SEPARATOR SHEET

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COMPANIES HOUSE BARCODE

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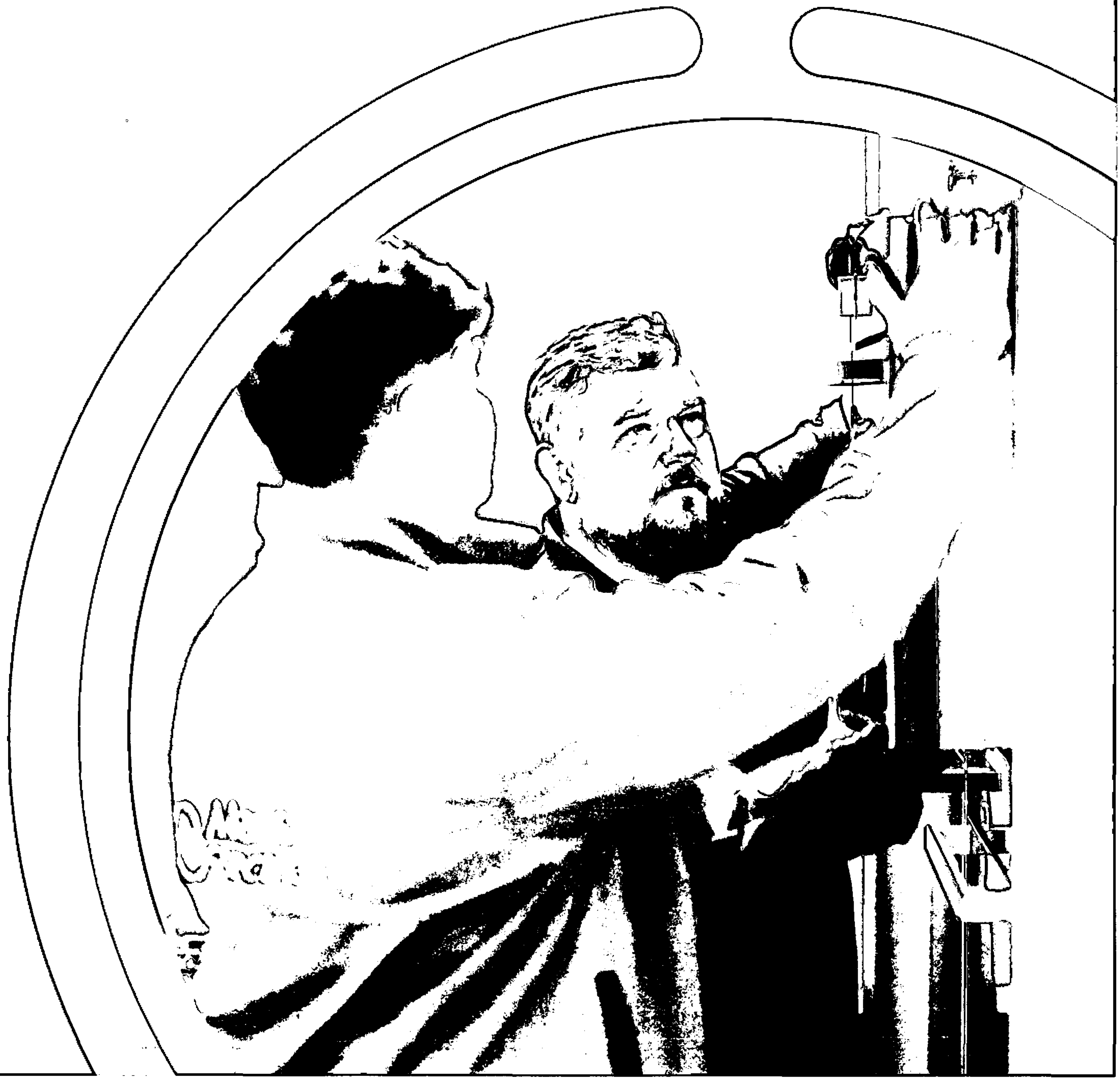
COMPANIES HOUSE

Company Number: 13509635

Marks Electrical Group plc

Strengthening our foundations

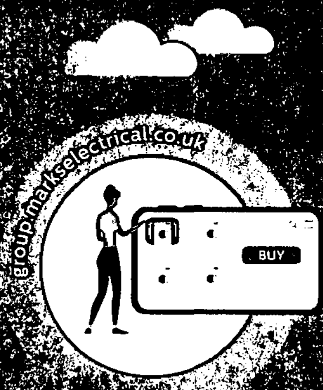
Annual Report and Accounts 2026



About Us

Marks Electrical is a highly scalable, technology driven e-commerce electrical retailer which sells, delivers, installs and recycles a wide range of household electrical products. The Group was founded in Leicester in 1987 by Mark Smithson and has scaled into a nationwide online retailer with a compelling growth track record, thanks to its vertically integrated, low-cost, high quality operating model, supported by the ongoing structural shift of consumers to purchase online.

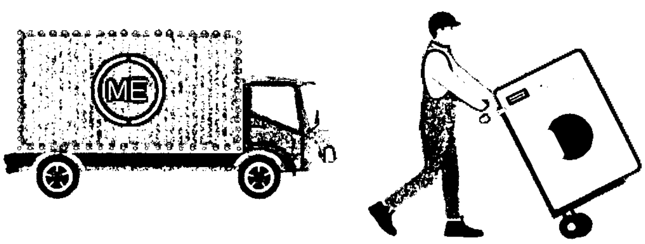
The Group operates within the UK Major Domestic Appliances (MDA) and Consumer Electronics (CE) market estimated to be worth approximately £7 billion. Sited with its HQ next to the M1 motorway in the centre of England, Marks Electrical's easy-to-use website, friendly sales staff, efficient warehouse operation and in-house team of drivers and installers enable us to offer next-day delivery to over 90% of the UK population.



See our Group website to learn more

Qualitative achievements

- We operate with a customer-first mindset and providing a market leading premium delivery and installation experience
- Maintained a 4.8 star (2025: 4.8 star) Trustpilot rating providing the best-in-class customer experience in the MDA and CE industry
- Continued to increase our returning customer rate to 30% demonstrating our continued focus on customer retention and market leading service



Highlights

Statutory measures

Revenue

£107.9m

2025: £117.2m

Statutory losses per share

(0.40p)

2025: (1.38)p

Dividends per share

0.00p

2025: 0.96p

Loss before tax

(£0.4m)*

2025: £(1.7)m
The Statutory loss before tax is stated after the CMA exceptional cost of £1.2m

Operational measures

No. of stock-keeping units ("SKUs")

4,000

2025: 4,500+

Employees

250+

2025: 250+

No. of brands

50+

2025: 50+

Vehicles

60+

2025: 60+

Non-statutory measures

Adjusted EBITDA[1]

£2.5m

2025: £4.2m

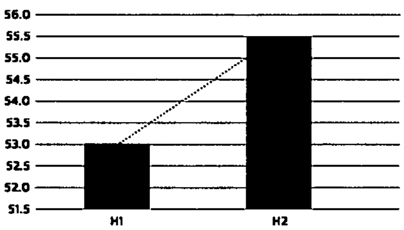
Diluted adjusted earning per share[1]

0.67p

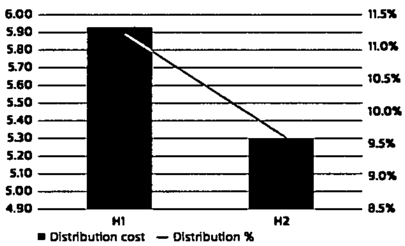
2025: 1.54p

1 Adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") and adjusted earnings per share are alternative performance measures, definitions of which are set out on page 93.

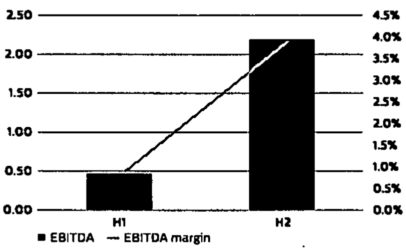
Sales



Distribution efficiencies



EBITDA



Sales, EBITDA and Distribution efficiency improvements made in the second half of the year, giving us solid momentum heading into FY27.

Contents

Chair's statement

"Marks Electrical is a business that continues to focus on the fundamentals, with a customer first mindset and providing a market leading premium installation experience."

Darren Bowkett
Independent Non-Executive Chair

Introduction

Having joined Marks Electrical early 2026, this is my first statement as Chair, and I am particularly pleased to join as the Company moves towards its 40 year anniversary. My colleagues on the Board have been very welcoming and I look forward to working with them and senior management as we move forwards. I would also like to express my sincere thanks to my predecessor Marnie Millard, for her support and guidance during the handover of responsibilities. Marnie joined the Board in 2021 as part of the IPO and has been an integral part of the team, helping the business to deliver on its strategic plans. Marnie has been a great help guiding the Company and other Directors over the last four years. We are all very grateful for her efforts throughout her tenure and wish her the very best for the future.

First impressions

My first few months have been spent getting to know the business, its operations, the people and its culture. I have developed a strong understanding of the Company's products and operational processes as well as meeting with a range of key stakeholders. It goes without saying that Marks Electrical represents a business with strong principles, a rich heritage whilst possessing a progressive and sustainable vision for the future. Everyone I have met understands this history and is proud to work for such a long-standing and established name. I look forward to providing a contribution to such a valuable and interesting story.

Our purpose and mission

Our purpose is clear: to be the electrical retailer that delivers. Our mission is to become the UK's premium electrical retailer. We achieve this by operating with a customer-first mindset and providing a market-leading premium delivery and installation experience. We are committed to delivering value for all stakeholders, including employees, shareholders, suppliers, local communities, and the environment.

By keeping our business model simple and focused, we believe we can drive sustainable revenue growth and cash conversion, and uphold exceptional customer service standards, traits we have consistently demonstrated since our flotation in 2021.

We are pleased to have maintained our 4.8 Trustpilot rating as well as being able to improve our returning customer rate. Both of these are as a result of our customer first ethos.

Financial performance

The strength of our performance in the second half of last year, recovering from a challenging H1, provides us with great momentum as we enter the new financial year. We achieved a marked improvement against H1 with sales +4.6%. EBITDA of £2.0m, well ahead of the £0.5m posted for H1. The elevated focus on distribution and efficiencies came through strongly, as we achieved 9.6% distribution cost to sales, a 20bps improvement on FY25 and a 160bps improvement on H1 FY26.

Our people and culture

We are committed to keeping our business model simple and purpose-driven, investing resources in delivering exceptional customer service. The Board was pleased to see the continued success of the Marks Electrical Academy in FY26. The facility was actively used for training drivers, installers, customer service, and sales staff – an investment that fosters a continuous learning environment and supports our human capital development and professionalisation goals.

Sustainability and community

In FY26, our focus on sustainability remained strong. We recycled over 70,000 used appliances ensuring responsible disposal of customer waste. We also invested in an appliance recycling docking station, improving our ability to extend the useful life of appliances and promote reuse. In our local communities, we continued to support various charitable initiatives, schools, and sporting activities – strengthening ties with the communities our employees belong to.

Governance and the Board

We are fully committed to high standards of corporate governance and maintaining a robust framework to support our strategic goals, this is an area of particular focus and continuous improvement. The Board continues to work closely with the leadership team, monitoring business performance and engaging with stakeholders.

Looking ahead

The core fundamentals that underpin our business and within our gift remain strong as we continue to operate with high levels of agility and customer centricity day in day out. The UK economy remains subdued, but we are confident with the measures we have taken that we can continue to deliver pleasing results.

Reflecting on the performance last year, the Board remain confident in the medium term prospects for the business.

D. Bowkett

Darren Bowkett
Independent Non-Executive Chair

"

Our purpose remains as strong as ever and with renewed focus we firmly believe we can become the UK's electrical retailer of choice."

Chief Executive Officer's review

66

A resilient performance under challenging conditions and now well positioned to deliver sustainable revenue and profitability with renewed strength built in."

Mark Smithson
Chief Executive Officer

With the strong business that we have underpinned by growing brand recognition, nationwide distribution and installation capability I am pleased that after a challenging first half year prompting a trading update, we were able to deliver an improved second half performance thanks to our disciplined focus on margin and operational cost management.

We are well positioned heading into FY27 with positive trading momentum and a strengthened cash position. We are targeting sustainable growth in both revenue and profitability in FY27 as the benefits of our disciplined focus on margin and operational efficiency continue to be realised. We do however remain mindful of the macro-economic factors within the UK around inflation, interest rates and current unemployment levels all of which create trading headwinds that we have to navigate to the best of our ability. I have personally led the business for nearly 40 years now and so this is nothing new for me. With the current leadership team that we have in place in the business and on the Board I am confident that we continue to drive the business forward for the long term.

I am extremely proud of the dedication and commitment shown by our colleagues over the past year. Significant progress has been made behind the scenes to strengthen our foundations. We are building a business for the future, and our focus on delivering best-in-class customer service continues to underpin that ambition.

I am pleased to welcome Darren, Chris & Helen to the Board, who will all individually and collectively provide great support and experience as we work to continually deliver on our strategic ambition in the short term.

Our strategic approach continues to be very clear in that we put the customer at the heart of everything we do and have four key elements to our strategy for growth:

1. Customer proposition

Our operating model continues to be unique across the MDA sector in that we consistently offer next day delivery throughout our wide range of products, to over 90% of the UK population.
In addition, our installation service offering provides customers with the ability to add integrated, gas, electric and television installation services to their order, which can be carried out within a rapid time frame. This proposition centres around the vertical integration of our delivery model, with our own fleet, employed drivers and installers, in-house training academy, and our centralised single site distribution centre, maximising efficiency and service quality. During the period, we made further advancements in developing our customer proposition, including:

- Further training in our ME Academy, our leading in-house product-installation facility for driver, installer and customer service training;
- Further developed our website to continually improve the customer journey

2. Brand awareness

A key to our success is to optimise our brand awareness. In FY26 we continued to dedicate significant time developing our relationships with our brand partners' marketing teams further, in order to offer them innovative opportunities to advertise with us going forward as well as continuing to invest in external specialist marketing support as we target increased organic website traffic and checkout conversion rate. We recognise that there is significant opportunity for further brand awareness growth, as more people across the UK come into contact with our brand for the first time. Investment in brand awareness moving into FY27 remains firmly in focus as we seek to optimise the investment we make in this key area.

Customer proposition

Operational capacity

Brand awareness

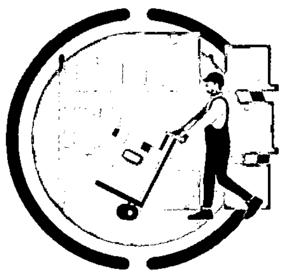
Financial performance

Why invest in Marks Electrical?

A simple, highly focused, vertically integrated business model which offer market-leading revenue growth, robust profitability and strong cash generation.

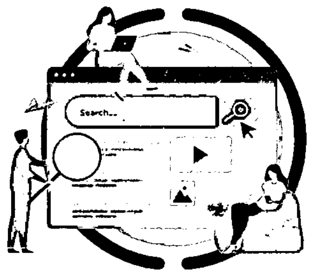
£7bn market across MDA & CE

- 2.6% MDA market share
- 0.5% CE market share
- Significant growth potential
- 35+ years of retail expertise



Differentiated business model

- Significant investments in proprietary technology
- Market-leading customer service
- Scalable, vertically integrated delivery model



Multiple levers to achieve sustainable growth

- Strengthening digital marketing expertise
- Investing in brand awareness
- Enhanced focus on underserved and new product lines

Chief Executive Officer's review continued

3. Operational capacity

We have invested heavily in this area over the last few years, expanding our warehouse capability and fleet size as well as making a significant investment in technology and the replacement of our entire legacy ERP system in FY25. We have the launch pad in place and optimising the returns on these investments remains our focus as we seek to become more efficient in everything that we do.

The implementation of D365 represents a significant strategic investment in the future capability of the business. As with any major systems transformation, the first year required teams across the organisation to adapt to new ways of working, and we are pleased with how quickly users have built proficiency. That significant investment is already delivering returns: we have seen a marked improvement in efficiency and task completion times as teams have become more confident with the system.

Critically, D365 positions the business for the future in a way the legacy platform it replaced could not. It offers compatibility with a wide range of third-party applications and AI-enabled tools, opening the door to integrate emerging technologies and expand our automation capabilities. With the platform now stable and performing reliably, we have begun introducing automation to drive cost savings and operational efficiencies. While the full benefits are being realised over a longer horizon than first anticipated, we are now firmly on the improvement curve and well positioned to capitalise on the platform's potential in the periods ahead.

We continue to see significant scope for further technology enhancements, enabling us to improve our level of automation and sophistication, both improving the customer journey and operational leverage. We continue to believe that investing across our business in people, processes and equipment will ensure that we retain talent and provide them with the best tools to provide customers with a market-leading experience.

4. Financial performance

Resilient

The first half of FY26 was challenging for the business, reflecting a highly competitive market environment combined with continued cost pressures. Cost headwinds arose from increases in the National Minimum Wage and National Insurance Contributions, alongside higher operating costs linked to the implementation of D365. We took proactive and decisive steps to mitigate the impact of these increases, and the benefits of these actions materialised and remain in place. Furthermore, after our peak trading period in FY25, we strategically began repositioning our inventory holdings towards MDA, destocking in CE which did temporarily impact our top- and bottom-line performance.

Positioned to take advantage

The strength of our performance in the second half of last year, recovering from a challenging H1, provides us with great momentum and positivity going into the new financial year. Across all areas we achieved a marked improvement against H1 with sales +4.6%, EBITDA of £2.0m well ahead of the £0.5m at interim and at the same level that we achieved in H2 FY25. The elevated focus on distribution and efficiencies came through strongly, as we achieved 9.6% distribution cost to sales, a 20bps improvement on FY25 and a 160bps improvement on H1 FY26.

We continue to focus on margin and firmly believe that as the economic environment and market backdrop improve, our vertically integrated business model and commitment to delivering an exceptional service for our customers will enable us to leverage higher average order values and drive improved margins.

Governance

Finally, I wanted to share where we are as a business in relation to the CMA investigation.

Following constructive engagement with the CMA, the Group has agreed to resolve the matter by way of settlement. In connection with this, the CMA has issued a Final Infringement Notice imposing a financial penalty of £1,200,000, which is reduced to £720,000 following the application of the maximum available settlement discount.

The penalty is payable within six months of the date of the Final Infringement Notice with the ability to apply to the CMA for a revised payment schedule within 14 days of the notice. The Group has also agreed to provide consumer redress of approximately £0.6 million to affected customers in accordance with directions issued by the CMA.

The Group has already ceased the relevant conduct and implemented changes to its checkout processes and will undertake further compliance measures in accordance with the CMA's directions to ensure full compliance with current consumer protection requirements under the DMCC Act.

The financial penalty will be met from existing cash resources and will be treated as an exceptional item for accounting purposes.

Marks Electrical takes its obligations under consumer and competition law seriously and remains committed to maintaining high standards of transparency and compliance for the benefit of its customers.

Outlook – focused on delivering sustainable growth in revenue and profitability

We operate in a very competitive industry that continues to deal with sustained macro-economic headwinds which currently outweigh the strong fundamentals that have always underpinned the market in which we operate.

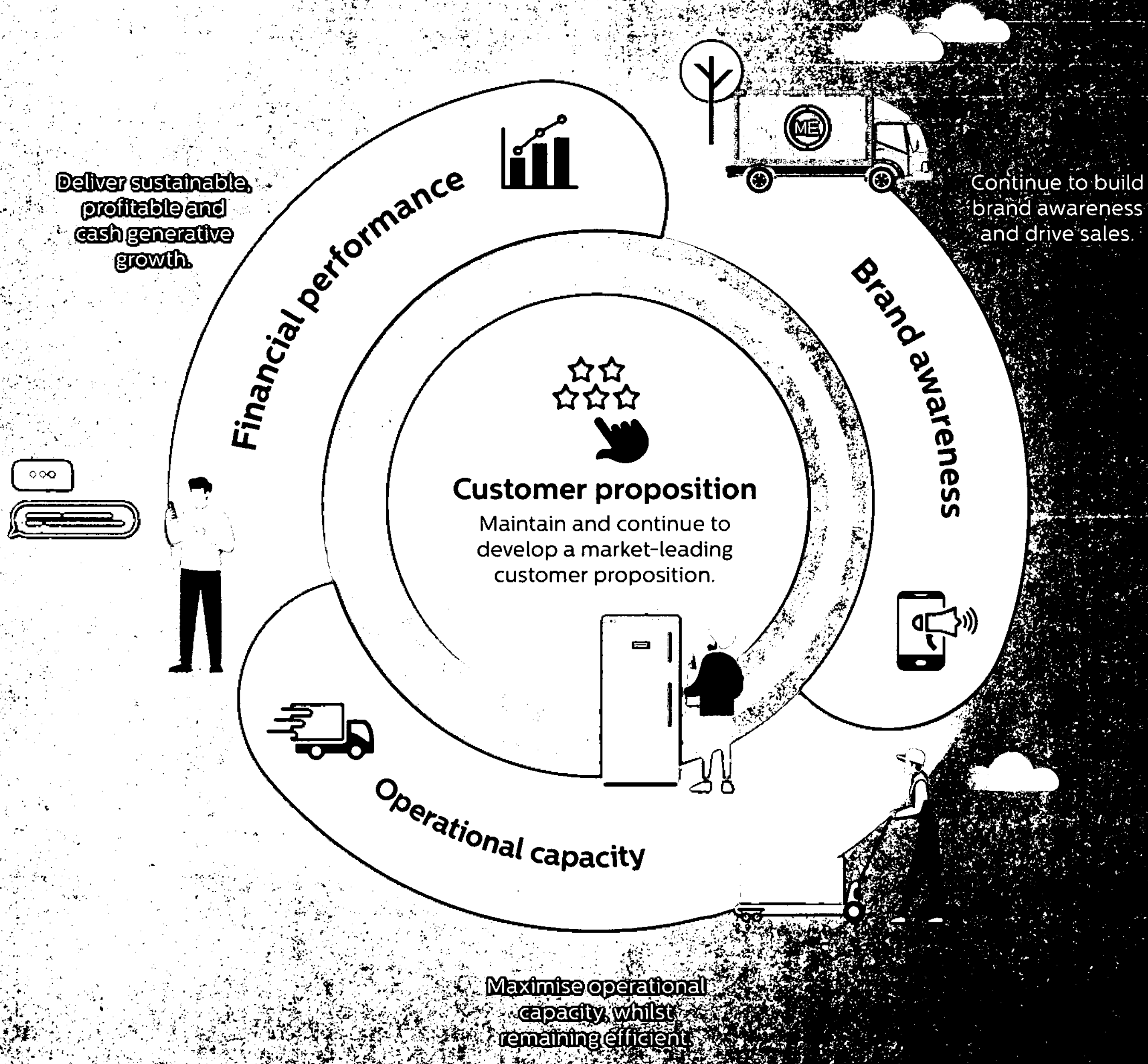
As momentum continues to develop and our brand awareness increases, our focus on operational excellence supported by technology and cash flow generation provides us with a robust platform to sustainably grow the business and become the UK's leading premium electrical retailer.

Mark Smithson
Chief Executive Officer

Our strategy in action

Building a business for the future with customers at the heart of what we do

The Group has refocused its strategy during FY26 to ensure the business continues to drive towards its long-term goals as set out at the IPO: Sustainable and Profitable growth.



Business model

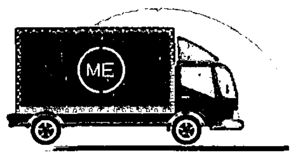
Strategic investment for the future

What we do

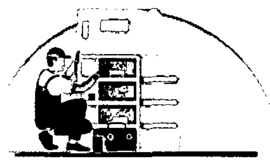
Our purpose: We are the electrical retailer that delivers

We operate with a customer-first mindset

Market-leading delivery



Market-leading installation



Our central focus: allows us to maximise profit, efficiency and the control of resources

- User-friendly website
- Competitive prices
- Premium products

Aiming for a best in class customer experience

- Customer-centric service
- Next-day delivery
- Rapid installation

Our business model is underpinned by...

...our strategy

- Customer proposition
- Brand awareness
- Operational capacity
- Financial performance

Our competitive advantages

→ Market-leading customer service
Our online and telephone customer service teams are readily available to ensure that customers accessing our bespoke website receive friendly support throughout the purchasing process.

→ Investment in technology
With an ethos to be at the forefront of technology, our new operating system, D365, gives us greater power to drive time-saving automation, reducing costs and improving the customer experience.

→ A proven distribution network
Our teams of highly trained drivers and installers are backed by a fleet of vehicles, maintained by our in-house maintenance facility and transport support team.

→ Scalable, vertically integrated delivery model
Our vertically integrated delivery model, with our fleet of modern vehicles and own drivers, enables us to offer next-day delivery of in-stock items to over 90% of the UK population.

→ Understanding our market
Strong partnerships with premium brands and a well established buying group, combined with a focus on high-end products and services underpin our ambition to grow and increase our market share.

→ In-house installation team
We are able to meet customers' expectations of shorter wait times through our in-house installation offering, which provides us with total control of the distribution process.

→ Recognisable and trusted brand
Realising our growth potential relies not only on building brand awareness but also in fulfilling our proposition and promise to our customers.

→ Strong colleague culture
Drawing on a strong set of beliefs, which foster talent, hard work and mutual respect throughout the business, we have nurtured a success-driven culture among our colleagues:

- Try your hardest.
- Move at pace.
- Think like a customer.
- Be honest. Always.

Delivering value for...

Our customers
Our user-friendly shopping experience, reliable on-time delivery and excellent customer service is award-winning and recognised by Google.

Our employees
We provide our employees with highly competitive salary packages as well as investing in their professional development and actively promoting diversity, equality and inclusion.

Our shareholders
Through our tight financial discipline, we are committed to improving the profitability of the business and generating sustainable shareholder returns.

Our suppliers
By building an in-depth understanding of their products and maintaining regular contact with manufacturers, we have developed long-term and mutually beneficial partnerships.

Our communities
By funding professional and grassroots sporting activities, we make both a positive impact on our local communities and evoke a sense of belonging.

...our commitment to sustainability

Our sustainability focus areas:

- Our people
- Health and safety
- Community
- Environmental management

Sustainability report see page 12

...strong governance

We are committed to maintaining a strong ethical corporate culture, aligned with our strategic objectives.

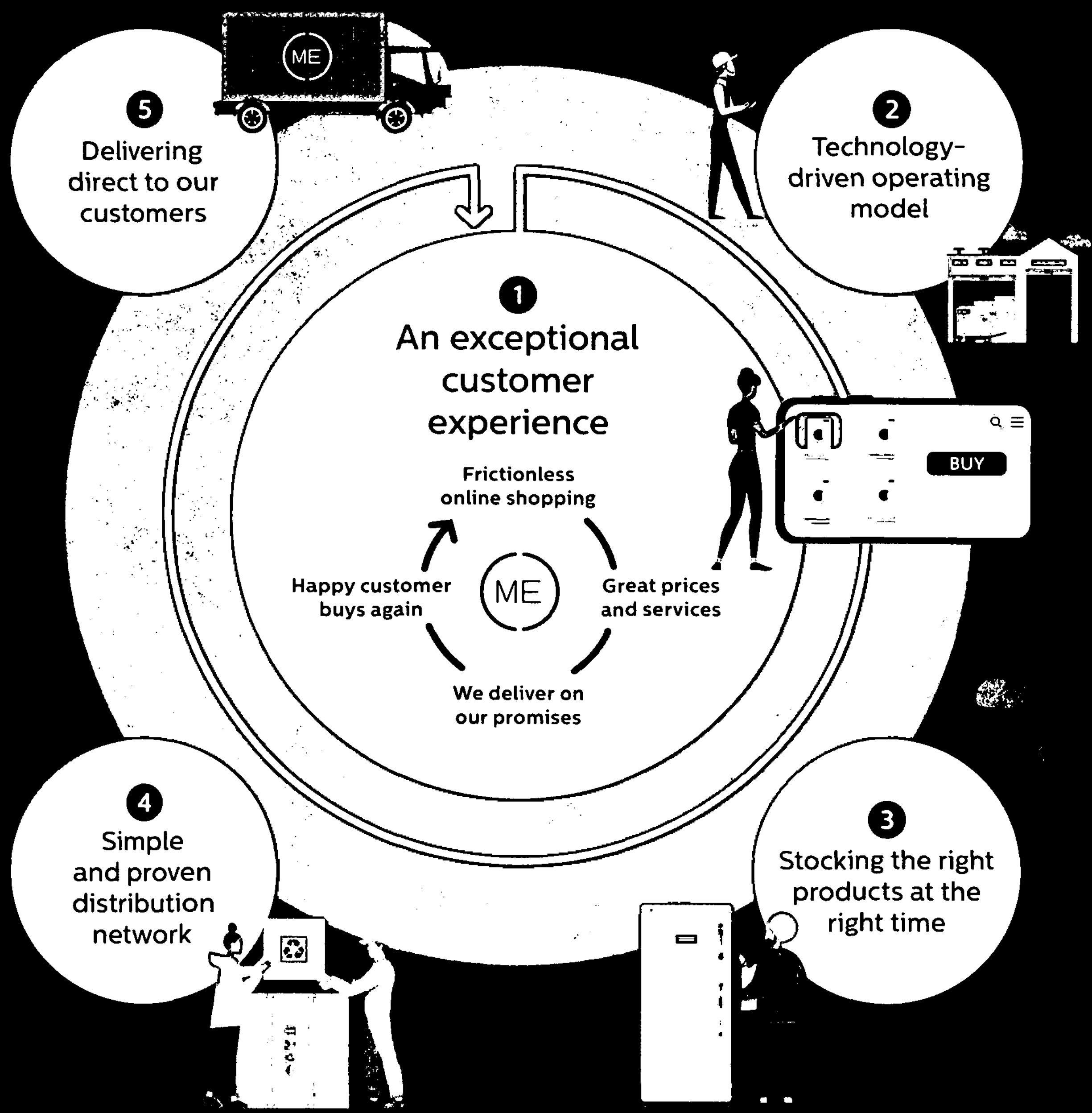
Governance see page 33

Operating model

Focused on our customers

How we do it:

Our scalable, vertically integrated operating model



1

An exceptional customer experience

Putting our customers first and delivering market-leading customer services:

- Simple, clear and intuitive website developed and enhanced in-house.
- User-friendly online shopping experience and great prices.
- Colleagues incentivised to offer exceptional customer service.
- Knowledgeable employees given regular product training from manufacturers.
- Dedicated UK call centre.
- Minimal-to-no hold time and 'one-call resolution' ethos.
- In-house fleet of vehicles and drivers.
- Friendly and expertly trained delivery and installation teams.
- Old appliances collected and recycled, improving chances of appliance reuse.
- Automated, seamless returns process for any faulty goods.
- Repeat business from happy customers.

2

Technology-driven operating model

We have made major investments in a state-of-the-art operating system to future-proof the business:

- Our highly bespoke operating platform enables seamless and frictionless process control from order placement to delivery.
- Logistics management software helps us to optimise routing and ensure cost- and time-efficient deliveries for our customers and our drivers.
- The customer interface is essential for keeping our customers updated throughout every phase of the delivery process.

3

Stocking the right products at the right time

With industry knowledge built over 35 years and an in-depth understanding of our customer base, we are able to meet changing market demands and trends:

- We have over 50 brand partners and stock a wide range of premium brands.
- The Top 10 brands accounted for 69% (FY25: 65%) of sales in FY26.
- No single brand accounted for more than 14% (FY25: 20%) of sales in FY26.

4

Simple and proven distribution network

Our single, national distribution centre caters for next-day delivery to 90% of the UK's population:

- We are centrally positioned close to the M1 with fast and easy access to the majority of the UK.
- Our location enables cost- and time-effective delivery to our customers.
- 90% of orders are delivered by our own delivery teams with the remaining 10% being delivered by third-party courier partners.
- This simple operating model ensures we maintain reduced overheads and optimal profitability.

5

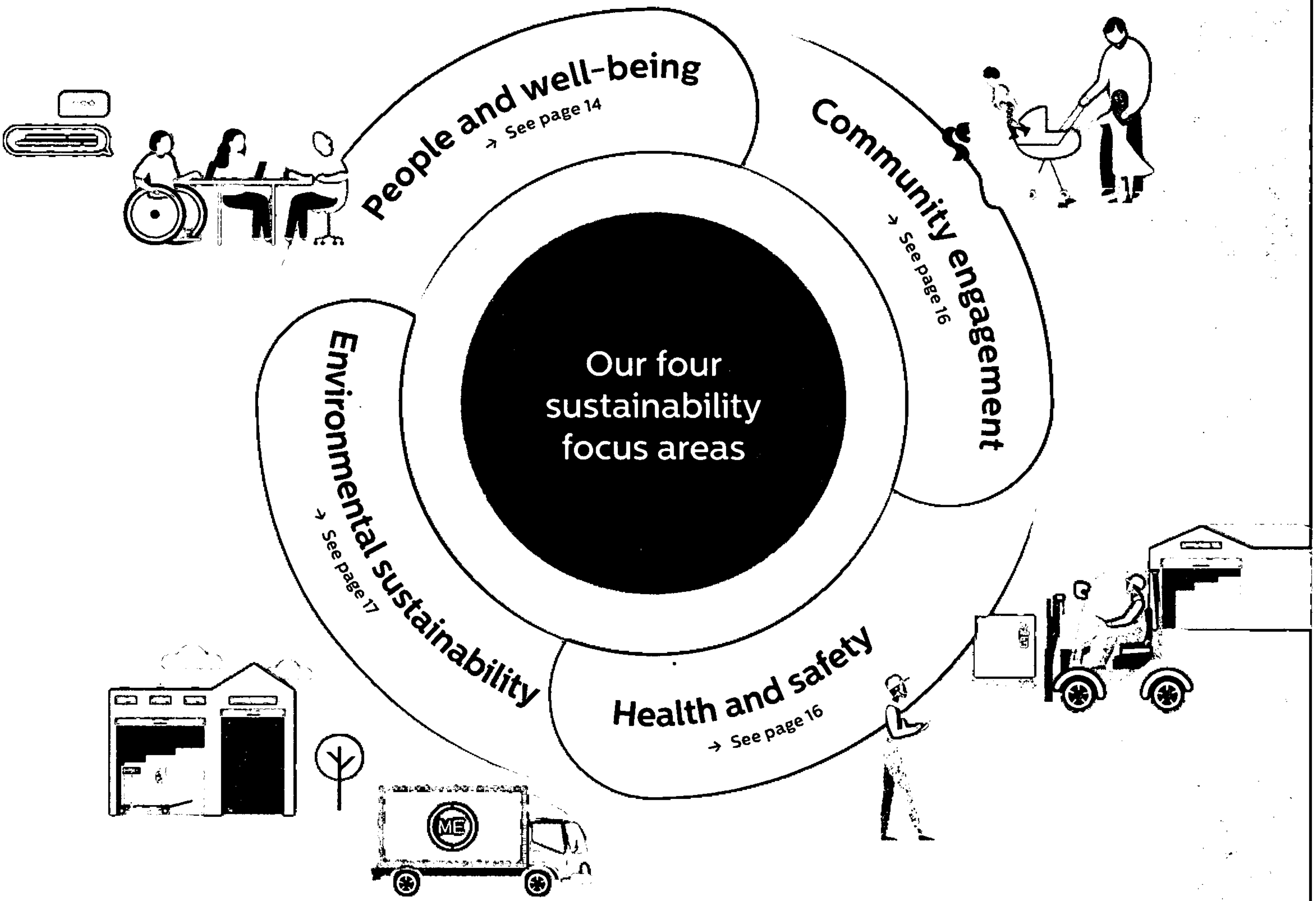
Delivering direct to our customers

We operate our own fleet and teams of specialists to deliver and install new products and to remove old appliances for recycling:

- We employ and train our own skilled drivers and expert installation teams.
- We own and manage our own fleet of over 60 Mercedes delivery and installation vehicles.
- Our on-site mechanics and refuelling depot enable vehicles to be fuelled and repaired overnight.
- 90% of orders are delivered by our own delivery teams with the remaining 10% being delivered by third-party courier partners.
- Our customised vehicles promote our brand offering and increase reach.
- Product packaging from customer deliveries is processed at our own recycling plant.
- Old appliances are removed and processed through official WEEE recycling plants.

Sustainability report

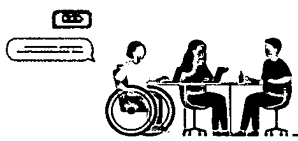
Welcome to the annual sustainability report of Marks Electrical, where we present our commitment to sustainable practices and the progress we have made in fostering positive impact across various areas.



Keeping things local

This report covers our environmental footprint, the well-being of our people, the promotion of health and safety, and our active engagement with the communities we serve.

People and well-being



This report showcases our commitment to fostering a workplace culture that champions diversity, equity, and inclusion, ensuring every team member feels valued, respected, and empowered.

Through investments in training, professional development, and mental health support, we strive to cultivate a workforce that is healthy, engaged, and prepared for long-term success.

Community engagement

As a proud local employer with deep roots in Leicester, we understand the value of actively engaging with and supporting the communities we serve.

Through strong partnerships and community outreach initiatives, we are dedicated to making a meaningful impact. This report highlights our efforts, particularly in grassroots sports.

Health and safety

Employee and stakeholder safety is paramount at Marks Electrical and as the business grows and changes, we consistently review health and safety processes to ensure we are compliant in all areas.

This report highlights our commitment to a proactive safety culture through risk assessments, training, and hazard prevention, ensuring a safe workplace for all.

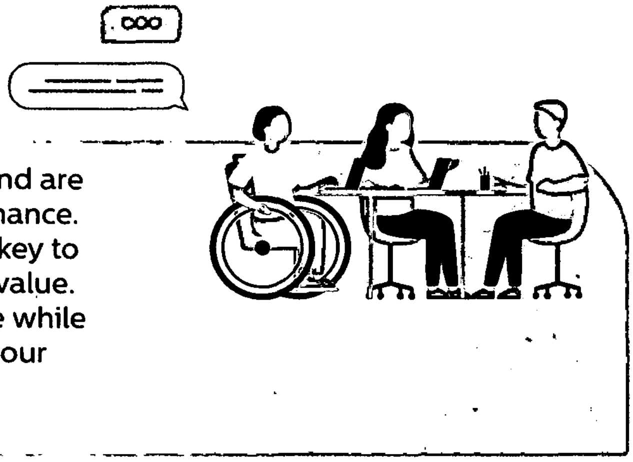
Environmental sustainability

Environmental responsibility has a place in our business strategy, while delivering value to our stakeholders. This section highlights our ongoing efforts to minimise the environmental impact of the Group.

We have replaced some of our older vehicles with newer ones which are more environment friendly. This will help us to reduce our carbon footprint. As we replace vehicles at the end of their life, consideration of the environmental impact is a priority.

Sustainability report continued

People and well-being



Our people are fundamental to our success and are the driving force behind our business performance. We believe that investing in our colleagues is key to delivering sustainable growth and long-term value. We recognise and reward strong performance while fostering a culture that inspires and supports our teams from the outset.

In this report, we outline our continued focus on building a workplace culture that prioritises diversity, equity, and inclusion, ensuring every colleague feels valued, respected, and empowered. Through investment in training, professional development, and mental health support, we are committed to nurturing a workforce that is engaged, capable, and equipped for success.

Our culture is built on respect, trust, and collaboration, creating an environment where individuals can thrive and contribute to shared goals.

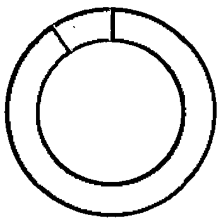
Our people

Our people are the heart of our business and play an integral part of the Group's success. We are committed to promoting an inclusive and diverse workforce and provide our employees with a safe and healthy working environment. Our culture and behaviours are advocated by a committed and dedicated team of people, who are all aligned in delivering an exceptional customer service experience, which in turn drives repeat custom and supports our financial performance.

Diversity and inclusion

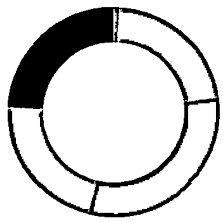
Marks Electrical is committed to fostering a diverse and inclusive workplace where all employees are treated with respect and dignity. We provide equal opportunities for all, regardless of age, race, religion and we are committed to providing an environment free from discrimination based on sex or sexual orientation, or any other personal characteristic.

Gender split



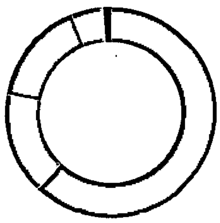
Male	91%
Female	9%

Age split



Under 21	1%
21-30	22%
31-40	31%
41-50	22%
50+	24%

Ethinicity split



White British	62%
White Other	16%
Asian	16%
Black	5%
Mixed	1%

Training and development

Marks Electrical is committed to investing in its employees' professional growth and development. We strive to invest in our colleague's future career by encouraging internal promotions and learning opportunities, which in turn promotes cultural and business goal alignment and fosters a positive workplace culture.

We have invested in an in-house training facility "ME Academy", our market leading driver and installer training facility. We provide Class C training to our B Class drivers and offer them the opportunity to train to become qualified domestic appliance installers. We have upskilled and provided our Warehouse Operators with VNA training and clamp truck training.

As part of our dedication to constantly improve our customer experience, we provide our Sales team with extensive product training and our Customer Service Advisors are provided with ongoing coaching to improve customer support and customer satisfaction.

We offer internal and external training opportunities across the business by providing in-house training and actively seeking opportunities to promote and support our people to achieve their ambitions.

Talent attraction and retention

Marks Electrical understands the criticality of attracting and retaining talent and strives to create a working environment that promotes innovation, growth and professional development. Due to our investment in training, internal development and promotions, during the year, our Customer Service staff turnover reduced by 22%

Pay and benefits

Marks Electrical has always taken pride in offering highly competitive compensation packages across the business, ensuring that the pay structure is aligned with the business strategy. Regular benchmarking exercises are conducted to ensure that our pay and benefits remain competitive and up to date with continuous evolution of market trends. We value every employee and believe that everyone plays a role in the success of the business; therefore, we ensure that every employee is well-compensated for their hard work.

As part of working towards improving our pay and benefits structure, we have increased employee pension contributions by moving from qualifying earnings to total earnings.

Ethical and reliant supply chains

Marks Electrical is committed to ethical trading and aims to ensure the use of appropriate labour standards and compliance of legislation throughout our supply chain. Prior to any business engagement, suppliers are required to acknowledge our Ethical Trading Policy and Modern Slavery Policy. The Group promotes the abidance of recognised labour laws and standards and wants to ensure that the working conditions of employees in our supply chain meet or exceed these standards.

FY26 key achievements

FY26 was an exciting year for the Group, marked by continued progress in strengthening its organisational effectiveness and aligning its people strategy with long-term growth ambitions. A key milestone was the successful transition to a leaner, more agile workforce, achieved through a focus on role clarity, improved processes, and smarter ways of working. This enabled the business to enhance productivity and deliver stronger output while maintaining a high standard of customer service.

Alongside this, the Group invested in developing its people, with a continued emphasis on upskilling, leadership capability, and internal progression. Initiatives to support employee engagement and well-being remained a priority, helping to foster a motivated and high-performing culture. Collectively, these achievements have positioned the Group to scale efficiently and sustainably, with a workforce that is both adaptable and aligned to its strategic objectives.

Our Ethos

Try your hardest

Every day we strive to be better than yesterday. We are proud of our business and dedicated to its success.

Think like a customer

Our team are fully committed to ensuring we listen to our customers, understand their requirements and meet their needs.

Move at pace

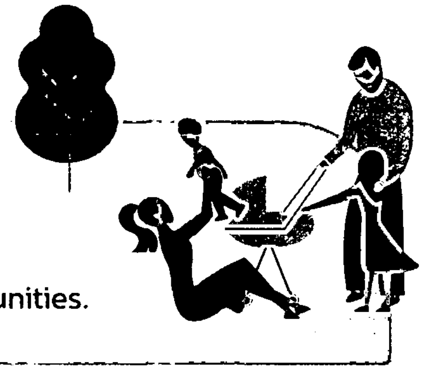
As the business is constantly evolving, we must maintain a clear understanding of expectations and respond quickly and efficiently.

Be honest. Always.

We are trustworthy and honest in all that we say and do and take responsibility for our own actions.

Sustainability report continued

Community engagement



Community is at the heart of Marks Electrical. As a company that started from modest beginnings, Marks Electrical retains a strong emphasis on family values and local roots. We have a close-knit culture, where employees feel like they are part of a larger family and share a commitment to serving their communities.

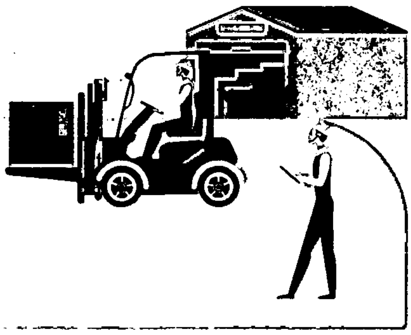
The Group has a strong sense of purpose and mission that goes beyond just making a profit. We are motivated by a desire to serve our communities and make a positive impact. We sincerely believe that this can result in a more sustainable and socially responsible business model.

Marks Electrical has a keen interest in giving back to members of the local community in Leicestershire as they have been the driver behind the Group's success story since 1987, when the business was founded.

This sense of belonging is demonstrated by our numerous community partnerships that we have participated with over the last few years.

Marks Electrical remains dedicated to making a positive and lasting impact on the communities we serve. Through our ongoing support of local sports clubs, charitable organisations, and community initiatives, we continue to uphold the values of giving back and fostering strong, meaningful connections. As we move forward, we are excited to build on these partnerships and further our commitment to creating a positive difference in the lives of those around us.

Health and safety



The well-being and safety of our employees and visitors remains our top priority in daily operations. Our commitment lies in safeguarding one another by proactively identifying and addressing potential hazards and challenges.

Our monthly health and safety forums, which include representatives from each department, focus on identifying business risks, implementing mitigation strategies, and continuously improving our health and safety framework.

Continued collaboration with Health and Safety Partner

In 2025 we partnered with On Point Health and Safety Ltd, a consultancy that continues to assist us in refreshing our risk assessments and conducting independent audits of our facilities. This collaboration continues to provide a fresh perspective on risk management, elevating the level of rigour to our audits, and enhanced our remediation efforts. As a result, our overall health and safety maturity has advanced significantly in 2026 with key safety improvements being implemented across the organisation, reducing risks and preventing incidents. We have confidently made the transition to quarterly audits from monthly as a direct result of improvements in compliance.

Long term goals

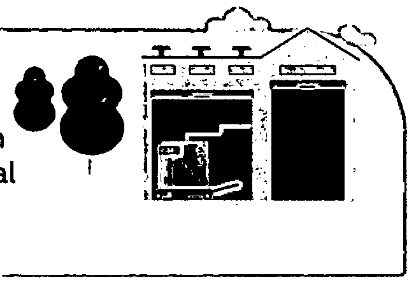
As we move forward, our health and safety priorities remain centred on reducing road-related risks, improving product handling, and increasing incident reporting underpinned by a health & safety first culture across the entire business at every level.

Key achievements in 2026

- Safe installation training was launched, supported by ongoing audit processes for both drivers and installers. Previously limited to the installations team, this has now been expanded across the wider logistics function to ensure consistent standards
- Equipment has been upgraded, including the introduction of additional mechanical aids to better support deliveries and enhance safety within customers' homes
- New strap body harnesses have been introduced for handling appliances, improving posture and control during lifts. This is aimed at reducing the risk of injury or strain, while also minimising potential damage to both products and customer property
- ADR Class 9 handling training has been delivered across operational teams, specifically to support e-bike deliveries where batteries are transported separately. This ensures appropriate handling, compliance, and awareness across all relevant teams
- Near miss reporting has been strong across the year with continued engagement supported by campaigns and daily reinforcement from management.

Environmental sustainability

Environmental management is a pivotal aspect of modern business operations, reflecting a growing recognition of the importance of sustainability in corporate strategy. This section covers how our business effectively manages its environmental impacts while maintaining profitability and competitiveness.



WEEE recycling

As part of our service, we offer customers the collection and recycling of old appliances, ensuring they are disposed of responsibly. On average during FY26, the Group has recycled over 5,900 appliances per month (2025: 5,400), which are processed by specialised recycling firms in compliance with WEEE regulations. Over the past year, we facilitated the disposal of 3,993 tonnes of major domestic appliances, up from 3,565 tonnes in FY25.

Packaging waste

Our unwrap service, available with every delivery, includes the removal of packaging materials for proper disposal. At our on-site recycling facility, we process various materials, including cardboard, polystyrene, low density polyethylene ("LDPE"), wood, and metal. Cardboard, polystyrene, and LDPE are compacted into bales and sold to third parties for reuse, while wood and metal are sorted and sold separately.

Streamlined energy and carbon reporting

Marks Electrical measures its carbon footprint using the operational control boundary definition, covering Scope 1, 2, and 3 emissions for the reporting period from 1 April 2025 to 31 March 2026. Scope 1 includes direct greenhouse gas (GHG) emissions from fuel consumption in the Group's vehicle fleet, while Scope 2 accounts for indirect emissions from electricity use in warehouses and offices. Scope 3 covers additional indirect emissions across the value chain, though full reporting on these is not currently conducted.

For the year ending 31 March 2026 ("FY26"), total energy consumption and gross GHG emissions amounted to 3,196 (FY25: 3,339) tonnes of CO_2 e. The Group tracks performance using "tonnes of CO_2 e per million turnover" and "tonnes of CO_2 e per full-time equivalent ("FTE") employee" to assess and compare its environmental impact over time.

Total energy used per £m of revenue increased to 114 kWh and total energy used per FTE employee increased to 43 kWh.

During FY26, the business has emitted 143 tonnes less of CO_2 than in FY25, representing a 4% reduction in emissions driven by the reduced sales activity in the year.

Persefoni support the company in respect of initial source data collection and the conversion of this into more meaningful carbon emissions reporting.

		31 March 2026			31 March 2025		
Emission Type	**Activity**	**kWh**	**tCO_2e**	**% of Total**	**kWh**	**tCO_2e**	**% of Total**
Direct (Scope 1)	Company Fleet	8,986	2,332	73%	7,732	2,395	71%
Indirect (Scope 2)	Electricity	769	136	4%	510	158	5%
Indirect Other (Scope 3)	Fuel and energy not in scope 1 and 2	2,335	605	19%	2,047	634	19%
Biomass	Biomass	252	123	4%	491	152	5%
Total energy use emissions		12,342	3,196	100%	10,780	3,339	100%
Revenue		108,493	108,493		117,181	117,181	
Tonnes of Gross CO2e per £m		114	29		92	28	
Tonnes of Gross CO2e per FTE		43	11		37	11	

Financial review

Significant year of change

A strong return to profitability in the second half of the year as we operated with high levels of financial agility."

Tom Pallatt
Chief Financial Officer

	2026 £'000	2025 £'000	Change %/bps
Statutory			
Revenue	107,933	117,181	(8)%
Gross profit	25,497	28,616	(11)%
Gross profit margin	23.6%	24.4%	(80)bps
Operation loss	(282)	(1,741)	84%
Operation loss margin	(0.3)%	(1.5)%	120bps
Loss before tax	(366)	(1,710)	79%
Loss before tax margin	(0.3)%	(1.5)%	120bps
Loss after tax	(421)	(1,444)	71%
Loss after tax margin	(0.4)%	(1.2)%	80bps

The Group's statutory revenue for the year was £107.9m, down by 8% from £117.2m in 2025. Gross profit for the year was £25.5m, down 11% from £28.6m in 2025, with a gross margin of 23.6%, down 80bps from 2025.

Statutory operating loss was £0.3m up from a statutory loss of £1.7m in 2025.

Statutory loss before tax was £0.4m.

Revenue and gross product margin

The Company delivered revenue of £107.9m, a reduction of 8% driven by the decision during the year to discontinue the low margin, often loss making, marketplace activity placing elevated focus on organic routes to market via the main website and internal telesales. This decision impacted our consumer electronic (CE) sales order volumes and delivered revenue which ended c43% down YoY. The core MDA category performed well overall, which is pleasing, with sales orders only c2.9% down YoY, 1.7% of which was driven by reduced average order value, as our customer base continue to be price sensitive.

Gross product margin at 23.6% was broadly stable as we moved through the year, only marginally down versus the prior year. It proved difficult to move margin forward meaningfully with our key brand partners during the year, with pressure on average order values across all categories and wider cost inflation dynamics in play throughout.

At a category level, our CE category product margin came under pressure in the year as we sold out of an unfavourable inventory holding position that we came into the year with. That aside, our core MDA margin was resilient, and we were able to improve our SDA category margin by 270bps.

	2026 £'000	2025 £'000	Change %/bps
Revenue	107,933	117,181	(8)%
Cost of sales	(82,436)	(88,565)	(7)%
Gross product profit	25,497	28,616	(11)%
Gross product margin	23.6%	24.4%	(80)bps

Distribution costs

Revenue performance in H1 drove efforts to improve operational efficiencies. Distribution headcount reduced by 13% across transport & installation over the course of the year, mainly in the second half, giving us a cost run-rate boost into FY27. The cost benefit of this was negated in part by Government driven wage & national insurance increases as well as operational inefficiencies that existed in H1. External courier costs were managed closely. We also gained on fleet insurance costs in the year as negotiations on premiums went well, supported by our solid track record in this respect as well as operating on a reduced fleet.

	2026 £'000	2025 £'000	Change %/bps
Revenue	107,933	117,181	(8)%
Distribution costs	(11,214)	(11,490)	(2)%
Distribution costs as % of revenue	10.4%	9.8%	60bps

Advertising and marketing costs

Total advertising costs for the year were £5.0m (2025: £5.8m) and advertising as a percentage of revenue was controlled at 4.7% (2025: 5.0%), a planned reduction in the final quarter of the year only.

The Group focusses on both online marketing and offline brand building activities, both with equal importance, to drive brand awareness and ultimately lead to conversion.

Online marketing spend is dedicated to search engine optimisation, pay-per-click activities, affiliate programmes and marketplace listing fees.

	2026 £'000	2025 £'000	Change %/bps
Revenue	107,933	117,181	(8)%
Advertising costs	(5,021)	(5,801)	(13)%
Advertising costs as % of revenue	4.7%	5.0%	(30)bps

Other operating expenses

For the full year, overall other operating costs remained flat at £7.3m.

Within fixed employment costs, as headcount reduced by c15% over the course of the year, this translated into a 5% cost saving in the year. At the same time, our PLC cost base was reduced by £0.1m as we reduced the level of dependence on external consultants that had accumulated post IPO. IT investment increased as expected, following the implementation of D365, licence, support and security costs associated all moving ahead of last year.

	2026 £'000	2025 £'000	Change %/bps
Revenue	107,933	117,181	(8)%
Other operating expenses (excluding depreciation)	(7,319)	(7,349)	(0)%
Other operating expenses as % of revenue	6.8%	6.3%	50bps

Adjusted earnings before interest, tax, depreciation and amortisation ("adjusted EBITDA")

The Group achieved adjusted EBITDA in the year of £2.5m (2025: £4.2m), on the back of a much stronger second half performance in which we delivered £2.0m adjusted EBITDA, after a challenging H1. Product margins were consistent throughout the year and improving on these proved difficult. Versus H1, we were able to increase sales in H2 by 5% and improve our distribution efficiencies by 160bps. At the same time, we created greater value within our advertising spend saving 80bps and reduced our fixed cost base by c8%. The advertising spend saving was just largely timing. We will need to increase back to 5%-6% of revenue for brand awareness moving forward in line with the strategy.

	2026 £'000	2025 £'000	Change %/bps
Statutory loss after tax	(421)	(1,444)	70.8%
Add back:			
ERP costs net of tax	–	2,179	(100)%
CMA costs net of tax	1,097	–	100.0%
Underlying profit after tax	676	735	(8.0)%
Add back:			
Underlying tax charge	180	460	(60.9)%
Underlying profit before tax	856	1,195	(28.4)%
Add back:			
Finance costs	181	186	(3)%
Finance income	(97)	(217)	(55)%
Share based payment	–	713	(100)%
Buying group rebates	–	249	(100)%
Adjusted EBIT	940	2,126	(55.8)%
Depreciation*	1,530	2,100	(27)%
Adjusted EBITDA	2,470	4,226	(42)%
Adjusted EBITDA margin	2.3%	3.6%	(130)bps

* In FY25 the loss on disposal was added back to Adjusted EBITDA.

Statutory loss after tax

During the year statutory loss after tax was £0.4m (2025: loss £1.4m).

The improvement year on year is due to the impact of the cost incurred in the prior year to replace our legacy enterprise resourcing planning system with D365 offset in part by the CMA cost accrued in FY26.

Financial Review continued

Share-based payments

The 2022 LTIP vested during the year, with only the operational cash element measure being achieved, the cost of this was fully accrued in prior years and so there was no direct cost impact of this aside the National insurance at the time of exercises being made.

Based on the very latest information we have and taking a realistic view on short term trading versus the metrics set to trigger a pay-out across EPS, TSR and Cash flow, we do not anticipate to be in the position of having to settle either the 2023 LTIP or the 2024 LTIP in 2026 and 2027 respectively.

No awards were made during the year.

Depreciation and amortisation

Depreciation and amortisation decreased by £0.5m to £1.5m during the year (2025: £2.0m), as we only made selective capital investments in the year and also as we continue to maintain our asset base to a high level, we are seeing that the useful lives of the assets across the business naturally extending.

Taxation

The underlying tax charge for 2026 is £0.1m with an effective underlying tax rate of 15.0%. The gap of 10.0% between the effective tax rate and the 25% rate of corporation tax is coming from an over-accrued tax position in previous periods.

Earnings per share

Basic statutory earnings per share ("EPS"), which is calculated for both the current and comparative year based upon the weighted average number of shares in the year, is a loss of 0.40p (2025: (1.38)p).

Diluted adjusted EPS is 0.67p per share (2025: 1.54p per share), the reduction year on year being driven by a combination of lower gross product margin, operational efficiencies and impacted fixed cost absorption both impacted by lower sales in the year. The table below shows the reconciliation between statutory and adjusted earnings per share. See Note 3 to the financial statements for further details.

	2026 £'000	**2025 £'000**	**Change %/bps**
Loss for financial year	(421)	(1,444)	70.8%
Statutory EPS	(0.40)p	(1.38p)	70.8%
Add back:			
ERP costs net of tax	–	2,179	(100)%
CMA costs net of tax	1,097	–	100.0%
Underlying profit for the year	676	735	(8.0)%
Charges relating to share-based payments net of tax	16	631	(97.5)%
Buying group rebate net of tax	0	249	(100)%
Adjusted profit for earnings per share	692	1,615	(57.2)%
Fully diluted number of ordinary shares	104,030	104,949	0.8%
Adjusted EPS	0.67p	1.54p	(56.5)%

Cash flow and statement of financial position

During the year the Group reported an adjusted cash flow from operating activities of (£0.8m) (2025: £6.7m) with an adjusted operating cash flow for conversion of (£1.7m) (2025: £5.6m) at (69%) (2025: 133%). Underlying free cash flow of (£2.3m) (2025: £5.7m), resulting in a closing net cash position of £4.4m (2025: £8.8m).

Prior to FY26, we consistently applied a policy of delaying supplier payments at September and March to support half year and full year cash reporting, the benefit in FY25 of doing this being £6.2m. During the course of FY26, it was decided to commercially move away from this approach and pay suppliers on time each month, contributing to an in year total cash outflow of £9.9m across total payables.

We placed elevated focus on cash management in the second half of the year, within inventory and receivables in particular, as well as maintaining our capital allocation discipline.

In the lead up to our peak trading period, as is normal, inventory levels were invested in across all categories. As we then moved into the final quarter of the year, we took the opportunity to align stock intake dynamically.

Within other areas of working capital, we were able to optimise our debtor position with Domestic & General, improving the underlying process at the same time, as well as ensuring that our cash supplier rebates were agreed and settled pre year end, a huge effort made leading to a more positive closing cash position.

The Group finished the year in a net cash position of £4.4m (2025: £8.8m) and we retain access to a committed revolving credit facility and overdraft with Lloyds Banking Group of £5.0m, which were undrawn at the period end. Moving forward, as we trade profitably and generate cash, the intention is to invest into the right inventory at the right time to fuel the growth ambition that we have.

	2026 £'000	2025 £'000	Change %/bps
Underlying profit before tax	856	1,195	(28.4)%
Add back:			
Finance costs	181	186	(3)%
Finance income	(97)	(217)	(55)%
(Profit)/loss on disposal of fixed assets	(81)	21	(485.7)%
Depreciation and amortisation	1,530	2,079	(26)%
LTIP costs	–	713	(100)%
Buying group rebates	–	249	(100)%
Decrease/(increase) in inventories	3,888	(3,903)	199.6%
Decrease in receivables	2,866	1,518	88.8%
(Decrease)/increase in payables	(9,911)	5,047	(296.4)%
Exceptional WC adjustments	–	(178)	100.0%
Adjusted cash (outflow)/ inflow from operating activities	(768)	6,710	(111.4)%
Less:			
Outflows for lease payments	(936)	(1,104)	(15)%
Operating cash flow for conversion	(1,704)	5,606	(130.4)%
Operating cash conversion	(69)%	133%	(20200)bps
Investing activities	(68)	(223)	(69.5)%
Tax (paid)/received	(347)	495	(170)%
Interest paid	(181)	(191)	(5)%
Underlying free cash flow	(2,300)	5,687	(140.4)%

Events after the reporting period

Following constructive engagement with the CMA, the Group has agreed to resolve the matter by way of settlement. In connection with this, the CMA has issued a Final Infringement Notice imposing a financial penalty of £1,200,000, which is reduced to £720,000 following the application of the maximum available settlement discount.

The penalty is payable within six months of the date of the Final Infringement Notice with the ability to apply to the CMA for a revised payment schedule within 14 days of the notice. The Group has also agreed to provide consumer redress of approximately £0.6 million to affected customers in accordance with directions issued by the CMA.

The Group has already ceased the relevant conduct and implemented changes to its checkout processes and will undertake further compliance measures in accordance with the CMA's directions to ensure full compliance with current consumer protection requirements under the DMCC Act.

The financial penalty will be met from existing cash resources and will be treated as an exceptional item for accounting purposes.

Marks Electrical takes its obligations under consumer and competition law seriously and remains committed to maintaining high standards of transparency and compliance for the benefit of its customers.

Current trading and outlook

Our focus is on sustainable growth with key brands across all product categories, margin expansion, optimising operational efficiencies, maintained focus on the fixed cost base, inventory investment and cash management. The Group are mindful of the macro-economic conditions within the UK, in particular around inflation, interest rates and unemployment and so whilst we continue to target growth we expect this to be challenging over the next 12 months.

Dividend

We delivered an adjusted EPS of 0.67p, a much improved position from our (0.31)p adjusted EPS at the time of our interim results announcement, reflecting a stronger underlying performance in the second half of the year. Despite this improvement, and on the back of not declaring an interim dividend earlier in the year, we are not recommending a final dividend. For further information on dividends, see Note 12 to the financial statements.

Mark Smithson
Chief Executive Officer

Key Performance Indicators ("KPIs")

Measuring our performance

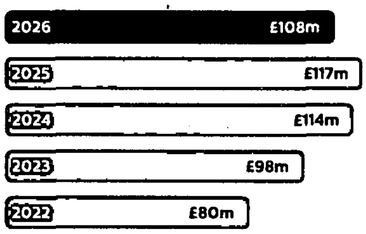
66

Our financial KPIs remain at the core of our performance monitoring metrics and we are pushing to achieve stronger results in these areas."

Tom Pallatt
Chief Financial Officer

Revenue (£m)

£108m



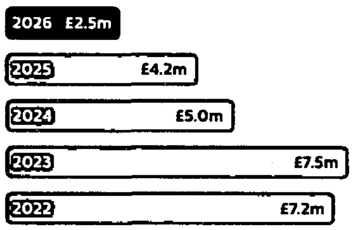
Result
The Group achieved revenue of £108m, a reduction on 2025 as we reduced our product range availability on external market places, as margins were poor.

Definition
The Group generates revenue through the sale of MDA and CE direct to consumers and to trade customers in the UK. Revenue is recognised on delivery to the customer.

Why this is important
Revenue provides a measure of the financial growth of the Group

Adjusted EBITDA[1] (£m)

£2.5m



Result
The Group achieved an adjusted EBITDA of c£2.5m at 2.3% margin. Product profitability was under pressure throughout the year combined with adverse distribution efficiencies as a result of lower sales activity being the main drivers here. Decisive cost actions and improved efficiencies were evident in H2.

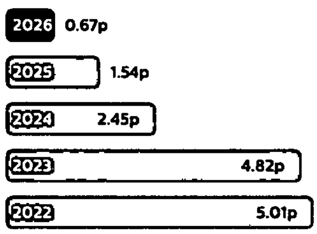
Definition
Adjusted EBITDA is a non-statutory measure defined as earnings before interest, tax, depreciation, and amortisation and adjusted for exceptional items, share-based payment charges and buying group rebates.

Why this is important
Adjusted EBITDA provides a key measure to assess the Group's profitability

1 Adjusted EBITDA, operating cash conversion, return on capital employed and adjusted earnings per share are alternative performance measures, definitions of which are set out on page 93.

Adjusted earnings per share (p)

0.67p



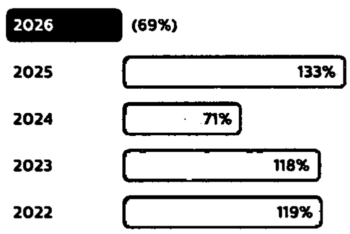
Result
The Group achieved an adjusted earnings per share of 0.67p, a decrease year-on-year, driven by reduced short term underlying profitability.

Definition
Adjusted earnings per share is a non-statutory measure of profit after tax adjusted for exceptional items, share-based payment charges and revaluation of investments, over the total diluted number of ordinary shares in issue.

Why this is important
Adjusted EPS provides useful information in assessing the performance of the Group and when comparing its performance across comparative periods

Operating cash conversion (%)

(69%)



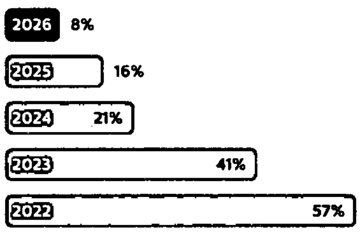
Result
The Group achieved a targeted reduction in inventory of c£3.9m post peak period in the final quarter of the year, further supported by other working capital optimisation within receivables as we sought to offset the supplier payment cash outflow year-on-year.

Definition
Operating cash conversion is defined as cash generated from operations less outflows for lease payments and exceptional items, divided by adjusted EBITDA.

Why this is important
Operating cash conversion provides a useful measure in assessing the Group's financial strength

Adjusted ROCE (%)

8%



Result
The Group achieved a ROCE of 8%, the lower sales activity and reduced gross profit margin achieved being the main drivers behind this reduction, despite every effort to optimise the capital employed.

Definition
Return on capital employed is defined as adjusted EBIT divided by total assets less current liabilities.

Why this is important
Adjusted ROCE provides an indication of the relative efficiency of capital use by the Group over the year

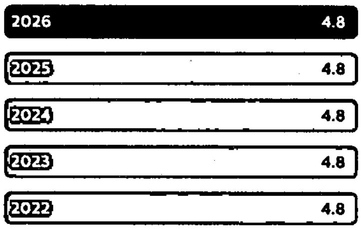
Key Performance Indicators ("KPIs") continued

Our operational metrics are the leading performance indicators."

Tom Pallatt
Chief Financial Officer

Customer satisfaction: Trustpilot

4.8



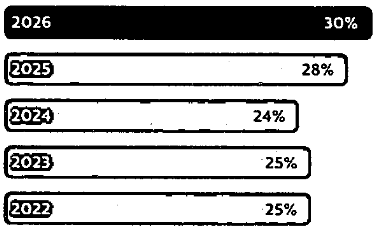
Result
The Group maintained an "Excellent" Trustpilot score of 4.8 during the year.

Definition
Our star rating achieved on Trustpilot.

Why this is important
It is used as a proxy for gauging a customer's overall satisfaction with our products and service levels and their loyalty to the brand

Returning customers

30%



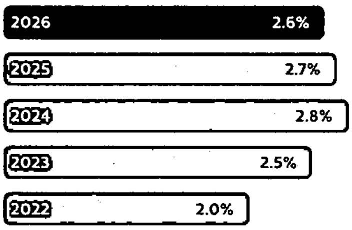
Result
Returning customers increased during the year to 30%, demonstrating our continued focus on customer retention and market leading service.

Definition
Returning customers are defined as the percentage of customers in the last 12 months who have returned to Marks Electrical to complete a repeat purchase.

Why this is important
It is used as a proxy for gauging a customer's overall satisfaction with our products and service levels and their loyalty to the brand

MDA market share

2.6%



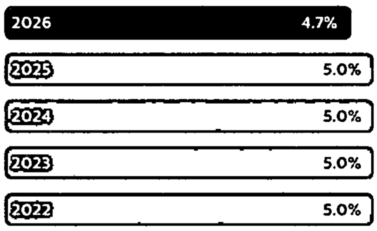
Result
During the year the Group's share of the MDA market marginally reduced to 2.6%.

Definition
Our share of the UK Major Domestic Appliances market, our primary sector.

Why this is important
The demonstrates our progress to meet our customer needs and diversify our product offer

Advertising as % of revenue

4.7%



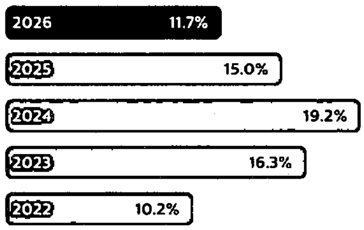
Result
During the year, the Group recorded advertising expenses at 4.7% (2025: 5.0%) of total revenue, reflecting a drive towards greater value & focused brand awareness in the final quarter. We are planning to return to 5%-6% in FY27.

Definition
Total spend on advertising and marketing net of any marketing rebates received, as a percentage of total revenue.

Why this is important
This demonstrates the continued level of brand awareness commitment required to support our growth ambitions

Finance penetration

11.7%



Result
Finance penetration decreased again in 2026 to 11.7%, finance has become less attractive as a proposition for the Group as well as the consumer.

Definition
Percentage of revenue supported by third-party finance or Buy now pay later options.

Why this is important
This measure gives us a picture of the level of revenue supported by our checkout finance options to ensure that we are in line with more broader economic conditions and that we are not restricting our overall market

Principal risks and uncertainties

A measured approach to risk

We recognise that taking risks is an inherent part of doing business and if done effectively competitive advantage can be gained through effectively managing risk. We have developed and continue to evolve robust risk management processes and risk management is becoming increasingly integrated into business decision-making.

During the year, the Board undertook a detailed risk assessment to identify the threats faced by the business and worked through a process to agree what measures needed to be in place to mitigate those risks.

Risks and potential impacts

The Group continues to develop its risk management processes, working towards fully integrating risk management into business decision-making. The principal risks and uncertainties, together with their potential impacts and changes in risk since the last report, are set out below along with an illustration of actions being taken to mitigate them.

Key changes to the risk profile

We conducted an end-to-end review of our principal and emerging risks through individual discussions with key stakeholders, risk owners, executive management and the Board.

As a result, the changes made to the Group risk profile are as follows:

- We have specifically identified an elevated risk around consumer law, in light of the CMA investigation, around any potential failure to manage the business in compliance with consumer law, specifically relating to Digital Markets, Competition and Consumers Act 2024 (DMCCA)
- The cyber risk level has increased in light of recent cyber attacks on the UK retail sector. Significant activity is taking place internally to closely monitor and mitigate the risk
- We have further developed the risk assessment approach methodology in the year and as a result now have 13 identified principal risks, with 11 of these risk profiles remaining unchanged from the previous assessment.

	Risk profile
Increased	1 9
Decreased	
No change	2 3 4 5 6 7 8 10 11 12 13

Principal risks

1. Cyber
2. Liquidity management
3. People management and key man risk
4. Supply chain risk
5. Information security and data protection
6. HSE
7. ESG compliance
8. Competition
9. Consumer law
10. Business Continuity
11. IT systems & infrastructure
12. Macroeconomic environment
13. Product safety

Risk category key

- Strategic
- Regulatory
- Operational
- Technology
- Financial

Risk and Impact	Existing Control Measures
1. Cyber	
Risk movement: Increased Cyber poses a significant risk to businesses, threatening the confidentiality, integrity, and availability of critical data and systems. Beyond financial losses, Cyber can disrupt operations, damage customer trust, and lead to legal and regulatory consequences, particularly if sensitive information is compromised. Attackers often exploit vulnerabilities in outdated systems, phishing schemes, or inadequate cybersecurity practices to gain access.	Significant investment in information security safeguards, IT security controls, monitoring, in-house expertise and resources as part of a managed information security improvement plan. Ongoing programme of security health checks and scenario exercises. Control activities operate over management of customer and employee data in accordance with the Group's data protection policy and processes.
2. Liquidity management	
Risk movement: Stable Failure to manage access to sufficient liquidity at any given time may impact the Group's ability to meet its financial obligations.	Regular monitoring of cash and liquidity levels takes place. Bank facility and covenant cover levels are reviewed and negotiated. Regular monitoring of inbound activity via weekly inbound committee meetings. Short term gross order intake forecasts in place to support rolling quarterly cashflow forecasting.
3. People management and key man risk	
Risk movement: Stable Failure to: attract, engage and retain skilled colleagues affordably; protect customers and colleagues; and maintain an environment where our values and behaviours support delivery of our strategy. Failure to comply with evolving employment legislation.	Mitigating strategies in place are competitive remuneration packages offered to attract and retain talent, complemented by comprehensive training and upskilling opportunities. Transparent and frequent communication with employees ensures that concerns are addressed promptly, while a formalised succession planning process is in place to prepare for leadership continuity.

Risk movement

Increased Stable Decreased

Principal risks and uncertainties continued

Risk and Impact	Existing Control Measures
4. Supply chain risk	
Risk movement: Stable Failure to optimise key supplier relationships, supply chain disruption and manage effective mitigation, particularly in the context of geopolitical factors.	Ensuring alignment of key suppliers to future strategy and meetings with strategic suppliers' management. Working with suppliers to ensure availability of products through key supplier group engagement programme.
5. Information security and data protection	
Risk movement: Stable Failure to govern and control customer, colleague and business data in accordance with legislation including EU General Data Protection Regulation. Failure to prevent, monitor and respond to an information security event.	Significant investment in information security safeguards, IT security controls, monitoring, in-house expertise and resources as part of a managed information security improvement plan. Ongoing programme of security health checks and scenario exercises. Control activities operate over management of customer and employee data in accordance with the Group's data protection policy and processes.
6. HSE	
Risk movement: Stable HSE non-compliance pose risks such as legal penalties, financial losses, reputational damage, and operational disruptions. Non-compliance with safety or environmental regulations, workplace accidents, or environmental incidents can lead to fines, lawsuits, and increased regulatory scrutiny. Poor safety management or inadequate training exacerbates these risks, threatening business continuity and stakeholder trust.	Partnered with an external H&S company to improve our H&S function. Assigned designated H&S champions for each business area.
7. ESG compliance	
Risk movement: Stable Poor controls surrounding ESG reporting, lack of consistency in tracking, and limited statistics to report on. There is a risk that we may report incorrect statistics or not be adequately prepared to report on relevant TCFD requirements, causing compliance risk and reputational risk.	Tracking of emissions within specialist platforms and following the governance frameworks including AIM rule 26 and Companies Act requirements. Consult with expert advisors on relevant matters and maintain social and environmental policies.
8. Competition	
Risk movement: Stable Failure to anticipate and effectively respond to changing competitor behaviour and/or the disruptive retail landscape.	Weekly trading meetings, quarterly business reviews, budgeting and planning processes. Working closely with suppliers on partnerships and strategies. Continued development of propositions and focus on retail fundamentals.

Risk movement

Increased · Stable · Decreased

Risk and Impact	Existing Control Measures
9. Consumer law	
Risk movement: Increased Failure to manage the business of the Group in compliance with consumer law to which the Group is subject in a number of areas.	Board oversight and risk management structures monitor compliance and ensure that the Company's culture focuses on good customer outcomes. Compliance Framework being developed. Compliance monitoring and internal audit review of the operation and effectiveness of compliance standards and controls being developed.
10. Business Continuity	
Risk movement: Stable Failure to effectively respond, maintain, and recover operations in the event of significant business disruption and/or incident.	Business continuity plans in place and tested for head office. Enablement of home working for office based and contact centre colleagues. Disaster recovery plans in place and tested for key IT systems and data centres. Major risks insured. Business Continuity Policy.
11. IT systems & infrastructure	
Risk movement: Stable A key system becomes unavailable for a period of time impacting our ability to trade and continue operations.	Ongoing IT transformation to align IT infrastructure to future strategy. Peak planning and preparation to ensure system stability and availability over high-demand periods. Individual system recovery plans in place in the event of failure which are tested in line with an annual plan, with full recovery infrastructure available for critical systems. A mature IT service design and transition process controls and manages the transition of new and changed services into production.
12. Macroeconomic environment	
Risk movement: Stable Failure to mitigate the impacts of volatile external financial factors such as tariffs, exchange rates, interest rates and inflation across our key markets.	Rolling forecast to analyse future expected performance across the financial year. Business plan updates to the Executive Committee to analyse the investment initiatives taking place and progress against delivery and financial benefits, alongside more detailed daily and weekly trading performance. Cost flexibility in operating model.
13. Product safety	
Risk movement: Stable Failure to maintain adequate procedures and due diligence regarding product safety, and sufficient processes to manage and comply with product recall notices, particularly in relation to Original Equipment Manufacturer ('OEM') sourced product.	Monitoring of reported incidents. Established protocol procedures to manage product returns.

Risk movement

Increased Stable Decreased

Section 172 statement

Engaging with our stakeholders

The Group utilises a broad range of resources and relationships, acknowledging that meaningful stakeholder engagement is essential for achieving its strategic and sustainability objectives.

To do so, the Group actively seeks to understand stakeholder perspectives, foster strong relationships, and incorporate their insights into discussions and decision-making at the management, Board, and Committee levels. The examples provided highlight the Group's commitment to fulfilling the requirements of Section 172 of the Companies Act 2006.

Section 172 statement

The Board confirms that it has operated in a manner that prioritises the long-term success of the Group, balancing the interests of shareholders while considering the factors outlined in Section 172(1)(a) to (f) of the Companies Act 2006. Throughout the reporting period, decisions were made in good faith and with sound judgment, ensuring they were in the best interests of the Group's sustainable growth and success.

Customers

The Group's success relies on its ability to deeply understand customer needs, enabling it to refine its offerings, drive sales growth, and ultimately enhance profitability. This insight also allows the Group to allocate resources effectively, develop new capabilities, and explore emerging opportunities.

Responsible person

Head of Sales and Marketing

Stakeholder priorities:

- Delivering exceptional customer service
- Maintaining competitive pricing
- Expanding product variety
- Enhancing service offerings
- Ensuring data protection and regulatory compliance

How Marks Electrical engages

- Marks Electrical is committed to delivering outstanding customer service through a dedicated team of responsive representatives. Leveraging multiple digital communication channels, including AI-driven responses, the team efficiently handles inquiries, allowing for greater focus on complex customer needs.
- By continuously tracking key customer satisfaction metrics and feedback, the Group maintains an active cycle of monitoring and improvement to align services with customer expectations.
- Additionally, the integration of an in-house installation team enables the Group to offer market-leading services, including next-day installation by certified Gas Safe and electrical engineers, further enhancing the overall customer experience.

People

Marks Electrical's success is driven by a business model that nurtures a strong sense of belonging among its employees. This inclusive approach fosters a supportive environment where teams can thrive, perform at their best, and consistently deliver outstanding results for colleagues and customers alike.

Responsible person

Head of HR

Stakeholder priorities:

- Fostering a positive workplace culture
- Providing competitive rewards and benefits
- Creating opportunities for career growth and development
- Prioritising health and safety and employee well-being

How Marks Electrical engages

- The Group places a strong emphasis on talent management, focusing on employee retention and internal promotions to support career progression and maintain a highly skilled workforce.
- Marks Electrical has strengthened its HR function to better support its growing team, ensuring employee needs are met with a responsive and supportive approach. A comprehensive set of policies, procedures, and a code of conduct is outlined in the employee handbook, providing clear guidelines for all employees.
- Further training initiatives have been launched within the ME Academy to ensure that employees receive high-quality training, equipping them with the skills needed to excel in their roles and maintain operational excellence.
- The company remains dedicated to fostering a diverse and inclusive workplace, creating an environment where all employees feel valued and supported. Additionally, Marks Electrical continues to develop health and well-being initiatives, offering resources to enhance both the physical and mental well-being of its workforce.

Suppliers and partners

Marks Electrical places great importance on building and maintaining strong relationships with its suppliers and partners, recognising their crucial role in the Group's success. The company believes that long-term, mutually beneficial partnerships lead to the best outcomes for all parties. By working closely with suppliers, Marks Electrical ensures that shared standards and expectations for business conduct are consistently upheld.

Responsible person

Buying Team

Stakeholder priorities:

- Cultivating enduring, mutually supportive, and collaborative relationships
- Exploring opportunities for expansion and development

How Marks Electrical engages

- To strengthen these relationships, the Group regularly holds meetings with manufacturers to align on strategic objectives and explore growth opportunities. Collaborative advertising initiatives with suppliers and financial partners further support shared success, driving brand visibility and market expansion.
- Additionally, upon leaving the Euronics buying group, Marks Electrical has restructured its buying and marketing teams to facilitate more frequent and meaningful interactions with suppliers. This investment enhances communication, fosters deeper collaboration, and ensures the Group can continue delivering a diverse and competitive product offering to its customers.

Section 172 statement continued

Community

Marks Electrical has remained an active and engaged member of the local community, consistently considering the social and environmental impact of its operations. The Group is committed to responsible retail practices and strives to make a positive contribution to the areas in which it operates. By prioritising sustainability initiatives and community investment, Marks Electrical reinforces its dedication to long-term positive change.

Responsible person

Senior Leadership Team

Stakeholder priorities:

- Strengthening community support and investment
- Maintaining a positive health and safety record
- Implementing sustainability initiatives and improving environmental performance

How Marks Electrical engages

- Supporting grassroots sports teams remains a key focus, providing young people with valuable social opportunities while fostering a sense of community pride. Additionally, the Group continues to invest in local projects that contribute to social development. Health and safety remain a priority, with thorough risk assessments, structured safety protocols, and regular site audits in place to ensure a secure working environment.
- Marks Electrical also advances its sustainability efforts by encouraging responsible waste disposal. Customers are supported with appliance recycling options, including WEEE disposal, and packaging recycling initiatives help minimise environmental impact. These measures align with the Group's broader commitment to improving environmental performance while maintaining high standards of corporate responsibility.

Shareholders

Marks Electrical is dedicated to offering shareholders and analysts clear, balanced, and transparent information regarding its strategy, business model, culture, performance, and governance practices.

Responsible person

The Board

Stakeholder priorities:

- Achieving strong financial performance
- Ensuring satisfactory shareholder returns
- Delivering accurate and timely operational and financial updates
- Identifying growth opportunities and articulating strategic ambitions
- Upholding robust governance frameworks

How Marks Electrical engages

- The Group ensures regular communication with shareholders through various channels, including email updates, newsletters, timely financial result presentations, and detailed annual reports.
- Efforts to enhance investor relations are strengthened through roadshows and one-on-one meetings. The Group provides clear, concise information on its strategy, financial performance, and risk management practices, while also responding promptly to shareholder inquiries, concerns, and suggestions.
- Marks Electrical is dedicated to upholding strong corporate governance practices and ethical standards, which helps build trust and confidence among its shareholders.

This strategic report was approved by the Board of Directors on 18 June 2026.

For and on behalf of the Board

Mark Smithson
Chief Executive Officer

Chair's introduction to governance

Governance

We take our Governance responsibilities very seriously and are continuously working to strengthen our framework to ensure it supports effective oversight."

Darren Bowkett
Independent Non-Executive Chair

Marks Electrical Group plc remains committed to maintaining high standards of corporate governance and have adopted the 2023 Quoted Companies Alliance Corporate Governance Code ("QCA Code"). The core principles of the QCA Code are embedded within the Group's corporate governance framework.

The Board recognises the importance of strong corporate governance in driving the Group's success and ensuring long-term sustainability. The Group's corporate governance Statement, detailed on pages 33 to 56, outlines its adherence to the QCA Code, with further insights into the 10 principles available on our corporate website at **group.markselectrical.co.uk/governance**.

The Board and the senior management leadership team have focused increasingly on stabilisation and continuity following changes at Board, executive and senior leadership team levels during the year. In addition, we continued to dedicate appropriate time and resource into implementing several initiatives to enhance employee engagement, including:

- Promoting diversity, inclusion, and equal opportunities across the organisation;
- Expanding growth and training opportunities for employees to support career progression; and
- Implementing salary increases to recognise employee contributions and help mitigate cost-of-living challenges.

A positive workplace culture and an engaged workforce are crucial to delivering the Group's strategic objectives, as outlined in the strategic report on pages 2 to 32.

Governance structure

The Board holds collective responsibility for the Group's overall success while also overseeing corporate governance arrangements, with the Chair ultimately accountable for governance matters. Following a thorough review, the Board considers the Group's governance structures appropriate for its size, complexity, and risk profile. The Board has also determined that the QCA Code remains the most suitable corporate governance framework for the Group and will continue to review its governance arrangements to ensure they remain relevant as the Group evolves.

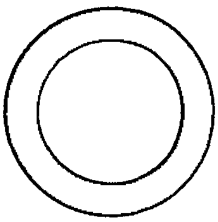
The Board aims to meet at least four times a year, with both the Board and its Committees receiving timely and relevant information in advance of each meeting. The Company Secretary works closely with the Board and committees to establish annual agenda cycles, ensuring sufficient time is dedicated to key issues. Meeting minutes are recorded by the Company Secretary, with clear documentation of actions, assigned responsibilities, and follow-ups tracked in subsequent meetings until resolved. A formal schedule of matters reserved for Board decisions can be found on page 36.

Board of Directors

Balanced composition of skills

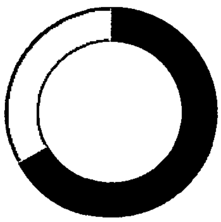
The Board deems its current size and composition to be appropriate, possessing a well-rounded mix of sector-specific, financial, and public market expertise, alongside a balanced array of personal attributes and capabilities.

Gender split as at 31 March 2026 (%)



● Female	0%
○ Male[1]	100%

Age split as at 31 March 2026 (%)



● 60+	67%
○ 51-60	33%

1 The appointment of Helen Flear on the 1 April 2026.

Committees key

- Ⓐ Audit and Risk Committee
- Ⓝ Nomination Committee
- Ⓡ Remuneration Committee
- ● Chair

Relevant skills key

Retail · Marketing · People · Finance · Technology/data/AI · Remuneration · Previous/current CEO/MD · Risk management

Darren Bowkett
Independent Non-Executive Chair

Appointed: 2 January 2026

Relevant skills

Experience
Darren joined as Independent Non-Executive Chair in 2 January 2026. Darren worked at Ibstock Group plc for over forty years and was Strategic Projects Director at Ibstock Brick until March 2026. Over the past twelve years Darren has had several Director roles in the Ibstock Group including responsibility for running some of its key businesses.

Darren chairs the Nomination Committee and temporarily has chaired the Audit and Risk Committee with effect from 24 January 2026 following the departure of Warren Middleton from the Board.

Darren currently holds no other directorships.

Mark Smithson
Chief Executive Officer and founder

Appointed: 14 July 2021

Relevant skills

Experience
Mark founded Marks Electrical in 1987 at the age of 21. Under his leadership, the business has evolved into a rapidly expanding national online retailer of MDA and CE in the UK. Over the years, Mark has established and maintained strong relationships with key manufacturers and continues to play a pivotal role in shaping the Group's strategy and overseeing daily operations.

Christopher Czarnecki
Independent Non-Executive Director

Appointed: 31 December 2025

Relevant skills

Experience
Christopher joined as Independent Non-Executive Director on 31 December 2025. Christopher has over 30 years of technical experience and has served since April 2001 as Founder and CTO of En-Lighten Technology Ltd, providing consultancy on enterprise architecture, cloud migration, engineering transformation and the application of emerging technologies. He holds a Ph.D. in Computer Science and previously worked at De Montfort University as a Principal Lecturer and Researcher. His experience includes board level advisory work and leading large-scale engineering and technology transformation initiatives.

Christopher also chairs the Remuneration Committee.

Warren Middleton
Independent Non-Executive Director

Appointed: 1 November 2024
Resigned: 23 January 2026

Relevant skills

Experience
Warren was appointed as an Independent Non-Executive Director in 2024. Warren was previously with KPMG LLP for over 25 years, 17 of which as a Technology Partner, with a breadth of knowledge in governance and assurance. Warren held multiple Board advisory roles, bringing extensive financial and governance expertise to the Group.

Until his resignation as a Director on 23 January 2026, Warren chaired the Audit and Risk Committee and was a member of the Remuneration Committee and Nomination Committee. Warren temporarily chaired the Remuneration Committee between 1 December 2025 and 23 January 2026.

Marnie Millard OBE
Independent Non-Executive Chair

Appointed: 5 November 2021
Resigned: 31 December 2025

Relevant skills

Experience
Marnie joined as Independent Non-Executive Chair in 2021. She is a seasoned public company Executive and Non-Executive Director, having previously served as Chief Executive Officer of AIM-listed Nichols plc from 2012 to 2020. Marnie was Non-Executive Chair of AIM listed Kitwave plc and is Non-Executive Directors of Applied Nutrition plc. Marnie also served as Non-Executive Chair of MyPura.Com Group Limited until July 2025 and is also appointed as a Director at University Academy 92 Limited.

Until her resignation on 31 December 2025, Marnie chaired the Nomination Committee and was also a member of the Audit and Risk Committee and Remuneration Committee.

Alyson Fadil
Independent Non-Executive Chair

Appointed: 5 November 2021
Resigned: 30 November 2025

Relevant skills

Experience
Alyson was appointed as an Independent Non-Executive Director in 2021. With over two decades of experience in HR, recruitment, internal communications, talent development, and fostering employee engagement, she brought valuable people-focused expertise to the Board. Since February 2024, Alyson served as the Chief People Officer at Matalan Retail Ltd. Formerly, she served as the Chief People Officer for N Brown Group PLC, Missguided and Sofology.

Alyson chaired the Remuneration Committee and was a member of the Nomination Committee until her departure from the Board on 30 November 2025.

Josh Egan
Chief Financial Officer

Appointed: 11 October 2021
Resigned: 31 July 2025

Relevant skills

Experience
Josh joined as Chief Financial Officer in April 2021 and was appointed to the Board in October of the same year. A highly experienced finance professional with extensive listed company expertise, Josh has previously held roles as Regional CFO, Head of Investor Relations, and Business Development Lead at Intertek Group plc and Inchcape plc. Earlier in his career, he worked at Greenhill & Co and initially qualified as a chartered accountant with Ernst & Young.

Josh resigned as a Director on 31 July 2025.

How the Board operates

A Strong Governance Framework

The Board comprises both independent Non-Executive and Executive Directors. Executive Directors are responsible for managing the day-to-day operations, while independent Non-Executive Directors offer independent oversight and constructive challenges to management regarding strategy.

Board composition, independence, and responsibilities

The Board underwent significant changes during the year, reflecting the continued evolution of the Group's governance arrangements. This included a number of director appointments and resignations, resulting in changes to the composition of the Board and its committees. The Board is satisfied that appropriate succession planning and handover processes were followed to ensure continuity and effective governance throughout the period.

As at 31 March 2026, the Board consists of the Non-Executive Chair, the Chief Executive Officer and one Non-Executive Director, with full biographies available on the Group's AIM Rule 26 website.

The Non-Executive Directors bring a breadth of expertise from various professional backgrounds, including listed company strategic leadership, finance, engineering and the application of emerging technologies, and product manufacturing and delivery. Their diverse experience enhances the Board's ability to provide effective oversight and strategic guidance.

The Board has assessed and confirmed the independence of its Non-Executive Directors, Darren Bowkett (Chair) and Christopher Czarnecki, ensuring they meet the independence criteria set out in the QCA Code, the corporate governance framework adopted by the Group. Each Non-Executive Director is committed to dedicating the necessary time to fulfil their responsibilities effectively.

All Directors are encouraged to continuously develop their skills and remain informed about market trends and corporate governance best practices. Executive Directors stay up to date on industry developments through ongoing engagement with external advisors, while Non-Executive Directors enhance their expertise through continuous professional development and receive relevant insights via Board presentations from industry specialists.

Roles and responsibilities of the Chair and Chief Executive Officer

The Non-Executive and Executive Directors are led by the Chair and the Chief Executive Officer, respectively, each with clearly defined roles. The Chair is responsible for guiding the Board, ensuring its effectiveness in setting and overseeing the Group's strategic direction. Meanwhile, the Chief Executive Officer is responsible for proposing strategic initiatives to the Board and executing approved strategies by leading the executive team in managing day-to-day operations.

Board committees and meetings

Supporting the Board are three key committees: the Audit and Risk Committee, the Remuneration Committee, and the Nomination Committee. The Board aims to meet at least four times per year to review performance, approve financial statements, and discuss strategic and commercial priorities. Operating under a structured annual agenda, the Board ensures all key governance matters are addressed throughout the financial year.

Key matters reserved for the board

The Board is responsible for overseeing a wide range of critical areas, including:

- health & safety
- strategy and management;
- changes in share capital structure and dividends;
- financial reporting and controls;
- corporate governance;
- policy approval;
- internal control and risk management;
- major contracts and commitments;
- communication with major stakeholders;
- board membership and other appointments;
- remuneration of Executive Directors;
- delegation of authority;
- appointment of the Auditors; and
- the Group's approach to environmental, social, and governance("ESG") standards and policies.

Meeting attendance

Throughout the year, the Board convened for six planned meetings, while the Audit and Risk Committee, Remuneration Committee, and Nomination Committee held four, one, and three meetings respectively. The attendance record for Board meetings of each Director is outlined below:

D Bowkett	1/1
C Czarnecki	1/1
M Smithson	6/6
M Millard	5/5
A Fadil	4/5
W Middleton	6/6
J Egan	2/2

See committee reports for meeting attendances.

In instances where a Director is unable to attend a meeting due to prior commitments, illness, or other reasons, they receive the necessary documents beforehand and are encouraged to communicate their perspectives with the Chair for inclusion in the discussions.

Board decisions and activity during the year[1]

Independent professional advice

Directors have access to the advice and services of the Company Secretary who is responsible for advising the Board on corporate governance matters. In addition, they have access to independent professional advice at the Group's expense.

Risk management and controls

Risk management and internal controls fall under the Board's responsibility, which sets the Group's risk appetite as part of its strategic planning and ensures the establishment and maintenance of the internal control system. The Audit and Risk Committee supports the Board in fulfilling these duties by reviewing and monitoring the Group's internal controls and risk management, as well as overseeing the internal and external reporting of risks.

Control frameworks are in place for key business areas, including finance, human resources, and IT. The Group also leverages external expertise to ensure compliance and risk mitigation across these areas, as well as broader operational compliance.

The financial controls framework covers transactional controls, annual budget approval, performance monitoring against budget, capital expenditure oversight, and maintaining accurate accounting records.

The HR controls framework ensures robust processes for employee onboarding and departures, including formal induction, pre-employment checks, documentation management, payroll processing, and IR35 compliance.

The IT controls framework focuses on system and access security, cybersecurity, data protection, GDPR compliance, IT processes for employee onboarding and departures, and software maintenance to ensure system stability.

Shareholder engagement

The Group remains committed to maintaining transparent communication with its shareholders, ensuring a clear understanding of its strategy, business model, and performance. Executive Directors regularly engage with institutional shareholders to understand their expectations and relay them to the Board. Additionally, annual general meetings provide a platform for direct dialogue between shareholders and the Board, whose members attend regularly.

Beyond these scheduled interactions, the Group shares corporate information through its website (**group.markselectrical.co.uk**). This includes details on the Group's compliance with the QCA Code, corporate documents such as annual reports, regulatory news announcements, and insights into its strategic direction.

Evaluation of Board effectiveness

During FY26, the Board underwent a number of changes including the introduction of a new Chair and replacement of its full membership of Non-Executive Directors. The majority of these changes in Board membership took place during the second half of the financial year. In Q1 2026, the Company also confirmed the appointments of Helen Flear as Non-Executive Director and Tom Pallatt as its new permanent CFO with effect from 1 April 2026.

Given this context, the Board (with the input of the Nomination Committee) determined that it would be preferable for the formal annual assessment of its performance, alongside a review of its committees and individual Directors, to be deferred to the first half of the financial year ended 31 March 2027. A delay in formal assessment will provide the new members of the Board with valuable additional time to evaluate its effectiveness in leading the Company, including collaboration between members and Board dynamics. The deferred evaluation will examine the collective balance of skills, experience, independence, and diversity, including gender and ethnicity, among Directors. The Chair will be responsible for taking appropriate actions based on the findings, which may include recommending new Board appointments or requesting Director resignations if necessary.

The last formal assessment of the Board's performance, alongside a review of its committees and individual Directors, was completed during the financial year ended 31 March 2025. The independent Company Secretary oversaw the performance evaluation process.

Annual General Meeting ("AGM")

The Group's AGM is scheduled for 6 August 2026 at 12.30pm.

1 Please refer to the Section 172 statement for detail on Board decisions taken during the year (see page 30).

Nomination Committee report

I am pleased to introduce the report of the Nomination Committee ("Committee") for the year ended 31 March 2026.

Darren Bowkett
Chair of the Nomination Committee

	Meetings attended (total held: 3)
D Bowkett[1]	●
C Czarnecki[1]	●
M Millard[1]	●●
A Fadil[1]	●●
W Middleton[1]	●

1 Darren Bowkett, Christopher Czarnecki, Marnie Millard and Alyson Fadil attended all meetings during their respective tenures. Warren Middleton attended one out of two meetings held during his tenure.

Role of the Committee
The Committee's primary role involves reviewing the Board and its Committees' structure, size, and composition, making recommendations for Board appointments, overseeing succession planning and monitors Board independence and any potential conflicts of interest.

As at 31 March 2026, the Committee consists of Christopher Czarnecki and myself. Marnie Millard, Alyson Fadil and Warren Middleton were members of the Committee until their departures as Directors of the Company. The Committees' composition therefore remained in line with the QCA Code throughout the financial year, which requires a majority of independent Non-Executive Directors. Our composition ensures the Committee's independence.

The Company Secretary acts as the Committee's Secretary, while the Chief Executive Officer and Chief Financial Officer may attend meetings by invitation.

Committee activities FY26
The Committee met three times during the year, to evaluate the Board's operational effectiveness, the skills of its members, and succession planning for the Executive Management Team.

Following the resignation of Josh Egan, Chief Financial Officer, the Committee initiated a search for his successor and reviewed a proposal for an interim recruitment process until a permanent successor could be located. A shortlist of interim candidates was prepared for consideration, and a recommendation was submitted to the Board for final approval.

After careful deliberation, Dipesh Mistry was initially appointed as interim CFO. This interim role transitioned to Tom Pallatt in October 2025. Neither Dipesh nor Tom were formally appointed as Directors of the Company during their respective tenures as interim CFOs.

Following further consideration and assessment of his performance in an interim capacity, the Committee recommended that Tom Pallatt be appointed as permanent CFO and executive Director of the Company, effective 1 April 2026.

With over 17 years at Ibstock PLC, Tom brings extensive experience in financial governance, reporting and controls, making him a valuable member of both the Board and the Executive Management Team.

Christopher Czarnecki and myself were appointed as Non-Executive Directors and members of the Nomination Committee with effect from 31 January 2025 and 2 January 2026 respectively. Alyson Fadil, Marnie Millard and Warren Middleton all stepped down as members of the Committee upon departing as Directors. I would like to thank each member, particularly Marnie Millard as the outgoing Committee Chair, for facilitating an orderly transition and ensuring the ongoing smooth operation of the Committee.

As disclosed on page 37 and in light of the number of recent changes at Director level, the Nomination Committee determined that the next formal assessment of the Board and its committees should be deferred until the financial year ended 31 March 2027. However, the Committee remains committed to ongoing assessment and refinement.

How the Committee operates

The Chair of the Board typically leads Committee meetings unless discussions involve his potential successor or any matter where he may have a conflict of interest. In such instances, Christopher Czarnecki would chair the meeting, unless he is also a candidate for the role or has a conflict.

The Committee meets at least twice per year and additionally as required. While only Committee members have the right to attend, the Chief Executive Officer and Chief Financial Officer may be invited to provide insights, particularly regarding key talent within the business.

Succession planning

The Committee recognises succession planning as a critical component of the Group's long-term success.

The Committee maintains a structured approach to succession planning by assessing the skills, qualities, and leadership capabilities required for the executive team and their direct reports. To ensure ongoing talent development and continuity, Committee members will maintain regular engagement with the executive team and their key personnel.

Board appointments and diversity policy

The Committee is committed to ensuring that Board members bring a diverse blend of skills, expertise, industry knowledge, and business experience necessary for effective governance. Appointments are made based on objective criteria, considering both the requirements of the role and the benefits of diversity.

Before recommending new Board appointments, the Committee evaluates a range of factors, including relevant skills, experience, knowledge, and diversity – encompassing gender and ethnic representation. As of the financial year ended 31 March 2026, 0% of the Board was female.

Board evaluation and director re-election

As announced on 12 February 2026, Helen Flear was appointed as Non-Executive Director and Chair of the Audit and Risk Committee with effect from 1 April 2026. Tom Pallatt was appointed as permanent CFO and Executive Director of the Company with effect from 1 April 2026, as announced on 26 March 2026.

In accordance with the QCA Code all Directors, including Helen and Tom, will retire and stand for re-election at the upcoming AGM.

Both the Committee and the Board are confident that all Directors continue to be effective, committed, and capable of fulfilling their roles. As a result, the Board recommends that shareholders approve the resolutions for Director re-election at the 2026 AGM.

I will be available at the AGM to address any questions regarding the Committee's activities.

D. Bowkett

Darren Bowkett
Chair of the Nomination Committee

18 June 2026

Audit and Risk Committee report

On behalf of the Board, I am pleased to present the Audit and Risk Committee ("Committee") report for the year ended 31 March 2026. This report outlines the activities of the Committee during FY26.

Darren Bowkett
Chair of the Audit and Risk Committee

	Meetings attended (total held: 4)
D Bowkett[1]	●
C Czarnecki[1]	●
W Middleton[1]	●●●
M Millard[1]	●●●

1 Darren Bowkett, Christopher Czarnecki, Warren Middleton and Marnie Millard attended all meetings during their respective tenures.

Role of the Committee
The primary responsibility of the Audit and Risk Committee is to ensure the effectiveness of the Group's financial reporting and audit procedures, as well as the efficiency of its risk management systems and controls. This includes overseeing:

- Financial reporting
- Narrative reporting
- Risk management
- Internal controls
- Internal audit
- External audit
- Whistleblowing

For the majority of the financial year, the Audit and Risk Committee was comprised of Marnie Millard, OBE, our former Chair of the Board, and Warren Middleton, the former Chair of the Committee. On 31 December 2025, Marnie Millard was replaced by Christopher Czarnecki as a member of the Committee.

Warren Middleton stepped down from his posts as Non-Executive Director and Chair of the Audit and Risk Committee. I, Darren Bowkett, became a member of the Audit and Risk Committee with effect from 2 January 2026 and was temporarily appointed as Chair on 24 January 2026 following Warren's resignation. Helen Flear has subsequently been appointed as a Non-Executive Director with effect from 1 April 2026 and will take on the mantle of Chair of the Audit and Risk Committee with effect from this date. Helen is an experienced board-level business advisor including having worked at PwC for seventeen years, including in Director level roles. I am therefore confident that Helen has the necessary range and depth of experience in risk management, governance, and assurance to lead the Committee as we enter the Company's next financial year.

Following Helen Flear's arrival, the Committee will consist of Helen, myself and Christopher Czarnecki.

The Committee convened four times during the reporting period, three times before my tenure and once during it. Attendance at Committee meetings is mandatory only for Committee members; however, other individuals such as the Chief Executive Officer, Chief Financial Officer, and external auditors may attend by invitation.

The Company Secretary serves as the Committee's Secretary.

Activities during the year

Throughout the year, the Committee focused on the following matters:

- Assessing the interim and annual financial statements for the Group.
- Assessing whether the annual report and financial statements for the period ended 31 March 2025 could be adopted on a going concern basis.
- Evaluating the methods used to account for significant transactions, adequacy of disclosures, and significant areas requiring judgement.
- Reviewing the effectiveness of internal controls, risk assessment processes, assurance mechanisms, and changes in significant risks.
- Scrutinising processes for compliance with laws, regulations and ethical codes.
- Detailed review and reissue of the Group's risk register, with input from across the business.
- Further assessment of risks associated with the implementation of D365, including review and remediation work to address challenges relating to user authorisations and the reconciliation of customer advances and accounts receivable balances.
- Oversight and review of the Company's audit tender process for the financial year ending 31 March 2027.

Role of the external auditors

The Audit and Risk Committee oversees the Company's relationship with its external auditors,

PricewaterhouseCoopers LLP ("PwC"), including assessment of the auditors' performance (which incorporates consideration of factors such as tenure and the seniority of key personnel). The Committee also ensures the auditors' independence and objectivity. As part of this oversight, the Committee monitors the provision of non-audit services by the external auditors. PwC did not provide any non-audit services during the year. The Committee has determined that, without prior approval, the external auditors will not be permitted to offer any non-audit services for the Group in the fiscal year ending 31 March 2026.

The Audit and Risk Committee recommended that the Company carry out a tender process prior to appointment of an auditor for the financial year ending 31 March 2027. Following completion of this process and careful review of the costs, capabilities and expertise of the tendering parties, the Committee recommends that Cooper Parry LLP be appointed as the Company's external auditors at the next AGM.

Audit process

The external auditors prepare an audit plan that outlines the audit scope, key focus areas, materiality thresholds, and the audit timetable. This plan is reviewed and approved by the Audit and Risk Committee before the audit begins. Once the audit is completed, the external auditors present its findings to the Committee for discussion.

Risk management and internal controls

The Group maintains a robust framework for risk management and internal controls, along with relevant policies and procedures. Oversight of this framework is the responsibility of the Audit and Risk Committee, which is charged with assessing its effectiveness.

Following review of the framework and its testing processes, the Committee is satisfied that the Group's approach to risk management is appropriate for its scale of operations, in particular taking into account the increased focus on consumer law with external support being sought to compliment the internal expertise that we have in the business. The framework continues to be developed following the implementation of D365, and the internal control framework remains a priority for the coming year, with key operational areas set to undergo further review.

Day-to-day risk management responsibilities are delegated to senior management, which includes the Chief Executive Officer, Chief Financial Officer, and the heads of Operations, HR, and IT.

Whistleblowing

The Group has a Whistleblowing Policy in place, outlining a formal process for employees to confidentially raise concerns about potential misconduct, including issues related to financial reporting and other areas. During the reporting period, no incidents required review.

Financial and business reporting

The Committee is responsible for ensuring the integrity of the Group's financial statements, covering both annual and interim results. Its primary objective is to ensure that these statements present a fair and accurate reflection of the Group's financial performance throughout the reporting periods.

Audit and Risk Committee report continued

Significant matters

As an integral part of the reporting and review process, the Committee has considered significant issues pertaining to the financial statements and their resolution. This consideration includes a comprehensive review of key risks, accounting matters, and judgements involved.

Issue	Action
Going concern	Management has developed comprehensive financial projections covering the period through 31 July 2027, based on the Group's detailed annual business plan. A sensitivity analysis was conducted to assess the potential impact of adverse market conditions, exploring real impacts on cash availability. Even in a severe but plausible downside scenario, the Group is expected to remain within the bounds of revolving credit facility. The key sensitivity assumptions considered include: o A significant slowdown in e-commerce sales; and o A substantial decline in gross margin. By utilising sensible mitigating actions, such as reduction in excess inventory levels, the Group would be able to withstand severe but plausible conditions and remain a going concern, without the need for more extreme measures such as redundancies and contraction in the cost base. The Group maintains a committed £4m revolving credit facility and £1m overdraft that can be utilised where necessary to mitigate short-term cash shortages. Following this assessment, the Committee has concluded that the Board can make the going concern statements outlined on page 66.
Replacement of the Everest ERP system with Microsoft Dynamics 365	The Group successfully implemented D365 in September 2024, replacing the legacy Everest system to support its long-term growth strategy. The transition was completed with minimal disruption to business operations, and existing third-party systems were integrated into the new platform. Significant time and focus were invested by the management team into the new system, but is believed to be a necessary investment for future growth and stability. While the implementation of D365 was largely successful, challenges subsequently emerged in relation to user authorisations and the reconciliation of customer advances and accounts receivables balances. Whilst the volume of these issues has reduced, a number of outstanding balances remain at the end of the financial year. The Group remains focused on resolving these issues and more widely continuing to optimise the system and strength its control frameworks, building robust governance structures around the new ERP environment to further support scalability and operational resilience. KPMG LLP supported the system's design, build, and deployment. The Group did not incur any further costs (2025: £2.9m) related to the development and implementation of the ERP system. No costs have been capitalised in relation to the project. The Committee has received regular updates from management throughout the implementation process and will continue to oversee ongoing optimisation efforts, ensuring that any associated risks are effectively managed.

Issue	Action
CMA Investigation	On 18 November 2025, the Competition and Markets Authority ("CMA") opened an investigation under the Digital Markets, Competition and Consumers Act 2024 ("DMCCA") into certain online pricing practices across a number of businesses, including the Group. Following constructive engagement with the CMA, the Group has agreed to resolve the matter by way of settlement. In connection with this, the CMA has issued a Final Infringement Notice imposing a financial penalty of £1,200,000, which is reduced to £720,000 following the application of the maximum available settlement discount. The penalty is payable within six months of the date of the Final Infringement Notice with the ability to apply to the CMA for a revised payment schedule within 14 days of the notice. The Group has also agreed to provide consumer redress of approximately £0.6 million to affected customers in accordance with directions issued by the CMA. The Group has already ceased the relevant conduct and implemented changes to its checkout processes and will undertake further compliance measures in accordance with the CMA's directions to ensure full compliance with current consumer protection requirements under the DMCC Act. The financial penalty will be met from existing cash resources and will be treated as an exceptional item for accounting purposes. Marks Electrical takes its obligations under consumer and competition law seriously and remains committed to maintaining high standards of transparency and compliance for the benefit of its customers.

D. Bowkett

Darren Bowkett
Chair of the Audit and Risk Committee

18 June 2026

Remuneration Committee report

On behalf of the Board, I am pleased to present our Directors' Remuneration report for the year ended 31 March 2026.

Christopher Czarnecki
Chair of the Remuneration Committee

	Meetings attended (total held: 1)
C Czarnecki[1,3]	
D Bowkett[1]	
A Fadil[1,2]	●
M Millard[1]	●
W Middleton[1,2]	●

1 Alyson Fadil, Marnie Millard and Warren Middleton resigned as Non-Executive Directors and stepped down from the Remuneration Committee on 30 November 2025, 31 December 2025 and 23 January 2026 respectively. Christopher Czarnecki and Darren Bowkett were appointed as Non-Executive Directors and became members of the Committee on 31 December 2025 and 2 January 2026 respectively.

2 Alyson Fadil acted as Chair of the Remuneration Committee until her resignation from the Board on 30 November 2025. Warren Middleton assumed the role of Chair of the Remuneration Committee with effect from 1 December 2025 until his resignation from the Board on 23 January 2026.

3 Christopher Czarnecki assumed the position of Chair of the Remuneration Committee with effect from 24 January 2026.

Role of the Committee

The Remuneration Committee's primary role is to set appropriate and transparent reward policies and remuneration packages for the Group's Executive Directors, and to incentivise the executives to achieve the long-term interests of shareholders.

The role includes setting Executive Director's pay and benefits package and oversight of the Group's Annual Incentive Plan and the Group's LTIP.

This Directors' Remuneration report has been prepared on behalf of the Board by the Remuneration Committee ("Committee") in accordance with the Companies Act 2006, as well as with the principles of the QCA Remuneration Guidance.

This report is split into two sections with our annual report on remuneration and my annual statement, subject to an advisory vote at the AGM:

- The Directors' Remuneration Policy: This sets out the Directors' Remuneration Policy; and
- The annual report on remuneration: This sets out payments and awards made to the Directors and details the link between the Company's performance and remuneration for the year to 31 March 2026. It also sets out how we intend to implement the policy for the year to 31 March 2027.

Remuneration outcomes for FY26

In line with the previous year, the Executive Directors' annual incentive for the year to 31 March 2026 was based 50% on revenue and 50% on adjusted EBITDA targets. The maximum opportunity for the CEO and CFO was 100% and 50% of basic salary respectively. Unfortunately, neither the revenue nor the adjusted EBITDA threshold was met, which resulted in no annual incentive payout.

Directors' remuneration for the year to 31 March 2027

Following a benchmarking analysis undertaken during the prior financial year, it was identified that the CEO's salary is below comparable roles within similar sized listed businesses. Despite this and following discussions with the CEO, we have chosen to keep the CEO's salary in line with the last two years at £306,000.

Tom Pallatt has been formally appointed as permanent CFO with effect from 1 April 2026. The CFO's salary will be set at £180,000 as we move forward, a figure deemed to be competitive and within the market range for this position. There will continue to be salary reviews across the workforce to ensure pay levels remain competitive and in line with National Minimum Wage increases.

The maximum annual incentive opportunity remains at 100% of basic salary and will be subject to stretching adjusted EBITDA targets. Under the policy, the CFO is required to invest 25% of his post-tax cash bonus in Company shares until the shareholding requirement is met.

The CEO will not receive an LTIP award given his significant shareholding, but the Committee will keep this under review for future years.

The Committee continues to review the current structure of long-term incentives to ensure they are appropriately incentivising and retentive and changes may be made to the approach for FY27. The Committee will, as appropriate, update shareholders on any changes in approach and full details will be set out in next year's Remuneration Report.

The performance conditions for the award are unchanged and will be based one-third on each of operating cash flow, TSR and adjusted earnings per share measured over a three-year performance period. Pension contributions for the CEO and CFO will remain at 4% of salary, in line with the wider workforce. Other benefits will remain in line with the Remuneration Policy.

Conclusion

The Committee has carefully considered the remuneration outcomes for FY26 and whilst unfortunately the annual incentive was not achieved, the Committee considers that the outcome is appropriate noting the challenges in terms of profitability for the year.

The Committee continues to welcome any feedback from shareholders on our policy and its operation. We trust you will support the yearly advisory vote for endorsing the Annual Remuneration Report at the 2026 AGM.

Christopher Czarnecki
Chair of the Remuneration Committee

18 June 2026

Remuneration Committee report continued

Remuneration policy

The policy is designed to ensure that the Executive Directors are fairly rewarded for their individual contributions to the Group's overall performance and to provide a competitive remuneration package, including long-term incentive awards to attract, retain and motivate individuals of the calibre required to ensure that the Group is managed successfully in the interests of shareholders. In addition, the policy ensures that a substantial proportion of the remuneration of the Executive Directors should ordinarily be performance related and that there is a strong link between remuneration and the sustained future success of the Group. The Committee sets the individual remuneration of the Executive Directors on an annual basis within the policy framework.

Purpose and link to strategy	Structure	Maximum potential	Performance metrics
Basic salary			
To attract and retain high-performing Executive Directors to lead the Group.	Paid in 12 equal monthly instalments during the year.	Reviewed periodically to reflect experience, role, responsibility and performance of the individual and the Group and to take into account rates of pay for comparable roles in similar companies. When selecting comparators, the Committee has regard to, inter alia, the Group's revenue, profitability, market value and sector. There is no maximum salary amount nor annual increase. The Committee would normally expect to increase salaries in line with those awarded to the workforce unless exceptionally an alternative approach is required.	Individual performance and overall business performance when salaries levels are reviewed.
Benefits			
To provide benefits to ensure the well-being of the individual and provide a market competitive remuneration package.	Benefits include, but are not limited to, private medical insurance for the individuals and their immediate families and life assurance cover for the CFO. Executive Directors can participate in any all-employee share plans operated by the Group on the same basis as all other employees.	The cost of providing the benefits is borne by the Company. The CEO is limited in his participation of the all-employee share plans due to the size of his shareholding and the prevailing HMRC rules.	None.
Annual incentive plan			
To incentivise achievement of annual strategic plan and short-term financial objectives.	Paid in cash following the end of the financial year to which the annual incentive relates. For the CFO, 25% of the post-tax annual incentive is to be invested into Company shares which must be retained until the shareholding requirement is met, being 100% of basic salary. Annual incentive payments are subject to recovery and withholding provisions which may be applied in the event of a material misstatement of the Company's financial results, error, circumstances that warrant the summary dismissal of the participant, or result in significant reputational damage to the Company, or where there has been a material failure of the Company's risk management or corporate failure.	The annual incentive plan is capped at 100% of basic salary.	The annual incentive may be based on the achievement of a mix of challenging financial, strategic or personal targets with financial measures accounting for the majority of the incentive. Performance metrics and their respective weightings may vary from year-to-year depending on financial and strategic priorities. The Committee may adjust the formulaic outcome of the annual incentive if it considers for example, that it is not representative of the underlying performance of the Company, investor experience or employee reward outcome.

Purpose and link to strategy	Structure	Maximum potential	Performance metrics
Long-term incentive plan			
Alignment of interests with shareholders and longer-term performance by providing long-term incentives delivered in the form of shares.	Awards are normally granted annually in the form of nil-cost options or conditional share awards. Awards normally vest after three years subject to the achievement of stretching performance conditions and continued employment. Awards are subject to recovery and withholding provisions as for the annual incentive plan. Dividend equivalents may be payable for vested shares (normally in shares).	Maximum award limit is 200% of salary. The current annual award level is 150% of basic salary.	Awards may be subject to the achievement of various financial performance measures including, but not limited to, TSR, EPS and cash flow. Performance metrics and their respective weightings may vary from year-to-year depending on financial and strategic priorities. 25% vests for threshold performance. The Committee may adjust the formulaic LTIP vesting amount if it considers for example, that it is not representative of the underlying performance of the Company or investor experience.
Pension			
Provision of retirement benefits.	The Executive Directors can elect to join the Company's defined contribution pension scheme, receive pension contributions into their personal pension plan or receive a cash sum in lieu of pension contributions.	The Executive Directors have pension contributions in line with the wider workforce at 4% of basic salary.	None.
Shareholding requirements			
To align the interests of management and shareholders and promote a long-term approach to performance.	Executive Directors are expected to build and maintain a holding of shares in the Company of 100% of base salary within five years of appointment.	Not applicable.	None.

Notes to the policy table

All employees of the Company are entitled to base salary or hourly rate and various other benefits. The opportunity to earn a bonus is made available to all management colleagues in the Group. The maximum opportunity available is based on the seniority and responsibility of the role.

Share incentive awards are granted under the LTIP described above to Executive Directors, senior management and senior employees.

Statement of consideration of employment conditions of employees elsewhere in the Group

The Committee will receive a report on an annual basis on the level of any pay rises awarded across the Group and will take these into account when determining salary increases for Executive Directors. In addition, the Committee will receive regular updates on the structure of remuneration below the Executive Directors and will use this information to ensure with management a consistency of approach across the Group. The Committee also approves the award of any long-term incentives and other share schemes.

The Committee does not specifically invite colleagues to comment on the Directors' Remuneration Policy, but it does take note of any feedback provided by colleagues.

Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to offer a market-competitive remuneration package sufficient to attract high-calibre candidates who are appropriate to the role but without paying any more than is necessary.

Any new Executive Director's regular remuneration package would include the same elements and be in line with the policy table set out earlier in this Directors' Remuneration Policy including the same limits on performance-related remuneration. Targets for incentives for the year of joining may be different to the incumbent Executive Directors to take account of specific personal objectives and the timing of their joining the Board. Incentive awards and other elements of remuneration forfeited from the previous employer may be bought out as far as possible on equivalent terms, in respect of expected value, time horizons and structure of the replacement award.

Remuneration Committee report continued

Date of service contracts/letters of appointment

Director	Date of service contracts/letters of appointment
Darren Bowkett	2 January 2026
Mark Smithson	14 July 2021[1]
Christopher Czarnecki	31 December 2025
Marnie Millard OBE[2]	5 November 2021
Alyson Fadil[2]	5 November 2021
Warren Middleton[2]	1 November 2024

1 Mark Smithson has been the leader and founder of Marks Electrical since it was founded on 2 February 1987. He was appointed as Director of Marks Electrical Group plc on 14 July 2021 as part of the restructuring of the Group in preparation for admission to AIM.

2 Alyson Fadil, Marnie Millard and Warren Middleton resigned as Directors of the Board with effect from 30 November 2025, 31 December 2025 and 23 January 2026 respectively.

Copies of Directors' service contracts and letters of appointment for all Directors are available for inspection at the Company's registered office.

Statement of consideration of shareholder views

The Chair of the Committee will consult with major shareholders from time-to-time or where any significant remuneration changes are proposed in order to understand their expectations with regard to Executive Directors' remuneration and will report back to the Committee. The Committee also takes into account emerging best practice and guidance from major institutional shareholders and proxy advisors.

Provision	Policy
Notice periods in Executive Directors' service contracts	Six months by Company or Executive Director. Executive Directors may be required to work during the notice period.
Compensation for loss of office	In respect of the notice period, no more than six months' basic salary and benefits (including company pension contributions).
Treatment of annual bonus on termination	For good leavers, a pro-rated bonus would normally be payable, with the Committee having discretion in exceptional circumstances to adjust the bonus and to reduce the pro-rating.
Treatment of LTIP awards on termination	Unvested awards will normally lapse on cessation of employment. However, for good leavers the Committee shall determine whether the award vests on the normal vesting date or on an alternative date.
	The extent of vesting will be determined by the Committee taking into account the extent to which the performance condition is satisfied and, unless the Committee determines otherwise, the period of time elapsed from the date of grant to the date of cessation relative to the vesting period.
	Good leaver circumstances comprise death, illness, injury, disability, retirement, transfer of employing business outside Group or exceptional circumstances at the discretion of the Committee.
Outside appointments	Subject to approval, Board approval must be sought.
Non-Executive Directors	All Non-Executive Directors are subject to re-election every three years. No compensation payable if required to stand down.

Legacy arrangements

Payments may be made to satisfy commitments made prior to this Remuneration Policy. This includes the matters set out in the Admission Document including incentive arrangements or payments made to satisfy legacy arrangements agreed prior to an employee (and not in contemplation of) being promoted to the Board of Directors. All outstanding obligations may be honoured and payment will be permitted under this Remuneration Policy.

Non-Executive Directors' fee policy

During the year Alyson Fadil, Marnie Millard and Warren Middleton departed the Board and Christopher Czarnecki and Darren Bowkett were appointed as new independent Non-Executive Directors. As part of this transition a review of Non-Executive Directors fees was performed, which concluded that fee levels should be adjusted to remain appropriate for the role, complexity of the business and time commitment. As such, all incumbent Non-Executive Director fees have been adjusted to a base fee of £40,000 per annum. The policy for the remuneration of the Non-Executive Directors ("NEDs") is as set out below. Non-Executive Directors are not entitled to an annual incentive and they cannot participate in the Company's share option scheme.

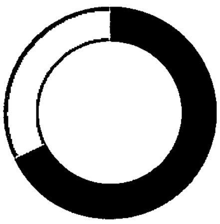
Purpose and link to strategy	Structure	Maximum potential	Performance metrics
Fees			
To attract NEDs who have a broad range of experience and skills to oversee the implementation of the Group strategy.	NED fees are determined by the Board within the limits set out in the Articles of Association and are paid in 12 equal monthly instalments during the year. Fees are set taking into account the skills and experience required for the role and fees payable in comparable companies.	The Chair of the Board is paid a single fee to include all duties. Other NEDs are paid a basic Board fee with additional fees payable for example, for attending or chairing Board Committees or in respect of other specific roles and duties. Additional fees may be paid to recognise exceptionally additional time commitments from time-to-time. The annual rate is set out in the annual report on remuneration for the current year and the following year. There is no prescribed maximum annual increase. The cost of meeting business expenses (grossed up for tax and social security where appropriate) is borne by the Company and varies from time-to-time.	None.

Illustration of remuneration scenarios for Executive Directors

The charts below show the weighting between fixed, annual incentive and LTIP for each of the Executive Directors in FY26, under target and maximum performance scenarios.

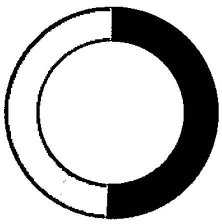
Chief Executive Officer

Target pay



● Fixed pay	68%
O Annual incentive	32%

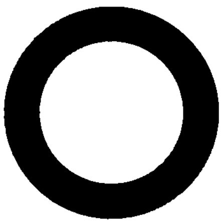
Maximum pay



● Fixed pay	51%
O Annual incentive	49%

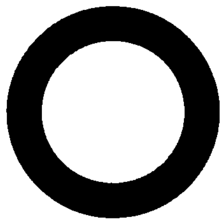
Chief Financial Officer

Target pay



● Fixed pay	100%
O Annual incentive	0%

Maximum pay



● Fixed pay	100%
O Annual incentive	0%

Notes to charts:

Fixed pay: Comprises fixed pay only using the salary for FY26, the value of benefits in FY25 and a 4% company pension contribution.

Target pay: Assumes the annual incentive plan of 50% of salary is payable (50% of maximum) for target performance.

Maximum pay: Assumes that the maximum annual incentive plan is paid (100% of salary).

Josh Egan stepped down as CFO on 31 July 2025 and no permanent CFO was appointed for the remainder of the financial period. Target pay and maximum pay for the CFO therefore reflects the remuneration received by Josh Egan prior to his resignation.

Remuneration Committee report continued

The annual report on remuneration

This sets out payments and awards made to the Directors and details the link between Company performance and remuneration for the year to 31 March 2026 and how we intend to apply the policy for the year to 31 March 2027. The annual report on remuneration is subject to an advisory shareholder vote at this year's AGM.

The sections that form this part of the report that are subject to audit have been highlighted.

Single total figure of remuneration (audited)

	Year ended 31 March 2026							
Director	Base Salary/ fees £	Benefits[1] £	Pension benefits[2] £	Total fixed £	Annual Incentive £	Long-term incentives[3] £	Total variable £	Total remuneration £
Mark Smithson	306,000	2,139	12,240	320,379	–	–	–	320,379
Josh Egan	93,333	392	3,604	97,329	–	–	1,650	98,979
Marnie Millard OBE[3]	52,083	–	750	52,833	–	–	–	52,833
Alyson Fadil[3]	23,949	–	–	23,949	–	–	–	23,949
David Wilkinson[4]	–	–	–	–	–	–	–	–
Warren Middleton[3]	32,308	–	–	32,308	–	–	–	32,308
Christopher Czarnecki[5]	10,000	–	267	10,267	–	–	–	10,267
Darren Bowkett[5]	10,000	–	400	10,400	–	–	–	10,400

1. The benefits comprise private medical care premiums.
2. Mark Smithson opted to take his 4% pension contribution (£12,240) as cash in lieu of pension contributions. All payments were subject to relevant taxes.
3. Alyson Fadil, Marnie Millard and Warren Middleton resigned as Non-Executive Directors, effective from 30 November 2025, 31 December 2025 and 23 January 2026 respectively.
4. David Wilkinson resigned as a Non-Executive Director, effective from 17 October 2024.
5. Christopher Czarnecki and Darren Bowkett joined the Board of Directors on 31 December 2025 and 2 January 2026 respectively.

	Year ended 31 March 2025							
Director	Base Salary/ fees £	Benefits[1] £	Pension benefits[2] £	Total fixed £	Annual Incentive £	Long-term incentives £	Total variable £	Total remuneration £
Mark Smithson	306,000	2,138	12,240	320,378	–	–	–	320,378
Josh Egan	280,000	1,966	11,200	293,166	–	188,769	188,769	481,935
Marnie Millard OBE	75,000	–	–	75,000	–	–	–	75,000
Alyson Fadil	40,000	–	–	40,000	–	–	–	40,000
David Wilkinson[4]	23,333	–	–	23,333	–	–	–	23,333
Warren Middleton[5]	16,667	–	–	16,667	–	–	–	16,667
Christopher Czarnecki[6]	–	–	–	–	–	–	–	–
Darren Bowkett[6]	–	–	–	–	–	–	–	–

1. The benefits comprise private medical care and life assurance premiums.
2. Mark Smithson opted to take his 4% pension contribution (£12,240) as cash in lieu of pension contributions. All payments were subject to relevant taxes.
3. As part of the CFO's recruitment package in 2021, the CFO was awarded a financial incentive that was due to vest at the three-year anniversary of the flotation. This was constructed to attract someone of his calibre to assist with the flotation of the company and help improve the governance of the business as it became a publicly listed entity. The construct was in the form of a Market-Value Option (further details can be found in the company's admission document). This option did not have value on the vesting date in November 2024, due to the share price being below the IPO price. The Board acknowledged that despite this, the CFO's strategic contributions over the past three years had been very strong, including overseeing the implementation of the new ERP system, leading the exit from the Euronics buying group, and driving strong working capital improvements, leading to over £21m of operating cash flow in the last three years. Using its discretion, the Board awarded the CFO a bonus of £188,679. As a result of this discretionary award the MVO has now been forfeited, despite it having a further 7 years upon which it can be exercised.
4. David Wilkinson resigned as a Non-Executive Director, effective from 17 October 2024.
5. Warren Middleton joined the Board of Directors on 01 November 2024, replacing David Wilkinson.
6. Christopher Czarnecki and Darren Bowkett were only appointed on 31 December 2025 and 2 January 2026 respectively, and therefore were not appointed as Directors of the Company during the year ended 31 March 2025.

The Group operates a defined contribution group plan for all colleagues. During the period, both Mark Smithson and Josh Egan received pension at 4% of annual basic salary in line with the wider workforce. Mark Smithson opted to take cash in lieu of pension and Josh Egan opted to have payments made into his personal pension plan.

Annual incentive performance

The annual incentive for each of the Executive Directors is earned by reference to performance in the financial year and paid following the end of the financial year. The annual incentive accrues once the threshold has been met, up to a maximum of 100% of base salary for each Executive Director.

For the financial year ended 31 March 2026, Executive Directors were able to earn an annual incentive of up to 100% of annual base salary subject to the achievement of stretching targets related to revenue and EBITDA. The Group did not achieve the minimum target requirements for the annual incentive, therefore no payment was made.

Long-term incentive awards granted during the year (audited)

No long-term incentive awards were granted during the year.

Statement of Directors' shareholding and options (audited)

The Directors who held office at 31 March 2026 and their connected persons who had interests in the issued share capital of the Company as at 31 March 2026 are as follows:

Director	Number of shares held (including by connected persons) 31 March 2026	Unvested share options subject to performance conditions 31 March 2025	Shareholding at 31 March 2026 (% of salary)[2]
Mark Smithson[1]	77,278,181	–	25,254%
Christopher Czarnecki	–	–	–
Darren Bowkett	–	–	–

1. The interests of Mark Smithson include 3,000,000 ordinary shares held in his capacity as trustee of the Mark Smithson Family Trust, 1,002,727 ordinary shares held by his son Jack Smithson, and 1,002,727 ordinary shares held by his son Oliver Smithson.
2. Shareholding calculated using a share price of 47.50p at 31 March 2026 and salaries at year-end.

There have been no notifiable changes in the Directors' share interests between 31 March 2026 and 19 June 2026, being the latest practicable date prior to the publication of this Annual Report.

Implementation of policy for FY27

Salaries and fees

No changes will be made to the CEO or CFO's salary. There will continue to be salary reviews for the wider workforce to ensure pay and benefit levels remain competitive. There are no changes to the fees for the Chair and Non-Executive Directors for FY27.

	Annual basic salary/fees effective from 1 April 2026 £'000	Annual basic salary/fees effective from 1 April 2025 £'000
Mark Smithson	306	306
Tom Pallatt[1]	180	–
Christopher Czarnecki[2]	40	40
Darren Bowkett[2]	40	40
Helen Flear[3]	40	–

1. Tom Pallatt has only been appointed as permanent CFO and an Executive Director of the Company with effect from 1 April 2026.
2. For the year beginning 1 April 2025, Christopher Czarnecki and Darren Bowkett only received their annual fees on a pro rata basis with effect from the dates of their appointments on 31 December 2025 and 2 January 2026 respectively.
3. Helen Flear has been appointed as a Non-Executive Director with effective from 1 April 2026 and therefore received no salary for the year beginning 1 April 2025.

Remuneration Committee report continued

Pension and benefits

Pension contributions will remain at 4% of salary for both Executive Directors and benefits will operate in line with policy.

Annual incentive

The annual incentive opportunity will be 100% of salary for FY27, payable in cash. With the Group's focus on profitability in FY27 the performance conditions for the annual incentive is based on sales and adjusted EBITDA. Under the policy, the CFO is required to invest 25% of his post-tax cash annual incentive in Company shares until the shareholding requirement is met.

Long-term incentive

The Committee is reviewing the current structure of long-term incentives to ensure they are appropriately incentivising and retentive and changes may be made to the approach for FY27. The Committee will, as appropriate, update shareholders on any changes in approach and full details will be set out in next year's Remuneration Report.

The Committee

The Remuneration Committee is responsible for reviewing and determining the framework and policy and determining the remuneration of the Executive Directors, in consultation with other Board members as appropriate. The Committee's terms of reference are available on the Group's website.

The members of the Committee during the financial year were Alyson Fadil (outgoing Chair, resigned 30 November 2025), Marnie Millard (resigned 31 December 2025), Warren Middleton (Chair from 1 December 2025 until resigning on 23 January 2026), Christopher Czarnecki (appointed 31 December 2025, appointed Chair with effect from 24 January 2026) and Darren Bowkett (appointed 2 January 2026). The Committee held one meetings during the year, at which all incumbent members at the time of the meeting were present.

Directors' report

The Directors have pleasure in presenting the annual report and the audited consolidated accounts for the financial year ended 31 March 2026 ("Annual Report and Accounts").

Directors

The Directors of Marks Electrical Group plc ("Company" or "Group") who served during the year ended 31 March 2026 ("the year", "2026" or "FY26") and up to the date that this Directors' report was approved, were:

- Marnie Millard, OBE (resigned 31 December 2025)
- Mark Smithson
- Josh Egan (resigned 31 July 2025)
- Alyson Fadil (resigned 30 November 2025
- Warren Middleton (resigned 23 January 2026)
- Christopher Czarnecki (appointed 31 December 2025)
- Darren Bowkett (appointed 2 January 2026)

Group results

The Group's loss for the year after taxation was £0.4m (2025: £1.4m loss) including a taxation charge of £0.1m (2025: £0.3m credit). The financial statements demonstrating the results for the year are set out on pages 62 to 87.

Dividends

In June 2025, the Directors recommended a final dividend of 0.66p per ordinary share for the financial year ended 31 March 2025, which was paid to shareholders in August 2025. Following a challenging market backdrop and weaker trading during H1-FY26, the Board opted to defer any decision on the payment of an interim dividend or final dividend in respect of FY26 until after the conclusion of the financial year. The Board is not recommending a final dividend.

Articles of association

The Company's articles of association are available on the Group's website **group.markselectrical.co.uk**, or alternatively available on request from the Company Secretary.

Share capital and significant shareholders

The Company had one class of ordinary shares, and each share entitled the holder to one vote at annual general meetings and other general meetings. Details of shares in issue are disclosed in Note 20 to the consolidated financial statements.

At 31 March 2026, the following significant shareholdings had been notified to the Company. No further notifications had been received as at 18 June 2026, being the latest practicable date prior to the publication of this report.

Shareholder	Number of shares	%
Mark Smithson	77,278,181	73.6
Frasers Group	21,269,040	20.3
TrinityBridge	1,119,915	1.1

The interests of Mark Smithson included 3,000,000 ordinary shares held in his capacity as trustee of the Mark Smithson Family Trust, 1,002,727 ordinary shares held by his son Jack Smithson, and 1,002,727 ordinary shares held by his son Oliver Smithson.

Directors' interests

Details of the Directors' interests in the Company are disclosed in the Directors' Remuneration Report on page 51.

Directors' indemnities

Directors' and officers' insurance cover was maintained for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. The Directors had and continue to have the benefit of an indemnity covering them, to the extent permitted by law, for any third-party liabilities that they may incur as a result of their service on the Board. The provision, which is a qualifying third-party indemnity provision (as defined by section 234 of the CA 2006), was in force during the year and remains in force for all current Directors of the Company.

Financial risk management

The Directors' assessment of the principal risks and uncertainties facing the Group is discussed on pages 26 to 29 under the Principal Risks and Uncertainties section and is incorporated into this report by reference, as are the additional disclosures regarding financial risk management in Note 22 to the financial statements on page 83.

Credit risk

In the opinion of the Directors, the financial instruments that are subject to credit risk are the trade receivables and rebates receivable. The Directors believe that the Expected Credit Loss provision as disclosed in Note 15 to the financial statements represents the Directors' best estimate of the maximum exposure to credit risk at year end.

Directors' report continued

Liquidity risk
The Directors believe that the receivables are not impaired and that the owing companies have sufficient assets to repay the balances. Therefore, the Directors believe that liquidity risk is minimal.

Cash flow risk
The Directors maintain detailed cash flow forecasts which are frequently revised to actuals to ensure that the Group has sufficient liquid resources to meet its requirements.

Price risk
The Directors believe that pricing risk is low given the nature of products the Group sells and stability of the MDA market. Strong supplier relationships and bespoke pricing tools enable the Group to remain competitive and profitable.

Branches
The Group does not have any branches outside of the UK.

Matters included in the strategic report
As permitted by section 414C(11) of the Companies Act 2006 ("Act"), the Directors have elected to include the following matters, which would otherwise be required to be disclosed in the Directors' report under section 416(4) of the Act, to be disclosed in the strategic report, as the Directors consider them to be of strategic importance to the Company:

- Future developments – CEO's review on pages 4 to 6;
- Employee engagement – Section 172 statement on pages 30 to 32 and people and well-being section on pages 14 to 15; and
- Stakeholder engagement – Section 172 statement on pages 30 to 32.

Going concern
A base-case financial forecast was prepared and was then stress tested through key sensitivities to assess the likelihood of cash flow issues and mitigating actions that could be taken to ensure the Group remains a viable business. In making these assessments the Directors have considered the following:

- The cash flow forecasts and revenue projections as well as margin and profit projections for the Company;
- Reasonably possible changes in trading performance, including a severe yet plausible downside scenario;
- The Company's robust policy towards liquidity and cash flow management;
- The Company's access to its revolving credit facility
- The Company's ability to successfully manage the principal risks outlined in this report;
- The current cost-of-living crisis; and
- Inflation pressures facing the Company and its employees.

The Directors have reviewed management's detailed forecast to 31 July 2027, along with the sensitivities, and determine the Group is a going concern.

Base-case scenario – The base-case scenario reflects market forecasts and current consensus and conforms to management's growth strategy. This scenario gives ample cash headroom without any mitigating action required by management.

Severe but plausible scenario – The severe but plausible scenario applies significant downside sensitivities on revenue and gross product margin. Under this scenario, the Group utilises its revolving credit facility, however remains within its bounds. To avoid revolving credit facility ("RCF") utilisation, the Group could apply mitigating actions to maintain positive cash reserves.

Corporate governance
The Company's statement on corporate governance can be found in the corporate governance report of this annual report. The corporate governance report on pages 33 to 56 forms part of this Directors' report and is incorporated into it by cross-reference.

Cautionary statement
This Annual Report and Accounts contains forward-looking statements. These forward-looking statements are not guarantees of future performance; rather, they are based on current views and assumptions as at the date of this Annual Report and Accounts and are made by the Directors in good faith based on the information available to them at the time of their approval.

Post-balance sheet events
Following constructive engagement with the CMA, the Group has agreed to resolve the matter by way of settlement. In connection with this, the CMA has issued a Final Infringement Notice imposing a financial penalty of £1,200,000, which is reduced to £720,000 following the application of the maximum available settlement discount.

The penalty is payable within six months of the date of the Final Infringement Notice with the ability to apply to the CMA for a revised payment schedule within 14 days of the notice. The Group has also agreed to provide consumer redress of approximately £0.6 million to affected customers in accordance with directions issued by the CMA.

The Group has already ceased the relevant conduct and implemented changes to its checkout processes and will undertake further compliance measures in accordance with the CMA's directions to ensure full compliance with current consumer protection requirements under the DMCC Act.

The financial penalty will be met from existing cash resources and will be treated as an exceptional item for accounting purposes.

Marks Electrical takes its obligations under consumer and competition law seriously and remains committed to maintaining high standards of transparency and compliance for the benefit of its customers.

Change of control

The Directors were not aware of any arrangements in place that later may result in a change of control of the Company.

Political donations

The Group did not make any political donations or incur any political expenditure during the year ended 31 March 2026 (2025: £nil) or up to the date of signing these financial statements.

Employee engagement statement

Colleague engagement is critical to the success of our organisation, and we believe that good communication facilitates greater engagement from our colleagues. As part of our internal communications strategy, the Directors provide regular updates to our colleagues regarding business performance against targets. Monthly newsletters are distributed to inform colleagues of any organisational activities and updates, training and development opportunities, and internal vacancies.

Managers are encouraged to have regular dialogue with their teams and the Senior Leadership Team meet weekly to discuss various matters of employee engagement. In FY26 we will be introducing an Employee Forum and will have monthly Employee Forum meetings to give colleagues an additional communication channel, through their nominated representatives.

At the time of the business being listed on the AIM Market, the CEO, Mark Smithson awarded all of the colleagues at the time with 2,727 free shares giving them a form of ownership in the business and aligning their interests with company performance. Furthermore, as a performance and retention incentive our senior managers are issued with annual LTIP's which are conditional on the achievement of specified performance targets over a three-year performance period and continuous employment.

Marks Electrical aims to maintain a positive culture where all our colleagues are engaged through feeling valued. Directors, individually and collectively, undertake regular site walks and have discussions with colleagues at all levels in the business, for a true understanding of our colleagues and the operation.

Equal opportunities

Our equal opportunities policy and diversity, equality and inclusion policy demonstrate our commitment to providing equal opportunities being, employment, training, career development and promotion to all colleagues, irrespective of age, disability (including colleagues who may have become disabled during service and prospective employees), gender, marriage and civil partnership, pregnancy or maternity, race, religion or sexual orientation. We support managers and colleagues in creating a diverse and inclusive culture where everyone is given fair and equal opportunities.

Stakeholder engagement

The Section 172 statement on page 30 discusses the relationships and engagement with the Group's key stakeholders.

Streamlined energy and carbon reporting

The Group's energy and carbon reporting is set out under the sustainability report on page 17.

Disclosure of information to the auditor

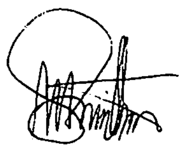
The Directors in office at the date this Directors' report was approved have each confirmed that, so far as they are aware, there is no relevant audit information of which the Group's auditor is unaware and each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

During the prior year, PwC continued as the Group's auditor. After completion of a tender process during H1-CY26, Cooper Parry LLP was chosen as the Group's preferred auditor for the financial year ending 31 March 2027. The Group is satisfied that Cooper Parry LLP is independent and there are adequate safeguards in place to protect its objectivity. A resolution to appoint Cooper Parry LLP as the Group's auditor will be proposed at the 2026 AGM.

This Directors' report was approved by the Board of Directors on 18 June 2026.

For and on behalf of the Board:



Mark Smithson
Chief Executive Officer

18 June 2026

Statement of directors' responsibilities
in respect of the financial statements

The directors are responsible for preparing the Annual Report and Accounts 2026 and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 company and of the profit or loss of the group for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report
to the members of Marks Electrical Group plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Marks Electrical Group plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2026 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and accounts 2026 (the "Annual Report"), which comprise:

- the Consolidated statement of financial position as at 31 March 2026;
- the Company statement of financial position as at 31 March 2026;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of changes in equity for the year then ended;
- the Company statement of changes in equity for the year then ended;
- the Consolidated cash flow for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- The group comprises two components, the parent company, being this company and the trading company, Marks Electrical Limited. Both components are considered full scope components for the purposes of the group scoping and resulted in 100% coverage of the consolidated revenue and 100% coverage of the consolidated loss before tax.

Key audit matters

- Carrying value of the investment in subsidiaries (parent)
- Supplier rebates receivable (group)

Materiality

- Overall group materiality: £1,079,330 (2025: £879,000) based on 1% (2025: 0.75%) of revenue.
- Overall company materiality: £443,640 (2025: £448,000) based on 1% of total assets.
- Performance materiality: £809,498 (2025: £659,250) (group) and £332,730 (2025: £336,000) (company).

Independent auditors' report continued
to the members of Marks Electrical Group plc

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Carrying value of the investment in subsidiaries (parent) Refer to note 3 to the company financial statements. In accordance with IAS 36 (Impairment of assets), the company's investments balance should be carried at no more than its recoverable amount, being the higher of fair value less costs to sell and its value in use. IAS 36 requires an entity to determine whether there are indications that an impairment loss may have occurred and if so, make a formal estimate of the recoverable amount. Management have concluded there are no indicators of an impairment trigger, and have therefore not performed an impairment assessment for FY26.	We evaluated whether there are any indications that an impairment loss may have occurred in relation to the company's investments balance with specific consideration given to the following: o the market capitalisation of the group is in excess of the investments balance and net assets; and o there have not been any significant changes with an adverse impact in relation to the technological, market, economic or legal environment in which this subsidiary operates. We consider management's conclusion that there are no indicators of impairment to be appropriate.
Supplier rebates receivable (group) Refer to note 2.6 in accounting policies and note 15 Trade and other receivables to the financial statement. The group receives a variety of rebates from their suppliers. These arrangements are typically based on the volume of purchases or selling price incentives. The calculations of these rebates require inputs and calculations to be made in support of the value of the rebate receivable.	We tested the valuation of a sample of rebate balances by agreeing post year end settlements back to evidence of cash receipt, credit notes or remittances received. For balances that had not been settled post-year end, we tested their recalculation back to rebate agreements and purchase values which we confirmed with the suppliers. We reviewed the associated disclosures within the financial statements. As a result of these procedures, we consider the rebate receivable balance due from supplier arrangements is materially accurate.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is made up of only two components being the parent company, being this company and the only trading company, Marks Electrical Limited. As such for the purposes of the group we have performed a full scope audit over both Marks Electrical Limited and Marks Electrical Group plc (Company only). Consolidation adjustments were allocated to the parent company and the trader and the post-consolidation figures were considered for the purpose of scoping. Testing over these components resulted in coverage of 100% of consolidated revenues and 100% of consolidated loss before tax.

The impact of climate risk on our audit
As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£1,079,330 (2025: £879,000).	£443,640 (2025: £448,000).
How we determined it	1% (2025: 0.75%) of revenue	1% of total assets
Rationale for benchmark applied	Revenue is a key metric used by management and external stakeholders to assess the performance of the group and it removes the impact of the volatility in profit before tax that has arisen in the recent years and is a generally accepted auditing benchmark.	We believe that total assets is the primary measure used by the shareholders in assessing the financial position of the entity, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £443,640 and £1,025,360.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2025: 75%) of overall materiality, amounting to £809,498 (2025: £659,250) for the group financial statements and £332,730 (2025: £336,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £53,967 (group audit) (2025: £43,950) and £22,182 (company audit) (2025: £22,400) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's paper that supports the Board's assessment and conclusions with respect to the disclosures provided around going concern;
- Discussing with management the assumptions applied in the going concern review so we could understand and challenge the rationale for those assumptions, using our knowledge of the business;
- Evaluating management's detailed cash flow forecasts under both the base case and severe but plausible downside scenario;
- Considered whether the going concern base case forecast is reasonable in light of previous performance, current year performance, future expectations and management's track record of accurate forecasting;
- Assessing whether there were any significant doubts over the ability of the group to meet its debt covenants under both base case and downside scenarios; and
- Assessing the adequacy of disclosures in the going concern statement in the notes to the financial statements in note 2.2 of the Group financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report continued
to the members of Marks Electrical Group plc

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2026 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment laws and regulation, GDPR, Consumer Law, and Health, Safety and Environmental regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue or expenses as well as management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Enquiry of management and those charged with governance around actual and potential frauds, litigations or claims against or by the company;
- Reviewing financial statement disclosures and testing supporting documentation to assess compliance with applicable laws and regulations;

- Auditing the risk of management override of controls, through testing journal entries (using our data analysis tools to confirm completeness of data) by adopting a risk based approach focused on a detailed fraud assessment;
- Testing significant accounting estimates because of the risk of potential management bias, and evaluating the business rationale and accounting for any significant or unusual transactions outside the normal course of business;
- Auditing the risk of fraud in revenue recognition by using our data analysis tools to identify unusual credits to revenue for further investigation;
- Performing unpredictable audit procedures;
- Understanding of management's internal controls designed to prevent and detect irregularities; and
- Reviewing minutes of meetings of the Board of Directors.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mark Foster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

East Midlands

18 June 2026

Consolidated statement of comprehensive income
Year ended 31 March 2026

		Year ended 31 March 2026			Year ended 31 March 2025		
	Notes	**Underlying £000**	**Non-underlying £'000**	**Statutory £000**	**Underlying £000**	**Non-underlying £'000**	**Statutory £000**
Revenue	4	108,435	(502)	107,933	117,181	–	117,181
Cost of sales		(82,436)	–	(82,436)	(88,565)	–	(88,565)
Gross profit		25,999	(502)	25,497	28,616	–	28,616
Distribution costs		(11,214)	–	(11,214)	(11,490)	–	(11,490)
Administrative expenses		(13,845)	(720)	(14,565)	(15,962)	(2,905)	(18,867)
Operating profit/(loss)	8	940	(1,222)	(282)	1,164	(2,905)	(1,741)
Finance income	10	97	–	97	217	–	217
Finance expense	10	(181)	–	(181)	(186)	–	(186)
Profit/(loss) before income tax		856	(1,222)	(366)	1,195	(2,905)	(1,710)
Tax on profit/(loss)	11	(180)	125	(55)	(460)	726	266
Profit/(loss) for the financial year		676	(1,097)	(421)	735	(2,179)	(1,444)
Total comprehensive income/ (expense) for the period		676	(1,097)	(421)	735	(2,179)	(1,444)
Earnings per share							
Statutory basic and diluted earnings per share	3			(0.40)p			(1.38)p

The notes on pages 66 to 87 are an integral part of these consolidated financial statements.

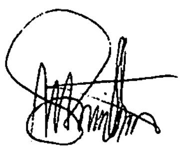
All the results arise from continuing operations.

Consolidated statement of financial position
At 31 March 2026

	Notes	At 31 March 2026 £000	At 31 March 2025 £000
Assets			
Non-current assets			
Property, plant and equipment	13	1,545	2,010
Right-of-use assets	18	1,963	2,416
Trade and other receivables	15	261	204
		3,769	4,630
Current assets			
Inventories	14	13,030	16,918
Trade and other receivables	15	4,598	7,521
Cash and cash equivalents	16	4,434	8,807
		22,062	33,246
Total assets		25,831	37,876
Liabilities			
Current liabilities			
Trade and other payables	17	(13,496)	(23,407)
Lease liabilities	18	(1,096)	(993)
Current tax liability		(179)	(336)
		(14,771)	(24,736)
Non-current liabilities			
Lease liabilities	18	(788)	(1,457)
Deferred tax liabilities	19	(288)	(423)
Total liabilities		(15,847)	(26,616)
Net assets		9,984	11,260
Shareholders' equity			
Called up share capital	20	1,049	1,049
Share premium		4,818	4,818
Treasury shares		(399)	(296)
Merger reserves		(100,000)	(100,000)
Retained earnings		104,516	105,689
Total equity shareholders' funds		9,984	11,260

The notes on pages 66 to 87 are an integral part of these consolidated financial statements.

The financial statements of Marks Electrical Group plc, company number 13509635, on pages 62 to 87 were approved by the board of directors on 18 June 2026 and signed on its behalf by:



Mark Smithson
Director

Consolidated statement of changes in equity
Year ended 31 March 2026

	Note	Called up share capital £000	Share premium £000	Treasury shares £000	Merger reserve £000	Retained earnings £000	Total shareholders' equity £000
At 1 April 2024		1,049	4,815	(3)	(100,000)	107,851	13,712
Total comprehensive expense for the year		–	–	–	–	(1,444)	(1,444)
Contributions by and distributions to owners							
– Dividends paid	12	–	–	–	–	(1,004)	(1,004)
– Share options and LTIP charge	24	–	–	–	–	328	328
– Issue of shares to employees		–	–	42	–	(42)	–
– Purchase of treasury shares		–	–	(335)	–	–	(335)
– Sales of treasury shares	20	–	3	0	–	–	3
At 31 March 2025		1,049	4,818	(296)	(100,000)	105,689	11,260
Total comprehensive expense for the year		–	–	–	–	(421)	(421)
Contributions by and distributions to owners							
– Dividends paid	12	–	–	–	–	(689)	(689)
– Share options and LTIP charge	24	–	–	–	–	(4)	(4)
– Issue of shares to employees		–	–	56	–	(59)	(3)
– Purchase of treasury shares		–	–	(159)	–	–	(159)
– Sales of treasury shares	20	–	–	–	–	–	–
At 31 March 2026		1,049	4,818	(399)	(100,000)	104,516	9,984

The notes on pages 66 to 87 are an integral part of these financial statements.

Consolidated cash flow
Year ended 31 March 2026

	Notes	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Cash flows from operating activities			
Loss for the year		(421)	(1,444)
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	13	644	921
Depreciation of right-of-use assets	18	886	1,158
(Profit)/loss on disposal of property, plant and equipment	8	(81)	21
Share-based payment (credit)/expense	24	(4)	328
Interest income	10	(97)	(217)
Interest expense	10	181	186
Taxation charged /(credited)	11	55	(266)
Movements in working capital:			
Decrease/(increase) in inventories		3,888	(3,903)
Decrease in receivables		2,866	1,518
(Decrease)/increase in payables		(9,911)	5,047
Cash flow (used in)/generated from operations		(1,994)	3,349
Corporation tax (paid)/received		(347)	495
Net cash flow (used in)/generated from operations		(2,341)	3,844
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(243)	(437)
Deposits on right-of-use assets		(65)	(154)
Proceeds from sale of property, plant and equipment		114	135
Proceeds from sale of right-of-assets		30	21
Interest received		97	212
Net cash used by investing activities		(67)	(223)
Cash flows from financing activities			
Interest paid on loan		(39)	(61)
Sale of shares		–	3
Purchase of shares		(159)	(335)
Repayment of borrowings	27	(9,000)	(10,500)
Drawdown of borrowings	27	9,000	10,500
Interest paid on lease liabilities	18	(142)	(130)
Principal repayment of lease liabilities	18	(936)	(1,104)
Equity dividends paid	12	(689)	(1,004)
Net cash used by financing activities		(1,965)	(2,631)
Net (decrease)/increase in cash and cash equivalents		(4,373)	990
Cash and cash equivalents at the beginning of the year	16	8,807	7,817
Cash and cash equivalents at end of the year	16	4,434	8,807

Notes to the financial statements
Year ended 31 March 2026

1. General information
The financial statements of Marks Electrical Group plc ("Company") for the year ended 31 March 2026 ("FY26") were authorised for issue by the Board of Directors on 18 June 2026 and signed on its behalf by Mark Smithson.

The Company is a public limited company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 (registration number 13509635). The Company is domiciled in the United Kingdom and its registered address is 4 Boston Road, Leicester, LE4 1AU, England. The Company's ordinary shares are listed on the AIM market, of the London Stock Exchange. The principal activity of the Company and its subsidiary ("Group") throughout the period is the supply of domestic electrical appliances and consumer electronics in the United Kingdom.

2. Accounting policies
2.1 Basis of preparation
This consolidated financial information has been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial information has been prepared on a historical cost basis except for the following:
- Trade and other receivables (excluding prepayments) – measured at amortised cost
- Inventories – measured at lower of cost and net realisable value
- Cash and cash equivalents – measured at amortised cost
- Trade and other payables – measured at amortised cost
- Lease liability – measured at amortised cost
- Equity-settled long-term incentive plan – measured at fair value

The financial information and the notes to the financial information are presented in thousands ('£'000') except where otherwise indicated. The functional and presentation currency of the Group is pound sterling.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

2.2 Going concern
Management have prepared detailed financial projections for the period to 31 July 2027. These projections are based on the Company's detailed annual business plan. Sensitivity analysis has been performed to model the impact of more adverse trends compared to those included in the financial projections in order to estimate the impact of severe but plausible downside risks.

The key sensitivity assumptions applied include:
- a material slow-down in sales; and
- a substantial decline in gross margin.

Mitigating actions available to the Company were applied and the Board challenged the assumptions used.

The Board of Directors has completed a rigorous going concern assessment and taken the following actions to test or enhance the robustness of the Company's liquidity levels for the period to 31 July 2027. As part of its assessment, the Board has considered:
- The cash flow forecasts and the revenue projections for the Company;
- Reasonably possible changes in trading performance, including a severe yet plausible downside scenario;
- The Company's robust policy towards liquidity and cash flow management;
- The Company's ability to successfully manage the principal risks outlined in this report;
- The current cost of living crisis; and
- Inflation pressures facing the Company and its employees.

Under the severe yet plausible scenario the Company remains with the limits of its revolving credit facility, with no mitigating actions required. The company remains compliant with the agreed revolving credit facilities covenants in both the base and the severe but plausible cases.

After reviewing the forecasts and risk assessments and making other enquiries, the Board has formed the judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements.

2.3 New standards, amendments and interpretations

The Group has applied all UK-adopted international accounting standards that are effective for the years ended 31 March 2026 and 31 March 2025.

New standards, amendments and interpretations not yet adopted

At the date of authorisation of these financial statements, the following standards and interpretations that are relevant to the Group, which were not applied in these financial statements, were in issue but not yet effective.

There are no new standards, interpretations and amendments which are not yet effective in these financial statements, expected to have a material effect on the Company's future financial statements.

International Accounting Standards ("IAS")	Effective for periods commencing on or after
Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	1 January 2027
IFRS 19 'Subsidiaries without Public Accountability Disclosures'	1 January 2027

None of the above standards are expected to have a material impact on the Group financial statements other than IFRS18, which will change certain presentations. The Group is currently assessing the impact of this change.

2.4 Consolidation

The Group financial statements include those of the parent Company and its subsidiary, drawn up to 31 March 2026.

Subsidiary is an entity over which the Company obtains and exercises control through voting rights. Income, expenditure, unrealised gains and intra-Group balances arising from transactions within the Group are eliminated.

At the time of the Company's admission to trading on the AIM market of the London Stock Exchange ("IPO"), the acquisition of the trading subsidiary was achieved by way of share for share exchange and the difference between the par value of the shares issued and the fair value of the cost of investment was recorded as an addition to the merger reserve. Following impairment, the parent Company statement of financial position shows a merger reserve of £nil and an investment of £43,237,000.

On a Group basis, an accounting policy was adopted based on the predecessor method as this is not a business combination but rather a group re-organisation and thus falls outside the scope of IFRS 3. IFRS does not specifically state how group re-organisations are accounted for. Therefore, in accordance with IAS 8, the Directors have considered the accounting for group re-organisations using merger accounting principles, as set out in FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under this method, the financial statements of the parties to the combination are aggregated and presented as though the combining entities had always been part of the same group. The investment by Marks Electrical Group plc in Marks Electrical Limited was eliminated and the difference between the fair value and nominal value of the shares was adjusted through the merger reserve in the Group statement of financial position.

2.5 Revenue recognition

Product and services revenue

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service.

The transfer of electrical appliances and consumer electronics sold by the Group coincides with the delivery of the item to the customer and the customer taking physical possession. The Group principally satisfies its performance obligations at a point in time and recognises revenue on delivery to the customer. This policy therefore applies to all products delivered to customers as well as services provided upon the day of delivery such as delivery fees, waste removal and installation of products.

Revenue is measured at the fair value of the consideration received, excluding sales taxes or duty. Revenue includes a provision for anticipated returns, which is based upon historical returns performance, the provision is held within trade and other receivables.

Amounts received in advance for electrical appliances sales are recorded as contract liabilities within trade and other payables (net customer advances) and revenue is recognised as the performance obligations are met.

Notes to the financial statements continued
Year ended 31 March 2026

2. Accounting policies continued

2.5 Revenue recognition continued

Commission revenue

Commission revenue is revenue the Group has achieved through acting as an agent for a third party. The Group currently acts as an agent selling product protection plans for Domestic and General ("D&G").

The Group introduces the customer to D&G for the product protection plan, at which point the Group has met its performance obligation. The product protection plans are rolling agreements whereby the end customer pays a monthly fee for the plan. The Group receives commission for these plans annually in advance.

Revenue from commissions on product protection plans is accounted for based on the fair value of anticipated future commissions receivable throughout the estimated duration of the plan, plus the initial commission received. Recognition of revenue occurs upon the Group fulfilling its responsibilities to the customer at the time of sale. These recognised amounts are determined by factors such as the plan's duration, historical customer attrition rates as provided by D&G, and are held as a contract asset on the balance sheet within trade and other receivables and discounted accordingly.

2.6 Supplier rebates

Four types of supplier rebates are received from manufacturers: volume rebates, advertising rebates, sales out allowances, and price repositions. These rebates are classified in the financial statements as follows:

- Volume rebates are based on a percentage of total purchases, usually linked to achieving agreed purchasing targets. These rebates are initially included with the cost of inventories and recognised in cost of sales upon sale of those inventories.
- Advertising rebates are received from manufacturers for strategic programmes to market their brand. These rebates are recognised directly against advertising costs within administrative expenses, in line with the relevant campaign timelines.
- Sales out allowances are spot rebates recognised upon sale of specific items, which may be part of a promotion driven by manufacturers, the sales out allowance is recognised on sale of goods.
- Price repositions are issued by manufacturers to compensate the Group when they are adjusting the price of goods and the Group has those items in stock. These rebates are released into the statement of comprehensive income up on sales of those items.

2.7 Net finance income/(costs)

Finance income/(expense) comprises of bank interest receivable and IFRS 16 lease interest pay which are expensed in the period in which they are incurred and reported in finance costs.

2.8 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the UK where the Group operates and generates taxable income.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiary where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

2.9 Property, plant and equipment

Property, plant and equipment and leasehold improvements are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, over the shorter of the lease term and the estimated useful life, using the straight-line method. Depreciation is provided on the following straight-line basis:

- Plant and machinery between 3 and 10 years.
- Leasehold improvements in line with the life of the lease.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.10 Leased assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: an identified physically distinct asset can be identified; and the Group has the right to obtain substantially all the economic benefits from the asset throughout the period of use and has the ability to direct the use of the asset over the lease term being able to restrict the usage of third parties as applicable.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for the following which are expensed through the P&L as the lease payments are made:

- leases of low value assets; and
- leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised;
- right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
  - lease payments made at or before commencement of the lease;
  - initial direct costs incurred; and
  - the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Notes to the financial statements continued
Year ended 31 March 2026

2. Accounting policies continued

2.11 Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short-term highly liquid deposits which are subject to an insignificant risk of changes in value, including outstanding receipts with payment vendors. Cash in transit relates timing on orders paid for by card that take one working day to clear in the Group's bank account. The cash is recognised when the transaction is processed.

2.12 Inventory
Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items, as well as provisioning for rebates receivable. Cost is determined using the average costing method. The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

The Group holds a specific inventory provision for items that are highlighted as "under investigation" when rolling stock counts are performed.

2.13 Earnings per share
Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would have been issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

2.14 Financial assets
Management determines the classification of its financial assets at initial recognition.

Financial Assets recognised at amortised cost
The Group's financial assets held at amortised cost comprise trade and other receivables excluding prepayments and cash and cash equivalents in the statement of financial position.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold their assets in order to collect contractual cash flows and the contractual cash flows are solely payments of the principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables are recognised based on the general impairment model within IFRS 9. In doing so, the Company follows the three-stage approach to expected credit losses. Step 1 is to estimate the probability that the debtor will default over the next 12 months. Step 2 considers if the credit risk has increased significantly since initial recognition of the debtor. Finally, Step 3 considers if the debtor is credit impaired, following the criteria under IFRS 9.

2.15 Financial liabilities

The Group measures its financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provision of the instrument.

Financial liabilities measured at amortised cost

The Group's financial liabilities held at amortised cost comprise trade payables and other short-dated monetary liabilities, and bank and other borrowings in the statement of financial position.

Trade payables and other short-dated monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Bank and other borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position.

For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Unless otherwise indicated, the carrying values of the Group's financial liabilities measured at amortised cost represents a reasonable approximation of their fair values.

2.16 Impairment of assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGU's).

Where there is any indication that an asset may be impaired, the carrying value of the asset (or CGU's to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.17 Long term equity incentive plans

Employees and directors receive remuneration from the Group in the form of share-based payment transactions, whereby they meet performance criteria required by the Group and in consideration receive equity instruments. The cost of the equity settled transactions is measured by a reference to the fair value at the date of grant and is recognised as an expense in the statement of comprehensive income over the vesting period of the schemes.

Market Value Options and Free Shares (issued on IPO)

A Black-Scholes pricing model is used to measure the fair value of the employee share options using six variables, the volatility, type of option, share price on issue, time, strike price and the risk-free rate. Other conditions which are required to be met in order for an employee to become fully entitled are taken into consideration, such as employee attrition rates.

2022, 2023, 2024 and Long-Term Incentive Plan ("LTIP")

The 2022, 2023 and 2024 LTIP is split into three tranches, earnings per share ("EPS"), cash flow and total shareholder return ("TSR"). In estimating the EPS and cash flow, management have considered the likelihood of conditions being met based on current forecasts and performance. This has been applied to the share price at the valuation date after stripping out expected future dividends. For the TSR metric, a Monte Carlo simulation model has been used for the valuation, the model is appropriate given the share-based payments are subject to market conditions.

At each statement of financial position date before the vesting date, the cumulative expense is calculated, representing the expired vesting period and the best estimate of the number of equity instruments that will ultimately vest. The movement in the cumulative balance is recognised in the statement of comprehensive income.

2.18 Dividends

Dividends are recognised through equity on the earlier of their approval by the Group's shareholder or their payment. Dividends are distributed based on the realised distributable reserves (within retained earnings) of Marks Electrical Group plc and not based the Group's retained earnings.

Notes to the financial statements continued
Year ended 31 March 2026

2. Accounting policies continued

2.19 Non-underlying costs
Non-underlying costs are those that, in management's judgement, should be disclosed by virtue of their nature or amount.

These are exceptional expenses, which will typically include material items that are significant in nature, which are non-recurring and are important to users in understanding the business.

During the year ended 31 March 2026, the Company incurred exceptional one-off expenditure in sales income and administrative expenses in relation to the CMA investigation.

During the year ended 31 March 2025, the Company incurred exceptional one-off expenditure in administrative expenses in relation to the implementation of a new Enterprise Resource Planning system.

During the year ended 31 March 2026, there were no further expenditure in relation to the Enterprise Resource Planning system.

2.20 Contract asset
Commission revenue receivable relating to product protection plans is recognised in line with the principles of IFRS 15, whereby the Group fulfils it performance obligation by acting as agent and introducing the end customer to D&G. The revenue recognised during the year reflects an estimate of commissions on plans sold based on historical trading data provided by D&G in relation to attrition rates, the number of active plans, the contractual margins and discount rates.

The key assumptions in the calculations is the attrition curve provided by D&G, and the discount rate. The Group began selling the product protection plans in October 2023. With the absence of its own historical data the Group is dependent on D&G to forecast a predicted attrition. The Group will monitor this closely over the coming years to develop its own trends and profiling for its own customers. As buying patterns of the consumer change over time, these assumptions and estimations become inherently uncertain and will require periodic adjustment. The Group believes that the data provided by D&G provides an appropriate proxy for the purposes of forecasting the future revenue. The discount rate currently being applied to the forecast commissions receivable is a UK 10-Year Gilt.

Despite relying on historical trends, adjustments are made for future market and economic conditions when significant shifts are anticipated. Any changes in these accounting assumptions would result in a movement recorded in the statement of comprehensive income within the reporting period that the estimate is changed. The Model that the Group has built to manage these transactions has the ability to track our position on a monthly basis vs the D&G assumptions and trues-up to the actual position based on live attrition data.

At 31 March 2026 the commission receivable balance stood at £0.3m (2025: £0.2m), with revenue recognised of £0.1m (2025:£0.2m) in the year.

2.21 Segmental reporting
IFRS 8 'Operating Segments' requires the Company to identify its operating segments based on internal information. According to the Group's internal reporting and management structures, it has been determined that there is only one operating segment, which is the Group, as the information reported includes only consolidated Group-level operating results. Therefore, there is also only one reporting segment, the Group, with its results presented in the consolidated statement of comprehensive income. This determination has been made by senior management, including Executive Directors and department heads, who act as the chief operating decision-makers and review these reports.

2.22 Critical accounting estimates and judgements
The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Long term equity incentive plans

In calculating the charge in the statement of comprehensive income for the share-based remuneration for employees and directors, estimates and judgements must be made on various inputs to valuation model to determine a theoretical fair value.

Market Value Options and Free Shares

A Black-Scholes pricing model is used to measure the fair value of the employee share options using six variables, the volatility, type of option, share price on issue, time, strike price and the risk-free rate.

Other conditions which are required to be met in order for an employee to become fully entitled taken into consideration, such as employee attrition rates.

2022 LTIP, 2023 LTIP and 2024 LTIP

In estimating the EPS and cashflow, management have considered the likelihood of conditions being met based on current forecasts and performance. For the TSR metric, a Monte Carlo simulation model has been used for the valuation, the model is appropriate given the share-based payments are subject to market conditions.

3. Earnings per share

(a) Earnings

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Statutory earnings/(loss)	(421)	(1,444)

(b) Number of shares

	Year ended 31 March 2026	Year ended 31 March 2025
Basic weighted average number of shares	104,029,570	104,949,050
Dilutive effect of share options and awards	–	–
Diluted weighted average number of shares	104,029,570	104,949,050

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares, plus the number of shares earned for share options where performance conditions have been achieved.

(c) Earnings per share

	Year ended 31 March 2026	Year ended 31 March 2025
Statutory earnings		
Basic statutory earnings/(loss) per share	(0.40)p	(1.38)p
Diluted statutory earnings/(loss) per share	(0.40)p	(1.38)p

Non-statutory earnings per share

(a) Earnings

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Statutory earnings/(loss)	(421)	(1,444)
Add:		
Non-underlying net of tax	1,097	2,179
Share based payments net of tax	16	631
Less:		
Buying group rebate	–	249
Adjusted earnings	692	1,615

Notes to the financial statements continued
Year ended 31 March 2026

3. Earnings per share continued
(b) Number of shares

	Year ended 31 March 2026	Year ended 31 March 2025
Basic weighted average number of shares	104,029,570	104,949,050
Dilutive effect of share options and awards	–	–
Diluted weighted average number of shares	104,029,570	104,949,050

(c) Earnings per share

	Year ended 31 March 2026	Year ended 31 March 2025
Adjusted earnings		
Basic adjusted earnings per share	0.67p	1.54p
Diluted statutory earnings per share	0.67p	1.54p

Adjusted earnings per share is a non-statutory measure the Group is using to provide comparability and ease of understanding to the users of the financial statements. This includes adjustments to the earnings and the number of shares.

Adjusted earnings exclude all exceptional items, expenses relating to share-based payments, plus the add back of the CMA investigation cost and costs related to the implementation of the new Enterprise Resource Planning ("ERP") system disclosed in Note 5.

The number of ordinary shares during the year ended 31 March 2026 remained constant. At the year end, 919,480 treasury shares were held.

4. Revenue

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Principal – United Kingdom	107,801	117,008
Agent – United Kingdom	132	173
	107,933	117,181

All of the Company's revenue is recognised 'at a point in time', with none recognised 'over time' for each of the years presented. The revenue throughout the year relates to the sale of major domestic electrical appliances, consumer electronics, product protection plans, the provision of installation and connection services and delivery fees.

All revenue was derived in the UK and the Company had no customers with revenue greater than 10% of total revenue in each reporting period.

Agent revenue relates to warranty commissions discussed in Note 2.20; all other revenue is principal.

In all material respects, contract liabilities in the form of customer advances at 1 April 2024 and 1 April 2025 were recognised as revenue during the respective following years. Other than business-as-usual movements there were no significant changes in contract liability balances during the year.

See note 2.5 in the accounting policies for further detail of revenue recognition policy under IFRS 15.

5. Non-underlying costs

CMA investigation

Following constructive engagement with the CMA, the Group has agreed to resolve the matter by way of settlement. In connection with this, the CMA has issued a Final Infringement Notice imposing a financial penalty of £1,200,000, which is reduced to £720,000 following the application of the maximum available settlement discount.

The penalty is payable within six months of the date of the Final Infringement Notice with the ability to apply to the CMA *for a revised payment schedule within 14 days of the notice. The Group has also agreed to provide consumer redress of* approximately £0.6 million to affected customers in accordance with directions issued by the CMA.

The Group has already ceased the relevant conduct and implemented changes to its checkout processes and will undertake further compliance measures in accordance with the CMA's directions to ensure full compliance with current consumer protection requirements under the DMCC Act.

The financial penalty will be met from existing cash resources and will be treated as an exceptional item for accounting purposes.

Marks Electrical takes its obligations under consumer and competition law seriously and remains committed to maintaining high standards of transparency and compliance for the benefit of its customers.

ERP system implementation costs

During the prior year, the Company completed the implementation of a new ERP system.

The non-underlying costs in relation to ERP in the prior year totalled £2,905,000 being made up of £2,503,000 consultancy fees, £139,000 in wages and salaries, £248,000 in technology costs and £15,000 in other legal and professional fees. No further expenditure was incurred in the current year in relation to the ERP system.

Exceptional emoluments

During the prior year, the Company also incurred exceptional emoluments of £279,000, in relation to one-off awards payable to employees that participated in the market value option at the time of listing. No such emoluments occurred in the current year.

6. Operating segments

IFRS 8 'Operating Segments' requires the Group to determine its operating segments based on information which is provided internally. Based on the internal reporting information and management structures within the Group, it has been determined that there is only one operating segment, being the Group, as the information reported includes operating results at a consolidated Company level only. There is also considered to be only one reporting segment, which is the Company, the results of which are shown in the statement of comprehensive income.

Management has determined that there is one operating and reporting segment based on the reports reviewed by senior management which is the chief operating decision-maker. Senior management is made up of Executive Directors and heads of departments. Senior management is responsible for the strategic decision-making of the Group.

7. Employee remuneration

Employee benefit expenses (including directors) comprise:

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Wages and salaries	11,951	11,515
Exceptional emoluments	–	279
Social security contributions and similar taxes	1,559	1,247
Defined contribution pension costs	334	347
Share based payment (credit)/charge	(4)	328
	13,840	13,716

Notes to the financial statements continued
Year ended 31 March 2026

7. Employee remuneration continued
The monthly average number of persons employed by the Company (including directors) by activity amount to:

	Year ended 31 March 2026 Number	Year ended 31 March 2025 Number
Administration	60	57
Operations	44	50
Distribution	183	186
	287	293

Key management personnel compensation
Key management personnel include all Executive Directors and Non-Executive Directors of the Company, who together have authority and responsibility for planning, directing, and controlling the activities of the Group. There are no key management personnel other than the Directors of the Company.

The disclosures below include the Directors' salary for the current and prior year, where they were employed by the Company. The Directors' remuneration specific to Marks Electrical Group plc is disclosed on pages 44 to 52 within the Directors' Remuneration Report.

The comparative figures have been presented on a consistent basis to include both executive and non-executive Directors, an analysis of the Company's Directors' remuneration is as follows:

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Director emoluments	541	750
Exceptional emoluments[1]	–	189
Share-based payment charge	–	173
Social security costs	78	125
Benefits in kind	–	3
Other pension costs[2]	5	28
	624	1,268

Remuneration disclosed above include the following amounts paid to the highest paid director:

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Directors' emoluments	320	306
Exceptional directors' emoluments	–	–
Social security costs	47	43
Benefits in kind	–	2
Other pension costs[1]	–	12
	367	363

1 Mark Smithson opted to take his 4% pension contribution (2025: £12,240) as cash in lieu of pension contributions. All payments were subject to relevant taxes.

8. Other operating expenses
Operating profit/(loss) is stated after charging:

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Depreciation of property, plant and equipment	644	921
Depreciation of right of use assets	886	1,158
(Profit)/loss on disposal of fixed assets	(81)	21

9. Auditor's remuneration

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Audit Services		
Statutory audit of parent Company and consolidated financial statements	26	30
Statutory audit of the Company's subsidiary pursuant to legislation	249	291
Total audit service fees	275	321

No fees were paid to the external auditor in respect of non-audit services during the year.

10. Finance income and expense

Finance Income	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Contract asset interest receivable	7	5
Bank interest receivable	90	212
Total finance income	97	217

Finance Expense	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Bank interest payable	39	65
Interest on lease liabilities	142	121
Total finance expense	181	186

11. Tax on profit/(loss)

This note provides an analysis of the group's income tax expense/(credit) and shows how the tax expense/(credit) is affected by non-assessable and non-deductible items. The income tax expense for the year ended 31 March 2026 is £55,000 (2025: £266,000 tax credit). The Group's adjusted consolidated effective tax rate for the year ended 31 March 2026 is 15.0% (2025: 15.5%).

Analysis of expense/(credit) in year	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Current tax on profits for the year	241	302
Adjustments in respect of previous years	(51)	–
Total current tax	190	302
Deferred tax		
Origination and reversal of temporary differences	(135)	(567)
Adjustments in respect of prior years	–	(1)
Total deferred tax	(135)	(568)
Total tax charge/(credit)	55	(266)

Notes to the financial statements continued
Year ended 31 March 2026

11. Tax on profit/(loss) continued

The tax expense for the periods presented is lower (2025: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Loss on ordinary activities before tax	(366)	(1,710)
Corporation tax at standard rate 25% (2025:25%)	(92)	(428)
Effects of:		
Expenses not deductible for tax purposes	192	112
Capital gains	–	17
Adjustments to tax charge in respect of previous periods	(52)	(1)
Other movements	7	34
Total taxation charge/(credit)	55	(266)
Underlying tax charge	180	460
Non-underlying tax credit	(125)	(726)
Total taxation charge/(credit)	55	(266)

12. Dividends

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Dividends paid during the year:		
Final dividend for 2025: 0.66p (2024: 0.66p)	689	693
Interim dividend for 2026: 0.00p (2025: 0.30p)	–	311
Dividends paid[1]	689	1,004
Final dividend for 2026: 0.00p (2025: 0.66p)	–	689

1 Dividends paid and issued during the period totalled £688,849 (2025: £1,003,761).

Distributions to shareholders will have no tax consequences to the Group.

13. Property, plant and equipment

	Leasehold Improvements £000	Plant and Machinery £000	Total £000
Cost or valuation			
At 1 April 2024	469	3,617	4,086
Additions	116	321	437
Disposals	–	(311)	(311)
At 31 March 2025	585	3,627	4,212
Additions	86	157	243
Transfer of vans from Right-of-use assets to Property, plant and equipment	–	776	776
Disposals	–	(627)	(627)
At 31 March 2026	671	3,933	4,604
Accumulated depreciation and impairment			
At 1 April 2024	83	1,332	1,415
Charged in the year	130	791	921
Depreciation on disposals	–	(134)	(134)
At 31 March 2025	213	1,989	2,202
Charged in the year	49	595	644
Transfer of vans from Right-of-use assets to Property, plant and equipment	–	774	774
Depreciation on disposals	–	(561)	(561)
At 31 March 2026	262	2,797	3,059
Net book value at 31 March 2026	409	1,136	1,545
Net book value at 1 April 2025	372	1,638	2,010

14. Inventories

	At 31 March 2026 £000	At 31 March 2025 £000
Finished goods and goods for resale	13,030	16,918

No impairment loss (2025: £nil) was recognised during the year against inventories.

During the year, the cost of inventory recognised as an expense was £81,508,076 (2025: £87,094,000).

15. Trade and other receivables

	At 31 March 2026 £000	At 31 March 2025 £000
Amounts falling due in more than one year:		
Trade and other receivables – product protection plans	261	204
Amounts falling due within one year:		
Trade and other receivables	3,989	6,820
Prepayments	609	701
Total trade and other receivables	4,859	7,725

There are no expected credit losses for the year ended 31 March 2026 (2025: £nil).

Included within trade and other receivables are rebates receivable of £2,305,000 (2025: £3,801,000), trade debtors of £1,602,000 (2025: £2,007,000) and other debtors of £692,000 (2025: £207,000).

Product protection plans

Product protection plans operate under our agreement with D&G, where the Group earns commission as an agent through introducing customers to D&G. Revenue is recognised at the point of sale since no future obligations exist post-introduction. The Group has developed a model to enable the forecast of a discounted cash flow; we estimate the revenue and contract assets' value at the plan's sale month, projecting all future cash flows from D&G and discounting them based on expected receipt timing.

The primary inputs to the model, forming the base case for management's assessment, include:

- Contractual margins that are predetermined by our terms with D&G.
- Number of active plans.
- Discount rate for future cash flows (10-Year UK Gilt).
- Historical customer attrition curve provided by D&G.

The key estimate within these calculations is the historical customer attrition curve. As the Group only started selling product protection plans in October 2023, we rely on D&G to provide the attrition data. Over the course of 15+ years D&G have sold millions of plans, which form these attrition estimates. There is an inherent risk when using historical data patterns to forecast the future, given changes in consumer behaviour significantly effects these assumptions. In recent years there have been many macroeconomic factors that have influenced consumer behaviours and could drive different outcomes to those of the past. Along with macroeconomic factors, there is a risk that the usual D&G customer profile may not align with the Marks Electrical customer profile, causing further deviation from the trend.

The Group will monitor and reassess the attrition curve as it builds its own data and will make relevant adjustments as necessary.

16. Cash and cash equivalents

	At 31 March 2026 £000	At 31 March 2025 £000
Cash at bank and in hand	4,037	7,513
Cash in transit	397	1,294
Total cash and cash equivalents	4,434	8,807

Notes to the financial statements continued
Year ended 31 March 2026

17. Trade and other payables

Amounts falling due within one year:	At 31 March 2026 £000	At 31 March 2025 £000
Trade payables	7,647	16,484
Other payables	1,888	3,282
Accruals	1,771	959
Other taxation and social security	2,190	2,682
Total trade and other payables	13,496	23,407

Other payables consists of net customer advances of £1,835,000 (2025: £3,224,000), and wages and pension liability of £53,000 (2025: £58,000).

18. Right of use assets and lease liabilities

The group leases a number of assets in the jurisdictions from which it operates, with all lease payments fixed over the lease term.

	At 31 March 2026	At 31 March 2025
Number of active leases	33	28

On a case-by-case basis, the Group will consider whether the absence of a break clause would expose the Group to excessive risk. Typically, factors considered in deciding to negotiate a break clause include:

- The length of the lease term;
- The economic stability of the environment in which the property is located; and
- Whether the location represents a new area of operations for the Group. The Group does not expect to exercise any break clauses in any of its leases.

The Group uses an incremental borrowing rate ("IBR") of 6.37% at the commencement date of each lease for freehold property. The Company uses the implicit interest rate of the lease for motor vehicles.

Right of use assets	Property £000	Motor Vehicles £000	Total £000
Cost			
At 1 April 2024	1,969	2,098	4,067
Additions	1,768	658	2,426
Disposals	(1,969)	(250)	(2,219)
At 31 March 2025	1,768	2,506	4,274
Additions	–	435	435
Transfer of vans from Right-of-use assets to Property, plant and equipment	–	(776)	(776)
Disposals	–	(281)	(281)
At 31 March 2026	1,768	1,884	3,652
Accumulated depreciation and impairment			
At 1 April 2024	1,687	1,228	2,915
Charged in the year	621	537	1,158
Depreciation on disposals	(1,965)	(250)	(2,215)
At 31 March 2025	343	1,515	1,858
Charged in the year	542	344	886
Transfer of vans from Right-of-use assets to Property, plant and equipment	–	(774)	(774)
Depreciation on disposals	–	(281)	(281)
At 31 March 2026	885	804	1,689
Net book value at 31 March 2026	883	1,080	1,963
Net book value at 31 March 2025	1,425	991	2,416

Cash deposits for right-of-use assets totalled £152,000 (2025: £154,000). Total lease repayments totalled £1,079,000 (2025: £1,104,000).

Lease liabilities	**At 31 March 2026 £000**	**At 31 March 2025 £000**
Year 1	1,180	1,052
Year 2	748	1,045
Year 3	62	608
Year 4	–	6
Year 5	–	–
Impact of discounting	(106)	(261)
Total liability	1,884	2,450
Presented as:		
Current	1,096	993
Non-current	788	1,457

Finance costs recognised in the statement of comprehensive income in relation to lease liabilities:

	At 31 March 2026 £000	**At 31 March 2025 £000**
Interest expense on leases	142	121

19. Deferred tax liabilities

Deferred tax assets and liabilities are offset where they relate to the same tax authority and the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset):

	At 31 March 2026 £000	**At 31 March 2025 £000**
Accelerated capital allowances	288	423
Total	288	423

Reconciliation of movements

	£000
Deferred tax liability 1 April 2025	423
Origination and reversal of temporary differences	(135)
Adjustments in respect of prior periods	–
Deferred tax liability 31 March 2026	288

The deferred tax liability in relation to capital; allowances is expected to reverse in a period over 12 months. Deferred tax has been recognised at 25%.

Notes to the financial statements continued
Year ended 31 March 2026

20. Share capital and reserves

Authorised, allotted, called up and fully paid	At 31 March 2026 Number	At 31 March 2026 £	At 31 March 2025 Number	At 31 March 2025 £
Number of Ordinary shares of £0.01 each	104,949,050	1,049,491	104,949,050	1,049,491
Total share capital	104,949,050	1,049,491	104,949,050	1,049,491

Share capital
Share capital compromises the nominal value of the Company's ordinary shares of £0.01 each.

Share premium
The share premium reserve is the premium paid on the Company's £0.01 ordinary shares. During the year ended 31 March 2022, 4,545,454 shares were issued for £1.10 each, resulting in a net premium of £4,694,000 consisting of £4,954,000 premium paid less £260,000 placing costs. During the prior year, the Company sold treasury shares at a premium to the purchase price leading to a £3,000 increase in share premium.

Merger reserve
The merger reserve relates to the merger relief under section 612 of the Companies Act 2006, on the acquisition of Marks Electrical Limited, a 100% owned subsidiary of the Company.

On 8 October 2021, Marks Electrical Group plc acquired the 100 ordinary shares (100% of the share capital) in Marks Electrical Limited, in return for the issue of 99,999,999 ordinary shares with a nominal value of £1.00 each, at a price of £1.60 each, bringing the total consideration to £160,000,000. This transaction falls under section 612 of the Companies Act 2006 and merger relief was applied. On consolidation under the predecessor method a merger reserve of £100,000,000 is recognised.

Treasury shares
Treasury reserve relates to shares acquired by the Group's employee benefit trust. At the year end the Group held 919,480 shares (2025: 681,266) treasury shares.

Retained earnings
Retained earnings are the accumulated profits and losses of the Group net of dividends and other adjustments.

21. Commitments and contingencies
The Group had capital commitment of £nil (2025: £nil). During the prior year, the Company successfully implemented the ERP system incurring an expenditure of £2.9m. No further expenditure was incurred in the current year in relation to the ERP system.

22. Financial instruments
Financial assets
Financial assets held at amortised cost

Financial assets measured at amortised cost comprise trade receivables, other receivables and cash. It does not include current tax receivable and prepayments.

	At 31 March 2026 £000	At 31 March 2025 £000
Trade and other receivables	4,250	7,024
Cash and cash equivalents	4,434	8,807
	8,684	15,831

Financial liabilities
Financial liabilities measured at amortised cost comprise trade payables, other payables, accruals and lease liabilities. It does not include other taxation and social security, contract liabilities and current tax payable.

	At 31 March 2026 £000	At 31 March 2025 £000
Trade payables	7,647	16,484
Other payables	1,888	3,282
Accruals	1,771	959
Lease liabilities	1,884	2,450
	13,190	23,175

	At 31 March 2026 £000	At 31 March 2025 £000
Year 1	12,486	21,777
Year 2	748	1,045
Year 3	62	608
Year 4	–	6
Year 5	–	–
Impact of discounting	(106)	(261)
Total liability	13,190	23,175
Presented as:		
Current	12,402	21,718
Non-current	788	1,457

Financial risk management

The Group is exposed through its operation to the following financial risks: credit risk, interest rate risk and liquidity risk. Risk management is carried out by the Directors of the Group. The Group uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

The Group finances its operations through a mixture of debt finance, cash and liquid resources and various items such as trade receivables and trade payables which arise directly from the Group's operations.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial asset or liability fails to meet its contractual obligations. The counterparties to the Group's trade and other receivables are predominantly suppliers in the form of rebates due. The majority of the Group's suppliers are household brands and are subject to a robust selection and verification process. The expected credit losses ("ECL") balance has been determined based on historical data available to management, forward-looking information on macro-economic factors affecting the suppliers and the probability of default. As a result of this information and very low historical occurrence of supplier related credit losses, no ECL has been recognised on other receivables the Group predominantly operates on a cash-on-order basis, as a result credit risk is limited and as a result has very few credit losses. Credit risk is factored in the measurement approach for all financial assets held at fair value, such that their carrying value includes any expected credit loss impairment. Credit risk also arises on cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, the Group mitigates the risk by using reputable banks with a good credit rating.

Interest rate risk

Interest rate risk is the risk that movement in the interbank offered rates increase causing finance costs to increase. The Group manages interest rate risk arising from its revolving credit facility through regular monitoring of market conditions and forecast debt levels. The Group also manages interest rate risk arising from hire purchase agreements by only having fixed rate agreements in place.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meets its obligations as they fall due. To manage liquidity risk, the Group prepares short-term, medium-term and long-term forecasts, including cash flow, which are reviewed regularly and challenged to ensure the Group has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without risking damage to the Group's reputation. All major investment decisions are considered by the Board and management of the Group in line with the Group's authority matrix.

Capital disclosures

The Group's current objectives when maintaining capital are to:

- Safeguard the Group's ability as a going concern so that it can continue to pursue its growth plans.
- Provide a reasonable expectation of future returns to shareholders.
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long-term.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of underlying assets in order to maintain or adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group retains access to a £4m revolving credit facility. This provides greater flexibility when managing the Group's capital structure.

At the year-end, the Group held £4,434,000 (2025: £8,807,000) of cash and with £1,884,000 (2025: £2,450,000) of lease liabilities, with no other debt.

Notes to the financial statements continued
Year ended 31 March 2026

23. Fair value

The fair value measurement of the Company's financial assets utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

level 1: Quoted prices in active markets for identical items;

level 2: Observable direct or indirect inputs other than Level 1 inputs; and

level 3: Unobservable inputs, thus not derived from market data.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

24. Equity-settled long-term incentive plan

The Group operates three separate incentive plans, a MVO scheme under which awards were issued to the management team and Executive Directors only, plus a share incentive plan ("SIP") under which free shares were issued to all employees present at the IPO date. The Group also operate an annual LTIP, with the first plan issued in 2022 and additional plans were issued in 2023 and 2024. The Group issued share option awards under the Marks Electrical Group plc Performance Share Plan ("LTIP") to the management team and Executive Directors only.

During the year ended 31 March 2026, a total charge of £21,000 (2025: £713,000) has been recognised as an expense in the statement of comprehensive income in respect of all share options. In addition to the incentive plan (credit)/ charges below, administrative charges of £25,000 (2025: £38,000) were incurred and a one-off exceptional cost of £nil (2025: £347,000).

	At 31 March 2026		At 31 March 2025	
Incentive plan	**Options outstanding**	**£000 Charge**	**Options outstanding**	**£000 Charge**
Market Value Options	291,364	–	1,085,099	75
Free Shares	84,537	–	106,353	33
2022 Long-term incentive plan (2022 LTIP)	–	(4)	838,635	84
2023 Long-term incentive plan (2023 LTIP)	240,754	–	791,950	108
2024 Long-term incentive plan (2024 LTIP)	385,709	–	1,249,488	28

Market Value Options

The MVOs were issued to management on 4 November 2021, with the values linked to a seniority-multiple of base salary. In total 1,241,097 options were granted with an exercise price of £1.10 per share and a three-year vesting period, with an additional seven years from the vesting date where the options can be exercised. Under the terms of the options, there is a performance obligation of being an employee at the vesting date or the options are forfeited, subject to discretion. During the year 793,735 (2025: nil) options were forfeited due to leavers; no shares were exercised nor expired. At the year-end 291,364 (2025: 1,085,099) options were outstanding with a weighted average contractual remaining life of 0 days (2025: 0 days) and all being exercisable at 31 March 2026.

Black-Scholes model has been used to measure the fair value of the share options as at the grant date. The model utilises various inputs which require judgements to be made. The volatility has been calculated based on the average historical volatility of other listed e-commerce businesses. The volatility rate has been determined to be 51.08%. Management determined that the wider AIM e-commerce market is more relevant than the Group's closest competitors. The dividend equivalent clause in the option agreement is discretionary and can be settled in cash or shares, a dividend yield must be applied on the basis that dividends are expected to be paid, therefore the value of the option will be diminished. The dividend yield is currently based on 1.1%.

During the year ended 31 March 2026, a charge of £nil (2025: £75,000) has been recognised as an expense in the statement of comprehensive income in respect of the MVO awards.

Free shares

The SIP shares were issued to all 148 employees of Marks Electrical Group plc who had an active employment on 4 November 2021. In total 403,636 shares were granted with a three-year vesting period at a £nil price. Under the terms of the SIP, there is a performance obligation of being an employee at the vesting date or the shares are forfeited, subject to discretion. During the year, 10 beneficiaries of the free shares scheme terminated employment with the Group giving rise to 21,816 being exercised. At the year-end, 84,537 (2025: 106,353) shares were outstanding with a weighted average contractual remaining life of 0 days (2025: 0 days) and all being exercisable at 31 March 2026.

During the year ended 31 March 2026, a charge of £nil (2025: £33,000) was recognised as an expense in the statement of comprehensive income in respect of the SIP awards.

2022 LTIP

The LTIP options were issued to management on 1 September 2022, with the values linked to a multiple of base salary. In total 1,055,276 options were granted with 1,005,276 at an exercise price of 62.5p per share and 50,000 at 73.0p per share, all with a three-year vesting period. The holders have seven years from the vesting date where the options can be exercised. Under the terms of the LTIP, the awards vest based on three conditions, which are weighted equally on determining the payout of the award:

- Adjusted earnings per share;
- Cash flow; and
- Total shareholder return.

A Monte Carlo simulation model was used to calculate the TSR tranche of scheme. The expected volatility used in the model was 56.47% derived from the data available on the Group's share price since listing. A dividend yield of 1.37% has been applied to the model, taking assumptions from consensus information at the time of grant. The risk-free rate used in the model was 2.93% taken from government liability nominal yield curves provided by the Bank of England as at the grant date for the expected term until exercise.

During the year, 529,279 options were forfeited due to leavers; 51,296 options were exercised and 258,060 options got expired. At the year-end, nil options (2025: 838,635) were still outstanding with a weighted average contractual remaining life of 0 (2025: 0) days and none being exercisable at 31 March 2026.

During the year ended 31 March 2026, a credit of £4,000 (2025: £84,000) has been recognised as a credit in the statement of comprehensive income in respect of the LTIP awards.

2023 LTIP

The LTIP options were issued to management on 1 September 2023, with the values linked to a multiple of base salary. In total 888,396 options were granted with a fair value of £390,000 and an exercise price of 98.5p per share and a three-year vesting period.

The holders have seven years from the vesting date where the options can be exercised. Under the terms of the LTIP, the awards vest based on three conditions, which are weighted equally on determining the payout of the award:

- Adjusted earnings per share;
- Cash flow; and
- Total shareholder return.

A Monte Carlo simulation model was used to calculate the TSR tranche of scheme. The expected volatility used in the model was 26.3% derived from the data available on the Group's share price since listing. A dividend yield of 1.22% has been applied to the model, taking assumptions from consensus information at the time of grant. The risk-free rate used in the model was 4.432% taken from government liability nominal yield curves provided by the Bank of England as at the grant date for the expected term until exercise.

During the year, 551,196 (2025:40,609) options were forfeited due to leavers; no options (2025: nil) were exercised nor expired. At the year-end, 240,754 (2025:791,950) options were outstanding with a weighted average contractual remaining life of 153 days (2025:518 days) and none being exercisable at 31 March 2025.

During the year ended 31 March 2026, a charge of £nil (2025: £108,000) was recognised as an expense in the statement of comprehensive income in respect of the LTIP awards.

Notes to the financial statements continued
Year ended 31 March 2026

24. Equity-settled long-term incentive plan continued

2024 LTIP

The LTIP options were issued to management on 13 September 2024, with the values linked to a multiple of base salary. In total 1,466,811 options were granted with a fair value of £168,084 and an exercise price of 63p per share and a three-year vesting period.

The holders have seven years from the vesting date where the options can be exercised. Under the terms of the LTIP, the awards vest based on three conditions, which are weighted equally on determining the payout of the award:

- Adjusted earnings per share;
- Cash flow; and
- Total shareholder return.

A Monte Carlo simulation model was used to calculate the TSR tranche of scheme. The expected volatility used in the model was 30.66% derived from the data available on the Group's share price since listing. A dividend yield of 1.90% has been applied to the model, taking assumptions from consensus information at the time of grant. The risk-free rate used in the model was 3.545% taken from government liability nominal yield curves provided by the Bank of England, as at the grant date for the expected term until exercise.

During the year, 863,779 (2025: 217,323) options were forfeited due to leavers; no options were exercised nor expired. At the year-end, 385,709 (2025:1,249,488) options were outstanding with a weighted average contractual remaining life of 530 days (2025:895 days) and none being exercisable at 31 March 2026. During the year ended 31 March 2026, a charge of £nil (2025:£28,000) was recognised as an expense in the statement of comprehensive income in respect of the LTIP awards.

25. Related party transactions

The Company operates from premises owned 62% by Mavrek Properties Limited, a company 100% owned by Mark Smithson, the Company's majority shareholder, and 38% by the Trustees of The Smithson Pension Fund of whom Mark Smithson is a trustee. During the year, rent was paid to Mavrek Properties Limited and The Smithson Pension Fund amounting to £555,520 (2025: £500,960) and £316,160 (2025: £273,600) respectively. The Company also recharged £6,000 to Mavrek Properties Limited in respect of staff time for accounting administration (2025: £6,000). At the year-end £nil (2025:£3,000) was owed from Mavrek Properties Limited to the Group in respect of invoices that was paid by the Group on behalf of Mavrek Properties Limited.

During the year, Frasers Group Plc increased its shareholding to 20.3% (2025: 10.5%). At the year-end, £33,696 (2025: £nil) was owed from Evans Cycles (direct subsidiary of Frasers Group Plc) in respect of bicycle delivery charges that commenced towards the end of the year. This amount represents the entire activity with Evans Cycles during the year.

Jack Smithson and Oliver Smithson are the sons of Mark Smithson and are employed by the business and paid on an arms-length basis.

Subsidiary included within the consolidation

	Acquisition date	Ownership %
Marks Electrical Limited, 4 Boston Road, Leicester, LE4 1AU	8 October 2021	100%

Related parties

	2026	2025
Mavrek Properties Limited	100% owned by Mark Smithson	100% owned by Mark Smithson
Mavrek Properties Holding Limited	100% owned by Mark Smithson	100% owned by Mark Smithson
Frasers Group Plc	Owned 20.3% of Marks Electrical Group Plc	Owned 10.5% of Marks Electrical Group Plc

26. Post-balance sheet events

Following constructive engagement with the CMA, the Group has agreed to resolve the matter by way of settlement. In connection with this, the CMA has issued a Final Infringement Notice imposing a financial penalty of £1,200,000, which is reduced to £720,000 following the application of the maximum available settlement discount.

The penalty is payable within six months of the date of the Final Infringement Notice with the ability to apply to the CMA for a revised payment schedule within 14 days of the notice. The Group has also agreed to provide consumer redress of approximately £0.6 million to affected customers in accordance with directions issued by the CMA.

The Group has already ceased the relevant conduct and implemented changes to its checkout processes and will undertake further compliance measures in accordance with the CMA's directions to ensure full compliance with current consumer protection requirements under the DMCC Act.

The financial penalty will be met from existing cash resources and will be treated as an exceptional item for accounting purposes.

Marks Electrical takes its obligations under consumer and competition law seriously and remains committed to maintaining high standards of transparency and compliance for the benefit of its customers.

27. Changes in financing liabilities

The table below reconciles the movements in the Group's financing liabilities:

	At 1 April 2025 £000	New leases/ Drawdowns £000	Interest charged £000	Repayments made £000	At 31 March 2026 £000
Financing liabilities					
IFRS 16 leases	2,450	371	142	(1,079)	1,884
Revolving credit facility	–	9,000	31	(9,031)	–
Total financing liabilities	2,450	9,371	173	(10,110)	1,884

Company statement of financial position
At 31 March 2026

	Notes	At 31 March 2026 £000	At 31 March 2025 £000
Assets			
Non-current assets			
Investments	3	43,237	43,237
Other receivables	4	1,117	1,555
Current assets			
Cash and cash equivalents		10	18
Total assets		44,364	44,810
Net assets		44,364	44,810
Equity			
Called up share capital	5	1,049	1,049
Share premium account	5	4,818	4,818
Treasury shares	5	(399)	(296)
Retained earnings	5	38,896	39,239
Total equity shareholders' funds		44,364	44,810

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income is not presented. The profit for the year amounted to £400,000 (2025: loss of £17,118,000).

The financial statements of Marks Electrical Group plc, company number 13509635, on pages 88 to 92 were approved by the board of directors on 18 June 2026 and signed on its behalf by:

Mark Smithson
Director

Company statement of changes in equity

Year ended 31 March 2026

	Called up share capital £000	Share premium £000	Merger reserve £000	Treasury shares £000	Retained earnings £000	Total shareholders' equity £000
At 1 April 2024	1,049	4,815	–	(3)	57,078	62,939
Total comprehensive expense for the year	–	–	–	–	(17,118)	(17,118)
Contributions by and distributions to owners						
– Sales of treasury shares	–	3	–	–	–	3
– Purchase of treasury shares	–	–	–	(335)	–	(335)
– Issue of shares to employees	–	–	–	42	(42)	–
– Share options and LTIP charge	–	–	–	–	325	325
Equity dividends paid	–	–	–	–	(1,004)	(1,004)
At 31 March 2025	1,049	4,818	–	(296)	39,239	44,810
Total comprehensive income for the year	–	–	–	–	400	400
Contributions by and distributions to owners						
– Issue of shares to employees	–	–	–	–	–	–
– Purchase of treasury shares	–	–	–	(159)	–	(159)
– Issue of shares to employees	–	–	–	56	(54)	2
– Share options and LTIP charge	–	–	–	–	–	–
Equity dividends paid	–	–	–	–	(689)	(689)
At 31 March 2026	1,049	4,818	–	(399)	38,896	44,364

During the year the company repurchased ordinary shares to the value of £0.2m (2025: £0.3m). The shares are held as treasury shares and presented as a deduction from equity.

Notes to the company financial statements
Year ended 31 March 2026

1. General Information
Marks Electrical Group plc is publicly listed on the AIM market of the London Stock Exchange. The Company is domiciled in the UK and its registered office is 4 Boston Road, Leicester, England, LE4 1AU.

The principal activity of the Company during the period was to manage its investment in Marks Electrical Limited.

2. Accounting policies
2.1 Basis of preparation
These separate financial statements of Marks Electrical Group plc 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.

The Company's financial statements are presented in pound sterling and rounded to thousands ("£000") unless otherwise stated.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:
- share-based compensation;
- financial instruments;
- disclosures in respect of capital management;
- presentation of comparative information in respect of certain assets;
- presentation of cash flow statements;
- standards not yet effective;
- certain related parties transactions;
- business combinations; and
- disclosures in respect of the compensation of key management personnel.

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income is not presented. The profit for the year amounted to £400,000 (2025 loss: £17,118,000).

Auditor remuneration for the period was £26,000 (2025: £30,000), further detailed in Note 9 to the consolidated financial statements.

Employment costs for the Group, aside NEDs fees, are borne by Marks Electrical Limited, disclosed in Note 7 to the consolidated statements

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are the same as those set out in Note 2 to the consolidated financial statements except as set out below.

The financial information and the notes to the financial information are presented in thousands ('£'000') except where otherwise indicated. The functional and presentation currency of the Group is pound sterling.

2.2 Treasury shares – own shares
Treasury shares held by the employee benefit trust are classified in capital and reserves as 'Capital reserve – own shares' and recognised at cost. No gain or loss is recognised on the purchase or sale of such shares.

2.3 Amounts owed to/by Group undertakings
Amounts owed to/by Group undertakings are recorded at amortised cost. The terms of the intercompany balances are at nil interest and are repayable on demand.

2.4 Financial assets held at amortised cost
Impairment provisions for other receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the other receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the other receivables. For other receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the other receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables are recognised based on the general impairment model within IFRS 9. In doing so, the Company follows the three-stage approach to expected credit losses. Step 1 is to estimate the probability that the debtor will default over the next 12 months. Step 2 considers if the credit risk has increased significantly since initial recognition of the debtor. Finally, Step 3 considers if the debtor is credit impaired, following the criteria under IFRS 9.

2.5 Critical accounting judgements and key sources of estimation uncertainty

The only critical accounting judgement that would have a significant effect on the amounts recognised in the financial statements, is the impairment of investment in Marks Electrical Limited. No indicators of impairment are present given the current market capitalisation that is in excess of the net assets of the Company and the continued strength of the market in which the company operates. Management have used a discounted cash flow to determine the value-in-use of the subsidiary and have determined that an impairment is necessary. Please refer to Note 3 for further details.

3. Investments

Investment in subsidiary	Total £000
At 31 March 2024	60,657
Additions in the year	325
Impairment	(17,745)
At 31 March 2025	43,237
Additions in the year	–
Impairment	–
At 31 March 2026	43,237

On 8 October 2021 Marks Electrical Group plc acquired the entire share capital of Marks Electrical Limited.

Additions in the prior year relate to share-based payments to employees of the subsidiary.

The Company's subsidiary, as at the period end is shown in the table below. The subsidiary has been in existence for the whole of the reporting period. As at the period-end the Group has the following subsidiary.

Subsidiary name	Nature of business	Place of incorporation and operation	Registered address	Proportion of ownership interest	Proportion of voting power held
Marks Electrical Limited	Retailer	England	4 Boston Road, Leicester, LE4 1AU	100%	100%

4. Other receivables

	At 31 March 2026 £'000	At 31 March 2025 £'000
Amount owed by Group undertakings	1,117	1,555
	1,117	1,555

The terms of the intercompany balance receivable is at nil interest, payable on demand and unsecured.

5. Share capital and reserves

Authorised, allotted, called up and fully paid	At 31 March 2026 Number	At 31 March 2026 £	At 31 March 2025 Number	At 31 March 2025 £
Number of ordinary shares of £0.01 each	104,949,050	1,049,491	104,949,050	1,049,491
	104,949,050	1,049,491	104,949,050	1,049,491

Called up share capital

Share capital compromises the nominal value of the Company's shares of £0.01 each.

Share premium account

The share premium reserve is the premium paid on the Company's £0.01 ordinary shares. During the year ended 31 March 2022, 4,545,454 shares were issued for £1.10 each, resulting in a net premium of £4,694,000 consisting of £4,954,000 premium paid less £260,000 placing costs.

During the prior year, the Company sold treasury shares at a premium to the purchase price leading to a £3,000 increase in share premium.

5. Share capital and reserves continued

Merger reserve

The merger reserve relates to the merger relief under section 612 of the Companies Act 2006, on the acquisition of Marks Electrical Limited, a 100% owned subsidiary of the Company.

On 8 October 2021, Marks Electrical Group plc acquired the 100 ordinary shares (100% of the share capital) in Marks Electrical Limited, in return for the issue of 99,999,999 ordinary shares with a nominal value of £1.00 each, at a price of £1.60 each, bringing the total consideration to £160,000,000. This transaction falls under section 612 of the Companies Act 2006 and merger relief was applied. On consolidation under the predecessor method a merger reserve of £60,000,000 is recognised.

In 2024 an impairment was processed bringing the value of the merger reserve to £nil.

Treasury shares

Treasury reserve relates to shares acquired by the Group's employee benefit trust. At the year end the Group held 919,480 treasury shares (2025: 681,266).

Retained earnings

Retained earnings are the accumulated distributable earnings of the Company.

6. Share capital and reserves

The Company has utilised the exemption to not disclose related party transactions with wholly-owned subsidiary companies. Related party transactions with key management personnel (which are the Directors) are shown in Note 25 to the consolidated financial statements.

Company information
Marks Electrical Group plc

Marks Electrical Group plc
Registered in England and Wales number: 13509635

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Corporate website
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Nominated Adviser and Broker
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88 Wood Street
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EC2V 7QR

Financial and Corporate PR
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One Fleet Place
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Legal Advisors to the Company
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DE74 2UZ

Registrar
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Central Square
29 Wellington Street
Leeds
LS1 4DL

Definitions

Adjusted measures are included within the financial statements to assist the users of the financial statements to understand underlying performance of the Group.

Adjusted EBITDA is a non-statutory measure defined as earnings before interest, tax, depreciation, and amortisation and adjusted for buying group rebates, ERP costs and share-based payment charges and related costs.

Adjusted EBIT is a non-statutory measure defined as earnings before interest, tax, adjusted for buying group rebates, ERP costs and share-based payment charges and related costs.

Adjusted EPS is a non-statutory measure of profit after tax, adjusted for buying group rebates, ERP costs and share-based payment charges and related costs, over the total diluted ordinary number of shares in issue.

Return on capital employed ("ROCE") is defined as adjusted EBIT divided by total assets less current liabilities.

Operating cash flow for cash conversion is defined as cash generated from operations less outflows for lease payments, buying group rebates, ERP costs and share-based payment charges and related costs.

Net cash/(debt) represents cash and cash equivalents less financial liabilities (excluding lease liabilities).

Designed and produced by TEAM LEWIS www.teamlewis.com

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