

Unlocking opportunities through innovation

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Our year in numbers

£2,341.0m

Gross invoiced income (GII)¹
(2025: £2,099.8m) **+11.5%**

£220.5m

Revenue²
(2025: 217.1m) **+1.6%**

£167.3m

Gross profit (GP)
(2025: £163.3m) **+2.4%**

£28,300

Average gross profit per customer
(2025: £27,600) **+2.5%**

£62.7m

Operating profit
(2025: £66.4m) **-5.6%**

Technology creates opportunities to enhance human creativity, productivity and communication, reach new markets, serve people better and keep organisations and data safe.

1 Gross invoiced income (GII) is a non-IFRS financial measure that reflects gross income billed to customers, adjusted for deferred and accrued revenue items. The reconciliation of GII to revenue is set out in note 3(b) to the consolidated financial statements.

2 Revenue is reported in accordance with IFRS 15 Revenue from Contracts with Customers. Under this standard, the Group is required to exercise judgement to determine whether the Group is acting as principal or agent in performing its contractual obligations. Revenue in respect of contracts for which the Group is determined to be acting as an agent is recognised on a 'net' basis, that is, the gross profit achieved on the contract rather than the gross income billed to the customer.

We help organisations succeed in a world of change, through trusted partnerships and transformative technology.

We're a value-added IT reseller focused on subscription software, security, IT services, AI, cloud-based solutions and hybrid infrastructure.

We serve nearly **6,000** customers in the private and public sectors.



This is Bytes Technology Group

Serving the IT market in the UK for more than 40 years

We're made up of two companies bound by one dynamic, customer-focused culture: **Bytes Software Services** (Bytes) and **Phoenix Software** (Phoenix). Today, as one of the UK and Ireland's leading software, security, AI and cloud services specialists, we have nine offices and more than 1,300 employees who we empower and inspire to fulfil their potential. Many of our colleagues have been with us a long time, becoming experts in their fields and growing with our customers.

→ Read more about how colleagues are central to our success on page 46.

Our offices



We have a simple but powerful business model

We generate gross profit from two main sources: software products resale and service delivery. Our software profits are derived from margin and fees. Where we invoice our customers, we pay the vendor and make a margin on the products sold. This margin is often enhanced through vendor rebates. Where the vendor invoices our customers directly, the vendor pays us a fee related to the licensing advice and sales support we provide to the customer.

We also generate profit by providing IT consultancy and support services to our customers, often aligned to the software we sell and underpinned by our deep technical expertise. Where the solutions are strategically important to our vendors, they may pay us additional fees or, increasingly, fund projects in full. What makes BTG unique is how we deliver our products and services through a business model that's truly value added, creating lasting, mutually beneficial partnerships with employees, customers and vendors and living by our values in everything we do.

What our model delivers

Customer NPS

70+

Employee NPS

62

Shareholders

Capital returned over five years*

90%

of profit after tax

Communities

Hours volunteered

2,159

→ Read more about our business model on page 19.

*Dividends and share buybacks, including proposed final dividend for 2025/26.

Success comes from delivering the right technology from the best partners

We are one of Microsoft's largest UK partners by revenue and work hand in hand with more than 100 other world-leading vendors that make or distribute software, hardware and other IT products. We can therefore give straightforward, independent and expert advice on the right solution to our customers, whatever their size and need.

→ Read more about how we are evolving with our customers on page 21.



[View Bytes Software Services vendors](#)



[View Phoenix Software vendors](#)

Our future: innovating to unlock opportunities for our customers

With technology changing so fast, it's easy to lose sight of what IT is really for: freeing up people's time, keeping data and networks safe, and enabling better collaboration and communication. As experts in what works now – and by investing to stay ahead of what's coming – we'll continue to make sure that our customers will reap those benefits in the years and decades to come.

Throughout this report we aim to demonstrate how we grow by pursuing our purpose: **empowering and inspiring our people to fulfil their potential, so they can help our customers make smarter buying decisions and meet their business objectives through technology.**



Chair's statement

“

BTG this year accelerated the transition to becoming a partner that takes a broader role in helping customers use technology to drive business outcomes, such as identifying use cases for AI adoption, deploying new workloads into the cloud and managing our customers' cybersecurity environments.

Patrick De Smedt Chair



The IT market is changing fast, energised by new software companies, innovative products and disruptive technologies, including AI. Our responsibility at BTG is to stay ahead of these changes, and organise our business in a way that best serves the needs of our loyal customers and delivers sustainable growth over the long term.

Investing for sustainable growth

Despite a challenging market environment during the year, BTG delivered growth in gross invoiced income of 11.5% to £2.3 billion. While this growth did not fully convert to profit expansion at the levels seen in previous years, gross profit increased modestly, reflecting two key factors. First, changes to Microsoft enterprise incentive structures, particularly evident in the first half of the year, coincided with elevated renewal activity around the public sector financial year end in March and April and Microsoft's own year end in June. Second, the Group continued to evolve its private sector sales division from a generalist model to specialist, customer-segment-focused teams, as described on page 7. Although this transition took longer than initially anticipated, it represents an important step in strengthening BTG's long-term capability to support our customers. Operating profit was therefore lower than in previous years, as the Group continued to make disciplined investments to support future growth.

The business has now adapted to these changes. Indeed, adaptation was a key theme for BTG in 2025/26, as we focused on proactively evolving our business approach and investing for the future. For most of our history, we have been known for reselling software licences and providing software asset management. Under the leadership of Sam Mudd, and with the Board's support, BTG this year accelerated the transition to becoming a partner that takes a broader role in helping customers use technology to drive business outcomes, such as identifying use cases for AI adoption, deploying new workloads into the cloud and managing our customers' cybersecurity environments.

Investing in technical capabilities and providing more managed services will enable us to better respond to what our customers are asking for, as they look to further transition their data to the cloud, protect themselves against security breaches and make their businesses more efficient. Working with our vendor partners to deliver more services will also help us sell more software, so we can further invest in our business and reward our shareholders.

Strong leadership in a year of transformation

As our business continues to adjust to our ever-changing sector, Sam has led from the front, including explaining how and why we are evolving, to our people, to our customer and vendor partners, and to investors and analysts. Our operational leaders have also guided their businesses in a year in which both Bytes and Phoenix adapted to the most recent changes in Microsoft's incentive programmes.

As announced, following an assessment of the roles required to support the Company's next phase of growth, it has been decided to split the currently combined roles of Chief Financial Officer and Chief Operating Officer, held by Andrew Holden. As part of this change, Andrew will be standing down as Chief Financial Officer when a suitable replacement has been appointed, at which date he will step down from the Board. Thereafter, he will remain with the Company and will transition into the role of Chief Operating Officer.

Turning to the Board more widely, following the positive changes in 2024/25, I believe that we currently have the right mix of knowledge, skills and experience. Our recent board effectiveness review, conducted externally by Lintstock, also concluded that the Board continues to be strong and cohesive. I am grateful for all the support that the directors have given the business this year.

Maintaining our high-performance culture

On behalf of the Board, I also want to thank all our people across the business for their hard work. Without their dedication and commitment we would not be able to provide the great service that keeps our customers coming back to us, year after year.

Making sure we maintain our customer-centric and innovation-focused culture is always a strong priority for the Board, which is why listening to employees is so important to us. This year, we again held town hall meetings at both businesses' head offices, in Leatherhead and York, where we talked about the company's strategic priorities, and then took questions.

Shareholder dividend

BTG's dividend policy is to distribute 40–50% of post-tax pre-exceptional earnings to shareholders. The Board is pleased to propose a gross final dividend of 7.0 pence per share equating to £16.5 million. If approved by shareholders, the final dividend will be paid towards the end of July 2026.

“

I also want to thank everyone across the business for their hard work, dedication and commitment.

Several directors, including Anna Vikström Persson, Dr Erika Schraner and Ross Paterson, also made additional office visits, while Shruthi Chindalur, our designated non-executive director for employee engagement, spent time engaging with people at both businesses.

Among the feedback we got was that staff would like more leadership training, especially for people newly promoted to management. Sam is addressing this, with the help of Kally Kang-Kersey, our Chief People Officer, who is leading the development of BTG's long-term people strategy.

Continued focus on sustainability

As the business keeps growing, the Board remains conscious of the company's sustainability responsibilities. This was the first full year of our ESG (Environmental, Social and Governance) Committee, which is chaired by Anna, whose role is to oversee the delivery of the overall sustainability strategy, including the transition to net zero. Along with continued efforts to reduce our emissions, our sustainability progress this year included expanding our carbon literacy awareness programme and becoming a constituent of the FTSE4Good Index Series.

Looking ahead with confidence

The spirit of agility and adaptability that BTG has shown this year positions us well to continue to benefit from the structural demand drivers in the market, from cloud migration to security and AI. The Board looks forward to supporting our executive team through another year of progress.



Patrick De Smedt

Chair

11 May 2026

CEO's review

“

This year I have spent time engaging with colleagues across the business, and have been inspired by their passion and professionalism in serving our customers.

Sam Mudd CEO



To succeed in changing markets, businesses need to constantly evolve. In 2025/26, I was proud of the way our teams supported our many loyal customers by delivering great service, while also adjusting to our ongoing internal evolution and external market changes.

As we focused on evolving our business for continued growth, realigning our private sector sales team, we managed the impact of reduced enterprise incentives from our largest vendor partner, Microsoft. We also focused on growing our services portfolio and associated profits and maintaining measured investments, in line with our strategy. While this resulted in another year of double-digit gross invoiced income growth, we however saw modest gross profit growth and a decline in operating profit.

With organisations continuing to invest in IT solutions, we maintained our share of wallet among our existing customers and increased our customer base. As in prior years, customer retention remained very high at both Bytes and Phoenix, providing a good foundation for future growth. And we achieved numerous notable successes in the public and private sectors. You can read more about some of our success stories on pages 12 and 14.

Increasing our customer centricity

Customers partner with us – and often stay with us for many years – because of the broad range of software solutions we provide, from multi-cloud adoption and migration to digital storage, cybersecurity and AI. This is underpinned by our software advisory expertise and knowledge of procurement routes, which enable us to help our customers obtain the best value. We continued to build on this strength this year by investing in pre-sales and technical skills that will allow us to serve a bigger market in future.

We also evolved our overall approach to meeting our clients' needs by expanding our range of in-house services. Our customers want to benefit from the latest transformational technology, as we've seen from the strong interest in AI products we provide, including Microsoft Copilot. We translate complex partner



**Watch Sam's recent conversation
with Microsoft about AI**

technology into business outcomes by working upfront in the design and implementation and staying responsible beyond the 'go-live' through managed services. The skills to manage new technology are in short supply, so organisations are becoming ever-more reliant on their IT partners. As this service income stream grows, we will continue to develop and deliver additional services across our vendor offerings to support customer readiness and adoption.

In 2025/26 we improved our customer proposition by realigning our private sector sales team. One of our key differentiators as a value-added reseller has always been our customer-centricity: how we engage closely with our clients to be a trusted partner. Now we have gone a step further to better understand our private sector customers' businesses and provide them with the right solutions for their needs. At the start of the financial year, we moved from a generalist private sector sales structure to having three segment-focused teams, based on customer size. By ensuring we have the right people, in the right roles, managing the right accounts, we have deepened expertise within each segment.

This shift to sales specialisation is already enabling us to provide better insights and more relevant solutions to customers, and aligns us more closely with our vendor partners, whose own sales teams are often segmented by customer size. It also allows us to recruit and train our people in a more targeted way.

This realignment saw an adjustment period for two main reasons: very strong trading ahead of the change at the end of last year, and relationship changes. The private sector sales team had a very strong end to financial year 2024/25 as account managers worked hard to close the pipeline they had built in accounts they were handing over. This had a temporary adverse impact at the start of 2025/26, given account managers had to hand over some relationships and establish pipelines in their new accounts.

As the change has bedded in though, we have already seen tangible results. For example, in the enterprise sales segment – for customers with more than 10,000 employees – the average deal size increased threefold during the year, driven by a strong growth in services. Our public sector sales team structures, which are aligned by government sector, are unchanged.

Our strategy

We aim to grow organically by **winning new customers and doing more for existing customers**. We complement this approach, as appropriate, with carefully selected acquisitions that increase our value.

Along with consistently **expanding our solutions and services capabilities and broadening our vendor partnerships**, we pursue our strategy by focusing on three key areas: **putting customers first, investing in our people and our business, and investing in innovation.**

Putting customers first

We focus relentlessly on our customers, helping them find innovative ways to use technology to improve the way they work, to control costs and to deliver a better service to their own clients.

Read more about how we help our customers on page 12.

Investing in our people and our business

Our people drive our success: to sell effectively and meet our growth ambitions we need to retain our exceptional employees and keep attracting new talented people.

Read more about how we develop great people on page 13.

Investing in innovation

From cybersecurity to AI, technology is advancing rapidly. We invest in innovation to help our customers stay ahead of the pace of change, manage the risks and make the most of the benefits.

Read more about how we invest in innovative services on page 14.

CEO's review continued

Investment case

01

Proven track record and growth strategy

We have a long track record of robust financial performance and long-term growth, driven by highly motivated employees delivering the latest technology solutions and services to a diverse and loyal customer base.

Five-year GP CAGR 13.3%

Customers served in 2025/26 5,916

02

High return on capital and cash-generative asset-light model

Our business model of selling software solutions is asset light and supports consistently high returns on capital and cash conversion.

Five-year cash conversion 113%

£205 million returned to shareholders over the past five years

03

Attractive market positioning

We have strategic partnerships with many of the world's leading software vendors and distribution channels, including our long and deeply embedded relationship with Microsoft.

More than 1,000 vendors and distributors

One of the largest UK partners with Microsoft by revenue

04

Compelling growth opportunity

We operate in a vast, growing market, boosted by technological tailwinds from digital transformation agendas, cloud products, cybersecurity and AI-enabled tools. Our share of our total addressable market is 3%, so we have plenty of room to grow.

Strong GII growth 11.5%

05

Strong team culture

Our dynamic culture drives our operational excellence and high employee retention rates, and increases sales productivity, customer satisfaction and repeat business.

Employee net promoter score (eNPS) 62

Deepening our vendor relationships

Our credibility in the market comes in part from working closely with the world's leading software vendors. In addition to our strong partnership with Microsoft, we have deepened our relationships with other key vendors this year by boosting our technical capabilities, so that we can do more pre-sales, consultancy and services work based on their technology.

This investment is reflected in the many competitive awards we have won this year from vendors, including Axonius, Barracuda, Check Point, Sophos and Varonis. We also achieved the highest-tier Pinnacle Partner status from VMware by Broadcom, a significant achievement. As part of our growth strategy, we aim to broaden our share of non-Microsoft work. In 2025/26, we delivered important customer wins in the private and public sectors, based on solutions from vendors that we have been working more closely with in recent years, including Flexera, Druva, Varonis, Rapid7, Check Point, Cisco, VMware and Zscaler.

Building an even greater place to work

These customer and vendor successes don't happen overnight; rather they reflect many months and even years of hard work by our teams. This year I have spent time engaging with colleagues across the business, and have been inspired by their passion and professionalism in serving our customers. I am proud of how our people have pulled together and demonstrated their own resilience at a time of significant economic uncertainty.

Our Great Place to Work survey results continue to be impressive and in the *Financial Times*' UK's Best Employers ranking we were placed the highest in our industry and 14th overall. We are not complacent though, and are determined to become an even greater place for talented people to build long and fulfilling careers.

To help make that happen, we hired a chief people officer this year. Kally Kang-Kersey has now met with hundreds of employees in several of our offices, gaining a good sense of what drives our culture, and how to make it even stronger. Kally is leading our people strategy, which focuses on attracting top talent, developing our leaders, evolving our culture, and modernising and aligning our policies consistently across our two operations, to make sure that everybody is treated fairly.

“

The changes we made this year have set us up strongly for the future and I'm excited to continue working with my leadership team to evolve our business, bringing our people, customers and vendors along with us on that journey.

Promoting digital inclusion in our communities

Along with serving our customers, our people also do great work in our communities through volunteering and charitable giving. This year I've asked our teams at both businesses to prioritise activities where we can make the most difference through our expertise. We will therefore focus more strongly on digital inclusion, including by delivering cyber awareness, digital skills and technology education to disadvantaged and underserved groups. The importance and potential impact of this approach was reinforced for me when I took part in a forum at the House of Lords in January 2026, where a group of senior business leaders came together to shape the direction and intent of the CEO Steering Council. The group was set up to support delivery of the government's 'opportunity mission', which aims to break the link between a child's background and their future success.

The road ahead

Turning to the future: while I am mindful of the pressures created by the ongoing economic uncertainty, I know our customers will keep looking to transformative technology to boost their efficiency, safety and competitiveness. And, as has been the case for more than four decades, we will be there for them. The changes we made this year have set us up strongly for the future and I'm excited to continue working with my leadership team to evolve our business, bringing our people, customers and vendors along with us on that journey.



Sam Mudd

Chief Executive Officer
11 May 2026



Measuring progress

We track our progress against financial, strategic and sustainability KPIs.

Financial

Gross invoiced income¹ **£2,341.0m +11.5%**

2026	£2,341.0m
2025	£2,099.8m
2024	£1,823.0m
2023	£1,439.3m
2022	£1,208.1m
2021	£958.1m

Gross profit **£167.3m +2.4%**

2026	£167.3m
2025	£163.3m
2024	£145.8m
2023	£129.6m
2022	£107.4m
2021	£89.6m

Operating profit **£62.7m -5.6%**

2026	£62.7m
2025	£66.4m
2024	£56.7m
2023	£50.9m
2022	£42.2m
2021	£26.8m

Cash conversion⁴ **105.1%**

2026	105.1%
2025	113.8%
2024	116.4%
2023	93.4%
2022	144.7%
2021	182.9%

Revenue^{2, 3} **£220.5m +1.6%**

2026	£220.5m
2025	£217.1m
2024	£207.0m
2023	£184.4m
2022	£145.8m
2021	£393.6m

Gross margin³ **75.8%**

2026	75.8%
2025	75.2%
2024	70.4%
2023	70.3%
2022	73.7%
2021	22.8%

Operating profit as % of gross profit **37.5%**

2026	37.5%
2025	40.7%
2024	38.9%
2023	39.3%
2022	39.3%
2021	29.9%

Cash **£98.6m -12.8%**

2026	£98.6m
2025	£113.1m
2024	£88.8m
2023	£73.0m
2022	£67.1m
2021	£20.7m

1 Gross invoiced income is a non-IFRS financial measure that reflects gross income billed to customers, adjusted for deferred and accrued revenue items. The reconciliation of gross invoiced income to revenue is set out in note 3(b) to the consolidated financial statements.

2 Revenue is reported in accordance with IFRS 15 Revenue from Contracts with Customers. Under this standard, the Group is required to exercise judgement to determine whether the Group is acting as principal or agent in performing its contractual obligations. Revenue in respect of contracts for which the Group is determined to be acting as an agent is recognised on a net basis – that is, the gross profit achieved on the contract and not the gross income billed to the customer.

3 The 2022 figures for revenue and gross margin reflect the change in accounting policy under IFRS 15, which took effect from that year and has been applied in all subsequent periods.

4 Cash conversion is a non-IFRS alternative performance measure that divides cash generated from operations less capital expenditure (together, free cash flow) by operating profit.

Strategic

Customer numbers **5,916** +0.1%

2026	5,916
2025	5,913
2024 ⁵	5,828
2023	5,941
2022	5,330
2021	5,147

Renewal rate **99%**

2026	99%
2025	109%
2024	109%
2023	116%
2022	111%
2021	107%

Average gross profit per customer **£28,300** +2.5%

2026	£28,300
2025	£27,600
2024 ⁶	£25,000
2023	£21,800
2022	£20,100
2021	£17,400

Customer net promoter score **70+**

2026	70+
2025	79
2024	82
2023	77
2022	64
2021	63

% gross profit from existing customers **97%**

2026	97%
2025	97%
2024	97%
2023	96%
2022	93%
2021	95%

Sustainability

Employee numbers **1,331** +6.9%

2026	1,331
2025	1,245
2024	1,057
2023	930
2022	773
2021	685

Employee net promoter score **62**

2026	62
2025	57
2024	71
2023	70
2022	69
2021	69

As part of our ongoing commitment to support positive change in our environment and communities where we operate, we continue to make contributions in various ways to corporate social responsibility activities.

Our strategy in action

Putting customers first

At BTG we build trusted partnerships with organisations of all types and sizes to help them get the most out of the transformational technologies shaping the world.

Bytes + National Express

National Express is the UK's largest coach operator, running high-frequency scheduled services to hundreds of destinations across the UK and transporting millions of passengers every year. To do this it relies on internal and customer-facing digital platforms to support ticketing and operations, as well as business-to-consumer and business-to-business revenue channels. While its legacy infrastructure supported daily operations, it focused on cost-effectiveness, reliability and adaptability. In early 2025, National Express partnered with Bytes to move from an on-premises VMware environment to a cloud-based infrastructure on Amazon Web Services (AWS). This complex project involved the migration of around 700 servers to AWS, in a series of 25 waves to minimise service disruption to customers and business operations. National Express then transitioned into a fully managed AWS platform service delivered by Bytes. The new, modern infrastructure has provided National Express with greater agility and flexibility in its technology systems, while reducing running costs and unlocking future-ready applications and AI to drive further efficiency and momentum.

“

What made the project successful was partnership, trust, and transparency. Bytes operated as an extension of our team and brought deep AWS capability and joint leadership.

Paul Challis

Chief Information Officer
National Express



Phoenix + West Yorkshire Fire and Rescue Service

West Yorkshire Fire and Rescue Service provides critical services to more than two million people. Operating from 40 fire stations across five districts, the firefighters respond to a variety of emergencies, from fires to road, rail and air crashes, floods and water rescues, and chemical incidents. But the fire service felt like it was being held back by its systems and processes, with administrative tasks proving to be time-consuming and inefficient. Working with Phoenix, the fire service embarked on an ambitious, multi-year digital transformation programme to modernise its systems, while also supporting people with accessibility needs. This programme included migrating many of the legacy systems and process flows on to the Microsoft Power Platform. Phoenix then designed and implemented a Microsoft Copilot solution featuring the latest AI capabilities. The benefits were immediate, including significant time savings and improved accessibility – staff with dyslexia, for example, can now communicate more effectively and confidently by using Copilot in their writing.

“

We've had people say they were spending four weeks generating a report – now it takes just a few hours.

Kirsty James

Digital Transformation Manager
West Yorkshire Fire and Rescue Service



Investing in people and our business

We are proud to build the future of IT by giving people with a passion for technology the opportunity to develop their skills with us and advance their careers.

Myda Carolan – Account Manager, Bytes

Myda, 25, joined Bytes in August 2024. As an account manager, she works across several areas, including cloud, cybersecurity, AI and modern workplace solutions, helping organisations adopt technology in a secure and a practical way. For Myda, IT is more than her job: it's her passion. She says that she has always been fascinated by how technology can solve problems and improve people's lives and work. Outside the office she spends a lot of time learning about areas like AI, data and systems integration, which helps her stay informed of new developments and bring fresh ideas to her customers. **In 2025, Myda's work was recognised at the Manchester Young Talent awards, where she was awarded Tech Professional of the Year.**

“

My focus now is to continue deepening my expertise in areas like cloud and AI. Bytes is a great environment to learn, collaborate and work alongside incredibly knowledgeable people who encourage your development and give you opportunities to grow.



Lewis Thomson – AI Workforce Lead, Phoenix

Lewis, 29, joined Phoenix six years ago. **In October 2025, he received the prestigious Microsoft Most Valuable Professional (MVP) award,** making him the second Phoenix employee to achieve the honour. The award is given to IT professionals 'who go above and beyond in sharing their technical expertise'. Lewis's path to MVP status has been shaped by a deep commitment to helping organisations unlock the full potential of AI-powered productivity tools, in particular Copilot. Alongside guiding customers through adoption, governance and real-world implementation, Lewis has run tailored workshops, delivered insights on responsible AI use and supported customers outside his day-to-day work. He says he was 'thrilled' and 'shocked' to receive the award, which he thought would be out of his reach, especially early in his career.

“

What I'm really passionate about and enjoy is helping translate what people need into technical solutions. That's the part that often gets lost in translation when deploying any technology, and I think it's key to success.



Our strategy in action continued

Investing in innovation

We invest in innovative support services to help our customers stay ahead of the pace of change, manage the risks and make the most of the benefits.

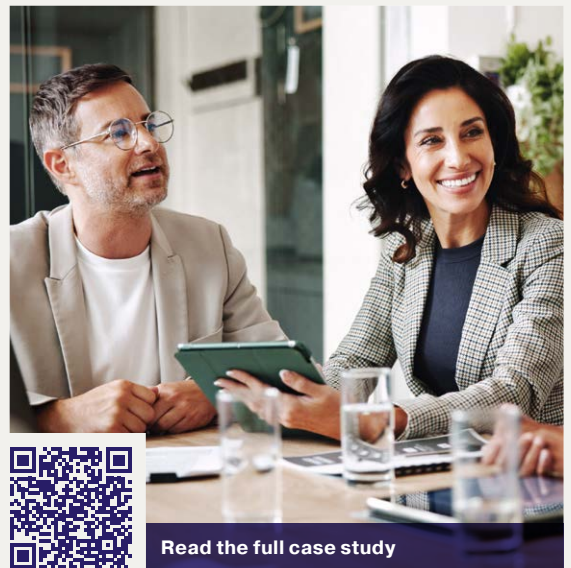
Bytes + Farrer & Co LLP

Farrer & Co LLP, founded in 1701 and headquartered in London, is one of the UK's most respected law firms, providing legal expertise across private wealth, corporate services, financial institutions, education and the not-for-profit sector. The firm, which has more than 630 technology users, required a partner to provide round-the-clock coverage, proactive governance, fast-track escalation to Microsoft and assurance of minimal downtime. The Bytes Microsoft Support Services model ticked all those boxes.

“Bytes's commitment to providing robust, SLA-backed technical assistance has greatly enhanced our IT infrastructure and security posture. The 24x7 coverage and proactive governance have ensured our operations run smoothly. We have complete confidence in Bytes's ability to deliver mission-critical support, and their partnership has been invaluable to our continued success.

Paul Lovegrove

Head of IT Systems
Farrer & Co LLP



[Read the full case study](#)

Phoenix + Blaby District Council

Blaby District Council, in Leicestershire, delivers vital public services to its community, from planning applications to housing services and bin collections. With around 400 employees and a lean information and communication technology (ICT) team, the council depends on secure, reliable systems to protect sensitive data and maintain service continuity. As the council built its new ICT environment, it became clear that outsourcing security operations to a trusted partner was essential. Blaby needed a solution that could provide continuous monitoring and rapid response without overburdening its ICT team. The Phoenix Protect active response managed service was the ideal fit.

“Our regular meetings with Phoenix are incredibly collaborative. Our primary contact keeps us informed on current risks, reviews alerts and outlines the ongoing work needed to keep us protected. It's a proactive partnership that gives us confidence in our security posture.

James Hickens

ICT Operations Manager
Blaby District Council



[Read the full case study](#)

Review of the year

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 - Our planet

Bringing people and transformational technologies together to achieve more.



Our market environment

We operate in an attractive business segment, with an ever-growing addressable market that is currently worth more than £80 billion. In 2025/26, IT spending in the UK was robust, which is forecast to continue.

Despite geopolitical and macroeconomic uncertainty, private and public sector organisations continued to invest in technology to enhance their efficiency, security and productivity. Cybersecurity services and AI tools attracted particularly strong interest.

The trends shaping UK technology

Cloud migration

Switching from on-site applications to third-party hosted software offers more flexibility, scope for analytics and sustainable credentials.

Security

The prevalence and sophistication of cyberattacks is increasing, making multilayered security and data protection essential.

AI and data

The fast-growing range of AI-enabled tools is attracting strong interest.

Digitalisation

Digital technology is helping organisations improve their operations and create efficiencies.

Cost optimisation

Amid vendor price rises and economic pressures, customers want greater value from their IT solutions and services.

\$6.15tn

Forecast worldwide IT spending in 2026¹

11.1%

Forecast annual growth in IT spending in Europe in 2026²

32%

Forecast increase in AI-related investment among UK organisations in 2026⁶

129%

Increase in 'nationally significant' cyberattacks in the UK in 2025³

Robust growth forecast in worldwide IT spending

Technology spending globally is forecast to grow by 10.8% in 2026, to \$6.15 trillion, according to Gartner, the business and technology insights company.¹ This is slightly higher than the 10.3% growth seen in 2025. In Europe, IT spending is expected to grow by 11.1%, to \$1.4 trillion. 'AI, cloud and cybersecurity are driving the rise in IT spending for European organisations in 2026', Gartner reported.²

Cybersecurity drives growth in the UK

Software resale and IT services delivery are our two main business areas. They remain the two biggest areas of technology spend, and among the fastest growing. In 2026, spending on software and IT services in Europe is expected to grow by 15.6% and 10.1% respectively, according to Gartner.² Spending on cybersecurity is also expected to grow strongly, with more than half of UK organisations planning to increase their cybersecurity budgets by more than 10%, according to the KPMG Global Tech Report 2026.³

1, 2, 3, 4, 5, 6 For all sources and references, see endnotes on page 195.

The evolving threat of cyberattacks on UK businesses is reflected in the growing focus on security. In its annual review published in October 2025, the National Cyber Security Centre (NCSC) reported handling a record 204 'nationally significant' cyberattacks in the year to August 2025, up from 89 in the previous 12 months.⁴ Of a total of 429 incidents handled by the NCSC, 18 were categorised as 'highly significant', meaning that they had the potential to have a serious impact on essential services. In its Cyber Security Report 2026, Check Point reported that AI was increasing the threat of attack, enabling bad actors to 'move faster, scale more easily and operate across multiple attack surfaces simultaneously'.⁵

Investment and interest in AI surges

Interest in AI continues to grow in the private and public sectors, with organisations seeking to improve service delivery, efficiency and innovation. The release of commercial AI tools, including Microsoft's Copilot, has already spurred spending on IT services related to AI. In its IT spending forecast for Europe in 2026, Gartner said that chief information officers will invest heavily in software to access new AI features from their current providers.²

In the UK, organisations are ready for widespread AI adoption, according to Red Hat, the open source solution provider, which surveyed 100 IT managers and directors in the UK in 2025. It found that, along with security, AI is the top IT priority for UK organisations, which plan to boost investment in AI by an average of 32% in 2026.⁶ Within AI, the

biggest priority area for organisations is now agentic AI, which refers to systems that operate with a high degree of autonomy and can perform complex tasks with limited human intervention.

As a leader in AI implementation, we're confident that this fast-evolving technology will play a significant role in our future growth. Because true AI adoption doesn't stop at installation, we have invested in building dedicated teams focused on change management, security and skills enablement. Our strong partnership with Microsoft, with its AI-enabled tools, platforms and infrastructure, is integral to our goal of helping organisations make AI adoption successful and, importantly, to drive customer value. The Red Hat survey revealed that 89% of organisations say they are not yet delivering customer value from their AI investments.

Focus on value and flexibility

The essential role of technology in today's world, and the speed of change, means that organisations are reluctant to pause IT spending, even in the uncertain economic times that we are living in. But they want more value and flexibility, to be able to control their costs and quickly adapt to changes in the business environment. Cloud computing, with its variable costs, and hybrid infrastructure, which offers a mix of cloud and on-site infrastructure, are attractive for this reason. So too are support services, from security to AI, which reduce the need to hire in-house experts. This all plays to our strengths, since we take pride in providing what customers need, rather than what might deliver us profits in the short term.

Our target segments

Software 66% of revenue

We sell a broad range of software products from leading vendors, mainly purchased as subscription licences and increasingly hosted in the cloud.

IT services 20% of revenue

These include IT-managed services around a wide range of vendor technologies, including 24x7 support for critical cloud and security offerings, software asset management and project-orientated consulting services including IT deployment assistance, cloud migrations and software cost optimisation, and AI projects.

Hardware 14% of revenue

We sell a wide range of hardware, including desktops, monitors, mobile phones, servers and networking equipment.

Our place in the UK's IT sector

As one of the UK's leading value-added resellers (VARs), we provide IT products from a wide range of technology vendors to a large and diversified base of private and public sector organisations. Our potential market is large, since UK business-to-business customers buy the majority of their technology products from VARs and other resellers and distributors. Currently, our share of our total addressable market is around 3%. And because no one company dominates the market, we have a lot of room to grow.



Cybersecurity is now a matter of business survival and national resilience... The best way to defend against attacks is for organisations to make themselves as hard a target as possible.³

Dr Richard Horne

Chief Executive
National Cyber Security Centre

CFO's introduction

“

Over time, we can sell our clients additional products provided by our many world-class vendor partners, as well as our in-house services to help them to get the most out of the latest technology. That is the big opportunity for us.

Andrew Holden CFO



Our performance this year was delivered within a challenging business environment, which included adapting to significant changes in Microsoft's vendor incentive programme. This was against the backdrop of heightened political and economic uncertainty across the world, with new leaders taking office, cross-border conflicts persisting and trade wars starting.

Across our two operating companies, Bytes and Phoenix, we managed the impact of these challenges, building momentum through the year with a stronger second half. This meant our overall gross invoiced income grew by 11.5% to £2.3 billion and gross profit increased by 2.5% to £167.3 million, with the lower gross profit growth affected by the Microsoft incentive changes. Revenue (calculated after applying the agency adjustment to gross invoiced income) is more closely aligned to gross profit with growth of 1.6% to £220.5 million. Our operating profit, however, decreased by 5.6% to £62.7 million as we navigated the Microsoft changes, attended to the slower-than-anticipated bedding in of the sales restructure, and increased our cost base in line with continued investment in our staff and new systems. With this, the Group revised down its expectation of operating profit during the year, reflecting the combined impact of these circumstances. Nevertheless we again ended the year with strong cash conversion above our target of 100%.

Responding to changes in the industry

As a value-added IT reseller, we have benefited from tailwinds in our industry for a long time. Microsoft has been a catalyst for our growth, while the introduction of the public cloud and AI tools, along with the need for stronger cybersecurity, has also worked in our favour. These structural demand drivers still exist, and drove customer spending this year, but their benefits were countered by other external factors.

The global economic uncertainty in 2025/26 did not directly affect our business, but it did have an impact on many of our customers who, as a result, took longer to make decisions on how to spend their IT budgets. The vendor incentive programme changes, which provide the rebates that we receive when selling products, and which contribute to our gross profit, had a significant impact during the year because of Microsoft's reduction of certain transactional enterprise agreement (EA) incentives from 1 January 2025. The aim was to encourage reseller partners, like us, to transition their customers to the Cloud Solution Provider (CSP) programme, which offers higher margins. While we had success on this front for our private sector customers,

in the public sector the CSP programme is not applicable for most customers, so despite Microsoft applying a smaller EA rate reduction in these cases, the impact was still harder to mitigate.

We have a good track record of adapting to Microsoft's incentive programmes, and had prepared for these changes by realigning our software and service offerings. But we did not deliver as well as we had hoped on our mitigation plans, which included increasing our cybersecurity sales. Additionally, in the first half of the year, our private sector segment took a few months to adjust to our realigned sales structure. Going forward, I'm confident that the lessons we have learned this year, along with our ever-expanding pool of world-class vendors and our products and services, will enable us to absorb changes to individual incentive programmes.

Continued momentum in our services proposition

For the full year, our gross profit from software licence sales declined slightly by 0.5% to £145.2 million and contributed 87% of our total gross profit. Hardware and external services gross profit increased from small bases by 0.4% to £4.7 million and 22.9% to £4.8 million respectively.

Meanwhile, gross profit from internal services rose by 45.3% to £12.6 million, contributing 8% of our total gross profit. This is up from 5.3% in 2024/25 and aligns with our goal of providing our customers with more expert support through in-house services, especially in the areas of cybersecurity, AI and cloud computing, on a one-off or a day-to-day basis.

Turning to our different customer segments, public sector gross profit grew by 7.4% this year and private sector gross profit declined by 0.3%. Our overall gross profit mix for the year was 62% for private sector and 38% for the public sector, compared to 64% and 36% in the prior year.

To support the transition to becoming a services-enabled business, and to make sure we maintain our service levels as we grow, we continued to invest in a measured way in our sales teams, service delivery staff, vendor and technology specialists and technical support personnel. Over the year our headcount grew by 6.9% to 1,331. Alongside this recruitment, we maintained our longstanding policy of developing and promoting people from within the company. This approach is key to our success in retaining employees and supporting customer and vendor relationships.

Cost management is always a strong priority, and we use our operating profit to gross profit ratio to measure operational effectiveness. This year we achieved a ratio of 37.5%, down slightly from 40.7% in the prior year because we made strategic staff and IT investments while absorbing the impact of the Microsoft incentive changes.

Our business model

Our simple business model enables us to achieve consistent growth and to create value for all our stakeholders.

We build lasting, mutually beneficial partnerships with our employees, customers and vendors.

Our people are passionate about technology and our customers. Many of them are long serving and have a high level of technical skills, knowledge and expertise. Our leadership team is highly experienced.

We have deep relationships with many of the world's leading software companies – we are one of Microsoft's largest UK partners by revenue – and work closely with them to understand the latest technologies.

We serve customers across the private and public sectors in the UK and Ireland, many of whom have been with us for a long time.

This creates a strong value proposition...

For vendors: who get access to a large, growing customer base, meaning they don't need to employ their own customer relationship managers. Our trusted partnership with Microsoft helps open the door to new customers and provides other vendors a credible entry point to those customers.

For customers: rather than having to listen to many sales pitches for different IT products, customers rely on us to advise them on the best options for their needs. We know which products work together and we make them easy to buy. Our ever-growing suite of our own professional and managed services enables us to provide comprehensive support on a one-off or day-to-day basis.

enabling us to earn profits...

When selling software or hardware we earn a margin in one of two ways:

- 'Pure' margin, where we buy from a vendor at one price and sell to a customer at a higher price. This often comes with additional margin in the form of a rebate from the vendor
- Fees, where the customer pays the vendor directly and the vendor pays us for managing the relationship and providing licensing advice and support.

Whether pure margin or fee-based, it is all counted as gross profit – an important measurement for our business.

We also earn profit from our suite of professional and managed IT services.

which we use to invest in our people and operations, reward shareholders and support our communities.

CFO's introduction continued

Well positioned to benefit from market opportunities

With a strong balance sheet and no debt, we remain well positioned to continue to grow our business. Our share of our total addressable technology market, of around £82 billion, is still small at 3%, and the opportunities to benefit from this demand in our sector are vast.

Microsoft solutions remain the core of our business and our longstanding partnership is stronger than ever. For many of our customers and prospective customers, Microsoft products represent their biggest technology spend, and being a trusted Microsoft partner gives us credibility and a foot in the door. Over time we can sell our clients additional products provided by our many other world-class vendor partners, as well as our in-house services to help them to get the most out of the latest technology. That remains the big opportunity for us.

Our diversified and loyal customer base is another key asset. Over the year we worked with nearly 6,000 customers, including many with long relationships with us and high levels of repeat business. I'm pleased that our customer retention was again high in 2025/26, with 97% of our gross profit coming from customers that we also traded with in the prior financial year, at a renewal rate of 99%.

Returning capital to our shareholders

Our capital allocation policy prioritises enhancing business growth, both organically and through select acquisition opportunities as they arise, and by returning excess capital to shareholders where appropriate. We do this through dividends and, at times, through share buybacks. After considering our strong balance sheet position and prevailing share price this year, we announced a £25 million share repurchase programme on 15 August 2025. The buyback programme was completed before the end of the calendar year.



Looking ahead

In 2026/27, we will continue to closely monitor the macroeconomic environment to assess the effect on our business. Our priority is sustainable growth: winning customers and doing more for them each year, with a particular focus on services as well as selling more software from non-Microsoft vendors.

We expect high single-digit to low double-digit percentage growth in gross profit in 2026/27, with operating profit broadly flat, as the Group absorbs around £4.5 million of cost normalisation. This reflects higher technology costs, following the completion of strategic projects, and a return to normal bonus levels. It also reflects our continued investment in people to build the right skill sets and maintain the high-performing culture that has made us successful, so that we can keep providing the best service to our customers.

Andrew Holden
Chief Financial Officer
11 May 2026

Operational review

BTG is made up of two complementary businesses that share the same values and customer-focused culture. In 2025/26, Bytes and Phoenix served more customers than ever, grew their headcounts, technical capabilities and vendor partnerships, and expanded their range of services.

Continued demand for transformational technology

As in recent years, these six key areas drove our growth:

- **Security** – as the risk of cyberattacks increases, so does the need to strengthen defences through advanced products and managed security services
- **Cloud-based solutions** – organisations continue to invest strongly in the latest cloud-based technologies to be more cost-efficient, agile and innovative
- **Subscription software** – software contracts provide us with predictable annuity-based revenue streams
- **IT services** – as technology continues to evolve, demand is growing for expert support across a range of solutions, including security, cost optimisation and licence compliance
- **AI** – we see continued strong interest in the latest products, including Microsoft Copilot
- **Hybrid infrastructure** – by combining the control and security of on-site data centres with the flexibility of cloud solutions, organisations can better manage their IT ecosystems.

Strong focus on services as the vendor market evolves

While Bytes is focused on private sector customers and Phoenix on public sector organisations, they work with many of the same world-leading software vendors, including Microsoft, our biggest vendor partner. In January 2025, Microsoft amended certain of its partner incentive schemes, reflecting a continued shift among vendors to increase the rewards available to partners for services-led activities. (Read more in our CFO review on page 18.)

Where this resulted in a reduction in the fees and rebates we earn when selling their products, we were able to partly mitigate the effect of these changes in 2025/26 with greater focus on delivering more professional and IT managed services, which complement the solutions we sell. This was already in line with our strategy of expanding our range of services and increasing our technical capabilities, but at a faster pace, as we strive to help our customers get the most out of the latest technology, in particular cybersecurity, cloud and AI solutions. Another advantage of providing services is that they often deliver a steady stream of income over annual or multi-year contracts, which is more sustainable and predictable than one-off sales.

At Phoenix for example, we strongly increased our revenue from managed services, both related to Microsoft technology and other vendors' products, such as Broadcom, Bitdefender and Sophos. We also increased the vendor accreditations held by our technical consultants.

At Bytes too, we grew our professional and managed services. We also strongly grew our Microsoft CSP business, as we continue our transition from being an IT reseller to being a cloud and cybersecurity solutions business. While our cybersecurity growth was muted in a highly competitive market this year, it remains a big opportunity for us, and we've been investing in our sales and technical capabilities, and accreditations with leading vendors such as Wiz. We also realigned our private sector sales teams at Bytes, from a generalist structure to teams based on the size of the customer. This allows us to have deeper relationships with our clients, provide better service and enhance vendor relationships.



“ I am exceedingly proud of what we have achieved this year, with our services really taking off. It goes back to the building blocks we've been putting in place over the past five years or so.

Clare Metcalfe
MD Phoenix

Operational review continued

Key facts

Bytes Technology Group



HQ Leatherhead, Surrey

CEO Sam Mudd

CFO Andrew Holden

Bytes Software Services



Markets

Mostly private sector, across a broad range of industries, including professional services, manufacturing, retail, and technology, media and telecommunications.

Vendors

Our partners include Microsoft, AWS, Palo Alto, Check Point, Mimecast, Adobe, Darktrace, SecurityHQ, Commvault, ServiceNow, Wiz, Recorded Future, CrowdStrike, Zscaler and Google

HQ Leatherhead, Surrey

Other offices Reading, London, Manchester, Dublin, Portsmouth

Employees 795

Customers 3,085

Phoenix Software



Markets

Mostly public sector, across a wide range of areas, including central and local government, charities, education, emergency services, healthcare and housing. Its own License Dashboard offering has clients in North America and Europe.

Vendors

Our partners include Microsoft, AWS, VMware, Dell, Adobe, Sophos, Citrix, Mimecast, Rubrik, ServiceNow, BeyondTrust, Tanium and Zscaler

HQ Pocklington, Yorkshire

Other offices Salford, Sunderland

Employees 527

Customers 2,831

Innovating to help customers and our people do more with AI

Advances in AI continue to gather pace. We are using AI in our business in a responsible manner, and taking the lessons we have learned to help our customers benefit from the technology. Extensive preparation is key because, to use AI effectively, organisations first need to modernise their data, migrate it to the cloud and put in the right security controls – all areas where we have expertise. At Bytes, alongside our Microsoft Azure and AWS cloud and data offerings, we've been doing more this year with Google Cloud Platform, which is designed for developers, and with AI, so we can give our customers the right solutions for their needs.

At Phoenix, we delivered the highest number of Microsoft Copilot workshops in the UK this year and also became a partner for Microsoft's Frontier programme, which gives customers early access to the latest AI innovations. We launched an engineering innovation team this year to see how we can streamline our ways of working using the latest technology, including AI. The team has already created useful time-saving solutions, including an automatic peer-checking tool for parts of our customer contracts prepared by our technical consultants.

Growing our teams while maintaining our strong culture

As BTG grows, we need to keep expanding our teams and increasing our skills so we can keep providing the same high levels of service and stay up to date with the latest technology. At Bytes, our headcount increased by 4.6% to 795. At Phoenix, we achieved the milestone of hiring our 500th employee and, at year end, had 527 colleagues, up 10.5%.

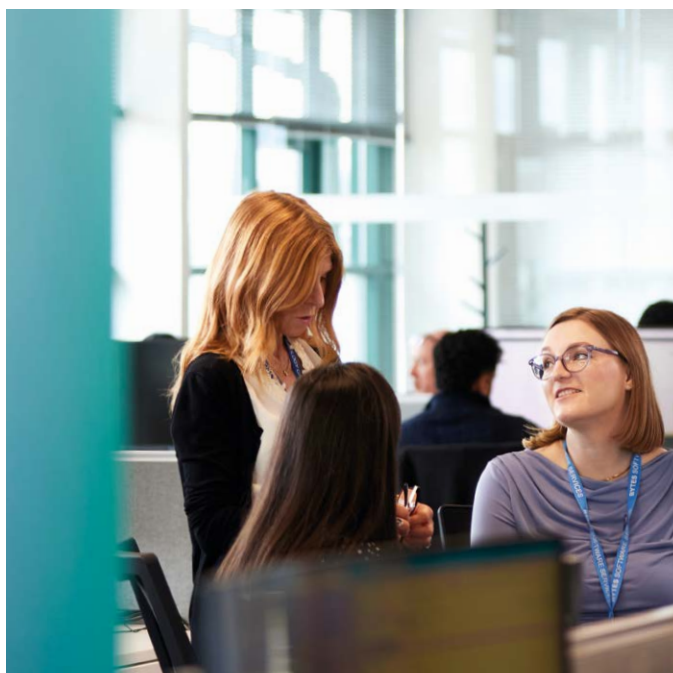
New colleagues at both businesses included the latest batch of sales and technical apprentices, who continue to be a great source of talent. We also hired people with specialist skills where these were needed, as well as providing training for our existing employees to increase their technical capabilities. Culture is another crucial area for us. Though we operate a hybrid working policy, we have maintained our high levels of engagement, and our attrition rates remain in line with industry averages. Leadership training was a key area of focus and will continue to be in the coming year. Read more on page 48.

Bytes and Phoenix share:

- BTG's values, strategic ambitions and governance structures
- Insights and good practice
- Industry-leading skills
- Customer-focused culture
- Representation and engagement in Group Executive Committee and steering committees
- Comparable products and services

...but have their own:

- Identities
- Management teams
- Individual but complementary routes to market
- Customer bases and markets
- Offices.



Operational review continued

Demonstrating resilience in 2025/26

Our deep customer relationships drive our success. We monitor our progress using four key metrics: customers numbers, our share of their business, gross profit per customer and our customer net promoter score (NPS). This year we:

Increased our customer base

5,916	5,913
This year	Last year

We did business with numerous new customers this year, in both the public and private sectors.

Maintained a high renewal rate

99%	109%
This year	Last year

This metric tracks the growth in gross profit from existing customers. We did more business with established customers such as the Home Office and the NHS.

Maintained industry-leading NPS

70+	79
This year	Last year

The score measures the likelihood of our customers recommending us to others and can range from -100 to +100.

Increased gross profit per customer

£28,300	£27,600
This year	Last year

How our broad, diversified customer base benefits us

We aim to build lasting relationships with our customers but, in a competitive marketplace, we try not to depend too much on individual customers. In 2025/26, no single customer represented more than 1.0% of our gross profit.

Why customers value us

We strive to help customers succeed in a world of change, through trusted partnerships and transformational technology so they can be more productive, save money, strengthen their systems and secure their data. Our customers choose Bytes and Phoenix, and stay loyal to us, because:

- **We always act in their best interest.** Rather than sell the customer what we want, we provide what they need.
- **We understand them.** Our people are experts in technology; they're also experts in their customers, because we give them the time to understand each customer, and the customer's industry.
- **We provide continuity and a friendly, innovative culture.** Our relatively high staff retention rates mean our customers often deal with the same account manager and team, year after year. We propose solutions to problems and bring a positive attitude.
- **We are committed to excellence and honesty.** We always seek to exceed our customers' expectations but, if we don't, or make a mistake, we're honest about it and try to fix it quickly.
- **We support our communities.** For many of our customers, especially in the public sector, we go beyond the scope of the project with social value offerings that benefit local communities.

Why vendors value us

Because we are an independent reseller, we give impartial advice to our customers. But at the same time, we see vendors as our partners, and together we work very closely to give our customers the best results. Vendors choose to work with Bytes and Phoenix because:

- **We continually invest in training and development.** This enables us to promote our vendors' products with knowledge and skill. If we don't have the right expertise in our business, we recruit people who do.
- **We act with integrity.** We only commit to vendor partnerships after doing due diligence and making sure that we have the technical delivery capability, and the market to make it worthwhile. We then deliver on time, against the plan.
- **We collaborate.** We host seminars and events that bring together representatives of leading vendors, strengthening our mutual understanding of the challenges faced by customers, and the technologies that can help.
- **We have a strong growth record.** Vendors know where we've come from – and where we're going – and want to align with that.

Our awards in 2025/26

Bytes

- Microsoft Inner Circle Business Applications 2025
- CRN Channel Awards Cloud Services Partner of the Year 2025
- Sophos Enterprise Partner of the Year 2025
- AWS Rising Star Consulting Partner of the Year 2025
- Microsoft Finalist Partner of the Year – Azure Marketplace 2025

Phoenix

- Barracuda's Partner of the Year 2025 (UK)
- Microsoft Azure Expert Managed Service Provider (MSP)
- Transform Elite Plus Partner status with Rubrik
- Microsoft Frontier Partner
- VMware Expert Advantage Partner status for Consulting Services
- Nutanix UKI Rising Star Partner of the Year 2025

Expanding our relationships with the leading software vendors

We work closely with more than 100 leading technology companies who make or distribute the products that we provide to our customers. Microsoft has always been our biggest and most important vendor, and remained so this year. But every year we add new strategic vendors to our portfolio of software and service offerings, especially in fast-changing areas such as security and AI.

At Bytes in 2025/26, we grew our cybersecurity partnerships with Check Point, Palo Alto, Recorded Future, Mimecast, CrowdStrike and Wiz. At Phoenix, we deepened our relationships with ServiceNow, Zscaler and BeyondTrust and, for cloud platforms, with AWS.



Financial review

How we performed in 2025/26

	Year ended 28 February 2026 £m	Year ended 28 February 2025 £m	Change %
Income statement			
Gross invoiced income (GII)	2,341.0	2,099.8	11.5
GII split by product:			
Software	2,233.4	2,005.3	11.4
Hardware	31.2	33.2	(6.0)
Services internal ¹	39.3	34.0	15.5
Services external ²	37.1	27.3	36.0
Netting adjustment	(2,120.5)	(1,882.7)	12.6
Revenue	220.5	217.1	1.6
Revenue split by product:			
Software	145.2	146.0	(0.5)
Hardware	31.2	33.2	(6.0)
Services internal ¹	39.3	34.0	15.5
Services external ²	4.8	3.9	23.0
Gross profit (GP)	167.3	163.3	2.5
GP/GII%	7.1%	7.8%	
Other income	0.6	0.1	495.2
Administrative expenses	(105.2)	(96.9)	8.5
Administrative expenses split:			
Employee costs	(82.0)	(78.1)	5.1
Other administrative expenses	(23.2)	(18.8)	22.7
Operating profit	62.7	66.4	(5.6)
Operating profit/GP%	37.5%	40.7%	
Interest income	7.6	8.5	(10.7)
Finance costs	(0.3)	(0.3)	
Share of loss of associate ³	(0.2)	–	
Profit before tax	69.8	74.6	(6.4)
Income tax expense	(18.6)	(19.8)	(6.2)
Effective tax rate	26.6%	26.5%	
Profit after tax	51.3	54.8	(6.5)

1 Provision of services to customers using the Group's own internal resources.

2 Provision of services to customers using third-party contractors.

3 Cloud Bridge Technologies, 25.1% share of loss of associate.

Overview of 2025/26 results

We delivered another year of double-digit GII growth, more modest GP growth and a decline in operating profit, as we maintained measured investments for future growth against the slower GP growth. Cash generation remained strong, with 105% cash conversion, enabling £74 million of returns to shareholders while maintaining a strong balance sheet.

Gross invoiced income

GII reflects gross income billed to our customers and has a direct influence on our movements in working capital. However, it does not capture all the IT spend we help our customers with because, in some cases, our vendor partners invoice the customer directly and pay us a fee that is a percentage of their sales value, and which we recognise within our GII, revenue and GP.

GII has increased by 11.5% year on year, to £2,341.0 million (2024/25: £2,099.8 million), driven by software and strong growth in services. Growth was balanced across the public sector (+12.4%) and the private sector (+9.7%), with our mix remaining weighted to the public sector, which contributed 66% of total GII (2024/25: 65%). Private sector GII benefited from the transition of more customers to Microsoft's CSP programme (where BTG invoices the customers) from Microsoft's EA programme (where Microsoft invoices the customers and pays BTG a rebate).

Revenue

Revenue is reported in accordance with IFRS 15, with hardware and internal services reported gross (principal) and software and external services reported net (agent), which means revenue reflects changes in the mix of business but is often not a good indicator of underlying growth.

This reporting of revenue as a mix of GP and GII across the four income streams has given rise to a 1.6% increase, with growth in internal services (reported gross) and external services (reported net) offsetting the reduction in software (reported net) and hardware (reported gross). Given revenue is a mix of metrics, we focus on GP to provide a consistent measure of our sales and profit performance.

Gross profit

GP, our primary measure of sales performance, has grown by £4.0 million, up 2.5% year on year to £167.3 million (2024/25: £163.3 million), with growth improving in the second six months to 4.6% (compared to 0.3% in the first half).

Breaking this down by income stream, starting with the Group's two most strategic focus areas, software GP declined by 0.5% to £145.2 million, with a 0.8% decline in its GP/GII% to 6.5%, while services GP is up by 38.4% to £17.4 million, with GP/GII margin up benefiting from mix and cost efficiencies.

We have been supported in our services growth by increasing levels of Microsoft funding, for both internal investments and customer engagements. Hardware grew off a small base by 0.4% to £4.7 million.

Looking across our two main customer sectors, public sector GP has grown by 7.4%, returning to double-digit growth in the second half, and private sector GP has declined by 0.3%. Both sectors were affected by the changes to Microsoft enterprise agreement (EA) incentives, and the private sector had a re-adjustment period relating to the private sector sales realignment in the first half and faced a tough comparator in the second half (+14.8% growth in private sector GP in the second half of 2024/25).

The growth in the public sector again demonstrates the Group's strategy of winning new customers and then expanding share of wallet. Our objective is to ensure we build our profitability within each contract over its term, typically three to five years, by adding additional higher-margin products into the original agreement as the customers' requirements grow and become more advanced. This process is further enhanced by focusing on selling our wide range of solutions offerings and higher-margin security products, while maximising our vendor incentives through achievement of technical certifications. We track these customers individually to ensure that the strategy delivers value for the business, and our other stakeholders, over the duration of the contracts.

As in previous years, the higher margins available in the private sector means that our GP remains weighted to the private sector, which contributed 62% of total GP (2024/25: 65%) despite our GII being weighted to the public sector. Our GP/GII margin reduced to 7.1% (2024/25: 7.8%), affected by mix and the Microsoft EA incentives changes. In the public sector, our margin (GP/GII) dropped only slightly to 4.1% (2024/25: 4.3%), as strong higher-margin services growth partly offset lower software margins after the Microsoft EA incentives changes. In the private sector, our margin (GP/GII) dropped to 13.0% (2024/25: 14.3%) as more customers transitioned from Microsoft's EA programme (where Microsoft invoices the customers and pays BTG a rebate at 100% GP/GII margin) to Microsoft's CSP programme (where BTG invoices the customers, pays Microsoft the cost of sale and makes a net GP/GII margin).

Our long-standing relationships with our customers and high levels of repeat business were again demonstrated in 2025/26, with 97% of our GP coming from customers that we also traded with last year (2024/25: 97%), at a renewal rate of 99% (2024/25: 109%) – which measures the GP from existing customers in this period compared to total GP in the prior period. New customers contributed £5.1 million of GP in the year (2024/25: £4.3 million). We saw customer numbers (defined as those generating more than £100 of GP) broadly flat at 5,916 from 5,913, while the average GP per customer increased slightly from £27,600 in 2024/25 to £28,300 in 2025/26.

Financial review continued

Other income

This comprises £0.6 million of rental income from the offices acquired in 2024/25, which we have not fully occupied yet (2024/25: £0.1 million).

Administrative expenses

This includes employee costs and other administrative expenses, as set out below.

Employee costs

Our success in growing the business continues to be a direct result of the investments we have made over the years in our frontline sales teams, vendor and technology specialists, service delivery staff and technical support personnel, backed up by our marketing, operations and finance teams. It has been, and will remain, a carefully managed aspect of our business.

In addition to continuing to hire new colleagues to ensure we have the expertise required to provide our clients with the best service, our commitment to develop, promote and expand from within the existing employee base, giving our people careers rather than just employment, is at the heart of our progress as a business. This has contributed to long tenure from our employees, which in turn supports the lasting relationships we have established with our customers, vendors and partners.

During the year we have seen total staff numbers rise to 1,331 on our February 2026 payroll, up by 7% from the year-end position of 1,245 on 28 February 2025.

Employee costs, included in administrative expenses, rose by 5.1% to £82.0 million (2024/25: £78.1 million), with higher costs from headcount, salary and national insurance contribution increases partly mitigated by lower variable remuneration, including a £4.2 million decline in share-based payments. However, this figure has been affected by the capitalising of £1.8 million of staff costs on to the balance sheet (2024/25: £1.4 million). This relates to the salaries of employees who are developing two new IT platforms: one to provide a 'marketplace' gateway for our customers to more seamlessly purchase products online from a range of vendors, and the other to enable us to improve our operational processes around customer order processing. This treatment is in line with our accounting policy for intangible assets, which can be found on page 159.

Other administrative expenses

Other administrative expenses increased by 22.7% to £23.2 million (2024/25: £18.8 million). The main increases comprised systems investment in staff welfare, travel and entertainment, and insurance: we are investing in systems to improve employee and customer experience; we continue to encourage our teams to connect with customers and vendors as well as bringing together our hybrid workforce for company events; and the heightened prevalence of cyberattacks is increasing insurance premiums for technology suppliers.

As part of the IT platform development project, we have also spent £2.7 million with a third-party development company to supplement our own internal resources (2024/25: £2.3 million). This engagement was taken wholly for this purpose and the cost has been capitalised in full alongside our own salary costs, adding a total of £4.1 million to intangible software assets during the period (2024/25: £3.7 million).

Operating profit

Our operating profit decreased by 5.6% from £66.4 million to £62.7 million, as employee and other administrative costs increased against modest GP growth.

Our operating efficiency ratio, which measures operating profit as a percentage of GP, is a key performance indicator in understanding the Group's operational effectiveness in running day-to-day operations. This decreased to 37.5% (2024/25: 40.7%). Including the capitalised staff costs, the ratio for this period is 36.6% (2024/25: 39.8%).

Interest income and finance costs

This year has again seen significant interest being earned from money-market deposits, reducing slightly to £7.6 million (2024/25: £8.5 million) because of lower interest rates and lower average cash balances reflecting the around £74 million paid to shareholders during 2025/26.

Our interest income benefits from often having materially higher cash balances than reported at period ends around our largest months of trading in March and April (around the UK Government's fiscal year end) and in June and December (around some key vendors' fiscal year ends).

Our finance costs primarily comprise arrangement and commitment fees associated with our revolving credit facility (RCF), noting that to date the Group has not drawn down any amount on the facility. Finance costs also include a small amount of finance lease interest, including from our staff electric vehicle (EV) scheme.

Share of loss in associate

Following the acquisition of a 25.1% interest in Cloud Bridge Technologies in April 2023, in accordance with IAS 28 Investments in Associates and Joint Ventures we account for the Group's share of its profit/loss. Our share of its loss for the year was £0.2 million (2024/25: £nil).

Profit before tax

The combined impact of decreased operating profits and lower levels of interest income received has seen our profit before tax decreasing by 6.5% to £69.8 million (2024/25: £74.7 million).

Income tax expense

Our effective tax rate was 26.6% (2024/25: 26.5%), which is above the UK statutory rate of 25.0%, primarily because of a reduction in the deferred tax asset value relating to outstanding share options.

Profit after tax

Profit after tax decreased by 6.6% to £51.3 million (2024/25: £54.8 million), with lower operating profit and interest income, and a marginally higher effective tax rate.

Earnings per share

Basic earnings per share reduced 6.1% from 22.78 pence to 21.40 pence, and diluted earnings per share reduced 5.5% from 21.95 pence to 20.74 pence, reflecting the reduction in profit after tax, partly offset by a lower average number of shares resulting from the £25 million share repurchase programme completed during 2025/26.

Financial review continued

Balance sheet and cash flow

	As at 28 February 2026 £m	As at 28 February 2025 £m
Balance sheet		
Property, plant and equipment	14.1	13.6
Intangible assets	46.5	43.5
Investment in associate	3.0	3.2
Other non-current assets	2.4	3.4
Non-current assets	66.0	63.7
Contract assets	8.0	10.0
Trade and other receivables	299.9	268.4
Other current assets	1.6	0.0
Cash	98.6	113.1
Current assets	408.1	391.5
Lease liabilities	1.1	1.3
Other non-current liabilities	4.7	2.0
Non-current liabilities	5.8	3.3
Trade and other payables	359.2	327.5
Contract and tax liabilities	27.2	25.7
Lease liabilities	0.8	0.7
Current liabilities	387.2	353.9
Net assets	81.1	98.0
Share capital	2.4	2.4
Share premium	641.5	636.4
Share-based payment reserve	10.8	14.9
Merger reserve	(644.4)	(644.4)
Retained earnings	70.8	88.7
Total equity	81.1	98.0

Closing net assets stood at £81.1 million (28 February 2025: £98.0 million), including the Group's £3.0 million interest (25.1%) in Cloud Bridge Technologies.

Intangible assets include £7.6 million of capitalised software development costs, with £4.1 million capitalised in the year, a combination of internal staff costs of £1.8 million and £2.3 million of external contractor costs. We expect around £0.9 million of amortisation on the asset in our next financial year.

Our debtor days at the end of the year stood at 38, and our average debtor days for the year was 39 (2024/25: 38). Our closing loss allowance provision reduced to £1.3 million, down from £1.7 million at the February 2025 year end, with £0.7 million bad debts written off in the year against the provision (2024/25: £0.7 million).

The Group has paid its suppliers on schedule throughout the year, with its average creditor days remaining broadly in line with the prior year at 48 (2024/25: 46) and standing at 43 at the end of the year (2024/25: 36).

Operating with longer creditor days than debtor days results in a negative working capital position for the business of £79.8 million (measured as Trade and other receivables and Contract assets less Trade and other payables and Contract liabilities). We take this into account when determining the appropriate amount of cash to hold on the balance sheet.

The consolidated cash flow is set out below:

	Year ended 28 February 2026 £m	Year ended 28 February 2025 £m
Cash flow		
Cash generated from operations	71.8	85.6
Payments for fixed assets	(1.8)	(6.4)
Payments for intangible assets	(4.1)	(3.7)
Free cash flow	65.9	75.5
Net interest received	7.3	8.3
Taxes paid	(18.1)	(18.9)
Lease payments	(0.9)	(0.6)
Dividends	(48.6)	(42.8)
Issue of share capital	5.1	2.8
Purchase of share capital	(25.2)	–
Net (decrease)/increase in cash	(14.5)	24.3
Cash at the beginning of the period	113.1	88.8
Cash at the end of the period	98.6	113.1
Operating profit	62.7	66.4
Cash conversion (against operating profit)	105.1%	113.8%

Cash at the end of the period was £98.6 million (28 February 2025: £113.1 million), which is after the payment of dividends totalling £48.6 million during the period – being the final and special dividends for 2024/25 and the interim dividend for 2025/26 – and the share repurchase programme of £25.2 million (including £0.2 million of costs).

Cash flow from operations after payments for fixed and intangible assets (free cash flow) generated a positive cash flow of £65.9 million (2024/25: £75.5 million). Consequently, the Group's cash conversion ratio for the year was 105.1% (2024/25: 113.8%). We target our long-term sustainable cash conversion at around 100%.

The £5.1 million cash received from the issue of share capital relates to participating staff exercising share options, primarily under our 2021 CSOP and SAYE (ShareSave) plans, which vested in June 2024 and August 2024, respectively. There is a corresponding increase in the share premium value in the balance sheet above.

If required, the Group has access to a committed RCF of £30 million with HSBC. The facility commenced on 17 May 2023, replacing the Group's previous facility for the same amount, and runs for three years, until 17 May 2026. In May 2026 the Group extended the facility by three years to 17 May 2029 for the same value and under the same terms with an optional one-year extension to 17 May 2030. To date, the Group has not used the facility.

Maintaining a robust approach to risk

The uncertain external environment this year reinforced the importance of operating our business in a responsible and controlled manner, closely monitoring the challenges while remaining alert to opportunities.



Risk management is an ongoing process. Throughout the year we carefully assessed the risks to the Group and reviewed our policies and procedures to manage them. We are confident that our enterprise risk management framework continues to serve us well, providing a robust approach to identify and manage risk.

Continuing the trend of recent years, the geopolitical and macroeconomic environment was unsettled in 2025/26. Russia continued its war in Ukraine and conflict escalated in the Middle East. The US imposed wide-ranging trade tariffs, resulting in compromised trade agreements, and adopted a more adversarial foreign policy. In the UK, there was continuing uncertainty over government policies. As a result of all these factors, businesses and organisations took longer to make spending decisions, including on IT.

We also saw more disruption from cyberattacks in the UK this year across multiple sectors, including several well-known retailers. This was a reminder that not all risks can be prevented, and that we must be prepared to respond immediately to unexpected events. At the same time, cybersecurity represents an opportunity for our business, being one of the main areas of technology that we support our customers with.

Given this unsettled environment this year, we maintained our cautious approach to risk at our annual risk appetite meeting in January 2026.

Managing new and emerging risks

We assess current and emerging risks as part of our ongoing risk monitoring process. Through our bottom-up approach, our subsidiaries take ownership of continually reviewing and updating the risks that are considered important to each business.

In our 2024/25 Annual Report we identified 14 principal risks that could have a significant impact on our operations. This year, we combined two of those risks – Changes to vendors' commercial model and Margin pressure – because of their overlapping impacts and controls, meaning we now have 13 principal risks. Aside from that, there were no changes to any of the risks themselves, with no additions or deletions or reclassifications.

As in previous years, we changed the status of the risk in some cases. The risk associated with the new, combined Commercial model and margin pressure principal risk was assigned as 'increase' (Margin pressure on its own was 'no change' last year, while Changes to vendors' commercial model was 'increase'). The risk status reflects the changes in vendors' models and the need for us to adapt. For the following three risks we updated the status to 'increase':

- Evolving competition, because of the increasing rate of change in our market
- Emerging technology, because of rapid advances in technology
- Supply chain management, in line with the additional regulatory burden.

This means that we deem ten of our 13 principal risks to have increased during the year, up from seven in the previous year, reflecting geopolitical, regulatory and business landscape changes.

In our two previous Annual Reports we identified three emerging risks: Climate change, and its physical and transition risks, Keeping pace with social change and Impact of AI. We believe these remained relevant in 2025/26 and continued to monitor them closely. As with cybersecurity, which is a risk and an opportunity, AI presents an opportunity for our business, because we support our customers to get the most out of the technology, and deploy it in our own business to enhance productivity and creativity.

Looking ahead

This was our fourth year of working with PwC as our internal audit partner. We believe the partnership is delivering value and we will again work together in the coming year. The geopolitical and macroeconomic environment is expected to remain challenging in 2026/27. Vigilance is paramount, so we will continue to closely monitor the evolving risk landscape and effectiveness of our processes to manage it.

Andrew Holden
Chief Financial Officer
11 May 2026

Risk management

How we manage risk

BTG operates within the information and communications technology sector in the UK and Ireland. This means we are exposed to the risks that financial, political, regulatory, technological and legal events might bring – risks that could adversely affect how or whether we achieve our strategic, operational, compliance and reporting objectives.

Based on our enterprise risk management framework, our approach to risk identifies and addresses any potential barriers to achieving our strategic objectives and to making the most of opportunities for competitive advantage.

Our approach

The purpose of enterprise risk management is to achieve three key objectives:

- **Oversight** – all critical risks are identified across BTG, and managed and monitored using a holistic approach that is consistent with our approved risk appetite
- **Ownership and responsibility** – the ownership of risk is assigned to individual senior managers, who are responsible for identifying, evaluating, mitigating and reporting our risk exposure
- **Assurance** – the Board, its committees, BTG's Executive Committee and operational management have reasonable assurance that we are managing risk appropriately within defined levels, and so that it brings value to our organisation.

This enterprise risk management framework is the foundation of our risk management approach. It's tailored to

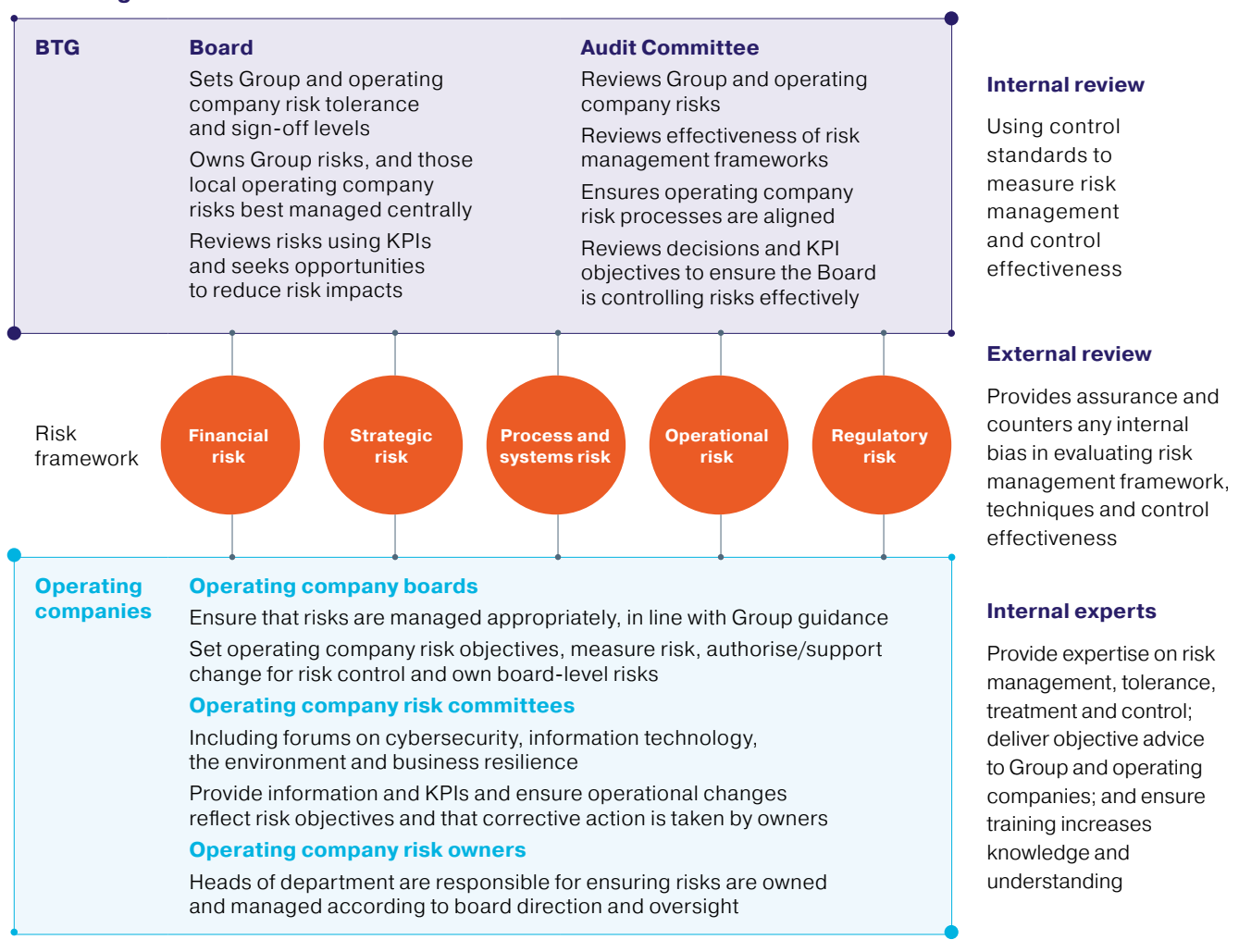
suit the way we operate – from functional management, up through our operating company boards to Group level. It's about managing risk across the organisation and enables us to deliver our strategy.

Our risk appetite

Our enterprise risk management framework reflects our risk appetite, which can be defined as cautious with a low inclination for taking risks that may result in significant disruption to the Group's operations. Our appetite shapes how we make decisions about how best to manage our principal risks. We carefully evaluate the level of operational risk we are prepared to take.

We seek to minimise the risks from unforeseen operational failures in our business and have suitable mechanisms in place to identify issues and take necessary actions to minimise losses.

Our risk governance structure



Risk management continued

Day to day, our enterprise risk management is about:

- Identifying negative and positive risk circumstances
- Assessing how likely or serious those risks could be
- Creating and monitoring a strategy to respond to those risks
- Creating value for our shareholders and other stakeholders
- Helping our businesses achieve their objectives by proactively minimising the risk in their business plans.

Our enterprise risk management framework helps the Board to identify risks directly, to own risks that are beyond the risk tolerance of our operating companies, and to collate a set of high-impact – or principal – risks relevant to our whole Group. In identifying risks, the Board is supported by our executives and managers across our business who are experts in their respective areas – for example, our cybersecurity specialists monitor cyberthreats.

BTG's directors have committed the organisation to a process of risk management that is aligned to the principles of the UK Corporate Governance Code, the Committee of Sponsoring Organizations of the Treadway Commission and the ISO 31000 Integrated Enterprise Risk Management Framework. Our risk methodologies are also defined through continued research and development, and are benchmarked against international best practice.

Although, through the Audit Committee, our Board has overall responsibility for risk – including establishing and maintaining our risk management framework and internal control systems, and setting our risk appetite – everyone at BTG plays a part in protecting our business from risk and making the most of our opportunities.

No matter how diligently we monitor our environment, risks can appear and accelerate with little or no warning. We remain confident that the time, resources and effort we have invested, and will continue to invest, in managing risk have prepared and equipped us to manage

threats effectively. We believe this means we can provide our business, people and customers with reasonable assurance of staying secure, and so continue to benefit from the opportunities in our sector.

Our three emerging risks

The emerging risks we identified in our previous reporting – Climate change, Keeping pace with social change and Impact of AI – continued to be relevant in 2025/26. Our Board manages and monitors these risks closely, with oversight from the Audit Committee.

Climate change

The physical risks related to climate change continue to be an area of emerging risk, even though they are not materially affecting our business in the short to medium term. (See Task Force on Climate-related Financial Disclosures (TCFD) on pages 58 to 67.)

The physical impacts of climate change are a potential risk to our people and facilities, and to those of our customers and suppliers. The broader impact of the effect of climate change globally could also be a threat to operations within the UK.

While we're working to reduce our own impact on the climate, as a non-manufacturing business one of the greatest contributions we can make is by supporting our customers to use technology in a sustainable way – particularly by optimising their IT products and services in the cloud. We also work with our suppliers to make sure they are considering sustainability effects when developing products.

The Board's ESG Committee provides governance and oversight of climate change and its related risks and opportunities. This high-level governance brings independent oversight to our targets, progress and strategy. During 2025/26, we continued to develop our strategy, review risks and ensure transparency in reporting through CDP. We were also accepted as a constituent of the FTSE4Good index, and we remain certified to the ISO 14001 environmental management system across the business.

In our TCFD-compliant disclosures on pages 58 to 67, we review the latest climate science using several scenarios to understand our climate-related risks and opportunities and the cost to the business from these risks. None of these risks or opportunities is considered material.

Keeping pace with social change

In 2022/23, we identified a second emerging risk around social change, which we again reviewed in the second half of 2025/26 and still consider to be emerging. Changing generational and cultural attitudes could affect the way we work and how we need to respond to our people. To identify changes, we are closely monitoring recruitment, the attrition rate and insights from staff.

Our customer and talent pool might be limited if we are not seen as a progressive organisation. Younger people in particular are looking to engage with companies that do the right thing when it comes to being a responsible part of society.

We have long identified that our staff need more than just fair pay: they need opportunities to develop, to work flexibly and for the business to feel like a cultural fit. We continue to take steps to meet these expectations, and to build on the actions already taken – such as increasing wellbeing initiatives, creating office spaces to meet employee needs, introducing Group-wide personal development plans for all staff and having regular employee feedback opportunities. We listen regularly to our employees through forums, portals and anonymous routes, although we encourage a culture of openness.

Generational changes have also brought more open minds, particularly in relation to gender, race, religion, sexual orientation and a desire to treat everyone equally – as well as to accommodating and celebrating difference. We already hold these values at our core, but need to continually monitor and keep pace with these changes. Not doing so could affect our ability to attract and retain not only employees but also customers, when they too start to reflect new social values and require their supply chain to do the same.

Impact of AI

In 2023/24, we identified a third emerging risk: AI and the impact it might have on our customers and their employees. We reviewed this again in January 2026. We consider AI to be an opportunity for our business, as we expand sales into areas such as Microsoft's Copilot and support our customers to capitalise on this emerging technology.

However, as well as opportunities, AI brings several inherent risks. These potential risks come from moral, legal and ethical issues, relating to the information sources that the AI technology is trained on and extracting data from – with its possible copyright and other legal issues – and the potential replacement of roles in the workplace in the longer term. Within the Group, there are policies, procedures and a regular technical working group that discusses AI. We will review feedback from this working group through our risk management process as the technology develops and as its wider impact is better understood.

Currently, we are using AI within our business, as are our customers, to enhance productivity. There is no indication that customers are reducing their number of employees, although there are signs that there are fewer entry-level positions in some industries. However, if customers choose not to recruit this could limit our growth as user numbers become static or grow less rapidly.

GenAI may also present a cybersecurity risk because, as it develops, the tool will allow for more sophisticated impersonation, such as deepfakes. These could be used in several ways to cause financial and reputational damage, including more convincing phishing attacks or fake videos conveying incorrect information. We are developing our employees' awareness of this risk through training on social engineering and phishing.

There is uncertainty about how, where and to what extent AI will affect society too. So, we will continue to review the risks and opportunities presented by this and other emerging technologies.

Our principal risks and uncertainties

In 2025/26, the geopolitical and macroeconomic environment was again unsettled, but we managed risk well and have maintained our three emerging risks and our principal risks. We have combined two of those principal risks – taking their number from 14 to 13 – and updated the impacts and status of some of them, to show if we expect their impact to 'increase', 'decrease' or show 'no change'.

Although provision 29 of the UK Corporate Governance Code 2024 does not affect our reporting until the 2026/27 financial year, we have analysed our principal risks and the underlying controls for their materiality according to this provision. The Board will review the material controls identified through this process in 2026/27 for their effectiveness and report against them in the subsequent Annual Report.

Summary of changes since 2024/25

1 Economic disruption
Expanded the risk owners in the subsidiary businesses, alongside the CEO.
2 Commercial models and margin pressure
Combined the risks Margin pressure and Changes to vendors' commercial model. Defined the risk status as 'increase'.
3 Inflation
Updated risk with latest figures.
4 Working capital
Updated commentary to include risks from foreign exchange.
5 Vendor concentration
Expanded the risk owners in the subsidiary businesses, and updated commentary.
6 Evolving competition
Changed name from Competition to Evolving competition. Changed status to 'increase'.
7 Emerging technology
Changed name from Relevance and emerging technology to Emerging technology. Changed status to 'increase'.
8 Cyberthreats – direct and indirect
Updated commentary.
9 Business resilience
Changed name from Business continuity failure to Business resilience, to more accurately reflect the broader scope of this risk. Expanded the risk owners in the subsidiary businesses.
10 Attract and retain staff while keeping our culture
Changed risk owner from CEO to CPO and expanded the risk owners in the subsidiary businesses. Changed some mitigation and controls.
11 Supply chain management
Changed status to 'increase'. Added commentary around failure to prevent fraud and EU supply chain regulations.
12 Sustainability/ESG
Made minor updates to commentary.
13 Regulatory and compliance
Added CFO as a risk owner, alongside the CEO. Updated the risk to reflect risk from fines and added a control measure.

Our principal risks and uncertainties continued

Financial	1 Economic disruption 	Risk owner CEO and executive committees of subsidiary companies
	The risk Internationally, political uncertainty with the US administration continues, with rapid changes to global tariffs, as well as conflicts in the Middle East and Ukraine. This risk also includes the uncertainties caused by global economic pressures and geopolitical risk within the UK. There is the potential for public sector funding to be reallocated, although the impact on us is still unknown. The impact Major economic disruption and potentially higher taxes could see reduced demand for software licensing, hardware and IT services, which government controls could compound. Lower demand could also arise from reduced customer budgets, cautious spending patterns or clients 'making do' with existing IT. Economic disruption could also affect major financial markets, including currencies, interest rates, trade and the cost of borrowing. Economic deterioration like this could affect our business performance and profitability. Inflationary pressure could still create an environment in which customers redirect their spending from new IT projects to more pressing needs.	How we manage it We remained resilient through periods of geopolitical uncertainty in 2025/26, as we did through previous periods of instability such as high inflation, global conflicts, technology shortages and the UK leaving the EU. The recent real-life experience of these, and of the rising cost of living and exchange rate fluctuations, have shown us to be resilient through tough economic conditions. The diversity of our client base has also helped us maintain and increase business in this period. We are not complacent, however – economic disruption remains a risk, and we keep our operations under constant review. Our continued focus on software asset management means that we advise customers of the most cost-effective ways to fulfil their software needs. Changes to economic conditions mean many organisations will look to IT to drive growth and/or efficiency. Externally, we have seen more customers looking to avoid increased staff costs by partnering with their managed services providers. This may create an opportunity to accelerate our service offerings. Financial stress-testing through our Going Concern Assessment will be reviewed to provide reports back into the two operating companies. We will keep a watching brief on the impacts to the public sector from any government funding reallocation or policy changes, and how these affect the business.

Expectation of risk impact

-  Increase
-  No change
-  Decrease

Financial	2 Commercial models and margin pressure 		Risk owner CEO and executive committees of subsidiary companies
	The risk BTG faces pressure on profit margins from myriad directions, including increased competition, changes in vendors' commercial behaviour, certain offerings being commoditised and changes in customer mix or preferences. We receive incentive income from our vendors and their distributors. This partially offsets our costs of sales but could be significantly reduced or eliminated if the commercial models are changed significantly.		How we manage it There are external factors that influence our margins, such as economic and political factors, which are beyond our control. Other factors, such as changing vendor commercial models, are also mostly beyond our control, but permit us to take action to bolster our resilience. Our diverse portfolio of offerings, with a mix of vendors, software and services, has enabled us to absorb any changes to vendors' commercial models – and we continue to innovate to find new ways to deliver more value for our customers. Although we receive major sources of funding from specific vendor programmes, if one source declines, we can offset it by gaining new certifications in, and selling, other technologies where new funding is available. Microsoft forms a significant part of BTG's gross profit and has consistently reviewed its incentive programmes to help it achieve its strategic objectives. BTG has shown its ability to adapt in line with these changes. We are confident in our ability to maintain growth over time. We closely monitor incentive income and make sure staff are aligned to meet vendors' goals so that we don't lose these incentives. Close and regular communication with all our major vendors and distributors means we can manage this risk appropriately. In some areas we have seen a positive change in vendors' commercial terms, where we have been able to adapt practices. Keeping the correct level of certification/accreditation by vendor, early deal registration and rebate management are three methods we use to make sure we are procuring at the lowest cost and maximising the incentives we earn. Services delivered internally are consistently measured against our competition to ensure we remain competitive and maximise margins. With our key vendors, we have regular touch points and quarterly business reviews (QBRs), which ensure close communication and timely updates of any changes with our vendor community.
	The impact Major changes to commercial models, which can occur with limited notice, could put pressure on our margins and profitability. In addition, any incentives received are very valuable and contribute significantly to our operational profits.		
	3 Inflation 		Risk owner CFO
	The risk Inflation in the UK, as measured by the Consumer Price Index (CPI), was 3.0% in February 2026, having started the financial year at 2.6% and peaked in summer at 3.8%. This rate continues to stay above the Bank of England's target of 2%.		How we manage it Staffing costs make up most of our overheads, so our attention has been focused on our employees and their ability to cope with the rising cost of living. While we cannot dictate our customers' budget, our business model is to build trusted relationships – where account managers understand our customers and are able to have pragmatic conversations about what their IT priorities should be in the current technology landscape.
	The impact Wage inflation and increased fuel and energy costs have a direct impact on our underlying cost base. If the market wage is increased to a higher level, then we potentially have a risk for retaining and attracting employees and customers. Our customers will also have increased costs, which will change their budgets and spending priorities.		

Our principal risks and uncertainties continued

Financial	4 Working capital 	Risk owner CFO
	The risk As customers face the challenges of inflation and elevated interest rates in the current economic environment, there is a greater risk of an increasing aged debt profile, with customers slower to pay and the possibility of bad debts. We have seen enterprise-sized businesses in particular requesting longer payment terms. Vendors' changing payment terms could also have a significant impact. The implementation of the UK Government's Procurement Act 2023 will affect the payment terms of public sector customers and affect our supply chain. We have seen debtor days stabilise as inflation has reduced, but the number of days has not returned to historic low levels. Volatility in foreign exchange rates could also have positive or negative impacts. The impact This could adversely affect our businesses' profitability and/or cash flow.	How we manage it Our credit collections teams are focused on collecting customer debts on time and maintaining our debtor days at or below target levels. Debt collection is reported and analysed continually and escalated to senior management as required. We have invested in larger credit collection teams and risk management. This includes conducting a case-by-case risk assessment for customer requests for longer payment terms. In the past financial year, BTG has seen a level of write-offs similar to the prior year, which is still not significant: all our write-offs are from companies that have become insolvent or gone into administration. A large part of a successful outcome is maintaining strong, open relationships with our customers, understanding their issues and ensuring our billing systems deliver accurate, clear and timely invoicing so that queries can be quickly resolved. We believe the UK Procurement Act 2023 will reduce the risk of extended or ambiguous payment cycles, which have affected revenue recognition and working capital. The Act extends through the supply chain, meaning that prime contractors must pass on timely payments to subcontracted software developers and service providers. BTG is required to pass on 30-day payment terms to all subcontracted goods and/or services suppliers when the Act applies, providing greater consistency of payment terms. We monitor and act on this risk through cost control and efficiency measures such as gross profit per employee and through operating profit metrics.

Strategic	5 Vendor concentration 	Risk owner CEO and executive committees of subsidiary companies
	The risk Continued strategic focus on top vendors could pose a potential risk, should that technology be superseded or exposed to economic down cycles, or if the vendor fails to innovate ahead of customer demands. The impact Relying too heavily on any one vendor could have an adverse effect on our financial performance, should the commercial relationship materially change. Uptake of AI is expected to increase rapidly. While this represents an opportunity, the development of AI by a handful of companies, including Microsoft, has the potential to further concentrate revenue and profit across fewer vendors.	How we manage it We work with our vendors as partners – it is a relationship of mutual dependency because we are their route to the end customer. We maintain excellent relationships with all our vendors, and have a particularly good relationship with Microsoft, which relies on us as a key partner in the UK. Our growth plans, which involve developing business with all our vendors, will naturally reduce the risk of relying too heavily on any single one. We have a diversified vendor list, as well as a focus on services and using in-house and third-party specialists, which diversifies and mitigates some of the vendor concentration risk. To ensure we maintain a diversified approach, we use peer reviews and market intelligence through Gartner analyses and Megabuyte reviews, as well as having regular engagement with our vendors, including QBRs.
	6 Evolving competition 	Risk owner CEO
	The risk Competition in the UK IT market, and the commoditisation of IT products, may result in BTG being unable to win or maintain market share. Mergers and acquisitions have consolidated our distribution network and absorbed specialist services companies. This has caused overlap with our own offerings. A move to direct vendor resale to end customers (disintermediation) could place more pressure on the market opportunity. Platforms, like marketplaces, with direct sales to customers, could also be seen as disintermediation. An increase in the use of marketplaces also heightens the risk of more transactions going through the same route. Frameworks, particularly in the public sector, are a procurement route of choice for some customers. We risk narrowing our route to customers if we are not part of these frameworks. AI risks becoming a partial competitor, if it becomes able to provide accurate and beneficial licensing and infrastructure advice direct to customers. The regulatory environment will change the competitive landscape too, as regulators look to decrease monopolies. The rate of change in our competitive landscape has been increasing. The impact This risk could have a material, adverse impact on our business and profitability, potentially needing a shift in business operations, including a strategic overhaul of the products, solutions and services that we offer to the market. More consolidation could lead to less competition between vendors and cause prices to value-added resellers, like us, to rise and service levels to fall. Direct resale to customers could also increase. This could erode reseller margins, given the purchase cost is less for the distributor than the reseller. This could reduce our market, margin and profits.	How we manage it We closely watch commercial and technological developments in our markets. The threat of disintermediation by vendors has always been present. We minimise this threat by continuing to increase the added value we bring to customers directly. This reduces clients' desire to deal directly with vendors. Equally, vendors cannot engage with myriad organisations globally without the sort of well-established network of intermediaries that we have. We currently work with the dominant marketplace providers and can sell from multiple vendors to our customers through their platforms. By matching customer requirements to the vendor's value proposition, we can better serve our customers' needs. We continue to develop and improve our systems and processes to make transactions easier for our customers, including expanding and improving our own self-service portals. AI has been identified as an emerging risk, and so will be explored and monitored for risks and opportunities to our business. Currently, there is no sign of any commoditisation that would be a serious threat to our business model in the short or medium term. We are aware of the opportunities from regulatory changes and partnerships to expand our vendor, solution and services portfolio. We continue to monitor this changing environment, including the speed and impact of change. To measure the impact of competition, we use customer and loyalty indicators such as NPS scores and feedback. We use marketing and brand awareness measures to assess our visibility and engagement with a broader community.

Our principal risks and uncertainties continued

Strategic	7 Emerging technology		Risk owner CEO and executive committees of subsidiary companies
	The risk As the technology and security markets evolve rapidly and become more complex, the risk exists that we might not keep pace and so fail to be considered for new opportunities by our customers. The impact Customers have wide choice and vast opportunities to research options. If we do not offer cutting-edge products and relevant services, we could lose sales and customers, which would affect our profitability.	How we manage it We defend our position by keeping abreast of new technologies and the innovators who develop them. We do this by joining industry forums and taking seats on new technology committees. We have expanded the number and range of our subject-matter experts, who stay ahead of developments in their areas and communicate this internally and externally. This is in addition to strengthening our internal capabilities with an innovation and engineering team and by expanding and adapting our service offerings. We stay relevant to our customers by: – Continuing to offer them expert advice and innovative solutions – Specialising in high-demand areas – Holding superior levels of certification – Maintaining our good reputation and helping clients find the right solutions in a complex, often confusing IT marketplace. Listening to our customers is integral to our approach, ensuring we are aware of changing requirements. We are giving more focus to customer communications and marketing, to increase brand awareness. We measure the impact of this through an annual customer NPS score. By identifying and developing bonds with emerging companies, we maintain good relationships with them as they grow and give our customers access to their technologies. As with our Vendor concentration risk, our research process includes peer reviews and market intelligence through Gartner analyses and Megabyte reviews, as well as having regular engagement with our vendors, such as through QBRs.	
Processes and systems	8 Cyberthreats – direct and indirect		Risk owner CTOs of subsidiary companies
	The risk Breaches in the security of electronic and other confidential information that BTG collects, processes, stores and transmits may give rise to significant liabilities and reputational damage. Recent high-profile ransomware attacks at UK businesses, and geopolitical instability, has heightened our focus on cybersecurity risk. Risks arise from cyber crime, third-party risks associated with cloud providers, insider threats (including accidental, compromised insider and malicious intent) and risks associated with data protection. The impact If a hacker accessed our IT systems, they might infiltrate one or more of our customer areas. This could provide indirect access, or the intelligence required to compromise or access a customer environment. This would increase the chance of first- and third-party risk liability, with the possible effects of regulatory breaches, loss of confidence in our business, reputational damage and potential financial penalties. This could also result in significant disruption to our business.	How we manage it We use intelligence-driven analysis, including research by our internal digital forensics team, to protect ourselves. This work provides insights into vulnerable areas and the effects of any breaches, which allow us to strengthen our security controls. Internal IT policies and processes are in place to mitigate some of these risks, including regular training, working-abroad procedures and the use of enterprise-level security software. We have established controls that separate customer systems and mitigate cross-breaches. Our cyberthreat-level system also lets us tailor our approach and controls in line with any intelligence we receive. Our two subsidiaries share insights and examples of good practice on security controls with one another. Both businesses use a security operations centre and have internal specialists to provide up-to-date threat analysis. We maintain ISO 27001, CE, CE+ (cyber essentials) and NHS DSPT certifications to protect our and our customers' data. Our Chief Information Security Officer (CISO) produces quarterly reports for the two businesses, which are shared with BTG's Board and senior leadership. Our internal auditors periodically review the management of risks associated with cyberthreats.	

Operational	9 Business resilience	Risk owner Executive committees of subsidiary companies
	The risk Any failure or disruption of BTG's technology, information, people or processes (TIPP) may negatively affect our ability to deliver to our customers, cause reputational damage and lose us market share. The impact Systems and IT infrastructure are key to our operational effectiveness. Failures or significant downtime could hinder our ability to serve customers, sell solutions or invoice. Major outages in systems that provide customer services could limit customers' ability to extract crucial information from their systems or manage their software. Increased automation means a heavier reliance on technology. Although it can reduce human error, it can also potentially increase our reliance on other vendors. People are a huge part of our operational success, and processes rely on people as much as technology to deliver effectively to our customers. Insider threats, intentional or otherwise, could compromise our ability to deliver and damage our reputation. Employee illness and absence – if in significant numbers, such as a communicable disease in a particular team – could make effective delivery difficult.	How we manage it The subsidiary companies have built and are improving business continuity plans, which incorporate all elements of TIPP that are significant to the operations of BTG. Technology and information Our CTOs and heads of IT manage and oversee our IT infrastructure, network, systems and business applications. This includes regular disaster recovery testing and building resilience into systems with failovers and backups. Ongoing reviews make sure we have a high level of compliance and uptime. This means our systems are highly effective and fit for purpose. For business continuity, we use different sites and solutions to limit the impact of service outage to customers. Where possible, we use active resilience solutions – designed to withstand or prevent loss of services in an unplanned event – rather than just disaster-recovery solutions and facilities, which restore normal operations after an incident. People and processes Employees are encouraged to work from home or take time off when sick, to avoid transmitting illness within the workplace. We also have processes to mitigate any single point of failure, and that resiliency is built into employees' skillsets. The risk is also mitigated through policies and process implementation such as Phoenix achieving ISO 22301 and Bytes implementing an incident management policy. Our efforts to reduce the risk from insider threats are multifaceted and involve pre-employment screening, contracts, training, identifying higher-risk individuals and technology to reduce potential data loss. Regular internal audits are conducted in TIPP areas that are key to operations. Findings and actions are defined, time bound and owned, leading to improvements and reducing risk. This risk is reviewed through frequent risk assessments and business continuity plan testing.

Our principal risks and uncertainties continued

Operational	10 Attract and retain staff while keeping our culture	Risk owner CPO and executive committees of subsidiary companies
	The risk The success of BTG's business and growth strategy depends on our ability to attract, recruit and retain a talented employee base. Being able to offer competitive remuneration is an important part of this. Several factors are affecting this, including: – Salary and benefit expectations – BTG's high rate of growth – Skills shortage in emerging, high-demand areas, such as AI and data – Fully remote/flexible working being expected – With remote or hybrid working becoming the norm, potential employees in traditionally lower-paid geographical regions being able to work remotely in higher-paying areas like London. The impact The double impact from scarcity of appropriate candidates for new roles and salary expectations will challenge our ability to attract and retain the talent pool we need to deliver our planned growth. We may lose talented employees to competitors.	How we manage it We continually strive to be the best company to work for in our sector. One of the ways we manage this risk is by growing our own talent pools. We've used this approach successfully in our graduate intakes for sales, for example. BTG also runs an extensive apprenticeship programme across multiple business divisions. We also review the time that management has to coach new staff. We have conducted talent reviews and identified pathways for promotion. We've also organically grown and set up new geographical offices, to attract local talent. In addition, we have employed more recruiters directly in the business, which has enabled quicker ad-to-hire times, as well as employees that are a better cultural fit. In July 2025, we appointed a CPO, who is engaged with employees and working on strategies to maintain our culture and improve staff welfare. Maintaining our culture is important to retaining current staff. BTG regularly engages with employees through surveys, such as the employee Net Promoter Score (eNPS) and Great Places to Work. Feedback from these and other sources is used to review and develop our employee benefits. We maintain our small company feel through regular communications, clubs, charity events and social events. We aim to absorb growth while keeping our culture. To measure the impact of the risk and success of our controls we use the eNPS score and feedback, attrition rates and third-party feedback sites. Although we are seeing the inherent risk increase, our continued focus in this area means we have seen the residual risk remain stable.
	11 Supply chain management	Risk owner Executive committees of subsidiary companies
	The risk Failure to understand suppliers may lead to regulatory, reputational and financial risks, if they expose our business to practices that we would not tolerate in our own operations. The time and effort to monitor and audit suppliers is considered a risk, as is the risk from failure to prevent fraud. There is a risk to our business if we engage with suppliers that: – Provide unethical working conditions and pay – Are involved in financial mismanagement and unethical behaviour – Cause environmental damage – Operate in sanctioned regions. The impact The impact to the business is across multiple streams from legal, financial and reputational to ethical and environmental.	How we manage it Supplier set-up forms include questions to ask suppliers to disclose information relating to compliance and adherence to our Supplier Code of Conduct. Any unethical, illegal or corrupt behaviour that comes to light is escalated and appropriate action is taken. Onboarding questionnaires have been reviewed and improved. Phoenix has a supply chain manager, and Bytes has a third-party compliance officer focused on supply chain management. Bytes has also established a cross-disciplinary group to work on managing suppliers. With increasing regulations in the EU, we have invested more in supplier due diligence, with additional criteria for onboarding. We have conducted an internal audit risk assessment to identify controls to prevent fraud.

Operational	12 Sustainability/ESG 	Risk owner Group Sustainability Manager
	The risk The growing importance of sustainability and ESG for our customers, investors and employees means we need to stay at the forefront of reporting and disclosure, as regulations are continually updated. Failure to do so would put the Group at risk of financial penalties and reputational damage. The impact Falling behind expectations or our peers may lead to challenges around: – Legal compliance, such as adhering to global standards – Retaining customers, as they push to reduce emissions – Investor relations, such as meeting criteria for ESG funds – Attracting and retaining employees, as younger generations seek to work for more purpose-driven businesses.	How we manage it Our Board manages and monitors this risk closely, with oversight from the ESG and the Audit Committees. The Group Sustainability Manager continues to drive sustainability reporting and initiatives, and to work with an appointed third party to provide guidance and assurance on reported data. Environmental management systems are also in place and certified by ISO 14001. Our Sustainability Steering Committee enables decision makers from across the Group to work towards a common goal and report on challenges. The Board also has an ESG Committee, which provides oversight and input to our ESG strategy and progress. We make disclosures through several channels, including ISS ESG ratings, CDP and EcoVadis. The Science Based Targets initiative (SBTi) validated our near-term and net zero targets as part of our programme to drive sustainability through best practice approaches. We use feedback from disclosures to guide changes in the business. As disclosure methodologies stay current, so should the business, where possible and relevant. In 2025, failure to prevent fraud legislation came in. We have reviewed the potential risk and enhanced our controls to ensure we are adequately protected to avoid unintentional misinformation.
Regulatory	13 Regulatory and compliance 	Risk owner CEO and CFO
	The risk Our business faces inherent risks from evolving regulatory and compliance landscapes. Changes in laws, regulations and industry standards could significantly affect our operations, financial stability and reputation. The impact Operational teams and processes face administrative burdens and effects under rapidly changing regulations. Failing to keep up with regulatory, reporting and compliance changes could lead to fines (for example, GDPR and the Economic Crime and Corporate Transparency Act 2023 (ECCTA)), legal challenges and reputational damage. If regulatory compliance is not maintained, there are risks to the Group and to individuals, which could lead to expensive legal challenges and reputational damage to the business among all stakeholders.	How we manage it We engage external experts and work closely with external authorities – including through internal and external audits and paid-for consultancy – to advise on expected changes to regulations and the Group's response to them. We also monitor regulatory developments. Individuals with responsibilities in the business stay up to date with changes in their field through professional memberships and trade publications, and through directly following regulatory and compliance bodies. Internal audits also help us identify any actions we need to maintain or enhance compliance. We work to enhance internal controls. Compliance teams in each operating company hold a register of policies and organise reviews, updates and sign-offs with policy owners to make sure policies are kept current. Our steering committees, operating company board meetings and BTG Board meetings are forums for raising and discussing changes that affect multiple areas of the business.

Sustainability review

Being a responsible business is at the core of our culture and our strategy of achieving sustainable growth over the long term. Every day across the Group we strive to do the right thing by our people, our communities and our planet.



“ Every year we strive to advance our environmental agenda and 2025/26 was no exception. Progress included widening our targets to include waste and water use, and agreeing the actions required for us to get to net zero, which will form the basis of our net zero transition plan, due to be published in 2026/27.

Lisa Prickett
Group Sustainability Manager

“ Since joining BTG this year, I’ve been struck by the exceptional talent across BTG and the strength of the relationships our people build with customers. Our people are our differentiator, and I’m committed to shaping a people strategy that supports our continued growth.

Kally Kang-Kersey
Chief People Officer



Our people

We aim to attract, engage and retain talented people, supporting them to develop their skills in a high-performing and fun environment.

Ranked UK’s Best Employers 2026
by *Financial Times* and Statista

14

Our headcount
rose by 6.9% to

1,331

➔ Read more on pages
46 to 49.

Our communities

Through our charitable and volunteering activities we support digital inclusion and create stronger communities.

Number of hours devoted
to volunteering

2,159

Number of young people engaged
through community education
outreach programmes

6,700+

➔ Read more on pages
50 to 51.

Our planet

By reducing our own emissions and helping our customers to do the same, we’re playing a positive role in caring for our planet.

We aim to reach
net zero by

2040

Renewable electricity and
green gas in owned offices*

100%

➔ Read more on pages
52 to 56.

External recognition of our progress



*Backed by Renewable Energy Guarantees of Origin (REGOs) and Renewable Gas Guarantees of Origin (RGGOs).

Sustainability review continued



Our people

BTG's people drive our success, and we strive to help them build fulfilling and rewarding careers in an inclusive, high-performance workplace where every individual can thrive. In 2025/26, we grew our teams across the business to serve our expanding customer base, improved our systems and processes around hiring and career development, and appointed our first Chief People Officer to lead the development of a long-term people strategy.

Growing our teams in a measured way

With our business continuing to expand, we need to grow our teams to maintain our high levels of customer service. And we need to do it in a smart, measured way: hiring the right people with the right expertise to serve the market areas where we see the biggest opportunities.

In 2025/26, we increased our headcount by 7% to 1,331. Specialist IT skills were again in strong demand, but the steps we've taken to bolster our recruitment capabilities meant we were still able to identify and attract the talent we needed this year. At Bytes, we employed an additional recruiter this year, enabling us to hire specialists in AI, data and cybersecurity, as we look to boost our service offerings. Phoenix also benefited from having a dedicated recruitment manager in place for the full year for the

first time, as we hired more technical consultants and customer success managers. Staff referrals also continued to be a valuable part of our recruitment, with referred candidates more likely to fit into our culture.

As in prior years, we ran apprenticeship schemes in both businesses and as part of our sales training programmes we welcomed 21 new colleagues at Bytes and 13 at Phoenix this year. These schemes reflect our strong focus on developing and promoting talent from within the company – one of the reasons many of our people stay with us for a long time. This loyalty is reflected in our low attrition rates. Although the rate increased slightly this year at Bytes, where we restructured our private sector sales team, our combined attrition rate for BTG was 18%, in line with the industry average range.

Two leading brands, one strong culture

Bytes and Phoenix, our two complementary businesses, have 795 and 527 employees respectively, with Phoenix passing the 500-employee milestone for the first time this year. Each business operates autonomously, with its own identity, headquarters and management team. But they have many commonalities, including similar employment policies, industry-leading knowledge and the same values and culture. Wherever possible, the businesses share good practice and insights for the overall benefit of BTG.

Digital processes that improve feedback and enhance career mobility

As a technology company we should be using the best digital systems, tools and processes to support our colleagues. We have made important progress this year to make our people processes more efficient and user-friendly. At Bytes, for example, we focused on simplifying our processes around performance, to make them much easier for managers and their teams to follow and understand. To give people even more opportunities to move around the business, we created a digital tool that matches people's skillsets with new vacancies.

At Phoenix we also focused on encouraging internal mobility, with a new policy to make sure colleagues are more aware of vacancies and how to apply for the jobs. Linked to this, we improved how we process and track employee changes using our HR system. And we centralised our recruitment tracking system, reducing our spend on external agencies and cutting the time to fill vacancies.

Recognising and rewarding excellence

We are a real Living Wage employer and pay our people fairly. Through our employee recognition programmes, we also reward sales and non-sales staff who achieve business objectives, and we give incentives to people who go beyond what's expected to serve our customers and support their colleagues. Incentives this year included ice skating and dinner, a day at the races, spa days and a long weekend in Seville.

Our values

- Be passionate about our employees, vendors and customers
- Act with integrity at all times
- Work together and collaborate across teams
- Be kind and respectful to all people, all of the time
- Get business done and have fun doing it

Engaging with our colleagues

We are proud of the dynamic, supportive culture that has brought us this far. But we know that as we get bigger and our business evolves we need to nurture our culture. We keep a very close eye on this, measuring our success as an employer in several ways. The most important key performance indicator on culture is our employee net promoter score (eNPS), which measures the likelihood of someone recommending their employer to others.

Our eNPS of 62 was up from 57 in 2024/25. While this remains well above the industry average, it is down from a few years ago. We believe the lower score reflects the challenging period of internal transformation that began in the prior year, as well as economic and political uncertainty. To gain additional insights into the strength of our culture, we take part in annual Great Place to Work surveys. This year we again achieved good results. At Phoenix, 91% of employees agree that they work at a 'great place', and at Bytes, 82% do. This compares very favourably to the 54% of employees at a typical UK-based company who say that. In the UK's Best Workplaces among large organisations (201–1,000 employees), Phoenix was ranked 4th, and Bytes 64th, while both businesses featured in the Best Workplaces lists for development, wellbeing and technology for 2025. BTG was also delighted to be awarded 14th place in the *Financial Times* and Statista's UK's Best Employers 2026 rankings, out of 500 companies assessed through independent surveys of employees.

Along with quarterly town hall meetings for all employees, we hold other events for colleagues to engage with management and each other, including annual kick-off meetings for the sales and technical teams. At Phoenix, we also check in weekly with our people through an app, asking them to respond to a few culture-related questions. Around two thirds of colleagues respond each week, providing us with good data on what we need to work on.



Sustainability review continued



New BTG recruits this year

314

Building skills and developing leaders

We want all our employees to keep learning and broadening their skills. So, in addition to giving everyone the opportunity for support through a personal development plan, we constantly offer opportunities for training. This benefits our business too, because public sector tender frameworks require us to have a certain level of accreditations, and vendors pay us higher rebates if we have more accreditations. At Bytes this year we upgraded our learning management system, adding mobile access and new resources for self-development so that colleagues can learn on their own.

For both businesses, we launched 'CEO for a day', where two people were chosen to shadow our CEO Sam Mudd. Phoenix expanded its own shadowing scheme, enabling people to accompany a colleague in another area of the business. Phoenix also started a pilot mentoring scheme, where colleagues can apply to be mentored by one of Phoenix's senior leaders for six months. Another focus area this year was leadership excellence, with the rollout of a new training course for 'managers of managers', which will be expanded in the coming year.



Looking after our people's wellbeing

Our people's physical and mental wellbeing is important to us, and we work hard to support it. This includes operating a hybrid working policy. People whose roles do not require them to be in the office full time have the option of spending around half their time working from home. While we constantly monitor our approach to make sure it benefits our business, we believe it combines the best of both worlds for us and our people: the advantages of collaboration, learning and social interaction in the office, with positive work-life balance and flexibility from being at home.

We encourage openness about mental health issues and provide guidance and support for anyone who needs it, including through our designated wellbeing ambassadors. At Bytes, the 24/7 employee assistance programme was expanded this year to include access to an

online GP service. Bytes introduced 'meaningful Mondays', a lunchtime forum open to all that tackles a range of wellbeing topics. And Phoenix rolled out a new online wellness service run by an external provider, which includes resources on all aspects of wellbeing, from mental health to neurodiversity and diet. Both businesses engaged occupational health providers so we can better support our people who have experienced health issues to get back to work.

In 2025, Phoenix engaged with a bee keeper and brought two hives on to the site at Pocklington. Inductions and training were given to staff who have volunteered to monitor and support the bee keeper in their duties. This project is all about engaging employees in activities that span the business, increasing skills outside direct work and encouraging care of our natural environment. These bee enthusiasts have created one of the most lively Employee Resource Groups at Phoenix.

To support physical health, we offer free or subsidised gym plans at or near our offices, and encourage staff to buy reduced-price bicycles through our Cycle to Work scheme. We provide free fruit in our offices and employees have the option to join a private health and dental insurance plan.

Total headcount at BTG

1,331



“ The Women in Tech community has grown from nine to around 40 women and allies since we started in November 2024. We will look to grow our engagement through activities and events to strengthen our culture and empower every woman at Bytes to thrive.

Abbey Long

Chair of the Women in Tech group at Bytes

Promoting diversity and fostering inclusivity

Providing equal opportunities to all, regardless of gender and ethnicity, is not just the right thing to do; having diversity of thought and an employee base that reflects society makes for a stronger, more innovative business. In recent years we have made good progress towards gender parity. Our CEO, Sam Mudd, and the MD of Phoenix, Clare Metcalfe, are both women and, at year end, 57% of our Board were women. At Bytes and Phoenix overall, women represent 36% of managers, and around 39% of our total workforce.

This is significantly higher than the average in the UK technology industry. But we still want to go further. At Bytes we had five colleagues shortlisted at the

Women & Diversity in Channel Awards 2025, and the Women in Tech group has been working on several initiatives including recruitment and diversity. At Phoenix, we provided specific training for women in sales, an underrepresented area, and held workshops for women employees on business finance.

Progress on ethnic diversity remains slower than with gender. Our workforce has a higher proportion of people from a White British background than the UK as a whole, though this reflects the demographics of our main office locations, in Surrey and East Yorkshire.

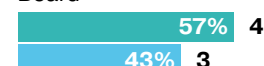
To better understand our diversity, we continue to collect data on gender, ethnicity, disability and neurodiversity, based on voluntary self-reporting from our employees, and we have built this into a standard onboarding questionnaire. We have also been working on processes and training around neurodiversity and will continue to focus on this area in the coming year.

Percentage of women at BTG

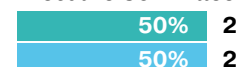
39

BTG gender balance as at 28 February 2026

Board



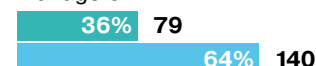
Executive Committee



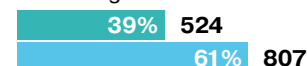
Executive Committee plus direct reports¹



Managers²



All colleagues



● Women ● Men

- ¹ The Executive Committee plus direct reports includes executive directors, our managing directors and their direct reports, comprising individuals for whom they have direct line management responsibility, excluding administrative and support roles.
- ² Managers refers to leaders in BTG including Executive Committee and senior leadership members.

Our communities

Our people's commitment to making a positive difference in our communities is an integral part of our culture and who we are.

We support social causes in several ways. The most important and meaningful is through volunteering our time. Besides enriching the areas in which we work and enhancing our reputation, volunteering is enjoyable and rewarding for our people, and helps them to get to know each other in a social setting while boosting mental wellbeing. As a business we also donate money and IT equipment to support positive change in the communities where we operate.

Supporting our people to make a difference

We have a proud history of encouraging and helping our people to support causes that matter to them. Every employee gets one fully paid volunteering day a year and many take the opportunity to spend time with charities and people who need assistance, while also getting to know each other more.

At Bytes in 2025/26, we focused our volunteering and fundraising efforts on four main charities, each linked to one of our offices. Near our headquarters in Surrey, we again supported The Wildlife Aid Foundation, an animal charity, helping construct new pens for rescued foxes. In Port Solent we partnered with The Muscle Help Foundation, a muscular dystrophy charity, and in Manchester with Mustard Tree, which works to combat poverty and prevent homelessness. From our Reading office, our colleagues supported The Ways and Means Trust, which provides social and practical skills for people with disabilities or poor mental health. These focused partnerships have helped align volunteering opportunities and fundraising efforts.

Volunteering hours at Bytes and Phoenix

2,159

Case study

Racing for a reason



Combining adventure with purpose, 30 Phoenix employees embarked on a four-day race through the Benelux region in July – using only public transport. Based on the BBC television series, *Race Across the World*, Phoenix's Race for a Reason saw the ten three-person teams striving to reach a dozen checkpoints scattered across the cities and countryside of Belgium, the Netherlands and Luxembourg. The teams needed to strategise carefully because the goal was not just speed, but maximising points, as the checkpoints carried different scores based on how hard it was to get to them.

The 'reason' for the unique race event was to raise money and awareness for St Leonard's Hospice in York, Phoenix's chosen charity partner for 2025/26. Phoenix fully funded the event, and the prizes, so St Leonard's received every penny of the more than £20,000 raised.



We simply couldn't do what we do without the incredible support of businesses like Phoenix Software. Their Race for a Reason challenge is a fantastic example of how companies can make a real difference.

Annie Keogh

Corporate Partnerships Development Fundraiser, St Leonard's Hospice

Our people also volunteered with the Rainbow Trust, which assists families who have a child with life-threatening or terminal illness, Celia Cross Greyhound Trust, Mid Surrey Mencap, which supports adults with learning disabilities, and PlayWise Learning, which helps young, disabled children and their families.

At Phoenix, as in previous years, many colleagues volunteered as part of our education outreach programme, where we engaged with more than 6,700 schoolchildren and young adults this year. Our Phoenix colleagues also used their volunteer day to help organisations such as Scouts and a local hospice, or to assist with prisoner rehabilitation, or to perform their volunteer role as a special constable, trustee or school governor. In total in 2025/26, BTG employees contributed 2,159 hours to supporting our local communities.

Raising funds and donating to great causes

As a business and through our people we take pride in raising and donating money for organisations that do excellent work in our communities. At Phoenix, in addition to St Leonard's Hospice, we raised funds for Macmillan Cancer Support and Oscar's Paediatric Brain Tumour Charity, and we entered several teams to run the Yorkshire Marathon Relay for charity.

Our direct donations included Christmas presents for Leeds Children's Hospital, paying for Christmas decorations at a community centre in Tower Hill, London, and funding a digital information screen for Burnby Hall, a historic community building in Pocklington. As part of our commitment to support and invest in our region, we signed on as the official digital sponsor of York City Football Club for the 2025/26 season. As a business founded and based in Yorkshire, we're proud to back a local club that plays such an important role in the community. To enable us to better support and encourage our people's personal fundraising efforts, we introduced a new charitable giving policy this year. We now match fundraising for up to £500 per employee per event and colleagues can also apply for financial help for their fundraising projects.

At Bytes, we have a similar match-funding policy, and we donated more than £14,000 this way in 2025/26. Beneficiary charities included Cancer Research UK, Shelter, Men and their Emotions, and Wildlife Aid Foundation. As a business we supported numerous other good causes, including Movember and The Giving Tree's Christmas appeal. We also donated used IT hardware to not-for-profit groups handpicked by our employees. In 2025/26 we donated 19 second-hand laptops predominantly to Mustard Tree, who focus on retraining homeless people to equip them with better IT skills.

Delivering social value where we work

Phoenix operates mainly in the public sector, which comes with a commitment to drive social value where the work is done. This fits in with our ethos of building stronger communities, and we take this responsibility seriously. As a STEM Ambassadors Partner and a member of the National Cyber Security Centre's CyberFirst programme, we deliver our biggest social value contribution through our education outreach programme. The programme is designed to unlock opportunities and foster economic empowerment by inspiring students to take IT as a GCSE subject and consider careers in technology. In 2025/26, this outreach work included partnering with Developing the Young Workforce, a Scottish organisation that connects employers with education so that young people develop the skills needed for the workplace. We delivered career talks and interactive sessions at schools in Glasgow, where we have an office, as well as in West Dunbartonshire, Stirling and Alloa.

Beyond education, we continued to support TechHub at The Beam, where we help deliver workshops and courses for local businesses, the voluntary sector and schools.

Our approach to charitable giving and volunteering

We want our time and money to have the greatest impact. So in 2026/27, we will focus on delivering cyber awareness, digital skills and technology education to disadvantaged and underserved groups. This is also part of the government's 'opportunity mission', which is supported by the CEO Steering Council.

For more details, see our CEO review on page 9.



Sam Mudd at the House of Lords for a CEO Steering Council session

Our planet

The impacts of climate change, water stress, waste pollution and biodiversity loss are being felt across the world. As a responsible business, we are committed to playing our part in caring for the environment by reducing our greenhouse gas (GHG) emissions, making efficient use of resources and helping our customers to do the same.

How our environmental reporting is structured

To help readers to find the information they're looking for, our reporting on climate issues is structured as follows:

Our planet

This section tells the story of our impact on the planet, our actions and how we are performing against our targets.

Disclosure statements

This section includes:

- Our reporting against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- An 'additional environmental disclosures' section containing detailed environmental disclosures and related methodologies.

 See pages 58 to 76.

Overview

As a technology business, we have both opportunities and limitations when it comes to making a positive impact on the planet. Because we are an IT reseller, we don't make or transport physical goods. We own four office buildings and lease several smaller offices, with 1,331 employees in total, but many of our people work from home for part of the week. Our carbon footprint is therefore relatively modest and our direct impact on broader environmental issues such as biodiversity, waste and water is also quite small.

However, while our own initiatives will only have a limited effect on overall GHG emissions, we recognise the wider potential impact across our value chain, from our suppliers and customers. If we all play a role, and encourage and support each other to do what is within our power, the overall effect will be considerable. Individual and collective action is, simply, the right thing to do.

We have set near-term and net zero GHG emissions reduction targets and these were validated in 2024 by the Science Based Targets initiative (SBTi), the global organisation that helps businesses set emissions reduction targets in line with the Paris Agreement's goal of limiting the

global temperature rise to 1.5°C above pre-industrial levels to avoid the worst effects of climate change. To achieve our target of reaching net zero by 2040 at the latest, value-chain emissions are key, as our Scope 3 reporting shows (see page 55). So, we are working with our suppliers to better understand their emissions and reduction plans. By understanding if our suppliers align with our goals and those of our customers, we can help make more informed choices for our own IT and help our customers make more sustainable IT purchasing decisions.

The coming year is likely to see regulatory changes related to sustainability reporting, both within the UK and globally, and we are monitoring developments. We are working on our net zero transition plan to guide our path towards reaching our goals and expect to be in a good position to transition to the new reporting requirements. We also report against the recommendations of the TCFD, which form part of the FCA's UK Listing Rules. We did not identify a material impact on our own business operations from climate change in our TCFD scenario analyses (see pages 58 to 67). However, climate change is too important for us not to act. This is also expected of us by our stakeholders, from investors to employees and customers.

Our science-based targets ¹			
By 2028/29	By 2030/31	By 2040/41: Reach net zero	
Maintain our reduction in Scope 2 (market-based) emissions at 100% ^{2,3}	Reduce Scope 1 emissions by 60% ²	Reduce Scope 1 emissions by 90% ²	1 Validated by the SBTi. 2 From a 2020/21 baseline. 3 In 2021/22 we exceeded our original Scope 2 target of reducing emissions by 50% by 2025/26. In 2022/23 we further reduced Scope 2 emissions to 0tCO₂e, by ensuring that all our electricity came from Renewable Energy Guarantees of Origin (REGO)-backed renewable sources. 4 From a 2022/23 baseline.
	Reduce Scope 3 emissions by 50% ⁴	Maintain our reduction in Scope 2 (market-based) emissions at 100% ³	
		Reduce Scope 3 emissions by 90% ⁴	

Our performance this year

Taking action on waste and water usage

Along with reducing our emissions, we also committed to using our resources more sparingly and to reducing waste. This year we established targets to reduce our waste and water usage, and policies to help us achieve them. On waste, for example, we aim to have 50% of our waste recycled by 2030/31, from a 2023/24 baseline of 41%. On water, our goal is to reduce consumption on a per employee basis by 25% by 2030/31, again using a 2023/24 baseline. (Read more about our targets on page 72.)

Our initiatives to meet these goals include education and training on the importance of reducing waste and using water efficiently. We will also use more targeted actions, such as improving signage at bins, looking at ways it install low-flow and water saving devices, and conducting water leak surveys. Technology is an important part of our business, so we will look to increase lifespan and source refurbished products, where possible.

Part of the FTSE4Good Index

In July 2025, BTG was pleased to become a constituent of the FTSE4Good Index Series for the first time. The index series is designed to measure the performance of companies demonstrating strong environmental, social and governance practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

This year we saw a 10% reduction in our emissions intensity, even with additional buildings occupancy and growth in revenue and people. This is largely because our suppliers, such as Microsoft, Adobe and AWS, reduced their emissions intensity. In 2025/26 our absolute overall emissions increased through growth in the business and from methodology improvements we made to our second largest emissions category (use of sold products).

This year, we reached the completion date of our first emissions reduction target: reducing our Scope 1 emissions by 50%, from a 2020/21 baseline. We exceeded this target by reducing emissions by 68%. All our offices now run on a renewable energy tariff for electricity and, where heating gas is used, we have switched to a biogas tariff. The most significant source of reduction for Scope 1 is from the replacement of the HVAC systems in Bytes House. We had already exceeded our initial 2025/26 Scope 2 target of a 50% reduction on our base year (four years early), having switched all our electricity to renewable sources in our owned offices and introduced solar panels at our York office. As we continue to grow, our challenge is to maintain our reduction in Scope 2 emissions at 100%.

This is our first year reporting against our waste and water targets. Our waste results are mixed: we saw an increase in the percentage of waste recycled from 38.4% to 44.7%, but we also saw the total volume of waste per employee over the year increase from 19kg to 19.6kg. Our recycling rate should improve next year, following some issues with recycling collections at Bytes in 2025/26. The introduction of food waste collections has been successful, with almost 3,100kg of food being diverted from general waste.

Our targets for water reduction are based on water use per employee – and this year we saw the volume of water per employee increase at both Bytes and Phoenix. Some of this increase may be down to moving into a new building, but we need to do more work to fully understand the change.

Working with our value-chain partners to reduce emissions

Suppliers

Managing our value-chain emissions is crucial to our net zero ambitions. This year, 88% of our total emissions came from purchased goods and services. Of this, 80% are from our top 13 vendors. Microsoft is our largest supplier and formed 59% of our emissions in 2025/26. However, its emissions intensity decreased by 9% in the past year, with AWS, Adobe and Palo Alto also making energy intensity reductions. If our suppliers meet their stated emissions targets, then we should also be able to meet ours. Our approach is to work with our suppliers to better understand their emissions, their plans to reduce them and also how we can help effect change based on their technology and knowledge. In 2026/27 we will increase our focus on working with our supply chain.

Customers

We can help accelerate the UK's move to a low-carbon economy through the solutions we provide to our customers, through our vendors and our services. One of the main ways we do this is by supporting our customers to understand their emissions from using technology we provide, such as helping customers understand Microsoft M365 and Azure carbon reports and by advising them on more sustainable hardware and software approaches. Aligned with this are services we provide through FinOps and GreenOps, which optimise workloads in the cloud to avoid unnecessary spend and resource wastage.

Increasingly, AI is adding to carbon footprints. To promote efficient use of AI, we provide 'prompt' training to customers (and our own employees) on using Microsoft Copilot to reduce the number of queries and refinements needed to get to the desired answer.

Sustainability review continued

Case study

Supporting climate solutions through considered use of removal and offsetting

Reducing our emissions is our highest priority for our transition to net zero. We have used the Oxford Principles for Net Zero Aligned Carbon Offsetting (revised 2024) to guide our approach to funding carbon avoidance and removal. As part of our approach to increasing the storage durability of our carbon removal, this year we are incorporating a UK Biochar project. In addition, we want to support projects that benefit local communities and nature, because a just transition and the biodiversity crisis are also important global issues.

We're aware of the challenges inherent in carbon removal and offsetting, so we are careful to ensure that the programmes we invest in are backed by recognised carbon standards. We work with Ecologi, a leading climate action platform, to manage our residual emissions by investing in a diverse portfolio of high-quality carbon credits. Ecologi supports Gold Standard and Verra-approved carbon reduction, and community- and biodiversity-enhancing projects around the world. This year, we joined Ecologi and a research fellow from Oxford Net Zero on a webinar to discuss our real world example of applying the Oxford Principles. To cover the value of our Scope 1 and 2 emissions across the Group, we invested in a UK Biochar project, based close to our Leatherhead office, to provide durable long-lived carbon storage as our removal credits. This is in line with our net zero strategy, which mandates the use of carbon removal credits to cover the residual emissions – up to 10% of our emissions – for areas where we cannot remove the carbon from the activity, such as air travel.

For Scope 3 (categories 2 to 8), Bytes has invested in nature-based carbon removal credits to cover its Business travel (category 6), including mangrove restoration in Pakistan and reforestation in Mexico, supporting jaguar habitats. For the remaining categories, carbon avoidance credits have been purchased, including in a clean cookstoves project in Uganda, supporting healthier communities, and rainforest protection through the Matavén REDD+ project in Columbia.

Phoenix is investing in UK nature projects for peatland, meadow and seagrass restoration to support UK nature initiatives. While we can't allocate this against our emissions, it supports initiatives in one of the most nature-depleted countries in the world. For more details, see Phoenix's carbon report at phoenixs.co.uk.



BTG joined Phoenix as a member of the Government Digital Sustainability Alliance (GDSA) this year. BTG now sits on the Scope 3 Working Group, contributing to the UK Government's understanding and strategy around reducing Scope 3 emissions from technology. The GDSA was established to improve digital sustainability outcomes for the UK Government and its supply chain – and in so doing, support wider strategies, such as the Greening Government Commitments, the Net Zero Pathway and the UN Sustainable Development Goals. We were also proud of our scores from EcoVadis, which assesses companies across four pillars: environment, labour and human rights, ethics, and sustainable procurement. Both Bytes and Phoenix achieved silver medals this year, placing them in the top 15% of companies. Phoenix was awarded a bronze medal the previous year.

Scope 1

We exceeded our 2025/26 target to reduce Scope 1 emissions by 50% this year by achieving a 68% reduction from our 2020/21 baseline year.

Staying on track for Scope 2

We met our 2025/26 Scope 2 target early – and we continue to meet it. This year we brought our emissions back to 0.0tCO₂e, so are confident we will meet our 2028/29 target to maintain a 100% reduction from our 2020/21 baseline year.

On course for our long-term Scope 3 targets

Our Scope 3 emissions increased this year but only by 0.3%, while our energy intensity (by revenue) decreased by more than 10%. This was mostly because of the reduction in absolute emissions from our purchased goods and services, which in turn was a result of the reduction in emissions intensity from our suppliers. Our capital goods emissions also reduced.

There was a large increase in category 11 (use of sold products) emissions because of more accurate data being available across the Group. We also changed our baseline year figure for category 11, to reflect the earlier methodology change for calculating the lifetime use of sold product and the more accurate data sets from both operating companies.

Although far smaller categories, our business travel and employee commuting (including homeworking) emissions have increased this year, both in absolute and energy intensity terms. This may be a consequence of having more accurate activity-based rather than spend-based data available. The signs that the energy intensity is decreasing in our supply chain are encouraging. Now we need to focus on capturing data from our suppliers and reviewing our own data to see where we can support and drive lasting change.

Expanding our carbon literacy programme

Collective action on climate is not just for businesses; as individuals we all have a part to play. We are supporting our people to do more through carbon literacy awareness training. Launched in 2024/25, the training aims to increase our people's understanding of the causes and impacts of climate change, and the steps they can take to reduce their own carbon footprint. It also explains our reporting requirements, our GHG emissions reduction targets and our plans to get us there.

This year we expanded the programme, providing virtual and in-person training sessions. Additionally, we have incorporated sustainability into our onboarding programme for new starters at Phoenix, and we will expand this for all new employees in the new year. In 2026/27 we will build carbon literacy into mandatory annual training and onboarding across the Group.

Third-party assurance

For the first time this year, in addition to having an external consultant calculate our emissions, we worked with a different third-party consultancy, Carbonology, to audit and verify our emissions data against ISO 14064-1. We opted for the highest level of assurance (reasonable) across all three scopes, and were delighted to gain assurance for our 2025/26 GHG emissions data at the end of April 2026.

Sustainability review continued

How we work collaboratively towards our sustainability targets

Our sustainability work across our two businesses is led by Lisa Prickett, our Group Sustainability Manager. Lisa works with the senior leadership team, our Sustainability Steering Committee, the Board's ESG Committee and the wider business to coordinate our approach and activities, ensure progress against our targets and report on performance.

Cutting emissions and protecting the planet more broadly is a collective goal, so we also work with others beyond BTG. This year we responded to consultations on the UK's Sustainability Reporting Standards, the SBTi and research

around incorporating nature in reporting. Lisa is a member of the Institute of Sustainability and Environmental Professionals (ISEP, formerly the IEMA), the GDSA and the Sustainable Business Network, which supports and empowers Surrey businesses to adopt low-carbon behaviours and operations. Jennifer Clewley, ESG Lead at Phoenix, is a member of the GDSA and regularly collaborates with public sector bodies. For full details of how we oversee and manage environmental issues, see our TCFD disclosures on pages 58 to 67.

Accreditations

Bytes and Phoenix certified to ISO 14001

CDP score of B-

ISS ESG Corporate Rating score B- (top decile)

ISS ESG quality scores:

- Environmental 1
- Social 2
- Governance 1

EcoVadis silver medals

Looking ahead

In the coming year we will focus on formalising and publishing our net zero transition plan, to stay on track to meet our targets. In addition to our own actions, we will be increasing our supplier engagement activities, particularly with our main vendors, who are responsible for most of our Scope 3 emissions, to understand their GHG emissions, reduction plans and progress. Most leading vendors take sustainability very seriously, with clear and well-publicised net zero plans, which gives us reassurance. And we will keep striving to reduce our own emissions and taking other positive steps, including through advocacy, working with external bodies, and increasing awareness among our employees and partners, to help to protect the planet.



Read more about our approach to sustainability on our website

Promoting, enabling and inspiring sustainable practices

In 2025/26, we continued our electric vehicle (EV) scheme, which enables employees to buy cars through salary sacrifice. Since we first introduced the scheme in 2023/24, 112 people have used it to buy an EV, including 42 this year. All our main office locations have electric car charging points, and we also have a car sharing network and secure cycle parking. We encourage energy and waste efficiencies in our offices through infrared sensors, reduced printing, a request system for consumables, through off screens overnight and sensor taps that reduce water usage. We also set an example by producing some of our own power. At Phoenix, the 264 solar panels we installed in 2025/26 produced around 23% of our energy requirements, and 15% went back into the grid to support local renewable energy use.



Solar panel installation at our Phoenix office in Pocklington, Yorkshire

We support all the UN Sustainable Development Goals, but focus on the seven where we can have the most impact:



Disclosure statements

- 58 Task Force on Climate-related Financial Disclosures (TCFD)
- 68 Additional environmental disclosures
- 74 Non-financial and sustainability information statement
- 75 Viability statement
- 76 Section 172 statement

Playing our part in the transition to net zero.

Task Force on Climate-related Financial Disclosures (TCFD)

We are committed to protecting the environment by reducing our GHG emissions and helping our customers to do the same.

We are acutely aware of the impacts that climate change could have on our business and society – and of the related risks businesses are exposed to through their activities and supply chains.

BTG responded to the UK Government's consultation on the future of the UK Sustainability Reporting Standards (SRS) in 2025. The government published these standards as SRS S1 and S2 in February 2026, but they are not yet mandatory. Although TCFD has been disbanded and its recommendations adopted into broader IFRS S1 and S2 standards – and subsequently the UK SRS S1 and S2 – we continue to report using the TCFD recommendations. We also maintain our wider GHG emissions reporting – see Additional environmental disclosures on pages 68 to 73 and Our planet on pages 52 to 56. Through its focus on climate policy and regulation, the UK Government has also made climate change a priority for all businesses. This includes the upcoming requirement to publish net zero transition plans to support the UK's overall net zero target.

This year, through our new waste and water policy, we added seven targets and their associated metrics, which are detailed on page 72. These focus on the broader environmental impacts of waste and water use but are also relevant to our GHG emissions reporting.

Our view is that the direct impact of climate change on BTG will be relatively low, given our primary business is in software, IT services, and security and cloud solutions, working with large software companies. Unlike many companies in other sectors, we do not have factories or facilities outside the UK and, currently, consider the impact of extreme weather events in the UK to be relatively low. Employees and customers are not always required to attend our offices in person, and the hardware we sell, although transported by third parties, is a relatively small part of our business.

But, like all responsible companies, we will continue to focus on our environmental impacts and support the transition to a low-carbon economy. Adapting, alongside our customers, to climate change and more weather extremes is the right thing to do. From a risk perspective, it also helps keep the business resilient – but it brings us opportunities too, as companies look to technology for the systems and services that they need to manage transition risks and move to a low-carbon economy.

Complying with TCFD

This is our fifth report against the recommendations of the TCFD, which we expanded previously to incorporate the requirements of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 – which itself aligns with the recommendations.

We have again complied with all 11 areas of the TCFD and summarised this in the following table. To avoid repetition, we have cross-referenced to relevant information elsewhere in this Annual Report – particularly in Our planet on pages 52 to 56 and in Additional environmental disclosures on pages 68 to 73, which should both be read in conjunction with this TCFD report.

TCFD recommendation	Compliance and cross reference	Comments/next steps
Governance see pages 60 to 61		
a. Describe the board's oversight of climate-related risks and opportunities.	Fully compliant – see page 60	n/a
b. Describe management's role in assessing and managing climate-related risks and opportunities.	Fully compliant – see pages 60 to 61	n/a
Strategy see pages 62 to 63		
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Fully compliant – see pages 64 to 67	n/a
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Fully compliant – see pages 63 to 67	n/a
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Fully compliant – see pages 62 to 67	n/a
Risk management see pages 60 to 61		
a. Describe the organisation's processes for identifying and assessing climate-related risks.	Fully compliant – see pages 60 to 61	n/a
b. Describe the organisation's processes for managing climate-related risks.	Fully compliant – see pages 60 to 61	n/a
c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Fully compliant – see pages 60 to 61	n/a
Metrics and targets see pages 52, 58 to 72, 116 and 120		
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Fully compliant – see pages 52, 72, 116 and 120	n/a
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks.	Fully compliant – see pages 68 to 71	n/a
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Fully compliant – see pages 52, 72, 116 and 120	n/a

Task Force on Climate-related Financial Disclosures (TCFD) continued

Governance and risk management

Given that scientific understanding of and regulations relating to climate change and its impacts evolve, we oversee its risks and opportunities at the highest level of the Group. Our governance structure ensures we factor climate-related issues into our thinking throughout the business,

while our overall enterprise risk management framework integrates climate assessments and sets out our risk management process for climate-related risks. Read more in our Risk report on pages 32 to 43.

The Board

- Overall responsibility for the effective delivery of our sustainability targets
- Considers reports from the ESG Committee
- Our CFO is BTG's executive director for sustainability
- The Board, with senior leadership, also oversees governance aspects of ESG

ESG Committee

- Reviews progress against sustainability targets
- Monitors the changing regulatory requirements and trends in ESG
- Reviews climate-related risks and opportunities
- Considers sustainability as part of our engagement with stakeholders

Executive Committee, management and Group Sustainability Manager

- Operational management of environmental targets and stakeholder engagement
- Review and monitor climate-related risks and opportunities

Sustainability Steering Committee

- Members drawn from senior leadership and across the business
- Considers progress against targets and assesses operations from a sustainability viewpoint

Operational teams

- Champion practical environmental and social activity, including volunteering
- Raise awareness of local social and environmental issues

Focused oversight at Board level

Our Board is responsible and accountable for sustainability, including the achievement of our environmental targets, and for overseeing climate-related risks and opportunities. The Board receives relevant performance information from the ESG Committee, which meets three times a year, including on progress against targets, significant actions taken and any changes to risk. Any material matters are discussed and actions identified, as necessary. For more information on the ESG Committee's activities, see pages 106 to 107.

Sustainability strategies may also be discussed at the annual budget meeting to review any material projects with capital expenditure, such as on-site renewable energy generation projects. As part of our enterprise risk management framework, our principal and emerging Group risks, and any changes to these, are also presented to the Board twice a year for approval.

The Board delegates the authority for delivering the risk framework to the Audit Committee, which formally reviews our risk performance twice a year. The committee also receives Group risk updates for review. Since 2022/23, the Audit Committee has considered climate-related risk as part of its work reviewing risk overall.

Our Board-level ESG Committee has increased the scrutiny of our climate-related activities, monitoring how we implement the company's ESG and sustainability strategy. During the year, the ESG Committee received updates on our ESG strategy, and was briefed on our environmental, and waste and water, policies, on phase one of our net zero transition plan, and on the progress of our sustainability initiatives and climate-related risks and opportunities. The committee also received standing updates on emerging external trends and developments, and stakeholder expectations around commitments to net zero.

Responsibility and management at executive level

Beyond the Board, we have a tiered chain of responsibility within the business for driving, embedding and monitoring our approach to environmental issues, including considering the potential effects of climate change.

Our Executive Committee is responsible for the delivery of our environmental targets, and reviews and monitors climate-related risks and opportunities, reporting to the Board. Our CFO is the executive director responsible for overseeing climate-related activities and, working with our Group Sustainability Manager and the senior leadership of our operations, leads the development of our climate change policies. Our CFO is also responsible for overseeing climate-related financial activities and reporting, including sponsoring the Sustainability Steering Committee and the Group risk forum. The forum comprises senior colleagues from across our governance, sustainability, risk management and finance functions.

The Executive Committee also receives Group risk updates for review, in line with our risk review cycle. Our CFO oversees the implementation of our enterprise risk management framework, and compliance with it across the Group. Risk management, which includes a review of climate-related risks together with other risks faced by the business, is a standing item on the agenda of our Executive Committee meetings.

Formal feedback on risk management is also integral to our operating company board meetings, so reviewing climate risk forms part of Bytes's and Phoenix's board agendas – see the risk management section of our Risk report on pages 33 to 35. This ensures accountability at each level for identifying, monitoring and proactively managing risk and compliance issues.

Delivering at an operational level

At an operational level, we have our Sustainability Steering Committee, which aims to meet quarterly, but at least twice a year. It discusses the impact of climate change and ensures we integrate environmental issues into our strategic planning. The Group Sustainability Manager keeps up to date with the latest science and regulations, and works with other members of the committee to understand the implications of the potential risks across the business. As well as the Group Sustainability Manager, the committee includes our CFO and other members of senior leadership, plus colleagues with relevant functional roles or who have a particular interest in this area. Our CFO reports on the committee's work, the progress of our environmental initiatives, and our risks and opportunities to the Executive Committee.

We also have employee-led initiatives at operational level, which promote engagement, raise awareness of the importance of environmental issues and organise local activity. These groups form an important part of our collective efforts and report into our Sustainability Steering Committee.

Our business processes ensure that the policies, procedures and control environment set by the Board, and our commitments on topics such as climate risk, are understood and adhered to across BTG. The factors we consider when drafting policies and procedures include regulatory requirements, reputational and physical risks, and opportunities to advise our customers on sustainable technology solutions. The evaluation criteria include relevance to our industry and sustainability, regulatory and legal risks, financial implications and the areas of our business that might be affected.

We manage our environmental impacts through the framework of the ISO 14001 environmental management system. ISO 14001 requires that risks and opportunities be identified, and processes put in place to mitigate and manage them. Both Bytes and Phoenix are certified to ISO 14001. For more about our principal risks and how we manage and mitigate them, see pages 35 to 43.

Our climate-related risk process

Risk identification	We identify risks at any level of the business, with climate-related risks channelled through either the Sustainability Steering Committee (bottom up) or the ESG Committee and our executives (top down). The Group Sustainability Manager stays informed about climate science and regulatory changes, raising any potential risks identified through these forums.
Risk assessment	We then discuss any identified risks at ESG Committee, Sustainability Steering Committee and Group risk review meetings. These forums comprise individuals with wide-ranging knowledge of the business and its operations and who are well placed to interpret the impact of the risk on different areas. The risk impact is then measured against the chosen climate scenarios, and a financial impact estimated.
Risk management	If a risk is considered to have a potentially material impact, we will add it to the Group's risk register as either an emerging or a principal risk. Such risks will be managed through our enterprise risk management framework. If a risk is considered immaterial, it will be added to the climate-related risk assessment and be reviewed annually, with Board oversight. If a risk changes from immaterial to material, or vice versa, it will move to the appropriate channels and be managed accordingly. We will also consider mitigating actions and alignment with strategy, depending on the risk impact.

Task Force on Climate-related Financial Disclosures (TCFD) continued

Strategy

Our strategy is to grow organically by doing more with existing customers and winning new ones. But we also want to grow while minimising our impact on the environment, which is why our focus on achieving net zero by 2040 matters, since it enshrines that aim into our strategic plans. Depending how the effects of climate change materialise, there could also be opportunities for us as more customers look to technology to reduce or mitigate its impacts.

The Board is supported by our CEO, CFO and other senior leaders in ensuring that sustainability remains core to our strategy. Forming the ESG Committee, meanwhile, has added another level of oversight to how we manage our climate-related risks and opportunities.

Analysing our climate-related risks and opportunities

In 2025/26, we again reviewed the latest output from organisations such as the Intergovernmental Panel on Climate Change (IPCC), reassessed our climate-related risks and opportunities alongside the TCFD recommendations, and conducted scenario and financial analyses and a financial risk assessment.

Scenario methodology

To incorporate the most realistic changes in temperature for the UK, where the Group's operations are located, we have selected three scenarios: two scenarios of 2°C or below of global warming above pre-industrial levels and one scenario of 3°C. Our analyses covered physical risks (acute and chronic threats relating to extreme weather) and transition risks (such as financial, political, social and reputational factors), which could have a

negative impact on our business, supply chain and employees.

Given the differences between physical and transition risks, two different mechanisms have been used for the scenarios. For physical risk scenarios, we have selected three relevant categories from the eight identified in the IPCC AR6 Categories from Working Group III (IPCC AR6 WGIII). These eight categories range from C1 (>50% chance of limiting warming to 1.5°C with no or limited overshoot) to C8 (>50% chance of global warming exceeding 4°C). BTG has chosen to use C1, C3 and C6, as detailed in the physical risk scenarios table below. For transition risks, we have chosen to use the International Energy Agency (IEA) World Energy Outlook 2025 scenarios, which relate to global energy policy decisions and the adherence to these. These range across three different trajectories, as detailed in the transition risk scenarios table below.

Physical risk scenarios

Group notation	IPCC AR6 WGIII category	Description
Low	C1	Limit warming to 1.5°C (>50%) with no or limited overshoot
Medium	C3	Limit warming to 2°C (>67%)
High	C6	Limit warming to 3°C (>50%)

Transition risk scenarios

Group notation	IEA	Description ¹
NZE	Net Zero Emissions by 2050 Scenario	The NZE translates the 1.5°C goal into an updated global pathway for the energy sector to achieve net zero carbon dioxide (CO ₂) emissions by 2050. The NZE sees temperatures rise by around 1.65°C above pre-industrial levels before falling back to 1.5°C by 2100.
STEPS	Stated Policies Scenario	This scenario considers the application of a broader range of policies, including those that have been formally tabled but not yet adopted, as well as other official strategy documents that indicate the direction of travel. Barriers to the introduction of new technologies are lower than in the CPS (see below), but this scenario does not assume that aspirational targets are met. By 2100, the global temperature is projected to rise by 2.5°C.
CPS	Current Policies Scenario	This scenario considers a snapshot of policies and regulations that are already in place and offers a generally cautious perspective on the speed at which new energy technologies can be deployed in the energy system. Under this scenario, total GHG emissions lead to a global average surface temperature rise of around 2°C in 2050 and 2.9°C in 2100.

¹ From the IEA World Energy Outlook 2025.

We considered these risk scenarios over a broad timeframe, from 2025/26:

- **Short term:** one to three years – the depreciation of the majority of our IT assets, which reflects the length of our typical customer software contracts
- **Medium term:** three to ten years – incorporating 2030, the target date for our main emissions goal
- **Long term:** ten to 24 years – which covers our net zero goal of 2040/41, and the start of 2050, the UK's net zero target.

Some risks may arise in the shorter term; however, many of the effects of climate change will arise in the longer term and so come with an inherent level of uncertainty. We have identified those – and potential opportunities – most likely to affect BTG, as set out in the tables on pages 64 to 67. The magnitude of our climate-related risks and opportunities not only depends on the physical impacts on our business operations but is also shaped by regulatory developments in our markets, our goal to reduce our GHG emissions, and our efforts to understand and shape a culture of climate action.

We acknowledge that some physical risks will be present well below the 2°C threshold but, given these risks are largely immaterial to our business, we have deemed them to be a minor financial risk – except for under the C6 scenario, where more extreme weather events and heating might require capital investment. We have confidence that the business would be resilient against the physical risks of climate change under the scenarios assessed. We will, though, continue to monitor the potential impact of changes in global temperatures and adapt our analyses as necessary.

Risks and opportunities

Estimated annual financial impact	Risk category
<£2.5m	Minor
£2.5m to £5m	Moderate
£5m to £7.5m	Material
£7.5m+	Severe

Overall, our analyses showed no immediate material risks that would affect our strategy or performance, so concluded that climate change remains an emerging risk for BTG. However, as the analyses demonstrate, the transition risk that suggests a moderate financial impact is about staying aligned with stakeholders' expectations and regulation relating to climate change. Our Sustainability/ESG risk incorporates all aspects of sustainability and, in particular, relates to predicted and unforeseen future regulations, which may assess areas we have not measured with the same focus as climate, such as biodiversity and social aspects of sustainability. We have identified the physical risk from climate change as an emerging risk (see page 34 in our Risk report for more details).

To analyse the materiality of climate-related risks, we used the same process and financial impact categories as we do for principal risks. We have assessed the potential financial cost/benefit for each of those identified, which then dictates the relevant materiality of each risk/opportunity. The materiality of the risks then informs whether the business needs to consider the risk/opportunity in strategic or financial planning. At present, the materiality of the risks and opportunities to the business is

considered low and our resilience to risks high. The table above shows these categories, which are also referenced in the risks and opportunities tables on pages 64 to 67. We have not changed our initial conclusions around the nature of climate change this year, and we are confident that it has had a limited effect on our accounting judgements and estimates. We have therefore determined that it has had no material impact on our asset and liability valuations at 28 February 2026.

Assurance and target validation

In 2024, the SBTi validated our near-term and net zero targets, creating a pathway for the work we need to do to achieve these targets. For our 2025/26 emissions data, we obtained third-party assurance on our Scope 1, 2 and 3 emissions data to a reasonable level. For more details, see Our planet on page 55.

Task Force on Climate-related Financial Disclosures (TCFD) continued

Summary of our key climate-related risks

Risk description	Risk category	Potential impact	Mitigation actions	Scenario and potential financial risk
Transition risks				
Increased pricing of carbon (or carbon-intensive materials, goods and services), carbon reporting obligations, regulation of products and services, and exposure to litigation S	Policy and legal	The most likely effect of any changes would be an increase in operating costs. For example, reporting criteria could involve additional time and expertise, or a mandatory reduction in GHG emissions could require extra capital expenditure. Failure to comply with this risk, which is relatively low, could result in damage to our reputation and possible regulatory fines in certain instances.	We have several internal groups in place to manage sustainability, including the impact of climate change on our business. We continually monitor the regulatory and legal environment and take external advice as required. A large percentage of our supply chain is with Microsoft, which has a 'carbon negative' date of 2030. If it achieves this, it will mitigate the majority of our supply chain Scope 3 emissions from 2030 onwards. We will continue to monitor our other vendors too, including new ones, and will expand our supplier engagement to better understand their GHG emissions and reduction targets.	NZE – minor STEPS – minor CPS – minor
Changes in customer working behaviour and infrastructure requirements M L	Market	The move away from full-time, office-based working could accelerate if climate change-related extreme weather events routinely make it difficult to reach centralised workplaces. This could further encourage employees to work from home or at other non-office locations. These changes could also mean that customers no longer needed so much of the hardware infrastructure that we supply, such as desktop computers and telephones. However, hardware makes up less than 3% of gross profit of our business, and the software side is unlikely to be affected. So, the impact on us would be relatively small and potentially feeds into some of the opportunities identified around increased cloud computing.	Given this risk is relatively insignificant, and within BTG's risk tolerance, we have not developed formal mitigation plans.	NZE – minor STEPS – minor CPS – minor
Substitution of existing products and services that we currently sell with new technologies that are not in our portfolio S M	Technology	On balance, we believe that most of the software we sell would not be affected by this situation, which presents both risks and opportunities to BTG. If our customers moved away from our existing products and services, and we did not have relationships with vendors that sold the new in-demand products and services, we would lose sales. However, if we had built those relationships and could offer those new products and services, we would benefit from additional revenue opportunities. This forms part of our Emerging technology principal risk (see page 40).	We analyse market trends to keep up with changes in technology and customer preferences and draw on assistance and guidance from external advisors as required. We also have internal groups that focus on managing sustainability, including the effects of climate change on our business. For details of our mitigation actions, see our Emerging technology principal risk on page 40.	NZE – minor STEPS – minor CPS – minor

S Short term: one to three years M Medium term: three to ten years L Long term: ten to 24 years

Risk description	Risk category	Potential impact	Mitigation actions	Scenario and potential financial risk
Transition risks continued				
Concerned or negative perceptions from stakeholders that we have not responded appropriately to climate change S M L	Reputation	Damage to our reputation could affect all our stakeholders. Investors increasingly have a sustainability mandate – so a poor or damaged reputation could negatively affect our investment case. Customers often include a sustainability score when comparing suppliers. Reputational damage would lower our score, which, over time, would have a negative impact on our revenue. Our suppliers could also exert pressure on us if our reputation was tarnished. Any damage to our reputation could also affect our ability to attract and retain skilled staff, who now look to employers for more than just financial reward and advancement opportunities.	We monitor our external reputation through regular dialogue with our PR agency and external advisors, and engagement with our institutional investors; our vendors' perception through periodic reviews; our customers' views through our customer NPS; and our people's views through our employee NPS, and through briefings from our designated non-executive director for employee engagement and our Chief People Officer. We monitor investor-focused scoring through ISS, and act on areas where we can improve. Public disclosures through CDP and EcoVadis enable us to understand our position within our peer network and engage with customers. We also create opportunities for engagement with all our stakeholders through our Annual Report and Annual General Meeting. We receive insights on our performance from our internal sustainability-focused groups. We take account of the feedback from these sources in the context of our public commitments.	NZE – moderate STEPS – minor CPS – minor
The impact of AI S M	Market	The use of AI – in particular, the expansion of LLMs – is consuming greater levels of power than traditional searches, and with the addition of producing pictures and videos, the number of data centres has expanded, as has the power and cooling that they need. Given we sell AI products to customers, this forms part of our own GHG emissions reporting. The risk is that without a shift to renewable-electricity-powered grids, we may miss our GHG emissions reduction targets, which could affect our reputation and ability to retain high scores with ESG ratings agencies. There is also a risk if customers, conscious of their own impact, choose to avoid or limit their use of AI.	Despite an acceptance that this risk is largely out of a business's control, we provide training to customers that includes 'prompt' training, which reduces the number of times an LLM is engaged. We have also given our employees carbon literacy training on the impact of AI. At present, it is difficult to establish the GHG emissions solely from AI because it is embedded in other products – but we are tracking annual emissions and intensity from our top vendors. The impact could be lowered by using global grids, which use a larger percentage of renewables, and if vendors focus on building where the grid is greener and on using less-damaging refrigerant gases for cooling.	Low (C1) – moderate Medium (C3) – moderate High (C6) – moderate

S Short term: one to three years **M** Medium term: three to ten years **L** Long term: ten to 24 years

Task Force on Climate-related Financial Disclosures (TCFD) continued

Risk description	Risk category	Potential impact	Mitigation actions	Scenario and potential financial risk
Physical risks				
Increase in extreme weather events and variable weather patterns in the UK causing disruption to energy and related systems M L	Acute/chronic	Low-impact scenario (C1) will have a limited impact on the business, as coastal inundation and localised flooding is likely to be minimal. Under medium- and high-impact scenarios, this risk increases but is dependent on tipping points, such as that of the Greenland ice sheet, which could increase sea levels. However, none of our UK locations is at high risk of flooding – although, in extreme weather conditions, commuting could be challenging. Once-a-decade extreme events (pre-industrial) will become more frequent under each scenario as warming increases. Periods of extreme heat could affect productivity and increase emissions from offices through more frequent use of air conditioning. Prolonged heatwaves are still expected to be limited in the UK under 2°C or lower scenarios, with a relatively small impact to the business and on energy use. Increased extreme weather could affect power lines. Such physical risks could make it difficult for our people to get to work, or our vendors and subcontractors to deliver their products and services to us or our customers because of blocked roads or public transport failure, for example.	If extreme weather events affect power lines, or flooding affects travel to offices, mobile connectivity and our network access mean that our employees could work remotely during times of power interruption to our offices. Most of our IT requirements are hosted in the cloud, so we have limited physical connectivity to any one site. We have alternative power supply capabilities, and multiple vendors can provide additional data connectivity, to serve locations with on-site computing needs. In a hotter climate and with more frequent heatwaves, the office environment would need to maintain comfortable working conditions for employees, which is currently serviced through the HVAC system. To manage emissions, we would look to use the most efficient and least polluting refrigerant gases and explore alternative options to ensure a comfortable working environment, while also maintaining carbon efficiency. This may include increasing the number of solar panels to provide more self-generated power. In more extreme scenarios, the UK may look to amend working hours to a working pattern similar to how more southerly European countries operate today.	Low (C1) – minor Medium (C3) – minor High (C6) – moderate
Supply chain disruption from the physical impacts of climate change	Acute/chronic	Global supply chains could be affected by the locations of our suppliers in more severely affected parts of the globe and through disruptions to distribution channels.	Issues are most likely to affect the relatively small hardware and IT services parts of BTG. Software, which makes up 95% of our gross invoiced income, is unlikely to be affected, but we will work with our suppliers to understand their climate change-related risks. We perceive that the impact from this will be fairly small, given our top-tier suppliers will already be taking steps to ensure the sustainability of their own businesses.	Low (C1) – minor Medium (C3) – moderate High (C6) – moderate

Summary of our key climate-related opportunities

Opportunity	Description	How we are responding	Scenario and potential financial impact
Expansion of cloud products and services S M	The desire to be more sustainable – and limit climate change – is already encouraging organisations to move their IT servers to the cloud. This is likely to continue, and may accelerate, as the climate-related risks of accessibility and physical damage prompt organisations to untether themselves from their physical locations.	Since we are specialists in cloud technology, this trend would have positive effects on our sales. We already actively promote the sustainability benefits of moving to the cloud, along with our expertise in this. Under the more progressive scenarios, such as NZE, our opportunity would be greater than under the slower mechanisms – but there are several reasons for shifting to the cloud, so this may continue to increase irrespective of changes in jurisdictional climate policies.	NZE – minor STEPS – minor CPS – minor
Demand for resource and energy efficiency S M L	The growing demand for more energy efficiency, and for lower consumption of water and materials, presents opportunities for us because customers are likely to need new technology to help them identify, monitor and manage risk and to comply with regulation on climate-related matters. Factors linked to the drive for low-carbon energy – such as policy incentives, new technologies, participation in carbon markets and localised energy generation – could present more opportunities for us.	Given BTG's established relationships with leading vendors and our understanding of their software offerings, we are well positioned to provide appropriate solutions, as and when demand increases. This could enhance our product portfolios, leading to additional revenue streams. Under the more progressive scenarios, customers might be more likely to request information about product sustainability, which could open up opportunities for other services.	NZE – moderate STEPS – moderate CPS – minor
Demand for sustainable hardware S M L	Customers pursuing renewable energy programmes, energy-efficiency measures and resource replacements or diversification may need new, more sustainable hardware as well as associated software.	Although hardware sales are not our primary revenue stream, we can advise customers on the most environmentally friendly models, and this could positively affect our revenue. We can also support customers by advising on models that meet certain certifications, such as TCO, ePEAT or EnergyStar. As with the Demand for resource and energy efficiency opportunity above, under more progressive scenarios customers might be more likely to request information about hardware sustainability, and this could open up opportunities for other services.	NZE – minor STEPS – minor CPS – minor
Keeping up with social change S M	Companies with a market-leading response to climate change could attract new suppliers, customers, investors, markets and assets. Some public sector frameworks already rate suppliers on their sustainability credentials. Being known for our sustainability credentials could help us to attract and retain talent. The IT jobs market is extremely competitive and increasing our headcount is essential for our growth.	We are raising our sustainability profile, for example by having validated our emissions targets with the SBTi, through public disclosures such as CDP and by taking into account the expectations of sustainability ratings agencies to improve our scores. We are also proactive about our support for the environment and promote this to our employees through, for example: • Employee-led sustainability committees • An employee EV and cycle-to-work programme • A carbon literacy awareness programme • Hybrid working (reducing commuting emissions) • Electric charging points in our car parks. Under the various scenarios, STEPS and CPS would provide us with the biggest opportunity to be leaders in our field. In comparison, however, it might be more difficult to achieve our goals if government policy lags behind.	NZE – minor STEPS – moderate CPS – moderate

S Short term: one to three years M Medium term: three to ten years L Long term: ten to 24 years

Additional environmental disclosures

With the increased attention on environmental performance, this year we've again brought together in one place the environmental disclosures we make in addition to our TCFD reporting – and to support the narrative in Our planet on pages 52 to 56.

This includes progress against our GHG emissions, waste and water targets, so here we provide detailed disclosures on our carbon footprint (including our Scope 1, 2 and 3 GHG emissions), our Streamlined Energy and Carbon Reporting (SECR) data, waste data and water usage, and the related methodologies.

Changes to our carbon accounting

Since the start of 2022/23, we've worked in partnership with a specialist GHG emissions consultancy, which has helped us to report on all Scope 3 categories relevant to our business and to improve our methodologies every year. We use the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard as the methodology for all our carbon reporting (see page 73). Having comprehensive data has enabled us to become far more sophisticated in our analyses and reporting.

This year the most significant changes have been in the data accuracy behind Scope 3, category 11, where we now have data from both operating companies, rather than needing to extrapolate from one business. This has increased our emissions in this area. We also worked with our consultants to re-calculate our baseline year of 2020/21 for Scope 3, category 11, because we updated our methodology for 2024/25 to include full lifetime emissions from use of our sold hardware and also to use hardware reports from both operating companies for more accurate calculations.

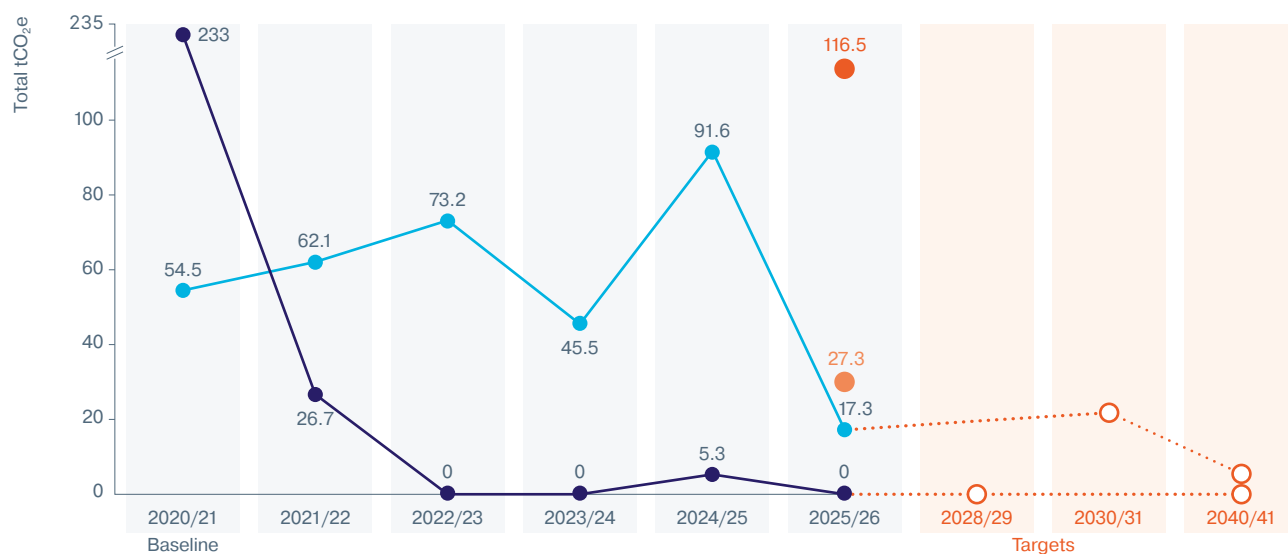
In December 2024, Bytes purchased two buildings next to our Leatherhead head office. One building, Cassini Court, is fully leased, and Bytes and BTG employees began occupying the other, Pascal Place, in October 2025. Both buildings were brought under a renewable energy tariff, but we expect the energy requirement for Pascal Place to increase in financial year 2026/27 given its part occupation.

During financial year 2025/26, we measured our emissions from these buildings more accurately and determined a lower-than-5% increase in our Scope 1 and 2 emissions. Given we have not reached the 5% materiality threshold, we have not needed to rebase our emissions or resubmit our targets to the SBTi.

As part of our commitment to integrity and transparency, this year we engaged a third party, Carbonology, to assure and verify our GHG emissions data against ISO 14064. This has been done across Scope 1, 2 and 3 to a reasonable assurance level.



Scope 1 and 2 data year-on-year comparison



Our Scope 1 emissions for 2025/26 decreased from 91.6tCO₂e in the prior year to 17.3tCO₂e. This reduction is because of a new HVAC system at Bytes House, which is more efficient and has required less maintenance. The heating gas used in the two purchased buildings has been transitioned to a green gas tariff, which has also had a carbon avoidance impact.

Although market-based Scope 2 emissions decreased from the prior year because we brought the purchased buildings under a renewable tariff, the 0.04tCO₂e is from two months of car park lighting under a standard tariff, which was only switched over to the renewable tariff in May 2025. Given our practice of reporting to one decimal place, this will show as zero emissions.

This year we reached one of our first reduction targets, which, given the timing, was not validated by the SBTi but is important to keep the business on track. Our Scope 1 target was to reach 50% emissions reductions in 2025/26 from a 54.5tCO₂e baseline figure in 2020/21,

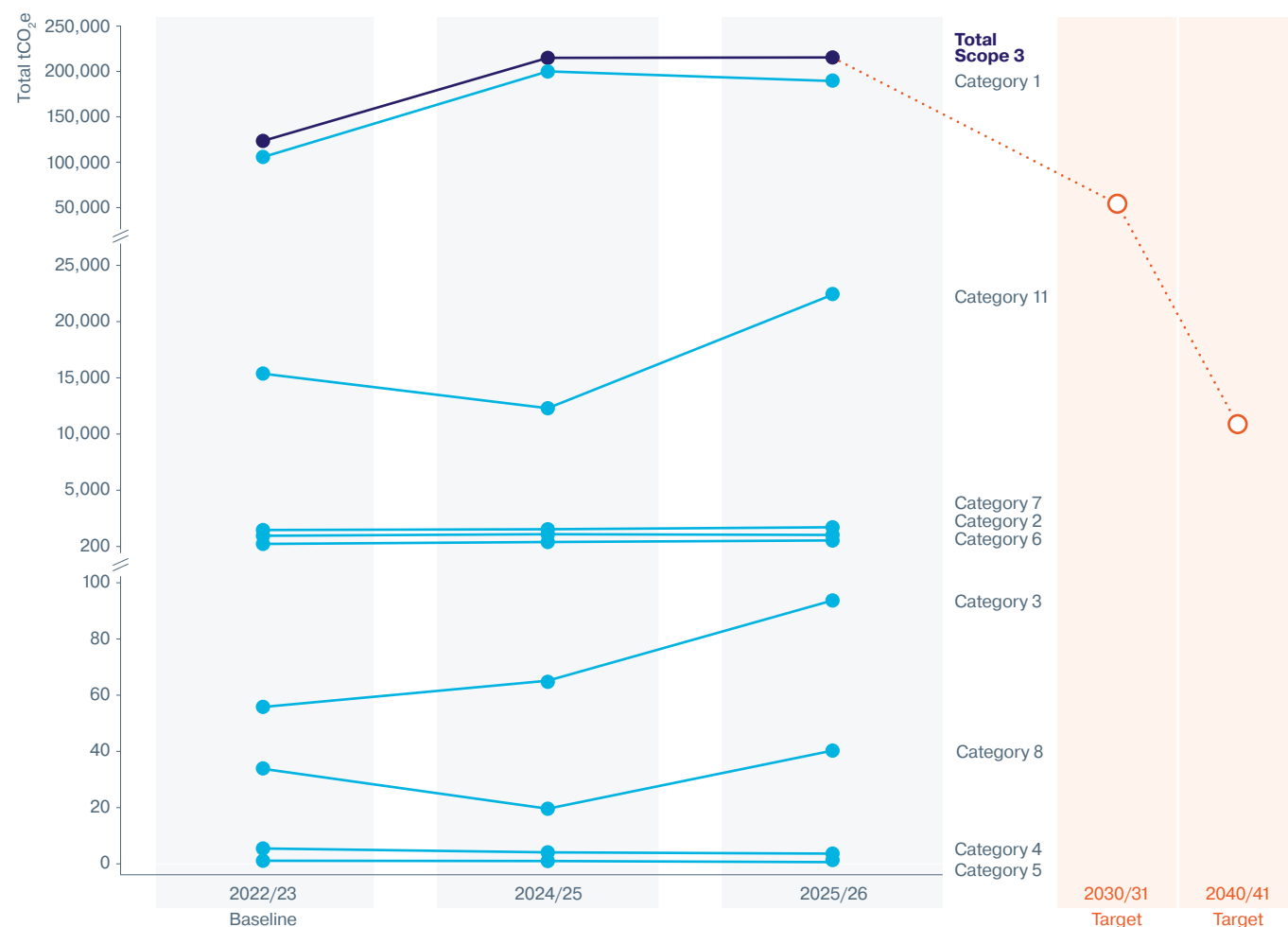
so the target meant reaching 27.3tCO₂e by 2025/26. We surpassed this by reaching 17.3tCO₂e, which is a 68% reduction in Scope 1 emissions from our 2020/21 baseline.

In addition, we met our original Scope 2 target of a 50% reduction in market-based emissions from a 2020/21 baseline. We met this target the following year by shifting to renewable energy tariffs, and reached zero emissions in 2022/23. As such, we amended our target to maintain a 100% emissions reduction. Apart from emissions related to the timing of switching over contracts for the purchased buildings, we continue to meet this target.

- **Scope 1** Direct emissions from our sites
- **Scope 2** Market-based indirect emissions from the energy we buy
- Scope 1 50% reduction target set in 2020
- Scope 2 50% reduction target set in 2020

Additional environmental disclosures continued

Scope 3 data year-on-year comparison



Scope 3 data (revised for 2022/23 and 2024/25)

Scope 3 categories	2022/23 (tCO ₂ e)	2024/25 (tCO ₂ e)	2025/26 (tCO ₂ e)
1 Purchased goods and services	105,537.9	199,618.6	189,712.9
2 Capital goods	880.1	1,026.5	1,001.1
3 Fuel and energy-related activities	55.8	64.7	93.7
4 Upstream transportation and distribution	5.4 ^a	3.9	3.4
5 Waste generated in operations	1.0	0.6	0.7
6 Business travel	264.0	398.1	523.5
7 Employee commuting (including working from home)	1,372.0	1,508.1 ^c	1,706.7
8 Upstream leased assets	33.8	19.6	40.2
11 Use of sold products	15,366.7 ^b	12,236.8 ^b	22,432.7
Total Scope 3	123,516.7	214,876.9	215,514.9

a Revised in 2025 because of a corrected well-to-tank calculation.

b This year, we calculated our category 11 (use of sold products) using the full lifetime methodology, as well as having more accurate data from both operating companies. In 2024/25, we corrected the calculation to include the full lifetime use of the hardware, but had to extrapolate the data from only one operating company, which proved to be significantly different. For our baseline year 2022/23, we recalculated using the same lifetime methodology and the more accurate data from the two operating companies.

c The employee commuting figure was amended for 2024/25 because of an error. Data from questionnaires had been collected from both operating companies but one had been missed, so the data was extrapolated from one set of results. This was rectified in June 2025.

Energy and carbon data

The SECR regulation requires that UK businesses in scope of the regulation report on their kWh energy usage, as well as carbon emissions and at least one intensity metric.

The table below shows our energy use and carbon emissions across Scope 1, 2 and 3 in 2024/25 and 2025/26. The intensity metrics are shown for both market- and location-based emissions and are based on our energy intensity per million pounds of gross invoiced income (GII).

The methodology for our calculations is on page 73, while more details can be found in the annual carbon reports published by each of our operating companies at bytes.co.uk and phoenixs.co.uk.

Energy and carbon data^a

Energy, GHG emissions and intensity metrics (kWh and tCO₂e)

Group	2024/25 (revised ^b)		2025/26		Change
	kWh	tCO ₂ e	kWh	tCO ₂ e	
Energy consumption	1,839,096.9		2,512,388.2		+673,291
Scope 1 – Direct emissions from our sites	191,676	91.6	421,439.3	17.3	-68.3%
Scope 2 – Indirect emissions from the energy we buy					
Location-based ^c	955,574	179.9	1,223,627.2	200.8	+10.4%
Market-based ^d		5.3		0.0	-100%
Scope 3 – All other indirect emissions across our value chain ^b	691,846.5 ^e	214,876.9	867,321.1	215,514.9	+175,475
Total emissions – location-based^c		215,148.4		215,732.9	+0.3%
Relative emissions – location-based tCO₂e/£m GII		102.4		92.2	-10.0%
Taking our renewable energy into account					
Total emissions – market-based^d		214,973.8		215,532.2	+0.3%
Relative emissions – market-based tCO₂e/£m GII		102.3		92.1	-10.0%

a Our methodologies for reporting energy and carbon data are set out on page 73.

b Our kWh emissions have been revised for Scope 3 to only include Business travel, as per SECR guidelines.

c Location-based emissions are calculated as the average emissions intensity of the electricity grid.

d Market-based emissions take renewable energy purchasing into account.

e Scope 3 kWh figure revised to account for only Business travel, because this is the standard approach.

Additional environmental disclosures continued

Waste

This year we set ourselves ambitious targets for waste reduction and recycling. The targets are published within our new waste and water policy (available at bytesplc.com/about-us/governance). We have established a baseline of 2023/24, which is when we had more accurate and comparable data for waste reporting. Our targets are based on a reduction of waste produced per employee and a percentage of waste recycled across the whole business, which allows for growth while ensuring our targets remain relevant.

Our waste targets, from a baseline of 2023/24, are:

- 0% to landfill by 2027/28
- Percentage of waste recycled – 50% by 2030/31 and 65% by 2035/36
- Reduction in total waste intensity (per employee) – 15% reduction by 2030/31 and 25% reduction by 2040/41.

Waste performance

Financial year	Total waste (kg)	General (kg)	Recycled (kg)	WEEE ¹ (kg)	Food waste ² (kg)	Recycled (%)	Total waste per employee (kg)
2023/24	23,824	13,999	9,346	479	n/a	41.2%	22.5
2024/25	21,834	13,834	7,747	601	n/a	38.4%	19.0
2025/26	25,236	13,932	7,103	1,079	3,097	44.7%	19.6

1 Waste electrical and electronic equipment.

2 Food waste included from 2025/26.

Water

BTG's operations are within the UK and all the water the Group uses is sourced from the mains through UK utility companies. In 2021 the Department for Environment, Food and Rural Affairs (Defra) identified regions in the south of England – where our Leatherhead, Reading, Portsmouth and London offices are – as 'Serious' under its water stress classification, and regions in the north of England where we are located – York, Manchester and Salford – as 'Not Serious'. Globally, the World Resources Institute's (WRI) Aqueduct tool has identified the UK's baseline water stress as low-medium (10–20%), although the UK's drought risk is measured at medium-high. This means that,

although none of our water is sourced from areas the WRI deems to be under 'high water stress', given the impacts of climate change – including increasing drought periods – we cannot be complacent in the UK about water availability. So, BTG is taking steps to measure and reduce water use.

This year we also set ourselves ambitious water reduction targets and published these within our new waste and water policy. We have established a baseline of 2023/24, which is when we had more accurate and comparable data for water reporting. Our targets are based on a reduction of water used per employee, which allows for growth while ensuring our targets remain relevant.

Water performance



This year we saw our water use per employee increase, which, for Bytes, was possibly caused by occupying a new office building. However, usage has also gone up in Bytes House and in Pocklington, so more work is needed to understand the causes of the increase – such as more people working more days in the office, a change in water-use behaviour or potential leaks.

Methodology

We have reported on the emission sources required under the Companies Act 2006 Strategic Report and Directors' Report Regulations 2013 and have followed the requirements of the SECR framework. We have used the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard to calculate our GHG emissions, and applied the emission factors from the UK Government's GHG Conversion Factors for Company Reporting for the most recent year published when we conduct analysis.

We report on all emission sources required by SECR under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. These sources fall within our consolidated financial statements.

We were verified against the methodology of ISO 14064-1, which provides guidance at the organisational level for quantifying and reporting GHG emissions and removals.

Our approach to reporting GHG emissions

We have reported on our GHG emissions since we listed in December 2020. Before this, GHG emissions reporting was an established part of our operating companies' reporting process, as a required regulatory disclosure for our former listed group. In 2025/26 we worked with our consultancy using the notch carbon accounting platform to map our energy and carbon data (Scope 1, 2 and 3), using our 2020/21 baseline for Scope 1 and 2 and our 2022/23 baseline for Scope 3, which we report under the SECR regulations.

In our GHG emissions reporting, as well as recording carbon dioxide (CO₂), we include all other GHGs covered under good practice reporting – that is, methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). We calculate and report GHG emissions in tonnes of carbon dioxide equivalent (tCO₂e), following recommended best practice. Procured renewable electricity and gas is calculated in accordance with the WBCSD-WRI Scope 2 Guidance on procured renewable energy (2015). Conversion factors have been applied based on activity data wherever possible, using 2025 factors as published by Defra and DESNZ (Department for Energy Security and Net Zero). Where activity data is not available, conversion factors have been applied based on Defra-published 2021 EEIO (environmentally extended input output) spend-based conversion factors. Scope 3, category 1 (purchased goods and services) emissions constitute the majority of declared emissions, and were calculated based on supplier-stated emissions, where available. A proportion of supplier-stated emissions were then allocated to category 1, based on spend with supplier, as a percentage of total reported revenue.

For non-vendor spend, where activity data was not available, conversion factors have been applied based on Defra-published 2022 EEIO (environmentally extended input output) spend-based conversion factors, adjusted for inflation. Scope 3, category 1 (purchased goods and services) emissions constitute the majority of declared emissions, and were calculated based on supplier-stated emissions, where available. For vendor spend, a proportion of supplier-stated emissions were then allocated to category 1, based on spend with supplier, as a percentage of total reported revenue. (This approach calculated emissions based on 82.3% of Bytes vendor spend and 84.4% of Phoenix vendor spend.)

In line with ISO 14064-1, when reporting our carbon footprint we use the principle of operational and financial control. This involves us accounting for GHG emissions from operations over which BTG has control: both financial control, where we direct the financial and working policies of

our businesses to gain economic benefits from our activities, and operational control, where we have full authority to introduce and implement our working policies.

To calculate our emissions, we use Greenhouse Gas Protocol standards, which categorise emissions into three scopes. More information about our GHG emissions targets and performance data is set out in this section, on pages 68 to 71 and at bytesplc.com.

We will continue to improve the quality and coverage of our GHG emissions and associated reporting. As this process matures, we will continue to work with external experts to assure our carbon data disclosures. The annual carbon reports published by our operating companies give more details of the data sources and assumptions used to calculate emissions. These reports are available on the companies' websites.

Water and waste measurements

Water usage is taken from our utility bills in m³. There are separate meters for Bytes House, Pascal Place and Phoenix Software's Pocklington building.

Waste stream data is collected from our waste carriers each month. However, this data was incorrect in May 2025. There was an estimation made for both recycling and general waste for that month. Where data is provided in tonnes, this is converted to kilograms for all waste streams.

Where data is provided in handwritten form, a best conservative estimate will be made for any unclear entries, based on the items collected.

More work is needed to understand the data that is routed to energy-from-waste facilities versus landfill for Bytes.

Nature and biodiversity

In addition to the areas we measure, we consider that impacts relating to biodiversity and land use are not material to our business and so are outside our measurement scope. However, we will continue to undertake initiatives to improve the biodiversity in our local areas, through volunteering with charities, and to advocate for the importance of our natural world, through our offsetting initiatives, which also have a biodiversity benefit.

Non-financial and sustainability information statement

We are required to include a non-financial information statement in our strategic report, under Sections 414CA and 414CB of the Companies Act 2006, as amended by the Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016. We cover the information required by these regulations in Our business model (page 19), Sustainability review (pages 44 to 57), Risk report (pages 32 to 43) and Viability statement (pages 75 to 76).

More about us

Here we summarise where you can find more information – in this Annual Report and on the websites of BTG, Bytes and Phoenix – for each of the key areas of disclosure that the Companies Act 2006 requires.

Environmental and social matters

Relevant policies

This year we have continued to disclose our environmental and social commitments, including again reporting on the Task Force on Climate-related Financial Disclosures (TCFD).

We were delighted to have our GHG emissions reduction targets assured to a reasonable level for the first time this year. Our ongoing carbon literacy awareness programme continues to be well received by employees and will help drive action against our targets.

BTG employees spent more than 2,000 hours volunteering for local charities in their communities.

For more information, see our Sustainability review on pages 44 to 57, the TCFD section on pages 58 to 67, Additional environmental disclosures on pages 68 to 73 and the ESG Committee report on pages 106 to 107.

BTG: Environmental policy, waste and water policy

Bytes and Phoenix: Annual carbon reports, environmental policies; ISO 14001; climate, nature, waste and water initiatives

Our employees

Our positive and inclusive culture, good employee engagement, and commitment to diversity, equality and inclusion are integral to BTG's success. We support initiatives to help improve diversity, equality and inclusion, with progress monitored by senior management and the Board. Our Board acknowledges there is more we need to do to improve diversity and we will continue with our efforts.

Employees can raise whistleblowing concerns through confidential channels, which are most appropriate for the concern, including through Navex EthicsPoint, an anonymous reporting tool. We have a process for investigating whistleblowing reports and our Speak-up policy is available at bytesplc.com. There were no whistleblowing reports this financial year.

Encouraging outcomes of our employee engagement included our eNPS, and Bytes and Phoenix being again Great Place to Work-certified.

For more information, see Our people on pages 46 to 49, The Board's year on page 83, Stakeholder engagement on page 88 to 91 and the Nomination Committee report on pages 101 to 105.

BTG: Speak-up policy

Bytes and Phoenix: Health and safety policies; equity, diversity and inclusion policies; gender pay gap reports; speak-up policies; EthicsPoint tool

Respect for human life

We believe that modern slavery and human trafficking are the key human rights areas that our operations could be affected by. Given, though, that we operate predominantly in the UK and Ireland, where established legislation and systems protect human rights, we believe that this is not a material issue for BTG.

BTG: Modern slavery and human trafficking statement, human rights policy

Bytes and Phoenix: Modern slavery and human trafficking statements, supplier codes of conduct

Anti-bribery and -corruption

We operate anti-bribery and -corruption procedures that support compliance with the UK Bribery Act and other legislation.

BTG: Anti-bribery, fraud and money laundering policy

Business model and KPIs

Our business model includes non-financial inputs and outputs. Our Board regularly reviews both financial and non-financial KPIs, which are relevant for monitoring the performance of the business and have a clear link to delivering against our strategy. We disclose performance against our KPIs. For more information, see Our business model on page 19 and Measuring progress on pages 10 to 11.

Our policies are subject to periodic review, with updates made as and when required. To read our policies, visit bytesplc.com.

Viability statement

Our Board of directors has evaluated BTG's prospects over a three-year period from the end of the financial year, in line with provision 31 of the UK Corporate Governance Code 2024.

The directors have chosen a viability assessment covering a period of three years to February 2029. They believe this is an appropriate and realistic time over which they can anticipate events and assess how existing risks are developing and new risks emerging.

Operationally, this is the time over which BTG has a substantial view of:

- Major customer contracts, typically Microsoft EAs, which run for three years
- Our approved supplier status under the main public sector framework agreement with Crown Commercial Services (RM6098 Technology Products & Associated Services 2 (TePAS 2)) to 7 October 2027, which covers over half of the viability period, and taking into account of our long history of successfully retaining our position at previous renewal dates
- The availability of external funding from our HSBC revolving credit facility, which has recently been renewed and runs until May 2029. This facility has not been drawn against to date and our cash flow forecasts for the next three years show that it is unlikely to be so in that period.

The Board has performed a robust risk assessment of the principal risks and uncertainties facing BTG, as outlined on pages 35 to 43. These are risks that may pose a threat to our future financial performance, our ability to meet future commitments and liabilities as they fall due, and the ongoing viability of our business model.

BTG's gross invoiced income and gross profit increased by 11.5% and 2.5% respectively in 2025/26 but operating profit reduced by 5.6% with the lower gross profit

growth affected by Microsoft incentive changes flowing down to operating profit and with our cost base increasing in line with continued investment in staff which saw our headcount rise by 7%, national insurance rises, and our most active year in implementing new systems. We again ended the year with strong cash conversion above our target of 100% at £98.6 million of cash which was after returning £74 million to shareholders by way of dividends and share buy back payments.

Our growth strategy continues to reflect our core strength of doing more with existing customers, which contributed 97% of our gross profit at a renewal rate of 99% – combined with success in winning new customers – who contributed more than £5 million of gross profit in 2025/26.

This is central to our view that BTG has a business model which provides resilience to the impact of external disruptions and the conclusion that our operating companies will continue to operate and meet our future commitments and liabilities over the next three years, given:

- Our proven track record of growing the business through securing strong levels of customer renewals and by winning new customers
- A wide spread of customers over multiple public and private sectors and no one customer making up more than 1% of our gross profit in 2025/26
- Strong and long-standing relationships with our key vendors, and continual addition of new vendors with new products and services
- Our breadth of solution offerings and our ability to quickly adapt and add to these in line with changes to vendor technologies and customer requirements in areas such as managed services, security and AI.
- Our highly skilled employees establishing competitive advantage and adding value to our customers in an increasingly digital age.

How we stress-tested our business

We have carried out the stress tests detailed below to evaluate our viability by considering our current and future strategies and the potential financial impacts of our stated principal risks. The principal risks were considered in the context of global political and economic factors, including the continued uncertainty around the crises in Ukraine and the Middle East and potential disruption caused by new tariffs.

In assessing our viability, we applied potential downside changes to three key financial measures – gross invoiced income, gross profit and debtor collections – to see how their performance would alter if our principal risks and uncertainties were realised.

The likelihood of such a realisation threatening BTG's viability is considered remote, given the robust nature of our business model combined with the effectiveness of our risk management and control systems and our current risk appetite.

However, we focused on these three financial measures because we believe they're the most likely to be adversely affected – and to create a progressively negative impact if they deteriorate continually over the viability assessment period.

We also set out our operational mitigations by considering the extent to which negative impacts on these three financial measures could be offset by freezing future pay and recruitment of new heads, and by making savings in discretionary spend. More automatic and immediate mitigation is 'built in' because commission payments to employees would fall in line with the reduced gross profit, 'natural' leavers would not be replaced, and lower dividend payments would result from the reduced profits.

Our most extreme downside scenario, case two, is set within the context of uncertainty around the current economic conditions and geopolitical environment. This scenario reflects the potential effect of a generalised economic downturn on our customers' spending patterns and where only partial mitigation would be possible.

Viability statement continued

Details of our stress-testing

BTG compared a base case scenario and two downside scenarios. In each of the downside cases, we considered two levels of mitigation, full and partial:

- Base case – this was forecast using the growth rates included in the Board-approved budget for the year ending 28 February 2027, extended until 28 February 2029
- Downside case one – this severe but plausible scenario modelled gross invoiced income reducing by 10% year on year, gross profit reducing by 15% year on year in the same period, and debtor collection periods extending by five days (all from June 2026)
- Downside case two – this stress scenario modelled both gross invoiced income and gross profit reducing by 30% year on year, with debtor collection periods extending by 10 days (again, all from June 2026)
- Partial mitigation measures – with the onset of both downside cases, we modelled immediate ‘built-in’ reduction of commission in line with falling gross profit, freezing recruitment of new heads and not replacing natural leavers from September 2026, freezing future pay from March 2027 (given current year rises are already committed) and freezing rises in general overheads from March 2027
- Full mitigation measures – in addition to all the partial measures, these measures modelled additional headcount reductions from March 2027, in line with falling gross profit.

The impacts of climate change were considered as immaterial, so they fall within the base case scenario.

The pay and headcount mitigations applied in the downside scenarios are within BTG’s control and, depending on how severe the impacts of the modelled downside scenarios are, the Group could activate additional levels of mitigation. For example, those relating to headcount freezes or reductions could be implemented even more quickly than indicated to respond to downward trends because, considering the sudden and significant falls in profitability and cash collections modelled under both downsides, we would not wait for a full three months before taking action. We would also be able to take more action to lower our operating cost base, given the flexibility of our business model.

A natural reduction in the level of shareholder dividends would follow, in line with the modelled reductions in profit after tax.

The Board believes therefore that all mitigations have been applied prudently and are within BTG’s control.

Our confirmation of viability

Having assessed the financial impact on our results of these stress-tested models, the Board concluded that our opening reserves of cash, along with our projected revenue and profitably over the review period, and our ability to reduce spending if required, would mean we could continue trading over the next three years.

Section 172 statement

The Board embraces the principles of the UK Corporate Governance Code 2024, including those aimed at promoting transparency around stakeholder engagement. We consider the interests of the Group’s employees, customers, suppliers and vendors, investors, and communities and the environment in our decision making and in how we deliver our strategy to achieve long-term, sustainable success.

The Board continues to ensure it acts in good faith and to promote the success of the Group for the benefit of shareholders and, in doing so, having regard for the Group’s key stakeholders and other matters set out in Section 172(1) (a) to (f) of the Companies Act 2006.

More information on how we, as a Board, have fulfilled our duties to our stakeholders under Section 172 of the Companies Act 2006 can be found on pages 88 to 91.

The Board approved the strategic report on pages 1 to 76 of this Annual Report on 11 May 2026.



Patrick De Smedt
Chair
11 May 2026

Governance report

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Delivering sustainable success through the right culture and behaviours.

Chair's introduction to corporate governance

This year the Board focused on supporting and challenging the executive on strategy, developing our directors and BTG's senior leaders, strengthening governance and engaging with stakeholders.

Supporting and challenging the BTG executive on strategy is a central part of our role. We discuss Group strategy at every Board meeting and, with the businesses' senior leaders, at our annual strategy day.

Scrutiny of the strategy was particularly important this year, following the decrease in operating profit for the full year. As indicated during the year, this decrease reflected changes to Microsoft's partner incentive structure and a period of adjustment following the realignment of Bytes's private sector sales team.

The Board worked with CFO Andrew Holden to understand the operating profit decline, and scrutinised the underlying detail. As well as our ongoing oversight role, during the second half of 2025/26 we increased our contact with the executive directors and the Bytes MD outside of Board meetings, regularly and rigorously reviewed Bytes's ongoing financial performance, and introduced a Board dashboard to track progress at Bytes – including how its management team continued to embed the sales reorganisation and operational adjustments in response to the changes in incentive structures.

I was pleased by the decisive response of the executive directors to the interim results. Andrew now works more closely with Bytes's leaders and finance team in scrutinising the business's performance, to ensure future forecasts are more accurate. There is also closer collaboration between Bytes's sales and accounting teams. Meanwhile, CEO Sam Mudd is working with Bytes's sales teams to ensure they meet customer needs most effectively and maximise sales, particularly in services.

The right strategy for BTG

Notwithstanding the difficulties of the first half year, we believe that BTG's strategy, as summarised below, is right for the company. That is:

- Investing in key technologies, particularly AI, cloud migration, hybrid cloud and security
- Continued investment in services, to build on BTG's bedrock in software sales and to expand its services offering
- Nurturing the Group's positive culture and continuing to develop the leadership skills of our senior managers as the Group grows.

Embedding a strong culture across BTG

BTG's strong culture is fundamental to the Group's strategy and success. Supporting Sam in embedding a common culture across BTG is one of the key responsibilities of our Chief People Officer, Kally Kang-Kersey, who was appointed during the year.

One of the first steps in this programme will be the development of a values framework, based on a fact-finding review of values company-wide. Kally outlined her thoughts on, and recommendations for, our culture, when she addressed the Board in October on her first 100 days in office. She also shared her views on such important areas as BTG's leadership and performance, talent and capability, and talent acquisition, succession and retention.

Board engagement with employees and investors

The Board widened its engagement with employees this year. The Board, alongside Sam, presented at town hall events at Phoenix's Pocklington office and Bytes's Leatherhead base. We were pleased by the active participation of employees in the Q&As that followed our presentations. Aside from these all-hands meetings, for the first time this year, each of our non-executive directors chaired at least one employee forum, alongside meeting many other BTG people at independent visits to Group locations. Reflecting her role as designated non-executive director for employee engagement, Shruthi Chindalur was particularly active in engaging with the workforce.

After the July AGM statement, we engaged with several investors about our business performance and the plans in place for regaining momentum in the second half of the year, demonstrating the clarity and rigour of our approach.

The Board considered the investor feedback, with input from BTG's investor relations team, brokers and PR advisors.

Upholding good governance

The Board is committed to good corporate governance and to aligning BTG with regulation. In 2025/26, we continued to meet the requirements of the revised UK Corporate Governance Code, and continued to prepare for provision 29. This requires company boards to review their material internal controls and declare on their effectiveness. We are working with our internal and external auditors, PwC and EY respectively, to assess and, where necessary, strengthen our operational, financial and corporate reporting control systems. I am confident that we will be able to report positively on Group controls at the end of the 2026/27 financial year, when provision 29 will apply to BTG.

Keeping Board members abreast of changing governance requirements and reminding them of their regulatory responsibilities is central to good governance. We continued to prioritise governance training and education for directors through guidance from our external advisors and support through BTG's internal processes.

Enhanced succession planning

Ensuring that the business has leaders with the right skills, now and in the future, is core to BTG's strategy. During the year, we extended our succession-planning process for both the Board and our senior management tier. BTG will continue to evolve this process for the wider business during 2026/27, for example, by ensuring that women and neurodiverse candidates are fairly represented.

Senior leadership development will become even more important as BTG continues to grow. I am pleased with the steps that Sam, Kally and the wider leadership team are taking in this area. Milestones this year included a Group-wide talent review to identify development needs, gaps and succession opportunities and the evolution of leadership programmes at Bytes and Phoenix. In 2026/27, to encourage collaboration, common values and consistency across BTG, the Group will begin to hold development events involving leaders from both businesses.

Our ESG Committee's first full year

Our committees continued to do good work on behalf of the Board. 2025/26 was the first full year of our ESG Committee, which monitors BTG's progress against its ESG targets and helps manage related risks and opportunities. Having regular director updates on BTG's ESG performance has strengthened our oversight of this important area. Reflecting the strong emphasis on people in ESG, Kally is regularly invited to attend committee meetings.

During the year, I was pleased at the progress the Group made against its ESG targets. Furthering its net zero transition plan, BTG gained EcoVadis silver medals across the Group and enhanced those ESG disclosures that are aligned with TCFD. It is testimony to the hard work of people across the business that, in July 2025, BTG's strong ESG practices enabled the company to join the FTSE4Good Index Series.

Our Board composition

The diversity of Board members contributes to our collective wisdom and the strength of our debate. In 2025/26 women made up 57% of the Board, exceeding the Financial Conduct Authority (FCA) listing rules target of 40%; two of our senior roles were held by women and two members came from ethnic minority backgrounds, in both cases surpassing the FCA's requirements.

The strength and effectiveness of the Board team was validated by the largely positive feedback from Lintstock in this year's external review, and will enable us in 2026/27 to continue to help BTG achieve its full potential.

More detail is set out on page 87, and I look forward to reporting back to you next year on our progress.



Patrick De Smedt

Chair

11 May 2026

Board of directors

Our directors draw on a rich pool of collective industry knowledge and skills and experience of UK and international business, gained from senior roles both within BTG and in other leading companies.



Patrick De Smedt Chair **Nationality** Belgian, British
Appointed 15 October 2020

Patrick has a strong track record in international business, including 23 years in senior roles at Microsoft. During his two decades at Microsoft, he founded the company's Benelux subsidiaries, led the development of its Western European business and served as chairman of its Europe, Middle East and Africa region. Since leaving Microsoft in 2006, Patrick has served as chair and non-executive director on the boards of a diverse range of European public and private-equity-backed companies.

External board appointments None

Committees **Nomination, Remuneration, ESG** **Attends by invitation** **Audit**



Sam Mudd Chief Executive Officer **Nationality** British
Appointed 12 July 2023

Sam brings more than 20 years' experience in leadership positions to the Board. Sam joined Phoenix in November 2003, having previously held senior roles at WordPerfect, Novell Inc. and Trustmarque Solutions. Sam became MD Phoenix in 2014, overseeing a period of significant growth during which Phoenix won numerous awards, including Microsoft UK Partner of the Year 2021. She joined the Board in July 2023 and was appointed as CEO on 10 May 2024. In October 2020, Sam won the Industry Achievement Award at IT reseller magazine CRN's Women in Channel Awards.

External board appointments None

Attends committees by invitation **Audit, Nomination, Remuneration, ESG**



Andrew Holden Chief Financial Officer **Nationality** British, South African
Appointed 21 October 2021

Andrew brings strong financial and commercial acumen to the Board, and has a proven record of delivering insights into strategy implementation and executive decision making. In his role as CFO, he has guided the Group, as it continues to pursue its growth strategy. He joined BTG as COO in June 2021 from JSE-listed technology company Altron Limited, BTG's former parent company, from which it demerged in 2020. Andrew was appointed as BTG's CFO in October 2021.

External board appointments None

Attends committees by invitation **Audit, Nomination, Remuneration, ESG**



Dr Erika Schraner Senior independent director **Nationality** British, American, Swiss
Appointed 1 September 2021

Erika brings more than 25 years' experience in senior leadership positions to the Board of BTG. During her executive career, she spent more than 18 years working in Silicon Valley in the technology sector. She held senior professional services roles with Ernst & Young and PricewaterhouseCoopers, and an executive role with Symantec Corporation, a global cybersecurity company. Earlier in her executive career, she held roles with IBM, REL Consultancy Group and Computer Science Corporation. Erika earned a PhD in management science and engineering at Stanford University.

External board appointments JTC plc, HgCapital Trust plc, Wilmington plc

Committees **Audit, Nomination, Remuneration, ESG**



Read the full
biographies

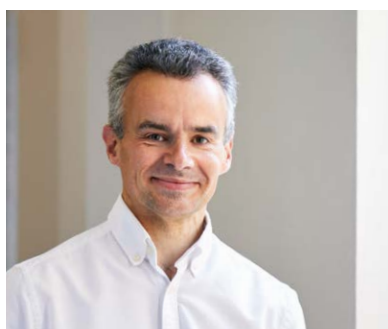


Shruthi Chindalur Independent non-executive director **Nationality** Indian
Appointed 1 February 2024

Shruthi has 25 years' experience in technology, SaaS (software as a service) and advertising technology. She has held senior commercial and operational roles at Oracle, LinkedIn and Criteo covering various global markets and sectors. She recently held a non-executive director role for four years at The Access Group, a leading provider of business management software to small and mid-sized organisations globally.

External board appointments Kainos Group plc, Pinewood Technologies Group plc, Irish Residential Properties REIT plc (from 28 May 2026)

Committees Audit, Nomination, Remuneration, ESG



Ross Paterson Independent non-executive director **Nationality** British
Appointed 1 June 2024

Ross is a qualified chartered accountant and brings extensive listed-company board experience as a CFO and non-executive director. Ross spent more than 23 years at Stagecoach Group Limited (formerly Stagecoach Group plc and listed until 2022) in senior executive finance positions, including ten years as CFO. Ross is currently on the boards of FTSE 250 company The Unite Group plc, and AIM-listed technology business Tracsis plc.

External board appointments The Unite Group plc, Tracsis plc

Committees Audit, Nomination, Remuneration, ESG



Anna Vikström Persson Independent non-executive director **Nationality** Swedish
Appointed 1 June 2024

Anna was previously chief human resources officer for Pearson plc and executive vice president, head of human resources at Sandvik AB and SSAB AB. She also held senior HR roles at Ericsson Group and was an independent non-executive director at Knowit AB. Anna currently serves as an independent non-executive director of Videndum plc and is also chair of its remuneration committee.

External board appointments Videndum plc

Committees Audit, Nomination, Remuneration, ESG

Board changes

There were no changes to the Board during the financial year.

Board of directors continued

Board attendance*

Board member	For the financial year to 28 February 2026
Patrick De Smedt	15/15
Sam Mudd	15/15
Andrew Holden	15/15
Erika Schraner ¹	14/15
Shruthi Chindalur	15/15
Ross Paterson	15/15
Anna Vikström Persson	15/15

¹ Erika Schraner was absent from the April 2025 meeting because of hospitalisation.

Board independence and diversity

During the year, we continued to focus on independence and diversity, as illustrated in the charts below and set out in this governance report.

The data here reflects the position at year end. We set out more details in the Nomination Committee report on pages 102 to 105.

**Board composition at
28 February 2026**

Independent non-executive Chair¹

1

Independent non-executive directors

4

Executive directors

2

**Ethnic diversity of directors at
28 February**

2026

29%

2025

29%

● White British or other White
● Asian/Asian British

**Gender split of directors at
28/29 February**

2026

57%

2025

57%

2024

50%

2023

29%

Target 40%

● Men ● Women

**Directors' collective skills
scored out of 35**

Strategy

32

Management

30

Technology

27

Finance

25

Operations

26

People/HR

27

¹ At time of appointment.

Directors scored themselves out of five for each skill.

Executive Committee

The committee meets monthly and helps to develop and deliver BTG's strategy. Individual Executive Committee members are responsible for leading their directorates and ensuring they are run effectively and efficiently.



Sam Mudd Chief Executive Officer



Andrew Holden Chief Financial Officer

Biographies for Sam and Andrew can be found on page 80.



Clare Metcalfe MD Phoenix Software **Nationality** British
Appointed as MD 10 May 2024

Clare joined Phoenix in 1997, following a decade of experience in sales and procurement roles in the IT industry. Having held a number of senior management positions within the company, she was appointed as Operations Director and to the Phoenix Board in 2018. Clare has overseen a wide range of responsibilities, including risk, governance, operations and systems development.

She became MD Phoenix in May 2024, where her passion for innovation and transformation continues, alongside a commitment to supporting customers to transform digitally and deliver on their business objectives.



Kally Kang-Kersey Chief People Officer **Nationality** British
Appointed as CPO 14 July 2025

Kally is an experienced HR leader with more than 20 years' experience in the technology sector, having worked with leading organisations including Xerox, Zebra Technologies and essensys. As Chief People Officer at BTG, Kally drives the people strategy to enable scalable growth, customer excellence and a high-performance culture.

She is recognised for championing diversity, equity and inclusion initiatives and for creating learning cultures that develop leaders of the future. A skilled coach and mentor, Kally brings expertise in cultural transformation, talent development and M&A integration.

Other Executive Committee members in 2025/26

Jack Watson left as MD Bytes Software Services in March 2026.

The Board's year

Attracting and keeping the best people

BTG is a people business. Having highly skilled and expert people gives vendors confidence in us to sell their products and to deliver the high-quality service our customers demand.

When we support our team members' long-term growth, we reinforce the expertise and trusted customer connections that make our business successful. So, ensuring that the Group pursues recruitment and retention effectively is a key focus for management and the Board.

We remain pleased with BTG's efforts to create a positive working environment that people want to join and where they want to stay. In 2025/26, for example, the Group improved its recruitment systems and processes and, to lead the development of a long-term HR strategy, recruited a CPO.

Great Place to Work ratings remain high

External measures show these efforts are paying off: BTG's employee net promoter score and Phoenix's and Bytes's rankings in the Great Place to Work surveys remain well above average.

But with ongoing competition for technology skills, the Group must continue to raise its game. The Audit Committee commissioned PwC to assess BTG's recruitment and retention processes. PwC, which acts as the Group's internal auditor, looked to:

- Evaluate the efficiency and effectiveness of BTG's recruitment process
- Ensure compliance with legislation and internal HR policies
- Assess the alignment of BTG's recruitment strategies with its goals and workforce planning needs
- Identify opportunities for improving recruitment quality, enhancing the experience of candidates and reducing the number of people who leave during their probationary period.

In carrying out its review, PwC assessed the quality of the company's end-to-end HR practices, from the KPIs used to monitor retention to the exit interview data received.

➔ For more details on our Audit Committee's work, see pages 92 to 101.

PwC reported on its findings to the March 2026 Audit Committee meeting. It concluded that while the company benefits from experienced teams and established systems, there were areas for more improvement. These included the use of improved data and onboarding processes and the management of attrition rates in new hires.

The Board, through the Audit Committee, will monitor these areas in the wider context of ensuring that BTG's recruitment model, workforce planning, pay governance and related processes continue to develop in line with the company's growth rate.

“

When we support our team members' long-term growth, we reinforce the expertise and trusted customer connections that make our business successful. We remain pleased with BTG's efforts to create a positive working environment that people want to join and where they want to stay.

Patrick De Smedt
Chair



Ensuring every voice strengthens BTG

Employee engagement is one of our strategic levers for performance, retention and sustainable value creation, says Shruthi Chindalur, our designated non-executive director for employee engagement. Here, Shruthi reflects on how, at BTG, engagement is not just an initiative but part of the foundation of the business.

My role is to help the Board stay alert to employee culture, risk and sentiment and to ensure that employee insights inform our strategic decision making. I see my responsibility as making sure that:

- The Board hears the unfiltered voice of our people
- Employees see tangible evidence that their voice influences decisions.

When those two conditions are met, engagement becomes a competitive advantage.

Hearing the organisation – directly and honestly

During 2025/26, in close partnership with our CPO, Kally Kang-Kersey, we evolved our employee forum programme to ensure broader representation and encourage deeper candour.

We widened participation to include senior leaders, HR and finance teams, and sales colleagues. This helped ensure diversity of geography, function and tenure. Sessions were kept small and confidential so that people felt safe and to encourage open dialogue.

During the year, several of our non-executive directors joined me in leading the employee forums. This fulfilled our 2024/25 Board commitment to increase the visibility of non-executive directors to employees and to expose them more directly to employee sentiment. This change has strengthened the Board's understanding of BTG's organisational health, supporting survey data and executive summaries.

At the forums, employees provided thoughtful, constructive and candid feedback, which we are using to shape Board actions for 2026/27. Following discussion of employee opinions at Board level, in consultation with the CPO, we agreed that BTG should focus on three priority areas:

- A comprehensive review of reward and benefits
- Strengthening change management and internal communications
- Investment in leadership capability and cultural consistency.

The executive team has committed to progress each of these areas, with the Board's full support.



Closing the loop – from listening to impact

Establishing a 'structured feedback loop' between the workforce and the Board – so that employees know what effect their feedback has – was one of our four non-executive director principles for 2025/26.

Employees usually disengage because they see no outcome, not because they are unheard. Visible follow-through helps increase engagement. Historically, we have not had a systematic way of reporting back to forum participants – a gap that risked undermining trust. To address this, Kally and I have developed a structured communications framework, which we will launch in 2026/27.

The framework is built around a simple principle: You said. We heard. We did. It will include aspects such as:

- All-employee updates from me as designated non-executive director
- Team cascade materials for managers
- Town halls and Q&A sessions.

Crucially, it will also aim to explain where possible what feedback has not resulted in change – and why. We believe such transparency will build credibility.

Building long-term trust

Encouragingly, the confidence of participants in our forums is increasing. Employees are more open, direct and willing to challenge constructively. This is a positive signal that they feel safe and that our organisation is maturing.

By strengthening our listening mechanisms and formalising feedback loops, we are embedding a culture where employees understand that their voice shapes BTG's future – and where the Board is demonstrably accountable for acting on what it hears.

The Board's year continued

The right strategy for BTG

Our annual strategy day again enabled the Board to challenge the business on the nature and implementation of the Group's strategy.

BTG's strategy – which focuses on investing in key technologies, particularly data, AI, cloud migration and cybersecurity, expanding and investing in its services offering, and maintaining the Group's positive culture and the effective development of senior managers – is always on the Board meeting agenda. Having a full day to scrutinise and debate these subjects, face-to-face with BTG's senior leaders, enables us to consider them more deeply.

The strategy day, held in central London, kicked off with an overview of the Group's performance by CEO Sam Mudd and CFO Andrew Holden. This involved a constructive review of the actions and initiatives taken to improve operating profit performance. As part of this, the Board and company leaders discussed the alignment of the Group's organisational structure with its future growth objectives.

The other main item on the agenda was the Group's strategy on AI and services, both areas of strategic focus and investment for BTG. Microsoft's shift in emphasis from software to services has made the latter an even more crucial focus for the business. Senior leadership teams from both Phoenix and Bytes presented their distinctive but complementary strategies on these two areas to the directors.

Following a day of robust and incisive discussion, the Board maintained its conviction that BTG's strategy is right for the business and will enable continued growth. However, given that the technology industry changes rapidly, we will continue to consider the appropriateness of all elements of Group strategy.

→ For more details, see Our strategy on page 7.

Developing our skills and succession planning process

Ensuring a smooth transition when a non-executive director leaves is essential to maintaining the effectiveness of our Board.

In 2025/26, our Nomination Committee continued to develop the Board's succession planning process to ensure that, if a non-executive director leaves, they can be replaced by well-qualified individuals. As part of this work, the committee identified which sitting BTG non-executive director could best take the place of each committee chair and of the designated non-executive director for employee engagement, if they were to leave. We made these choices based on the relevant experience of each non-executive director.

Our Board succession planning is a contingency measure. Our clarity about what we are looking for in our non-executive directors, and our established relationship with our executive search partner, means we are well placed if a non-executive director does step down. The informal networks that our Board members maintain also provide a rich pool of potential future candidates.

Broadening future leaders' skills

The Board also oversaw the ongoing development of future leaders' skills this year. As part of this, the company identifies successors for our senior leadership community, in addition to the Bytes and Phoenix boards. Individuals who have been identified as future leaders are developed and given the opportunities to broaden their skills.

BTG will continue to evolve its skills and succession planning process during 2026/27, driven by CPO Kally Kang-Kersey.

→ For more details, see our Nomination Committee report on pages 102 to 105.



External Board review

highlights areas of strength

The BTG Board was described as cohesive, engaged and supportive in this year's external performance review.

How the performance review process worked

As part of our three-year evaluation cycle, this year board effectiveness firm Lintstock – which has no connection with BTG or any individual director – measured the Board against its index of listed and private company boards.

Board members completed a tailored questionnaire from Lintstock, reflecting on the year's key events and on the effectiveness of the Board, our committees and our Chair. Lintstock also had one-to-one discussions with the directors on their views.

In its review, Lintstock focused on the Board's composition and dynamics, strategic oversight, relationship with stakeholders and the external environment, oversight of people and culture, and the support for and management of meetings.

The Chair also held individual meetings with the directors seeking their views on his effectiveness and that of the Board and the committees, while the senior independent director held a group discussion with Board members to gather their feedback.

What we learnt

Lintstock presented its conclusions and recommendations at our March 2026 Board meeting. It said: 'The composition of the Board, the level of support provided, the management of meetings, and the awareness of the external environment are clear areas of strength.'

Against its company boards index, Lintstock found that the BTG Board equalled or scored above the majority of relevant metrics. It also commented positively on the discussion and definition of strategy at Board meetings and the visibility of internal leadership successors.

Lintstock evaluated BTG's four Board committees too, finding that each of them operated effectively.

Our 2026/27 priority areas

In 2026/27, to help BTG achieve its full potential, the Board has agreed to continue to focus on:

- Overseeing the Group's delivery against its growth targets
- Supporting and challenging the executive on the clarity of our long-term strategy and strategy implementation
- Ensuring the Board, and BTG's leadership, have the optimum skills and experience to achieve the Group's strategic ambitions
- Strengthening stakeholder engagement
- Ensuring that the Group continues to uphold high standards of governance and internal controls
- Providing effective oversight of ESG and sustainability matters.

Reflecting on our 2025/26 priority areas

As part of our evaluation process, we also reflected on the progress made against last year's priority areas, against which we have:

- increased our contact with the executive and Bytes's management, and introduced a Board dashboard to track progress, following the operating profit decrease
- continued our work to comply with the revised UK Corporate Governance Code, including preparing for provision 29
- had regular contact with our shareholders to maintain our external communication and engagement
- continued to develop our Board and BTG succession plans, and oversee initiatives to develop senior managers and embed a positive culture Group-wide
- undertaken ongoing governance training and education, including through several non-executive leading employee forums
- regular discussions with the executive team inside and outside the boardroom and at our annual strategy day
- piloted an AI tool to help our committees in areas such as benchmarking and data analysis, and commissioned an AI governance and ethics framework.

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The Board fosters a culture of trust and collaboration, striking an effective balance between support and constructive challenge. Executives feel able to surface aspects openly and value the counsel they receive.

Lintstock

Stakeholder engagement (s.172 compliance)

Customers, suppliers and vendors, employees and investors are core parts of BTG, while support for our communities and the environment – which is also a stakeholder – underpins the company's values and purpose.

Our approach to Section 172

Section 172 of the Companies Act 2006 imposes a duty on directors to act in a way that they consider, in good faith, best promotes the success of the company for the benefit of all its members.

In our decisions and actions during the year, we, the Board, believe we promoted the success of BTG for the benefit of its members as a whole, while also considering stakeholders and the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006. We know that different stakeholders may hold different views about the decisions we take, and that we sometimes need to act based on competing priorities. Our engagement activities help us to understand what matters most to our stakeholders and to make fully informed decisions in their interests.

We believe strongly in doing business in the right way, with all our decisions underpinned by their impact on BTG's main stakeholder groups. We describe these groups in the tables that follow, alongside a discussion of how we engaged with and responded to them in the year.

Principal decisions in 2025/26

Here we set out two principal decisions we took in 2025/26, and how we considered Section 172 matters in doing so.

Reaffirming BTG's services strategy



Background

As part of its ongoing growth strategy, BTG is placing a greater focus on delivering more professional and IT managed services, to complement the solutions it sells. Although this is already in line with the strategy of expanding its range of services and increasing its technical capabilities, there is a case for doing this at a faster pace, to help our customers get the most out of the latest technology and to adapt to changes in vendor incentives.

Decision

The Board reviewed BTG's services strategy, given its strategic importance. We looked at whether it could be refined to better articulate the customer value proposition, and whether BTG had the right people in the right places to give effect to the strategy.

Outcome

Based on our review, we reaffirmed and validated the services strategy. Providing services brings customers closer to the latest technology – in particular cybersecurity, cloud and AI solutions – and has the advantage of delivering a steady stream of income over annual or multi-year contracts, which benefits investors and creates long-term shareholder value.

Supporting the employee forums programme



Background

Appointing a CPO last year gave renewed momentum to the Group's commitment to embedding a positive and winning culture across BTG, which now includes a formalised programme of employee forums. These are an opportunity for BTG people to share their honest feedback of working for the Group, and are overseen by Shruthi Chindalur, our designated non-executive director for employee engagement.

Decision

The non-executive directors' main role at these forums is to listen and observe. So, to increase their engagement with employees and contribute more deeply to the forum programme, this year we looked at how they could directly support Shruthi by leading individual employee forums organised by diverse groups for more voices.

Outcome

As a Board, we decided that having a range of non-executive directors lead the forums would better drive employee engagement and allow us to hear the voice of employees more directly and clearly. By understanding the position of employees, we can better help them to support BTG's customers and vendors, which drives growth. It also gives us an opportunity to promote positive and constructive discussion around cultural themes.

Stakeholder engagement

Here we set out how, as the Board, we have engaged with and been influenced by the interests of different stakeholders, as well as by the macroeconomic and environmental factors that affect them. Our engagement activities are well established, as is our investor community as a stakeholder group since the company's listing in December 2020.

Our key stakeholder groups

Stakeholder groups	How the Board stays informed	What the Board has learnt is important to our stakeholders
Employees  People are at the heart of BTG's business and are instrumental to its continued growth and success	- Observations on the company's strategic HR pillars from BTG's new Chief People Officer (CPO) after her first 100 days in office. - The CPO's blueprint for a company-wide people strategy that is aligned with its growth ambitions, customer excellence goals and high-performance culture. - Regular updates from the senior leadership and HR about talent and succession planning, and employee remuneration and benefits, including pensions. - Updates from management about career development and BTG's leadership coaching programme, online staff feedback platforms, quarterly whole-company meetings, eNPS surveys and engagement with the leadership team. - Attending town halls at Bytes and Phoenix, and supporting the non-executive director for employee engagement by leading individual employee forums to hear directly from employees and then contributing to her reports back to the Board. - Direct email communication from the CEO to employees during the year, and invitations for various teams to brief her directly on their roles and areas of work. - Assessment report from the company's internal auditors on BTG's recruitment and retention processes.	- The CPO held a number of one-to-one and group sessions with people from both businesses, giving her an overview of the company and what is important to employees. - These efforts reinforced what we as a Board know we must prioritise for BTG's people: - Opportunities for professional development and career progression - A safe, diverse and inclusive working culture - The ability to deliver market-leading solutions to our customers. - Employees' physical and mental health and safety also remains a priority for us as a Board. We support the culture of openness promoted by the leadership team, particularly their direct interaction with employees and their decision to implement an anonymous incident reporting hotline. - We continue to support the company's ongoing employee programmes, such as offering health support by partnering with an independent health and wellbeing specialist. - We reviewed the findings and recommendations of our internal auditor's assessment of the quality of the company's end-to-end HR practices, and will monitor these to ensure BTG's recruitment model, workforce planning, pay governance and related processes continue to develop in line with its growth.

Stakeholder engagement (s.172 compliance) continued

Stakeholder groups	How the Board stays informed	What the Board has learnt is important to our stakeholders
Customers  Building trusted relationships with customers, based on a deep understanding of their needs, is critical to BTG's strategy	- Feedback from BTG's account and sales teams' meetings with customers in person and at virtual events, including tradeshow and conferences, and through social media and podcasts. - Feedback and insights from management about BTG's clients' strategies and future investment plans, through contract reviews and feedback from the company's customer success teams. - Feedback from management's interactions with customers in roundtable and summit events, and other events. - Annual customer experience survey, which is sent to customers, requesting honest feedback. Results are reported to the Board against the results of the previous year to track progress. - Interactions between the CEO and customers about what they want to see from BTG's products and services from an operational and sustainability perspective. Major feedback is discussed with management and the Board.	- Through direct customer feedback and events, we can prioritise what is most important to our customers, such as: - Effective and cost-efficient technology sourcing, adoption and management across software, and security and cloud services - Help to identify their software and services needs, select and deploy appropriate software products, manage licence compliance and, ultimately, optimise their software assets - Guidance and expertise on emerging technologies, especially AI and GenAI. - BTG often screens customers for reputational and financial risks to identify issues that could damage its reputation or finances, and flags any material issues with us at Board level.
Suppliers and vendors   BTG's well-established relationships with suppliers and vendors helps it to provide the best solutions and support for employees and customers	- Updates from management keep us informed about the major third parties with which the company does business, including its suppliers, banks and regulators. - Direct engagement with vendors and partners at industry events, through specific company-directed engagements and in interactions around solutions and services. The CEO updates the Board on these engagements. - Close engagements with suppliers and vendors about changes within their programme and pricing structures. They discussed how the company and Board could best manage interactions and relations with customers. - Long-standing relationships between our non-executive directors and the industry, which includes material vendors and partners, including Microsoft, which again this year gave a presentation to the Board.	- Based on these updates, the Board understands how important to suppliers and vendors a close and mutually beneficial relationship with BTG is. - The Board's strategy and decision making are also informed by developments in technology, which highlight the importance of maintaining strategic and trusted partnerships with the world's most successful software companies. - BTG screens all major third parties for reputational and financial risks to make sure there are no apparent issues that could damage its reputation or finances, and flags any material issues at Board level.

Stakeholder groups	How the Board stays informed	What the Board has learnt is important to our stakeholders
Investors  BTG's investors own the company and have made a financial commitment to its success	- Insights from the regular engagement between the CEO, CFO or members of the senior leadership team with the company's larger shareholders and potential investors. - Regular market announcements and presentations from the company, as well as feedback from discussions with investors and through the investor relations section on BTG's website. - Feedback from the executive directors' in-person and virtual roadshows that they hold following key announcements, including the company's full-year and half-year results. - Insights from the follow-up one-to-one conversations the executive directors hold with investors and analysts following these announcements. - Regular analysis of shareholder and analyst sentiment and of peers. - Discussions between investors and the Board Chair, CEO and CFO around the AGM statement, the company's related performance in the first months of the financial year, and the full-year outlook. - Availability of our Chair, senior independent director and committee chairs to meet with shareholders during the year. - Our AGM, which is a key opportunity for shareholders and Board members to meet face to face to discuss the company's annual performance, strategy and any other matters shareholders wish to raise. We look forward to welcoming and meeting shareholders at this year's meeting.	- As a Board, we understand that investors are interested in a wide range of issues about BTG, including the implementation of its strategy, and its financial and operational performance, governance, remuneration, M&A and other capital allocations. - The directors are aware of their duty to treat members as a whole fairly, with Board decisions taken with all members' long-term interests in mind. - With the support of the company's first Head of Investor Relations, the CEO and CFO continued to maintain and build strong engagement with our shareholders in 2025/26.
Community and environment   BTG recognises that it is part of the communities in which it operates and strives to make a meaningful contribution to a sustainable future	- Briefings from management to keep Board members informed that BTG's operations, products and services are aimed at not adversely affecting the environment and positively contributing to the communities in which the company operates. - Briefings on BTG's sustainability programme and progress against its ESG strategy and targets, the objectives of which cover both BTG's operating companies. This year briefings included updates on the continued rollout of a carbon literacy awareness programme, progress on the net zero transition plan and increasing uptake of volunteer days. - Updates on key developments in the company's sustainability work, including becoming a constituent of the FTSE4Good Index and improved scores for some disclosures – such as EcoVadis with continued disclosures through CDP, and the ISS ESG quality score and corporate rating.	- We support the company to provide engaging and well-paid local employment. - We endorse how BTG encourages employees to help charities and various social and environmental causes – including matching charitable donations, supporting employees' fundraising events and offering paid time to volunteer. - We support the company's work providing youth and adult education in technology, as part of its social values initiatives. - We also support the company to continue working to minimise its impact on the environment, including recent refurbishments. - In response to management's GHG emissions reduction efforts, we continued to support a salary sacrifice scheme to help employees participate in an EV programme, which promotes reduced emissions and cleaner air in our communities.

Audit Committee report

Introduction from our Chair

This year, the Audit Committee continued to focus on ensuring the Group had effective systems in place to manage its risks, internal controls and external reporting, in line with evolving regulations.



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We continued to prepare for forthcoming reporting changes taking effect, and we remained vigilant in respect of the Group’s financial reporting following revisions to our expected operating profit for the year.

Ross Paterson

As Chair of the Audit Committee, I am pleased to present our Audit Committee report for the financial year ended 28 February 2026 in accordance with the UK Corporate Governance Code (code). The Audit Committee met each of the responsibilities assigned by the code in respect of the year.

In some areas, 2025/26 was a relatively quiet year for the Audit Committee given no new regulation took effect that materially affected our financial statements and, with no significant changes in operations, BTG’s principal risks stayed largely the same. However, we continued to prepare for forthcoming reporting changes taking effect, and we remained vigilant in respect of the Group’s financial reporting following revisions to our expected operating profit for the year.

Ensuring internal control effectiveness

In ensuring the effectiveness of BTG’s internal controls, we focused on preparing for provision 29 of the revised code, which applies to BTG for its year ending 28 February 2027. The code states that the Board should monitor the risk management and internal control framework, carry out a review of its effectiveness, and report on that in the Annual Report. The Audit Committee will provide guidance and recommendations for that Board statement.

We are taking our provision 29 preparation seriously, both to remain compliant with the code and as a useful exercise to assess and, where necessary, improve the robustness of our risk management systems.

To ensure we are fully prepared for next year’s declaration, we are preparing for a ‘dry run’. This involves assessing whether we have completed all the steps to make an affirmative declaration, such as confirming when and how we will test all material controls. The committee has recently reviewed the Group’s principal risks and management’s suggestion of which internal controls are material as part of progressing this exercise.

Overseeing new accounting systems

We assess the effectiveness of new controls, as well as reviewing existing ones. This year, this included oversight of planned new accounting systems at the Group’s two businesses. Phoenix introduced a new system during 2025/26 as planned. In a post go-live review, BTG’s internal auditors, PwC, concluded that they were satisfied with the way the system implementation had been managed.

The go-live date for Bytes’s new finance system was delayed until spring 2026 because it was not fully ready, a decision that the Audit Committee supported. BTG and our committee must be able to rely on the integrity of the financial information the business provides. We therefore felt that Bytes should wait until the system could be launched with confidence, even though this incurred extra costs. The committee agreed that the internal auditors should review the new system before and after it goes live.

Preparing for new ESG regulation

We continued to oversee preparation for the new sustainability reporting standards, UK SRS S1 and S2. We believe that BTG is in a good position to move to the new reporting requirements, having fully complied with the TCFD recommendations in the 2024/25 Annual Report.

The committee continued to work closely with the ESG Committee, established in 2024. Given Anna Vikström Persson, ESG Committee Chair, and I are members of both the Audit and ESG Committees aids the close working of the two.

External audit

EY continued to provide BTG's external audit services, led by a new partner, Anup Sodhi. Anup succeeded James Harris who had completed five years in the role. We were pleased by the smooth transition under Anup's leadership, which was assisted by continuity in the core EY audit team.

During the year, the Group revised down its expectation of operating profit for the year. Considering this pressure on profitability, and mindful of the pressures that managers might feel to meet targets, the committee asked EY to be particularly attentive to the risk of 'revenue recognition misstatement', including ensuring that any revenue received around the year-end was reflected in the correct financial year.

We again carried out an evaluation of EY, in line with the Financial Reporting Council's (FRC) Audit Committees and the External Audit: Minimum Standard. This non-mandatory standard asks audit committees to consider their auditor's

culture (beside technical factors, such as the skill, quality and robustness of the audit). We agreed that we remain confident in EY's independence, effectiveness and ability to provide rigorous review and challenge.

The committee recommended that the Board presents a resolution to shareholders to reappoint EY for 2026/27.

We approved EY's work plans and estimated fees for 2025/26 ahead of this year's audit. A full breakdown of the firm's fees, for audit and non-audit services, for this year and for 2024/25, is on page 97.

Internal audit

PwC continued to provide internal audit services on BTG's behalf, looking at both traditional and less conventional areas. The former included reviewing Phoenix's new accounting system and reporting on company-level controls, while the latter involved a review of BTG's recruitment and retention practices. Attracting and keeping the right people is a principal risk for BTG, particularly on the sales side. PwC used HR experts to assess the quality of company processes, from the KPIs used to monitor retention to the exit interview data received. PwC's recommendations included developing a group-wide workforce and recruitment strategy and plan, updating and formalising the recruitment processes, and developing standardised reporting of qualitative and quantitative metrics.

We continue to be satisfied with PwC's internal audit provision. As BTG grows and evolves, we will naturally review what is the best model for the company's internal assurance function.

The committee continued to meet our internal and external auditors without BTG management present. Nothing significant emerged in these discussions, but they provided the opportunity for EY and PwC to speak more freely than they might otherwise have done.

The widening remit of audit committees

In the coming year, the committee will continue to work to provide effective oversight over the internal controls and systems that manage BTG's risks, to retain shareholder trust and help the Group achieve its strategic ambitions.



Ross Paterson

Audit Committee Chair
11 May 2026

Audit Committee report continued

Significant issues considered in relation to the financial statements

The committee considered the following significant issues, areas of judgement and estimation uncertainties in relation to the half-year financial statements for the six months ended 31 August 2025 and the financial statements for the year ended 28 February 2026.

Accounting judgements

Issue	Key uncertainties and judgements	Review and challenge by the committee	Conclusion
Revenue recognition Misstatement of revenue recognised at or near the year end	The Group transacts high volumes of customer orders across multiple vendor products and many software licensing programmes. Within each income stream, management has made judgements focused on determining when the Group's performance obligations are satisfied and the point at which revenue should be recognised, including the accounting for accrued and deferred revenue. This is most sensitive at or near the year end.	As new product areas and licensing programmes are introduced by vendors, the Group reviews its revenue recognition policy at least annually to ensure that it is being applied appropriately and consistently across the Group. During the year, the committee engaged with management in its assessment of the policy, and to understand whether any new revenue streams had been introduced. The committee also considered the work done by the auditors on revenue recognition, and the results of that work. Given pressure on the Group's profitability during the year, the committee challenged both management and the auditors to remain alert to any pressure on managers to inappropriately accelerate recognition of revenue. The Board received detailed monthly reports from management on business performance, which included revenue and gross profit trends against budget and previous periods, to help identify anomalies that may indicate a mismatch of revenue and costs.	The committee concluded that there is a consistent understanding and application of the revenue recognition policy across the Group, with processes in place to minimise cut-off errors that may result in revenue being reported in the wrong period.
Accounting for share-based payment (SBP) expense Assessment of appropriateness of the SBP charged to the income statement for the financial year	The Group has unvested Performance Share Plans (PSP) in progress at the end of the financial year, the outcome of which will be determined by adjusted or unadjusted earnings per share (EPS) and total shareholder return (TSR) for the current and future reporting periods. Given the uncertainty in relation to the achievement of the EPS and TSR performance targets, management has applied judgement in assessing the likely increase in forfeiture rates and hence the likely reduction in the number of options that will vest on completion of the relevant performance periods, and made adjustments to reduce the SBP charge and associated employers National Insurance (NI) accrual accordingly.	The committee reviewed and discussed with management its assessment, noting key considerations that: • for the 2023 PSP the outcome is materially known following the end of the performance period at 28 February 2026 and the adjustment to SBP reflects this • for the subsequent PSP from 2024 and 2025 a reasonable forecast and adjustment to the SBP has been made, allowing for some inherent uncertainty.	The committee concluded that the Group has correctly interpreted and applied the requirements of IFRS 2 to apply judgement in estimating the likely level of options vesting in the future and in determining the SBP expense for the financial year.

Strengthening our financial reporting and internal controls

This year, the committee focused on several significant areas of financial reporting and internal control, including financial, operational and compliance controls. For example, we:

- Reviewed BTG's financial statements and assessed whether suitable accounting policies were adopted and consistently applied, and whether management made appropriate estimates and judgements
- Reviewed the detailed scenarios and assumptions behind the going concern basis of accounting and longer-term viability
- Monitored the effectiveness of BTG's enterprise risk management and internal control systems, and received detailed reports and presentations on principal risk tolerance levels and management
- Oversaw the implementation of the internal audit plan for 2025/26 and approved the new plan for 2026/27
- Reviewed the progress around implementing the new accounting system in Bytes ahead of it going live in 2026/27, and the implementation of the upgraded accounting system in Phoenix, which went live in April 2025
- Reviewed the Annual Report and Accounts 2025/26 and half-year results for the six months to 31 August 2025.

Membership

The Audit Committee comprises four independent non-executive directors: Ross Paterson (Chair of the committee), Shruthi Chindalur, Erika Schraner and Anna Vikström Persson.

Ross is a qualified chartered accountant with recent and relevant financial experience from listed-company finance and audit committee roles, including as a chief financial officer of a listed company and as an audit committee chair at two other listed companies. Erika has recent relevant financial experience from her previous executive work and her roles as chair of the audit committee of UK-listed companies.

BTG operates in the technology sector, and the committee as a whole has competence relevant to that sector. Erika, Shruthi and Anna each has considerable technology sector experience, while Ross is a non-executive director and chair of the audit and risk committee at another listed software company.

Biographies for all the committee members are set out on pages 80 to 81.

The Chair of the committee will be available for questions at BTG's 2026 Annual General Meeting.

How the committee operates

Our committee generally meets on the same day as Board meetings, to make interacting with the other directors as efficient and effective as possible. Our external auditor, EY, and internal auditor, PwC, are invited to attend our meetings, as are the other members of the Board and the Group Company Secretary. Depending on the agenda, other members of senior management are also invited.

Committee attendance

Committee member	For the financial year to 28 February 2026
Ross Paterson	6/6
Erika Schraner ¹	5/6
Shruthi Chindalur	6/6
Anna Vikström Persson	6/6

¹ Erika Schraner was absent from the April 2025 meeting because of hospitalisation.

During 2025/26, we met six times. These meetings include those held approximately one week before our main half-year and year-end results meetings to consider reports from the auditors and management teams. This ensures that any material aspects relating to the results are raised and addressed by the committee in an efficient way.

Our committee has reviewed and approved its terms of reference, which were last updated on 12 March 2026 and are available on the company's website at bytesplc.com. We have also agreed a schedule of items for each of our planned meetings for the 2026/27 financial year, with two of these dedicated to risk management.

Audit Committee report continued

Responsibilities

During the year, the Audit Committee reviewed its current practices against the FRC's Audit Committees and the External Audit: Minimum Standard, and confirmed that the committee follows the Minimum Standard in full.

The committee's principal responsibilities, as delegated by the Board, remained unchanged this year. They include oversight, assessment and review of:

Financial statements and reporting

- The integrity of BTG's financial reporting and its half-year and annual financial statements
- BTG's assessment of its going concern and longer-term prospects and viability

External auditor

- The effectiveness of the external audit process, with consideration of relevant UK professional and regulatory requirements
- Developing and implementing policy on the supply of non-audit services by the external auditor and approving relevant work
- Obtaining comfort that the external auditor is independent and objective

Internal auditor

- The relationship with the internal auditor, advising on its effectiveness
- Considering and approving the internal audit review plan, the outcome of audit reviews and associated actions

Risk management and internal controls

- The effectiveness of BTG's internal financial controls, risk management and internal control systems, including the activities of the internal audit function, and supporting an agenda of continual improvement
- Reviewing BTG's finance and risk management policies for ensuring regulatory and legal compliance

- Identifying and assessing principal and emerging risks and risk exposures
- The effectiveness of anti-fraud and anti-bribery systems.

Other responsibilities

As well as these responsibilities, the committee:

- Supports the Board in discharging its responsibilities to comply with the UK Corporate Governance Code
- Advises the Board on proposed full-year and half-year financial results and periodic reporting, and related announcements
- Reviews the annual and half-year financial statements and accounting policies, and internal and external audits and controls
- Recommends to the Board the payment of final, interim and special dividends
- Assesses the effectiveness of financial reporting procedures
- Advises the Board on the outcome of the external audit and whether it considers that the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess BTG's position and performance, business model and strategy
- Makes recommendations to the Board on the appointment, reappointment or removal of the external or internal auditors
- Approves both the external and internal auditors' fees and terms of engagement
- Maintains strong relationships with the Board, executive management and the external and internal auditors in the delivery of their respective responsibilities
- Reports to the Board on how the committee has discharged its responsibilities during the year.

External auditor

The external auditor is a key stakeholder in helping the committee fulfil its oversight role for the Board.

For its core audit work, during the year EY presented to the committee its detailed audit plan for 2025/26, which outlined its audit scope, planning materiality and assessment of key audit risks. The committee also received reports from EY on its assessment of the accounting and disclosures in the financial statements, including observations around financial controls where identified, and was satisfied that the audit work remained appropriate to BTG's business.

EY attends each committee meeting, receiving committee papers in advance and, during the year, the committee met with EY without management present. Outside formal meetings, EY's audit partners, initially James Harris in relation to the completion of the 2024/25 audit, and subsequently Anup Sodhi (who replaced James at the commencement of the 2025/26 audit), had direct access to the committee Chair throughout the year and on an ongoing basis, to raise any matters of concern or clarification.

In addition, two workshop sessions were held during the year between BTG's finance team and the external auditor – both attended by the committee Chair. These were good opportunities for proactive teamwork and for sharing knowledge of our business, processes, policies and lessons from previous audits, and to support an efficient 2025/26 audit.

Our committee approved EY's fees for the external audit with the total audit fee reducing by 2.6% from £765,367 in 2024/25 to £745,515 in 2025/26, reflecting an inflationary rise in EY's underlying costs on the one hand, but offset by a reduction in non-recurring costs and efficiency savings based on previous years' learnings and continual improvement in the audit process.

The committee assesses the quality, effectiveness, objectivity and independence of EY's annual audit, and seeks feedback from the Board, finance management and the external audit team. Audit quality is assessed with reference to the quality and clarity of reports from EY to the committee, the results of any recent FRC Audit Quality Reviews, the experience of audit team members, feedback from BTG management and other relevant factors. The committee concluded that EY had provided appropriate focus and challenge throughout the audit and had remained objective and independent. The committee once again recommended EY's reappointment as BTG's auditor and that the directors determine its remuneration. This will be proposed at the 2026 Annual General Meeting.

Non-audit services

It is the Board's policy that all proposals from EY for any non-audit services must be approved in advance by the committee and must not be prohibited by the FRC's Revised Ethical Standard 2019. EY may only provide such services if its advice does not conflict with its statutory responsibilities and ethical guidance. The committee is aware of the requirements of the Statutory Auditors and Third Country Auditors Regulations 2016. The regulations cap non-audit services in any financial year at less than 70% of the average audit fees paid on a rolling three-year basis.

The ratio between audit and non-audit services performed by EY during the year was 6.8:1 (2024/25: 7.3:1), and non-audit services in the year were 12.9% (2024/25: 12.1%) compared with the cap of 70%.

The committee is satisfied that the level and nature of non-audit services does not compromise EY's independence, noting that the only non-audit services for the past two years are for assurance services in relation to the half-year financial statements and for which the fees are relatively modest compared to the audit fees.

External auditor fees

	2025/26	2024/25
Consolidated Group and parent company audits	£303,534	£332,789
Subsidiary audits	£441,981	£432,789
Total audit fees	£745,515	£765,367
Half-year review (non-audit services)	£110,427	£105,169
Total fees	£855,942	£870,536

Audit risks and areas of focus

As part of its audit planning process, EY advised our committee of the key audit matters and risks and other areas of audit focus.

Key audit matters

- Misstatement of revenue recognised at or near year end
- Management override of controls
- IFRS 15 revenue presentation and disclosure in respect of principal versus agent

Key audit risks

- Misstatement of rebate receivable at period end and recognition of vendor incentives
- Going concern and viability
- Accounting for share-based payments
- Impairment of goodwill

Other areas of audit focus

- Share buyback
- Data migration
- Provision 29

Our committee has the authority to request that additional areas are reviewed should the need arise.

Working with the external auditor

The committee approved EY's terms of engagement and reviewed the effectiveness of the external audit through the year-end reporting period. We assessed the auditor's performance, based on our evaluation and feedback from senior members of BTG's finance team, across a range of relevant topics.

We concluded that the auditor showed appropriate focus, critical analysis and challenge on the key audit areas and applied robust challenge and scepticism throughout the audit. In light of our assessment of the external auditor's effectiveness, we recommended to the Board, which, in turn will recommend to shareholders in a resolution at our 2026 Annual General Meeting, that EY should continue as external auditor.

The external auditor reported to the committee on its independence from BTG, in line with all UK regulatory and professional requirements, and confirmed that the objectivity of the audit partner and staff is not impaired. The committee also confirmed that BTG has adequate policies and safeguards to ensure EY remains objective and independent. The committee noted the safeguards to EY's independence as external auditor included BTG's policy on the payment of non-audit fees to the external auditor, as explained earlier in this report. This requires the external auditor to make a statement confirming its independence at least annually, mandatory audit tender and rotation requirements, mandatory audit partner rotation requirements, restrictions on former audit team members working at BTG and other applicable requirements of the FRC's Ethical Standard, EU Audit Regulation (retained in UK law) and the UK Corporate Governance Code.

Audit Committee report continued

BTG last tendered its audit in anticipation of its initial public offering in 2020 and EY was appointed BTG's auditor for the year ended 28 February 2021. EY has now audited BTG for six years. James Harris was the EY audit engagement partner for the audit of each of the five years ended 28 February 2025. Anup Sodhi was the EY audit engagement partner for the audit of the year ended 28 February 2026. As a FTSE 350 company, BTG must tender its audit every ten years, and we therefore plan to undertake an audit tender no later than for the year ending 28 February 2031.

Internal controls and risk management systems

The management of risk is treated as a critical and core aspect of our business activities. Although the Board has ultimate responsibility for establishing and maintaining BTG's internal control and risk management systems – ensuring the Group has robust risk identification and management procedures in place – certain risk management activities are delegated to the level that is most capable of overseeing and managing the risks. On behalf of the Board, the committee keeps the adequacy and effectiveness of the company's internal financial controls and risk management systems under review, and assesses and approves the Annual Report statement concerning internal control and risk management. This includes assessing principal and emerging risks and the viability statement. As part of its internal audit this year, PwC confirmed to the committee that BTG's internal controls have been appropriately documented for the areas reviewed.

The committee reviewed the effectiveness of BTG's system of internal financial controls with reference to reports from management and from the internal and external auditors.

In reviewing the risk management systems, the committee considered BTG's enterprise risk management policy, enterprise risk management framework, risk appetite framework, and the Group's risk register. The committee noted that there were no substantial changes to those over the past year.

The committee also considered reports from management, the internal auditors, other specialists in specific matters such as fraud risk, and the external auditors. In relation to fraud risk, the committee considered the work of a specialist that reviewed BTG's procedures to manage the risk of fraud, taking account of the new UK corporate criminal offence of failure to prevent fraud. The committee also reviewed management's plans to continue to enhance controls to prevent fraud.

Any control weaknesses or deficiencies that are identified are monitored and addressed in the normal course of business. The committee receives regular updates on the status of addressing actions suggested by the internal auditors.

For more on our risks and mitigation and our risk management framework, see the Risk report on pages 32 to 43. To gain a comprehensive understanding of the risks facing the business and management, the committee periodically receives presentations from senior managers and external advisors.

Assessing our principal risks twice a year

The Board carries out a robust assessment of BTG's principal risks twice a year. This considers the risks that could threaten our business model, future performance, solvency or liquidity, and the Group's strategic objectives over the short to medium term. Our principal risks are documented in a schedule that includes a comprehensive overview of the key controls in place to mitigate the risk and the potential impact on our strategic objectives, KPIs and business model.

Given its importance, changes to BTG's risk register can only be made following approval from the committee or the Board. We outline changes to the principal risks during the year on page 35.

Risks that are not principal to BTG are documented within the risk registers of our two primary subsidiaries, which are overseen by the Executive Committee.

The Audit Committee received updates on material aspects relating to these risk registers during the year. In addition, risks that are considered key indicators of changes in BTG's risk profile, or deviation from the Board's risk tolerance level, are identified and reported to the committee.

Following our review, the committee confirmed to the Board that it was satisfied BTG's internal control and risk management procedures operated effectively throughout the period and are in accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The committee continues to use the Group's enterprise risk management framework and policy and its risk appetite framework. Our enterprise risk management approach determines our overall principles, requirements and responsibilities for a sound approach to risk management and an effective and continual internal control assurance framework within the business.

The committee also assessed the Group risk register – which consolidated the risk registers of BTG, Bytes and Phoenix – during the year. This included the underlying methodologies, inherent risk scores of the identified risks and what mitigation, if any, could be applied to the inherent risk scores depending on the classification of green, amber and red. Green (low) risks can be accepted without mitigation, amber (medium) risks should be mitigated where possible and red (high) risks must be mitigated as much as possible. Once mitigations are taken into account, management scrutinises the net red risks to determine if they are compatible with the Group's risk appetite.

Our committee formally reviews the Group risk register twice a year to identify the likelihood and business impact of any material or emerging risk, as well as any mitigating factors or controls. An assessment of the principal and emerging risks facing the Group was carried out by management – and reviewed and incorporated into the register by the committee – during the year.

The boards of directors of Bytes and Phoenix have implemented internal controls and processes to deliver financial control and reporting, including controls incorporated into their underlying systems. On a day-to-day basis, the Group system of internal control is managed and coordinated by our CFO.

At our meetings during the year, the committee considered the process by which management evaluates internal controls across the business. IT security risk, in respect of data security breaches around the Group's own data and that held on behalf of third parties, remained a key theme. So too did the broader and continuing challenges in the macroeconomic environment.

For 2026/27, the Board, on the recommendation of the Audit Committee, agreed that the following areas of risk remain relevant and should be reviewed and assessed:

- Cybersecurity risk of breaches of BTG's own data and that held on behalf of third parties
- Factors linked to supply chain constraints and geopolitical uncertainty – given their significant impact on the global economy, customer behaviours and associated cash flows
- People- and culture-related risks, in particular the ability to continue to attract and retain talented people or to maintain the unique nature of our culture
- Increasingly competitive environment and evolving vendor landscape
- Non-compliance- and governance-related risks.

Going concern and viability statements

The committee considered BTG's going concern assessment and the basis of preparation, including the period for which going concern was assessed, noting that no material uncertainties were identified. The committee also considered BTG's viability statement, including the time horizon chosen, the stress-testing undertaken and the conclusions reached. We challenged the

nature, quantum and combination of the unlikely but significant risks to our business model, future performance, solvency and liquidity, which were modelled as part of the scenarios and stress-testing for our viability statement.

As part of this review, we:

- Considered our financial forecasts position to the end of August 2027 for going concern and for the three years to February 2029 for viability
- Conducted a principal risk assessment
- Analysed the impact of sensitivities on cash and available funding, individually and collectively, in a reasonable worst-case scenario.

These scenarios considered the mitigating actions we could take.

We are satisfied that our going concern statement, on page 132 of the Directors' report, and our Viability statement, on pages 75 to 76 of the strategic report, have been prepared appropriately.

Internal audit

Our internal audit function's main task is to provide independent assurance about the adequacy and effectiveness of the Group's internal controls and risk management systems.

This year marked PwC's fourth full year as BTG's internal auditor and, once again, the committee reviewed and approved the internal audit charter. This provides the framework for how internal audit is conducted in BTG and was created to formally establish its purpose, authority and responsibilities. PwC reports to the Audit Committee in its capacity as BTG's internal auditor.

The committee approved the internal audit plan for 2025/26, designed to support BTG's organisational objectives and priorities and to identify the risks that could prevent the Group from meeting those objectives.

PwC completed four audit reviews across the Group covering:

- Budgeting and forecasting
- Sage post go-live review
- Company-level controls
- Recruitment review.

While these identified certain areas for continued improvement, PwC found no material issues or areas of concern. Before each review, PwC holds a planning meeting to understand the context, key stakeholders, audit objectives and timeframes. Together with our CFO, it also reviews areas of particular importance to the committee to ensure the scope of the audit meets the committee's expectations.

Following up on internal audit reviews

The committee receives reports on internal audit activity and monitors the status of internal audit recommendations and management's responsiveness to their implementation. The committee keeps other Board committees updated on the outcome of any reviews that fall within their areas of responsibility. To ensure management completes actions from internal audit reviews in a timely manner, PwC follows up on the completion and implementation of critical, high and medium findings after their nominated completion date and examines supporting data to validate the information provided. PwC also carries out follow-up reviews with management if unsatisfactory conclusions are reached. We will continue to strengthen the way we monitor actions following internal audits.

The committee approved the internal audit plan for 2026/27. It includes planned reviews covering:

- Cybersecurity – identity and access management
- Oracle NetSuite implementation (new accounting system at Bytes)
- Material controls – provision 29 and fraud risk requirements
- Next Gen platform implementation (in-house developed enterprise resource planning system at Bytes).

Audit Committee report continued

Effectiveness review of the internal auditor

As planned, we conducted a formal review of the effectiveness of the internal auditor and internal audit process following year end. As part of that review, committee members completed a questionnaire, as did a number of the Group's people who had responsibility for areas reviewed by the internal auditors over the past few years. We also considered the views of the internal audit team. The review looked at several areas, including the expertise of PwC's team, the depth and breadth of our internal audits, and the quality of planning.

The committee considered the adequacy of the resources within internal audit and, in discussion with PwC, concluded that the level of resources and internal audit work was appropriate for a group of BTG's size and complexity.

Overall, the committee is satisfied with the way PwC manages our internal audit function. The team's extensive combined experience means it can draw on subject-matter expertise from within the wider PwC ecosystem. It also meets with the senior BTG team each month to understand the changes and challenges in the business and engages with the committee Chair ahead of committee meetings. PwC also meets with our external auditor to exchange knowledge on the risk and control environment and to coordinate plans where appropriate.

At the start of any review, PwC holds scoping meetings with key stakeholders to agree the depth and breadth of the internal audit, and to ensure the scope covers the risks identified during the planning stage while focusing on the most relevant areas. All significant audit findings remain 'open' until approved by our CFO with input from the committee.

During the year, the committee met with the internal auditors, without management present.

Reporting

As part of BTG's financial reporting cycle, it is the committee's responsibility to review the quality, integrity and appropriateness of the annual and half-year financial statements with the management team and external auditor. For the period under review, we focused on:

- The quality, appropriateness and completeness of our significant accounting policies and practices, noting that there were no significant changes to those policies for 2025/26 and that they had been applied consistently
- The clarity, consistency and completeness of our disclosures, including compliance with relevant financial reporting standards and other reporting requirements
- Significant issues where management judgements and/or estimates were material to our reporting, or where discussions took place with the external auditor to reach a judgement or estimate
- The committee's advice to the Board on the long-term viability statement.

The committee received reports from management on the identification of critical accounting judgements, significant accounting policies and the ongoing application of accounting standards in financial year-end reporting.

Fair, balanced and understandable statement

The committee reviewed whether this Annual Report, taken as a whole, is fair, balanced and understandable, and advised the Board accordingly on its statement on fair, balanced and understandable. This included making sure that we addressed the following areas:

Process

- All team members involved in the process were properly briefed on the fair, balanced and understandable requirement
- The core team responsible for coordinating content submissions, verification, detailed review and challenge had the necessary experience to carry out their work well
- The committee received drafts early enough to review and comment in a timely manner

Content

- The report includes accurate key messages, market and performance reviews, principal risks, and all other financial and narrative disclosures required for good corporate governance
- The report is balanced in describing potential challenges and opportunities and includes relevant forward-looking information

- Information in the different parts of the report is consistent and coherent
- The report is written concisely, without unnecessary verbiage, and avoids jargon as far as possible
- Senior management confirmed that they believe that the information included about their respective areas of responsibility is fair, balanced and understandable.

On the basis of this review, we recommended to the Board that this Annual Report is indeed fair, balanced and understandable, and gives readers the information they need to assess the Group's position and performance, business model and strategy.

Review of the Audit Committee's effectiveness

The company engaged Lintstock during 2025/26 to undertake an independent review of the effectiveness of the Board and its committees. As part of that review, Audit Committee members completed a questionnaire provided by Lintstock in respect of the committee's effectiveness, and each committee member had an individual discussion with Lintstock. At the committee's meeting in March 2026, we considered a report from Lintstock and concluded that the committee was effective, with strong oversight of internal and external audit, financial integrity, risk management and control. Based on Lintstock's observations, a number of actions were identified.

Looking forward

During 2026/27, our committee will remain focused on the key areas of responsibility delegated to it by the Board, which include:

- Continuing to seek appropriate assurance, with a particular focus on BTG's principal risks, control environment and approach to financial reporting, taking into account developments in reporting responsibilities
- Monitoring progress on the implementation of the new systems in Bytes
- Monitoring BTG's preparations for the new provision 29 in the Code relating to the effectiveness of material controls, which will come into effect for BTG's financial year ending 28 February 2027
- Monitoring BTG's response to the new Economic Crime and Corporate Transparency Act 2023 (ECCTA) regulations, which became effective from September 2025
- Reviewing the external audit strategy coming into EY's seventh year as BTG auditor
- Supporting BTG's continuing governance improvement initiatives.

We welcome questions from shareholders about the committee's activities. If you wish to discuss any aspect of this report, please contact us through our Group Company Secretary at wk.groenewald@bytesplc.com.

Nomination Committee report

Introduction from our Chair

This year the Nomination Committee worked to ensure the Board had the optimum skills and experience to support and challenge the executives and that BTG had leaders of the right calibre to grow the business.



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Recognition from the FTSE Women Leaders Review this year reflects our long-standing belief that diverse leadership teams make better decisions and drive stronger business outcomes.

Patrick De Smedt

The Nomination Committee, and the Board, continued to benefit from the strength of its composition: Ross Paterson has a long track record in finance and M&A; Erika Schraner also has a strong background in these areas, along with expertise in technology and strategic analysis; Shruthi Chindalur has deep commercial and international roots in the technology sector, and Anna Vikström Persson is a former FTSE 100 chief HR officer. Our executive directors complement these strengths, with CEO Sam Mudd having been a technology leader for more than two decades and CFO Andrew Holden being deeply experienced in finance, strategy and operations.

This year the 2026 FTSE Women Leaders Review recognised BTG as one of the ten FTSE 250 companies with the highest representation of women on their boards. This recognition reflects our long-standing belief that diverse leadership teams make better decisions, drive stronger business outcomes and help create a culture where everyone can succeed. I am incredibly proud of the women across BTG whose expertise, leadership and ambition are shaping our business every day. I'm equally committed to continuing our work to grow representation across all levels. There is still more to do, but this milestone shows what progress is possible when commitment is shared across the organisation.

Keeping directors up to date with evolving governance

During the year, the committee again oversaw training and development initiatives to augment Board members' contributions to BTG. Keeping members up to date with governance changes, and familiar with their statutory responsibilities, remains a particular priority. All directors are signed up to the Deloitte Academy, which offers briefings, webinars and seminars on governance and other Board-related matters.

This year, members received updates on the new failure to prevent fraud legislation, the revised UK Corporate Governance Code, particularly on developments around provision 29, and ongoing guidance on the Market Abuse Regulations (MAR), from our legal counsel Travers Smith. In relation to MAR, directors – and other persons discharging managerial responsibilities – are required to carry out annual MAR-related training.

More widely, Board members had updates on market and industry trends, both from internal experts, such as BTG's chief technology officers, and from external advisors. They also received reading materials and seminar and webinar invitations around topical issues, such as cybersecurity and AI.

The committee also ensured that directors maintained an in-depth understanding of BTG's business. For instance, following on from their comprehensive inductions on joining BTG in 2024/25, Ross and Anna spent time with operational leaders to learn more about our value-added reseller (VAR) and IT services market, and the challenges and opportunities the Group faces. Functional leaders also attended the Board to brief members on their areas of activity. Our Group Company Secretary continued to record the governance and development activity of all directors.

Nurturing BTG's strong culture

BTG's strong culture has always been the bedrock of the company's success. During the year, the committee supported Sam and our Chief People Officer (CPO), Kally Kang-Kersey, in devising a programme to align the culture of Phoenix and Bytes. In 2026/27, underpinning this work, BTG will develop a values framework based on a survey of company values.

Our development remit extends beyond the Board, to include BTG's senior leaders. To achieve the Group's strategic ambitions, senior managers must have

the leadership capabilities to support growth and enhance and reinforce BTG's strong culture. I am pleased with the advances that the business made this year. At Phoenix, a significant number of senior managers completed its LEAP leadership programme. Next year, to ensure consistent leadership capability, LEAP will be rolled out to all Phoenix managers. Bytes continues to embed values-led leadership and to develop capability at all levels. In 2026/27, Bytes will pilot a new leadership programme among its most senior people before implementing it more widely.

It is vital that our leaders learn from each other. From next year, the Group will hold development events involving senior leaders from both Phoenix and Bytes. This will encourage collaboration, good practice-sharing and cohesion across the company. While the Nomination Committee is committed to BTG's leadership development, Anna has worked particularly closely with Sam and Kally to strengthen the offering across the Group.

Developing our succession planning process

Succession planning is another committee priority, which we discuss at each meeting. This year, we expanded our succession planning process for both Board members and senior leaders. As part of this process, we identify candidates appropriate to each of our committee chair positions and to our designated non-executive director for employee engagement. In addition, we widened our Bytes and Phoenix candidate focus to cover all senior leadership functions, rather than only at operational board level. We will continue to evolve our succession planning process during 2026/27.

As the Group expands and adapts to the changing needs of vendors and customers, it must grow its pool of talented senior managers. The committee helps to identify which strategically significant roles are pressing and which skills candidates will need to perform them. Following such input, this year Bytes appointed a new Services Director, Paul Bartram, who will drive the extension

and expansion of the strategically important services offering, and a new Chief Marketing Officer, Candice Arnold.

I was very pleased that BTG's process of having the right people in the right roles was strengthened this year by Kally's launch of a Group-wide talent review. This review, which will continue into 2026/27, will consider talent gaps, succession opportunities and development needs across the company's management levels.

Mentoring senior leaders

Anna's support for our new CPO is a practical example of both how Board expertise can be usefully channelled into BTG and how working with the business can inform our own discussions. However, outside wisdom can also be complementary – as I experienced during my career at Microsoft, when I was supported by a CEO mentor from another leading company. During the year, following discussion with the committee, Sam began a mentoring arrangement with a former PwC partner and strategist. We have explored with her the possibility of introducing mentoring partnerships for other senior BTG leaders.

Having the right people in the right roles is only one part of creating a strong business; having the right organisation is also essential. The committee supported the Board in assessing whether BTG's business and functions are structured in the best way to meet the needs of customers and the interests of investors.

Our external board evaluation

This year, the committee oversaw Lintstock's external evaluation of the Board and our committees. Our Board members completed a Lintstock questionnaire and individual discussions. In addition, I met each director to get their feedback on Board effectiveness, while Erika, as our senior independent director, led a discussion among Board members to gather their opinions on my effectiveness as Chair.

Lintstock presented its findings to the Board at its March 2026 meeting. I was pleased that its review highlighted the quality of our Board's composition and

the dynamics around the table. They noted that the Board fosters a culture of trust and collaboration, striking an effective balance between support and constructive challenge.

I am also pleased to report that Lintstock found that the Nomination Committee was operating effectively. In regard to Board composition and non-executive succession, it indicated that the Board had engaged thoughtfully and considered current needs, contingencies and forward-looking considerations.

Lintstock also observed that while the Board prioritises thoroughness and careful deliberation to ensure sound outcomes, there is an opportunity to further enhance its agility in certain instances. Such comments give us useful pointers for improvement and, following its presentation to the Board, our committee drafted an action plan to address their recommendations.

Looking ahead to 2026/27

To continue to support the Group's strategic ambitions, the committee's priorities for the coming year will be:

- Continual succession planning at senior management level. We will strive to obtain a good understanding of the pipeline and develop an action plan to fill any gaps
- Ongoing Board effectiveness, including around governance development
- Strengthening development programmes for senior managers, around such areas as team leadership
- Monitoring the evolution of BTG's culture
- Considering the optimum shape of the organisation.



Patrick De Smedt
Nomination Committee Chair
11 May 2026

Nomination Committee report continued

Committee attendance

Committee member	For the financial year to 28 February 2026
Patrick De Smedt	4/4
Erika Schraner	4/4
Shruthi Chindalur	4/4
Ross Paterson	4/4
Anna Vikström Persson	4/4

Our Nomination Committee works to ensure that we have the right executive and non-executive leaders to deliver our strategic plans and maximise our business potential – now and in the future.

As part of this, we focus on three complementary elements: ensuring appropriate leadership and succession planning for our Board and senior management, overseeing the development of a diverse and inclusive succession pipeline, and promoting BTG's long-term sustainable success in the interests of our stakeholders.

Each year, we review and approve our committee terms of reference, which are available at bytesplc.com.

Our responsibilities

Our committee's main responsibilities are to:

- Regularly reassess the composition of the Board and committees – including size, skills, knowledge, experience and diversity – to ensure they remain appropriate, and to make recommendations for changes, as necessary, to the Board
- Review the criteria for identifying and nominating candidates for appointment to the Board, based on the specification for a prospective appointment, including the required skills and capabilities
- Identify and nominate candidates for Board approval to fill Board vacancies when they arise, considering other demands on directors' time

- Lead the process regarding appointments to the Board, including that of the Chair
- Review the time commitment and independence of the non-executive directors, including potential conflicts of interest
- Deliver succession planning for the Board and senior executives, including recruitment, talent development, identifying potential internal or external candidates, and making recommendations to the Board
- Ensure that all new Board members have an appropriate and tailored induction, and that training and development is available to existing members.

For more details, see page 109.

Exceeding diversity expectations

Establishing a diverse leadership team ultimately benefits our stakeholders by enabling us to perform better. We continue to make progress against or exceed diversity recommendations, aligned with our Board and senior management diversity policy. This includes the board elements of the FTSE Women Leaders Review.

Women represent 57% of our Board at the date of this report, which means we continue to be aligned with the UK Listing Rules to have women represent at least 40% of the Board and to have at least one director from a minority ethnic background.

With women in the roles of CEO (Sam) and senior independent director (Erika), we benefit from the diversity of thought and mindset that we value so highly at BTG. Our priority is to always have the right person in the right role, however, and this will continue to inform our future appointments.

We also continue to grow representation within and develop succession plans for the company's senior management. BTG was recognised in the top 10 by the 2025 FTSE Women Leaders Review for our representation of women on the Board.

Independence of non-executive directors and potential conflicts of interests

Our committee reviewed the independence and potential conflicts of interests of the non-executive directors in line with the code. Having considered their time commitments and other roles, and the time they have served with BTG, we concluded that they are all independent and continue to make independent contributions and effectively challenge management.

Succession and leadership development for 2026/27

Our committee will continue to monitor its compliance with the code and, with the Board, continue to review succession plans to keep building on the skills balance and diversity across the business.

This will include:

- Building on the breadth of our directors' skills as needed to support BTG's growth strategy and maximise the potential of the business
- Continuing our Board-level succession planning process and our work on the succession pipeline at senior management level
- Supporting our executives with the ongoing development of the leadership capabilities of the wider senior management team
- Supporting the ongoing development of our Board members.

Our Board and executive diversity data

The following table provides data on gender and ethnicity across our Board and senior management team as at the date of this report. The information was collected on a self-reporting basis.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair, SID, CEO, CFO)	Number in the Executive Committee	Percentage of senior management team
Gender					
Men	3	43%	2	2	40%
Women	4	57%	2	3	60%
Not specified/prefer not to say	–	–	–	–	–
Ethnicity					
White British or other White (including minority-white groups)	5	71%	4	4	80%
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	2	29%	–	1	20%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Managing succession planning

We manage succession planning in line with the Group's relevant policies. These are aligned with regulatory requirements around diversity targets and with the company's growth aspirations, which we consider in relation to the skills and expertise that we need or will need in future at Board level.

In 2025/26, we continued to evaluate BTG's succession planning for senior leadership roles. This included assessing the strengths of senior managers, areas that need improvement and plans to address those areas. While we identified immediate and long-term candidates among internal leaders, we also identified areas where gaps remain for natural long-term successors.

We also again assessed the existing succession planning for our executive Board member roles, and reviewed the formal succession plans for each of our non-executive positions.

Carrying out performance reviews

This year, our external Board effectiveness review was again performed by Lintstock, in line with our three-year evaluation cycle. Lintstock has no other connection with the company or individual Board members.

As well as evaluating the Board, Lintstock reviewed the performance of our Chair and the Nomination, the Remuneration, the Audit and the ESG Committees.

As part of the evaluation, directors were required to complete a survey, providing their views on a range of governance matters. Lintstock then conducted one-to-one interviews with each Board member, and with the Group Company Secretary. Lintstock provided its feedback through a written report, followed by briefings on the report's key findings for the Chair and senior independent director. The senior independent director was also separately briefed on the outcomes of the Chair's evaluation. In March 2026, Lintstock presented its findings and recommendations to the Board, setting out the work for the year ahead to help us achieve the actions identified.

Key areas of focus

The evaluation considered a broad range of governance matters, including:

- Engagement with strategy
- Stakeholder engagement
- Culture and talent management
- Leadership development and succession planning
- Monitoring the external environment

- Risk management and internal controls
- Board composition and diversity
- Relationships between non-executive directors and executives
- Meeting management.

Outcomes from the evaluation

The evaluation concluded that the Board and its committees operate effectively and highlighted strong relationships between the Chair, non-executive directors and the executive team. It noted the strength of the Board during a period of relative pressure. Despite market volatility and operational challenges, the Board remains cohesive, engaged and supportive. The Board engages constructively with BTG's strategic progress and growth plans, and continues to illustrate clear confidence in management and in the underlying quality of the business.

Progress on implementing the findings and recommendations of these reviews is made during committee meetings. The Chair, with support from the Group Company Secretary, monitors this progress and, with feedback from the CEO, reports back to the Board.

For more details, see The Board's year on pages 84 to 87.

ESG Committee report

Introduction from our Chair

In its first full year, the ESG Committee supported the business, and held it to account, in progressing and meeting its ESG goals.



The ESG Committee was established in June 2024. Our main role is to add rigour to BTG's ESG processes: setting clear targets, overseeing and monitoring progress, and driving improvements in data accuracy and reporting integrity.

Our remit covers three areas, central to the Group's ESG strategy:

- **Environmental** – overseeing performance and initiatives to meet BTG's GHG emissions reduction and resource-use targets, including its net zero transition plan
- **Social** – overseeing BTG's people, culture and workforce matters, with a strong emphasis on diversity, equity and inclusion
- **Governance** – overseeing BTG's business conduct, and identifying and preparing for emerging sustainability regulation and reporting requirements.

Our non-executive directors serve as committee members, with our meetings routinely attended by CEO, Sam Mudd, and CFO, Andrew Holden. BTG's Group Sustainability Manager, Lisa Prickett and, since her appointment in July 2025, the CPO, Kally Kang-Kersey, also attend our meetings.

Overseeing key milestones

During the year, the committee oversaw several ESG milestones. Within the environmental pillar, these included the establishment of targets and policies to reduce BTG's water use and waste, and the completion of the first phase of the Group's plan to reach net zero by 2040, which our committee formally approved in March 2026.

Within the social pillar, Kally's appointment as CPO has brought dedicated HR expertise to the Group and our committee. In our first meeting after she joined for example, the committee focused on people and culture, with Kally feeding back on her early impressions and meetings with employees.

Embedding a winning culture

Appointing a CPO also gives renewed momentum to the Group's commitment to embedding a positive and winning culture across BTG. In 2025/26 our committee's contribution to culture included our programme of employee forums, through which BTG people share their honest feedback of working for the Group. Shruthi Chindalur, our designated non-executive director for employee engagement, and who reports to our committee, oversees these forums.

This year, to increase directors' engagement with the workforce, all non-executive directors – rather than the designated director alone – led individual employee forums. While the non-executive directors' main role at the forums is to listen and observe, when meeting BTG people we also aim to promote positive and constructive discussion around cultural themes, such as diversity of thought, ethnicity and gender, as well as equity and inclusion.

Trust is a cornerstone of a winning culture. Those who participate in employee forums must believe that their voices are being heard. In 2025/26 our committee approved a structured communications programme – devised by our designated director and our CPO, for launch next year – that will ensure that employee forum participants know what actions have resulted from their feedback.

Having the CPO and the Group Sustainability Manager at our meetings has mutual benefits. It enables them to draw on the experience and insights of, and receive support and challenge from, the committee members, each of whom has a strong track record with a wide range of companies. It also allows the non-executive directors to stay informed about the external ESG picture, by receiving updates on regulatory change and its impacts on company risk from functional experts, and to develop a deeper understanding of BTG's own ESG activity.

Holding the business to account

This year, our committee's oversight activities included:

- Monitoring BTG's progress against managing the risks identified in the most recent internal ESG and talent retention audits
- Receiving updates on the rollout and impact of the employee carbon literacy awareness programme, which aims to deepen understanding of the causes and effects of climate change and how individuals can limit their impact
- Overseeing the Speak-up programme to ensure that it continues to operate effectively.

Continued external recognition

This year BTG again received external recognition for its progress in ESG. This included gaining silver medals across the Group from sustainability management system rating provider EcoVadis, with both Bytes and Phoenix in the top 15% of its rated companies. In July 2025, BTG became a constituent of the FTSE4Good Index Series, which measures the performance of companies demonstrating strong and verifiable ESG practices.

BTG gained third-party assurance for the first time on its GHG emissions, providing a layer of integrity that was welcomed by the committee.

In 2026/27, the company will take more steps to communicate our ESG initiatives and the significant achievements around them, both within and outside the business.

Prioritising ESG

I am pleased how, in the committee's first full year, we have formalised and advanced the Group's approach to ESG. Having a standalone committee gives us dedicated time and a platform to address ESG issues in more depth than was possible at the main Board.

The ESG Committee complements the work of other committees – for example, the Audit Committee oversees financial KPIs and our committee has oversight of non-financial indicators.

Geopolitical shifts have changed the sentiment to ESG in some quarters. However, integrating good ESG practice into the business remains a priority for the committee, our Board, our employees and, I believe, our investors.

Priorities for the coming year

The coming year is likely to see regulatory changes in ESG, both in the UK and globally. The ESG Committee will maintain close oversight of the regulatory environment and ensure BTG is well prepared to meet any new requirements.

As well as regulatory compliance, in 2026/27 our committee will focus on:

- Advancing BTG's net zero transition plan
- Continuing to develop the environment for employees to perform and prosper, in particular recruiting and retaining the right people, strong succession planning and embedding a positive and winning culture

Committee attendance

Committee member	For the financial year to 28 February 2026
Anna Vikström Persson	2/2
Patrick De Smedt	2/2
Erika Schraner	2/2
Shruthi Chindalur	2/2
Ross Paterson	2/2

- Overseeing the ongoing assessment of our supplier base to ensure it meets the Group's ethical and regulatory standards, both to manage risk and reinforce Group values.

I look forward to reporting to shareholders in 2026/27 on what the ESG Committee has delivered in the year.



Anna Vikström Persson

ESG Committee Chair

11 May 2026

ESG Committee's terms of reference

General	Environmental	Social	Governance
Significant ESG-related projects, including their impact, materiality and budget.	BTG's impact on the natural environment and our response to climate change, including reviewing plans and targets.	Progress against targets for gender balance, the gender pay gap and ethnic diversity.	Reviewing ESG content in our Annual Report and Accounts to ensure it is fair, balanced and understandable.
Relevant internal audit reports and BTG's response to actions that affect people, planet and communities, including interacting with the Audit Committee.	BTG's performance against our science-based targets, and the implementation of relevant policies and practices.	Board member employee engagement and ways to enhance employee welfare and performance.	Reviewing other reports and statements, including our modern slavery statement and human rights policy.
Monitoring emerging regulatory and reporting requirements for ESG issues to ensure the Group remains compliant.	The potential impact on BTG of climate-related risks and opportunities.	Key BTG charitable and community initiatives and partnerships, monitoring alignment with Group ethics and transparency.	

Compliance with the UK Corporate Governance Code

For the year ended 28 February 2026, we applied the principles of UK Corporate Governance Code 2024.

We complied with all the provisions of the UK Corporate Governance Code 2024 (code) during the financial year and up to the date of this report. We continue to prepare for compliance with provision 29, which is applicable for financial years beginning on or after 1 January 2026.

The code is available in full on the FRC's website at [frc.org.uk](https://www.frc.org.uk).

1 Board leadership and company purpose

A The Board's role	Our Board's objective is to create and deliver BTG's long-term sustainable success, supported by the right culture and behaviours, to generate value for shareholders and contribute to wider society. Our governance framework ensures that we have a robust decision-making process and a clear structure within which decisions can be made and strategy delivered. Our delegation of authority matrix ensures that decisions are taken by the right people at the right level with accountability up to the Board. This enables an appropriate level of debate, challenge and support in the decision-making process. We continue to be led by an effective Board, which ensures that the most relevant topics are discussed at meetings throughout the year. The Board's main activities are detailed on pages 84 to 87.
B Purpose, culture and strategy	The Board has overall responsibility for establishing BTG's purpose, culture and strategy and, in doing so, delivering our long-term sustainable success and generating value for shareholders. Central to this role is the need for the Board collectively to set the right 'tone from the top', in living and upholding our values, encouraging open and honest debate, and behaving ethically. The Board places great importance on ensuring that its conduct and decision making are appropriate for the businesses and sector in which we operate, and in line with our culture. Our Board is committed to delivering our strategy and to advancing our purpose: empowering and inspiring our people to fulfil their potential, so they can help our customers make smarter buying decisions and meet their business objectives through technology. The Board discusses company culture during its meetings and regularly reviews reports from the CEO, CFO and senior management that provide insight into the culture across the organisation. The Chair also receives regular updates from management around culture. Together, this helps to promote behaviours throughout the business to align with BTG's purpose, culture and strategy.
C Resources and controls	The Board ensures that BTG has the necessary resources to meet its objectives and to continually measure its performance against them. Through the Audit Committee, it oversees BTG's control environment and risk management framework. The Board's agenda is set to deal with those matters relating to BTG's strategic plan, risk management and systems of internal control, and corporate governance policies.
D Stakeholder engagement	Our key stakeholders play an important role in the successful operation of our business. Our Board is aware of its responsibilities to them under Section 172(1) of the Companies Act 2006. Our Board members are mindful of the potential effect on our stakeholders when considering the company's strategy or other activities. Board members take an active role in engaging with shareholders and wider stakeholders. Non-executive directors are available to meet shareholders and discuss their concerns in person at the Annual General Meeting. They also attend investor calls when requested and are invited to attend relevant industry events. We have a designated non-executive director who takes responsibility for employee engagement. This role engages with staff, including operational managers. Senior managers are also given opportunities to present at Board meetings and so engage with Board members in a different setting. We provide more information about how we consider all stakeholders' views in our decision making on pages 88 to 91.
E Workforce engagement	Shruthi Chindalur is the designated non-executive director for employee engagement (see page 85). Our speak-up policy sets out how employees and third parties can raise concerns in confidence, either to one of our whistleblowing officers, to our independent Chair or through our independent whistleblowing line. We also offer external whistleblowing guidance and have a process for investigating whistleblowing reports. Our speak-up policy is available at bytesplc.com. There were no whistleblowing reports during this financial year.

2 Division of responsibilities

F Role of the Chair	Our Chair, Patrick De Smedt, leads the Board. He determines the agendas for meetings, manages the meeting timetable and encourages open and constructive dialogue during meetings, inviting the views of all Board members. Patrick was considered independent when he was appointed. We review the status of all our independent non-executive directors each year and confirm that each continues to be independent.
G Composition of the Board	At year end, the Board consisted of four independent non-executive directors and two executive directors, as well as an independent non-executive Chair. The roles of the Chair and CEO are clearly defined, with their role profiles reviewed as part of the Board's annual governance review. The Chair is responsible for effective leadership of the Board and for maintaining a culture of openness and transparency at its meetings. The CEO has day-to-day responsibility for the effective management of BTG's business and for ensuring that Board decisions are implemented. Our Board has agreed a clear division of responsibilities between its leadership function – supported by our corporate governance framework – and the executive leadership of the business. To ensure that no individual has unrestricted powers of decision making and no subgroup of directors can dominate the Board, we have defined responsibilities clearly in our role statements and in the matters reserved for the Board. Committee terms of reference determine the authority given to each Board committee. For more on our Board composition, leadership and role statements, see pages 80 to 81. The responsibilities of our Chair, CEO and senior independent director, and our Board and committees, are set out on page 133 and at bytesplc.com.
H Non-executive directors' role and time commitment	Our non-executive directors scrutinise the performance of the executive team and hold it to account against agreed objectives. Our Chair holds discussions with the non-executive directors without the executive directors being present, a practice that continued in the past year. Our senior independent director serves as a sounding board for the Chair and is available as an intermediary for our other directors and shareholders. For the year ended 28 February 2026, our Chair's performance was appraised externally through our independent advisor, Lintstock, with input from our senior independent director. This process was concluded in March 2026 and formed part of our external Board effectiveness review during the year (see page 87). Regular Board and committee meetings are scheduled throughout the year to ensure directors allocate sufficient time to discharge their duties effectively. A non-executive director role generally takes up at least 24 days a year, after the induction phase, plus additional time to prepare for each meeting. Directors are also required to regularly update and refresh their skills, knowledge and familiarity with the company, and attend additional Board, committee or shareholder meetings at certain times. Before appointing a candidate, the Nomination Committee assesses that person's commitments, including other directorships, to ensure they have enough time for the role. The committee reassesses the directors' time commitments every year to ensure they each still have time for their role; the Chair also does this periodically as part of his role. Our directors must obtain approval before taking on additional external appointments.
I Role of the Company Secretary	The Group Company Secretary is secretary to the Board and also oversees BTG's legal function. Their responsibilities include ensuring the Board has the information, time and resources to discharge its duties and to function effectively and efficiently. They provide briefings and guidance to the Board on governance, legal and regulatory matters and facilitate induction of new directors.

Compliance with the UK Corporate Governance Code continued

3 Composition, succession and evaluation

J Appointments to the Board and succession planning	The Board, with the Nomination Committee's support, continually reviews its own composition and that of its committees, and considers succession planning, diversity, inclusion and governance-related matters. The Nomination Committee has overall responsibility for leading the process for new Board appointments. It also ensures that these appointments bring the required skills and experience to the Board to assist in developing and overseeing BTG's strategy. The committee makes sure all appointments are made on merit, having evaluated the capabilities of all potential candidates against the requirements of the Board and considered all types of diversity, including gender. For more details, see our Nomination Committee report on pages 102 to 105.
K Skills, experience and knowledge of the Board	As part of our succession planning, the Nomination Committee considers the balance of skills, experience and knowledge our Board needs to work effectively and help BTG deliver its strategic goals. Find all the details of our directors' tenure, skills and experience on pages 80 to 82.
L Board evaluation	In line with the need to undertake an externally facilitated evaluation every three years, we have renewed our three-year board effectiveness programme with external advisor Lintstock. The programme includes one Board review with interviews, followed by two survey-based reviews. During the year, BTG again worked with Lintstock on its external Board and Chair evaluation process, which consisted of tailored surveys and one-to-one discussions with Board members and the Group Company Secretary. Lintstock provided feedback to the Chair and the senior independent director, and then presented its report for 2025/26 to the Board in March 2026. The Board agreed actions for 2026/27 to continue to strengthen how it operates. The Chair and Group Company Secretary are managing these actions, which we set out on page 87.

4 Audit, risk and internal control

M Internal and external audit	The Board receives regular updates on audit, risk and internal control matters, with the Audit Committee having detailed oversight and reporting its findings to the Board. The Audit Committee report on pages 92 to 101 sets out more about audit, risk management and internal control, and the committee's work. The report also includes details about how the committee assesses the effectiveness and independence of EY, our external auditor, and PwC, our internal auditor, which reports to the Audit Committee about progress against audit reviews and identifies areas of our control environment for review.
N Fair, balanced and understandable assessment	The Board considers this report to be fair, balanced and understandable and to provide the information necessary for shareholders to assess BTG's position and performance, business model and strategy. The Board's assessment is described on pages 100 to 101.
O Risk management and internal control framework	Our Board is accountable to our stakeholders for ensuring BTG is managed appropriately. It sets the Group's risk appetite, satisfies itself that its financial controls and risk management systems are robust, and ensures that it is adequately resourced. A description of the principal risks facing the Group is set out on pages 35 to 43. We also set out how the directors have assessed the prospects of the company, over what period and why they consider that period to be appropriate (see Viability statement on pages 75 to 76).

5 Remuneration

P Remuneration policies and practices	Provision 32 of the code recommends that the remuneration committees of companies within the FTSE 350 should establish a remuneration committee of independent non-executive directors with a minimum membership of three. In addition, the chair of the board can only be a member if they were independent on appointment and cannot chair the committee. During 2025/26 and up to the date of this report, our Remuneration Committee was constituted in line with the code. Our Board, supported by the Remuneration Committee, ensures that our remuneration policies support BTG's strategy and promote long-term sustainable success. Executive remuneration is aligned to the successful delivery of our long-term strategy and considers overall BTG remuneration policies and practices. This includes linking executive remuneration with sustainability targets for 2025/26. Our current directors' remuneration policy was approved by a binding shareholder vote at our Annual General Meeting held on 11 July 2024 and took formal effect from that date. It applies for three years from the date of approval and will next be included as part of our Annual General Meeting in 2027 – unless a new policy is presented to shareholders before then. The updated directors' remuneration policy can be found in full on pages 108 to 115 of our Annual Report and Accounts 2023/24.
Q Executive remuneration	The Remuneration Committee is responsible for setting the remuneration for executive directors. No director is involved in deciding their own remuneration. See our directors' remuneration report on pages 112 to 128 for more on our remuneration policy and how it is implemented.
R Remuneration outcomes and independent judgement	Details of the composition and work of the Remuneration Committee are set out in the directors' remuneration report on pages 112 to 128.

Directors' remuneration report

Introduction from our Chair

2025/26 was a year in which BTG continued to evolve, while navigating a number of external and operational factors. In that context, the Remuneration Committee exercised its judgement in determining outcomes for the year.



“Executive remuneration should reflect overall company performance and shareholder experience, in both stronger and more demanding years.

Dr Erika Schraner

BTG entered 2025/26 in a position of strength, with a clear strategy, strong customer relationships and a track record of consistent growth since IPO. The year that followed brought real external and operational challenges, including changes to Microsoft's vendor incentive programmes, more demanding market conditions and a transition in the private sector sales structure that took time to bed in.

Operating profit did not reach the targets set at the start of the year, and the Group's expectations for operating profit were revised down over the course of the year. In this context, the committee applied its established remuneration framework with discipline, ensuring that outcomes appropriately reflected the Group's financial performance and the experience of our shareholders.

During the year, the committee focused particularly on four areas:

- Determining the appropriate annual bonus outcome for the executive directors in a year where delivery proved more demanding, reflecting both external factors and the bedding in of internal changes
- Reviewing the metrics of the 2026/27 annual bonus, including the role of gross profit alongside operating profit
- Pausing the previously announced phased adjustment to executive base salaries in light of the year's performance
- Continuing to monitor workforce remuneration and broader stakeholder considerations.

Remuneration outcomes for 2025/26

Executive director bonuses

For 2025/26, the CEO and CFO were eligible for a maximum annual bonus opportunity of 125% of base salary. The structure of the annual bonus comprised:

- 72% based on operating profit performance against target
- 28% based on key strategic objectives.

As outlined in the financial review on pages 26 to 31, operating profit declined in 2025/26 and did not reach the entry threshold which we set at just over £64 million. Accordingly no bonus was payable in respect of that element.

The strategic component of our annual bonus included services gross profit, employee and customer satisfaction, cash conversion and other measures linked to the Group's strategic priorities. In assessing performance against these objectives, the committee noted that several individual measures were achieved, reflecting the continued focus by the Group on its long-term strategic priorities.

However, in determining the annual bonus outcome, the committee considered overall Group performance, including financial performance and the experience of shareholders. Following engagement with the executive directors, the committee exercised its judgement and determined that no annual bonus would be payable to the executive directors in respect of 2025/26. The executive directors have confirmed their support for this outcome.

The outcome reflects the committee's view that executive remuneration should remain closely aligned with overall company performance and shareholder experience.

Performance Share Plan award

Our 2025/26 year end marked the conclusion of the three-year performance period for BTG's Performance Share Plan (PSP) share awards granted on 1 June 2023. Vesting was determined based on performance to the end of February 2026 against two measures, with 75% based on adjusted earnings per share (EPS) and 25% on relative total shareholder return (TSR) versus the FTSE 250 Index (excluding investment trusts and real estate investment trusts). EPS targets were partially met, while the TSR measure missed its threshold, resulting in an overall vesting of 16.2% of the share awards originally granted, with those awards vesting on 1 June 2026, but subject to another two-year holding period for the executive directors.

Following the 2025/26 year end, our committee considered the appropriateness of the PSP outcomes and whether any adjustments or use of discretion might be appropriate. We concluded that the overall outcome reflects the underlying performance of the business and is in line with the experience of shareholders and other stakeholders over the performance period, and therefore no adjustments were necessary.

The committee remains satisfied that the PSP awards continue to provide appropriate long-term alignment between executive reward and shareholder interests.

Pay arrangements for 2026/27

Base salaries

As set out in last year's directors' remuneration report, a review conducted in 2024/25 concluded that both the CEO's and CFO's base salaries were below market levels. The committee had therefore intended to move salaries gradually towards more competitive levels over time. However, consistent with our principle that reward should follow performance, and in light of the Group's overall performance this year, the committee decided to pause that phased adjustment. For 2026/27, executive directors' base salaries will increase by 3.5%, in line with the average for the wider workforce.

Pensions and benefits

Pension contributions for BTG's executive directors will remain unchanged at up to 4% of salary. These continue to be in line with the level provided to the majority of the Group's employees. Other benefits for the executive directors also remain unchanged.

Annual bonus

For 2026/27, the maximum annual bonus opportunity for executive directors will remain unchanged at 125% of base salary.

The committee has reviewed the metrics within our annual bonus to ensure that these continue to reflect the evolving priorities of the business, reinforcing both financial discipline and the key drivers of long-term value creation. In doing so, we took account of feedback from a number of shareholders on the pace at which BTG returns to stronger gross profit growth, alongside the Company's own focus on this area as a key driver of financial performance. The financial component of the bonus will accordingly increase to 80% of the total opportunity and will be measured with reference to the achievement of stretching targets for both operating profit and gross profit growth

(both excluding acquisitions). Operating profit will remain the primary measure, weighted at 70% of the financial component, with gross profit growth weighted at 30%. The entry point for operating profit will also act as an underpin to the gross profit metric, ensuring that incentives support growth in the business while maintaining discipline on overall profitability.

The remaining 20% of the bonus opportunity is based on a focused set of strategic metrics aligned to the Group's key value drivers. These comprise services gross profit growth, as a strategically important component of overall gross profit, alongside cash conversion, employee engagement and customer satisfaction, strengthening the link between these measures and the Group's financial performance.

The committee considers that this structure strengthens the alignment between executive incentives, financial discipline and the strategic priorities of the Group.

Performance Share Plan award

In 2026/27, the PSP award level will remain unchanged from the previous year at 150% of salary. This level is within the headroom allowed in the remuneration policy, which allows for up to 200% of salary as an annual award. Vesting will again be subject to performance conditions related to basic EPS (unadjusted and undiluted), with 75% weighting, and relative TSR at 25% weighting, aligned with long-term shareholder value creation.

Considering shareholder experience in the last 12 months, we are aware that our current share price is lower than it was a year ago. However, the committee has recognised this and has committed to review PSP outcomes at vesting and, in the event of there being windfall gains, would exercise its discretion to reduce the level of vesting.

Directors' remuneration report continued

Our remuneration policy

BTG's current remuneration policy received strong shareholder endorsement at the 2024 Annual General Meeting, with 98.71% of votes in favour. In 2025/26, our committee conducted a review of the policy and concluded that it continues to align well with the company's objectives and remains appropriate for its purpose and consistent with regulatory guidance.

During the year, we remained attentive to evolving governance guidance, including the increasing emphasis on clarity around discretion, workforce alignment and ESG metric robustness. We remain satisfied that our malus and clawback provisions, disclosure practices and use of discretion are appropriate. On the latter, the committee carefully considered the exercise of discretion in relation to this year's annual bonus. Our conclusion was that it was not appropriate to pay a bonus to the executive directors, reflecting our established principle that formulaic outcomes may be adjusted where they do not reflect overall performance.

Committee evaluation and non-executive director fees

The committee's performance in 2025/26 was assessed as part of an external Board evaluation by Lintstock, BTG's advisors on board effectiveness. I am pleased to report that we were found to be operating effectively. Lintstock indicated that our committee demonstrated strong alignment between remuneration policy and strategy, and appropriate responsiveness to shareholder expectations.

During 2025/26, the Board Chair's and our non-executive directors' fees were reviewed. No general increase was awarded last year. An increase of 3.5%, in line with the average for the wider workforce, was agreed for 2026/27.

External remuneration consultants

During the year, our committee reviewed the performance of FIT, the external remuneration consultants we have worked with for more than five years. Given their knowledge of BTG, their solid reputation and their familiarity with the organisational changes under way at the company, we have decided to retain them. The committee remains satisfied that FIT's advice is objective and independent.

Engaging with shareholders

Engagement with shareholders is a key part of the committee's role. In 2025/26, shareholder engagement on remuneration matters took place primarily alongside broader business discussions in meetings with the Board Chair.

Following the year end, I wrote directly to our major shareholders to explain the committee's key decisions for the year: the determination that no annual bonus would be payable to the executive directors, the pause to the previously announced phased adjustment to executive base salaries, and the changes to the annual bonus metrics for 2026/27. Our correspondence was acknowledged by a number of shareholders, and the feedback received informed the final balance between operating profit and gross profit for 2026/27.

As 2026/27 will be a policy renewal year, I expect to continue to engage directly with our major shareholders and proxy advisors on remuneration matters. I look forward to continuing that dialogue.

Our employee stakeholders

BTG is a people business and the Group's employees are one of our primary stakeholder groups.

Shruthi Chindalur, a committee member and the designated non-executive director for employee engagement, acts as a conduit for workforce views. She provides our committee with insights into employee sentiment, engagement metrics and broader people-related developments. Her input also informs the committee's thinking on executive pay decisions.

The committee supports BTG management in decisions about employee remuneration, applying the same principles of fairness and consistency as we do to executive pay. This year, given the more demanding trading environment, we were particularly focused on how to reward employees appropriately across the Group.

We oversaw the launch of BTG's fifth ShareSave plan in 2025, and the vesting of the second ShareSave plan, which was implemented in 2022.

Looking ahead to 2026/27

The past year has required careful judgement from the committee. In a year that tested the business's adaptability, we have sought to balance fairness and the retention of key talent with clear alignment to overall performance and the shareholder experience.

Our priorities for the coming year include:

- Embedding the refined annual bonus structure, including the introduction of gross profit alongside operating profit as a financial metric
- Reviewing the remuneration policy, ensuring our framework remains fit for purpose, competitive and aligned with evolving good practice in the FTSE 250
- Continuing our oversight of executive pay positioning, with particular attention to retention and succession, as the business evolves
- Ensuring long-term incentives remain aligned with the creation of shareholder value
- Maintaining transparency of disclosure and continuing to engage constructively with our shareholders
- Overseeing the continued development of the wider Group pay framework
- Considering any remuneration implications arising from the committee's 2026/27 focus on employee reward and benefits, as informed by the designated non-executive director for employee engagement.

Further to the Chair's statement on page 5 regarding the split of the roles of Chief Financial Officer and Chief Operating Officer, the committee will determine any resulting remuneration arrangements in line with BTG's shareholder-approved remuneration policy, with full disclosure in the 2026/27 directors' remuneration report.

In conclusion

At BTG's 2026 Annual General Meeting, we will be asking shareholders to approve this directors' remuneration report, which is the normal annual advisory vote on the report. We hope you will join the Board in supporting this resolution at the Annual General Meeting on 9 July 2026. Our decisions this year reflect a consistent approach: that executive remuneration should align with company performance and the experience of our shareholders. That principle will continue to guide us in the year ahead.

Our committee welcomes all input on remuneration matters. If you have any comments or questions on any element of the directors' remuneration report, please email me through our Group Company Secretary, WK Groenewald, at wk.groenewald@bytesplc.com.

I would like to thank our shareholders, the Board, the wider BTG team and our advisors for their support throughout the year.



Dr Erika Schraner
Remuneration Committee Chair
11 May 2026

Directors' remuneration report continued

Remuneration at a glance

Our pay principles

- Clear and simple
- Aligned with the interests of shareholders and other stakeholders
- Performance-related and linked to our KPIs
- Competitive but not excessive
- Aligned with our culture and values

Implementing our policy in 2026/27

The following table shows how we intend to apply the policy for 2026/27 for our two executive directors.

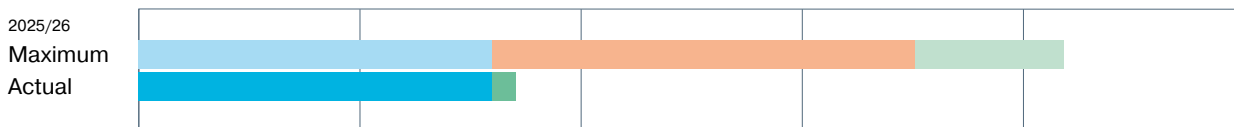
Fixed pay	Salary	– CEO: £475,065 (3.5% increase effective 1 March 2026) – CFO: £394,335 (3.5% increase effective 1 March 2026) – Workforce average increase 3.5%
	Pension	– 4% of salary (in line with workforce)
	Benefits	– Medical and life insurance
Bonus	Maximum	– CEO and CFO: 125% of salary (within policy limit of 150% of salary)
	Performance measures	– Increased weighting on financial performance to 80%, with operating profit as the underpin and gross profit as an additional measure – Streamlined structure, with 20% based on strategic financial and ESG objectives – Reduced strategic KPIs to three per executive director to enhance focus and clarity
	Operation	– One third deferred into shares for two years – Malus and clawback provisions operate – Discretion to adjust formulaic outcomes
Long Term Incentives (LTI) (Performance Share Plan (PSP))	Award level	– CEO and CFO: 150% of salary (within policy limit of 200% of salary)
	Performance measures	– Basic earnings per share (EPS) (unadjusted and undiluted) (75%) – Relative total shareholder return (TSR) (25%)
	Operation	– Performance measured over three years – Two-year post-vesting holding period applies to vested awards – Malus and clawback provisions operate – Discretion to adjust formulaic outcome
Share ownership guidelines	In-employment	– 200% of salary
	Post-employment	– 200% of salary to be held for two years post-cessation
	Current shareholding	– CEO: 146% of salary – CFO: 111% salary – Both the CEO and CFO will continue to move towards the 200% guideline, as share options awarded under the LTI vest and are exercised each year

Implementing our policy in 2025/26

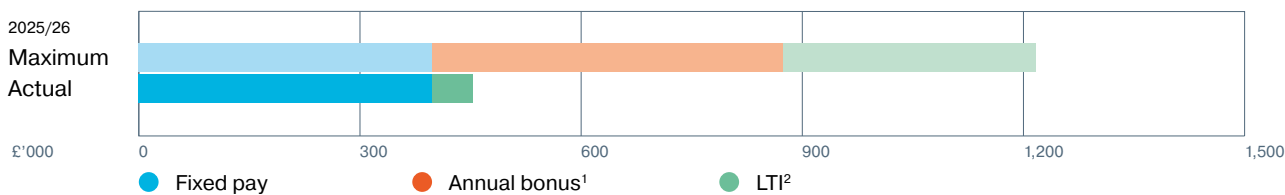
The following charts show the actual levels of remuneration earned by the executive directors for 2025/26 relative to the maximum potential remuneration that was available.

2025/26 remuneration outcomes versus policy maximum

Sam Mudd, CEO



Andrew Holden, CFO



1 Maximum annual bonus was 125% of salary maximum (with one third deferred), and measured against operating profit (72%) and strategic/ESG objectives (28%). In 2025/26 both executive directors received a nil bonus, see page 120 for more details.

2 The PSP was awarded in June 2023 and measured against adjusted EPS (75%) and relative TSR (25%) over a three-year performance period to 28 February 2026.

Directors' remuneration report continued

Annual report on remuneration

Committee attendance

Committee member	For the financial year to 28 February 2026
Erika Schraner ¹	2/3
Patrick De Smedt	3/3
Shruthi Chindalur	3/3
Ross Paterson	3/3
Anna Vikström Persson	3/3

¹ Erika Schraner was absent from the April 2025 meeting because of hospitalisation, and delegated the chairing to Patrick De Smedt.

The committee's role and composition

The Board is ultimately accountable for executive remuneration and delegates this responsibility to the Remuneration Committee. The committee is responsible for developing and implementing a remuneration policy that supports BTG's strategy and for determining executive directors' individual packages and terms of service, together with those of other members of senior management (including the Group Company Secretary).

When setting the remuneration terms for executive directors, the committee reviews and considers wider employee reward and related policies. It also takes close account of the remuneration-related provisions of the UK Corporate Governance Code 2024 (code) (see page 111).

The committee is formally constituted and operates with written terms of reference, which are available at bytesplc.com.

In the year, the committee comprised Erika Schraner (Chair), Patrick De Smedt, Shruthi Chindalur, Ross Paterson and Anna Vikström Persson. All the members of the committee were members throughout the year ended 28 February 2026. The committee met three times during the year, with attendance at these meetings set out in the table above. The committee also held a working session in January 2026.

At the committee's invitation, the Group's executive directors, the Group Company Secretary (who acts as committee secretary) and FIT Remuneration Consultants LLP (FIT) – BTG's retained remuneration consultants – also attend its meetings. The executive directors are consulted on matters discussed by the committee unless these relate to their own remuneration. Advice or information is sought from other employees and from FIT where the committee feels it would assist its decision making.

The committee is authorised to take such internal and external advice as it considers appropriate to carry out its duties, including appointing external remuneration advisors. FIT was appointed by the Board in September 2020 and provided advice during the year on general remuneration matters, and on the implementation of the policy. Fees paid to FIT for advising the committee during the year to 28 February 2026 were £51,056 (excluding VAT), charged on a time-cost basis. FIT did not provide any other services to BTG during the year to 28 February 2026. FIT is a member of the Remuneration Consultants Group and, as such, voluntarily operates under its code of conduct on executive remuneration consulting in the UK. The committee is satisfied that FIT's advice was objective and independent.

The committee carried out the following significant activities during the 2025/26 financial year:

- Concluded a comprehensive review of executive director remuneration, including a peer group benchmarking exercise, analysis of current compensation relative to predecessors, and an assessment of fairness in the context of Group performance and increased organisational complexity
- Engaged with major shareholders on a phased adjustment to executive director salaries to bring them closer to market, while maintaining a balanced approach to leadership continuity and performance
- Reviewed and approved remuneration packages for the current executive directors

- Reviewed and approved the annual bonus outcomes for the 2024/25 financial period
- Reviewed and approved the terms of the 2024/25 PSP awards
- Oversaw the PSP, the Deferred Share Bonus Plan (DBP), the Company Share Option Plan (CSOP) and the ShareSave plan
- Monitored corporate governance developments, and ensured that BTG continues to be appropriately positioned to comply with the code
- Monitored external market practice, and developments in the governance expectations of institutional shareholders and shareholder representative bodies.

Since the end of the 2025/26 financial year, the committee has:

- Determined the outcomes under the annual bonus plan for the year ended 28 February 2026
- Determined the outcomes under the PSP for the year ended 28 February 2026 – that is, relating to the awards granted on 1 June 2023
- Ensured executive pay remains aligned with company performance, strategic priorities and the 2026/27 budget
- Reviewed and agreed the award levels and performance targets for the PSP grants to be made to eligible participants in 2026/27.

The current directors' remuneration policy was approved by shareholders at our 2024 Annual General Meeting and took formal effect from then. The committee currently intends that the policy will apply for the full three-year period until the 2027 Annual General Meeting. The full shareholder-approved policy can be found on pages 108 to 115 of Annual Report and Accounts 2023/24, available at bytesplc.com.

The information that follows has been audited (where indicated) by BTG's external auditor, EY. The annual report on remuneration and the annual statement will be put to a shareholder vote at the Annual General Meeting on 9 July 2026.

Single total figure of remuneration for each director (audited)

The table below reports the total remuneration for BTG directors during the year ended 28 February 2026.

Directors' total remuneration		Base salary/ fees	Benefits ¹	Annual bonus	Long-term incentives ^{2,3}	Pension ⁴	Total	Total fixed	Total variable
£									
Executive directors									
Sam Mudd	2025/26	459,000	1,678	–	32,575	18,360	511,613	479,038	32,575
	2024/25	416,997	5,803	347,984	227,429	16,680	1,014,893	439,480	575,413
Andrew Holden	2025/26	381,000	1,350	–	55,320	15,240	452,910	397,590	55,320
	2024/25	348,926	5,480	291,179	446,671	13,957	1,106,213	368,363	737,850
Non-executive directors									
Patrick De Smedt	2025/26	205,000	–	–	–	–	205,000	205,000	–
	2024/25	205,000	–	–	–	–	205,000	205,000	–
Shruthi Chindalur ⁵	2025/26	65,000	–	–	–	–	65,000	65,000	–
	2024/25	115,221	–	–	–	–	115,221	115,221	–
Ross Paterson	2025/26	68,000	–	–	–	–	68,000	68,000	–
	2024/25	51,000	–	–	–	–	51,000	51,000	–
Erika Schraner ⁵	2025/26	79,000	–	–	–	–	79,000	79,000	–
	2024/25	80,583	–	–	–	–	80,583	80,583	–
Anna Vikström Persson	2025/26	68,000	–	–	–	–	68,000	68,000	–
	2024/25	51,000	–	–	–	–	51,000	51,000	–
Total	2025/26	1,325,000	3,028	–	87,895	33,600	1,449,523	1,361,628	87,895
	2024/25	1,268,727	11,283	639,163	674,100	30,637	2,623,910	1,310,647	1,313,263

1 Non-salary benefits include life insurance and, in the prior year, the discount on options granted under the 2024 SAYE (2025/26: nil).

2 The value of the 2025/26 long term incentives relates to the PSP award granted in June 2023. The value of PSP awards has been calculated using the three-month average share price measured to 28 February 2026 of 335 pence per share less the 1-pence-per-share exercise price. See more on pages 120 to 121. No element of this value relates to share price growth. The Bytes share price on the date of award (1 June 2023) was 516 pence.

3 The value of the 2024/25 long term incentives has been restated based on a share price of 525 pence per share to reflect the value of the award on 31 May 2025 when the award vested. In 2024/25 the value was based on the three-month average share price measured to 28 February 2025 of 440 pence per share.

4 The amount of employer contribution based on a percentage of base salary.

5 As outlined in last year's directors' remuneration report, the fees for 2024/25 include additional fees for work on special Board subcommittees.

Directors' remuneration report continued

Annual bonus for the year ended 28 February 2026 (audited)

For the 2025/26 financial year, executive directors were eligible for an annual discretionary bonus, for which performance objectives with suitably challenging 12-month goals were set at the beginning of the period. The maximum annual bonus for 2025/26 for the CEO and CFO was 125% of salary. The targets and the related performance formulaic outcomes for the executive directors were as follows, metrics applying equally to both CEO and CFO unless stated otherwise.

Financial Performance:

Performance metric	Weighting (% of base salary)	Threshold performance (25% of max payable)	Target performance (50% of max payable)	Stretch performance (100% of max payable)	Actual performance	Formulaic outcome (% of max for this element)	Formulaic outcome (% of base salary)
Operating profit (£'000)	90%	64,017	71,130	74,687	62,732	0%	0%

As outlined in the financial review on pages 26 to 31, operating profit declined in 2025/26. As set out in the Remuneration Committee Chair's statement, expectations for operating profit were revised down over the course of the year and the final outcome did not meet the targets set at the start of the year.

The annual bonus framework places significant weighting on financial performance, with operating profit accounting for 72% of the maximum annual bonus opportunity (equivalent to 90% of base salary at maximum). As shown in the table above, operating profit for the year did not reach the threshold level and, accordingly, this element resulted in a zero outcome.

Strategic Objectives:

The remaining 28% of the maximum annual bonus opportunity (equivalent to 35% of base salary) was based on strategic objectives. These were tailored to the CEO and CFO to reflect their respective responsibilities. The CEO was set targets for services GP, eNPS (employee net promoter score), NPS (customer net promoter score) and ESG score (as per the ISS Quality Score methodology). The CFO was set targets for services GP and ESG in line with the CEO, but eNPS and NPS were replaced by cash conversion % and operating profit/gross profit ratio (OP/GP). Except for the ESG measure all other strategic objectives were measured on a straight-line basis starting at a threshold target up to 100% for stretch target. The ESG objective was measured on a hit or miss basis against target.

In assessing performance against these objectives, the committee noted that the majority of strategic measures were achieved, with eNPS and OP/GP partially achieved between threshold and stretch. The formulaic outcomes for the strategic component of the bonus resulted in an overall achievement against the maximum possible of 89% for the CEO and 79% for the CFO, equating to 31% and 28% of their respective base salaries.

The strategic measures represent a smaller proportion of the overall bonus opportunity. Combined with the zero outcome on the operating profit element, the total formulaic overall outcome was 25% of maximum (31% of salary) for the CEO and 22% of maximum (28% of salary) for the CFO. Reflecting the Group's financial performance and the experience of shareholders over the year, the committee determined that it would not be appropriate for any bonus to be paid, a position the executive directors have confirmed they support.

The outcome reflects the view of the committee, supported by the Board, that executive remuneration remains closely aligned with overall company performance and shareholder experience.

PSP awards vesting for the year ended 28 February 2026 (audited)

Awards were granted on 1 June 2023 under the PSP to the CEO and the CFO, and these were based on performance targets measured over the three financial years to 28 February 2026. A total of 75% of the award was subject to an adjusted earnings per share (EPS) growth condition and 25% to a relative total shareholder return (TSR) condition.

Performance metric	Proportion of PSP determined by metric	Threshold performance (20% vesting)	Intermediate performance (50% vesting)	Stretch performance (100% vesting)	Actual performance	Vesting level (% of max for this element)	Vesting level (% of overall award)
Adjusted EPS ¹	75%	22.43 pence	26.45 pence	29.39 pence	22.64 pence	21.6%	16.2%
Relative TSR ²	25%	Median	n/a	Upper quartile	Below Median	nil	nil
Total vesting							16.2%

1 Measured on a straight-line basis between threshold to intermediate and between intermediate to stretch. The adjusted EPS target was based on performance in the final year of the performance period.

2 Measured on a straight-line basis between median and upper quartile relative to the constituents of the FTSE 250 Index (excluding investment trusts and real estate investment trusts).

The committee considered that the underlying performance of the company and the performance of the executive directors justified the level of vesting. The committee did not consider it necessary to apply any discretion to adjust the outcome for these awards.

	PSP shares granted (1 June 2023)	Shares after performance conditions applied	Share price at end of performance period (three-month average to 28 February 2026)	Value at end of performance period ¹
Sam Mudd	60,300	9,753	334 pence	£32,575
Andrew Holden	102,400	16,563	334 pence	£55,320

1 Values shown in the Single total figure of remuneration for each director table are based on the three-month average share price to 28 February 2026 of 335 pence less the 1-pence-exercise price per share. None of the value is as a result of share price growth over the period.

PSP awards granted in the year (audited)

The table below provides details of share awards made to the executive directors on 23 June 2025.

	Date of award	Type of award	Basis of award (% of salary)	Number of shares under award ¹	Face value of award (£'000)	% vesting at threshold	End of vesting period
Sam Mudd	23 June 2025	Nil cost option	150%	135,000	683	20%	22 June 2028
Andrew Holden	23 June 2025	Nil cost option	150%	112,000	567	20%	22 June 2028

1 The number of awards was calculated using a share price of £5.10, which was based on the company's average closing share price on 18, 19 and 20 June 2025.

The PSP awards granted on 23 June 2025 are subject to a combination of performance conditions, being EPS and TSR compared with the constituents of the FTSE 250 Index (excluding investment trusts and real estate investment trusts) measured over a three-year performance period. The targets are set out here:

Measure	Weighting	Performance period	Targets
EPS	75%	Three financial years to 29 February 2028 ¹	EPS of 26.3 pence (20% vests) rising on a straight-line basis to 50% vesting for 28.8 pence, and on a straight-line basis again to full vesting for achievement of 32.0 pence
Relative TSR versus constituents of the FTSE 250 Index (excluding investment trusts and real estate investment trusts)	25%	Three financial years to 29 February 2028	Median (20% vests) rising on a straight-line basis to full vesting for upper-quartile performance

1 The EPS target is based on performance in the final year of the performance period.

In addition, the committee retains discretion to reduce the overall PSP vesting level (potentially to zero) if it considers that the underlying business performance of the company does not justify it.

A two-year holding period will apply to any awards vesting, and recovery and withholding provisions will apply in line with our approved policy.

Directors' remuneration report continued

Executive directors' share options outstanding at the year end (audited)

Details of share options outstanding at the financial year end are shown in the following table.

Scheme	No. of shares/ options at 28 February 2025	Shares/ options granted in year	Shares/ options lapsed/ forfeited in year	Shares/ options exercised in year	No. of shares/ options at 28 February 2026	Date of grant	Share price at date of grant	Exercise price	Date from which exercisable	Expiry date
Sam Mudd										
PSP	137,855	–	–	137,855	–	17 December 2020	£3.43	£0.01	17 December 2023	16 December 2030
CSOP	50,000	–	–	–	50,000	1 June 2021	£5.00	£5.00	1 June 2024	31 May 2031
PSP	52,230	–	8,828	43,402	–	1 June 2022	£4.53	£0.01	1 June 2025	31 May 2032
PSP	60,300	–	–	–	60,300	1 June 2023	£5.16	£0.01	1 June 2026	31 May 2033
DBP	5,902	–	–	–	5,902	1 June 2024	£5.59	£0.01	1 June 2026	1 December 2026
PSP	99,700	–	–	–	99,700	1 June 2024	£5.59	£0.01	1 June 2027	31 May 2034
SAYE	4,059	–	–	–	4,059	28 June 2024	£5.59	£4.57	1 August 2027	1 February 2028
DBP ¹	–	22,744	–	–	22,744	23 June 2025	£5.06	£0.01	23 June 2027	23 December 2027
PSP ²	–	135,000	–	–	135,000	23 June 2025	£5.06	£0.01	23 June 2028	22 June 2035
Andrew Holden										
CSOP	45,000	–	–	–	45,000	1 June 2021	£5.00	£5.00	1 June 2024	31 May 2031
PSP	102,580	–	17,337	85,243	–	22 June 2022	£4.53	£0.01	1 June 2025	31 May 2032
DBP ³	20,376	1,396	–	21,772	–	1 June 2023	£5.16	£0.01	1 June 2025	1 December 2025
PSP	102,400	–	–	–	102,400	1 June 2023	£5.16	£0.01	1 June 2026	31 May 2033
DBP	10,773	–	–	–	10,773	1 June 2024	£5.59	£0.01	1 June 2026	1 December 2026
PSP	91,600	–	–	–	91,600	1 June 2024	£5.59	£0.01	1 June 2027	31 May 2034
SAYE	4,059	–	–	–	4,059	28 June 2024	£5.59	£4.57	1 August 2027	1 February 2028
DBP ¹	–	19,031	–	–	19,031	23 June 2025	£5.06	£0.01	23 June 2027	23 December 2027
PSP ²	–	112,000	–	–	112,000	23 June 2025	£5.06	£0.01	23 June 2028	22 June 2035

Key

PSP: Performance Share Plan
DBP: Deferred Bonus Plan

CSOP: Company Share Option Plan
SAYE: Save As You Earn Plan (ShareSave)

- 1 The face value of the DBP awards granted on 23 June 2025 to Sam Mudd and Andrew Holden on the date of the grants was £115,085 and £96,297, respectively. These grants are not subject to any other performance conditions.
- 2 The face value of the PSP awards granted on 23 June 2025 to Sam Mudd and Andrew Holden on the date of the grants was £683,100 and £566,720, respectively. These grants are subject to performance conditions set out on page 121.
- 3 Options granted in the year relate to dividend equivalents under the terms of the DBP plan.

The closing share price of the company's ordinary shares at 28 February 2026 was 303 pence, and the closing price range during the year ended 28 February 2026 was 285.8 pence to 551.0 pence.

Statement of directors' shareholding and share interests (audited)

The following table shows the interests of directors and those connected to them in BTG's ordinary shares at 28 February 2026.

Current directors	No. of shares owned outright 28 February 2025	No. of shares owned outright 28 February 2026	No. of options vested, unexercised and not subject to performance	No. of options unvested and not subject to performance	No. of options unvested and subject to performance	Shareholding as % of salary at 28 February 2026 ¹	Shareholding guideline as % of salary	Company shareholding guideline met
Sam Mudd ¹	99,948	220,818	50,000	32,705	295,000	146%	200%	No
Andrew Holden	83,237	139,588	45,000	33,863	306,000	111%	200%	No
Patrick De Smedt	102,592	115,392	–	–	–	n/a	n/a	n/a
Shruthi Chindalur	–	6,213	–	–	–	n/a	n/a	n/a
Ross Paterson	15,831	25,953	–	–	–	n/a	n/a	n/a
Erika Schraner	10,037	10,037	–	–	–	n/a	n/a	n/a
Anna Vikström Persson	9,141	22,141	–	–	–	n/a	n/a	n/a

¹ Sam Mudd joined the Board in 2023 and Andrew Holden in 2021. Both have increased their shareholdings since the time of appointment and will continue to move towards the 200% shareholding guideline as share options awarded under their PSP, DBP and SAYE vest each year and can be exercised. Shares held at the year end are valued using the closing share price on 28 February 2026 of 303 pence per share, so variations in the percentage of salary may arise because of share price changes, even though the underlying quantity of shares may be increasing.

Any share sales by the executive directors in 2025/26 were solely to meet tax liabilities on vesting awards, with all net-of-tax shares retained. Both executive directors have continued to build their shareholdings during the year. In August 2025, Sam Mudd acquired shares from her own funds demonstrating personal commitment to alignment with shareholders. The committee notes that both directors are making progress towards the 200% guideline and expects this progress to be visible in next year's Annual Report as LTI awards vest.

The shareholding percentages in the table above reflect the value of whole shares held outright by the executive directors at 28 February 2026, consistent with prior years. On a fuller basis – including shares subject to continuing deferral and holding requirements, valued in line with UK Investment Association guidance and net of estimated taxes on exercise – Sam Mudd's shareholding at 28 February 2026 would be 156% of salary and Andrew Holden's 124%, based on a share price of 303 pence.

The interests of those directors holding a position on the Board at the year end did not change between 28 February 2026 and the date of signing the Annual Report and Accounts 2025/26.

Payments for loss of office and to past directors (audited)

There were no payments for loss of office or to past directors during the year.

Recovery and withholding provisions

Robust recovery and withholding provisions – that is, malus and clawback – operate for our annual bonus, DBP and PSP.

The following provisions apply:

- Before payment of an annual bonus or vesting of a DBP or PSP award, the committee may operate malus to cancel the award

- For up to two years following the payment of an annual bonus award, the committee may operate clawback to require the repayment of any cash amount paid or may cancel any deferred bonus award, and
- For up to two years after the vesting of a PSP award, the committee may operate clawback to cancel the award during the holding period (or require repayment of the award if it has been released before the end of the holding period), reduce future vesting under the company's share plans or reduce the number of shares already vested but unexercised
- The committee considers these periods to be appropriate for the Group. The malus window ensures that awards can be cancelled if triggering circumstances become apparent before they are paid or vest. The two-year clawback period is considered sufficient to identify any misstatement, misconduct, material error or reputational event connected to the relevant performance period, reflecting the company's annual audit cycle and the nature of its business model, while remaining proportionate and reasonable in duration.

The circumstances in which malus and clawback may be operated are as follows:

- The company materially misstated its financial results
- The relevant individual's conduct being such that it would entitle (or, where the employment has terminated before the date on which the Board becomes aware of such act or omission, would have entitled) the Group to terminate the employment summarily
- A material error having occurred in determining whether any performance conditions relating to the bonus or PSP award have been met (or any other material error having occurred in calculating the sum that was awarded as a bonus or the size of the PSP award)

Directors' remuneration report continued

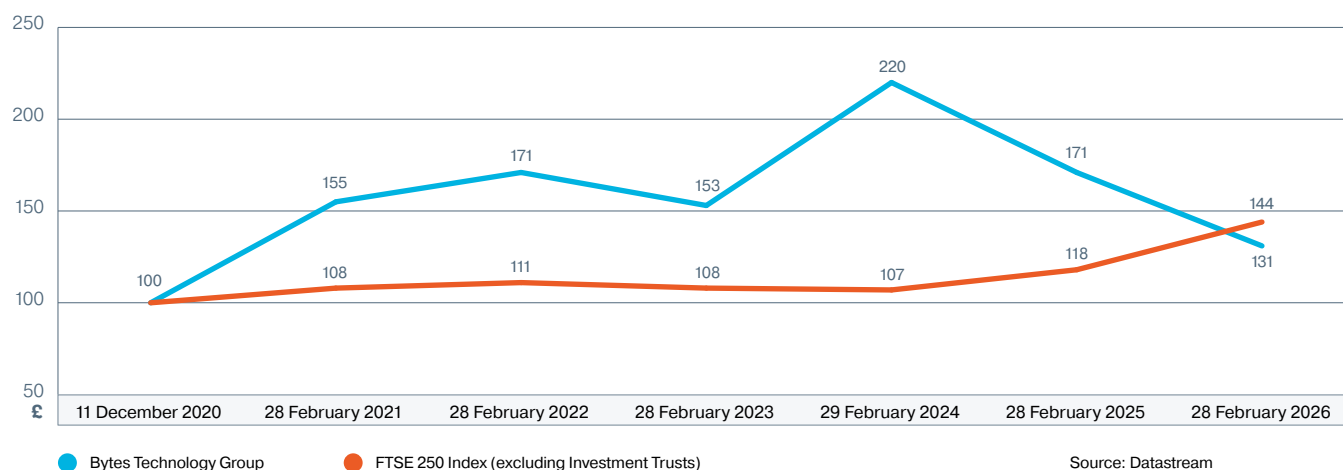
- Circumstances that, in the opinion of the Board, would have (or would have, if made public) a sufficiently significant impact on the reputation of the company or Group
- The company becomes insolvent or otherwise suffers a corporate failure, and the Board determines that such circumstances arose from events occurring (in whole or substantial part) during any period in which the relevant individual was a participant, or
- Such other exceptional circumstances that, at the Remuneration Committee's absolute discretion, justify such reimbursement being imposed.

No clawback provisions were invoked during the 2025/26 financial year.

Total shareholder return performance

The graph below shows the value at 28 February 2026 of £100 invested in BTG on 11 December 2020, the date of commencement of conditional trading on the London Stock Exchange, compared with £100 invested in the FTSE 250 Index (excluding investment trusts and real estate investment trusts) on the same date, on the assumption that dividends are reinvested for additional equity.

The FTSE 250 Index (excluding investment trusts and real estate investment trusts) was selected as a comparator because BTG is a constituent. This allows our performance to be compared against the index as a whole.



CEO remuneration

The total remuneration figure for the CEO in 2025/26 is shown in the table below, along with the value of bonuses paid, and PSP vesting, as a percentage of the maximum opportunity. This table is building to show a rolling 10 years' worth of data over time.

Year	CEO	CEO single total figure of remuneration	Annual bonus payout % of maximum	PSP vesting % of maximum
2025/26	Sam Mudd	£511,613	0%	16%
2024/25	Sam Mudd ¹	£1,014,893	67%	83%
2023/24	Sam Mudd ^{2,3}	£11,412	63%	n/a
2023/24	Neil Murphy ^{2,3}	£415,675	0%	n/a
2022/23	Neil Murphy ³	£776,301	94%	n/a
2021/22	Neil Murphy ³	£739,364	95%	n/a
2020/21	Neil Murphy ^{3,4}	£92,025	100%	n/a

1 Interim CEO until her appointment as CEO on 10 May 2024.

2 Appointed Interim CEO on 21 February 2024 and her total remuneration is the prorated figure for nine days from that date to 29 February 2024. Neil Murphy's total remuneration covers the period until his resignation on 21 February 2024.

3 No PSP awards capable of vesting in relation to the period.

4 Total remuneration is the prorated, post-IPO figure (for the period from admission to the London Stock Exchange to 28 February 2021).

Change in directors' remuneration compared with other employees

The following table shows the percentage change in the remuneration of the executive directors and non-executive directors compared with the average change for all employees of the parent company for the year ended 28 February 2026. 2022/23 was the first year in which this table was included, because it represented the first time where two full years of data had been available since IPO. This table is building up over time to cover a rolling five-year period.

Current directors		Salary and fees (% change)	Taxable benefits (% change)	Annual bonus (% change)
Sam Mudd ¹	2025/26	10.1%	(71.1%)	(100%)
	2024/25	121.9%	994.9%	244.2%
	2023/24	n/a	n/a	n/a
	2022/23	n/a	n/a	n/a
Andrew Holden ²	2025/26	9.2%	(75.4%)	(100%)
	2024/25	4.5%	571.5%	57.8%
	2023/24	5%	20.9%	(38.3%)
	2022/23	198.6%	n/a	195.4%
Patrick De Smedt	2025/26	0%	n/a	n/a
	2024/25	9.5%	n/a	n/a
	2023/24	0%	n/a	n/a
	2022/23	4%	n/a	n/a
Shruthi Chindalur ³	2025/26	(43.6%)	n/a	n/a
	2024/25	1,748.5%	n/a	n/a
	2023/24	n/a	n/a	n/a
	2022/23	n/a	n/a	n/a
Ross Paterson ⁴	2025/26	33.3%	n/a	n/a
	2024/25	n/a	n/a	n/a
	2023/24	n/a	n/a	n/a
	2022/23	n/a	n/a	n/a
Erika Schraner ⁵	2025/26	(2.0%)	n/a	n/a
	2024/25	(12.5%)	n/a	n/a
	2023/24	77.2%	n/a	n/a
	2022/23	108.0%	n/a	n/a
Anna Vikström Persson ⁴	2025/26	33.3%	n/a	n/a
	2024/25	n/a	n/a	n/a
	2023/24	n/a	n/a	n/a
	2022/23	n/a	n/a	n/a
All employees ⁶	2025/26	3.7%	44.3%	(66.6%)
	2024/25	4.5%	4.5%	7.1%
	2023/24	6.7%	24.2%	(6.3%)
	2022/23	5.7%	6.2%	21.7%

1 Salary and annual bonus percentage increase in 2024/25 were in relation to comparison with pro rata salary and bonus earned in 2023/24 since date of appointment to the Board on 12 July 2023. Sam Mudd was MD Phoenix from her appointment to the Board on 12 July 2023, and was subsequently appointed as Interim CEO on 21 February 2024 and as CEO on 10 May 2024. Taxable benefits percentage increase in 2024/25 relates to the grant of discounted SAYE options during the year (2023/24: nil).

2 Salary and annual bonus percentage increase in 2022/23 were in relation to comparison with pro rata salary and bonus earned in 2021/22 since date of appointment to the Board on 21 October 2021. Taxable benefits percentage increase in 2024/25 relates to the grant of discounted SAYE options during the year (2023/24: nil).

3 Fee increase in 2024/25 reflects a comparison with pro rata fees earned in 2023/24 since Shruthi's appointment to the Board on 1 February 2024, together with additional fees received in respect of Board subcommittee work in 2024/25.

4 Joined the Board on 1 June 2024.

5 Fee increase in 2022/23 was in relation to comparison with pro rata fees earned in 2021/22 since date of appointment to the Board on 1 September 2021. Fee increase in 2023/24 relates to amounts received for additional work on Board subcommittees.

6 Reflects the average percentage change in salary, benefits and bonus for employees of the parent company (excluding the Board). To aid comparison, the employees of the parent company are those full-time employees who were employed over the complete two-year period.

Directors' remuneration report continued

Relative importance of spend on pay

The following table shows the actual spend on pay for all BTG employees relative to dividends.

Year	Staff costs	Dividends
2025/26	£103.8m	£48.6m
2024/25	£97.2m	£42.8m
2023/24	£88.4m	£36.6m
% increase	7%	14%

CEO-to-employee pay ratio

The table below sets out the ratio between the total pay of the CEO and that of employees at the 25th, 50th (median) and 75th percentiles of BTG's UK employees. This table is building to show a rolling 10 years' worth of data over time.

Year	Method	25th percentile	50th percentile	75th percentile
2025/26	A	13:1	9:1	6:1
2024/25	A	26:1	17:1	11:1
2023/24	A	12:1	8:1	5:1
2022/23	A	22:1	15:1	8:1
2021/22	A	24:1	15:1	8:1
2020/21	A	14:1	9:1	5:1

The 25th, 50th and 75th percentile-ranked individuals were identified using 'option A' in the reporting regulations, selected on the basis that this is the most robust and statistically accurate means of identifying the relevant people. Given ratios could be unduly affected by joiners and leavers who may not participate in all remuneration arrangements in the year of joining and leaving, the committee has modified the statutory basis slightly to exclude anyone not employed throughout the entire financial year. The 25th, 50th and 75th percentile employees were identified at 28 February 2026.

The CEO pay figure is derived from the total remuneration set out in the Single total figure of remuneration for each director table on page 119.

Pay in respect of the CEO and employees is shown in the table below (the employee pay includes the same pay elements as for the CEO).

Year	CEO	All employees		
		25th percentile	50th percentile	75th percentile
2025/26 salary	£459,000	£30,526	£41,667	£65,000
2025/26 total pay	£511,613	£38,083	£55,822	£92,325

The significant reduction in the CEO pay ratios for 2025/26 reflects the remuneration outcomes for the year. With no annual bonus payable and a PSP vesting of 16.2% of the award originally granted, the CEO's total remuneration of £508,492 was considerably lower than in 2024/25. This outcome is consistent with the experience of the wider workforce, which also saw reduced bonus payments and lower share plan returns in 2025/26. The committee notes that the reduction in the CEO pay ratio this year is a direct consequence of the remuneration framework operating as intended, with executive, shareholder and employee outcomes moving in the same direction.

External appointments

At the date of this report, neither of the executive directors are directors of any other listed company.

Executive directors' service contracts

The table below summarises key details of the executive directors' contracts.

	Date of joining BTG	Date of service contract	Notice period (from either party)
Sam Mudd	2018 ¹	12 July 2023	6 months
Andrew Holden	2021 ²	1 November 2021	6 months

¹ Appointed to the BTG Board on 12 July 2023, and then as Interim CEO on 21 February 2024 and CEO on 10 May 2024. She was previously MD Phoenix from 2014. Phoenix was acquired by Bytes UK in September 2017.

² Joined BTG as COO on 1 June 2021 and joined the Board as CFO on 21 October 2021.

Non-executive directors' letters of appointment

The table below summarises key details of the non-executive directors' contracts.

	Date of joining BTG	Date of letter of appointment	Date of last re-election	Notice period (from either party)
Patrick De Smedt	27 July 2020	27 July 2020	2 July 2025	1 month
Erika Schraner	1 September 2021	1 September 2021	2 July 2025	1 month
Shruthi Chindalur	1 February 2024	30 January 2024	2 July 2025	1 month
Ross Paterson	1 June 2024	9 May 2024	2 July 2025	1 month
Anna Vikström Persson	1 June 2024	9 May 2024	2 July 2025	1 month

Implementation of policy for the year ending 28 February 2027

Base salary

The committee reviews the executive directors' base salaries annually, with any increases taking effect from 1 March each year. As explained in the Remuneration Committee Chair's introduction, the increases to base salaries for 2026/27 will be in line with the 3.5% average for the wider workforce for 2026/27 and accordingly, salaries for the executive directors in 2026/27 will be: Sam Mudd £475,065 (2025/26: £459,000), and Andrew Holden £394,335 (2025/26: £381,000).

Pension and benefits

No changes are proposed to pension and benefits for 2026/27. Executive directors will continue to receive benefits that include private medical and life insurance, and pension contributions of up to 4% for the CEO and CFO, in line with policy and with the level provided to the wider workforce.

Annual bonus

The maximum opportunity under the annual bonus plan will remain at 125% of salary for the CEO and CFO. One third of the total bonus payment will be deferred into shares for two years, and recovery and withholding provisions will apply in line with our approved policy.

Annual bonus performance structure and measures will be aligned with BTG strategy and budget to incentivise the achievement of annual delivery targets.

Bonuses will be based primarily on financial performance (80%), measured against operating profit and gross profit growth (both excluding the impact of acquisitions), with operating profit acting as an underpin to the gross profit measure. The remaining 20% will be based on a focused set of strategic financial and ESG objectives, including services gross profit growth, cash conversion, employee engagement and customer satisfaction. This change reflects a greater emphasis on financial discipline and alignment with the Group's key value drivers, including gross profit growth. The committee has not disclosed the detailed performance targets for the forthcoming year in advance, because it considers that they include commercially sensitive matters. Retrospective disclosure of the performance against targets will be made in next year's annual report on remuneration, if the targets are no longer considered commercially sensitive at that time.

Directors' remuneration report continued

Performance Share Plan

The executive directors will participate in the PSP in 2026/27. The CEO and CFO will receive awards of 150% of salary. Vesting will be subject to the following performance conditions.

Measure	Weighting	Performance period	Targets
Basic EPS (unadjusted and undiluted)	75%	Three financial years to 28 February 2029 ¹	Basic EPS (unadjusted and undiluted) of 22.9 pence (20% vests) rising on a straight-line basis to 50% vesting for 25.4 pence, and on a straight-line basis again to full vesting for achievement of 27.9 pence
Relative TSR versus constituents of the FTSE 250 Index (excluding investment trusts and real estate investment trusts)	25%	Three financial years to 28 February 2029	Median (20% vests) rising on a straight-line basis to full vesting for upper-quartile performance

¹ The EPS target is based on performance in the final year of the performance period.

In addition, the committee retains discretion to reduce the overall PSP vesting level (potentially to zero) if it considers that the underlying business performance of the company does not justify it. A two-year holding period will apply to any awards vesting, and recovery and withholding provisions will apply in line with our approved policy. As noted in the Remuneration Committee Chair introduction, at vesting the committee will consider whether there have been windfall gains.

Non-executive directors' fees

For 2026/27, the non-executive directors' fees are set out below.

	Fee 2025/26	Fee 2026/27	% increase
Chair	£205,000	£212,175	3.5%
Base fee	£57,000	£58,995	3.5%
Senior independent director	£11,000	£11,385	3.5%
Audit Committee Chair	£11,000	£11,385	3.5%
Remuneration Committee Chair	£11,000	£11,385	3.5%
ESG Committee Chair	£11,000	£11,385	3.5%
Designated non-executive director for employee engagement	£8,000	£8,280	3.5%

Remuneration voting outcomes

At our 2025 Annual General Meeting on 2 July 2025, our directors' remuneration report was approved with 98.83% of votes cast in favour, 1.17% of votes against and 4,006 votes withheld. At the 2024 Annual General Meeting on 11 July 2024, our remuneration policy was approved with 98.71% of votes cast in favour, 1.29% of votes against and 1,669 votes withheld.

On behalf of the Board.



Dr Erika Schraner

Remuneration Committee Chair

11 May 2026

Directors' report

This report summarises other useful information, from our Companies Act disclosures and going concern statement, to the details of our main shareholders and our forthcoming Annual General Meeting.

BTG's directors present this report together with the audited consolidated financial statements for the year ended 28 February 2026.

The report has been prepared in accordance with the requirements outlined in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and forms part of the management report as required under Disclosure Guidance and Transparency Rule (DTR) 4. Certain information that fulfils the requirements of the directors' report can be found elsewhere in this report and is referred to below. The information is incorporated into this directors' report by reference.

The directors' report is made up of the governance report and this report. Other relevant information that is incorporated by reference can be found in the strategic report, including:

- An outline of the important events that occurred during the year, on pages 4 to 9
- An indication of likely future developments in the business of BTG and its subsidiaries, Bytes Software Services and Phoenix Software, on pages 6 to 9
- Financial performance, on pages 26 to 31
- Business environment, on pages 16 to 17
- Outlook and financial management strategies, including particulars of any important events affecting the company since the year end (with subsidiary undertakings included in the consolidated statements), on pages 6 to 9 and 21 to 25
- Internal controls, principal risks and risk management framework, on pages 32 to 43
- Stakeholder engagement, including employee engagement, on pages 88 to 91
- Directors' biographies, on pages 80 to 82
- Section 172 statement, on page 76.

Requirements of UK Listing Rule 6.6.1R

Information to be included in the Annual Report and Accounts under UK Listing Rule (UKLR) 6.6.1R may be found as follows:

Relevant Listing Rule	Pages
A statement of the amount of interest capitalised during the period under review and details of any related tax relief	n/a
Information required in relation to the publication of unaudited financial information	n/a
Details of any long-term incentive schemes and directors' interests	112 to 128
Details of any arrangements under which a director has waived emoluments, or agreed to waive any future emoluments, from the Group	112 to 128
Where a director has agreed to waive future emoluments, details of such waiver, together with those relating to emoluments that were waived during the period under review	112 to 128
Details of any non-pre-emptive issues of equity for cash	n/a
Details of any non-pre-emptive issues of equity for cash by any unlisted major subsidiary undertaking	n/a
Details of parent participation in a placing by a listed subsidiary	n/a
Details of any contract of significance in which a director is or was materially interested	n/a
Details of any contract of significance between the company (or one of its subsidiaries) and a controlling shareholder	n/a
Details of, or arrangements relating to, waiving dividends by a shareholder	n/a

The strategic report and the directors' report together form the management report for the purposes of the DTR 4.1.8R. Information relating to financial instruments can be found on page 171 and is incorporated by reference. For information on our approach to sustainability matters, please refer to our strategic report, including our Task Force on Climate-related Financial Disclosures (TCFD) statement on pages 58 to 67, and our ESG Committee report on pages 106 to 107.

Financial risk management instruments

The company's exposure to financial risks and how these risks affect the company's future financial performance is disclosed in notes 22 and 23 to the financial statements.

Directors' report continued

Research and development

During 2025/26, and in 2024/25, the company undertook work to develop new internal and customer-facing software systems, but did not carry out any research activities during either year.

Directors

Information on the directors who held office at 28 February 2026, and up to the date of this report, is set out on pages 80 to 82. There were no changes to the composition of the Board or committees during the year ended 28 February 2026, and up to the date of approval of the financial statements.

The company's Articles of Association govern the appointment, removal and replacement of directors and explain the powers given to them. All directors will stand for election/re-election at the Annual General Meeting on 9 July 2026. Details of the directors' service contracts and remuneration, including their respective shareholdings in the company, is set out in the directors' remuneration report on pages 112 to 128.

Avoiding conflicts of interest

Since their respective dates of appointment, and up to the date of this report, no director held any beneficial interest in any contract significant to the company's business, other than a contract of employment.

The Board regularly reviews each director's interests outside BTG and considers how the Chair ensures they are applying objective judgement in their role, as required by the UK Corporate Governance Code. To help directors avoid conflicts, or possible conflicts, of interest, the Board must first give clearance to any potential conflicts, including directorships or other interests in outside companies and organisations. This is recorded in the company's statutory records.

Should a director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Group, they are required to notify the Board or the Group Company Secretary as soon as reasonably possible. In such an instance, unless allowed by the company's Articles of Association, the director cannot take part in any decisions about the contract or arrangement.

Directors' and officers' liability insurance and indemnification of directors

The company maintains directors' and officers' liability insurance, which gives appropriate cover should legal action be brought against its directors. The company has also provided an indemnity for its directors, which is a qualifying third-party

indemnity provision, for the purposes of Section 234 of the Companies Act 2006. This was in place for the duration of the financial year ended 28 February 2026 and up to the date of approval of the financial statements.

Share capital

The issued share capital of the company at 28 February 2026 was 236,370,093 ordinary shares of £0.01 nominal value, with no shares held in treasury. No additional shares have been issued post year end. Note 19 to the consolidated financial statements on page 173 contains full details of the issued share capital. As far as the company is aware, there are no restrictions on the voting rights attached to its ordinary shares and there are no agreements that may result in restrictions in the transfer of securities or voting rights. No securities carry any special rights.

Purchase of own shares

At the Annual General Meeting of the company held on 2 July 2025, shareholders passed a special resolution in accordance with the Companies Act 2006 to authorise the company to make market purchases up to a maximum of 24,114,217 shares, representing approximately 10% of the company's issued ordinary share capital as at 12 May 2025. From 18 August 2025 until 24 November 2025 inclusive, the company used this authority to undertake a share buyback programme. During that period, the company purchased 6,473,731 shares at an average price of 386 pence for a total consideration of £25 million.

An analysis of shareholdings is shown on page 131. The closing mid-market price of a share of the company on 28 February 2026, together with the range since admission to the London Stock Exchange, is also shown on page 124.

Dividends and dividend policy

Our dividend policy remains a progressive one, which targets an annual dividend of 40–50% of post-tax pre-exceptional earnings to shareholders in each financial year. Subject to any cash requirements for ongoing investment, the Board considers returning excess cash to shareholders, as and when appropriate.

We recommend a final dividend of 7.0 pence per ordinary share, taking the total full-year dividend to 10.2 pence per ordinary share. Shareholders will be asked to approve the final dividend at the Annual General Meeting on 9 July 2026.

Substantial shareholdings

At 30 April 2026, the company had been notified under the DTRs, or had ascertained from its own analysis, that the following held notifiable interests in the voting rights in the company's issued share capital of 3% or more of its ordinary share capital:

Shareholder	Number of voting rights	% of voting rights
Coronation Fund Managers	67,159,310	28.41
Camissa Asset Management	36,845,706	15.59
Biltron (Pty) Ltd	18,262,478	7.73
BlackRock	13,732,017	5.81
Public Investment Corporation (PIC)	11,510,744	4.87
Vanguard Group	9,909,131	4.19
M&G Investments	7,166,647	3.03

Committees of the Board

The Board has established Audit, Nomination, Remuneration and ESG Committees. The Audit Committee has been mandated to also oversee and monitor BTG's enterprise risk management. For more details of these committees, including membership and key focus areas for 2025/26, see their respective reports in the corporate governance report.

Remuneration voting outcomes

At our 2025 Annual General Meeting, the remuneration report was approved, with 98.83% of votes cast in favour, 1.17% of votes against and 4,006 votes withheld. Our current remuneration policy was also approved by shareholders at our 2024 Annual General Meeting, with 98.71% of votes cast in favour, 1.29% of votes against and 1,669 votes withheld. The remuneration policy will apply for a period of three years until the 2027 Annual General Meeting, unless a new or revised policy is presented before then.

Companies Act 2006 disclosures

In accordance with Section 992 of the Companies Act 2006, the directors disclose the following information:

- The company's capital structure and voting rights are summarised in note 19, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights
- The company does not hold any shares in treasury

- No securities exist that carry special rights with regard to the control of the company
- Details of the substantial shareholders and their shareholdings in the company are listed in the previous table
- The Deferred Share Bonus Plan (DBP) has been implemented from 1 June 2022. The number of shares awarded under the company's DBP for the year ended 28 February 2026 is set out in note 26 and shown on pages 177 to 179
- The appointment and replacement of directors, amendment to the Articles of Association and powers to issue or buy back the company's shares are contained in the Articles of Association of the company and the Companies Act 2006
- There are a number of agreements in the Group that may be affected by a change of control of the company, such as commercial contracts, banking and insurance agreements and employee share plans
- No agreements exist between the company and its directors providing for compensation for loss of office that may occur because of a takeover bid.

Articles of Association

The company's Articles of Association set out the rights of shareholders, including voting rights, distribution rights, attendance at general meetings, powers of directors, proceedings of directors, borrowing limits and other governance controls. A copy of the Articles of Association can be requested from the Group Company Secretary at wk.groenewald@bytesplc.com.

Political donations

No donations were made for the year ended 28 February 2026 and up to the date of this report (2024/25: £nil). Generally, the company's policy remains to not make political donations, either directly or through a subsidiary. However, authority will again be sought at the 2026 Annual General Meeting to authorise the company to make political donations provided that the aggregate amount is not more than £50,000. This resolution has been proposed to ensure BTG and its subsidiaries do not, because of the wide-reaching definition in the Companies Act 2006, unintentionally breach the act.

Greenhouse gas emissions and energy consumption

Information relating to greenhouse gas emissions and to energy consumption and energy efficiency is detailed in Additional environmental disclosures on pages 68 to 73 of the strategic report.

Directors' report continued

Equality and diversity

The company has an equal opportunities philosophy that endeavours to treat individuals fairly and not to discriminate on the basis of gender, disability, race, national or ethnic origin, sexual orientation or marital status. Applications for employment are fully considered on their merits, and employees are given appropriate training and equal opportunities for career development and promotion.

The company is committed to ensuring that adequate policies and procedures are in place to give disabled applicants training to perform safely and effectively, and to provide development opportunities to ensure they reach their full potential. If someone becomes disabled during their employment with the company, the company will seek to provide, wherever possible, continued employment on normal terms and conditions. Adjustments will be made to the environment and duties or, alternatively, suitable new roles within the company will be secured with additional training where necessary.

The company values involving its people and continues to keep them informed about what affects them as employees. This is done using a variety of methods, including town hall meetings, whole-company meetings, team briefings, company days, emails and the intranet. At team meetings, managers are responsible for ensuring that information sharing, discussion and feedback take place on a regular basis. As a result of these meetings, management can communicate the financial and economic factors affecting the company and make sure that the views of employees are considered in company decisions that are likely to affect their interests.

Going concern

BTG's business activities, financial position and cash flows, together with the factors likely to affect its future performance and position, are set out in the strategic report on pages 1 to 76. Details of its objectives and policies on financial risk management are set out in note 22 to the financial statements on page 174.

The directors have made appropriate enquiries and consider that BTG has adequate resources to continue to operate for the foreseeable future, which covers the period to 31 August 2027. There are no material uncertainties that would prevent the directors from being unable to make this statement. Accordingly, the directors continue to adopt the going concern basis in preparing BTG's financial statements.

Events after the reporting period

As disclosed in note 22(c), in May 2026 the Group extended the RCF by three years to 17 May 2029. After year-end, the Board agreed to implement a new share repurchase programme to purchase the company's shares for an aggregate value of up to £25.0 million. There are no other events after the reporting period that require disclosure.

Auditor and disclosure of information

The directors who held office at the date of approval of this directors' report confirm that, as far as they are each aware:

- There is no relevant audit information of which the company's auditor is unaware
- 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 company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006. Separate resolutions will be proposed at the forthcoming Annual General Meeting concerning the auditor's appointment and to authorise the Board to agree its remuneration.

Annual General Meeting

The 2026 Annual General Meeting will be held at 14:00 (BST) on Thursday, 9 July 2026, at Bytes House, Randalls Way, Leatherhead KT22 7TW, UK.

The company will make use of the electronic voting facility provided by its registrars, Computershare Limited. The facility includes CREST voting for members holding their shares in uncertificated form. For more information, please refer to the section on online services and electronic voting in the notes to the notice of meeting.

The notice of Annual General Meeting and an explanation of the resolutions being put to the meeting are set out in the notice of meeting accompanying this Annual Report. The directors fully support all the resolutions set out in the notice and encourage shareholders to vote in favour of each of them, as they intend to in respect of their own shareholdings.

The directors' report was approved by the Board of directors on 11 May 2026 and is signed on its behalf.



WK Groenewald FCG
Group Company Secretary

11 May 2026

Statement of directors' responsibilities

This report outlines our directors' responsibilities for ensuring that our Annual Report and financial statements comply with regulation.

The directors are responsible for preparing the Annual Report 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 elected to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards (IAS), and the parent company financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the Group and the company for that period.

In preparing these financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRS (and in respect of the parent company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and company financial position and financial performance
- In respect of the Group financial statements, state whether UK-adopted IAS have been followed, subject to any material departures disclosed and explained in the financial statements
- In respect of the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/or the Group will continue in business.

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

They are also responsible for safeguarding the assets of the Group and parent company and for taking reasonable steps to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Directors' confirmations pursuant to the FCA's Disclosure Guidance and Transparency Rule 4

The directors confirm, to the best of their knowledge, that the:

- Consolidated financial statements, prepared in accordance with IAS in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation, taken as a whole
- Annual Report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation, taken as a whole, together with a description of the principal risks and uncertainties that they face.

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group and parent company's position and performance, business model and strategy. In the case of each director in office at the date on which the directors' report is approved:

- As far as the director is aware, there is no relevant audit information of which the Group and parent company's auditor is unaware
- They have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group and parent company's auditor is aware of that information.

This responsibility statement was approved by the Board of directors on 11 May 2026 and is signed on its behalf.



Sam Mudd
CEO
11 May 2026



Andrew Holden
CFO
11 May 2026

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Supporting decision making with high-quality financial data and analysis.



Independent auditor's report to the members of Bytes Technology Group plc

Opinion

In our opinion:

- Bytes Technology Group plc's Group financial statements and Parent company financial statements (financial statements) give a true and fair view of the state of the Group's and of the Parent company's affairs as at 28 February 2026 and of the Group's profit for the year then ended
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards
- the Parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Bytes Technology Group Plc (the Parent company) and its subsidiaries (the Group) for the year ended 28 February 2026 which comprise:

Group	Parent company
Consolidated statement of profit or loss as for the year ended 28 February 2026	Parent company balance sheet as at 28 February 2026
Consolidated statement of financial position as at 28 February 2026	Parent company statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 11 to the financial statements, including material accounting policy information
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 29 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Group and Parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent company and we remain independent of the Group and Parent company in conducting the audit.

Independent auditor's report to the members of Bytes Technology Group plc continued

Conclusions relating to going concern

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

- performing a walkthrough of the Group's financial close process to confirm our understanding of management's going concern assessment process and evaluating whether all key risk factors identified were considered in their assessment
- obtaining management's going concern assessment, including cashflow forecasts and covenant calculations, covering the period to 31 August 2027. We then performed procedures to confirm the clerical accuracy of the underlying model
- assessing the Group's base scenario for consistency with cash flow forecasts used by the Group in the goodwill impairment assessment
- the Group has modelled a base scenario and then two downside scenarios, being a severe but plausible downside scenario and a stressed scenario in order to incorporate unexpected changes to the forecasted liquidity of the Group. We evaluated management's cash flow forecast by assessing the reasonableness of the base case and downside scenarios, with specific consideration of key assumptions and sensitivities. This included challenging the appropriateness of forecast revenue growth rates against historical performance, current trading results and external market data. We evaluated the impact of downside factors such as cost-of-sales inflation, increased competition and resultant margin pressure, wage inflation, supply chain cost pressures and rising interest rates on customer demand and payment behaviour. We also compared forecast cash balances at period end to historical cash trends and recent performance to assess whether forecast liquidity outcomes were supportable
- we noted that the key assumptions were forecast gross invoiced income and related growth rates, gross profit and related growth rates, headcount and base pay growth rates, overhead growth rates and debtor days. We agreed the forecasts to Board-approved budgets and performed enquiries with management to understand the basis of the key assumptions. We performed procedures to assess their appropriateness, such as reviewing the growth rate assumptions within the context of historic performance. Additionally, where possible, we benchmarked management's assumptions to external data points such as economic forecasts and reviewed for any contradictory evidence
- we assessed management's ability to accurately forecast through lookback analysis on the last three years of historic financial data
- we reviewed management's stress test of its cash forecasts in order to quantify then assess the likelihood of the downside scenarios required to exhaust the Group's forecast liquidity, considering the impact and feasibility of potential mitigating activities that are within control of the Group, such as freezing planned growth in headcount, pay rises and reducing dividend payments
- reviewing the Group's going concern disclosures included in the Annual Report in order to assess their completeness and conformity with the reporting standards, market practice and FRC guidance.

Our key observations

As of 28 February 2026, the Group had cash and cash equivalents of £98.6 million. The Group has no borrowings but has an undrawn RCF facility of £30 million which runs, until 17 May 2026. This is not forecast to be drawn in management's base case or severe but plausible downside going concern scenarios. The Group has extended its RCF for another three years until May 2029.

Bytes Technology Group plc possesses cash headroom for the going concern period to 31 August 2027. Management's analysis of a severe but plausible scenario indicated that even if all key assumptions deteriorate relative to the base case, liquidity issues would not arise. This conclusion is reached prior to considering any additional mitigations that management may implement (such as dividends). We have not identified any material climate-related risks that should be incorporated into Bytes Technology Group plc's forecasts to 31 August 2027.

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 and Parent company's ability to continue as a going concern for a period until 31 August 2027, being the going concern assessment period.

In relation to the Group and Parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	– We performed an audit of the complete financial information of three components and audit procedures on specific balances for another two components.
Key audit matters	– Risk of misstatement of revenue recognised at or near year end and risk of incorrect IFRS 15 presentation and disclosure in respect of principal versus agent.
Materiality	– Overall Group materiality of £3.5m, which represents 5% of Group's reported profit before tax for 2026.

An overview of the scope of the Parent company and Group audits

Tailoring the scope

We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered our understanding of the Group and its business environment, the potential impact of climate change, the applicable financial framework, the Group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

Bytes Technology Group plc, trades predominantly in the UK through two trading entities: Bytes Software Services Limited (BSS) and Phoenix Software Limited (PSL). We identified three components – BSS, PSL and Bytes Technology Group – as individually relevant to the Group due to the significant risks or an area of higher assessed risk of material misstatement of the Group financial statements being associated with BSS and PSL, and all these components of the Group as individually relevant due to materiality or financial size of the component relative to the Group. These three individually relevant components are assigned as full scope.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the Group significant accounts, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the Group significant financial statement account balance.

We then considered whether the remaining Group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the Group financial statements. Following this consideration, we selected two head office components and designated them as specific scope.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

Of the five components selected, we designed and performed audit procedures on the entire financial information of the three components (full scope components). For two components, we designed and performed audit procedures on specific financial statement account balances of the financial information of the component (specific scope components).

Changes from the prior year

Our full-scope locations remain consistent with the prior year. Our specific scope entities have been refined to include only the active holding companies, while the remaining companies in the Group are dormant companies and are covered as part of the audit tail. We believe our overall coverage is comparable and appropriate for the risk of the business.

Involvement with component teams

In establishing our overall approach to the Group audit, the Senior Statutory Auditor, Anup Sodhi, determined the type of work that needed to be undertaken at each of the components.

As Bytes Technology Group management and trading components (Bytes Software Services and Phoenix Software) operate primarily in the UK, we have performed the audit using a single integrated Group team. Therefore, of the three full scope components, audit procedures were performed directly by the primary audit team. Overseen by the Senior Statutory Auditor, this integrated team performed all audit procedures at all three full scope components, as well as procedures at other in-scope components. Procedures over all components were overseen by the Senior Statutory Auditor, including the design, execution and conclusion on all work performed.

Independent auditor’s report to the members of Bytes Technology Group plc continued

Climate change

Stakeholders are increasingly interested in how climate change will impact Bytes Technology Group plc. The Group has determined that the most significant future impacts from climate change on their operations will be regulatory changes. These are explained on pages 58 to 67 in the Task Force on Climate-related Financial Disclosures and on page 35 in the principal risks and uncertainties. They have also explained their climate objectives on page 52. All of these disclosures form part of the ‘Other information’, rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appear to be materially misstated, in line with our responsibilities on ‘Other information’.

In planning and performing our audit we assessed the potential impacts of climate change on the Group’s business and any consequential material impact on its financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management’s assessment of the impact of climate risk, physical and transition; their climate plans and objectives; the effects of material climate risks disclosed on pages 58 and 67; the adequacy of the Group’s disclosures in the financial statements; and the conclusion that no issues were identified that would impact on the accounting judgements and estimates in the current year and no material impact on assets and liabilities as at 28 February 2026. We also assessed the directors’ considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work, we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 were addressed in the context of our audit of the financial statements, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Risk of misstatement of revenue recognised at or near year end <i>Refer to Audit Committee report (pages 92 to 101); Accounting policies (pages 153 to 154); and note 3 of the Consolidated financial statements (pages 161 to 162).</i> The Group has reported revenue of £220.6 million (2025: £217.1 million). Revenue reported in accordance with IFRS 15 Revenue from Contracts with customers is a key financial metric for the business. Gross invoiced income (GII), a non- IFRS alternative performance measure (APM), is also used as a key performance indicator assessed by stakeholders. Compensation incentives are based on gross profit or operating profit targets, creating a risk of revenue misstatement through management override. Management’s process for accounting for certain revenue transactions, particularly the review process at or near the year end, is mostly manual and therefore susceptible to error (either deliberate or without intent). Therefore, there is a risk that revenue is recognised prematurely or fictitiously around period end or revenue is held back to distort earnings between periods.	We have performed the following key audit procedures on revenue transactions (including gross invoiced income and rebate income): - reconfirmed our understanding of management’s revenue recognition point by revenue stream and understand the process of entering into a contract and agreeing terms with customers, and how contracts are then assessed to evaluate if appropriate revenue recognition terms are applied - assessed the appropriateness of revenue cut-off by independently testing a sample of transactions recorded one week either side of year end, due to the concentration of sales entries in this period as identified through data analytics, by vouching to evidence of satisfaction of the related performance obligation. The testing was disaggregated by revenue stream - tested a sample of credit notes issued subsequent to the year end - tested a sample of sales transactions, such as revenue transactions deferred at year end, and recalculated the deferred elements to obtain assurance over the calculation of deferred revenue - to address the risk of management override, we tested a sample of journal entries relating to revenue recorded at or near year end by verifying to supporting documentation and credit notes issued subsequent to the year end, including management’s cut-off journals - utilised data analytics to analyse 100% sales-related journal entry data to track sales from revenue, to accounts receivable and through to cash collection. We used this analysis to assess the appropriateness of the transaction flow and tested a sample of transactions to determine if the journals accurately reflected the substance of the transaction recorded - we reviewed the daily transactions for significant peaks and found the largest peaks on the final day of the period, followed by two smaller peaks within the first week of the subsequent period. Accordingly, the majority of our testing was concentrated around these peak activity days.

Risk	Our response to the risk
Risk of incorrect IFRS 15 presentation and disclosure in respect of principal versus agent <i>Refer to Audit Committee report (pages 92 to 101); Accounting policies (pages 153 to 154); and note 3 of the Consolidated financial Statements (pages 161 to 162).</i> The Group has recognised an agency adjustment of £2,120.5 million (2025: £1,882.7 million) in respect of income to be recognised net as agent under IFRS 15. As above, the Group has reported revenue of £220.6 million (2025: £217.1 million). The Group makes a judgement over the level of control for all products and services sold and continues to assess this position. There is a risk that the reported revenue may be incorrectly presented as a result of incorrectly assessing whether the Group has control over the products or services sold and consequently if the Group is principal or agent in its arrangements with customers. The Group has assessed that it is acting as an agent for all software sales. Although this resulted in a decrease in the level of judgement required to establish the level of control over products and services to categorise the transactions between product categories and principal or agent, and the process becomes mechanical and hence reducing the risk, the size of adjustment remains high.	We performed the following key audit procedures in respect of revenue: - reconfirmed our understanding of management's processes, methodologies and judgements in identifying and categorising revenue transactions as principal (gross) or agent (net) - reperformed management's calculation to assess whether this has been performed correctly – that is, that the revenue, cost of sales and margin agency adjustment is appropriate. We also assessed whether management's methodologies and categorisations appropriately considered new product types identified during the year - performed disaggregated analytical review by revenue stream to understand the key drivers behind changes in revenue over the period - independently tested a sample of transactions across the year to determine the Group's control over the product or service including: - verified the product or service type by obtaining evidence for each transaction and agreeing back to underlying data, such as customer purchase order, to determine the Group's categorisation of the product or service - corroborated the related cost for the sample selected by tracing through to supporting purchase invoices - assessed whether principal (gross) or agent (net) treatment and the corresponding agency adjustment is appropriate - tested that the methodology utilised to calculate the APM gross invoiced income is consistent with prior year, assessing management's rationale for including the APM and that the amount reported is reconciled to reported revenue.
How we scoped our audit to respond to the risk	
We performed full scope audit procedures over this risk in two components – Bytes Software Services (BSS) and Phoenix Software Limited (PSL) – which covered 99% of the revenue risk amount. Further, performed central procedures over IFRS 15 presentation and disclosure in respect of principal versus agent. All audit work performed to address this risk was undertaken by the integrated team.	
Key observations communicated to the Audit Committee	
We concluded that the revenue recognised at or near year end was properly accounted for and that revenue has been appropriately recognised and presentation is in accordance with IFRS 15.	

In the prior year, we reported a key audit matter (KAM) in relation to 'Misstatement of rebate and other vendor incentives receivable at period end'. In the current year, this KAM has been downgraded, as the likelihood of occurrence and magnitude of misstatement collectively do not pose a significant risk in the current year. In addition, the extent of incremental audit effort required in this area has reduced, and therefore the matter no longer meets the definition of a key audit matter in the current year.

Independent auditor's report to the members of Bytes Technology Group plc continued

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £3.5 million (2025: £3.7 million), which is 5% (2025: 5%) of profit before tax.

We believe that profit before tax provides the most relevant measure of underlying performance to the stakeholders of the Group. The decrease in the current year is in line with the decrease in profitability in the year.

We determined materiality for the Parent company to be £6.7 million (2025: £7.0 million), which is 1% (2025: 1%) of total equity. Total equity is set as the basis as this is a holding company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2025: 75%) of our planning materiality, namely £2.6 million (2025: £2.8 million). We have set performance materiality at this percentage due to our overall risk assessment and expectations of misstatements.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.5 million to £2.1 million (2025: £0.6 million to £2.3 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to it all uncorrected audit differences in excess of £0.2 million (2025: £0.2 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 135, including the Strategic report set out on pages 1 to 76 and the Governance report set out on pages 78 to 135, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance statement and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report or the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Independent auditor's report to the members of Bytes Technology Group plc continued

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 132
- directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on pages 75 to 76
- directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 132
- directors' statement on fair, balanced and understandable set out on page 133
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 32 to 43
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 92
- the section describing the work of the Audit Committee set out on page 92 to 101.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 133, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 and Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those related to the reporting framework (United Kingdom adopted international accounting standards, United Kingdom GAAP, the Companies Act 2006, UK Listing Rules of the Financial Conduct Authority and the UK Corporate Governance Code) and the relevant tax laws and regulations in the UK. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to health and safety, employees, environmental, and bribery and corruption practices. We understood how Bytes Technology Group plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures, and the company secretary. We corroborated our enquiries through our review of Board minutes, papers provided to the Audit Committee, correspondence received from regulatory bodies and information relating to the Group's anti-money laundering procedures as part of our walkthrough procedures.
- We understood how Bytes Technology Group plc is complying with those frameworks by making enquires of management and those responsible for legal, compliance and governance matters. We corroborated our enquiries through our review of Board minutes, discussions with the Audit Committee, directors and any correspondence from regulatory bodies and those responsible for legal and compliance procedures.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud and by assessing key assumptions over significant estimates made by management for evidence of bias. We also considered the performance targets and their potential to influence efforts made by management to manage revenue and earnings. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors those programmes and controls.
- Where the risk was considered to be higher, including areas affecting Group key performance indicators or management remuneration, we performed audit procedures to address each identified fraud risk or other risk of material misstatement. These procedures included those on revenue recognition detailed above as well as testing journals; and were designed to provide reasonable assurance that the financial statements were free from fraud and error. We performed journal entry testing including consolidation journals and journals that indicated large or unusual transactions based on our understanding of the business.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reviewing Board minutes, and reports to the Board on the conclusion of the investigations and inquiries with management and directors. Our procedures included a focus on compliance with the accounting, governance and regulatory frameworks and other relevant legislations through obtaining sufficient audit evidence in line with the level of risk identified, in conjunction with compliance with relevant legislation, including tax computations and returns, and corroborated that dividend payments complied with the relevant legal requirements.

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

Independent auditor's report to the members of Bytes Technology Group plc continued

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or for the opinions we have formed.

Anup Sodhi (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

11 May 2026

Consolidated statement of profit or loss

For the year ended 28 February 2026

	Note	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Revenue	3	220,562	217,134
Cost of sales		(53,251)	(53,880)
Gross profit		167,311	163,254
Administrative expenses	4	(104,278)	(96,936)
(Increase)/decrease in loss allowance on trade receivables	16	(301)	108
Operating profit		62,732	66,426
Finance income	7	7,577	8,486
Finance costs	7	(319)	(291)
Share of loss of associate	12	(158)	(8)
Profit before taxation		69,832	74,613
Income tax expense	8	(18,550)	(19,772)
Profit after taxation		51,282	54,841
Profit for the period attributable to owners of the parent company		51,282	54,841
		Pence	Pence
Basic earnings per ordinary share	27	21.40	22.78
Diluted earnings per ordinary share	27	20.74	21.95

The consolidated statement of profit or loss has been prepared on the basis that all operations are continuing operations.

There are no items to be recognised in other comprehensive income, and hence the Group has not presented a statement of other comprehensive income.

Consolidated statement of financial position

As at 28 February 2026

	Note	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Assets			
Non-current assets			
Property, plant and equipment	9	14,082	13,581
Right-of-use assets	10	1,754	1,641
Intangible assets	11	46,482	43,475
Investment in associate	12	3,027	3,185
Contract assets	13	697	1,773
Deferred tax asset	8	–	59
Total non-current assets		66,042	63,714
Current assets			
Inventories		–	14
Contract assets	13	8,027	9,973
Trade and other receivables	16	299,887	268,454
Current tax asset		1,527	–
Cash and cash equivalents	17	98,646	113,076
Total current assets		408,087	391,517
Total assets		474,129	455,231
Liabilities			
Non-current liabilities			
Lease liabilities	10	(1,138)	(1,269)
Contract liabilities	14	(2,067)	(2,034)
Deferred tax liabilities	8	(2,587)	–
Total non-current liabilities		(5,792)	(3,303)
Current liabilities			
Trade and other payables	18	(359,197)	(327,533)
Contract liabilities	14	(27,178)	(25,245)
Current tax liabilities		–	(439)
Lease liabilities	10	(842)	(668)
Total current liabilities		(387,217)	(353,885)
Total liabilities		(393,009)	(357,188)
Net assets		81,120	98,043
Equity			
Share capital	19	2,364	2,411
Share premium	19	641,514	636,432
Share-based payment reserve		10,833	14,879
Merger reserve	20	(644,375)	(644,375)
Retained earnings		70,784	88,696
Total equity		81,120	98,043

The consolidated financial statements on pages 145 to 181 were authorised for issue by the Board of directors on 11 May 2026 and were signed on its behalf by:



Sam Mudd
Chief Executive Officer



Andrew Holden
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 28 February 2026

	Note	Attributable to owners of the company					Total equity £'000
		Share capital £'000	Share premium £'000	Other reserves £'000	Merger reserve £'000	Retained earnings £'000	
Balance at 1 March 2024		2,404	633,650	11,050	(644,375)	75,607	78,336
Total comprehensive income for the year		–	–	–	–	54,841	54,841
Dividends paid	23(b)	–	–	–	–	(42,843)	(42,843)
Shares issued during the year	19	7	2,782	–	–	–	2,789
Transfer to retained earnings	26	–	–	(1,091)	–	1,091	–
Share-based payment transactions	26	–	–	5,049	–	–	5,049
Tax adjustments	8	–	–	(129)	–	–	(129)
Balance at 28 February 2025		2,411	636,432	14,879	(644,375)	88,696	98,043
Total comprehensive income for the year		–	–	–	–	51,282	51,282
Dividends paid	23(b)	–	–	–	–	(48,618)	(48,618)
Shares issued during the year	19	18	5,082	–	–	–	5,100
Transfer to retained earnings	26	–	–	(4,611)	–	4,611	–
Share-based payment transactions	26	–	–	751	–	–	751
Tax adjustments	8	–	–	(251)	–	–	(251)
Purchase and cancellation of own shares	19	(65)	–	65	–	(25,000)	(25,000)
Costs of share purchases	19	–	–	–	–	(187)	(187)
Balance at 28 February 2026		2,364	641,514	10,833	(644,375)	70,784	81,120

Consolidated statement of cash flows

For the year ended 28 February 2026

	Note	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Cash flows from operating activities			
Cash generated from operations	21	71,827	85,635
Interest received	7	7,577	8,486
Interest paid	7	(239)	(224)
Income taxes paid		(18,121)	(18,930)
Net cash inflow from operating activities		61,044	74,967
Cash flows from investing activities			
Payments for property, plant and equipment	9	(1,816)	(6,358)
Payments for intangible asset	11	(4,097)	(3,709)
Net cash outflow from investing activities		(5,913)	(10,067)
Cash flows from financing activities			
Proceeds from issues of shares	19	5,100	2,789
Purchase of own shares for cancellation	19	(25,000)	–
Cost incurred on purchase of own shares	19	(187)	–
Principal elements of lease payments	10	(856)	(606)
Dividends paid to shareholders	23(b)	(48,618)	(42,843)
Net cash outflow from financing activities		(69,561)	(40,660)
Net (decrease)/increase in cash and cash equivalents		(14,430)	24,240
Cash and cash equivalents at the beginning of the financial year		113,076	88,836
Cash and cash equivalents at end of year	17	98,646	113,076

Notes to the consolidated financial statements

For the year ended 28 February 2026

1 Accounting policies

1.1 General information

Bytes Technology Group plc, together with its subsidiaries ('the Group' or 'the Bytes business') is one of the UK's leading providers of IT software offerings and solutions, with a focus on cloud and security products. The Group enables effective and cost-efficient technology sourcing, adoption and management across software services, including in the areas of security and cloud. The Group aims to deliver the latest technology to a diverse and embedded non-consumer customer base and has a long track record of delivering strong financial performance. The Group has a primary listing on the Main Market of the London Stock Exchange (LSE) and a secondary listing on the Johannesburg Stock Exchange (JSE).

1.2 Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006.

The Group's material accounting policies and presentation considerations on both the current and comparative periods are detailed below.

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities and the Group's principal risks and uncertainties in the context of the current operating environment. This includes the current geopolitical environment, the current challenging economic conditions, and reviews of future liquidity headroom against the Group's revolving credit facilities, during the period under assessment. The approach and conclusion are set out fully in note 1.3.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, see note 1.6.1 and 1.6.2, and have been prepared on a historical cost basis, as modified to include derivative financial assets and liabilities at fair value through the consolidated statement of profit or loss.

1.3 Going concern

The Group's ability to continue as a going concern is dependent on it maintaining adequate levels of resources to continue to operate for the foreseeable future. The directors have considered the principal risks, which are set out in the Group's strategic report, in addition to risks such as the Group's exposure to credit risk, liquidity risk, currency risk and foreign exchange risk, as described in note 22.

When assessing the Group's ability to continue as a going concern, the directors have reviewed the year-to-date financial results, as well as detailed financial forecasts for the going concern assessment period up to 31 August 2027, being over 15 months after the authorisation of these financial statements.

The assumptions used in the financial forecasts are based on the Group's historical performance and management's extensive experience of the industry. Taking into consideration the Group's principal risks, the impact of the current economic conditions and geopolitical environment, and future expectations, the forecasts have been stress-tested through a number of downside scenarios to ensure that a robust assessment of the Group's working capital and cash requirements has been performed.

Operational performance and operating model

Following the previous years of strong growth since it listed in December 2020, the Group has again achieved double-digit growth in gross invoiced income (GII) this year, but only a small increase in gross profit (GP) and a small reduction in operating profit. Nevertheless, it finished the year with cash conversion over 100% and £98.6 million of cash which was after returning £74 million to shareholders by way of dividends and share buy back payments (28 February 25: cash of £113.1 million).

During the year, customers have continued to move their software products and data off-site and into the cloud, requiring the Group's advice and ongoing support around this, as well as needing flexibility and added security. We are also seeing growing requirements for artificial intelligence (AI) functionality within IT applications and a demand for guidance and support from our customers. These activities are illustrated by the very strong growth in the Group's internal services GP by 45% in the year which captures the wide range of solution technology areas offered and the Groups' proven ability to deliver them.

Notes to the consolidated financial statements continued

1.3 Going concern continued

Resilience also continues to be built into the Group's operating model from:

- Wide ranging customer base across public and private sectors and with no customer contributing more than 1% of GP in the period.
- High levels of repeat business due to the nature of licensing schemes and service contracts, meaning subscriptions need to be renewed for the customer to continue to enjoy the benefit of the product or service.
- Microsoft relationship strength, with 68% of the Group's GII and 50% of GP generated from sales of Microsoft products and associated service solutions, this continues to be a very important partnership for both sides. The Group has achieved a high level of Microsoft specialisations (22) and solution partner designations (10) in numerous technology areas. These are key in underpinning the Group's strategic focus around driving growth in cloud computing, cyber security and AI.
- Back-to-back sales model meaning that the Group is not exposed to inventory risk.

As a result of these factors described above, the directors believe that the Group operates in a resilient industry, which will enable it to return to its profitable growth trajectory, following the reversal in growth for the first time this past year.

Macroeconomic and Geopolitical risks

The Group remains very aware of the risks that exist in the wider economy. Over the past year we have seen continued risks arising from macroeconomic and geopolitical factors which align to those identified in our principal risks statement, including the ongoing conflicts in Ukraine, Iran and the wider Middle East creating potential supply problems, product shortages and general price rises.

The Board monitors these macroeconomic and geopolitical risks on an ongoing basis including:

- Cost of sales inflation and competition leading to margin pressure – our commercial model is based on passing on supplier price increases to our customers.
- Wage inflation – while we have already aligned staff salaries to market rates, further expected rises have been factored into the financial forecasts.
- Interest rates – The Group has no debt exposure, nor has it ever needed to call on its revolving credit facility. We place cash on the money markets to generate significant interest income.
- Economic conditions impacting on customer spending – we have seen increased spending by our customers, because IT may be a means to efficiencies and savings elsewhere.
- Economic conditions impacting on customer payments – We have seen our average debtor days of 39 remaining very close to that in previous years and with only £0.7 million of bad debt in the year.
- Tariffs impacting the Group directly or indirectly – As we are neither a significant exporter nor importer of goods, we do not expect this will have a direct material impact on the profitability of the business.
- Physical supply chain obstacles – We are not dependent on the movement of goods, as software sales are the dominant element of our income, and we have a wide supply chain across multiple technology areas.
- Increased fuel & commodity prices – We are not a heavy consumer of gas, electricity or fuel, and hence these costs only represent a very small proportion of our overheads.
- Climate change risks – The Group does not believe that the effects of climate change will have a material impact on its operations and performance over the going concern assessment period.

Liquidity and financing position

At 28 February 2026, the Group held instantly accessible cash and cash equivalents of £98.6 million.

The consolidated balance sheet shows net current assets of £20.9 million at year end; this amount is after the Group paid final and special dividends for the prior year totalling £41.0 million, an interim dividend for the current year of £7.6 million and a share buyback costing £25.2 million. Post year end the Group has remained cash positive and this is expected to remain the case with continued profitable operations in the future and customer receipts collected ahead of making the associated supplier payments.

The Group has access to a committed RCF of £30 million with HSBC. The facility, in place since IPO in December 2020, has recently been extended for three years, until 17 May 2029. The facility includes a non-committed £45 million accordion to increase the availability of funding should it be required for future activity. To date, the Group has not been required to use either its previous or current facilities, and we do not forecast use of the new facility over the going concern assessment period.

Approach to cash flow forecasts and downside testing

The going concern analysis reflects the actual trading experience through the financial year to date, Board-approved budgets to 28 February 2027 and detailed financial forecasts for the period up to 31 August 2027, being the going concern assessment period. The Group has taken a measured approach to its forecasting and has balanced the expected trading conditions with available opportunities.

In its assessment of going concern, the Board has considered the potential impact of the current economic conditions and geopolitical environment as described above. If any of these factors leads to a reduction in spending by the Group's customers, there may be an adverse effect on the Group's future GII, GP, operating profit, and debtor collection periods. Under such downsides, the Board has factored in the extent to which they might be offset by reductions in headcount, recruitment freezes and savings in pay costs (including commissions and bonuses). As part of the stressed scenario, where only partial mitigation of downsides is possible, the Board confirmed that the RCF would not need to be used during the going concern period up to 31 August 2027.

Details of downside testing

The Group assessed the going concern by comparing a base case scenario to two downside scenarios and in each of the downside cases taking into consideration two levels of mitigation, 'full' and 'partial'. These scenarios are set out below.

- Base case was forecast using the Board-approved budget for the year ending 28 February 2027 and extended across the first six months of the following year to 31 August 2027.
- Downside case 1, Severe but plausible, modelled gross invoiced income reducing by 10% year on year, gross profit reducing by 15% year on year and debtor collection periods extending by five days, in each case effective from June 2026.
- Downside case 2, Stressed, modelled both gross invoiced income and gross profit reducing by 30% year on year and debtor collection periods extending by ten days, again in each case effective from June 2026.
- Partial mitigation measures modelled immediate 'self-mitigating' reduction of commission in line with falling gross profit, freezing recruitment of new heads and not replacing natural leavers from September 2026, freezing future pay from March 2027 (as current year rises are already committed) and freezing rises in general overheads from March 2027.
- Full mitigation measures modelled additional headcount reductions from March 2027, in line with falling gross profit.

The pay and headcount mitigations applied in the downside scenarios are within the Group's control and, depending on how severe the impacts of the modelled downside scenarios are, the Group could activate further levels of mitigation. For example:

- those relating to headcount freezes or reductions could be implemented even more quickly than indicated above to respond to downward trends as, considering the sudden and significant falls in profitability and cash collections modelled under both downsides, we would not wait for a full three months before taking any action.
- we would also be able to take more action to lower our operating cost base, given the flexibility of our business model.
- a natural reduction in the level of shareholder dividends would follow, in line with the modelled reductions in profit after tax.

Therefore, the Board believes that all mitigations have been applied prudently and are within the Group's control.

Under all scenarios assessed, the Group would remain cash positive throughout the whole of the going concern period and therefore with no requirement to call upon the revolving credit facility and remaining compliant with the bank facility covenants. Dividends are forecast to continue to be paid in line with the Group's dividend policy to distribute 40-50% of the post-tax pre-exceptional earnings to shareholders.

The directors consider that the level of stress-testing is appropriate to reflect the potential collective impact of all the macroeconomic and geopolitical matters described and considered above.

Reverse stress test

The scenario analysis undertaken included reverse stress testing that involved constructing scenarios that would threaten the Group's viability, because of either (a) the Group exhausting all its available cash and its committed bank facilities and/or (b) a breach of the covenant tests underpinning the Group's banking facilities. The Group then assessed the likelihood of those scenarios occurring. Having reviewed the reverse stress test, the directors have concluded that the set of assumptions required to cause exhaustion of cash and bank facilities, and/or a breach of bank covenants, is unlikely to occur.

Going concern conclusion

Based on the analysis described above, the Group has sufficient forecast liquidity headroom through the forecast period. The directors therefore have reasonable expectation that the Group has the financial resources to enable it to continue in operational existence for the period up to 31 August 2027, being the going concern assessment period. Accordingly, the directors conclude it to be appropriate that the consolidated financial statements be prepared on a going concern basis.

1.4 Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

This note provides an overview of the areas that involved estimates or judgements and whether any are considered critical due to their complexity or risk impact.

(i) Critical estimates and judgements

There are no critical areas of judgement. There are no critical areas of estimation uncertainty that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

(ii) Other estimates and judgements

Areas involving non-critical accounting estimates and judgements are:

- **Principal versus agent (see note 1.10).**

When recognising revenue, the Group is required to assess whether its role in satisfying its various performance obligations is to provide the goods or services themselves (in which case it is considered to be acting as principal) or arrange for a third party to provide the goods or services (in which case it is considered to be acting as agent). Where it is considered to be acting as principal, the Group recognises revenue at the gross amount of consideration to which it expects to be entitled. Where it is considered to be acting as agent, the Group recognises revenue at the amount of any fee or commission to which it expects to be entitled or the net amount of consideration that it retains after paying the other party.

Notes to the consolidated financial statements continued

1.4 Critical accounting estimates and judgements
continued

To determine the nature of its obligation, the standard primarily requires that an entity shall:

- (a) Identify the specified goods or services to be provided to the customer
- (b) Assess whether it controls each specified good or service before that good or service is transferred to the customer by considering if it:
 - a. is primarily responsible for fulfilling the promise to provide the specified good or service
 - b. has inventory risk before the specified good or service has been transferred to a customer
 - c. has discretion in establishing the price for the specified good or service.

The specific judgements made for each revenue category are discussed in the accounting policy for revenue as disclosed in note 1.10.

The Group considers the determination of principal versus agent to be well established within the business processes. Therefore management has concluded that the level of judgement is consistent with prior year and is not considered to be significant.

- **Estimation of recoverable amount of goodwill** (see notes 1.15 and 11).

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.15. The recoverable amounts of the relevant cash generating units (CGUs) have been determined based on value-in-use calculations in respect of future forecasts which require the use of assumptions. The growth rates used in the short-term forecasts are based on historical growth rates achieved by the Group and longer-term cash flow forecasts (beyond a five-year period) are extrapolated using the estimated growth rates disclosed in note 11. The forecast cash flows are discounted, at the rates disclosed in note 11, to determine the CGUs value-in-use. The sensitivity of changes in the estimated growth rates and the discount rate are disclosed in note 11.

- **Provisions** (see note 1.24).

IAS 37 Provisions, Contingent Liabilities and Contingent Assets requires a provision to be recognised when an entity has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation. If any of the conditions for recognition are not met, no provision is recognised, and an entity may instead have a contingent liability. Contingent liabilities are not recognised, but explanatory disclosures are required, unless the possibility of an outflow in settlement is remote. The Group makes provision for future tax liabilities and assets in relation to its unexercised share options. This requires judgement to be made in respect of the Group share price at the time of exercise which crystallises the future liability or asset.

- **Property, plant and equipment** (see note 1.20).

The Group classifies owner occupied properties as property, plant and equipment. Where tenancies were assumed upon acquisition of the properties and rental income are earned, this requires judgement as to whether the properties are property, plant and equipment or investment property taking into account the evaluation of terms and conditions of the arrangement and intention of future use.

- **Estimation of recoverable amount of investment in associate** (see note 12).

The Group tests annually whether its investment in associate has suffered any impairment, in accordance with the accounting policy stated in note 1.15 Impairment of non-financial assets.

- **Share-based payments** (see note 26).

Expenses are recorded throughout the vesting period, with key judgements involving the estimation of forfeiture rates and assessment of non-market performance conditions. These key judgements are updated at each reporting date when assessing the likely number of options that will vest on completion of the relevant performance period.

1.5 New standards, interpretations and amendments adopted by the Group**(a) New and amended standards adopted by the Group**

The Group has applied the following standard or amendments for the first time in the annual reporting period commencing 1 March 2025:

- Lack of exchangeability – Amendments to IAS 21

The amendments listed above did not have any impact on the amounts recognised in current or prior periods and are not expected to affect future periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 28 February 2026 and have not been adopted early by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

- Classification and measurement of financial instruments – Amendments to IFRS 7 and IFRS 9
- Nature-dependent electricity contracts – Amendments to IFRS 9 and IFRS 7

The Group is assessing the impact of IFRS 18 Presentation and disclosure in financial statements as adopted by the UK Endorsement Board, which will be effective for reporting periods beginning on or after 1 January 2027.

1.6 Principles of consolidation

1.6.1 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.6.2 Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. The statement of profit or loss reflects the Group's share of profit of the associate. Where there is objective evidence that the investment in associate is impaired, the amount of the impairment is recognised within 'Share of profit of associate' in the statement of profit or loss.

1.7 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who views the Group's operations on a combined level, given they sell similar products and services, and substantially purchase from the same suppliers and under common customer frameworks. The Group has determined that, consistent with the prior year, it has only one reportable segment under IFRS 8, which is that of 'IT solutions provider'.

1.8 Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprises interest expense on borrowings and the unwinding of the discount on lease liabilities, that are recognised in profit or loss as it accrues using the effective interest method.

1.9 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in the statement of profit or loss on a net basis, within 'other gains/(losses)'.

1.10 Revenue recognition

Revenue recognition principles across all revenue streams

The Group recognises revenue on completion of its performance obligations at the fixed transaction prices specified in the underlying contracts or orders. There are no variable price elements arising from discounts, targets, loyalty points or returns. Where the contract or order includes more than one performance obligation, the transaction price is allocated to each obligation based on their stand-alone selling prices. These are separately listed as individual items within the contract or order.

In the case of sales of third-party products and services, the Group's performance obligations are satisfied by fulfilling its contractual requirements with both the customer and the supplier (which may be direct with the product vendor), ensuring that orders are processed within any contractual timescales stipulated. In the case of sales of the Group's own in-house products and internal services, this includes the Group fulfilling its contractual responsibilities with the customer.

Software

The Group acts as an advisor, analysing customer requirements and designing an appropriate mix of software products under different licensing programmes. This may include a combination of cloud and on-premise products, typically used to enhance users' productivity, strengthen IT security or assist in collaboration. The way in which the Group satisfies its performance obligations depends on the licensing programme selected.

Direct software sales – the Group's performance obligation is to facilitate software sales between vendors and customers, but the Group is not party to those sales contracts. Supply and activation of the software licences, invoicing and payment all take place directly between the vendor and the customer. The transaction price for the customer is set by the vendor with no involvement from the Group. Therefore, the Group does not control the licences prior to their delivery to the customer and hence acts as agent. The Group is compensated by the vendor with a fee based on fixed rates set by the vendor applied to the customer transaction price and determined according to the quantity and type of products sold. Revenue is recognised as the fee received from the vendor on a point in time basis when the vendor's invoicing to the customer takes place.

Notes to the consolidated financial statements continued

1.10 Revenue recognition continued

Indirect software sales – the Group's performance obligation is to fulfil customers' requirements through the procurement of appropriate on-premise software products, or cloud-based software, from relevant vendors. Operating as a reseller, the Group invoices, and receives payment from, the customer itself. Whilst the transaction price is set by the Group at the amount specified in its contract with the customer, the software licensing agreement is between the vendor and the customer. The vendor is responsible for issuing the licences and activation keys, for the software's functionality, and for fulfilling the promise to provide the licences to the customer. Therefore, the Group acts as agent and revenue is recognised as the amount retained after paying the software vendor. As a reseller, the Group recognises indirect software sales revenue on a point-in-time basis once it has satisfied its performance obligations. This takes two main forms as follows:

- In the case of cloud-based software sales, the Group arranges for third-party vendors to provide customers with access to software in the cloud. As the sales value varies according to monthly usage, revenue is recognised once the amount is confirmed by the vendor and the Group has analysed the data and advised the customer. This is because the responsibilities of the Group to undertake such activities mean that these performance obligations are satisfied at each point usage occurs and the Group has a right to receive payment.
- In the case of licence sales (non cloud-based software) arising from fixed-price subscriptions where the customer makes an up-front payment, the Group recognises revenue when the contract execution or order is fulfilled by the Group because its performance obligation is fully satisfied at that point. Typically, these take the form of annual instalments where the Group is required to undertake various contract review activities at each anniversary date.

Hardware – resale of hardware products

The Group's activities under this revenue stream comprise the sale of hardware items such as servers, laptops and devices. For hardware sales, the Group acts as principal, as it assumes primary responsibility for fulfilling the promise to provide the goods and for their acceptability, is exposed to inventory risk during the delivery period and has discretion in establishing the selling price.

Revenue is recognised at the gross amount receivable from the customer for the hardware provided and on a point-in-time basis when delivered and control has passed to the customer.

Services internal – provision of services to customers using the Group's own internal resources

The Group's activities under this revenue stream comprise the provision of consulting services using its own internal resources. The services provided include, but are not limited to, helpdesk support, cloud migration, implementation of security solutions, infrastructure, and software asset management services. The services may be one-off projects where completion is determined on delivery of contractually agreed tasks, or they may constitute an ongoing set of managed service or support contract deliverables over a contract term which may be multi-year.

When selling internally provided services, the Group acts as principal as there are no other parties involved in the process. Revenue is recognised at the gross amount receivable from the customer for the services provided. The Group recognises revenue from internally provided consulting services on an over-time basis, unless they are short-term one-off projects. This is because the customer benefits from the Group's activities as the Group performs them. Where one-off projects are completed in less than a month the revenue is recognised when the work has been completed and the customer has confirmed all performance conditions have been satisfied. For longer service projects extending over more than one month the Group applies an inputs basis by reference to the hours expended to the measurement date, and the day rates specified in the contract, subject to sign off of milestones agreed with the customer. For managed services and support contracts the revenue is recognised evenly over the contract term.

Services external – provision of services to customers using third-party contractors

The Group's activities under this revenue stream comprise the sale of a variety of IT services which are provided by third-party contractors. These may be similar to the internally provided consulting services, where the Group does not have the internal capacity at the time required by the customer or may be services around different IT technologies and solutions where the Group does not have the relevant skills in-house.

Whilst the transaction price is set by the Group at the amount specified in its contract with the customer, when selling externally provided services, the Group acts as agent because responsibility for delivering the service relies on the performance of the third-party contractor. If the customer is not satisfied with their performance, the third party will assume responsibility for making good the service and obtaining customer sign-off. The Group will not pay the third party until customer sign-off has been received. Revenue is recognised at the amount retained after paying the service provider for the services delivered to the customer on a point-in-time basis. The Group does not control the services prior to their delivery and its performance obligations are satisfied at the point the service has been delivered by the third party and confirmed with the customer.

1.11 Contract costs, assets and liabilities

Contract costs

Incremental costs of obtaining a contract

The Group recognises the incremental costs of obtaining a contract when those costs are incurred. For revenue recognised on a point-in-time basis, this is consistent with the transfer of the goods or services to which those costs relate. For revenue recognised on an over-time basis, the Group applies the practical expedient available in IFRS 15 and recognises the costs as an expense when incurred because the amortisation period of the asset that would otherwise be recognised is less than one year.

Costs to fulfil a contract

The Group recognises the costs of fulfilling a contract when those costs are incurred. This is because the nature of those costs does not generate or enhance the Group's resources in a way that enables it to satisfy its performance obligations in the future and those costs do not otherwise qualify for recognition as an asset.

Contract assets

The Group recognises a contract asset for accrued revenue. Accrued revenue is revenue recognised from performance obligations satisfied in the period that has not yet been invoiced to the customer.

Contract assets also include costs to fulfil services contracts (deferred costs) when the Group is invoiced by suppliers before the related performance obligations of the contract are satisfied by the third party. Deferred costs are measured at the purchase price of the associated services received. Deferred costs are released from the consolidated statement of financial position in line with the recognition of revenue on the specific transaction.

Contract liabilities

The Group recognises a contract liability for deferred revenue when the customer is invoiced before the related performance obligations of the contract are satisfied. A contract liability is also recognised for payments received in advance from customers. Contract liabilities are recognised as revenue when the Group performs its obligations under the contract to which they relate.

1.12 Rebates and incentives from suppliers

As a value-added IT reseller, the Group can earn incentive income from suppliers in addition to any profit made on the underlying transactions.

Rebates from software and hardware sales

Where the Group invoices a customer directly, it may receive additional rebates from suppliers. These are accounted for in the period in which they are earned and are based on commercial agreements with suppliers. Rebates earned are mainly determined by the type and quantity of products within each sale but may also be volume-purchase related. They are generally short term in nature, with rebates earned but not yet received typically relating to the preceding month's or quarter's trading. Rebate income is recognised in cost of sales in the consolidated statement of profit or loss and rebates earned but not yet received are included within trade and other receivables in the consolidated statement of financial position.

Fees from software sales

When the Group sells on behalf of a vendor who invoices the customer, the Group earns a fee from the vendor for managing the customer relationship and providing licensing advice and support to them. As noted above in note 1.10 under Direct software sales, the fee is recognised in revenue when the vendor's invoicing to the customer takes place. Fees recognised but not yet received are included within trade and other receivables in the consolidated statement of financial position.

1.13 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the consolidated financial statements continued

1.13 Income tax continued

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.14 Leases*Group as a lessee*

The Group leases a property and various motor vehicles. Lease agreements are typically made for fixed periods but may have extension options included. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group is depreciating the right-of-use assets over the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured at the net present value of the minimum lease payments. The net present value of the minimum lease payments is calculated as follows:

- Fixed payments, less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease; where this rate cannot be determined, the Group's incremental borrowing rate is used.

Right-of-use assets are measured at cost comprising the following:

- The net present value of the minimum lease payments
- Any lease payments made at, or before, the commencement date less any lease incentives received
- Any initial direct costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Depreciation

Depreciation is recognised in profit or loss for each category of assets on a straight-line basis over the lease term.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings, 8 years
- Motor vehicles, 2 to 3 years.

The depreciation methods, useful lives and residual values are reassessed annually and adjusted if appropriate. Gains and losses arising on the disposal of leased assets are included as capital items in profit or loss.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising accounted for on a straight-line basis over the lease term and is included in the statement of profit or loss.

1.15 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. 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 fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

1.17 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional, i.e. fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Prepayments and other receivables are stated at their nominal values.

1.18 Inventories

Inventories are measured at the lower of cost and net realisable value considering market conditions and technological changes. Cost is determined on the first-in first-out methods. Work and contracts in progress and finished goods include direct costs and an appropriate portion of attributable overhead expenditure based on normal production capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

1.19 Financial instruments

Financial instruments comprise trade and other receivables (excluding prepayments), investments, cash and cash equivalents, non-current loans, current loans, bank overdrafts, derivatives and trade and other payables.

Recognition

Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments. Financial assets are recognised on the date the Group commits to purchase the instruments (trade date accounting).

Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as non-current. Financial liabilities are classified as non-current if the Group has an unconditional right to defer payment for more than 12 months from the reporting date.

Classification

The Group classifies financial assets on initial recognition as measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL) based on the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset.

Financial assets are classified as follows:

- Financial assets to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss)
- Financial assets to be measured at amortised cost.

Financial assets are not reclassified unless the Group changes its business model. In rare circumstances where the Group does change its business model, reclassifications are done prospectively from the date that the Group changes its business model.

Financial liabilities are classified and measured at amortised cost except for those derivative liabilities and contingent considerations that are measured at FVTPL.

Measurement on initial recognition

All financial assets and financial liabilities are initially measured at fair value, including transaction costs, except for those classified as FVTPL which are initially measured at fair value excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Subsequent measurement: financial assets

Subsequent to initial recognition, financial assets are measured as described below:

- FVTPL – these financial assets are subsequently measured at fair value and changes therein (including any interest or dividend income) are recognised in profit or loss
- Amortised cost – these financial assets are subsequently measured at amortised cost using the effective interest method, less impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss
- Equity instruments at FVOCI – these financial assets are subsequently measured at fair value. Dividends are recognised in profit or loss when the right to receive payment is established. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

Subsequent measurement: financial liabilities

All financial liabilities, excluding derivative liabilities and contingent consideration, are subsequently measured at amortised cost using the effective interest method. Derivative liabilities are subsequently measured at fair value with changes therein recognised in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial asset or liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Offsetting financial instruments

Offsetting of financial assets and liabilities is applied when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The net amount is reported in the statement of financial position.

Notes to the consolidated financial statements continued

1.19 Financial instruments continued*Impairment*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on credit risk characteristics and the days past due.

The expected credit loss (ECL) rates are based on the payment profiles of sales over a 12-month period before 28 February 2026, 28 February 2025, and 1 March 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are reviewed and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Derivatives

Derivatives are initially recognised at fair value on the date that a derivative contract is entered into as either a financial asset or financial liability if they are considered material. Derivatives are subsequently remeasured to their fair value at the end of each reporting period, with the change in fair value being recognised in profit or loss.

1.20 Property, plant and equipment*Owned assets*

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. When components of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Property acquired and held for future use and development as owner-occupied property is included in owned property.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred, if it is probable that future economic benefits embodied within the item will

flow to the Group and the cost of such item can be measured reliably. The carrying amount of the replaced item of property, plant and equipment is derecognised. All other costs are recognised in profit or loss as an expense when incurred.

Depreciation

Depreciation is recognised in profit or loss for each category of assets on a straight-line basis over their expected useful lives up to their respective estimated residual values. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings, 20 to 50 years
- Leasehold improvements (included in land and buildings), shorter of lease period or useful life of asset
- Plant and machinery, 3 to 20 years
- Motor vehicles, 4 to 8 years
- Furniture and equipment, 5 to 20 years
- IT equipment and software, 2 to 8 years

The depreciation methods, useful lives and residual values are reassessed annually and adjusted if appropriate. Gains and losses arising on the disposal of property, plant and equipment are included in profit or loss.

1.21 Intangible assets*Goodwill*

Goodwill is measured as described in note 1.15. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Brands and customer relationships

Brands and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over their expected useful lives.

The useful lives for the brands and customer relationships are as follows:

- Customer relationships, 10 years
- Brands, 5 years.

Software

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- There is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available
- The expenditure attributable to the software during its development can be reliably measured.

Amortisation is recognised in profit or loss on a straight-line basis over their expected useful lives. The useful lives for software is 2 to 8 years.

Research and development

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

1.22 Trade and other payables

Trade payables, sundry creditors and accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are accounted for in accordance with the accounting policy for financial liabilities as included above. Amounts received from customers in advance, prior to confirming the goods or services required, are recorded as other payables. Upon delivery of the goods and services, these amounts are recognised in revenue. Other payables are stated at their nominal values.

1.23 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective-interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

1.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation because of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.25 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Post-employment obligations

The Group operates various defined contribution plans for its employees. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Notes to the consolidated financial statements continued

1.25 Employee benefits continued*Share-based payments***Equity settled share-based payment incentive scheme**

Share-based compensation benefits are provided to particular employees of the Group through the Bytes Technology Group plc share option plans. Information relating to all schemes is provided in note 26.

Employee options

The fair values of options granted under the Bytes Technology Group plc share option plans are recognised as an employee benefit expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted. The share-based payment reserve comprises the fair value of share awards granted which are not yet exercised. The amount will be reversed to retained earnings as and when the related awards vest and are exercised by employees.

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options issued that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

1.26 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity.

1.27 Dividends

Dividends paid on ordinary shares are classified as equity and are recognised as distributions in equity.

1.28 Earnings per share*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- The weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

1.29 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand, unless otherwise stated.

2 Segmental information

Description of segment

The information reported to the Group's Chief Executive Officer, who is considered to be the chief operating decision maker for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8, which is that of 'IT solutions provider'. The Group's revenue, results, assets and liabilities for this one reportable segment can be determined by reference to the consolidated statement of profit or loss and the consolidated statement of financial position. An analysis of revenues by product lines and geographical regions, which form one reportable segment, is set out in note 3.

3 Revenue from contracts with customers

3(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services in the following major product lines and geographical regions:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Revenue by product		
Software	145,208	146,002
Hardware	31,266	33,216
Services internal	39,312	34,032
Services external	4,776	3,884
Total revenue from contracts with customers	220,562	217,134

Software

The Group's software revenue comprises the sale of various types of software licences (including both cloud-based and non-cloud-based licences), subscriptions and software assurance products.

Hardware

The Group's hardware revenue comprises the sale of items such as servers, laptops and other devices.

Services internal

The Group's internal services revenue comprises internally provided consulting services through its own internal resources.

Services external

The Group's external services revenue comprises the sale of externally provided training and consulting services through third-party contractors.

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Revenue by geographical regions		
United Kingdom	211,904	209,854
Europe	4,988	4,112
Rest of world	3,670	3,168
	220,562	217,134

Notes to the consolidated financial statements continued

3 Revenue from contracts with customers continued**3(b) Gross invoiced income by type**

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Software	2,233,393	2,005,289
Hardware	31,266	33,216
Services internal	39,312	34,032
Services external	37,077	27,267
	2,341,048	2,099,804
Gross invoiced income	2,341,048	2,099,804
Adjustment to gross invoiced income for income recognised as agent	(2,120,486)	(1,882,670)
Revenue	220,562	217,134

Gross invoiced income reflects gross income billed to customers adjusted for movements in deferred and accrued revenue items amounting to a £5.9 million reduction (2025: £7.7 million reduction). The Group reports gross invoiced income as an alternative performance measure as management believes this measure allows further understanding of business performance and volume of activity in respect of working capital and cash flow

4 Material administrative expenses

The Group has identified several items included within administrative expenses which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group:

	Note	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Depreciation of property, plant and equipment	9	1,314	1,255
Depreciation of right-of-use assets	10	706	509
Amortisation of acquired intangible assets	11	880	880
System support and maintenance ¹		6,171	4,670
Share-based payment expenses	26	751	5,049
Expenses relating to short-term leases	10	433	348
Foreign exchange losses		198	55
Rental income		(625)	(105)

¹ Year-on-year movement driven by business growth, increased headcount and implementation of new systems.

5 Employees

	Note	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Employee benefit expense:			
Employee remuneration (including directors' remuneration ¹)		63,775	55,497
Commissions and bonuses		24,884	24,837
Social security costs		12,008	9,762
Pension costs		2,340	2,009
Share-based payments expense	26	751	5,049
		103,758	97,154
Classified as follows:			
Cost of sales		21,723	19,098
Administrative expenses		82,035	78,056
		103,758	97,154

¹ Directors' remuneration is included in the directors' remuneration report on pages 112 to 128.

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
The average monthly number of employees during the year was:		
Sales – account management	331	378
Sales – support and specialists	367	251
Service delivery	325	290
Administration	265	231
	1,288	1,150

The employee benefit expenses in relation to the service delivery employees are included within cost of sales.

6 Auditors' remuneration

During the year, the Group obtained the following services from the company's auditors and its associates:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Fees payable to the company's auditors and its associates for the audit of the parent company and consolidated financial statements	304	316
Fees payable to the company's auditors and its associates for other services:		
Audit of the financial statements of the company's subsidiaries	442	450
Non-audit services ¹	110	105
	856	871

1 Non-audit services in the current and prior year relate to the auditor's review of our interim report issued in October of each year.

7 Finance income and costs

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Finance income		
Bank interest received ¹	7,577	8,486
Finance income	7,577	8,486
Finance costs		
Interest expense on financial liabilities measured at amortised cost	(239)	(224)
Interest expense on lease liability	(80)	(67)
Finance costs	(319)	(291)

1 Interest received on cash deposited on money market.

Notes to the consolidated financial statements continued

8 Income tax expense

The major components of the Group's income tax expense for all periods are:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Current income tax charge in the year	16,392	19,175
Adjustment in respect of current income tax of previous years	(57)	(18)
Total current income tax charge	16,335	19,157
Deferred tax charge/(credit) in the year	2,233	604
Adjustments in respect of prior year	(18)	11
Deferred tax charge	2,215	615
Total tax charge	18,550	19,772

Reconciliation of total tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK applied to profit before tax:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Profit before income tax	69,832	74,613
Income tax charge at the standard rate of corporation tax in the UK of 25% (2024: 25%)	17,458	18,653
Effects of:		
Non-deductible expenses	1,127	1,124
Adjustment to previous periods	(75)	(7)
Effect of share of profit of associate	40	2
Income tax charge reported in profit or loss	18,550	19,772

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly credited/(charged) to equity:		
Deferred tax: share-based payments	(431)	(160)
Current tax: share-based payments	180	31
	(251)	(129)

The Base Erosion and Profit Shifting Pillar Two model rules apply to multinational enterprises with revenues exceeding €750 million. Group revenues do not exceed €750 million and therefore the rules do not apply to the Group.

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Deferred tax (liability)/asset – net		
The balance comprises temporary differences attributable to:		
Intangible assets	(348)	(568)
Property, plant and equipment	(3,188)	(2,088)
Employee benefits	6	6
Provisions	297	74
Share-based payments	646	2,635
	(2,587)	59
	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Net deferred tax asset reconciliation		
At 1 March	59	834
Intangible assets	220	220
Property, plant and equipment	(1,100)	(1,029)
Employee benefits	–	5
Provisions	223	1
Share-based payments	(1,558)	188
Charge to profit or loss	(2,215)	(615)
Share-based payments	(431)	(160)
Charge to equity	(431)	(160)
Carrying amount at end of year	(2,587)	59

The deferred tax asset and deferred tax liabilities carrying amounts at the end of the year are set off as they arise in the same jurisdiction and as such there is a legally enforceable right to offset.

Notes to the consolidated financial statements continued

9 Property, plant and equipment

	Freehold land and buildings £'000	Computer equipment £'000	Furniture, fittings and equipment £'000	Computer software £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 March 2024	9,778	5,006	1,324	1,266	86	17,460
Additions	5,760	549	46	–	3	6,358
Disposals	–	(1)	–	–	(24)	(25)
At 28 February 2025	15,538	5,554	1,370	1,266	65	23,793
Additions	1,122	563	122	–	9	1,816
Disposals	(799)	(1,688)	(732)	(637)	(30)	(3,886)
At 28 February 2026	15,861	4,429	760	629	44	21,723
Depreciation						
At 1 March 2024	2,937	4,028	1,094	861	62	8,982
On disposals	–	(1)	–	–	(24)	(25)
Charge for the year	384	600	47	211	13	1,255
At 28 February 2025	3,321	4,627	1,141	1,072	51	10,212
On disposals	(798)	(1,688)	(732)	(637)	(30)	(3,885)
Charge for the year	513	594	60	138	9	1,314
At 28 February 2026	3,036	3,533	469	573	30	7,641
Net book value						
At 28 February 2025	12,217	927	229	194	14	13,581
At 28 February 2026	12,825	896	291	56	14	14,082

In the prior year the Group acquired property, for £5.4 million, adjacent to its offices in Leatherhead. Part of the property acquired is subject to existing operating lease agreements. Since the property was acquired by the Group for use as owner-occupied offices, the property has been included in owned property.

10 Leases**Group as a lessee**

Amounts recognised in the balance sheet

Right-of-use assets	Buildings £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 March 2024	1,377	891	2,268
Additions	–	739	739
At 28 February 2025	1,377	1,630	3,007
Additions	–	856	856
Disposal	–	(47)	(47)
At 28 February 2026	1,377	2,439	3,816
Depreciation			
At 1 March 2024	738	119	857
Charge for the period	145	364	509
At 28 February 2025	883	483	1,366
On disposals	–	(10)	(10)
Charge for the period	145	561	706
At 28 February 2026	1,028	1,034	2,062
Net book value			
At 1 March 2024	639	772	1,411
At 28 February 2025	494	1,147	1,641
At 28 February 2026	349	1,405	1,754

	As at 28 February 2026 £'000	As at 28 February 2025 £'000	As at 1 March 2024 £'000
Lease liabilities			
Current	842	668	423
Non-current	1,138	1,269	1,314
	1,980	1,937	1,737

There were additions of £0.9 million to the right-of-use assets in the financial year ended 28 February 2026 (2025: £0.7 million).

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Depreciation charge of right-of-use assets	706	509
Interest expense (included in finance cost)	80	67
Expense relating to short-term leases (included in administrative expenses)	433	348

Changes in liabilities arising from financing activities

	As at 1 March 2025 £'000	Additions £'000	Disposal £'000	Cash flows £'000	Interest £'000	As at 28 February 2026 £'000
Lease liabilities	1,937	856	(37)	(856)	80	1,980
Total liabilities from financing activities	1,937	856	(37)	(856)	80	1,980

	As at 1 March 2024 £'000	Additions £'000	Disposal £'000	Cash flows £'000	Interest £'000	As at 28 February 2025 £'000
Lease liabilities	1,737	739	–	(606)	67	1,937
Total liabilities from financing activities	1,737	739	–	(606)	67	1,937

Group as a lessor

Contractual maturity of undiscounted operating lease receipts

The following table details the Group's remaining contract maturity for operating leases on the Group during the year. The table is based on undiscounted contractual receipts.

Operating lease receivables	Within 1 year £'000	1 to 2 years £'000	2 to 3 years £'000	3 to 4 years £'000	4 to 5 years £'000	Over 5 years £'000
28 February 2026	464	464	244	87	87	72
28 February 2025	464	464	464	244	87	159

Notes to the consolidated financial statements continued

11 Intangible assets

	Goodwill £'000	Customer relationships £'000	Brand £'000	Software £'000	Total £'000
Cost					
At 1 March 2024	37,493	8,798	3,653	–	49,944
Additions	–	–	–	3,709	3,709
At 28 February 2025	37,493	8,798	3,653	3,709	53,653
Additions	–	–	–	4,097	4,097
At 28 February 2026	37,493	8,798	3,653	7,806	57,750
Amortisation					
At 1 March 2024	–	5,645	3,653	–	9,298
Charge for the year	–	880	–	–	880
At 28 February 2025	–	6,525	3,653	–	10,178
Charge for the year	–	880	–	210	1,090
At 28 February 2026	–	7,405	3,653	210	11,268
Net book value					
At 28 February 2025	37,493	2,273	–	3,709	43,475
At 28 February 2026	37,493	1,393	–	7,596	46,482

During the year the Group capitalised internal software development costs of £4.1 million (2025: £3.7 million).

Determination of recoverable amount

The carrying value of indefinite useful life intangible assets, being goodwill, are tested annually for impairment. For each CGU and for all periods presented, the Group has assessed that the value in use represents the recoverable amount. The future expected cash flows used in the value-in-use models are based on management forecasts, over a five-year period, and thereafter a reasonable rate of growth is applied based on current market conditions. For the purpose of impairment assessments of goodwill, the goodwill balance is allocated to the operating units which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

A summary of the goodwill per CGU, as well as assumptions applied for impairment assessment purposes, is presented below:

	Long-term growth rate %	Discount rate %	Goodwill carrying amount £'000
28 February 2026			
Bytes Software Services	2	9.30	14,775
Phoenix Software	2	9.30	22,718
			37,493
28 February 2025			
Bytes Software Services	2	9.20	14,775
Phoenix Software	2	9.20	22,718
			37,493

Growth rates

The Group used what it considers to be a conservative growth rate of 2% which was applied beyond the approved budget and forecast periods. The growth rate was consistent with publicly available information relating to long-term average growth rates for the market in which the respective CGU operated.

Discount rates

Discount rates used reflect both time value of money and other specific risks relating to the relevant CGU. Post-tax discount rates have been applied. The difference between the value-in-use calculated using the post-tax discount rates and the value-in-use calculated using pre-tax discount rates is not material.

Sensitivities

The impacts of variations in the calculation of value-in-use of assumed growth rate and post-tax discount rates applied to the forecast future cash flows of the CGUs have been estimated as follows:

	Bytes Software Services £'000	Phoenix Software £'000
28 February 2026		
Headroom	492,895	228,114
1% increase in the post-tax discount rate applied to the forecast future cash flows	(68,853)	(32,385)
1% decrease in the post-tax discount rate applied to the forecast future cash flows	90,968	42,792
0.5% increase in the terminal growth rate	32,314	15,209
0.5% decrease in the terminal growth rate	(28,171)	(13,259)
	Bytes Software Services £'000	Phoenix Software £'000
28 February 2025		
Headroom	702,044	212,605
1% increase in the post-tax discount rate applied to the forecast future cash flows	(94,207)	(31,522)
1% decrease in the post-tax discount rate applied to the forecast future cash flows	124,953	41,843
0.5% increase in the terminal growth rate	44,492	14,940
0.5% decrease in the terminal growth rate	(38,714)	(13,000)

None of the above sensitivities, taken either in isolation or aggregated, indicates a potential impairment. The directors consider that there is no reasonable possible change in the assumptions used in the sensitivities that would result in an impairment of goodwill.

12 Investment in an associate

The Group has a 25.1% interest in Cloud Bridge Technologies Limited, a company with a principal place of business in the United Kingdom. The Group's interest in Cloud Bridge Technologies Limited is accounted for using the equity method.

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Current assets	11,047	7,980
Non-current assets	405	108
Current liabilities	(9,340)	(5,016)
Non-current liabilities	(439)	(771)
Equity	1,673	2,301
Group's share in equity – 25%	420	578
Goodwill	2,607	2,607
Group's carrying amount of the investment	3,027	3,185

Notes to the consolidated financial statements continued

12 Investment in an associate continued

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Revenue	34,881	28,920
Cost of sales	(29,625)	(26,755)
Administrative expenses	(5,874)	(2,340)
Finance costs	(50)	(56)
Profit before tax	(668)	(231)
Income tax expense	43	198
Profit for the period	(625)	(33)
Group's share of profit for the period	(158)	(8)

The associate requires the Group's consent to distribute its profits. The Group does not foresee giving such consent at the reporting date. The associate had no contingent liabilities or capital commitments as at 28 February 2026.

In preparing the financial statements, the Group has considered whether there are impairment indicators present which would require an adjustment to be made to the £3.0 million carrying amount of the investment as at 28 February 2026. Management have also considered several qualitative factors in respect of the Cloud Bridge business including historic track record of revenue growth, increase in customer opportunities and pipeline, attainment of key vendor accreditations, development of internal systems to deliver cost savings and efficiencies, and expansion of operations in other territories. Combined with current performance metrics and the forecasts produced, the Group concludes there to be no impairment of the carrying amount of the investment at the reporting date.

13 Contract assets

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Contract assets	8,724	11,746
Contract assets is further broken down as:		
Short-term contract assets	8,027	9,973
Long-term contract assets	697	1,773
	8,724	11,746

Contract assets include £2.6 million (2025: £1.7 million) of deferred costs relating to internal services contracts, and the recognition of accrued revenue of £6.1 million (2025: £10.0 million) for certain large software orders where performance obligations were satisfied in the period but not yet invoiced to the customer at the period end.

14 Contract liabilities

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Contract liabilities	29,245	27,279
Contract liabilities is further broken down as:		
Short-term contract liabilities	27,178	25,245
Long-term contract liabilities	2,067	2,034
	29,245	27,279

During the year, the Group recognised £25.2 million (2025: £19.3 million) of revenue that was included in the contract liability balance at the beginning of the period. This liability arises where revenue has been deferred when the customer is invoiced before the related performance obligations of the contract are satisfied, and the deferral of certain large payments received in advance from customers.

15 Financial assets and financial liabilities

This note provides information about the Group's financial instruments, including:

- An overview of all financial instruments held by the Group
- Specific information about each type of financial instrument
- Accounting policies
- Information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Group holds the following financial instruments:

	Note	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Financial assets			
Financial assets at amortised cost:			
Trade receivables	16	290,193	259,224
Other receivables	16	6,750	6,917
		296,943	266,141
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables – current, excluding payroll tax and other statutory tax liabilities		322,865	301,669
Lease liabilities	10	1,980	1,937
		324,845	303,606

The Group's exposure to various risks associated with the financial instruments is discussed in note 22. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Notes to the consolidated financial statements continued

16 Trade and other receivables

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Financial assets		
Gross trade receivables	291,479	260,883
Less: impairment allowance	(1,286)	(1,659)
Net trade receivables	290,193	259,224
Other receivables	6,750	6,917
	296,943	266,141
Non-financial assets		
Prepayments	2,944	2,313
	2,944	2,313
Trade and other receivables	299,887	268,454

(i) Classification of trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies are provided in note 1.19.

(ii) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

*(iii) Credit risk***Ageing and impairment analysis (excluding finance lease assets)**

28 February 2026	Current £'000	Past due 0 to 30 days £'000	Past due 31 to 60 days £'000	Past due 61 to 120 days £'000	Past due 121 to 365 days £'000	Total £'000
Expected loss rate	0.06%	0.22%	2.34%	4.23%	36.69%	
Gross carrying amount – trade receivables	248,956	28,200	8,168	4,209	1,946	291,479
Loss allowance	141	62	191	178	714	1,286

28 February 2025	Current £'000	Past due 0 to 30 days £'000	Past due 31 to 60 days £'000	Past due 61 to 120 days £'000	Past due 121 to 365 days £'000	Total £'000
Expected loss rate	0.07%	0.26%	2.90%	10.93%	44.84%	
Gross carrying amount – trade receivables	232,118	17,495	5,201	4,189	1,880	260,883
Loss allowance	162	45	151	458	843	1,659

The closing loss allowances for trade receivables reconcile to the opening loss allowances as follows:

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Trade receivables		
Opening loss allowance at 1 March	1,659	2,490
Increase/(decrease) in loss allowance recognised in profit or loss during the period	301	(108)
Receivables written off during the year as uncollectable	(674)	(723)
Closing loss allowance	1,286	1,659

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(iv) Other receivables

Other receivables include accrued rebate and other vendor incentive income of £5.3 million (2025: £5.6 million).

17 Cash and cash equivalents

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Cash at bank and in hand	5,246	6,276
Short-term deposits	93,400	106,800
	98,646	113,076

Short-term deposits are made for varying periods of between one day and one month, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

18 Trade and other payables

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Trade and other payables	218,542	179,003
Accrued expenses	115,290	122,666
Payroll tax and other statutory liabilities	25,365	25,864
	359,197	327,533

Trade payables are unsecured and are usually paid within 45 days of recognition. Accrued expenses include accruals for purchase invoices not received and other accrued costs such as bonuses and commissions payable at year end.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

19 Share capital and share premium

Allotted, called up and fully paid	Number of shares	Nominal value £'000	Share premium £'000	Total £'000
At 1 March 2024	240,356,898	2,404	633,650	636,054
Shares issued during the year	711,367	7	2,782	2,789
At 28 February 2025	241,068,265	2,411	636,432	638,843
Shares issued during the year	1,775,559	18	5,082	5,100
Cancellation of own shares	(6,473,731)	(65)	–	(65)
At 28 February 2026	236,370,093	2,364	641,514	643,878

Ordinary shares have a nominal value of £0.01. All ordinary shares in issue rank pari passu and carry the same voting rights and entitlement to receive dividends and other distributions declared or paid by the Group. The company does not have a limited amount of authorised share capital.

Information related to the company's share option schemes, including options issued during the financial year and options outstanding at the end of the reporting period is set out in note 26.

In August 2025, the company commenced a share repurchase programme to purchase its own ordinary shares. The total number of shares bought back was 6,473,731 representing 2.69% of the ordinary shares in issue. All the shares bought back were cancelled. The shares were acquired on the open market for a consideration (excluding costs) of £25.0 million. The average price paid was £3.86. Costs amounting to £0.2 million were incurred on the purchase of own shares in relation to stamp duty charges and broker expenses.

Notes to the consolidated financial statements continued

20 Merger reserve

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Balance at 1 March 2024, 28 February 2025 and 28 February 2026	(644,375)	(644,375)
	(644,375)	(644,375)

The merger reserve of £644.4 million arose in December 2019, on the date that the Group demerged from its previous parent company. This is an accounting reserve in equity representing the difference between the total nominal value of the issued share capital acquired in Bytes Technology Limited of £1.10 and the total consideration given of £644.4 million.

21 Cash generated from operations

	Note	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Profit before taxation		69,832	74,613
Adjustments for:			
Depreciation and amortisation	4	3,110	2,644
Loss on disposal of property, plant and equipment		1	–
Non-cash employee benefits expense – share-based payments	4	751	5,049
Share of loss of associate		158	8
Finance income	7	(7,577)	(8,486)
Finance costs	7	319	291
Decrease in contract assets		3,022	2,699
Increase in trade and other receivables		(31,433)	(46,639)
Decrease in inventories		14	46
Increase in trade and other payables		31,665	49,616
Increase in contract liabilities		1,965	5,794
Cash generated from operations		71,827	85,635

22 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year consolidated profit or loss and statement of financial position information has been included where relevant to add further context.

Management monitors the liquidity and cash flow risk of the Group carefully. Cash flow is monitored by management on a regular basis and any working capital requirement is funded by cash resources or access to the revolving credit facility.

The main financial risks arising from the Group's activities are credit, liquidity and currency risks. The Group's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made. The Group's approach to credit risk is disclosed in note 16.

The Group's policy in respect of liquidity risk is to maintain readily accessible bank deposit accounts to ensure that the company has sufficient funds for its operations. The cash deposits are held in a mixture of short-term deposits and current accounts which earn interest at a floating rate.

The Group's policy in respect of currency risk, which primarily exists as a result of foreign currency purchases, is to either sell in the currency of purchase, maintain sufficient cash reserves in the appropriate foreign currencies which can be used to meet foreign currency liabilities, or take out forward currency contracts to cover the exposure.

22(a) Derivatives

Derivatives are only used for economic hedging purposes and not speculative investments.

The Group has taken out forward currency contracts during the periods presented but has not recognised either a forward currency asset or liability at each period end as the fair value of the foreign currency forwards is considered to be immaterial to the consolidated financial statements due to the low volume and short-term nature of the contracts. Similarly, the amounts recognised in profit or loss in relation to derivatives were considered immaterial to disclose separately.

22(b) Foreign exchange risk

The Group's exposure to foreign currency risk at the end of the reporting period, was as follows:

	As at 28 February 2026			As at 28 February 2025		
	USD £'000	EUR £'000	NOK £'000	USD £'000	EUR £'000	NOK £'000
Trade receivables	14,522	6,777	–	11,348	3,945	–
Cash and cash equivalents	3,469	773	–	3,627	155	–
Trade payables	(21,401)	(5,791)	(55)	(18,663)	(3,529)	(53)
	(3,410)	1,759	(55)	(3,688)	571	(53)

The following table demonstrates the profit before tax sensitivity to a possible change in the currency exchange rates with GBP, all other variables held constant.

	As at 28 February 2026			As at 28 February 2025		
	GBP:USD £'000	GBP:EUR £'000	GBP:NOK £'000	GBP:USD £'000	GBP:EUR £'000	GBP:NOK £'000
5% strengthening in GBP	162	(84)	3	176	(27)	3
5% weakening in GBP	(179)	93	(3)	(194)	30	(3)

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Total net foreign exchange losses in profit or loss	198	55

22(c) Liquidity risk

(1) Cash management

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. The Group generates positive cash flows from operating activities and these fund short-term working capital requirements. The Group aims to maintain significant cash reserves and none of its cash reserves is subject to restrictions. Access to cash is not restricted and all cash balances could be drawn on immediately if required. Management monitors the levels of cash deposits carefully and is comfortable that for normal operating requirements; no further external borrowings are currently required.

At 28 February 2026, the Group had cash and cash equivalents of £98.6 million, see note 17. Management monitors rolling forecasts of the Group's liquidity position (which comprises its cash and cash equivalents) on the basis of expected cash flows generated from the Group's operations. These forecasts are generally carried out at a local level in the operating companies of the Group in accordance with practice and limits set by the Group and take into account certain down-case scenarios.

(2) Revolving Credit Facility

On 17 May 2023 the Group entered into a new three-year committed Revolving Credit Facility (RCF) for £30 million including an optional one-year extension to 17 May 2027, and a non-committed £20 million accordion to increase the availability of funding should it be required for future activity. This facility incurred an arrangement fee of £0.1 million, being 0.4% of the new funds available. The Group has so far not drawn down any amount on either the previous or new facility and to the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fees are capitalised as a prepayment and amortised over the initial three-year period of the facility. The facility also incurs a commitment fee and utilisation fee, both of which are payable quarterly in arrears. Under the terms of both the previous and new facilities, the Group is required to comply with the following financial covenants:

- Interest cover: EBITDA (earnings before interest, tax, depreciation and amortisation) to net finance charges for the past 12 months shall be greater than 4.0 times
- Leverage: net debt to EBITDA for the past 12 months must not exceed 2.5 times.

The Group has complied with these covenants throughout the reporting period. As at 28 February 2026 and 28 February 2025, the Group had net finance income and has therefore complied with the interest cover covenant. The Group has been in a net cash position as at 28 February 2026 and 28 February 2025 and has therefore complied with the Net debt to EBITDA covenant. In May 2026 the Group extended the RCF by three years to 17 May 2029. This extension has increased the non-committed accordion to £45 million and is subject to the same financial covenants noted above.

Notes to the consolidated financial statements continued

22 Financial risk management continued**(3) Contractual maturity of financial liabilities**

The following table details the Group's remaining contractual maturity for its financial liabilities based on undiscounted contractual payments:

28 February 2026	Note	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000	Total contractual cash flows £'000	Carrying amount £'000
Trade and other payables	18	322,865	–	–	–	322,865	322,865
Lease liabilities	10	873	742	419	–	2,034	1,980
		323,738	742	419	–	324,899	324,845

28 February 2025	Note	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000	Total contractual cash flows £'000	Carrying amount £'000
Trade and other payables	18	301,669	–	–	–	301,669	301,669
Lease liabilities	10	726	689	627	–	2,042	1,937
		302,395	689	627	–	303,711	303,606

23 Capital management**23(a) Risk management**

For the purpose of the Group's capital management, capital includes issued capital, ordinary shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of shareholders. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. To ensure an appropriate return for shareholders' capital invested in the Group, management thoroughly evaluates all material revenue streams, relationships with key vendors and potential acquisitions and approves them by the Board, where applicable. The Group's dividend policy is based on the profitability of the business and underlying growth in earnings of the Group, as well as its capital requirements and cash flows. The Group's dividend policy is to distribute 40-50% of the Group's post-tax pre-exceptional earnings to shareholders in respect of each financial year. Subject to any cash requirements for ongoing investment, the Board will consider returning excess cash to shareholders over time.

23(b) Dividends

Ordinary shares	2026		2025	
	Pence per share	£'000	Pence per share	£'000
Interim dividend paid	3.2	7,604	3.1	7,469
Special dividend paid	10.0	24,269	8.7	20,936
Final dividend paid	6.9	16,745	6.0	14,438
Total dividends attributable to ordinary shareholders	20.1	48,618	17.8	42,843

Dividends per share is calculated by dividing the dividend paid by the number of ordinary shares in issue. Dividends are paid out of available distributable reserves of the company. For this purpose all retained earnings of the company are available distributable reserves.

The Board has proposed a final ordinary dividend of 7.0 pence per share for the year ended 28 February 2026 to be paid to shareholders on the register as at 17 July 2026. The aggregate of the proposed dividends expected to be paid on 31 July 2026 is £16.5 million. The proposed dividends per ordinary shares are subject to approval at the Annual General Meeting and are not recognised as a liability in the consolidated financial statements.

24 Capital commitments

At 28 February 2026, the Group had £Nil capital commitments (28 February 2025: £Nil).

25 Related-party transactions

In the ordinary course of business, the Group carries out transactions with related parties, as defined by IAS 24 Related Party Disclosures. Apart from those disclosed elsewhere in the consolidated financial statements, material transactions for the year are set out below:

25(a) Transactions with key management personnel

Key management personnel are defined as the directors (both executive and non-executive) of Bytes Technology Group plc, Bytes Software Services Limited and Phoenix Software Limited. Details of the compensation paid to the directors of Bytes Technology Group plc as well as their shareholdings in the Group are disclosed in the remuneration report.

Compensation of key management personnel of the Group

The remuneration of key management personnel, which consists of persons who have been deemed to be discharging managerial responsibilities, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Short-term employee benefits	3,515	4,591
Post-employment pension benefits	119	121
Total compensation paid to key management	3,634	4,712

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel including executive directors.

Key management personnel received a total of 522,725 share option awards (2025: 376,082) at a weighted average exercise price of £0.17 (2025: £0.21).

Share-based payment charges include £1,708,222 (2025: £1,570,816) in respect of key management personnel, refer to note 26 for details on the Group's share-based payment incentive schemes.

25(b) Subsidiaries and associates

Interests in subsidiaries are set out in note 28 and the investment in associate is set out in note 12.

25(c) Outstanding balances arising from sales/purchases of services

Group companies made purchases from the associate of £6.7 million (2025: £4.9 million) and sales to the associate of £0.2 million (2025: £0.1 million) during the year with a trade payable balance of £0.9 million (2025: £0.1 million) at the year end.

26 Share-based payments

The Group accounts for its share option awards as equity-settled share-based payments. The fair value of the awards granted is recognised as an expense over the vesting period. The amount recognised in the share-based payment reserve will be reversed to retained earnings as and when the related awards vest and are exercised by employees. As noted in the prior year Annual Report, one third of the annual bonus for the financial year ended 28 February 2026 awarded to each of the Company's executive directors is deferred in shares for two years. This deferral has resulted in the granting of the awards under the Deferred Bonus Plan during the year.

Performance Incentive Share Plan

Options granted under the Performance Incentive Share Plan (PISP) are for shares in Bytes Technology Group plc. The exercise price of the options is a nominal amount of £0.01. Performance conditions attached to the awards granted in the current year are employee-specific, in addition to which, options will only vest if certain employment conditions are met. The fair value of the share options is estimated at the grant date using a Monte Carlo option pricing model for the element with market conditions and Black-Scholes option-pricing model for non-market conditions. The normal vesting date shall be no earlier than the third anniversary of the grant date and not later than the day before the tenth anniversary of the grant date. There is no cash settlement of the options available under the scheme. During the year the Group granted 1,048,300 (2025: 961,569) options. For the year ended 28 February 2026, 195,974 (2025: 47,463) options were forfeited, 666,059 options were exercised (2025: 57,583) and 44,818 (2025: nil) options expired. This was the first year that performance-related options vested and a number of the performance criteria were not achieved, resulting in a higher number of forfeitures during the year.

Notes to the consolidated financial statements continued

26 Share-based payments continued**Company Share Option Plan**

Options granted under the Company Share Option Plan (CSOP) are for shares in Bytes Technology Group plc. The exercise price of the options granted in the current year was determined by the average of the last three dealing days prior to the date of grant. There are no performance conditions attached to the awards, but options will only vest if certain employment conditions are met. The fair value at grant date is estimated at the grant date using a Black-Scholes option-pricing model. The normal vesting date shall be no earlier than the third anniversary of the grant date and not later than the day before the tenth anniversary of the grant date. There is no cash settlement of the options available under the scheme. During the year the Group granted no (2025: nil) options. For the year ended 28 February 2026, 81,100 (2025: 174,897) options were forfeited, 1,009,207 (2025: 217,000) options were exercised and 116,977 (2025: nil) options expired.

Save as You Earn Scheme

Share options were granted to eligible employees under the Save As You Earn Scheme (SAYE) during the year. Under the SAYE scheme, employees enter a three-year savings contract in which they save a fixed amount each month in return for their SAYE options. At the end of the three-year period, employees can either exercise their options in exchange for shares in Bytes Technology Group plc or have their savings returned to them in full. The exercise price of the options represents a 20% discount to the exercise price of the CSOP awards. The fair value at grant date is estimated using a Black-Scholes option-pricing model. There is no cash settlement of the options. During the year the Group granted 489,323 (2025: 449,394) options. For the year ended 28 February 2026, 439,656 (2025: 214,641) options were forfeited, 78,071 (2025: 425,868) options were exercised and 326,207 (2025: 32,865) options expired. The higher level of forfeitures reflects the reduction in share price during the year, resulting in a higher number of staff withdrawing from the scheme.

Deferred Bonus Plan

Options granted under the Deferred Bonus Plan (DBP) are for shares in Bytes Technology Group plc. The exercise price of the options is a nominal amount of £0.01. There are no performance conditions attached to the awards, but options will only vest if certain employment conditions are met. The fair value at grant date is estimated at the grant date using a Black-Scholes option-pricing model. The normal vesting date shall be no earlier than the second anniversary of the grant date. During the year the Group granted 43,171 (2025: 16,675) options. For the year ended 28 February 2026, 21,772 (2025: 10,916) options were exercised. No options were forfeited or expired in the current or prior period.

There were no cancellations or modifications to the awards in 2026 or 2025.

Share-based payment employee expenses

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Equity settled share-based payment expenses	751	5,049

The share-based payment charges are expensed over the vesting period to reflect the expected number of options that will vest for each plan at each vesting date. Key judgements are made involving the estimation of future forfeiture rates and achievement of performance conditions. These judgements are updated at each reporting date when assessing the likely number of options that will vest on completion of the relevant performance periods.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	28 February 2026 Number	28 February 2026 WAEP	28 February 2025 Number	28 February 2025 WAEP
Outstanding at 1 March	9,060,276	£3.14	8,813,260	£3.52
Granted during the year	1,580,794	£1.30	1,428,249	£1.44
Forfeited during the year	(716,730)	£3.08	(437,001)	£3.96
Exercised during the year	(1,775,109) ¹	£2.87	(711,367) ¹	£3.92
Expired during the year	(503,965)	£3.66	(32,865)	£4.00
Outstanding at 28 February	7,645,266	£2.79	9,060,276	£3.14
Exercisable at 28 February	4,007,132	£4.55	2,802,279	£4.02

¹ The weighted average share price at date of exercise was £5.03 (2025: £5.09).

The weighted average expected remaining contractual life for the share options outstanding at 28 February 2026 was 1.02 years (2025: 1.53 years).

The weighted average fair value of options granted during the year was £3.19 (2025: £3.93).

The range of exercise prices for options outstanding at the end of the year was £0.01 to £5.00 (2025: £0.01 to £5.00).

The tables below list the inputs to the models used for the awards granted under the below plans for the years ended 28 February 2026 and 28 February 2025:

Assumptions	28 February 2026 PISP	28 February 2026 SAYE	28 February 2026 DBP
Weighted average fair value at measurement date	£3.55 - £4.34	£0.62	£5.05
Expected dividend yield	3.96% - 4.86%	5.53%	0.00%
Expected volatility	35% - 40%	40%	35%
Risk-free interest rate	3.76% - 3.85%	3.69%	3.73%
Expected life of options	3 years	3 years	2 years
Weighted average share price	£5.06 - £4.12	£3.61	£5.06
Model used	Black-Scholes and Monte Carlo	Black-Scholes	Black-Scholes

Assumptions	28 February 2025 PISP	28 February 2025 SAYE	28 February 2025 DBP
Weighted average fair value at measurement date	£5.11	£1.33	£5.58
Expected dividend yield	1.56%	1.76%	0.00%
Expected volatility	34%	34%	33%
Risk-free interest rate	4.31%	3.74%	4.47%
Expected life of options	3 years	3 years	2 years
Weighted average share price	£5.59	£4.94	£5.59
Model used	Black-Scholes and Monte Carlo	Black-Scholes	Black-Scholes

The expected life of the options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility of the company and publicly quoted companies in a similar sector to the company over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

27 Earnings per share

The Group calculates earnings per share (EPS) on several different bases in accordance with IFRS and prevailing South Africa requirements.

	Year ended 28 February 2026 pence	Year ended 28 February 2025 pence
Basic earnings per share	21.40	22.78
Diluted earnings per share	20.74	21.95
Headline earnings per share	21.40	22.78
Diluted headline earnings per share	20.74	21.95
Adjusted earnings per share	22.64	25.07
Diluted adjusted earnings per share	21.94	24.16

Notes to the consolidated financial statements continued

27 Earnings per share continued**27(a) Weighted average number of shares used as the denominator**

	Year ended 28 February 2026 Number	Year ended 28 February 2025 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and headline earnings per share	239,627,247	240,750,619
Adjustments for calculation of diluted earnings per share and diluted headline earnings per share:		
– share options ¹	7,599,407	9,060,276
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share and diluted headline earnings per share	247,226,654	249,810,895

1 Share options

Share options granted to employees under the Save As You Earn Scheme, Company Share Option Plan and Bytes Technology Group plc performance incentive share plan are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share on the basis that all employees are employed at the reporting date, and to the extent that they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the share options are disclosed in note 26.

27(b) Headline earnings per share

The Group is required to calculate headline earnings per share (HEPS) in accordance with the JSE Listing Requirements. The table below reconciles the profits attributable to ordinary shareholders to headline earnings and summarises the calculation of basic and diluted HEPS:

	Note	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Profit for the period attributable to owners of the company		51,282	54,841
Adjusted for:			
Loss on disposal of property, plant and equipment	21	1	–
Tax effect thereon		–	–
Headline profits attributable to owners of the company		51,283	54,841

27(c) Adjusted earnings per share

Adjusted earnings per share is an alternative performance measure used as a target for the PSP awards made in 2022, 2023 and 2024. It is calculated by dividing the adjusted profits attributable to ordinary shareholders by the total number of ordinary shares in issue at the end of the year. Adjusted profit is calculated by excluding the impact of the following items:

- Share-based payment charges
- Acquired intangible assets amortisation.

The table below reconciles the profit for the financial year to adjusted earnings and summarises the calculation of adjusted EPS:

	Note	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Profits attributable to owners of the company		51,282	54,841
Adjusted for:			
– Amortisation of acquired intangible assets	4	880	880
– Deferred tax effect on above		(220)	(220)
– Share-based payment charges	26	751	5,049
– Deferred tax effect on above		1,558	(188)
Adjusted profits attributable to owners of the company		54,251	60,362

28 Subsidiaries

The Group's subsidiaries included in the consolidated financial statements are set out below. The country of incorporation is also their principal place of business.

Name of entity	Country of incorporation	Ownership interest	Principal activities
Bytes Technology Holdco Limited ¹	UK	100%	Holding company
Bytes Technology Limited	UK	100%	Holding company
Bytes Software Services Limited	UK	100%	Providing cloud-based licensing and infrastructure and security sales within both the private and public sectors
Phoenix Software Limited	UK	100%	Providing cloud-based licensing and infrastructure and security sales within both the private and public sectors
Blenheim Group Limited ²	UK	100%	Dormant for all periods
License Dashboard Limited ²	UK	100%	Dormant for all periods
Bytes Security Partnerships Limited ²	UK	100%	Dormant for all periods
Bytes Technology Group Holdings Limited ²	UK	100%	Dormant for all periods
Bytes Technology Training Limited ²	UK	100%	Dormant for all periods

¹ Bytes Technology Holdco Limited is held directly by the company. All other subsidiary undertakings are held indirectly by the company.

² Taken advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 28 February 2025.

The registered address of all of the Group subsidiaries included above is Bytes House, Randalls Way, Leatherhead, Surrey, KT22 7TW.

29 Events after the reporting period

As disclosed in note 22(c)(2) the Group entered into a three-year extension of the RCF.

After year end, the Board agreed to implement a new share repurchase programme to purchase the company's shares for an aggregate value of up to £25.0 million.

There are no other events after the reporting period that require disclosure.

Parent company financial statements of Bytes Technology Group plc

Company balance sheet

As at 28 February 2026

	Note	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Assets			
Non-current assets			
Investments	5	641,998	641,998
Property, plant and equipment	6	–	55
Deferred tax assets	4	152	320
Total non-current assets		642,150	642,373
Current assets			
Trade and other receivables	7	15,059	255
Cash and cash equivalents		26,466	62,394
Total current assets		41,525	62,649
Total assets		683,675	705,022
Current liabilities			
Trade and other payables	8	(1,656)	(2,106)
Current tax liability		(242)	(296)
Total current liabilities		(1,898)	(2,402)
Total liabilities		(1,898)	(2,402)
Net assets		681,777	702,620
Equity			
Share capital	10	2,364	2,411
Share premium	10	641,514	636,432
Share-based payment reserves		10,132	13,927
Retained earnings ¹		27,767	49,850
Total equity		681,777	702,620

¹ The profit for the company for the period was £47,111,000 (2025: £50,077,000).

The financial statements on pages 182 to 191 were approved by the Board on 11 May 2026 and signed on its behalf by:



Sam Mudd
Chief Executive Officer



Andrew Holden
Chief Financial Officer

Company statement of change in equity

For the year ended 28 February 2026

	Note	Attributable to owners of the company				
		Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 March 2024		2,404	633,650	9,969	41,525	687,548
Total comprehensive income for the year		–	–	–	50,077	50,077
Dividends paid		–	–	–	(42,843)	(42,843)
Shares issued during the year	10	7	2,782	–	–	2,789
Transfer to retained earnings		–	–	(1,091)	1,091	–
Share-based payment transactions		–	–	5,049	–	5,049
Balance at 28 February 2025		2,411	636,432	13,927	49,850	702,620
Total comprehensive income for the year		–	–	–	47,111	47,111
Dividends paid		–	–	–	(48,618)	(48,618)
Shares issued during the year	10	18	5,082	–	–	5,100
Transfer to retained earnings		–	–	(4,611)	4,611	–
Share-based payment transactions		–	–	751	–	751
Purchase and cancellation of own shares		(65)	–	65	(25,000)	(25,000)
Costs of share purchases		–	–	–	(187)	(187)
Balance at 28 February 2026		2,364	641,514	10,132	27,767	681,777

Notes to the financial statements

1 Accounting policies

The principal accounting policies applied are summarised below.

1.1 Authorisation of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)

The financial statements of Bytes Technology Group plc for the period ended 28 February 2026 were approved and signed by the Chief Executive Officer on 11 May 2026 having been duly authorised to do so by the Board. The company meets the definition of a qualifying entity under Financial Reporting Standard 100 Application of Financial Reporting Requirements (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with FRS 101 and in accordance with the provisions of the UK Companies Act 2006.

1.2 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Bytes Technology Group plc is a company incorporated in the UK under the Companies Act. The address of the registered office is provided on page 193. The company is the ultimate parent company and provides management services to subsidiary undertakings in respect of certain head office functions and requirements, which are recharged as the costs are incurred by the company.

The company's financial statements are included in the Bytes Technology Group plc consolidated financial statements for the period ended 28 February 2026.

These financial statements are separate financial statements.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101:

- The requirements of IFRS 7 Financial Instruments Disclosures
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- The requirement of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements
- The requirements of IAS 7 Statement of Cash Flows
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

Where required, equivalent disclosures are given in the consolidated financial statements of Bytes Technology Group plc. As permitted by Section 408 of the Companies Act 2006, the income statement of the company is not presented as part of these financial statements.

1.3 Going concern

The ability of the company to continue as a going concern is contingent on the ongoing viability of the Group and its ability to continue as a going concern. The Group has prepared its going concern assessment and this is provided in note 1.3 in the notes to the financial statements included in the Bytes Technology Group plc consolidated financial statements. Having assessed the Group's overall assessment of going concern in relation to the company, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the company's financial statements.

1.4 Critical accounting estimates and judgements

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

There are no major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In order to ensure no new sources are missed, estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The other area involving accounting estimates is:

Impairment of investment

The investment in subsidiary is assessed annually to determine if there is any indication that the investment might be impaired. The recoverable amount is determined based on a value-in-use calculation and compared to the carrying value of the investment. The value-in-use calculation is based on forecasts approved by management. The cash flows beyond the forecast period are extrapolated using estimated long-term growth rates.

The forecast cash flows are discounted at the company's discount rate. The recoverable value of the investment is estimated to be the sum of the recoverable values of the two principal operating companies within the Group of which the company is parent as disclosed in note 11 to the notes to the consolidated financial statements of the Group.

1.5 Changes in accounting policy and disclosures

(a) *New and amended standards adopted by the company*

The Group has applied the following standard or amendments for the first time in the annual reporting period commencing 1 March 2025:

- Lack of exchangeability – Amendments to IAS 21

The amendments listed above did not have any impact on the amounts recognised in current or prior periods and are not expected to affect future periods.

(b) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 28 February 2026 and have not been adopted early by the company. These standards are not expected to have a material impact on the company in the current or future reporting periods.

- Classification and measurement of financial instruments – Amendments to IFRS 7 and IFRS 9
- Nature-dependent electricity contracts – Amendments to IFRS 9 and IFRS 7

The Group is assessing the impact of IFRS 18 Presentation and disclosure in financial statements which, if adopted by the UK Endorsement Board, will be effective for reporting periods beginning on or after 1 January 2027.

1.6 Investments

Investments in subsidiary undertakings are included in the balance sheet at cost less any provision for impairment in value. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

1.7 Functional and presentation currency

The financial statements are presented in pounds sterling (£), which is the company's functional and presentation currency. All transactions undertaken by the company are denominated in pounds sterling.

1.8 Revenue recognition

The company provides management services to subsidiary undertakings which are invoiced quarterly in arrears. Revenue from providing such services is recognised in the accounting period in which the services are rendered on an over time basis. In measuring its performance and the amount of revenue to be recognised, the company applies an inputs basis by reference to the costs incurred by the company and the hours expended by management for providing services to the measurement date.

1.9 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the UK. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the financial statements continued

1.10 Property, plant and equipment*Owned assets*

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. When components of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation

Depreciation is recognised in profit or loss for each category of assets on a straight-line basis over their expected useful lives up to their respective estimated residual values.

The estimated useful lives for the current and comparative periods are as follows:

- IT software, three years.

The depreciation methods, useful lives and residual values are reassessed annually and adjusted if appropriate.

1.11 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, i.e. fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Prepayments and other receivables are stated at their nominal values.

1.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Cash and cash equivalents at 28 February 2026 includes short-term deposits of £26.4 million (2025: £62.3 million).

1.13 Financial instruments

Financial instruments comprise investments in equity, loans receivable, trade and other receivables (excluding prepayments), investments, cash and cash equivalents, current loans, and trade and other payables.

Recognition

Financial assets and liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instruments.

Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as non-current. Financial liabilities are classified as non-current if the company has an unconditional right to defer payment for more than 12 months from the reporting date.

Classification

The company classifies financial assets on initial recognition as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) based on the company's business model for managing the financial asset and the cash flow characteristics of the financial asset.

Financial assets are classified as follows:

- Financial assets to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss)
- Financial assets to be measured at amortised cost.

Financial assets are not reclassified unless the company changes its business model. In rare circumstances where the company does change its business model, reclassifications are done prospectively from the date that the company changes its business model.

Financial liabilities are classified and measured at amortised cost except for those derivative liabilities and contingent consideration that are measured at FVTPL.

Measurement on initial recognition

All financial assets and financial liabilities are initially measured at fair value, including transaction costs, except for those classified as FVTPL which are initially measured at fair value excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Subsequent measurement: financial assets

Subsequent to initial recognition, financial assets are measured as described below:

- FVTPL – these financial assets are subsequently measured at fair value and changes therein (including any interest or dividend income) are recognised in profit or loss
- Amortised cost – these financial assets are subsequently measured at amortised cost using the effective interest method, less impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss
- Equity instruments at FVOCI – these financial assets are subsequently measured at fair value. Dividends are recognised in profit or loss when the right to receive payment is established. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

Subsequent measurement: Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial asset or liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Impairment

The company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

1.14 Trade and other payables

Trade payables, sundry creditors and accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are accounted for in accordance with the accounting policy for financial liabilities as included above. Other payables are stated at their nominal values.

1.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

1.16 Employee benefits**Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Post-employment obligations

The company operates various defined contribution plans for its employees. Once the contributions have been paid, the company has no further payment obligations. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments**Equity-settled share-based payment schemes**

Share-based compensation benefits are provided to particular employees of the Group through the Bytes Technology Group plc share option plans.

Employee options

The fair values of options granted under the Bytes Technology Group plc share option plans are recognised as employee benefit expenses in the entities of the Group in which the employees are contracted and providing their services. The total amount to be expensed is determined by reference to the fair value of the options granted. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options issued that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The company has a recharge arrangement with its subsidiaries whereby the company recharges the amount equal to the share-based payment charge to its subsidiaries according to the vesting schedule.

The share-based payment reserve comprises the fair value of share awards granted which are not yet exercised. The amount will be reversed to retained earnings as and when the related awards vest and are exercised by employees.

1.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity.

1.18 Dividends

Dividends paid on ordinary shares are classified as equity and are recognised as distributions in equity.

1.19 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand, unless otherwise stated.

Notes to the financial statements continued

2 Directors' remuneration

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Remuneration of directors:		
Directors' remuneration ¹	1,328	1,967
Social security costs	176	263
Pension costs	34	31
	1,538	2,261

1 Directors' remuneration

The amounts comprise fees paid to the non-executive directors and, for executive directors, salary and benefits earned for the period. Further information on directors' remuneration is provided in the directors' remuneration report on pages 112 to 128.

3 Employee costs and numbers

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Employee benefit expense:		
Employee remuneration	1,094	912
Social security costs	148	109
Pension costs	38	28
	1,280	1,049

The average monthly number of employees during the period was:

	Year ended 28 February 2026 Number	Year ended 28 February 2025 Number
Administration	9	8
	9	8

4 Income tax expense

The major components of the company's income tax expense are:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Current income tax charge in the year	622	606
Adjustment in respect of current income tax of previous years	1	(7)
Total current income tax charge	623	599
Deferred tax charge/(credit) in the year	168	(186)
Adjustments in respect of prior year	–	7
Deferred tax charge/(credit)	168	(179)
Total tax charge	791	420

Reconciliation of total tax charge

The tax assessed for the period differs from the standard rate of corporation tax in the UK applied to profit before tax:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Profit before income tax	47,902	50,497
Income tax charge at the standard rate of corporation tax in the UK of 25% (2025: 25%)	11,976	12,624
Effects of:		
Non-deductible expenses	114	46
Non-taxable income	(11,300)	(12,250)
Adjustments to previous periods	1	–
Income tax charge reported in profit or loss	791	420
	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	–	(14)
Share-based payments	152	334
	152	320
	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Deferred tax assets		
At 1 March	320	141
(Charged)/credited to profit or loss	(168)	179
Carrying amount at end of year	152	320

5 Investment in subsidiaries

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Balance at 1 March 2024, 28 February 2025 and 28 February 2026	641,998	641,998

Subsidiary undertakings

A detailed listing of the company's direct and indirect subsidiaries is set out in note 28 in the notes to the financial information in the consolidated financial statements of the Group.

Recoverable amount of investment in subsidiaries

The recoverable amount is estimated to be the sum of the recoverable amounts of the two principal operating subsidiaries disclosed in note 11 to the notes to the consolidated financial statements of the Group. This note also discloses the assumptions used in estimating the recoverable amounts and sensitivities performed. The Group considered that no reasonably possible change in assumptions will result in an impairment.

Notes to the financial statements continued

6 Property, plant and equipment

	Computer software £'000	Total £'000
Cost		
At 1 March 2024, 28 February 2025 and 28 February 2026	198	198
Depreciation		
At 1 March 2024	77	77
Charge for the year	66	66
At 28 February 2025	143	143
Charge for the year	55	55
At 28 February 2026	198	198
Net book value		
At 28 February 2025	55	55
At 28 February 2026	–	–

7 Trade and other receivables

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Amounts due from other Group companies ¹	14,881	–
Prepayments	178	255
	15,059	255

¹ Amounts due from other Group companies are unsecured, interest free, and have been repaid after year end.

8 Trade and other payables

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Trade and other payables	1,656	1,933
Amounts due to other Group companies ¹	–	173
	1,656	2,106

¹ Amounts due to other Group companies are unsecured, interest free and repayable on demand.

9 Borrowings

On 17 May 2023 the Group entered into a new three-year committed Revolving Credit Facility (RCF) for £30 million, including an optional one-year extension to 17 May 2027, and a non-committed £20 million accordion to increase the availability of funding should it be required for future activity. The new facility incurred an arrangement fee of £0.1 million, being 0.4% of the new funds available. Neither the company, nor any of its subsidiaries, has drawn down any amount on either the previous or the new facility and to the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee has been capitalised as a prepayment and amortised over the three-year period of the facility. The facility also incurs a commitment fee and utilisation fee, both of which are payable quarterly in arrears. The Group has entered into a three-year extension of the RCF. For further details on the RCF, see note 22(c) in the notes to the consolidated financial statements of the Group.

10 Share capital and share premium

Ordinary shares Authorised, allotted, called up and fully paid	Number of shares	Nominal value £'000	Share premium £'000	Total £'000
At 1 March 2024	240,356,898	2,404	633,650	636,054
Shares issued during the period	711,367	7	2,782	2,789
At 28 February 2025	241,068,265	2,411	636,432	638,843
Shares issued during the period	1,775,559	18	5,082	5,100
Cancellation of own shares	(6,473,731)	(65)	–	(65)
At 28 February 2026	236,370,093	2,364	641,514	643,878

Ordinary shares have a nominal value of £0.01. All ordinary shares in issue rank pari passu and carry the same voting rights and entitlement to receive dividends and other distributions declared or paid by the company. The company does not have a limited amount of authorised share capital.

In August 2025, the company commenced a share buyback programme to purchase its own ordinary shares. The total number of shares bought back was 6,473,731 representing 2.69% of the ordinary shares in issue. All the shares bought back were cancelled. The shares were acquired on the open market for a consideration (excluding costs) of £25.0 million. The average price paid was £3.86. Costs amounting to £0.2 million were incurred on the purchase of own shares in relation to stamp duty charges and broker expenses.

11 Information included in the notes to the consolidated financial statements

Some of the information included in the notes to the consolidated financial statements is directly relevant to the financial statements of the company. Please refer to the following:

Note 6 – Auditors' remuneration

Note 23(b) – Dividends

Note 25(a) – Transactions with key management personnel

Note 26 – Share-based payments

Note 29 – Events after the reporting period

Other information

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Glossary

Admission: the admission of BTG's shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market and on the Main Board of the Johannesburg Stock Exchange via secondary inward listing

AI: artificial intelligence

Altron Limited: a public company incorporated and registered in accordance with South African law, with registration number 1947/024583/06

Bytes: Bytes Software Services Limited, a private limited company incorporated under English and Welsh law, with registered number 01616977

CAGR: compound annual growth rate

Carbon removal credits: higher-quality carbon credit for investments in projects that permanently remove carbon from the atmosphere

CDP: formerly the Carbon Disclosure Project, a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts

CISO: Chief Information Security Officer

Cloud or cloud computing: shared, remotely accessible IT solutions

Company or BTG: Bytes Technology Group plc, a public limited company incorporated under English and Welsh law, with registration number 12935776

CPO: Chief People Officer

CSOP: Company Share Option Plan

CSP: the Microsoft Cloud Solutions Provider programme

CTO: Chief Technology Officer

DBP: Deferred Share Bonus Plan

disintermediation: direct vendor sales to end customers

EA: Microsoft enterprise agreement

ECCTA: Economic Crime and Corporate Transparency Act 2023

eNPS: employee net promoter score

EPS: earnings per share

ESG: environmental, social and governance

EV: electric vehicle

Executive directors: the executive directors of the company, being Sam Mudd and Andrew Holden

Existing customers: customers with which the Group has previously transacted

FCA: Financial Conduct Authority

FRC: Financial Reporting Council

GDSA: Government Digital Sustainability Alliance

GenAI: generative artificial intelligence

GHG: greenhouse gas

GII: gross invoiced income

GP: gross profit

Group: Bytes Technology Group plc, Bytes Software Services Limited, Phoenix Software Limited and any other subsidiary of the company from time to time

HMRC: His Majesty's Revenue and Customs

HVAC: heating, ventilation and air-conditioning

IEA: International Energy Agency

IPCC: International Panel on Climate Change

IPO: initial public offering

JSE: as the context requires, either JSE Limited (registration number 2005/022939/06), a limited liability public company incorporated in accordance with South African law and licensed as an exchange under the South African Financial Markets Act, No. 19 of 2012 (and amendments thereto), or the securities exchange operated by the aforementioned company

License Dashboard: License Dashboard Limited, a private limited company incorporated under English and Welsh law, with registration number 06599902

LSE: London Stock Exchange plc

LTI: Long Term Incentives

Main Market: the London Stock Exchange's main market for listed securities

MD: Managing Director

NCSC: National Cyber Security Centre

Net zero: our working definition of net zero aligns with the SBTi's science-based Net-Zero Standard, which is to reduce our emissions by 90–95% and use carbon removal credits to neutralise emissions that we cannot remove

Non-executive directors: the non-executive directors of the company, being Patrick De Smedt, Erika Schraner, Shruthi Chindalur, Ross Paterson and Anna Vikström Persson

NPS: net promoter score

Official List: the Official List of the FCA

operating companies: Bytes Software Services Limited, Phoenix Software Limited

Glossary continued

Phoenix: Phoenix Software Limited, a private limited company incorporated under English and Welsh law, with registration number 02548628

PSP: Performance Share Plan

QBR: quarterly business review

RCF: revolving credit facility

REGO: Renewable Energy Guarantees of Origin

RGGO: Renewable Gas Guarantees of Origin

SAYE: Save As You Earn (ShareSave – employee share scheme)

SBP: share-based payment

SBTi: Science Based Targets initiative

SDGs: Sustainable Development Goals

SECR: Streamlined Energy and Carbon Reporting

Shareholders: the holders of shares in the capital of the company

SRS: Sustainability Reporting Standards

TCFD: Task Force on Climate-related Financial Disclosures

TSR: total shareholder return

UK Corporate Governance Code or code: the UK Corporate Governance Code published by the FRC in July 2018, as amended in 2024

UK Listing Rules: the listing rules of the FCA made under Section 74(4) of the Financial Services and Markets Act 2000, as amended

UN Sustainable Development Goals: the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, consists of 17 SDGs. It recognises that ending poverty and other deprivations must go hand in hand with strategies that improve health and education, reduce inequality and spur economic growth – all while addressing climate change and working to preserve oceans and forests

United Kingdom or UK: the United Kingdom of Great Britain and Northern Ireland

VAR: value-added reseller

VAT: value-added tax

vendor: a company that produces software or hardware or supplies services

Company information

Bytes Technology Group plc

A public limited company
incorporated in England and Wales
under the Companies Act 2006
with registered number 12935776

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Financial calendar

Financial calendar

12 May 2026

Release of results for the financial
year ended 28 February 2026

9 July 2026 14:00 (BST)

Annual General Meeting

October 2026

Interim results

Endnotes

- 1 [gartner.com/en/newsroom/press-releases/2026-02-03-gartner-forecasts-worldwide-it-spending-to-grow-10-point-8-percent-in-2026-totaling-6-point-15-trillion-dollars](https://www.gartner.com/en/newsroom/press-releases/2026-02-03-gartner-forecasts-worldwide-it-spending-to-grow-10-point-8-percent-in-2026-totaling-6-point-15-trillion-dollars)
- 2 [gartner.com/en/newsroom/press-releases/gartner-forecasts-information-information-spending-in-europe-to-grow-11-percent-in-2026](https://www.gartner.com/en/newsroom/press-releases/gartner-forecasts-information-information-spending-in-europe-to-grow-11-percent-in-2026)
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- 4 [ncsc.gov.uk/news/uk-experiencing-four-nationally-significant-cyber-attacks-weekly](https://www.ncsc.gov.uk/news/uk-experiencing-four-nationally-significant-cyber-attacks-weekly)
- 5 [checkpoint.com/press-releases/check-point-software-2026-cyber-security-report-shows-global-attacks-reach-record-levels-as-ai-accelerates-the-threat-landscape/](https://www.checkpoint.com/press-releases/check-point-software-2026-cyber-security-report-shows-global-attacks-reach-record-levels-as-ai-accelerates-the-threat-landscape/)
- 6 [redhat.com/en/about/press-releases/red-hat-survey-uk-organizations-ready-widespread-ai-adoption-skills-gaps-high-costs-and-shadow-ai-threaten-ambition](https://www.redhat.com/en/about/press-releases/red-hat-survey-uk-organizations-ready-widespread-ai-adoption-skills-gaps-high-costs-and-shadow-ai-threaten-ambition)



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on our website
and connect

