'll continue to promote engaging with Smile through FY26, including involving our engagement champions across the business with a particular emphasis on increasing MAD days taken.

Further, given our current cash position, we're continuing to match employees' payroll giving donations with AO World donations (aggregate employee payroll giving donations amounted to c.£24k this year). We also regularly make product donations to worthy causes.

During FY25, AOers based in Crewe voted to support a new OnSide Youth Zone called The Dome, which is close to our logistics hub, and AO became a Founder Patron which is a four year commitment of £25k p.a. A committee of AOer volunteers are actively involved in developing a programme of activity with the Dome, including mentoring, staff engagement and site visits for over-16s preparing to enter work.

Our musicMagpie colleagues also engage in volunteering, city partnership and support local charities. During the year, musicMagpie has raised donations for Sign Post for cares and has allowed us of the Hazel Grove warehouse for Kids Xmas Mission.

"Please extend our warmest thanks to everyone in AO Smile Foundation who played a part in making this thoughtful gift possible. The money you raised together will help us continue our life-saving work and give people more moments with the people they love."

Cancer Research UK in response to £550 donation raised by an AOer, which was boosted by £225 from Smile Foundation.

Non-financial and sustainability information statement

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.

Reporting requirement	Policies and standards that govern our approach	Information necessary to understand our business and its impact, policy due diligence and outcomes
Environmental	Environmental policy	Sustainable living, pages 32 to 35 SECR/GHG emissions, page 35
Employees	Group employee handbook, Whistleblowing policy, Health and safety policy and Equal opportunities policy	Our culture, page 42 Fair, equal and responsible, pages 42 to 46
Social matters	Modern slavery policy	Fit for the Future, pages 47 to 48
	Data protection policy	
Human rights	Modern slavery policy	
	Code of conduct	
Anti-corruption and bribery	Anti-bribery policy	
Principal risks and impact on the business		Risk Report, pages 22 to 26
Description of business model		Our business model, pages 04 and 05
Non-financial KPIs		KPIs, page 02
Climate-related financial disclosures		TCFD, pages 36 to 38

Our policies and procedures are available on our corporate website or from our Company Secretary on request.

The Company's Strategic Report is set out on pages 02 to 48 and was approved by the Board on 17 June 2025 and signed on its behalf by:

Julie Finnemore
Company Secretary

17 June 2025

Our Governance

Overview

Strategic Report

Our Governance

Our Financials

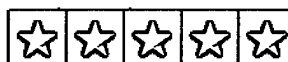
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“

I truly believe that AO should be the customer service blueprint to all businesses.”

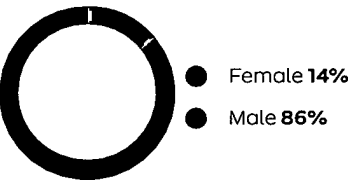
AO Customer review



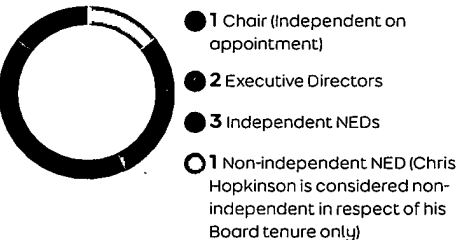
Governance at a glance

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.

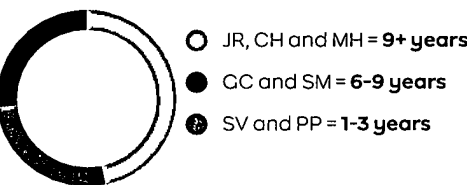
Board Gender



Board Role and Independence



Board Tenure (In years)



Board meeting attendance

The table below summarises the attendance of the Directors during the year-ended 31 March 2025.

Director	Meetings eligible to attend
Geoff Cooper	8/8
John Roberts	8/8
Mark Higgins	8/8
Chris Hopkinson	8/8
Shaun McCabe	8/8
Peter Pritchard	8/8
Sarah Venning*	7/8

* An ad hoc meeting was held at short notice in August 2024, to discuss progress on the acquisition of musicMagpie PLC. Sarah Venning was unable to attend this meeting due to pre-arranged commitments relating to her executive role with Merlin

Skills matrix

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

AO's compliance with the 2018 Corporate Governance Code (the "Code")

The Board was monitoring the updates made to the 2018 Code in January 2024, but readers should note that the updates apply to financial years beginning on or after 1 January 2025. Therefore, this Corporate Governance Statement ("Statement"), together with the rest of the Corporate Governance Report, explains key features of the Company's governance structure and how it has applied the principles set out in the 2018 Code during the reporting period (the period that began on 1 April 2024). 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.

This Statement also includes items required by the Listing Rules and the Disclosure Guidance and Transparency Rules, save that the disclosures required by the Disclosure Guidance and Transparency Rules DTR 7.2.6, regarding share capital, are set out in the Directors' Report on page 96. Disclosures required by LR 9.8.6 relating to the Group's diversity policy are detailed in our Sustainability Report on pages 31 to 48 and in the Corporate Governance Report on pages 54 to 61. Directors' biographies and membership of Board Committees are set out on pages 52 and 53.

The table below summarises how the Directors have applied the principles of the Code during the year and where key content can be found in the report. The Directors consider that the Company has, throughout the period under review, complied with the provisions of the Code, save that no external evaluation of the effectiveness of the Board has been conducted (a departure from provision 21), no Director currently performs the role of "Senior Independent Director" (provision 12) and the Chair's tenure has been extended beyond 9 years by agreement of the full Board (provision 19). Please see pages 55 to 59 and 64 for detailed reasons why we have departed from the Code in these areas.

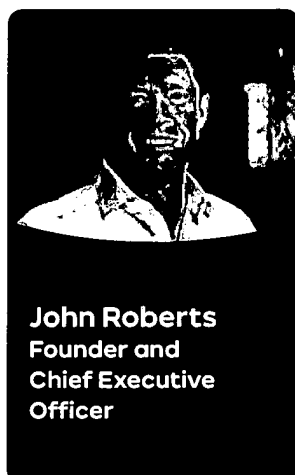
The Directors confirm that, through the activities of the Audit Committee described on pages 65 to 70, it has reviewed the effectiveness of the Company's risk management and internal controls.

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 - pages 08 to 09 ➤ Risk management - pages 22 to 27 ➤ Board leadership and purpose - pages 54 and 61 ➤ Engagement - pages 28 to 30 ➤ People and culture - pages 11 and 29 ➤ Workforce engagement - pages 42 to 46
Division of responsibilities (Principles F to I)	There exists a clear division of responsibilities between the Chair and the Chief Executive Officer. 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 - pages 54 to 61 ➤ Division of responsibilities - pages 55 and 56 ➤ Independence and time commitments - pages 59 and 64 ➤ Nomination Committee Report - pages 62 to 64
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 - pages 57 and 58 ➤ Nomination Committee Report - pages 62 to 64 ➤ Board skills and experience - page 50 and pages 52 to 53
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 Report - pages 22 to 27 ➤ Audit Committee Report - pages 65 to 70
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 - pages 71 to 95

Board of Directors



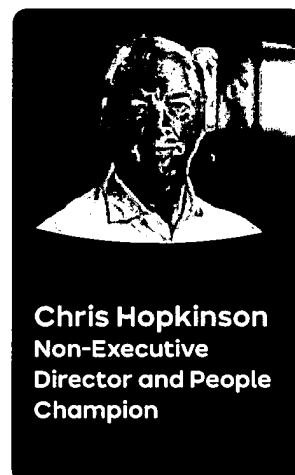
Geoff Cooper
Non-Executive Chair



John Roberts
Founder and
Chief Executive
Officer



Mark Higgins
Group Chief
Financial Officer
and Chief Operating
Officer



Chris Hopkinson
Non-Executive
Director and People
Champion

Committee membership

N R

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

None

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

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

Committee membership

N P

Appointment to the Board

12 December 2005

Relevant skills and experience

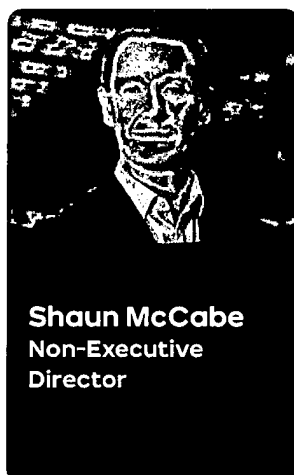
- Former City financial analyst
- Significant industry experience
- Holds a master's degree in Logistics

Significant current external appointments

Executive Director of Clifton Trade Bathrooms Limited

Independent

No, due to length of tenure only



Shaun McCabe
Non-Executive
Director

Committee membership



Appointment to the Board

24 July 2018

Relevant skills and experience

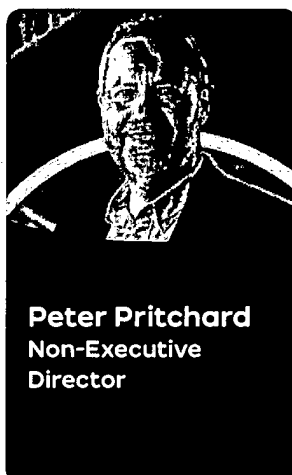
- ICAEW chartered accountant with a strong mix of knowledge of consumer-focused businesses and digital expertise
- Significant international, finance and general management experience
- Previous senior positions held at several online market leaders, including Trainline PLC, ASOS PLC, Amazon Europe and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

Significant current external appointments

Chief Financial Officer at Tide

Independent

Yes



Peter Pritchard
Non-Executive
Director

Committee membership



Appointment to the Board

1 October 2022

Relevant skills and experience

- Significant consumer and broad operational experience
- Previous chief executive officer 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

CEO (interim) at Fressnapf Holdings SE, Non-Executive Director at Motability Operations Group PLC, Non-Executive Director Nutriment (formerly Voff) and Chair at Agrifarma S.p.A (Arca Planet Italy)

Independent

Yes



Sarah Venning
Non-Executive
Director

Committee membership



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 Digital & Data Officer at Merlin Entertainments

Independent

Yes

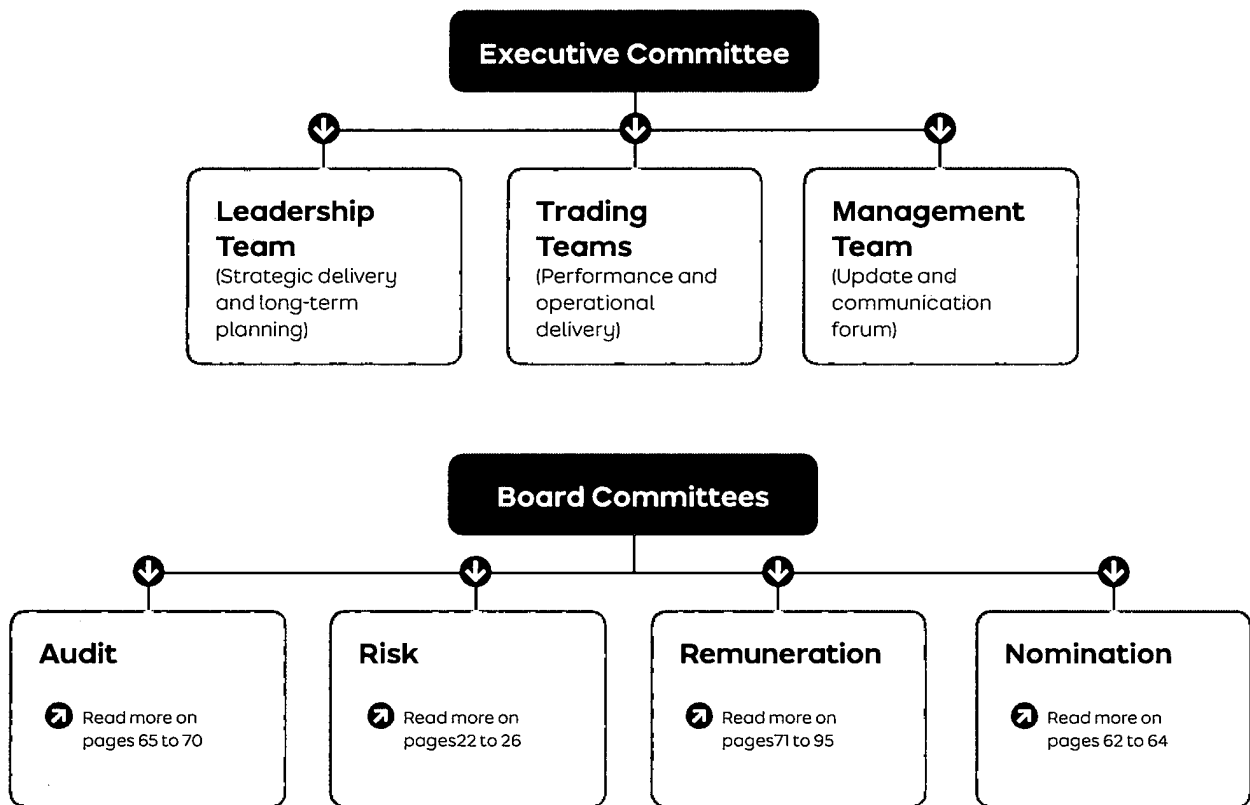
Key

- 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. The Executive Committee is supported by the 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 IT, Finance, HR and Legal. The 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 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 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 are specific projects as required.

Formal Board meetings of our operating subsidiary companies are also held on a regular basis. Our Risk Management Committee, which reports to the Audit Committee and 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 Board regularly reviews its composition, experience and skills to ensure that the Board and its Committees continue to work effectively and that the Directors are demonstrating a commitment to their roles. Further details of the relevant skills and experience of the Board are set out in their biographical details on pages 88 and 89.

The positions of our Chair and Chief Executive Officer are not exercised by the same person, ensuring a clear division of responsibility at the head 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 Chief Executive Officer, please review the Terms of Reference on our website at ao-world.com.

Board roles and key responsibilities

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 Chief Executive Officer (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

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

- 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

We have not appointed any of our Non-Executive Directors to the role of Senior Independent NED and are keeping this under review. The Chair has the support of all Non-Executives together with the Company Secretary who act as an internal sounding board and discussions are open and transparent. Shareholders are welcome to contact any of our Non-Executives through the Company Secretary (or their direct lines) should communication with the Chair or Executive Directors be inappropriate.

Committees of the Board

The Board has delegated authority to its Committees to carry out certain tasks on its behalf and to ensure compliance with regulatory requirements, including the Companies Act 2006, the Listing Rules, the Disclosure Guidance and Transparency Rules and the Code. This also allows the Board to operate efficiently and to give the right level of attention and consideration to relevant matters. A summary of the Terms of Reference of each Committee is set out below and the reports of the Committee Chairs are set out on pages 62 to 95.

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

Committee	Role and Terms of Reference	Membership required under Terms of Reference	Minimum number of meetings per year under Terms of Reference
Audit	Reviews and reports to the Board on the Group's financial reporting, internal control and risk management systems, whistleblowing, internal audit and the independence and effectiveness of the External Auditors	At least two Independent Non-Executive Directors (or such number as is required from time to time by the UK Corporate Governance Code)	Three
Remuneration	Responsible for all elements of the remuneration of the Executive Committee, the Chair and the Company Secretary	At least two Independent Non-Executive Directors (or such number as is required from time to time by the UK Corporate Governance Code)	Three
Nomination	Reviews the structure, size and composition of the Board and its Committees, and makes appropriate recommendations to the Board	At least two members (or such number as is required from time to time by the UK Corporate Governance Code) and a majority shall be Independent Non-Executive Directors	Two

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 Chief Executive Officer 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 and reports on health and safety. 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 2025

Examples of some of the key matters considered by the Board during the year are set out below.

Strategy

- Continually reviewed and challenged the Group's strategy, focusing, in particular, on growth drivers, organisational structure and leadership/management development, to ensure the Group is correctly set up to achieve its goals
- Oversaw the acquisition of musicMagpie PLC
- Reviewed the Company's progress against its ESG strategy, including consideration of scenario planning, metrics and targets
- Monitored the alignment between the Group's strategy and its culture with regular updates on attrition rates, whistleblowing events and activities designed to promote the Group's values and purpose

Operational performance

- Review of regular reports from senior management on trading, business performance and health and safety
- Supported management in the continual review of current trading and reforecasting and reviewed the actions proposed to drive efficiencies
- Approved the annual budget, the business plan for the Group and individual capital expenditure projects, including systems, leases and the continued renewal of the logistics fleet

Finance and investor relations

- Reviewed and approved the Group's full-year and half-year results, together with trading statements and the Group's viability statement and going concern status
- Reviewed the monthly reports produced by the CFO
- Appointed a new corporate broker
- Received reports and updates on investor relations activities and the views of shareholders (including engagement with key shareholders)
- Approved the Group's tax strategy

Governance and Legal

- Reviewed compliance with the Listing Rules, DTRs and the Corporate Governance Code
- Consideration of the composition and effectiveness of the Board, in particular how the Board can support the future growth plans of the Group
- Conducted the annual review of Board effectiveness and approved updates to various policies and statements, including the Company's gender pay gap statement and modern slavery statement

Risk management

- Undertook the annual review of the principal and emerging risks of the Group and consideration of risk appetite
- Via the Audit Committee, reviewed and validated the effectiveness of the Group's systems of internal controls and risk management framework
- Received reports on specific risk areas across the Group, including Data Protection and the IT security environment
- Approved the implementation of a Governance, Risk and Controls application (AuditBoard) to assist with the monitoring of key strategic and operational risks

Board meeting attendance

The table on page 50 summarises the attendance of the Directors during the year-ended 31 March 2025.

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 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

Composition, succession and effectiveness

Composition

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

All current Directors served throughout the year. Details of the skills, career background, Committee membership, tenure and external appointments of all Directors are set out on pages 52 and 53. Further details on the role of the Chair and members of the Board can be found on page 55. 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.

The Nomination Committee has delegated authority for any new appointments to the Board following a formal, rigorous and transparent

Corporate Governance Report continued

procedure with the decision for any appointment a matter reserved for the Board. Further detail on the work of the Nomination Committee during the year, including the Board's policy on diversity, can be found on pages 62 to 64. The disclosures relating to gender diversity within the Group and further information on the work being undertaken across the Group to further diversify our workforce is included in the Sustainability: Fair, Equal and Responsible Report on pages 42 to 46. For information on our procedures concerning the appointment and replacement of Directors, please see page 98.

For the purposes of assessing compliance with the Code, the Board considers that Shaun McCabe, Peter Pritchard and Sarah Venning 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.

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. A key objective of the Board is to ensure that its composition is sufficiently diverse and reflects a broad range of skills, knowledge and experience to enable it to meet its responsibilities. As can be seen from the biographies on pages 52 and 53 and the skills matrix on page 50, the Chair and the Non-Executive Directors collectively have significant industry and public company experience, which will support the Company in executing its strategy.

Directors' skills and experience

The Board skills and experience matrix on page 50 details some of the key skills and experience that our Board has identified as particularly valuable to the effective oversight of the Company and execution of our strategy.

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.

Effectiveness review

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. 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 2025 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.

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.

External directorships and time commitment

Each Director is expected to attend all meetings of the Board and of those Committees on which they serve and is required to devote sufficient time to the Group's affairs allowing them to fulfil their duties effectively as Directors. In accordance with the Code, full Board approval is sought prior to a Director accepting an external appointment to a publicly listed company or other significant commitment. Prior to the approval of any external appointments, the Board considers the time commitment required by Directors to perform their duties effectively. As part of the selection process for any new Board candidates, any significant time commitments are considered before an appointment is agreed. All Non-Executive Directors are required to devote sufficient time to meet their Board responsibilities and demonstrate commitment to their role.

As part of the annual review, the Board has also considered the external directorships and time commitment of all the Directors and agreed that these do not impact on the time that any Director devotes to the Company, and believes that such experience only enhances the capability of the Board. Save for Crystalcraft Limited, a dormant company, and AO Smile Foundation, for which he receives no fees, details of the Directors' significant external directorships can be found on pages 52 to 53.

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. 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.

Director election

Following the Board review process and the subsequent recommendations from the Nomination Committee, the Board considers that all Directors continue to be effective, committed to their roles and able to devote sufficient time to their duties. Accordingly, all Directors will seek re-election at the Company's AGM.

Corporate Governance Report continued

Whistleblowing and anti-bribery and corruption procedures

AO is committed to the highest standards of ethical conduct, honesty and integrity in our business practices. The Board recognises that transparent communication is essential to maintain our business values and is supportive of a culture where there is genuine means for the workforce to raise any concerns. During the year, the Board, via authority delegated to the Audit Committee, reviewed the whistleblowing policies in place across the Group and received regular updates on reports arising from its operation. The review confirmed that AO's policies were appropriate, accessible and comprehensive, and provided colleagues with the opportunity to raise concerns about any form of wrongdoing anonymously.

The Group also has zero tolerance of corruption, fraud, criminality (including financial crime), or the giving and receiving of bribes for any purpose. The Group has online training modules via its learning and development platform for anti-bribery and corruption, which colleagues are required to complete annually. Any breach of procedures will be regarded as serious misconduct, potentially justifying immediate dismissal.

Shareholder engagement

The Board recognises the importance of communicating with its shareholders to ensure that its strategy and performance are understood, and that it remains accountable to them. The Company has established an Investor Relations function, headed by the Group Chief Financial Officer and Chief Operating Officer. The Investor Relations function ensures that there is effective communication with shareholders on matters such as strategy and, together with the Chief Executive Officer, is responsible for ensuring that the Board understands the views of major shareholders. The Investor Relations function is supported by a combination of two corporate brokers, Jefferies and Peel Hunt.

There is an ongoing programme of dialogue and meetings between the Executive Directors and institutional investors, fund managers and analysts. This includes formal meetings with investors to discuss interim and final results, maintaining an ongoing dialogue with the investment community through regular contact with existing and potential shareholders, attendance at investment conferences and holding investor roadshows as required. At these meetings, a wide range of relevant issues, including strategy, performance, management and governance are discussed within the constraints of information that has already been made public. The Investor Relations function deals with ad hoc queries from individual shareholders. The Remuneration Committee Chair also engages in discussion with shareholders on significant matters relating to Executive remuneration, in particular, any amendments or material changes to our remuneration policy, and the Chair of the Board also engages with shareholders as and when requested or required. During the year, the Chair of the Board also engaged individually with a number of shareholders to understand, in particular, current investor sentiment on Board composition and independence, governance arrangements and the strategic development of the Group.

The Board is aware that institutional shareholders may be in more regular contact with the Company than other shareholders, but care is exercised to ensure that any price-sensitive information is released to all shareholders – institutional and private – at the same time, in accordance with legal requirements. The Company Secretary is available to shareholders if they have concerns that cannot be raised through the normal channels or if such concerns have not been resolved. The Board obtains feedback from its joint corporate brokers, Jefferies and Peel Hunt, on the views of institutional investors on a non-attributed and attributed basis. Any concerns of major shareholders would be communicated to the Board by the Executive Directors. As a matter of routine, the Board receives regular reports on issues relating to share price and trading activity, and details of movements in institutional investor shareholdings. The Board is also provided with current analyst opinions and forecasts. All shareholders can access announcements, investor presentations and the Annual Report on the Company's corporate website at ao-world.com.

Annual General Meeting

The AGM of the Company will take place at 9:00 am on 15 September 2025 at the Company's head office at 5a The Parklands, Lostock, Bolton BL6 4SD. All shareholders have the opportunity to 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 9.00 am on 11 September 2025 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, MUFC Group.

Shareholders have the opportunity to 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 91% or more.

Stakeholder voice into the Boardroom

Section 172 of the Companies Act 2006 ("s172") requires a Director of a Company to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. 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 28 to 30. 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 aim is to make sure that its 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 to ensure that decision making is fully informed and to enable discussion
- 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, which complement the monthly "State of the Nation" communications forums
- 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



Ensuring a balanced Board with diversity of skills and thought.”

Geoff Cooper
Chair

I am pleased to introduce the report of the Nomination Committee for the year-ended 31 March 2025. Full details of the Committee and its activities during the year are given in this section.

Committee members	Meetings attended/ Meetings eligible to attend
Geoff Cooper	2/2
Chris Hopkinson	2/2
Peter Pritchard	2/2
Sarah Venning	2/2

Membership and meetings

- During the period under review, the Committee comprised four 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 52 to 53.
- 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 Chief Executive Officer, 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 twice 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.

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 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.

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.

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.

At the time of writing, I am approaching 9 years of service on AO's Board. Therefore, during the year, the Committee met with the Executives without me present and discussed whether to extend my tenure. At the outset of these discussions, the Committee noted that I was independent on appointment and that, 9 years on, 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. The Committee consider that I continue to hold management to account, continue to exercise objective judgement, have developed a detailed understanding of the business and effective working relationship with both the Executive and Non-Executive Directors, and promote constructive challenge amongst other Board members. As a result, the Committee has concluded that my tenure should be extended for a further 3 years, which will allow me to complete the recruitment and induction of two additional Board members. During the year, we commenced the recruitment of two new Non-Executive Directors to join the Board; the first to have experience of the plc landscape and a financial background, as part of our succession planning, the second to have a marketing and brand background to enhance our existing skill set. With both appointments, we have highlighted to our search partner the strong desire to enhance Board diversity, particularly in respect of gender and ethnic diversity.

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

Nomination Committee Report continued

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 is currently 14% (2024: 14%), and 33% at senior management level (which comprises the Executive Committee's direct reports) (2024: 36%). 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: Fair, equal and responsible report on pages 42 to 46.

Board effectiveness

During the year, we conducted a robust internal review, which indicated that the Board is working well and that there are no significant concerns about its effectiveness. Further details of this year's internal review and its results can be found on page 62 of the Corporate Governance Report.

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 2025 AGM and offer themselves for reappointment. The biographical details of the current Directors can be found on pages 52 to 53. 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. Further, senior management succession planning and strengthening our senior talent pipeline will remain under consideration, along with supporting the Group as it continues to build a diverse and inclusive business.

Geoff Cooper
Chair, Nomination Committee

17 June 2025

Audit Committee Report



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

Shaun McCabe
Chair, Audit Committee

On behalf of the Committee, I am pleased to present this year’s Audit Committee Report for the year-ended 31 March 2025. 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	5/5
Peter Pritchard	5/5
Sarah Venning	5/5

Membership

- During the year, the Audit Committee comprised solely of Independent Non-Executive Directors.
- As required by the 2018 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.
- The Committee, as a whole, has competence relevant to the sector in which the Group operates in line with the 2018 Code requirements. Detailed experience, skills and qualifications of all Committee members can be found on pages 52 to 53, and the Board has confirmed that it is satisfied that the Committee members have the appropriate range of financial, commercial and sectoral expertise and that the Committee satisfies the 2018 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 (via the Board Committees page), 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 57 and 66. The review for the year to 31 March 2025 concluded that the Committee continued to operate effectively during the year.

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 carrying value of goodwill and the valuation of the contract asset
- 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
- Reviewed the quarterly internal audit reports together with management responses and reviewed the progress on required actions to improve the controls environment

Audit Committee Report continued

- Reviewed updates on the changing regulatory environment and oversaw the implementation of the new GRC tool, which will aid compliance with the new provision 29 of the 2024 Corporate Governance Code
- Reviewed Internal Audit practices against IIA International Professional Practices standards
- Recommended the reappointment of the External Auditor, terms of engagement and reviewed audit and non-audit fees
- Reviewed the Group's risk management procedures
- Reviewed the Group's whistleblowing and anti-bribery and fraud prevention procedures and controls
- 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. 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 Audit Committee. In line with the 2018 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 risk section on pages 22 to 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, along with risk management updates, 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.

In the past year, continued progress has been made in enhancing our internal control environment. Increased risk mitigation has been achieved through concerted effort, such as the improvements seen in Tech through strengthening governance, process and tooling, or as an output of the pivot to profit strategy, where improved controls have been required to reduce wastage and increase margins. Internal Audit results from FY25 indicate that none of our re-audited areas have regressed and many have improved, particularly in Tech. Additionally, first-time audits have been mainly positive.

Aside from the core assurance activity, Internal Audit has dedicated a significant portion of time and resource in supporting the business on risk mitigation strategies and helping to strengthen the control environment.

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 in order 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, in particular, 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 for 2024 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 2025, 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 2025 is 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 101 of the Directors' Report.

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 table on page 68 highlights the most significant issues, judgements, estimates and policies for the Period in the opinion of the Audit Committee.

Going concern and viability assessments

The Committee reviewed the Group's going concern and viability statements as set out on page 48. 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 2028 and recommended to the Board the adoption of both the going concern and viability statements for inclusion in this report.

Audit Committee Report continued

Significant financial matters	
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. 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. Changes in contractual entitlement has resulted in management reassessing the estimates and judgements used in quantifying revenue and, in particular, the amount of variable consideration that should be constrained. 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.
Recoverability of Mobile goodwill: Risk that goodwill related to Mobile is impaired	On the acquisition of Mobile Phones Direct Limited (since renamed AO Mobile Limited) in December 2018, the Group recognised goodwill and intangible assets, which, at 31 March 2024, had a carrying value of £21.8m. In February 2024, the Group acquired further intangible assets mainly related to the websites and domains from A1 comms (in administration), which had a carrying value of £2.2m at 31 March 2024. At 31 March 2024, the amount of headroom above the carrying value was £1.3m. Performance of the Mobile business and the wider post-pay Mobile market has deteriorated further, particularly in the second half of the year, and, as a consequence, management have performed a full impairment review of the Mobile goodwill and remaining intangibles. The management team has prepared a detailed paper setting out the key assumptions, estimates and judgements in this area. The base case shows a significant impairment and hence sensitivities have not been run. The Committee has reviewed the estimates and judgements made by management and, after due challenge and debate, was content with the assumptions made, the judgements applied and the subsequent impairments made.
Acquisition of musicMagpie: risk that the assets/ liabilities acquired – including goodwill – are under/ over stated	On 12 December 2024, AO acquired the whole of the share capital of musicMagpie. Management have reviewed the acquisition balance to ensure consistency with the accounting policies used by AO as well as engaging third-party specialists to help value acquired intangible assets and hence any residual goodwill. As a result of this exercise, certain fair value adjustments have been made, which include an impairment of existing recognised intangibles as well as the recognition of intangible assets, which had previously not been capable of recognition. Goodwill arising on the acquisition was £13.3m. Management has prepared a detailed paper setting out the key assumptions and process used in assessing the assets and liabilities acquired (which are set out in Note 35). 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. The Committee note that the fair value adjustments are provisional in nature and will be finalised in the permitted hindsight period.

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.

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 18 September 2024, KPMG LLP was reappointed as AO's External Auditor for the financial year-ended 31 March 2025. 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 2024 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 2024 AGM. Roger Nixon was the Audit Partner for the year-ended 31 March 2025.

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 is required to retender the external audit contract by no later than the 2027 year-end audit, this being ten years since appointment. 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 will retender the external audit contract and commence this process during the 2025 calendar year. It is expected that a list of invitees will be approved by the Committee in November 2025, tender responses collected and evaluated in January 2026, interviews with the Committee in February 2026 and a final decision made in March 2026.

Audit Committee Report continued

Reappointment of External Auditor for the 2025 financial year

Through open and honest dialogue with the External Auditor, as well as feedback received from the Executive Directors and senior management, 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 2025 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 71), 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 £72,000 (2024: £70,000), representing c.7% of the value of the Group audit fee (2024: c.9%). 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 the income of the external audit as a whole, 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 2026.

External Auditor fees

During the financial year, the Group External Auditor's fees were £1m (2024: £0.8m). 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 2026

A forward agenda will be used for the coming year's activities focused around 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.

The work of the Committee will continue to focus on overseeing management's preparations for the UK Corporate Reforms. The Committee will also seek to undertake a full appraisal of the effectiveness of the Group's risk management process and procedures.

Shaun McCabe,
Chair, Audit Committee

17 June 2025

Directors' Remuneration Report



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

Peter Pritchard
Chair, Remuneration Committee

Committee membership

The Committee currently 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.

The full Terms of Reference of the Committee are available on the Company's corporate website at www.ao-world.com.

The attendance of Committee members at meetings during the year is disclosed below:

Committee Members	Number of meetings attended
Peter Pritchard	6/6
Shaun McCabe	6/6
Sarah Venning	6/6
Geoff Cooper	6/6

FY25 highlights and to date

Highlights of the work of the Remuneration Committee in FY25 and to the date of this report:

- Determined the levels of vesting for the AO Incentive Plan FY25 Award
- Determined the shares to be released pursuant to the AO Incentive Plan FY22 Award
- Reviewed the effectiveness of the Directors' Remuneration Policy, considering the latest guidance on executive compensation and employee views, with a view to putting the Policy to a binding vote at the 2025 AGM
- Considered pay levels for the wider workforce
- Reviewed the Company's Gender Pay Gap report and recommended actions
- Determined the remuneration for FY26 for our Executive Directors and certain senior management
- Set the performance conditions for the AO Incentive Plan FY26 Award

FY26 focus areas:

- Implement the Directors' Remuneration Policy
- Monitor performance against the AO Value Creation Plan targets and consider implications

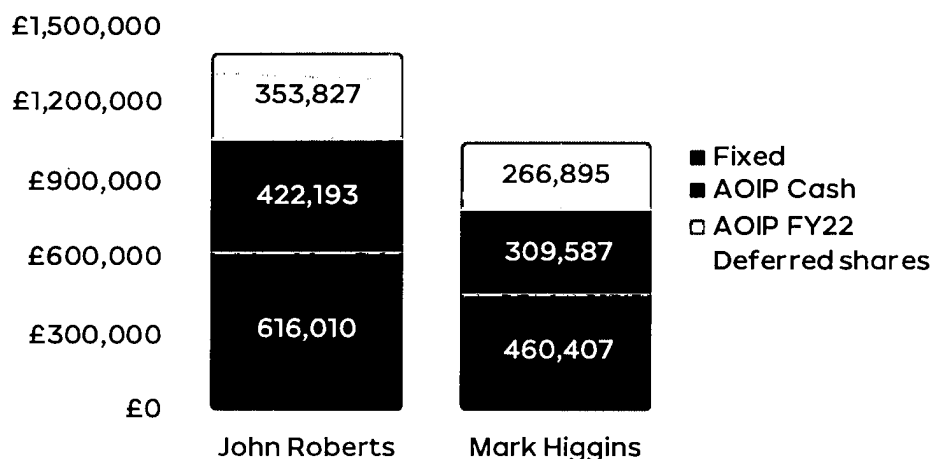
FY25 AOIP Performance Snapshot:

	Performance Condition	Weighting	Result*	Vesting %
Financial	Revenue	15%	£1,108m	5.6%
	LFL Adjusted PBT	45%	£45.2m	43.3%
	Average Daily Cash	10%	£48.3m	10%
Strategic	Trustpilot Score	10%	4.9	10%
	Employee Index Score	5%	81	3.5%
	Employee Talent	5%	Full attainment	5%
	Development of Mobile Business	10%	No attainment	0%
Total				77.3%

* Results here are stated on a like-for-like adjusted basis and relate to the continuing operations of the Group, exc. fees related to the Magpie acquisition, the post-acquisition revenue and losses of Magpie and the impairment charge relating to the Mobile Cash Generating Unit.

Directors' Remuneration Report continued

FY25 Executive Compensation at a glance



Director Compensation implementation for FY26

Base Salary	2% increase for CEO (aligned to the majority of the wider workforce) – £557K 18.6% increase for CFO and COO* – £475K * to reflect promotion to and additional responsibilities associated with the combined CFO and COO role
Flexible Benefits inc. pension	13% of salary for CEO 15% 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 & Chair	No change

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
- The revised Directors' Remuneration Policy (which will be subject to a binding shareholder vote at the 2025 AGM)
- The Annual Report on Remuneration for FY25 (which will be subject to an advisory vote at the 2025 AGM)

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 our financial year-ended 31 March 2025 (FY25).

Looking back

Our Executive Board performed strongly throughout the year, executing strategic priorities to achieve considerable growth at both the top and bottom lines and cash generation. On a like-for-like basis* the Group achieved revenue of £1,108m (up c.7% YoY), LFL Adjusted PBT of £45.2m (up c.32% YOY) vastly improving on the prior period, despite challenges in our Mobile business. Average daily cash (adjusting for the acquisition of musicMagpie and the ET funding (as detailed on page 86)) was towards the top end of our expectations and we ended the year with c.£23.m of net funds on a pre-IFRS16 basis. The customer proposition has been improved, resulting in exceptional Trustpilot scores of 4.9 out of 5 and we are pleased to report our employee engagement and culture remains strong. This performance is reflected in the remuneration earned by our Executives, for which a high proportion is performance-related variable pay, as per our policy.

AOIP Award FY25

In terms of variable pay, the Executives were granted AOIP FY25 Awards, where the performance conditions were set along three sets of deliverables:

1. Financial (output) metrics, focused on revenue, adjusted (like for like) profit before tax and average daily cash (15%, 45% and 10% weighting, respectively)
2. Stakeholder impact measures, focusing on customers (Trustpilot scores) and employees (Employee Index Score) (10% and 5% weighting, respectively)
3. Strategic transformation measures, specifically aimed at development of employee talent and development of the Mobile business (5% and 10% weighting respectively)

The financial performance is detailed above and earlier in this report, with strong outturns for both the LFL adjusted PBT (43.25% out of 45%) and

average daily cash (10% out of 10%) reflecting our strong performance in the year. The revenue outturn was 5.6% (out of 15%), despite c.7% 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 over 700,000 customer reviews. This score is market leading and an excellent achievement by the team during continuing challenging consumer markets. Accordingly, the Committee has determined that this performance condition has been met in full.

Three employee surveys have been conducted in house during FY25, which assessed our Engagement Index Score. The first was conducted in June 2024, which resulted in a score of 82, the second in September 2024, which resulted in a score of 81 and a third in January 2025 which gave a score of 80. The average of these three scores is 81, 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 3.5% (out of 5%).

In relation to the first strategic transformation measure, the Committee was pleased with the work done to develop employee talent, with three phases of work (establishing a leadership skills framework, updating value chains and capabilities and working with external consultants to challenge the value chains and capabilities and identify gaps) undertaken during the year with a fourth phase (implementing prioritised capability roadmaps) continuing into the next financial year. Accordingly, the Committee has determined that this performance condition has been met in full. In relation to the second strategic transformation measure, the Committee and the Executives agreed that, despite progress in many areas of the Mobile business, due to the continued decline in the post-pay market, the performance condition had not been met and it vested as 0% (out of 10%).

In total, the Committee has awarded 77.3% of the maximum AO Incentive Plan Award, which we feel is warranted and well-earned in a strong year for the Group and, therefore, no discretion has been 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 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 FY25 Award are disclosed on pages 85 to 87. 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.

* Like-for-like basis relates to the continuing operations of the Group, exc. fees related to the Magpie acquisition, the post-acquisition revenue and losses of Magpie, the impairment charge relating to the Mobile Cash Generating Unit.

Directors' Remuneration Report continued

AOIP FY22 Award – release of conditional deferred shares

Each of John Roberts and Mark Higgins were granted a conditional deferred share award pursuant to the FY22 AOIP Award, which had a deferral period spanning FY23 to FY25, inclusive, and which – at the point of grant – had a value of £143,374 and £108,148, 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 FY25. 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 358,435 and 270,371 shares for John and Mark will vest following the announcement of our FY25 results and will also be subject to a further one-year holding post-vesting.

Pension and Benefits

Since, FY23 the Executives and our leadership team have been subject to a flexible benefits regime (which equated to 13% and 15% of salary for the CEO and CFO respectively) which can be used to acquire benefits (including pension contributions) as they see fit. The programme was rolled out to senior management levels during FY24. Although this mechanism allows our Executives to choose the level of their pension contributions, 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 that is available to the majority of the wider workforce.

The Annual Report on Remuneration (set out on pages 85 to 95) describes further details on the remuneration earned by our Executives and the wider Board and how the policy approved at the 2022 AGM has been implemented in the year under review. It will be the subject of an advisory vote at the forthcoming AGM.

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 2022 and has been

in force throughout the year under review. In line with the normal three-year cycle, the policy is due to be submitted to shareholders at the 2025 AGM and, therefore, during the year, the Committee undertook a comprehensive review of the policy to ensure that it continues to incentivise delivery of the strategy. The Committee 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. However, the Committee has given consideration to the post-vesting holding period applied to the AOIP awards granted to the Executives and determined that the one-year post-vesting holding period should be removed. The Committee believes the additional one-year holding period is unnecessary on the basis that our current matrix of incentive plans, including the VCP, encourage long-term thinking and create alignment with shareholders over the long-term. The post-vesting holding period was originally introduced to comply with the Code; however, the VCP provides significant long-term alignment with shareholders over a seven-year period, far exceeding the requirements of the Code. The proposed change also aligns the AOIP structure for our Executives with the rest of the AOIP participants.

As a result, the Committee will present an amended Policy to shareholders for approval at the 2025 AGM reflecting such change, but in all other respects, the Policy will remain unchanged.

Wider workforce considerations

Recent years have seen salary increases struggling to keep pace with spiking inflation; however, latest UK salary trends surveys support a more positive outlook, with forecasts for smaller nominal UK salary increases through 2025. Accordingly, a minimum of pay increase of 2% has been awarded to the majority of the workforce to continue to support our people with the cost-of-living crisis with certain areas receiving higher increases either to remain competitive in market or as a result of increases in national minimum wage.

Approach to remuneration for FY26 Executives

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. At the end of the reporting period, Mark, our CFO,

with the approval of the Board, was promoted into a new combined role of CFO and COO. Given such additional responsibilities for Mark and in line with our normal annual approach, the Committee reviewed base salaries during the year in order to ensure that they remain in line with our philosophy that our Executives are paid fairly (reflecting the scope and responsibilities of the role) and in line with market. As part of this, the Committee undertook a review of benchmark data for both the CEO and CFO/COO roles across the FTSE 250 with the aspiration that base pay should fall in the market competitive range with variable pay opportunity levels aligned to the wider market.

Following this review, John was awarded a 2% pay increase aligned to the majority of the workforce.

For Mark, the Committee determined that an 18.6% pay increase should be awarded to reflect the broader role. The Committee is aware that this represents a significant increase but determined that the additional responsibilities of Mark's new role justify such an increase. These additional responsibilities include:

- Optimising operational performance, enhancing productivity and driving overall growth and profitability in line with the strategy.
- Acting as AO's main adviser on all issues relating to operational functions, keeping abreast of the latest developments to maintain AO's competitive position and adaptability in a rapidly evolving business landscape.
- Working closely with AO's senior leadership team to develop strategies to streamline processes, increase operational capacity and efficiency, allocate resources and monitor key performance indicators.
- Developing and implementing strategies for the growth of AO and managing risks effectively.

Flexible benefit rates (as a percentage of salary) remain unchanged against the prior year.

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

We have continued to set the performance conditions along three sets of deliverables:

1. Financial (output) metrics, focused on adjusted profit before tax, UK Retail B2C revenue growth, and average daily cash (45%, 15% and 10% weighting, respectively);
2. Stakeholder impact measures, focusing on customers (Trustpilot) and employees (Employee Index Score (10% and 5% weighting, respectively); and
3. Two strategic measures, specifically aimed at (i) developing certain opportunities in the UK Retail B2C area of the business and (ii) conducting a comprehensive strategic, financial, and operational review of the Mobile business (7.5% weighting each).

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 UK Retail B2C Revenue, average daily cash metric (10%) and the customer metric (10%) will ensure a clear focus on sustainable growth with an exceptional customer proposition. For FY26, the revenue measure relates to UK Retail B2C Revenue rather than Group revenue to create an additional focus in this area, but which is balanced by the strategic measure focused on Mobile.

We continue to recognise the importance of ESC 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 and driving long-term sustainability.

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

Non-Executives

Fees for the Non-Executive Directors (including the Chair) were reviewed during the year and benchmarked against peers. It was determined that no changes were required for FY26.

Further details regarding the implementation of our policy in the year ahead are provided on pages 92 to 95.

Employees

As set out in the Corporate Governance report, Chris Hopkinson, our designated People Champion, has headed up engagement with the workforce, 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 FY25, the key features of the policy and how we propose to approach FY26.

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

17 June 2025

Directors' Remuneration Report continued

Policy report

This part of the Directors' Remuneration report sets out the Directors' remuneration policy for the Company (the "Policy") and has been prepared in accordance with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the UKLA's Listing Rules. The Policy has been developed taking into account the principles of the UK Corporate Governance Code (the "Code") as it currently applies.

The Policy will be put to a binding shareholder vote at the 2025 AGM and, subject to approval, will take formal effect from that date. We do not propose any fundamental changes to our Policy as following careful consideration of the remuneration landscape, taking into account our evolving strategy and stakeholder views and, looking at its implementation over recent years, we believe that it is operating effectively and closely aligns to our business strategy. However, we are proposing to remove the one-year holding period, which applies to AOIP awards. The Committee believes the additional 1-year holding period is unnecessary on the basis that our current matrix of incentive plans including the VCP encourage long-term thinking and create alignment with shareholders over the long term. The post-vesting holding period was originally introduced to comply with the Code; however, the VCP provides significant long-term alignment with shareholders over a seven-year period, far exceeding the requirements of the Code. The proposed change also aligns the AOIP structure for our Executives with the rest of the AOIP participants.

Whilst it is intended that the Policy will apply for three years following approval, the Policy will be kept under review on an annual basis.

Role of the Committee in setting the Policy

The Committee is responsible for determining, on behalf of the Board, the Company's Policy on the remuneration of the Executive Directors, the Chair and other senior Executives of the Group.

The Committee's overarching aims in setting the Policy are:

- to attract, retain and motivate high-calibre senior management for sustained contribution and to focus them on the delivery of the Group's strategic and business objectives;
- to promote a strong winning and customer-orientated culture that builds on accountability of results;
- to incentivise profitable growth, innovation and the creation of long-term shareholder value; and
- to align the interests of Executive Directors with those of shareholders and stakeholders.

In promoting these objectives, the Committee aims to ensure that Executives are paid fairly. It has set a policy framework that is structured so as to adhere to the principles of good corporate governance and appropriate risk management. The Committee also recognises the importance of promoting a strong "collegiate culture"; this is reflected in the approach to setting pay across the whole senior management population as a team, and to overall principles for remuneration and benefits for the overall employee population of AO and, as noted above, this is one of the reasons for the removal of the holding period.

Executive Directors are invited to attend Remuneration Committee meetings when it is considering and developing policy to ascertain their views, particularly given the application of the Policy beyond Executives. However, the Executives do not attend parts of meeting where their specific compensation is being considered and approved.

When developing the policy, input was received from the Chair and management whilst ensuring that conflicts of interest were suitably mitigated. The Committee also considered carefully corporate governance developments.

The Committee's Terms of Reference are available on the Company's website at ao-world.com.

How the views of shareholders are taken into account

The Committee understands that constructive dialogue with shareholders plays a key role in informing the development of a successful remuneration policy, values this dialogue as a source of exchange and learning, and we regularly seek to actively engage with shareholders in these matters. The Committee will continue to consider any further shareholder feedback throughout the year and further in relation to the AGM each year. Any such feedback, plus any additional feedback received from time to time, will be considered as part of the Company's annual review of the Policy.

In addition, when it is proposed that any material changes are to be made to the Policy, the Committee Chair will consult with major shareholders of these in advance and will ensure that there is opportunity for discussion, in order that any views can be properly reflected in the Policy formulation process.

Consideration of employment conditions elsewhere in the Group

When designing the Policy for Executive Directors, the Committee takes into account the overall approach to reward for, and the pay, benefits and employment conditions of, other employees in the Group. This process ensures that any increase to the pay of Executive Directors is set in an appropriate context and is appropriate relative to increases proposed for other employees, ensuring our reward philosophy is consistently and fairly applied. The Committee is also provided with periodic updates on employee remuneration practices and trends across the Group.

We have also discussed pay and benefits with our Employee Champions through our Voice to the Board sessions, which Chris Hopkinson (our NED Engagement Champion) has attended.

Summary of our remuneration policy

The table on pages 78 and 79 provides a summary of the key aspects of the Policy for Executive Directors.



Directors' Remuneration Report continued

Element	Base salary	Flexible pension and benefits
Purpose and link to strategy	- To aid the recruitment and retention of high-calibre Executive Directors with the expertise and experience to deliver the Company's strategy - To reflect individual experience and expertise - To provide a fair and appropriate level of fixed basic income	To provide a competitive flexible benefits and pension allowance to aid recruitment and retention of high-calibre Executive Directors with the expertise and experience to deliver the Company's strategy
Operation	- Normally reviewed annually, with any increase normally effective on 1 April (increases may be awarded at different times if considered appropriate by the Committee) - Set at a level required to recruit suitable Executive Directors, reflecting their experience and expertise and in the context of other comparable positions - Any subsequent increase determined by the Committee may be influenced by: (a) the scope of the role; (b) experience and personal performance in the role; (c) average change in total workforce salary; (d) performance of the Company; (e) any changes in the size and complexity of the organisation; (f) any changes in market practice; and (g) external economic conditions, such as inflation - Periodic account of practice in comparable companies (e.g. those of a similar size and complexity) may be taken by the Committee	- A flexible pension and benefits allowance is provided, a portion of which may be invested into the Executive's pension - Executive Directors are also eligible to participate in any all-employee share plans operated by the Company, in line with HMRC guidelines currently prevailing (where relevant), on the same basis as for other eligible employees - In certain circumstances, the Committee may also approve additional allowances relating to the relocation of an Executive Director or other expatriate benefits (including tax thereon) required to perform the role - The Committee may provide other employee benefits to Executive Directors if considered appropriate - The Committee has the ability to reimburse reasonable business-related expenses and any tax thereon
Maximum opportunity	- Whilst no monetary maximum has been set, annual increases will, generally, be linked to those of the average of the wider workforce - Increases beyond those awarded to the wider workforce (in percentage of salary terms) may be awarded in certain circumstances, such as where there is a change in responsibility or experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group, and where this has also been applied to other employees in similar circumstances - The Committee retains the flexibility to set the salary of a new hire at a discount to the market initially, and implement a series of planned increases over the subsequent few years, potentially higher than for the wider workforce, in order to bring the salary to the desired position, subject to Group and/or individual performance	- Cash allowance with a maximum value of: 13% of base salary for the CEO 15% of base salary for the CFO - The Committee has discretion to approve a higher cost in exceptional circumstances (such as relocation), or where it is considered appropriate to provide additional benefits
Framework used to assess performance	The Committee reviews the salaries of Executive Directors each year taking due account of all the factors described in how the salary policy operates	N/A

AO incentive plan	Value Creation Plan ("VCP")
- To reward the delivery of annual objectives relating to the business strategy - Through significant deferral into the Company's shares to align the long-term interests of Executive Directors with those of shareholders	To retain and motivate all of our employees and drive exceptional value creation over the long term
- The vesting of awards will be subject to the satisfaction of performance conditions set by the Committee and measured over a performance period - The performance period will normally be of at least one year - Upon completion of the performance period, the Committee will deliver a portion of the award in cash and defer the remaining portion into an award of shares or nil-cost options - No more than one-third of the total award will be delivered in cash - Deferred share awards will normally be subject to additional performance underpin conditions measured over a period of at least three years running from the end of the performance period - Normally 62.5% of maximum is payable for target levels of performance with 25% normally paying for threshold levels of performance. - Awards are not pensionable - Awards are subject to recovery provisions that enable the Committee to withhold or recover the value of awards within five years of the grant date/payment where there has been 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 conditional share award over ordinary shares in the Company with a value equal to the units in the award. The value of the units will depend on the plan value on the relevant measurement dates. - The plan will be funded based on the creation of shareholder value above share price hurdles as determined by the Committee. The plan will cease funding at a set share price as considered appropriate by the Committee. The plan may be funded at different rates between hurdles if considered appropriate. Details of the share price hurdles are provided in the Annual Remuneration Report. - For Executive Directors, the award will vest (to the extent that the share price hurdles are met) with a maximum of one-third following the completion of the performance periods ending 31 March 2027, 31 March 2028 and 31 March 2029 (the measurements dates). - The level of funding of the plan is subject to a maximum dilution of 5% of the Company's issued share capital. - Awards are subject to recovery provisions that enable the Committee to withhold or recover the value of awards within three years of each measurement date as set out above, where there has been 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.
Up to 300% of salary for each Executive Director in respect of any financial year	The maximum value that an individual can receive from the scheme is capped at £20m.
- Awards are based on performance measures with stretching targets as set and assessed by the Committee - Financial measures (e.g. EBITDA, revenue, cash flow) will normally represent the majority (at least 50%) of the award, with any other measures representing the balance - Subject to the above, measures and weightings may change each year to reflect any YoY changes to business priorities and ensure they continue to be aligned to the business strategy - The Committee may, in its discretion, adjust AOIP payouts 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, or that such payout level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When making this judgement, the Committee may take into account such factors as it considers relevant. Any use of discretion will be detailed in the following year's Annual Report on Remuneration - No vesting will occur below a threshold level of performance as set by the Committee on a year-by-year basis	- Performance will be assessed based on the three-month average share price at each measurement date versus share price hurdles determined by the Committee. These share price hurdles have been disclosed in the Annual Remuneration Report. - The Committee will have absolute discretion on the vesting of the awards to override the formulaic outcomes. A framework of performance measures (revenue growth profitability, cash, customer satisfaction and employee engagement) will be used to assess holistic Company performance against macro-economic factors.

Directors' Remuneration Report continued

Historic arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretion available to it in connection with such payments) notwithstanding that they are not in line with the Policy where the terms of the payment were agreed: (i) before 17 July 2014 (the date the Company's first shareholder-approved Directors' remuneration policy came into effect); (ii) before the Policy came into effect, provided that the terms of the payment were consistent with the remuneration policy in force at the time they were agreed; (iii) where otherwise approved by shareholders; or (iv) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes, "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

Terms of the AO Incentive Plan

Awards under the AO Incentive Plan, may:

- a. be granted as conditional share awards or nil-cost options or in such other form that the Committee determines has the same economic effect;
- b. have any performance condition or underpin applicable to them amended or substituted by the Committee if an event occurs that causes the Committee to determine an amended or substituted performance condition or underpin would be more appropriate and not materially less difficult to satisfy;
- c. incorporate the right to receive an amount (in cash or additional shares) equal to the value of dividends, which would have been paid on the shares under a share-based award that vest up to the time of vesting. This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis;
- d. in respect of the portion of the award granted in shares, be settled in cash at the Committee's discretion (it is intended that this provision would only be used for Executive Directors where it is not possible to settle share portion of the award in shares due to regulatory or legal reasons); and
- e. be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may materially affect the Company's share price.

The Committee also retains the discretion within the Policy to adjust performance targets and/or set different performance measures and alter weightings if events happen that cause it to determine that the conditions are unable to fulfil their original intended purpose.

Choice of performance measures and approach to target setting

The performance metrics and targets that are set for the Executive Directors via the AO Incentive Plan are carefully selected to align closely with the Company's strategic plan.

The AO Incentive Plan is determined on the basis of performance against specific performance indicators and strategic objectives set annually. The precise metrics chosen, along with the weightings of each, may vary in line with the Company's evolving strategy from year to year. The Committee will review the performance measures and targets each year and vary them, as appropriate, to reflect the priorities for the business in the year ahead.

Where possible, the Committee will disclose the targets for each of the Executive Directors' awards in advance in the Annual Report on Remuneration, but targets will generally be disclosed retrospectively where they are considered to be commercially sensitive. The Committee will review the choice of performance measures and the appropriateness of the performance targets prior to each performance year and will consult with major shareholders in the event of any significant proposed change.

Challenging targets are set whereby modest rewards are payable for the delivery of threshold levels of performance, rising to maximum rewards for the delivery of substantial out-performance of our financial and operating plans.

Financial measures normally comprise at least half of the measures, to provide the Committee with the flexibility to incentivise management to drive some fundamental strategic initiatives.

Share ownership guidelines

The Committee's Policy is to have formal shareholding guidelines for the Executive Directors, which create alignment between their interests and those of shareholders.

Executive Directors are expected to build a minimum shareholding of 200% of salary. Where the holding is not already attained, it is expected to be achieved through retention of at least 50% of shares or the vesting of awards (on a net of tax basis) from share plans.

Post-cessation of office ownership guidelines

Executive Directors are normally expected to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for two years following departure from the Board. The Committee retains discretion to waive this guideline if it is not considered to be appropriate in the specific circumstance.

Differences in remuneration policy for Executive Directors compared to other employees

The Committee has regard to pay structures across the wider Group when setting the remuneration policy for Executive Directors. The Committee considers the general basic salary increase for the broader workforce when determining the annual salary review for the Executive Directors.

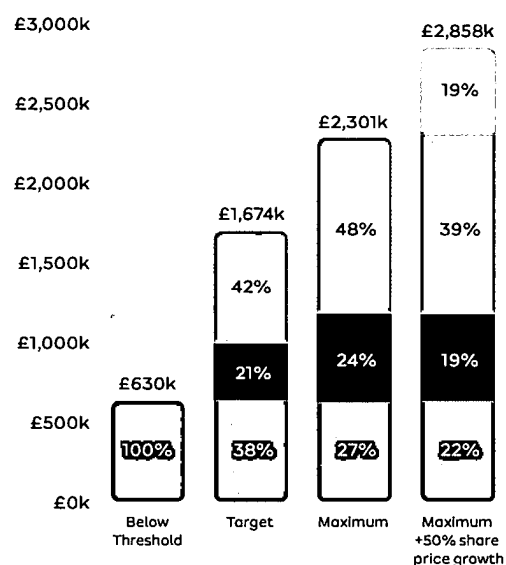
Overall, the remuneration policy for the Executive Directors is more heavily weighted towards performance-related pay than for other employees. In particular, performance-related incentives are, generally, not provided outside of senior management as they are reserved for those considered to have the greatest potential to influence overall levels of performance. That said, whilst the use of the AO Incentive Plan is confined to the senior managers in the Group, the Company is committed to widespread equity ownership. It has historically rolled out, and intends in the future to roll out, an all-employee SAYE scheme on an annual basis, in which Executive Directors are eligible to participate on a consistent basis to all other employees. Further, as noted above, the VCP extends to all employees who joined prior to 1 April 2025.

The level of performance-related pay varies within the Group by grade of employee, but, in general, the Policy is applied consistently across each grade of the senior management population.

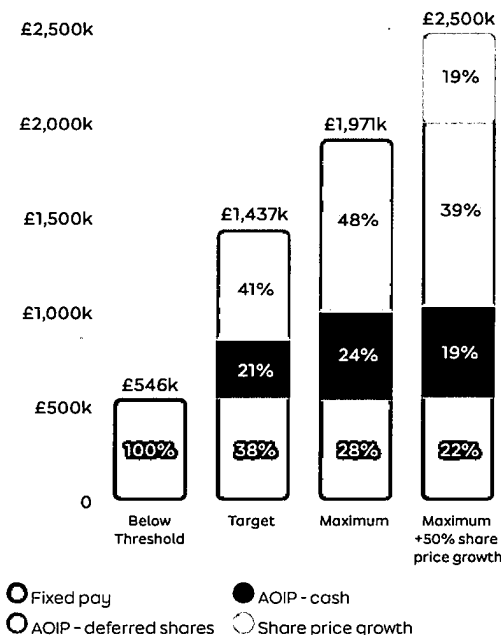
Reward scenarios

Under the Policy, a significant proportion of remuneration received by Executive Directors is variable and dependent on the performance of the Company. The following charts illustrate how the total pay opportunities for the Executive Directors vary under three different performance scenarios: below target, on-target and maximum, based on the implementation of the AO Incentive Plan for the year ahead.

CEO



CFO/COO



Assumptions:

- Below threshold = fixed pay only (i.e. basic salary and flexible benefits)
- Target = fixed pay plus 62.5% of maximum AOIP payout
- Maximum = fixed pay plus 100% of maximum AOIP payout
- Maximum + 50% share price growth = fixed pay plus 100% of maximum AOIP payout, with 50% share price appreciation applied to the deferred shares delivered through the AOIP
- Fixed pay includes the base salaries for each Executive Director applying on 1 April 2025 and FY26 flexible benefit allowance
- Maximum AOIP Award is equivalent to 300% of salary. In addition, the Executive Directors also participate in the 2022 VCP, which gives participants the opportunity to share in the value created above a pre-determined share price hurdle. The value of any vested award will be dependent on the Company's share price and performance relative to the targets set. Awards for Executive Directors vest in three equal tranches (with five, six and seven-year performance periods, ending in 2027, 2028 and 2029, respectively), with the total maximum payable capped at £20m for each Executive Director. The VCP is not included in the scenario charts above.

Directors' Remuneration Report continued

Service contracts, and loss-of-office payments

Service contracts normally continue until the Executive Director's agreed retirement date or such other date as the parties agree. The Company's policy is that Executive Directors' service contracts must provide that no more than six months' notice to terminate employment (by either party) must be given. However, incumbent Executive Directors' service contracts are subject to 12 months' notice to terminate in line with the historic policy.

A Director's service contract may be terminated without notice and without any further payment or compensation, except for sums earned up to the date of termination, on the occurrence of certain events such as gross misconduct. The circumstances of the termination (taking into account the individual's performance) and an individual's duty and opportunity to mitigate losses are taken into account by the Committee when determining amounts payable on/following termination. Our Policy is to reduce compensatory payments to former Executive Directors where they receive remuneration from other employment during the notice period. The Committee will consider the particular circumstances of each leaver on a case-by-case basis and retains flexibility as to at what point, and the extent to which, payments would be reduced. The Committee may make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for the breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include, but are not limited to, paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with their cessation of office or employment. Details will be provided in the relevant Annual Report on Remuneration should such circumstances arise. In summary, the contractual provisions are as follows:

Provision	Detailed items
Notice period	12 months from both the Company and incumbent Executive Directors.
	Six months for newly appointed Executive Directors
	Payment in lieu of notice of 115% of base salary, which is calculated to cover the value of contractual benefits and pension, normally subject to mitigation and paid monthly*
Termination payment	In addition, any statutory entitlements would be paid as necessary
Change of control	There will be no enhanced provisions on a change of control

* The Committee may elect to make a lump sum termination payment (up to a maximum of 12 months' base salary and contractual benefits as part of an Executive Director's termination arrangements where it considers it appropriate to do so.

Termination provisions

AO Incentive Plan

Any cash or share entitlements granted under the AO Incentive Plan will be determined on the basis of the relevant plan rules. During the vesting period, the default position is that where the Executive Director leaves due to ill health, injury or disability, or the sale of their employing company or business out of the Group, the "leaving" Executive Director will be deemed to be a good leaver. In all other circumstances (unless the Committee has exercised its discretion), the "leaving" Executive Director will be classed as a bad leaver and any outstanding awards and unvested share awards will lapse immediately when the Executive Director ceases to be employed by, or to hold office with, the Group.

If deemed by the Committee to be a "good" leaver:

- f. during the performance period, awards will ordinarily continue to be satisfied in accordance with the rules of the plan; and
- g. during the vesting period, deferred share awards will ordinarily continue to vest on the date when they would have vested as if the leaver had not ceased to be a Group employee or Director.

The extent to which awards may be satisfied and deferred share awards may vest in these circumstances will be determined by the Committee, taking into account the satisfaction of any relevant performance or underpin conditions measured over the original performance period.

Unless the Committee decides otherwise, any outstanding awards will also be reduced to take into account the proportion of the performance period that has elapsed on the individual's cessation of office or employment.

However, the Committee retains discretion to allow awards to be satisfied and deferred share awards to vest as soon as reasonably practicable after the individual's cessation of office or employment. If the participant ceases to hold office or employment prior to the satisfaction of an award, the Committee may also decide to satisfy awards entirely in cash, rather than delivering a deferred share award to the Executive Director.

If a participant dies, unless the Board decides otherwise, their outstanding awards will be satisfied and deferred share awards will vest as soon as reasonably practicable after the date of their death on the basis set out for other "good leavers" above.

Value creation plan

Awards normally lapse on cessation of employment. The Committee will have discretion to allow awards to vest in exceptional circumstances as considered appropriate. Awards may be pro-rated for the proportion of the performance period completed.

Approach to recruitment and promotions

The remuneration package for any new Executive Director would be set in accordance with the terms of the Company's approved Policy in force at the time of appointment. In addition, with specific regard to the recruitment of new Executive Directors (whether by external recruitment or internal promotion), the Policy will allow for the following:

- Where new joiners or recent promotions have been given a starting salary at a discount to the mid-market level, a series of increases above those granted to the wider workforce (in percentage of salary terms) may be awarded over the following few years, subject to satisfactory individual performance and development in the role.
- An initial award granted to any new Executive Director under the AO Incentive Plan would operate in accordance with the terms of the Policy. The opportunity would normally be pro-rated for the period of employment, unless the Committee determined otherwise. Depending on the timing and responsibilities of the appointment, it may be necessary to set different performance measures and targets in the first year.
- The Committee may also offer additional cash and/or share-based elements when it considers these to be in the best interests of the Company and shareholders. Any such additional payments would normally be based solely on remuneration relinquished when leaving the former employer and would reflect (as far as possible) the nature and time horizons attaching to that remuneration and the impact of any performance conditions. Replacement share awards, if used, will be granted using the Company's existing share plans to the extent possible. Awards may also be granted outside of the Company's existing incentive arrangements if necessary and as permitted under the Listing Rules. Shareholders will be informed of any such payments at the time of appointment.
- Any new Executive Director may participate in the all-employee AO Value Creation Plan
- For an internal Executive appointment, any variable pay element awarded in respect of the former role would be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment would continue.
- For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as appropriate.

For the appointment of a new Chair or Non-Executive Director, the fee arrangement would be set in accordance with the approved fee structure policy in force at that time.

Changes of control provisions

AO Incentive Plan

Awards will be satisfied and deferred share awards will vest taking into account the extent to which the performance and/or underpin conditions have been satisfied. In these circumstances, the Committee may determine that any outstanding awards are settled in cash, rather than delivering a deferred share award. Unless the Committee determines otherwise, outstanding awards will also be reduced to take into account the proportion of the performance period that has elapsed. If the Company is wound up or there is a demerger, delisting, special dividend or other event, which, in the Committee's opinion, may materially affect the Company's share price, the Committee may allow awards to be satisfied and deferred share awards to vest on the same basis as a takeover.

Value Creation Plan

Awards will vest based on the value of the plan at the relevant date and any other factors as the Board considers relevant. In these circumstances, the Committee may determine that any outstanding awards are settled in cash.

Chair and Non-Executive Directors' letters of appointment

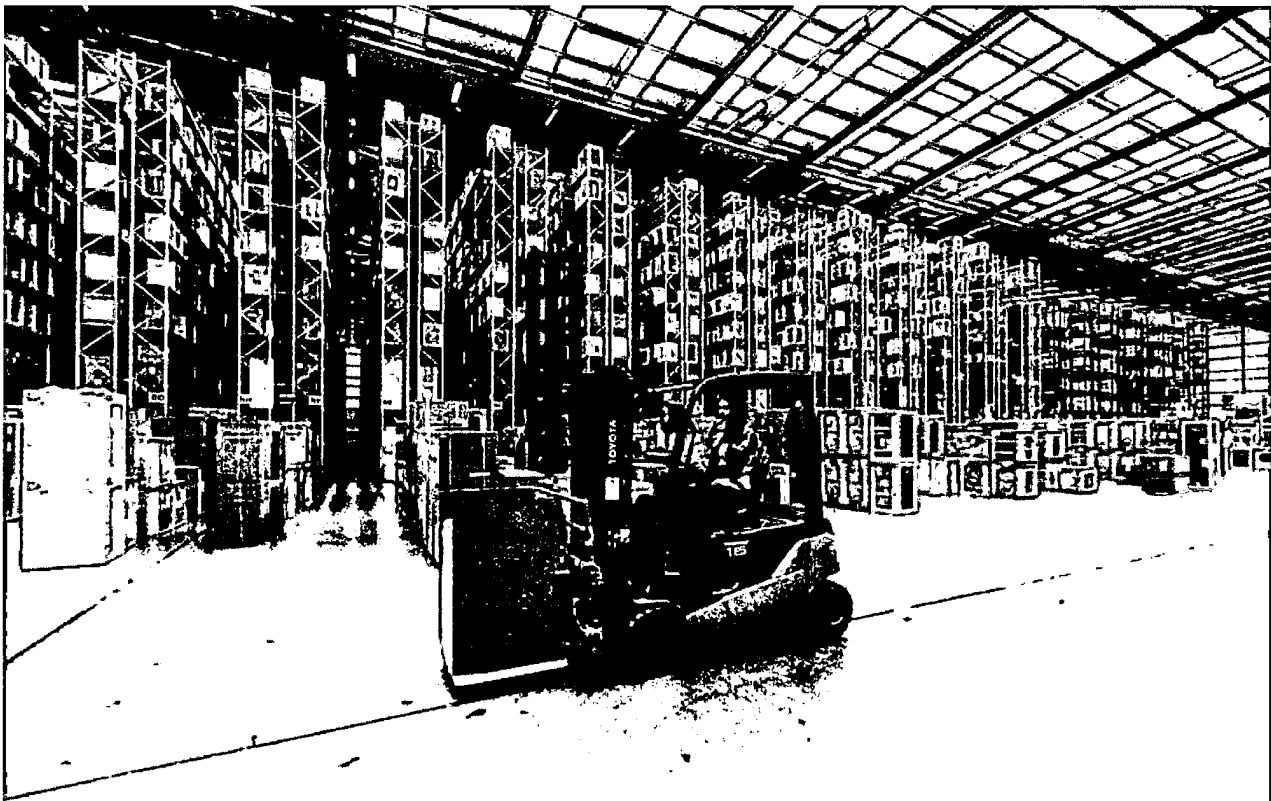
The Chair and Non-Executive Directors do not have service contracts with the Company, but, instead, have letters of appointment. The letters of appointment are usually renewed every three years but may be renewed on an annual basis where deemed appropriate. Termination of the appointment may be earlier at the discretion of either party on three months' written notice. None of the Non-Executive Directors are entitled to any compensation if their appointment is terminated. Appointments will be subject to re-election at the AGM.

Directors' Remuneration Report continued

Non-Executive Directors' fees

The Non-Executive Directors' fees policy is described below:

Element	Purpose and link to strategy	Fees
To recruit and retain high-calibre Non-Executive Directors	Fees are determined by the Board, with Non-Executive Directors abstaining from any discussion or decision in relation to their fees. Non-Executive Directors are paid an annual fee and do not participate in any of the Company's incentive arrangements or receive any pension provision. The Chair is paid a consolidated all-inclusive fee for all Board responsibilities. The Non-Executive Directors receive a basic Board fee, with additional fees payable for chairing the Audit, Nomination and Remuneration Committees and for performing the Senior Independent Director role with additional fees payable for committee membership. Additional fees may be paid to reflect additional Board or Committee responsibilities as appropriate. The fee levels are reviewed on a periodic basis, with reference to the time commitment of the role and market levels in companies of comparable size and complexity. Non-Executive Directors shall be entitled to have reimbursed all fees (including travel expenses) that they reasonably incur in the performance of their duties. The Company may meet any tax liabilities that may arise on any such expenses. Additional non-significant benefits may be introduced if considered appropriate.	There is no cap on fees. Non-Executive Directors are eligible for fee increases during the three-year period that the remuneration policy operates to ensure they continue to appropriately recognise the time commitment of the role, increases to fee levels for Non-Executive Directors in general and fee levels in companies of a similar size and complexity.



Annual Report on Remuneration

The Annual Remuneration for FY25 was structured within the framework of the remuneration policy adopted by shareholders at 2022 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 FY25 (Audited)

The audited table below shows the aggregate emoluments earned by the Directors of the Company in respect of FY25 being the period 1 April 2024 to 31 March 2025 and, for comparison, the amounts earned in respect of FY24, being the period 1 April 2023 to 31 March 2024.

		Salaries and fees	Benefits (exc pension) ⁽¹⁾	Pension ⁽¹⁾	Total fixed	AOIP cash ⁽²⁾	AOIP Deferred shares ⁽³⁾	Total variable	Total
		£	£	£	£	£	£		£
Executive Directors									
John Roberts	FY25	546,174	65,836	4,000	616,010	422,193	353,827	776,020	1,392,030
	FY24	510,427	63,150	4,000	577,577	503,791	460,200	963,991	1,541,568
Mark Higgins	FY25	400,500	49,907	10,000	460,407	309,587	266,895	576,482	1,036,889
	FY24	385,097	47,602	10,000	442,699	380,091	347,134	727,225	1,169,924
Chairman									
Geoff Cooper	FY25	210,000	0	0	210,000	0	0	0	210,000
	FY24	200,000	0	0	200,000	0	0	0	200,000
Non-Executive Directors									
Christopher Hopkinson	FY25	59,000	0	0	59,000	0	0	0	59,000
	FY24	57,000	0	0	57,000	0	0	0	57,000
Shaun McCabe	FY25	76,000	0	0	76,000	0	0	0	76,000
	FY24	72,000	0	0	72,000	0	0	0	72,000
Peter Pritchard	FY25	78,000	0	0	78,000	0	0	0	78,000
	FY24	64,500	0	0	64,500	0	0	0	64,500
Sarah Venning	FY25	67,000	0	0	67,000	0	0	0	67,000
	FY24	57,000	0	0	57,000	0	0	0	57,000
Total	FY25	1,436,674	115,743	14,000	1,566,417	731,779	620,723	1,352,502	2,918,919
Total⁽⁴⁾	FY24	1,346,024	110,752	14,000	1,470,776	883,882	807,334	1,691,216	3,161,992

¹ From 1 October 2022 (FY23), the Group introduced a flexible benefits scheme for the Executives and other senior management. Pension contributions amounts 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.

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 FY25. Following partial attainment of the performance conditions 77.3% of the maximum award has vested of which one-third will be 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 2028 subject to continued employment and attainment of the performance underpin. As per the revised policy being put to shareholders, Executives will no longer be required to hold awarded shares for a further year. The value disclosed above relates to the cash portion of the FY25 award only, with the share portion due to be disclosed in the FY28 single figure.

³ Each of John Roberts and Mark Higgins were granted a conditional deferred share award pursuant to the FY22 AOIP Award of 358,435 and 270,371 shares respectively, which had a deferral period spanning FY23 to FY25, inclusive, and which, at the point of grant, had a value of £143,374 and £108,148, respectively. The Remuneration Committee has deemed that the performance underpin has been met in full and, accordingly, 358,435 and 270,371 shares will be issued to John and Mark in June 2025. For the purpose of the single-figure calculations, these awards have been valued based on the three-month average share price to 31 March 2025 of 98.7p. The share price used to determine the award in July 2022 was £0.40. Of the value disclosed, £210,453 for John and £151,852 for Mark is attributable to share price growth. For the deferred share option value for FY24 reported for both John and Mark, in the previous report, we used an estimate of 90.26p (being the 3-month average share price to 31 March 2024); when the option became exercisable on 8 July 2024, the actual share price was 118.00p and the values in the single figure above have been adjusted accordingly.

⁴ The totals for FY24 published differ from that reported last year as the Group have not taken into account remuneration paid to Marisa Cassoni, who retired part way through FY24.

Directors' Remuneration Report continued

Details of variable pay earned in FY25 (Audited)

AO Incentive Plan FY25 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 2025. 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 FY25 AO Incentive Plan Award.

Measure (weighting)	Targets		% payout (for this element)	Performance achieved	Award
LFL Adjusted Profit Before Tax (45%) ¹	Threshold	£30.6m	25%	£45.2m	43.3%
	On target	£38.3m	62.5%		
	Stretch	£46.0m	100%		
LFL Revenue (15%) ¹	Threshold	£1,091m	25%	£1,108m	5.6%
	On target	£1,143m	62.5%		
	Stretch	£1,195m	100%		
Average Daily Cash (10%) ¹	Threshold	£31.2m	25%	£48.3m	10%
	On target	£36.7m	62.5%		
	Stretch	£42.2m	100%		
Customer Trustpilot (10%) ²	Threshold	4.6	25%	4.9	10%
	On target	4.7	62.5%		
	Stretch	4.8	100%		
Employee Index Score (5%) ³	Threshold	75	25%	81	3.5%
	On target	80	62.5%		
	Stretch	85	100%		
Strategic – development of employee talent (5%)	Committee judgement			5	5%
Strategic – development of the Mobile business (10%)	Committee judgement			0	0%
Total					77.3%

¹ Any revenue, profit/loss and cash derived from the musicMagpie business since the date of acquisition (12 December 2024) has been excluded from the results shown here as when the targets were set the acquisition was not in contemplation. Similarly, average daily cash has also been adjusted to exclude the consideration paid for the musicMagpie acquisition (including fees) as well as the repayment by AO of the amounts outstanding on musicMagpie's RCF at the acquisition date. In addition, average daily cash is also adjusted for the £11m gifted to the EBT in the year to enable the purchase of AO shares in the market as, again, this was not foreseen when budgets were set, but was agreed to be in the best interests of the Company. Further the impairment charge relating to the mobile cash generating unit has been excluded from the results shown here, as approved by the remuneration committee.

² This is the Trustpilot score for ao.com.

³ This is the average Employee Index Score taken across the three surveys conducted in the year.

Performance against financial targets

As is covered in the CFO/COO report on pages 14 to 21, the Group continued to focus on profitable growth this year and performance has been pleasing against those targets with near stretch targets being met for the LFL adjusted PBT and cash metrics. The Revenue outturn was 5.6% (out of 15%), despite c.7% growth YoY reflecting the stretching nature of the targets set by the Committee.

Accordingly, 58.8% of the award relevant to financial targets (of the possible 70%) has been met.

Performance against strategic targets

Customer satisfaction

The Committee is delighted that customer satisfaction, measured via Trustpilot, has remained strong over the year. For ao.com, we have improved our Trustpilot score to 4.9 out of 5 based on over 700,000 customer reviews. This score is market leading and an excellent achievement by the team during the year. 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 FY25, which assessed our Engagement Index Score. The first was conducted in June 2024, which resulted in a score of 82, the second in September 2024, which resulted in a score of 81 and a third in January 2025, which gave a score of 80. The average of these three scores is 81, 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 3.5% (out of 5%).

Strategic transformation

In relation to the first strategic transformation measure, the Committee was pleased with the work done to develop employee talent, with three phases of work (establishing a leadership skills framework, updating value chains and capabilities, and working with external consultants to challenge the value chains and capabilities and identify gaps) undertaken during the year with a fourth phase (implementing prioritised capability roadmaps) continuing into the next financial year. Accordingly, the Committee has determined that this performance condition has been met in full (5% out of 5%). In relation to the second strategic transformation measure, the Committee and the Executives agreed that, despite progress in many areas of the Mobile business, due to the continued decline in the post-pay market, the performance condition had not been met and it vested as to 0% (out of 10%).

In total, therefore, we have awarded 77.3% 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%	77.3%	£422,193	£844,385
CFO	300%	77.3%	£309,587	£629,173

¹ The cash element will be paid in June/July 2025.

² The share award will be granted post-AGM, in September 2025, 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 2028 as well as the Executive's continued employment.

Release of shares under the FY22 AOIP Award

Each of John Roberts and Mark Higgins were granted a conditional deferred share award pursuant to the FY22 AOIP Award, which had a deferral period spanning FY23 to FY25, inclusive, and which, at the point of grant, had a value of £143,374 and £108,148, 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 FY25. 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 358,435 and 270,371 shares for John and Mark will vest following the announcement of our FY25 results, but remain subject to a further one-year holding period post-vesting.

For the purpose of the single-figure calculations, these awards have been valued based on the three-month average share price to 31 March 2025 of 98.71p. The share price used to determine the award in July 2022 was 40.00p. Of the value disclosed, £210,453 for John and £151,852 for Mark is attributable to share price growth.

Directors' Remuneration Report continued

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 2025 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.

	FY25 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
John Roberts	7%	4%	-16%	4%	4.7%	29%	3%	2.0%	445%	2.7%	4.3%	-84%
Mark Higgins	4%	4%	-19%	4%	6.1%	29%	3%	10.8%	429%	2.7%	1.1%	-84%
Geoff Cooper	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Chris Hopkinson	14.04%	0%	0%	3.60%	0%	0%	0%	0%	0%	0%	0%	0%
Shaun McCabe	5.56%	0%	0%	-4%	0%	0%	36.6%	0%	0%	0%	0%	0%
Peter Pritchard	24.03%	0%	0%	17.27%	0%	0%	36.6%	0%	0%	0%	0%	0%
Sarah Venning	21.05%	0%	0%	3.64%	0%	0%	36.6%	0%	0%	0%	0%	0%
Other employees (AO World PLC)	0.04%	-0.5%	-19%	8.15%	-1.8%	18.1%	8.25%	27.6%	8%	-1.1%	7.4%	221%

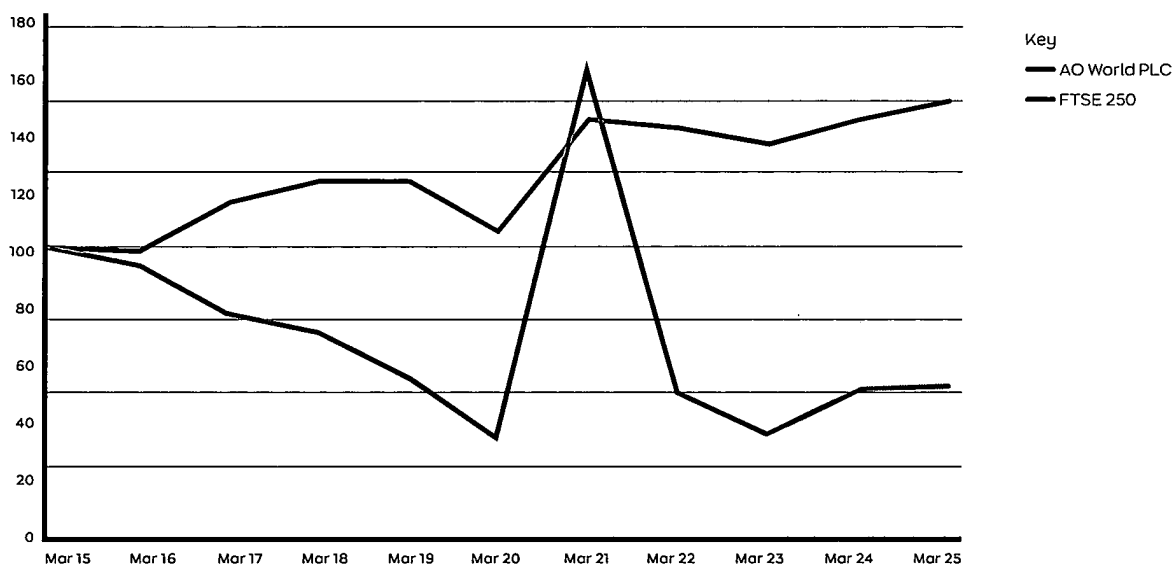
¹ Reflects the average change in pay for employees, calculated by reference to the aggregate remuneration for all employees of AO World PLC in each year divided by the number of employees.

² As covered elsewhere in this report, there are no changes to benefit entitlements per se for employees or Executives; however, we did introduced 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.

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 2015 to 31 March 2025. 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.



Total remuneration of CEO

The table below shows the total remuneration figure for the Chief Executive during the financial years ended 31 March 2016 to 31 March 2025. The total remuneration figure includes the annual bonus payable for performance in each of those years up to FY19 and, from FY19, the cash element of the AOIP. The total remuneration figure for FY23, FY24 and FY25 also includes the value of vested options under the AOIP.

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total remuneration (£'000)	588*	575# +	781#	551* +	733*	977*	611*	1,132*	1,542*	1,392*
Annual bonus (% of maximum)	10%	10%	37.5%	-	-	-	-	-	-	-
AO Incentive Plan Award (% of maximum)	-	-	-	50.5%	47.8%	97.5%	15%	79.3%	98.7%	77.3%
PSP vesting (% of maximum)	-	-	-	8.59%	-	-	-	-	-	-

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

Directors' Remuneration Report continued

Relative importance of the spend on pay

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

	FY24	FY25	% change
Staff costs ¹	£115.5m	£125.9m	9%
Distributions to shareholders	No distributions were made to shareholders in FY24 or FY25		

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
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:

- 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.
- The single total figure of remuneration of all AOers employed by the Group for FY25 was calculated and ranked using 2024/25 P60 and P11D data, employer pension contributions and payments under the Company share schemes, in line with the reporting regulations. The total remuneration for FY25 for the employees identified at P25, P50 and P75 is £27,319, £32,239, and £42,450 respectively. The base salary in respect of FY25 for the employees identified at P25, P50 and P75 is £24,536, £24,097 and £28,343 respectively.
- FY25 payments to the wider employee base referred to above include the FY24 cash element of the FY24 AOIP payment, which was paid in FY25, but for the CEO, we have used the single total figure value, which includes the FY25 AOIP cash payment to be paid in early FY26, but which relates to the FY25 performance.
- 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.

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.

Given a significant proportion of the CEO's total remuneration is variable and linked to the AOIP, the decrease in the pay ratio this year compared to last is influenced by the AOIP outcome (which has vested at 77.3% for FY25 vs 98.7% in the prior year for the CEO).

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 2025.

External appointments

No fees were received by Executive Directors for external appointments during the year-ended 31 March 2025.

Directors' shareholdings and share interests (Audited)

Directors' shareholdings as at 31 March 2025 are set out below.

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

There have been no changes to Directors' shareholdings during the period from 1 April 2025 to the date of this report, save for a sale of 1,000,000 shares by John Roberts on 16 April 2025 and the sale by the Jolly Foundation (a charitable trust of which John is a trustee) of a further 1,395,000 shares between 1 May 2025 and 15 May 2025.

Directors' shareholdings

	Shares held beneficially at 31 March 2025 ¹	Target shareholding guidelines [% of salary] ²	Target shareholding achieved	PSP options ³	AOIP share awards ⁴	SAYE options ⁵
Geoff Cooper	154,274	N/A	N/A	N/A	N/A	N/A
John Roberts	96,043,526	200%	Yes	43,153	2,845,799	33,962
Mark Higgins	265,066	200%	No	NIL	1,365,454	33,962
Chris Hopkinson	22,280,429	N/A	N/A	N/A	N/A	N/A
Shaun McCabe	NIL	N/A	N/A	N/A	N/A	N/A
Peter Pritchard	93,517	N/A	N/A	N/A	N/A	N/A
Sarah Venning	NIL	N/A	N/A	N/A	N/A	N/A

¹ Excludes shares held by connected persons and, for Chris Hopkinson, it excludes 1,999,999 shares held by a pension fund of which Chris is one of the beneficiaries but not the sole beneficiary and, for John Roberts, it excludes 5,442,115 shares held by a charitable trust of which John Roberts and his spouse Sally Roberts are each a trustee, member and director. During the year: John Roberts gifted 1,360,000 shares to charity on 3 April 2024; John Roberts sold 6,000,000 shares on 1 August 2024; John Roberts gifted a further 1,600,000 shares to charity on 24 October 2024; Sally Roberts, a connected person of John Roberts, sold 882,350 shares on 1 August 2024. Mark Higgins sold 41,165 shares on 15 July 2024; and Chris Hopkinson sold 2,000,000 shares on 1 August 2024.

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

³ For John Roberts, these PSP options relate to the 2016 PSP award that have vested but have yet to be exercised.

⁴ For John Roberts, conditional awards over 284,900 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 but have yet to be exercised. Conditional awards over 390,000 shares were awarded in July 2021 as part of the AOIP FY21 award (based on a share price of £2.32), which vested in June 2024 but have yet to be exercised. 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 will vest in July 2025 (and then be 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 July 2026 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 in July 2027 subject to the attainment of the performance underpin and continued employment (and then be subject to an additional one-year holding period).

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 with half exercised and sold. 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 will vest in July 2025 (and then be 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 vest in July 2027 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 in July 2027 subject to the attainment of the performance underpin and continued employment (and then be subject to an additional one-year holding period).

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.

⁵ Each of John Roberts and Mark Higgins entered into three-year SAYE contracts, under which options over 33,962 shares were granted on 1 March 2023.

Directors' Remuneration Report continued

Implementation of remuneration policy for 2025/2026 ("FY26")

A summary of the Policy can be found on pages 78 to 79 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. At the end of the reporting period, Mark, our CFO, with the approval of the Board, was promoted into a new combined role of CFO and COO. Given such additional responsibilities for Mark, and in line with our normal annual approach, the Committee reviewed base salaries during the year in order to ensure that they remain in line with our philosophy that our Executives are paid fairly (reflecting the scope and responsibilities of the role) and in line with market. As part of this, the Committee undertook a review of benchmark data for both the CEO and CFO/COO roles across the FTSE 250 with the aspiration that base pay should fall in the market-competitive range with variable pay opportunity levels aligned to the wider market.

Following this review, John was awarded a 2% pay increase aligned to the majority of the workforce.

For Mark, the Committee determined that an 18.6% pay increase should be awarded to reflect the additional responsibilities of the combined roles of CFO and COO. The Committee is aware that this represents a significant increase, but determined that the additional responsibilities and complexity of Mark's new role justify such an increase. These additional responsibilities include: Optimising operational performance, enhancing productivity and driving overall growth and profitability in line with the strategy; Acting as AO's main adviser on all issues relating to operational functions, keeping abreast of the latest developments to maintain AO's competitive position and adaptability in a rapidly evolving business landscape; Working closely with AO's senior leadership team to develop strategies to streamline processes, increase operational capacity and efficiency, allocate resources and monitor key performance indicators; Developing and implementing strategies for the growth of AO and managing risks effectively.

The current salaries as at 1 April 2025 (and those as at 1 April 2024) are as follows:

Individual	Role	Base salary at 1 April 2025	Base salary at 1 April 2024	% increase
John Roberts	CEO	£557,080	£546,174	2%
Mark Higgins	CFO and COO	£475,000	£400,500	18.6%

Pension and other benefits

Executive Directors are eligible for a flexible benefits regime equivalent to 13% and 15% 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 FY26, the Executive Directors will have a maximum award opportunity of 300% of basic salary. Performance will be measured between 1 April 2025 and 31 March 2026 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 FY26. 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 FY26 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, UK Retail B2C revenue growth and average daily cash (45%, 15% and 10% weighting, respectively);
2. Stakeholder impact measures, focusing on customers (Trustpilot) and employees (Employee Index Score) (10% and 5% weighting, respectively); and
3. Two strategic measures, specifically aimed at: (i) developing certain opportunities in the UK Retail B2C area of the business; and (ii) conducting a comprehensive strategic, financial, and operational review of the Mobile business (7.5% weighting each).

We continue to recognise the importance of ESC 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 03 to 05, customer and employee satisfaction are central to our strategy with both being key drivers for creating long-term sustainable growth.

Financial

The Committee believes these performance conditions will focus management on profitable growth, with a PBT metric according for the lion's share of the financial metrics (45%). This, combined with the UK Retail B2C Revenue (15%), average daily cash metric (10%) and the customer metric (10%) will ensure a clear focus on sustainable growth with an exceptional customer proposition. For FY26, the revenue measure relates to UK Retail B2C Revenue rather than Group revenue to create an additional focus in this area but which is balanced by the strategic measure focused on Mobile.

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 – Customer

Historically, our customer metric has been Customer NPS; however, last year, we changed our focus to Trustpilot scores and this will be included in the AOIP again for FY26.

While we continue to monitor NPS and address any arising concerns, this shift towards Trustpilot reflects our commitment to aligning AO's positioning as the UK's most trusted electrical retailer, as John covers in depth in his report.

Embracing Trustpilot as a more transparent and publicly accessible metric, ensures a singular and public gauge of trust, reinforcing our dedication to transparency and accountability. This streamlined approach enables AO to internally consolidate all measures of trust under one accessible platform, allowing us, as a business, to focus on improving customer satisfaction and driving down waste and inefficiency across the Group, further solidifying our trust reputation.

The target relates solely to the Trustpilot scores on ao.com, rather than encompassing all our consumer sites.

The weighting for this metric, given its huge importance to the long-term success of the business, remains at 10%. It is critical that we continue to obsess about the customer whilst we continue to drive optimal bottom-line performance and grow the top line.

Stakeholder – Employee

We continue to value our people and see them as critical to the success of the broader business. As per the prior year, we have an Engagement Index Score (EIS) metric. EIS covers the following six key indicators of engagement across the year; Happiness; Loyalty & Retention; Meaningful work; Discretionary Effort; Belonging; and Growth, with our threshold, on target and stretch targets being 75, 80 and 85, respectively. This measure has a 5% weighting.

Strategic

The final measures are also strategic and are specifically aimed at: (i) developing certain opportunities in the UK Retail B2C area of the business; and (ii) conducting a comprehensive strategic, financial and operational review of the Mobile business (7.5% weighting each).

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.

	Performance condition	Weighting
Group financial (70%)	Adjusted PBT	45%
	UK Retail B2C Revenue	15%
	Average Daily Cash	10%
Stakeholder measures non-financial (15%)	Customer – Trustpilot score	10%
	Employee EIS Score	5%
Strategic measures non-financial (15%)	UK Retail Opportunities	7.5%
	Comprehensive Mobile Review	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.

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.

Directors' Remuneration Report continued

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 FY26 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 peers. No increase has been made to any NED fees.

The Non-Executive Director fees for FY26 are, therefore, as follows:

	FY26	FY25	% change
Chairman fee covering all board duties	£210,000	£210,000	0.0%
Non-Executive Director basic fee	£57,000	£57,000	0.0%
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%

*at present, the Company has not appointed a Senior Independent Director

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 FY25, 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 corporate governance section of the Annual Report on page 54 onwards. 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.

Advisers to the Committee

Deloitte LLP provided advice during the year to 31 March 2025, 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 £12,400 plus VAT.

Shareholder feedback

At the 2024 AGM, the Annual Remuneration Report for the year-ended 31 March 2024 was put to shareholders by way of an advisory vote and, at the 2022 AGM, both the Policy and the value creation plan were put to shareholders for a binding vote. Votes cast are set out in the table below.

	Votes in favour		Votes against		Total number of votes cast		Votes withheld
	No. of shares	%	No. of shares	%			No. of shares
2024: To approve the Directors' Remuneration Report	388,724,209	99.71	1,149,888	0.29	389,874,097		2,371
2022: To approve the Directors' remuneration policy	431,426,258	88.82	54,291,724	11.18	485,720,025		2,043
2022: To approve the Value Creation Plan 2022	431,776,581	88.91	53,875,037	11.09	485,720,025		68,407

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

17 June 2025

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 2025. This report set outs additional statutory information.

2025 Annual General Meeting

The Annual General Meeting ("AGM") of AO World PLC (the "Company") will be held at 5a The Parklands, Lostock, Bolton BL6 4SD on Monday 15 September 2025 at 9:00 am. The notice convening the meeting with details of the business to be transacted at the meeting and explanatory notes is set out in a separate AGM circular, which has been issued to all shareholders at the same time as this Report.

Results and dividends

The Group's and Company's audited financial statements for the year are set out on pages 102 to 157. The Directors do not recommend payment of a dividend by the Company in respect of the year-ended 31 March 2025.

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 2025 and the date of this document, the issued share capital of the Company was £1,446,426.12, comprising 578,570,448 ordinary shares of 0.25p each. Shortly following the date of this document, the FY22 AOIP Deferred Share Awards will vest and employees will be able to exercise options to acquire an aggregate of 1,344,193 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 on page 141. All the information detailed in Note 28 on page 141 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 on pages 142 to 144.

At the Annual General Meeting of the Company, to be held on 15 September 2025, the Directors will seek authority from shareholders to allot shares in the capital of the Company up to a maximum nominal amount of £967,172.45 (386,868,983 shares) representing, approximately, 66.6% of the Company's issued ordinary share capital (excluding treasury shares) of which 193,434,491 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 58,030,347 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.

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.

Save, in respect of the Company's share schemes and the Revolving Credit Facility agreement entered into with Barclays Bank Plc, HSBC Bank Plc and NatWest Bank Plc on 5 April 2023, 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 2025, 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	145,148,997	25.01
Camelot Capital Partners	118,459,508	20.41
John Roberts*	96,043,526	16.55
Phoenix Asset Management Partners	31,311,501	5.40
Lancaster Investment Management	23,869,298	4.11
Christopher Hopkinson**	22,280,429	3.84

* 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, hold a legal (but not beneficial) interest in 5,442,115 shares.

** Holding excludes 350,857 ordinary shares held by Gayle Halstead (defined under MAR as a person with whom Christopher Hopkinson is closely associated) and 1,999,999 ordinary shares held in a pension of which Christopher Hopkinson is one of the beneficiaries.

Since the period end, and to 17 June 2025, the Company has been notified of the following changes in significant interests:

Shareholder	No. of shares held	% voting rights
Frasers Group PLC	145,766,042	25.12
Camelot Capital Partners	118,459,508	20.41
John Roberts*	95,043,526	16.38
Phoenix Asset Management Partners	31,027,501	5.35
Lancaster Investment Management	24,039,298	4.14
Christopher Hopkinson**	22,280,429	3.84

Directors' Report continued

Directors

Director	Position	Served in the year-ended 31 March 2025
Geoff Cooper	Chair	Served throughout the year
Mark Higgins	Group Chief Financial Officer and Chief Operating Officer	Served throughout the year
Chris Hopkinson	Non-Executive Director	Served throughout the year
Shaun McCabe	Independent Non-Executive Director	Served throughout the year
John Roberts	Founder and Chief Executive Officer	Served throughout the year
Peter Pritchard	Independent Non-Executive Director	Served throughout the year
Sarah Venning	Independent Non-Executive Director	Served throughout the year

The Directors' biographical details are set out on pages 52 and 53. Further details relating to Board and Committee composition are disclosed in the Corporate Governance Report and Committee Reports on pages 50 to 101.

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.

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:

- 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;
- a bankruptcy order is made against that person;

- a composition is made with that person's creditors generally in satisfaction of that person's debts;
- that person resigns or retires from office;
- 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;
- 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
- 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 52 and 53.

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.

External branches

As part of its strategy on international expansion, the Group established a branch in Germany on 18 July 2014 via its subsidiary AO Deutschland Limited, registered in Bergheim. Following the decision to close the Group's operations in Germany, this branch no longer trades but, as at 31 March 2025, remained in existence.

Independent Auditor

The Company's Auditor, KPMG LLP, has indicated its willingness to continue their 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 on the next page.

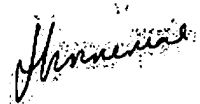
Directors' Report continued

Reporting requirement	Location
Strategic Report – Companies Act 2006 s.414A-D	Strategic Report on pages 08 to 48
Likely future developments of the business and Group	Strategic Report on pages 08 to 48
DTR4.1.8R – management report – the Directors' Report and Strategic Report comprise the "management report"	Directors' Report on pages 96 to 100, and the Strategic Report on pages 08 to 48
Directors' remuneration including disclosures required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008	Directors' Remuneration Report on pages 71 to 95
Statement on corporate governance	Corporate Governance Report, Audit Committee Report, Nomination Committee Report and Directors' Remuneration Report on pages 54 to 95
Board's assessment of the Group's internal control systems	Corporate Governance Report from page 54, and the Audit Committee Report on pages 65 to 70
Board of Directors	Corporate governance statement on pages 52 to 53
Community	Strategic Report; Sustainability Report on page 47
Business relationships with suppliers, customers and others	Strategic Report: How We Engage With Our Stakeholders Report on pages 28 to 30
Directors' interests	Directors' Remuneration Report from pages 71 to 95
Diversity policy	Strategic Report: Sustainability Report – Fair, equal and responsible on pages 42 to 46, and the Nomination Committee Report on pages 62 to 64
Employee engagement	Strategic Report: Engaging with our stakeholders on page 29; Sustainability Report – Fair, equal and responsible on pages 42 to 46
Employee involvement	Strategic Report: Engaging with our stakeholders on page 29; Sustainability Report – Fair, equal and responsible on pages 42 to 46
Employees with disabilities	Strategic Report: Sustainability Report – Fair, equal and responsible on pages 42 to 46
Going concern and viability statement	Strategic Report page 27
Task force on climate-related financial disclosures	TCFD disclosures on pages 36 to 38
Greenhouse gas emissions and streamlined energy and carbon reporting	Strategic Report: Sustainability Report pages 33 to 35
Details of use of financial instruments and specific policies for managing financial risk	Note 32 to Group financial statements on pages 145 to 147
Significant related-party agreements	Note 33 to the consolidated financial statements on page 147 to 148
Directors' responsibility statement	Directors' responsibility statement on page 101

The Strategic Report, comprising pages 08 to 48, and this Directors' Report, comprising pages 96 to 100, have been approved by the Board and are signed on its behalf by:

Julie Finnemore
Company Secretary

17 June 2025



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 are required to prepare the Group financial statements in accordance with UK accounting standards and applicable law, 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.

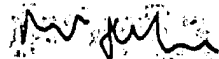
We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

John Roberts
Chief Executive Officer



Mark Higgins
Group Chief Financial Officer
and Chief Operating Officer

17 June 2025



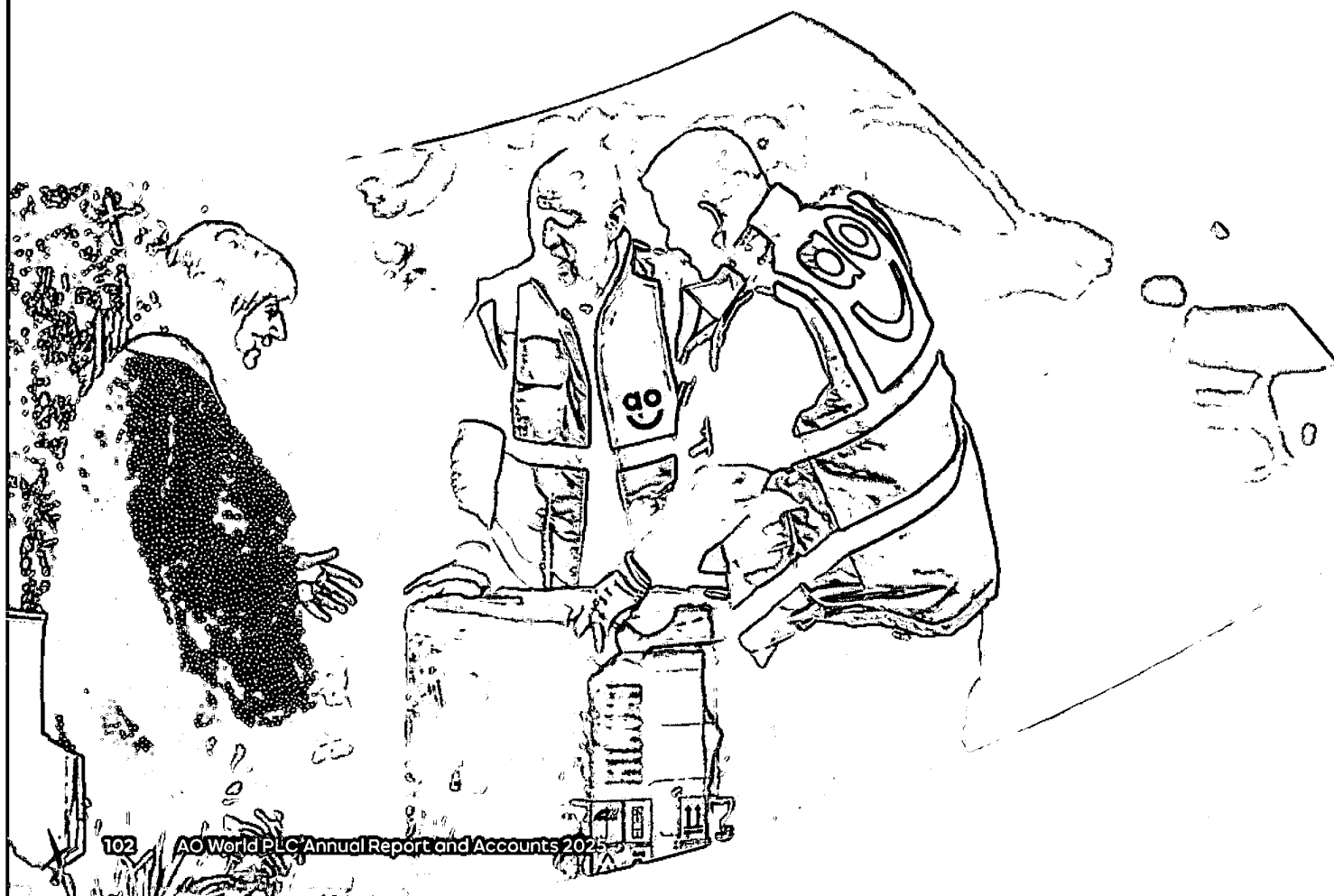
Our Financials

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“

We have used AO before and we will most certainly use you again.”

AO Customer review



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 2025 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 2025 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 9 financial years ended 31 March 2025. 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	£2.5m (2024: £2.0m)	
	0.22% (2024: 0.19%) of Group total revenue	
Key audit matters		vs 2024
Recurring risks	Product protection plans contract asset	↔↔
	Impairment of Mobile CCU goodwill and other intangible assets	↓
	Recoverability of parent Company's investment in subsidiaries	↔↔
Event driven	New: Valuation of intangible assets including goodwill from the musicMagpie acquisition	↑

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 (£98.1 million contract asset; 2024: £96.5 million) Refer to page 68 (Audit Committee Report), page 123 (Accounting Policy), page 124 (Key sources of estimation uncertainty) and page 136 (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 estimated profit share, 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 statement (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, and we also assessed whether cancelled plans had been appropriately removed from the model; • Sensitivity analysis: we performed sensitivity analysis on judgemental assumptions such as the life of plans and the discount rate, 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 (2024: acceptable).

	The risk	Our response
Valuation of intangible assets including goodwill from the musicMagpie acquisition Marketing related and technology related intangible assets of £11.2m Refer to page 68 (Audit Committee Report), page 126 (accounting policy) and page 130 (financial disclosures).	Subjective estimate: On 12 December 2024 AO Ltd, a subsidiary of AO World PLC, acquired musicMagpie Limited. The Directors have identified and recognised technology related (£4.0m) and marketing related (£7.2m) intangible assets. The valuation of such assets are inherently judgemental, and we identified certain key assumptions supporting the valuation of these assets to contain significant estimation uncertainty, and judgement. These assumptions include the royalty rate applied for the marketing related intangible asset and the number of hours and full-time equivalent employees used in the replacement cost approach for the technology related intangible assets. The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the valuation of intangibles had a high degree of estimation uncertainty at the acquisition date, with consequential impact on goodwill, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole at the acquisition date.	Our procedures included: • Our sector experience: with the assistance of our valuation specialists, assessing the completeness of intangible assets identified, based on our experience of similar acquisitions; • Assessing the Group's expert: assessing the capabilities, competence and objectivity of the Group's valuer involved in the purchase price allocation exercise; • Benchmarking assumptions: with the assistance of our valuation specialists, challenging the key valuation assumptions, such as royalty rate and number of hours used in the replacement cost approach by comparing them to externally derived data and comparable transactions; • Sensitivity analysis: performing sensitivity analysis over the key assumptions noted above; • Assessing transparency: assessing the sufficiency of the Group's disclosures in respect of the estimates relating to the valuation of separately identifiable intangible assets and the residual goodwill. 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 valuation of intangible assets, including goodwill, in the acquisition to be acceptable.

Independent Auditor's Report continued

to the members of AO World PLC

	The risk	Our response
Impairment of Mobile CGU goodwill and other intangible assets Mobile goodwill £nil; 2024: £14.7m Mobile intangibles assets £2.5m; 2024: £7.3m Impairment expense £19.4m; 2024: £nil Refer to page 68 (Audit Committee Report), Page 121 (Accounting Policy), Page 124 (Key sources of estimation uncertainty). And page 130 (Financial disclosures)	Subjective estimate: At the planning stage of the audit, we identified a significant risk around the recoverability of Mobile CGU goodwill and other intangible assets due to the inherent uncertainty involved in forecasting future cash flows used in determining the recoverable amount. Our assessment of the risk had increased due to recent performance and uncertainty of achieving future forecasts. The continued challenging trading conditions in the mobile market have affected the Group's cash flow projections. The Group has assessed the recoverable amount of the whole CGU using a value in use calculation. In addition, the Group has assessed the fair value less costs of disposal for individual assets within the CGU to assess the extent of the impairment charge to be recognised. The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the recoverability of Mobile CGU goodwill and other intangible assets had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In conducting our final audit work, and following the impairment charge recognised by the Group, we reassessed the degree of estimation uncertainty to be less than our materiality for the financial statements as a whole. We continue to include this as a key audit matter because of the extent of audit effort in reaching this assessment.	Our procedures included: • Historical comparison: We assessed the reasonableness of the cash flow forecasts by considering the historical accuracy of management's previous budgets and forecasts. • Benchmarking assumptions: We utilised our internal valuations specialists to support with our assessment of an appropriate range of discount rates for both impairment assessments based on market data. • Benchmarking assumptions (value in use calculation): We evaluated the Group's assumptions included within the calculation by comparing key assumptions such as projected revenue, annualisation of new contracts which commenced in FY25, cost inflation and cost savings to internally and external derived data. • Benchmarking assumptions (fair value less cost of disposal calculation): We evaluated the Group's assumption of royalty rates to external derived data and assessed whether they were reasonable from the perspective of a market participant. • Our sector experience: We assessed whether the assumptions reflect our knowledge of the business and industry, including known or probable changes in the business environment. • Sensitivity analysis: We performed sensitivity analysis on the key assumptions within the value in use and fair value less cost of disposal calculations. • Assessing transparency: We assessed whether the Group's disclosures about the impairment sufficiently explains the reasons for the impairment and the key assumptions leading to the impairment. 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 goodwill and intangibles balance related to the Mobile CGU, and the related impairment charge, to be acceptable (2024: we found the Group's conclusion that there is no impairment of the goodwill related to Mobile CGU to be acceptable).

	The risk	Our response
Recoverability of parent Company's investment in subsidiaries (Investment in subsidiaries £50.1 million, 2024: £46.2 million) Refer to page 68 (Audit Committee Report), Page 118 (Accounting Policy), Page 124 (Key sources of estimation uncertainty) and page 134 (Links to financial disclosures)	Low risk, high value: The carrying value of the parent Company's investment in subsidiaries represents 21.0% (2024: 37.9%) 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 (2024: acceptable).

We continue to perform procedures over the network commissions contract asset. However, following further risk assessment around the potential range of reasonable outcomes in the context of our audit materiality, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

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 £2.5 million (2024: £2.0 million), determined with reference to a benchmark of Group total revenue of which it represents 0.22% (2024: 0.19%).

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 and the simplification of the Group's business through the closure of its overseas operations 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 £0.8 million (2024: £0.6 million), 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 0.33% (2024: 0.49%).

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% (2024: 75%) of materiality for the financial statements as a whole, which equates to £1.87 million (2024: £1.5 million) for the Group and £0.6 million (2024: £0.45 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 £0.125 million (2024: £0.1 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

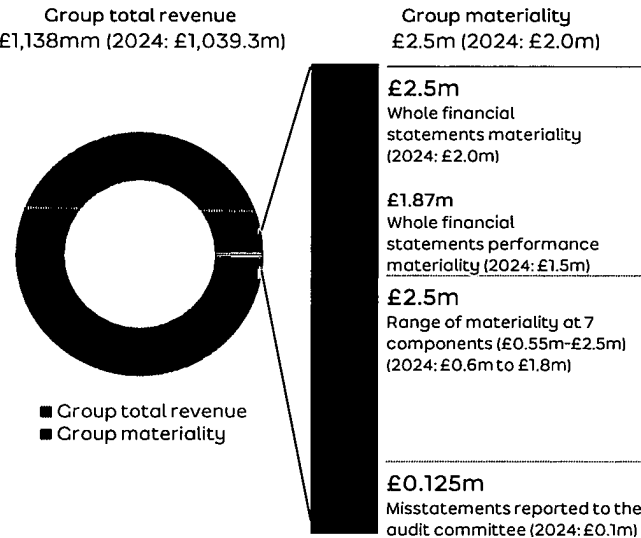
Independent Auditor's Report continued

to the members of AO World PLC

Overview of the scope of our audit

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ("RMMs"). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.



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.

We also identified 1 component as requiring special audit consideration, owing to the Group risk relating to the identification and valuation of intangible assets including goodwill from the musicMagpie acquisition residing in that component.

Additionally, having considered qualitative and quantitative factors, we selected 3 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 £0.55 million to £2.5 million, having regard to the mix of size and risk profile of the Group across the components.

Our audit procedures covered 98% 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 77% of Group total assets.

Impact of controls on our Group audit

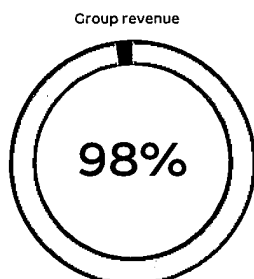
We identified the Group's financial reporting system and the revenue and inventory systems to be the main IT systems relevant to our audit.

The Group has transitioned to a new financial reporting system during the year and as a result of this, as well as our assessment of the most efficient and effective approach for gaining the appropriate audit evidence, we planned, and undertook, a fully substantive approach in all areas for of the audit.

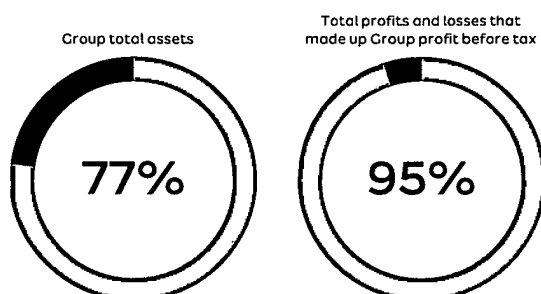
We assessed the design of manual controls that addressed the risk of management override of controls; and as a result of this assessment, we were unable to rely on controls in this area. Following incremental risk assessment, we assessed that no significant changes were required to our planned audit 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:



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:



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.

Independent Auditor's Report continued

to the members of AO World PLC

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 101 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 27 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.

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 those posted with unexpected account combinations.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias including assessing the PPP contract asset estimate 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 others 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.

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 27 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 22 to 26 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.

Independent Auditor's Report continued

to the members of AO World PLC

We are also required to review the viability assessment, set out on page 27 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.

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 101, 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

Roger Nixon
Senior Statutory Auditor

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

17 June 2025

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Consolidated income statement

For the year ended 31 March 2025

	Note	2025 £m	2024 £m
Revenue	5, 6	1,137.5	1,039.3
Cost of sales	6, 8	(861.5)	(796.0)
Gross profit		276.0	243.3
Administrative expenses- impairment of goodwill and intangible fixed assets	3	(19.6)	-
Other administrative expenses		(235.4)	(207.7)
Total administrative expenses	7, 8	(255.0)	(207.7)
Other operating income	8	0.1	0.6
Operating profit	8	21.1	36.2
Finance income	11	4.8	4.5
Finance costs	12	(5.3)	(6.4)
Profit before tax		20.6	34.3
Tax charge	13	(10.9)	(9.6)
Profit after tax for the period from continuing operations		9.7	24.7
Result for the period from discontinued operations	34	0.8	-
Profit after tax for the year		10.5	24.7
Total comprehensive profit attributable to owners of the parent arising from:			
Continuing operations		9.7	24.7
Discontinued operations		0.8	-
		10.5	24.7
Earnings per share from continuing operations (pence)			
Basic earnings per share	15	1.70	4.29
Diluted earnings per share	15	1.63	4.14
Earnings per share from continuing and discontinued operations (pence)			
Basic earnings per share	15	1.83	4.29
Diluted earnings per share	15	1.76	4.14

The Group has no items of other comprehensive income for the period ended 31 March 2025 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 2025

	Note	2025 £m	2024 £m
Non-current assets			
Goodwill	16	25.6	28.2
Other intangible assets	17	13.2	9.6
Property, plant and equipment	18	27.1	20.1
Right of use assets	18	51.6	56.2
Trade and other receivables	22	88.5	90.0
Deferred tax	20	2.2	2.9
		208.2	207.1
Current assets			
Inventories	21	88.5	79.5
Trade and other receivables	22	102.5	115.1
Cash and cash equivalents	24	27.4	40.1
		218.4	234.7
Total assets		426.6	441.8
Current liabilities			
Trade and other payables	23	(207.7)	(225.6)
Borrowings	25	(0.2)	(0.2)
Lease liabilities	26	(18.5)	(16.9)
Corporation tax payable		(0.7)	(0.6)
Provisions	27	(0.5)	(0.6)
		(227.6)	(243.9)
Net current liabilities		(9.2)	(9.1)
Non-current liabilities			
Trade and other payables	23	(5.2)	(2.5)
Borrowings	25	(1.7)	(1.9)
Lease liabilities	26	(42.9)	(51.9)
Provisions	27	(4.7)	(3.9)
		(54.5)	(60.1)
Total liabilities		(282.1)	(304.0)
Net assets		144.5	137.8
Equity attributable to owners of the parent			
Share capital	28	1.5	1.4
Share premium account	28	108.5	108.5
Investment in own shares	28	(10.9)	-
Other reserves	29	68.2	64.4
Retained losses		(22.8)	(36.5)
Total equity		144.5	137.8

The financial statements of AO World PLC, registered number 05525751, on pages 114 to 149 were approved by the Board of Directors and authorised for issue on 17 June 2025. They were signed on its behalf by:


John Roberts
CEO

AO World PLC


Mark Higgins
CFO & COO

AO World PLC

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Consolidated statement of changes in equity

As at 31 March 2025

	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 £m	Total £m
Balance at 31 March 2023	1.4	-	108.2	59.2	0.5	15.5	(9.4)	(6.3)	(63.3)	105.7
Profit for the period	-	-	-	-	-	-	-	-	24.7	24.7
Share-based payment charge (net of tax)	-	-	-	-	-	7.1	-	-	-	7.1
Issue of shares	-	-	0.3	-	-	-	-	-	-	0.3
Movement between reserves	-	-	-	-	-	(2.2)	-	-	2.2	-
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

Consolidated statement of cash flows

For the year ended 31 March 2025

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	Note	2025 £m	2024 £m
Cash flows from operating activities			
Profit for the year in continuing operations		9.7	24.7
Net cash generated from/ (used in) operating activities in discontinued operations	34	1.2	(0.5)
Adjustments for:			
Depreciation and amortisation	17, 18	27.1	24.3
Non cash impairments of goodwill and intangible fixed assets	16, 17	19.6	-
Profit on disposal of property, plant and equipment		(0.1)	(0.1)
Finance income	11	(4.8)	(4.5)
Finance costs	12	5.3	6.4
Taxation charge	13	10.9	9.6
Share-based payment charge	30	7.3	6.7
Increase/ (Decrease) in provisions	27	0.4	(0.6)
Operating cash flows before movement in working capital		76.6	66.0
Increase in inventories		(4.2)	(6.4)
Decrease in trade and other receivables		18.3	28.8
Decrease in trade and other payables		(23.5)	(25.6)
Total movement in working capital		(9.4)	(3.2)
Taxation paid		(9.3)	(1.2)
Cash generated from operating activities		58.0	61.6
Cash flows from investing activities			
Interest received		1.0	0.7
Proceeds from sale of property, plant and equipment		0.1	-
Acquisition costs relating to right of use assets		-	(0.1)
Acquisition of property, plant and equipment		(8.8)	(5.8)
Acquisition of intangible assets		(0.1)	(2.4)
Acquisition of subsidiary (net of cash acquired)	35	(5.7)	-
Cash used in investing activities		(13.5)	(7.6)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		0.1	0.3
Purchase of shares by EBT (including transaction costs)	28	(11.1)	-
Proceeds from new borrowings	24	-	2.2
Repayment of borrowings	24	(19.4)	(10.1)
Interest paid on lease liabilities		(3.4)	(3.8)
Repayment of lease liabilities		(21.2)	(18.4)
Other interest paid including interest on borrowings		(2.3)	(3.1)
Net cash used in financing activities by discontinued operations	34	(0.1)	(0.1)
Net cash used in financing activities		(57.2)	(33.0)
Net (decrease)/ increase in cash		(12.7)	21.0
Cash and cash equivalents at beginning of year		40.1	19.1
Cash and cash equivalents at end of year	24	27.4	40.1

Notes to the consolidated financial statements

For the year ended 31 March 2025

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 158. The nature of the Group's operations and its principal activities are set out in Note 19 and in the Strategic Report on pages 08-48.

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 following standards, interpretations and amendments, issued by the International Accounting Standards Board ("IASB") effective for the period ended 31 March 2025, are relevant to the Group but have had no material impact on the Group's Financial Statements:

- Amendments to IAS 1
- Amendments to IFRS 16
- Amendments to IAS 8
- Amendments to IAS 7 and IFRS 7

New accounting standards in issue but not yet effective

The following UK-adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements:

- Amendments to IAS 21, Lack of exchangeability (effective date 1 January 2025).
- Amendments to IFRS 9 and IFRS 7, Classification and measurement of financial instruments (effective date 1 January 2026)
- IFRS 18, Presentation and Disclosure in Financial Statements (effective date 1 January 2027)

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.

The Group does not consider that any of the issued standards, or standard amendments or interpretations 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.

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.

Going concern

Further information on our risks are shown on pages 22 to 26.

Notwithstanding net current liabilities of £9.2m as at 31 March 2025, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Group meets its day-to-day working capital requirements from its cash balances and the availability of its £120m revolving credit facility (which was amended and extended in October 2024 to now expire in October 2028).

The Directors have prepared base and sensitised cash flow forecasts for the Group for a period of 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 2025. Further sensitivities have

been modelled to reduce gross margin by 1% and to assume greater than inflation staff costs for non head office staff.

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 and revenue attributable to protection plans sold with the products). 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) and some product protection plans (that are sometimes sold after the product has been delivered).

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
- The remainder of funding is recognised in revenue as 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.

For certain MNOs, where they are not considered reliably measurable, they are recognised in the month received.

Re-commerce revenue

Re-commerce 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.

Notes to the consolidated financial statements continued

For the year ended 31 March 2025

3. Significant accounting policies continued

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 31). 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 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.

Finance costs are recognised in the consolidated income statement in the period to which they occur.

Finance costs principally comprise:

- Finance costs incurred on 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 IAS12 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 CCUs 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
Marketing related assets (including 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 and capitalised borrowing costs. 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)
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

Freehold land is not depreciated.

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.

Notes to the consolidated financial statements continued

For the year ended 31 March 2025

3. Significant accounting policies continued

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 IFRS16 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.

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 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, 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.

Advanced payments on account

Advanced payments on account relate to payments on account from Mobile Network Operators where there is no right of set off with the contract asset within the mobile business. 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:

- 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
- 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

For the year ended 31 March 2025

3. Significant accounting policies continued

Foreign currency translation

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the presentational currency of the Group and its consolidated financial statements.

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.

The Adjusting Items in the current year relate 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 total £3.3m (see note 35); 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 (see note 16)

Due to their size and one off nature, these costs have been treated as adjusting items and are added back in arriving at Adjusted PBT. There were no Adjusting Items in the prior year.

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 impairment of intangibles and goodwill and revenue recognition in respect of commission for product protection plans and network connections include significant areas of accounting estimation.

With regard to revenue recognition in respect of commission for product protection plans and network connections, 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.

Given the estimates used in valuing the intangible fixed assets acquired with musicMagpie, management have also included this area as a key source estimation uncertainty.

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.

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 £1.3m of previously recognised revenue being reversed in the year ended 31 March 2025.

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 £3.0m being restricted at 31 March 2025 (31 March 2024: £nil).

The commission receivable balance as at 31 March 2025 was £98.1m (2024: £96.5m). The rate used to discount the revenue for the FY25 cohort is 5.15% (2024: 5.85%). The weighted average of discount rates used in the years prior to FY25 was 4.73% (2024: 4.34%).

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 counter party credit risk) 4.25% (2024: 4.49%);
- 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 (c4%).

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.

Notes to the consolidated financial statements continued

For the year ended 31 March 2025

4. Key sources of estimation uncertainty

continued

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 £1.4m of previously constrained revenue which has now been recognised in the year ended 31 March 2025.

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 £3.2m being restricted at 31 March 2025 (31 March 2024: £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 2025 was £46.7m (2024: £63.1m).

Impairment of intangibles and goodwill

On the acquisition of Mobile Phones Direct Limited in 2018, the Group recognised amounts totalling £16.3m in relation to the valuation of the intangible assets and £14.7m in relation to residual goodwill.

Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is reviewed for impairment on an annual basis. When a review for impairment is conducted, the recoverable amount is determined based on the higher of value in use and fair value less costs to sell.

The value in use method requires the Group to determine appropriate assumptions (which are sources of estimation uncertainty) in relation to the cash flow projections over the three-year strategic plan period and the long-term growth rate to be applied beyond this three-year period.

The Group has considered if indicators of impairment exist with regard to a number of factors, including the decline in the overall Mobile post pay market, changes in inflation and interest rates and general uncertainty in the wider macroeconomic environment.

Management concluded that the continuing challenging trading conditions in the competitive UK mobile market including a 15%-20% year-on-year reduction in the market for post pay contracts are indicators of impairment and consequently, an impairment review was undertaken per IAS 36 using the value in use method.

As a result of the impairment review, a full impairment of the £14.7m goodwill and a further £4.8m impairment to the carrying value of intangibles has been recognised leaving a carrying value of £2.5m as at 31 March 2025.

Whilst the impairment was a significant estimate and judgement during the year, having booked an impairment, the Directors no longer believe there is any significant estimation uncertainty going forwards. Further details are included in note 16.

Valuation of intangible assets acquired in business combinations

The Group applies the acquisition method of accounting to account for business combinations in accordance with IFRS 3, 'Business Combinations'. In December 2024, the Group acquired musicMagpie for cash consideration of £9.8m. In determining the fair value of intangible assets arising on business combinations, management is required to estimate the timing and amount of future cash flows applicable to the intangible assets being acquired and select an appropriate valuation methodology.

The valuation of intangible assets therefore involves significant estimates and assumptions which are inherently subjective and was therefore a key source of estimation uncertainty at the acquisition date but management do not expect there to be a significant risk of any further material changes in the next 12 months.

Having engaged an independent third-party valuation expert to assist in the identification and fair valuation of the identifiable intangible assets acquired, Management believes the assumptions applied and valuation method used are reasonable as at 31 March 2025 as set out in note 35.

5. Revenue

During the period, management have considered whether the disaggregation of revenue continues to appropriately reflect the ongoing nature of the Group's business and how it is managed. Having taken account of the nature, amount, timing and cashflows from the different parts of the business, management believe that a disaggregation which splits revenue based on the nature of revenue rather than the product is more appropriate and provides greater clarity to the users of the financial statements. Consequently, prior year reported numbers have been represented and this does not have an impact on total revenue. Following the acquisition of musicMagpie, whose revenue is all recommerce, management have disaggregated this revenue stream from the rest of the business and has now been combined with the existing recommerce revenue in the Group.

The table below shows the Group's revenue by major business area. Revenue recognition for each area is set out in Note 3.

	2025	2024
Major revenue streams	£m	£m (represented)
B2C Retail revenue	831.9	743.5
B2B Retail revenue	116.9	130.5
Mobile revenue	94.4	106.3
Re-commerce revenue	42.6	10.6
Third-party logistics revenue	30.5	27.6
Recycling revenue	21.3	20.8
	1,137.5	1,039.3

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, as such, there is only one operating segment in the Group.

7. Administrative expenses

	2025 £m	2024 £m
Marketing and advertising expenses	44.4	40.5
Warehousing expenses	62.0	52.2
Impairment of goodwill and intangible fixed assets (see note 16)	19.6	-
Other administrative expenses	129.1	115.0
	255.0	207.7

8. Operating profit for the year

Operating profit for the year has been arrived at after charging/(crediting):

	2025 £m	2024 £m
Depreciation of:		
Owned assets	6.3	5.1
Owned assets financed by lease	1.0	1.5
Right of use assets	17.0	15.4
Amortisation	2.8	2.3
Profit on disposal of property, plant and equipment	(0.1)	(0.1)
Cost of inventory	758.8	705.9
Staff costs	133.1	122.3
Other operating income:		
Short-term sublets	(0.1)	(0.6)
Adjusting items – included in administrative expenses		
Impairment of goodwill and intangible fixed assets (see note 16)	19.6	-
musicMagpie acquisition costs (see note 35)	3.3	-

The Adjusting Items in the current year relate to;

- 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 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 (see note 16); and
- On 12th December, the Group acquired the whole of the issued and to be issued share capital of musicMagpie plc ("MM"). Costs, relating to advisor fees, relating to this transaction total £3.3m (see note 35).

9. Auditor's remuneration

The analysis of the Auditor's remuneration is as follows:

	2025 £m	2024 £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	1.0	0.8
Total Auditor's remuneration	1.1	0.9

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 70. No services were provided on a contingent fee basis. Non-audit fees of £72,000 were incurred in relation to the review of the interim financial statements (2024: £70,000).

Notes to the consolidated financial statements continued

For the year ended 31 March 2025

10. Staff numbers and costs

The average monthly number of employees (including Directors) was:

	2025 Number	2024 Number
Sales, marketing and distribution	3,133	2,834
Directors (Executive and Non-Executive)	7	8
	3,140	2,842

Their aggregate remuneration comprised:

	2025 £m	2024 £m
Wages and salaries	108.8	100.2
Social security costs	12.3	11.1
Contributions to defined contribution plans (see Note 31)	4.8	4.3
Share-based payment charge (see Note 30)	7.3	6.7
	133.1	122.3

11. Finance income

	2025 £m	2024 £m
Bank interest	1.0	0.7
Unwind of discounting on non-current contract assets (see note 22)	3.8	3.8
	4.8	4.5

12. Finance costs

	2025 £m	2024 £m
Interest on lease liabilities	3.4	3.8
Interest on bank loans	0.2	0.9
Other finance costs	1.8	1.7
	5.3	6.4

13. Tax

	2025 £m	2024 £m
Corporation tax		
Current year	10.1	3.7
Adjustments in respect of prior years	0.2	0.1
	10.3	3.8
Deferred tax (see Note 20)		
Current year	0.8	6.0
Adjustments in respect of prior years	(0.2)	(0.2)
	0.6	5.8
Total tax charge	10.9	9.6

The expected corporation tax charge for the year is calculated at the UK corporation tax rate of 25% (2024: 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	2025 £m	2024 £m
Profit before tax on continuing operations	20.6	34.3
Tax at the UK corporation tax rate of 25% (2024: 25%)	5.1	8.6
Ineligible expenses	0.2	0.5
Income not taxable	(0.1)	(0.1)
Non deductible goodwill impairment	3.7	-
Non deductible acquisition costs	0.8	-
Share-based payments	1.1	0.6
R&D tax credit	-	0.1
Prior period adjustments	-	(0.1)
Tax charge for the year	10.9	9.6

The UK enacted the BEPS Pillar Two Minimum Tax legislation in July 2023, introducing the multinational top-up tax and domestic top-up tax to accounting periods beginning on or after 31 December 2023. The legislation ensures that large multinational groups pay a minimum level of corporate income tax of 15% in all jurisdictions in which they operate.

This legislation is not expected to have a material impact on the financial position of the Group. For the year ended 31 March 2025, the effective tax rate in all countries in which the Group operates is above 15% such that no top-up tax will arise. The Group continues to assess the impact of the Pillar Two income taxes legislation on its future financial performance, and current forecasts support the expectation that this will continue to be the case.

14. Dividends

The Directors do not propose a dividend for the year ended 31 March 2025 (2024: £nil).

15. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2025 £m	2024 £m
Profit attributable to Owners of the Parent Company from continuing operations	9.7	24.7
Profit attributable to Owners of the Parent Company from discontinued operations	0.8	-
Earnings attributable to owners of the parent company	10.5	24.7
Adjusting items (see note 8)	22.9	-
Adjusted earnings attributable to owners of the parent company	33.4	24.7
Number of shares		
Weighted average shares in issue for the purposes of basic earnings per share	571,918,807	577,184,050
Potentially dilutive shares	21,413,462	21,058,825
Weighted average number of diluted ordinary shares	593,332,269	598,242,875
Earnings per share from continuing operations (pence per share)		
Basic earnings per share	1.70	4.29
Diluted earnings per share	1.63	4.14
Adjusted basic earnings per share	5.70	4.29
Earnings per share from continuing and discontinued operations (pence per share)		
Basic earnings per share	1.83	4.29
Diluted earnings per share	1.76	4.14
Adjusted basic earnings per share	5.84	4.29

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.

Notes to the consolidated financial statements continued

For the year ended 31 March 2025

16. Goodwill

	£m
Cost	
At 31 March 2023 and at 31 March 2024	28.2
Additions (see note 35)	12.1
At 31 March 2025	40.3
Impairment	
At 31 March 2023 and at 31 March 2024	-
Impairment	14.7
At 31 March 2025	14.7
Carrying amount	
At 31 March 2025	25.6
At 31 March 2024	28.2

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 previous year balance also included goodwill from the acquisition of Mobile Phones Direct Limited (now AO Mobile Limited) by AO Limited which is discussed further below.

The addition in the year represents the residual goodwill on the acquisition of musicMagpie by AO Limited (see note 35). In line with IAS36, goodwill is allocated to CGUs or groups of CGUs that are expected to benefit from the combination. Management have allocated £11.7m 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 of goodwill

UK CGU – £26.4m (2024: £13.5m)

At 31 March 2025, goodwill acquired through UK business combinations (excluding Mobile Phones Direct Limited) was allocated to the UK (excluding Mobile) cash-generating unit ("CGU"). There was an additional £12.9m allocated to the UK CGU as a result of the acquisition of musicMagpie plc during the year, with the balance of £0.4m being allocated to the musicMagpie group of the CGUs. 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 2025. The recoverable amount of the CGU has been determined based on the value in use calculations. The Group prepares cash flow forecasts derived from the most recent financial budget and financial plan for three years. The final year cash flow is used to calculate a terminal value and is based on an estimated growth rate of 1%. This rate does not exceed the average long term growth rate for the market.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to this CGU. In arriving at the appropriate discount rate to use, we adjust the CGU's post-tax weighted average cost of capital to reflect the impact of risks and tax effects specific to the cash flows. The weighted average pre-tax discount rate we used was approximately 13.4% (2024: 11.9%).

The key assumptions, which take account of historic trends, upon which management has based their cash flow projections are sales growth rates, selling prices and product margin. Management do not believe that any reasonable possible sensitivity would result in any impairment to this goodwill.

Mobile Phones Direct Limited – £nil (2024: £14.7m)

Goodwill arose on the acquisition of Mobile Phones Direct Limited ("MPD") in 2018. In addition, included in this CGU group are websites and domains of affordablemobiles.co.uk and buymobiles.net which the Group acquired in the previous year.

The 30 September 2024 interim financial statements outlined the minimal amount of headroom against the Mobile CGU and that reasonably plausible changes in assumptions could lead to a material impairment. During the second half of FY25, trading conditions have remained challenging, with the market down c13% year-on-year and therefore management deemed this to be a trigger for a full impairment review at 31 March 2025.

Management have undertaken a reforecast of the business based on the current exit run-rates for FY25 as well as a look forward for the period to FY29. Key assumptions include:

- A continued decline in the new connections and upgrade market in FY26;
- An annualization of new contracts which commenced in FY25;
- Revenue growth beyond FY26 of 3%; and
- Cost inflation and cost savings of between +3% and -2% beyond FY26, based on expectations for inflation and managements estimate of product price changes based on industry knowledge and reductions overheads

The resultant cashflow has been discounted using a pre-tax discount rate of 13% based on the capital structure of an equivalent business and reflecting market risk and volatility due to current macro-economic uncertainty to arrive at a value in use of £9.8m. This has been compared to the carrying value which showed there was a significant deficit against the carrying value in managements base case and as a result, an impairment charge of £14.7m has been recognised, reducing the goodwill balance for the Mobile CGU to £nil (2024 carrying value: £14.7m).

As a result of the above, and to ensure the carrying amount of the remaining intangibles is not below the Fair Value Less Costs of Disposal ("FVLCD"), management have also determined the recoverable amount for the remaining intangibles in the Mobile CGU by calculating the FVLCD. Management applied a "relief from royalties" valuation to determine a recoverable amount with the key assumptions being: forecast revenue (with no growth beyond FY26), royalties of 1% and a pre-tax discount rate of 13% resulting in a recoverable amount of £2.5m for the remaining intangibles (the measurement is categorised within Level 3 of the fair value hierarchy, as it involves significant unobservable inputs) and therefore, an impairment of £4.8m against the carrying value of intangibles of the Mobile CGU has been recognised (see note 17).

17. Other intangible assets

	Software £m	Marketing related assets (including domain names) £m	Customer lists £m	Total £m
Cost				
At 31 March 2023	6.4	16.0	0.4	22.8
Additions	0.1	2.0	0.3	2.4
Disposals	(0.4)	(0.2)	-	(0.6)
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
Amortisation				
At 31 March 2023	5.3	7.6	0.3	13.2
Charge for the year	0.7	1.6	0.1	2.3
Disposals	(0.3)	(0.2)	-	(0.5)
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
Carrying amount				
At 31 March 2025	3.8	9.2	0.1	13.2
At 31 March 2024	0.3	8.9	0.4	9.6

Amortisation is charged to administrative expenses in the consolidated income statement.

The impairment review performed at 31 March 2025 (see note 16) 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.

Marketing related assets relate to the musicMagpie brandname and websites and domains of affordablemobiles.co.uk and buymobiles.net.

Notes to the consolidated financial statements continued

For the year ended 31 March 2025

18. Property, plant and equipment

	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
Owned assets							
Cost							
At 31 March 2023	1.1	14.6	21.5	16.7	13.0	-	67.0
Additions	3.5	0.2	0.9	0.3	0.9	-	5.8
Disposals	-	(3.2)	(0.4)	(1.0)	(0.2)	-	(4.8)
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
Accumulated depreciation							
At 31 March 2023	0.1	10.1	11.6	12.9	11.4	-	46.1
Charge for the year	0.1	1.4	2.4	1.5	1.2	-	6.6
Disposals	-	(3.1)	(0.4)	(1.0)	(0.2)	-	(4.8)
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
Carrying amount							
At 31 March 2025	4.3	2.6	9.3	5.3	2.1	3.5	27.1
At 31 March 2024	4.4	3.2	8.5	2.7	1.3	-	20.1

At 31 March 2025, the Group had capital expenditure commitments of £12.5m (2024: £3.5m).

At 31 March 2025, the net carrying amount of plant and machinery, historically recognised as finance lease assets prior to the introduction of IFRS 16, included in the owned assets table was £2.7m (2024: £4.5m). 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.

Right of use assets recognised are reflected in the following asset classes:

	Land and buildings £m	Motor vehicles £m	Computer equipment £m	Total £m
Right of use assets				
Cost				
At 31 March 2023	96.3	32.0	0.8	129.1
Additions	3.0	0.5	0.3	3.9
Disposals	(7.8)	(2.2)	(0.8)	(10.8)
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
Accumulated depreciation				
At 31 March 2023	45.1	13.9	0.8	59.7
Charge for the year	8.8	6.5	0.1	15.4
Disposals	(6.2)	(2.1)	(0.8)	(9.1)
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
Carrying amount				
At 31 March 2025	41.3	10.0	0.1	51.6
At 31 March 2024	43.9	12.1	0.2	56.2

The expense relating to short-term leases and low value assets included within the Income Statement amounted to £2.4m (2024: £1.3m).

At 31 March 2025, the Group was committed to leases which had not yet commenced totalling £nil (2024: £0.5m).

Notes to the consolidated financial statements continued

For the year ended 31 March 2025

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 2025.

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%	Retail
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% [†]	Retail
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 (see note 34)
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

All companies within the Group are registered at the same address disclosed on page 158 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
Heyssel 1
Bus 94, 1020
Brussels

* 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%).

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 2023	0.7	1.3	0.9	(2.2)	0.6	7.0	8.3
Credit/(debit) to income statement	0.8	(0.3)	(0.8)	0.4	(0.2)	(5.8)	(5.8)
Credit to reserves	0.3	-	-	-	-	-	0.3
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)
Credit 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

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. Deferred tax assets arising on consolidation through business combinations totalled £1.1m, relating to a portion of tax losses acquired with musicMagpie, which is offset by a £1.1m deferred tax liability linked to a fair value adjustment on acquired intangibles. 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.

The Group has an unrecognised deferred tax asset of £5.2m (2024: £0.1m) in respect of unused losses carried forward of which £5.1m relates to losses acquired with musicMagpie. Whilst these losses have no expiration date, they cannot be used by the wider group until musicMagpie has been part of the group for 5 years. These losses have not been recognised at this point in time as management's forecasts indicate that the acquired entity is not expected to generate sufficient taxable profits. Management will continue to assess whether these losses are expected to be utilised elsewhere in the Group at which point a deferred tax asset will be recognised.

21. Inventories

	2025 £m	2024 £m
Finished goods	88.5	79.5

Included within inventories are provisions of £3.7m (2024: £1.4m).

22. Trade and other receivables

	2025 £m	2024 £m
Trade receivables	15.1	17.7
Contract assets	144.8	159.6
Prepayments and accrued income	31.0	27.9
Other receivables	0.2	-
	191.0	205.1

The trade and other receivables are classified as:

	2025 £m	2024 £m
Non-current assets	88.5	90.0
Current assets	102.5	115.1
	191.0	205.1

All of the amounts classified as non-current assets relate to contract assets.

Notes to the consolidated financial statements continued

For the year ended 31 March 2025

22. Trade and other receivables continued

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:

	2025 £m	2024 £m
Balance brought forward	159.6	174.4
Revenue recognised	115.4	120.8
Cash received	(134.1)	(139.6)
Revisions to estimates	0.1	0.2
Unwind of discounting	3.8	3.8
Balance carried forward	144.8	159.6

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 17 years).

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 16 years from c.3.7m plans that have been sold. Of these, c.1.12m 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 of 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;
- 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	1.0/ (1.0)

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

For the year ended 31 March 2025

23. Trade and other payables continued

	2025 £m	2024 £m
Trade payables	128.2	145.3
Accruals	24.6	20.9
Advanced payments on account	22.8	29.8
Deferred income	20.9	17.9
Other payables	16.3	14.2
	212.9	228.1

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 52 days (2024: 55 days). 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.

Trade and other payables are classified as:

	2025 £m	2024 £m
Current liabilities	207.7	225.6
Long-term liabilities	5.2	2.5
	212.9	228.1

24. Net debt

	2025 £m	2024 £m
Cash and cash equivalents at year end	27.4	40.1
Borrowings – Repayable within one year	(0.2)	(0.2)
Borrowings – Repayable after one year	(1.7)	(1.9)
Owned asset lease liabilities – Repayable within one year	(0.7)	(1.6)
Owned asset lease liabilities – Repayable after one year	(1.4)	(2.0)
Net funds (excluding leases relating to right of use assets)	23.4	34.4
Right of use asset lease liabilities – Repayable within one year	(17.7)	(15.4)
Right of use asset lease liabilities – Repayable after one year	(41.5)	(49.8)
Net debt	(35.9)	(30.8)

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.

Movement in financial liabilities in the year was as follows:

	Borrowings £m	Lease liabilities £m
At 1 April 2024	2.1	68.8
Changes from financing cash flows		
Payment of interest	(0.2)	(3.4)
Repayment of lease liabilities	-	(21.2)
Repayment of borrowings	(19.4)	-
Total changes from financing cash flows	(19.5)	(24.6)
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	3.4
Total other changes	19.4	17.3
At 31 March 2025	1.9	61.4

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.

Repayment of borrowings includes £19.1m relating to loans and accumulated interest, acquired on the acquisition of musicMagpie (see note 35).

Movement in financial liabilities in the prior year was as follows:

	Borrowings £m	Lease liabilities £m
At 1 April 2023	10.0	85.3
Changes from financing cash flows		
Payment of interest	(0.9)	(3.8)
Repayment of lease liabilities	-	(18.4)
Repayment of borrowings	(10.1)	-
New borrowings	2.2	-
Total changes from financing cash flows	(8.8)	(22.2)
Other changes		
New lease liabilities	-	3.8
Reassessment of lease terms	-	(1.9)
Interest expense	0.9	3.8
Total other changes	0.9	5.7
At 31 March 2024	2.1	68.8

Notes to the consolidated financial statements continued

For the year ended 31 March 2025

25. Borrowings

	2025 £m	2024 £m
Secured borrowing at amortised cost		
Bank loan	1.9	2.1
Amount due for settlement within 12 months	0.2	0.2
Amount due for settlement after 12 months	1.7	1.9

The bank loan relates to a commercial mortgage in relation to the acquisition of land and a building in AO Recycling Limited, a wholly owned subsidiary.

On 8 October 2024, the Group amended and extended its Revolving Credit Facility with the total facility increasing from £80m to £120m and now expiring in October 2028. The total amount utilised at 31 March 2025 was £0.1m and represents guarantees and letters of credit (2024: £3.7m of guarantees and letters of credit).

26. Lease liabilities

	Minimum lease payments	
	2025 £m	2024 £m
Amounts payable under lease liabilities:		
Within one year	21.9	20.6
Within one to two years	15.6	16.1
Within two to three years	10.1	12.3
Within three to four years	8.5	8.8
Within four to five years	7.4	7.2
Greater than five years	6.8	15.0
	70.3	80.1

	Present value of minimum lease payments	
	2025 £m	2024 £m
Amounts payable under lease liabilities:		
Within one year	18.5	16.9
Within one to two years	13.5	13.9
Within two to three years	8.6	10.5
Within three to four years	7.5	7.6
Within four to five years	6.8	6.4
Greater than five years	6.4	13.5
	61.4	68.8

27. Provisions

	2025 £m	2024 £m
Provisions	5.2	4.4

Provisions are classified as:

	2025 £m	2024 £m
Current liabilities	0.5	0.6
Non-current liabilities	4.7	3.9
	5.2	4.4

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 2024	0.5	3.9	4.4
Provisions created in the year	-	0.5	0.5
Acquired with subsidiary	-	0.4	0.4
Utilised in the year	(0.2)	-	(0.2)
At 31 March 2025	0.3	4.9	5.2

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. The restructuring provision largely relates to the simplification of operations in FY23 which included the early termination of existing contracts.

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
At 1 April 2024	578.6	1.4	108.5	-
Share issue	1.7	0.1	-	-
Purchase of shares by EBT (including transaction costs)	-	-	-	(11.1)
Transfer of own shares upon exercise of share options	-	-	-	0.2
At 31 March 2025	580.3	1.5	108.5	(10.9)

On 8 July 2024, the Company issued 1,733,027 shares to satisfy options granted in July 2020 under the FY21 AO Incentive plan. The shares were acquired and are held in the Company's Employee Benefit Trust ("EBT"), at nominal values, and the EBT transfers to the participants as they are exercised.

On 1 and 2 August 2024, the Company's EBT also purchased 8,882,350 and 434,602 respectively, of the Company's ordinary shares at market value. Consideration paid was £11.1m, which includes transaction costs of £0.2m. Shares held by the EBT will be used to satisfy options under the Group's share schemes.

8,882,350 of the shares were purchased at market value (117.3p per share and total consideration of £10.4m) from John Roberts, Sally Roberts and Chris Hopkinson who are considered related parties. There were no outstanding balances with these related parties as at 31 March 2025.

As at 31 March 2025, the number of shares held by the EBT was 11,161,642 (2024: 788,578).

29. Reserves

The analysis of movements in reserves is shown in the statement of changes in equity. Details of the amounts included in other reserves (excluding share-based payment reserve) are set out below:

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 capital redemption reserve arose as a result of the redemption of ordinary and preference shares in the year ended 31 March 2012 and 2014 respectively.

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.

Notes to the consolidated financial statements continued

For the year ended 31 March 2025

30. Share-based payments

Performance Share Plan

The table below summarises the amounts recognised in the income statement during the year.

	2025 £m	2024 £m
FY21 AO Incentive Plan	-	1.1
FY22 AO Incentive Plan	0.1	0.1
FY23 AO Incentive Plan	0.9	0.9
FY24 AO Incentive Plan	1.2	0.9
FY25 AO Incentive Plan	0.8	-
Value Creation Plan ("VCP")	3.4	3.1
Sharesave scheme	0.8	0.6
Total share scheme charge	7.3	6.7

The details regarding each of the schemes are as follows:

Schemes vesting in the current year

During the year, the conditional deferred shares under the FY21 AO Incentive Plan vested. The number of shares vesting was 1,632,229.

FY22 AO Incentive Plan

The number of conditional share awards was initially calculated based on the performance criteria for the year ended 31 March 2022. The vesting date for the conditional shares is July 2025.

Based on the performance criteria achieved, and subject to continued employment, the number of outstanding conditional shares relating to the scheme, as at 31 March 2025, was 1,344,193.

FY23 AO Incentive Plan

The number of conditional share awards was initially calculated based on the performance criteria for the year ended 31 March 2023. The vesting date for the conditional shares is July 2026.

Based on the performance criteria achieved, and subject to continued employment, the number of outstanding conditional shares relating to the scheme, as at 31 March 2025, was 3,689,828.

FY24 AO Incentive Plan

The number of conditional share awards was initially calculated based on the performance criteria for the year ended 31 March 2024. The vesting date for the conditional shares is July 2027.

Based on the performance criteria achieved, and subject to continued employment, the number of outstanding conditional shares relating to the scheme, as at 31 March 2025, was 4,167,133.

FY25 AO Incentive Plan

In July 2024, the Company adopted the FY25 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 conditional share award (66.67%) based on performance conditions along 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 and average liquidity (70% weighting);
2. Stakeholder impact measures- focusing on customers and employees (20% weighting); and
3. Strategic measure- tied to delivering a new strategic plan (10% weighting)

The bonus and number of conditional share awards was initially calculated based on the performance criteria for the year ended 31 March 2025. The vesting date for the conditional shares is July 2028. 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 £1.14.

The number of awards made were 4,774,140 and based on the performance criteria achieved, and subject to continued employment, the number of conditional shares relating to the scheme at 31 March 2025 is 3,455,220.

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 subject to the participants remaining in employment and meeting certain performance conditions.

The principal features of the VCP are as follows:

Executive Awards

There are 2 Executive units which vest in equal tranches as shown in the table below. The initial hurdle share price is £1 (equivalent to a market capitalisation of £575m). Any excess above £575m 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 on inception (which has been calculated using the Black Scholes model) and the main assumptions used in arriving at the fair value of each unit are as follows:

	31 March 2027	31 March 2028	31 March 2029
Number of units	2	2	2
Fair value per unit	151,889	176,637	194,716
Market cap at grant date	£322.2m	£322.2m	£322.2m
Dividend yield	0%	0%	0%
Expected term	4.29 years	5.29 years	6.29 years
Risk-free rate	3.13%	3.13%	3.13%
Volatility	50%	50%	50%

At the date of the replacement, the fair values of the original awards were £1,278, £3,267 and £8,872 respectively.

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, the further incremental value will be delivered on the awards in line with the following table which also shows the fair value on inception (which has been calculated on a Monte Carlo valuation basis) and the main assumptions used in arriving at the fair value of each unit are as follows:

	31 March 2027	31 March 2028	31 March 2029
Max number of units	1,766,880	1,766,880	1,766,880
Fair value per unit	£2.11	£1.03	£0.96
Market cap at grant date	£322.2m	£322.2m	£322.2m
Hurdle	£575m	£575m	£575m
Cap	£6.0bn	£6.0bn	£6.0bn
Dividend yield	0%	0%	0%
Expected term	4.29 years	5.29 years	6.29 years
Risk-free rate	3.13%	3.13%	3.13%
Volatility	50%	50%	50%

At the date of the replacement, the fair values of the original awards were £0.02, £0.10 and £0.24 respectively.

The original grant date fair value expense for the original scheme continues to be recognised over the original vesting period and the incremental fair value expense (being the difference between the fair value of the new scheme and the fair value of the old one) being recognised over the period from modification/replacement until the end of the new vesting date. The hurdles between which the Executive and Employee awards participate in the old scheme have been recalculated by reference to the number of Executives who still held awards and the number of shares in issue at the modification date.

Any new awards, e.g., to employees who commenced employment after the last awards were made under the old VCP, are treated as new awards at the new fair value and the charge spread over the period from award to the new vesting date.

Notes to the consolidated financial statements continued

For the year ended 31 March 2025

30. Share-based payments continued

During the year, additional Employee Awards of 66,394 were granted on 26 June 2024 and 46,989 were granted on 26 November 2024 which have fair values (calculated using the Monte Carlo model) as set out below:

26 June 2024	31 March 2027	31 March 2028	31 March 2029
Number of units granted	66,394	66,394	66,394
Fair value per unit	£6.30	£2.70	£2.27

26 November 2024	31 March 2027	31 March 2028	31 March 2029
Number of units granted	46,989	46,989	46,989
Fair value per unit	£5.36	£2.58	£2.18

Having taken account of the new awards in the period and the impact of leavers, the number of outstanding units at 31 March 2025 is 1,296,201.

The charge to the income statement for the year ended 31 March 2025 was £3.4m.

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:

	2025 No. of options	2025 WAEP (£)*	2024 No. of options	2024 WAEP (£)*
Outstanding at the beginning of the year	7,115,468	0.63	6,422,665	0.63
Granted during the year	1,482,618	0.53	2,708,138	0.53
Forfeited during the year	(975,583)	0.64	(1,412,963)	0.71
Exercised during the period	(164,029)	0.89	(381,487)	0.89
Lapsed in the year	(50,291)	1.01	(220,885)	1.01
Outstanding at the end of the year	7,408,183	0.64	7,115,468	0.62

* Weighted average exercise price.

During the year, options were granted on 28 January 2025. For the shares outstanding at 31 March 2025, the remaining weighted average contractual life is 1.57 years (2024: 2.21 years). The weighted average fair value of options granted during the year was £0.83 per share.

The following table gives the assumptions made during the year ended 31 March 2025:

For options granted on	1 Feb 2019	22 Jan 2020	25 Jan 2021	23 Dec 2021	22 Dec 2022	21 Dec 2023	28 Jan 2025
Risk-free rate	0.79%	0.79%	0.79%	0.58%	3.58%	4.16%	4.24%
Expected volatility	46.5%	46.5%	46.5%	45.0%	45.0%	60%	45.0%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Option life	3 years	3 years	3 years	3 years	3 years	3 years	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.

31. Retirement benefit schemes

Defined contribution schemes

The pension cost charge for the year represents contributions payable by the Group and amounted to £4.8m (2024: £4.3m). Contributions totalling £0.7m (2024: £0.6m) 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.

	2025 Carrying amount £m	2025 Fair value £m	2024 Carrying amount £m	2024 Fair value £m
Financial assets designated as fair value through profit or loss				
Loans and receivables				
Cash and cash equivalents	27.4	27.4	40.1	40.1
Trade receivables (see Note 22)	15.1	15.1	17.7	17.7
Prepayments and other receivables (see Note 22)	31.2	31.2	27.9	27.9
Total financial assets	73.7	73.7	85.7	85.7
Financial liabilities measured at amortised cost				
Trade payables (see Note 23)	(128.2)	(128.2)	(145.3)	(145.3)
Other payables excluding deferred income (see Note 23)	(63.7)	(63.7)	(64.9)	(64.9)
Borrowings (see Note 25)	(1.9)	(1.9)	(2.1)	(2.1)
Total financial liabilities	(193.8)	(193.8)	(212.3)	(212.3)
Total financial instruments	(120.2)	(120.2)	(126.6)	(126.6)

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 over a number of geographical areas. 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.

Notes to the consolidated financial statements continued

For the year ended 31 March 2025

32. Financial instruments continued

Exposure to credit risk

The maximum exposure to credit risk at the statement of financial position date by class of financial instrument was:

	2025 £m	2024 £m
Trade receivables	15.1	17.7

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	14.4	-	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
Not past due	15.3	-	15.3
Past due 0-30 days	1.4	-	1.4
Past due 31-120 days	0.7	(0.2)	0.5
More than 120 days	0.8	(0.4)	0.4
At 31 March 2024	18.3	(0.6)	17.7

The current year includes an impairment charge of £0.1m (2024: £0.6m) to trade receivables. Contract assets are also assessed for credit risk. Total contract assets at 31 March 2025 were £144.8m (2024: £159.6m). 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.

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	191.9	191.9	186.7	5.2	-
Bank loans	1.9	2.6	0.4	1.3	0.9
Lease liabilities	61.4	70.3	21.9	41.6	6.8
At 31 March 2025	255.2	264.8	209.0	48.1	7.7

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).

Foreign currency risk

Refer to Note 33f.

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:

	2025 £m	2024 £m
Fixed and variable rate instruments		
Fixed rate	2.1	3.6
Variable rate	1.9	2.1
	4.0	5.7

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:

	2025 £m	2024 £m
Short-term employee benefits	4.5	3.7
Share-based payments	2.7	2.6
Post-employment benefits	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 FY25.

In addition, the directors were granted a conditional deferred share award pursuant to the FY22 AOIP Award which had a deferral period spanning FY23 to FY25 inclusive. The Remuneration Committee has deemed that the performance underpin has been met in full and accordingly 812,149 shares will be issued to the directors in July 2025. Based on the three-month average share price to 31 March 2025 of 98.71p these have a total value of £0.8m. (2024: 1,004,697 shares issued in July 2024 pursuant to the FY20 AOIP Award with a value of £0.9m based on a share price of 90.26p).

Notes to the consolidated financial statements continued

For the year ended 31 March 2025

33. Related-party transactions continued

There were no termination or other long-term benefits paid to key management personnel during the year ended 31 March 2025 (2024: nil).

Further information about the remuneration of individual Board Directors is provided in the audited part of the Directors' Remuneration Report on pages 71 to 95.

34. Discontinued operations

Following the closure of the Groups German business in FY23, the business has been treated and presented as a discontinued operation in the year ended 31 March 2025. The tables below show the results of the German operation for the relevant reporting periods:

	2025 £m	2024 £m
Revenue	1.0	0.2
Cost of sales	-	-
Gross profit	1.0	0.2
Administrative expenses and other operating income	0.1	(0.2)
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 current year represents 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.

Basic earnings per share from discontinued operations is 0.14p (2024: 0.00p). Diluted earnings per share from discontinued operations is 0.13p (2024: 0.00p).

The table below summarises the cashflows of the German operation for the relevant reporting periods:

	2025 £m	2024 £m
Net cash flows from operating activities	1.2	(0.5)
Net cash flows from investing activities	-	-
Net cash flows from financing activities	(0.1)	(0.1)

35. Acquisition of subsidiaries

On 12 December 2024, the Group acquired all the ordinary shares in musicMagpie for £9.8m, satisfied in cash. The net cash cost of the acquisition was £5.7m reflecting cash balances acquired of £4.1m.

musicMagpie operates in the re-commerce sector, specialising in the buying, renting and selling of refurbished consumer technology and physical media products. The company has established operations in the UK and the acquisition enables the existing AO Group to enhance its consumer technology offering.

In the period from acquisition to 31 March 2025 the subsidiary contributed revenue of £29.7m and a loss before tax of £1.7m to the consolidated result for the year. If the acquisition had occurred on the first day of the accounting period, Group revenue would have been £1,212.4m and profit before tax would have been £16.4m, which excludes adjusting items incurred by musicMagpie. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on the first day of accounting period.

The acquisition had the following effect on the Group's assets and liabilities:

£m	Fair value of assets/ liabilities acquired £m
Intangible fixed assets	11.2
Tangible fixed assets	6.8
Deferred tax asset	1.1
Inventories	4.9
Trade and other receivables	1.5
Cash	4.1
Trade and other payables	(11.8)
Borrowings	(19.1)
Deferred tax liability	(1.1)
	(2.3)
Cash consideration	9.8
Residual goodwill	12.1

Goodwill has arisen on the acquisition primarily due to the expected synergies, ability to integrate existing tech capabilities and the associated future growth potential of the group in addition to intangible assets that don't meet recognition criteria such as the assembled workforce of musicMagpie.

Fair values determined on a provisional basis

Fair value adjustments have been determined on a provisional basis and, in line with relevant accounting standards, will be finalised in the 12-month hindsight period. The principal fair value adjustments related to intangible fixed assets. An independent third-party valuation expert was engaged by management to assist in the identification and fair valuation of the identifiable intangible assets acquired - a "relief from royalty" method was utilised to arrive at the valuation of the marketing assets of £7.2m using a 1% royalty rate and a replacement cost method utilised to arrive at the valuation for the technology assets of £4.0m using management's best estimate of the number of full time equivalents employees and hours it would take to replace the technology assets.

Acquisition related costs

The Group incurred acquisition related costs of £3.3m related to adviser fees. These costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

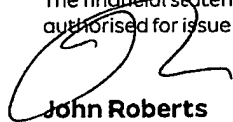
Company statement of financial position

As at 31 March 2025

	Note	2025 £m	2024 £m
Non-current assets			
Intangible assets	4	-	0.1
Property, plant and equipment	5	1.3	1.5
Right of use assets	5	1.9	6.0
Investment in subsidiaries	3	50.1	46.2
Trade and other receivables	7	179.3	63.7
Deferred tax asset	6	1.6	1.4
		234.2	119.0
Current assets			
Trade and other receivables	7	4.6	2.6
Cash at bank and in hand		0.2	0.3
		4.8	2.9
Total assets		239.0	121.9
Current liabilities			
Trade and other payables	8	(69.4)	(67.4)
Lease liabilities	9	(1.4)	(1.2)
Provisions	10	(0.3)	(0.3)
		(71.1)	(68.9)
Net current liabilities		(66.3)	(66.0)
Non-current liabilities			
Lease liabilities	9	(1.6)	(5.9)
Provisions	10	(0.7)	(0.6)
		(2.3)	(6.5)
Total liabilities		(73.4)	(75.4)
Net assets		165.6	46.5
Equity			
Share capital	11	1.5	1.4
Share premium	11	108.5	108.5
Investment in own shares	11	(10.9)	-
Merger reserve	11	59.2	59.2
Capital redemption reserve		0.5	0.5
Share-based payments reserve		24.1	20.3
Other reserves		0.4	0.4
Retained losses		(17.7)	(143.8)
Total equity		165.6	46.5

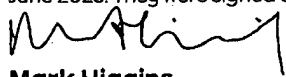
AO World PLC reported a profit after tax for the year ended 31 March 2025 of £123.0m (2024: £36.2m) which includes dividends received from subsidiaries of £149.8m (2024: £50.0m).

The financial statements of AO World PLC, registered number 05525751, were approved by the Board of Directors and authorised for issue on 17 June 2025. They were signed on its behalf by:



John Roberts
CEO

AO World PLC



Mark Higgins
CFO & COO

AO World PLC

Company statement of changes in equity

As at 31 March 2025

	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 2023	1.4	-	108.2	59.2	0.5	15.4	0.4	(182.1)	3.0
Profit for the year	-	-	-	-	-	-	-	36.2	36.2
Share-based payments charge (net of tax)	-	-	-	-	-	7.0	-	-	7.0
Issue of shares (net of expenses)	-	-	0.3	-	-	-	-	-	0.3
Movement between reserves	-	-	-	-	-	(2.1)	-	2.1	-
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

Overview

Strategic Report

Our Governance

Our Financials

Shareholder Information

Notes to the Company financial statements

For the year ended 31 March 2025

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 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, 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, please refer to the Group accounting policies on page 118.

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

	2025 £m	2024 £m
Cost		
At 31 March 2024	46.8	43.3
Additions	2.8	-
Group share-based payments	3.9	3.5
At 31 March 2025	53.5	46.8
Impairment		
At 31 March 2024	0.6	0.6
Impairment	2.8	-
At 31 March 2025 and 31 March 2024	3.4	0.6
Carrying amount		
At 31 March 2025 and 31 March 2024	50.1	46.2

On 23 April 2024, the Company acquired 1.4m and 1.4m ordinary shares in Appliances Online Ltd and Worry Free Limited respectively for £1 per share. Both companies were and continue to be wholly owned subsidiaries.

Subsequently, management assessed the carrying value of its investments in Appliances Online Ltd and Worry Free Limited. As a result, management have impaired the value of investments in those companies during the year.

The Company has made capital contributions to its subsidiaries of £3.9m (2024: £3.5m) in relation to the allocation of share-based payment charges.

As at 31 March 2025, 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%	Retail
Expert Logistics Ltd	United Kingdom	Ordinary	100% [†]	Logistics and transport
AO Recycling Limited	United Kingdom	Ordinary	100%	WEEE recycling
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 (see note 34)
AO.BE SA	Belgium	Ordinary	99.99%*	Dormant
Mobile Phones Direct 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 Limited.

[‡] Indirectly owned through Worry Free Limited (50%) and Appliances Online Limited (50%).

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 2024 and 31 March 2025	0.7	3.4	4.1
Amortisation			
At 31 March 2024	0.7	3.3	4.0
Charge for the year	-	0.1	0.1
At 31 March 2025	0.7	3.4	4.1
Carrying amount			
At 31 March 2025	-	-	-
At 31 March 2024	-	0.1	0.1

Amortisation is charged to administrative expenses in the income statement.

Notes to the Company financial statements continued

For the year ended 31 March 2025

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 2024	4.8	1.4	6.2	8.5
Additions	0.4	-	0.4	0.8
Disposals	-	-	-	(3.5)
At 31 March 2025	5.2	1.4	6.6	5.9
Accumulated depreciation				
At 31 March 2024	4.0	0.7	4.7	2.5
Charge for the year	0.4	0.2	0.6	1.5
At 31 March 2025	4.4	0.9	5.3	4.0
Carrying amount				
At 31 March 2025	0.8	0.5	1.3	1.9
At 31 March 2024	0.8	0.7	1.5	6.0

The carrying value of right of use assets is analysed as follows:

	2025 £m	2024 £m
Right of use assets		
Land and buildings	1.2	5.1
Motor vehicles	0.7	0.7
IT equipment	0.1	0.2
	1.9	6.0

Right of use asset disposals includes the reassessment of lease terms for an existing lease; the Company now intends to exercise the break clause.

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	Losses and unused tax £m	Transitional relief £m	Other timing difference £m	Total £m
Deferred tax asset at 31 March 2023	0.5	0.3	0.2	0.1	1.1
(Debit)/ Credit to income statement	0.5	(0.3)	(0.1)	-	-
Credit to reserves	0.2	-	-	-	0.2
Deferred tax asset at 31 March 2024	1.2	-	0.1	0.1	1.4
(Debit)/ Credit to income statement	0.4	-	-	(0.1)	0.3
Credit to reserves	(0.1)	-	-	-	(0.1)
Deferred tax asset at 31 March 2025	1.5	-	0.1	-	1.6

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

	2025 £m	2024 £m
Amounts owed by Group undertakings	179.3	63.7
Prepayments	3.5	2.1
Other receivables	1.2	0.5
	183.9	66.3

The Trade and other receivables are classified as:

	2025 £m	2024 £m
Non-current assets - Amounts owed by Group undertakings	179.3	63.7
Current assets	4.6	2.6
	183.9	66.3

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.

8. Trade and other payables

	2025 £m	2024 £m
Trade payables	3.0	0.2
Accruals	8.4	6.3
Other payables	0.7	0.9
Amounts owed to Group undertakings	57.3	60.0
	69.4	67.4

The carrying amount of trade payables approximates to their fair value.

Amounts owed to Group undertakings are repayable on demand and carry no interest.

Notes to the Company financial statements continued

For the year ended 31 March 2025

9. Lease Liabilities

	2025 £m	2024 £m
Secured borrowing at amortised cost		
Lease liabilities	3.0	7.2
Amounts payable under lease liabilities		
Within one year	1.4	1.2
Within one to two years	1.3	1.2
Within two to three years	0.3	1.0
Within three to four years	-	0.9
Within four to five years	-	0.8
Greater than five years	-	2.1
	3.0	7.2

Movements in the year were as follows:

	Leases £m
At 1 April 2024	7.2
Changes from financing cash flows	
Repayment of lease liabilities	(1.8)
Payment of interest	(0.3)
Total changes from financing cash flows	(2.1)
Other changes	
New lease liabilities	0.8
Reassessment of lease term	(3.2)
Interest charge	0.3
Total other changes	(2.1)
At 31 March 2025	3.0

10. Provisions

Provisions are classified as:

	2025 £m	2024 £m
Current liabilities	0.3	0.3
Non-current liabilities	0.7	0.6
	1.0	0.9

The movement in the year is shown below:

	Dilapidations provision £m	Restructuring provision £m	Total £m
At 31 March 2024	0.4	0.5	0.9
Provisions created in the year	0.3	-	0.3
Utilised in the year	-	(0.2)	(0.2)
At 31 March 2025	0.7	0.3	1.0

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. The restructuring provision relates to the simplification of operations in a prior year which included the early termination of existing contracts.

11. Share capital and share premium

	Number of shares m	Share capital £m	Share premium £m	Investment in own shares £m	Merger reserve £m
At 31 March 2024	578.5	1.4	108.5	-	59.2
Share issue	1.7	0.1	-	-	-
Purchase of shares by EBT (including transaction costs)	-	-	-	(11.1)	-
Transfer of shares upon exercise of share options	-	-	-	0.2	-
At 31 March 2025	580.3	1.5	108.5	(10.9)	59.2

On 8 July 2024, the Company issued 1,733,027 shares to satisfy options granted in July 2020 under the FY21 AO Incentive plan. The shares were acquired and are held in the Company's Employee Benefit Trust ("EBT"), at nominal values, and the EBT transfers to the participants as they are exercised.

On 1 and 2 August 2024, the Company's EBT also purchased 8,882,350 and 434,602 respectively, of the Company's ordinary shares at market value. Consideration paid was £11.1m, which includes transaction costs of £0.2m. Shares held by the EBT will be used to satisfy options under the Group's share schemes.

8,882,350 of the shares were purchased at market value (£17.3p per share and total consideration of £10.4m) from John Roberts, Sally Roberts and Chris Hopkinson who are considered related parties. There were no outstanding balances with these related parties as at 31 March 2025.

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.

12. Share-based payments

The Company recognised total expenses of £3.5m (2024: £3.3m) in the year in relation to both the Performance Share Plan (referred to as LTIP or SIP), 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

Registered office and headquarters

AO
5A The Parklands
Lostock
Bolton
BL6 4SD

Registered number: 5525751

Tel: 01204 672 400
Web: ao-world.com

Company Secretary

Julie Finnemore
Email: cosec@ao.com

Joint Stockbrokers

Jefferies International Limited
100 Bishopsgate
London
EC2N 4JL

Peel Hunt
100 Liverpool Street
London
EC2M 2AT

Independent Auditor

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Bankers

Barclays Bank plc
3 Hardman Street
Manchester, M3 3AX

HSBC Bank plc
Landmark, St Peters Square
Manchester, M1 4BP

National Westminster Bank plc
250 Bishopsgate
London, EC2M 4AA

Santander
8th Floor, Landmark, 1 Oxford Street
Manchester M1 4PB

Registrar

MUFG Corporate Markets
Central Square
29 Wellington Street
Leeds
LS1 4DL

By phone: +44 (0) 371 664 0300 (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate).

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

Adjusting items means the items as set out on page 124

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 2018

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

FY23, FY24 and FY25 mean the financial year of the Group ended 31 March 2023, 31 March 2024 and FY25 means the current financial year ending 31 March 2025

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

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
elekdirect.co.uk
affordablemobiles.co.uk
buymobiles.net
musicmagpie.co.uk

Corporate
ao-world.com



The production of this report supports the work of the Woodland Trust, the UK's leading woodland conservation charity. Each tree planted will grow into a vital carbon store, helping to reduce environmental impact as well as creating natural havens for wildlife and people.



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