

Results for the half year ended 31 August 2025

Tuesday, 14 October 2025

Agenda

Introduction and overview

Sam Mudd

Financial review

Andrew Holden

Strategic review and outlook

Sam Mudd

Q&A



Sam Mudd | Chief Executive Officer



Andrew Holden | Chief Financial Officer

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biographies on
our website.



Introduction

Resilient performance, evolving the business for continued growth

- Our new corporate sales structure, which resulted in an adjustment period and affected the phasing of our growth, has settled
- Effectively managing through the impact from reduced Microsoft Enterprise incentives
- Continued momentum in our services proposition
- Our core strength is our dedicated team with deep expertise across our products and vertical markets
- Focused on culture to help attain our goals
- Constituent of the FTSE4Good Index



Financial highlights

Gross invoiced income¹

£1,342m

+9.1%

Gross profit

£82.4m

+0.4%

Operating profit

£33.1m

-7.0%

Earnings per share

12.0p

-5.1%

Net cash

£82.3m

+15.1%

Cash conversion²

34.4%

H1 FY25 56.2%

LTM cash conversion²

104.7%

H1 FY25 112.6%

Interim dividend³

3.2p

+3.2%

¹ GII is a non-IFRS alternative performance measure that reflects gross income billed to customers adjusted for deferred and accrued revenue items.

² Cash conversion is a non-IFRS alternative performance measure that divides cash generated from operations less capital expenditure by operating profit.

³ FY25 interim dividend was 3.1p

Financial review



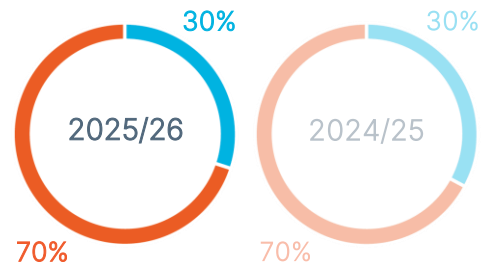
Resilient performance

Income statement	H1 FY26 £'m	H1 FY25 £'m	Change %
Gross invoiced income (GII)	1,342.0	1,230.2	9.1
Netting adjustment	(1,234.0)	(1,124.7)	9.7
Revenue	108.1	105.5	2.5
Gross profit (GP)	82.4	82.1	0.4
GP/GII %	6.1%	6.7%	
Other income	0.4	0.0	
Administrative expenses	(49.7)	(46.5)	6.9
Administrative expenses split:			
Salaries and pension costs	(22.8)	(20.0)	14.0
Commissions and bonuses	(10.2)	(11.1)	(8.1)
Social Security costs	(4.7)	(3.5)	34.3
Share –based payments expense	(1.7)	(2.5)	(32.0)
Other administrative expenses	(10.3)	(9.3)	10.8
Operating profit (OP)	33.1	35.6	(7.0)
OP/GP %	40.2%	43.4%	
Interest income	5.6	6.0	(6.7)
Finance costs	(0.2)	(0.2)	(20.9)
Share of profit of associate	0.0	0.1	
Profit before tax	38.6	41.5	(7.0)
Income tax expense	(9.6)	(11.1)	(13.5)
Effective tax rate	24.9%	26.7%	
Profit after tax	29.0	30.4	(4.6)

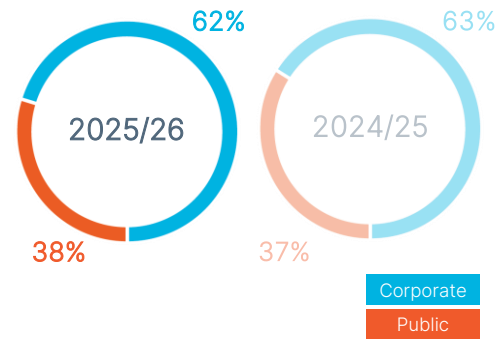
- GII is up 9.1% with balanced growth across segments
- Gross profit grew by 0.4%, less than our growth in GII, due to Microsoft Enterprise rebates in public sector and the transition to CSP in corporate (where BTG invoices the customer) from EA (where MSFT invoices and BTG only receives the rebate)
- Other income is rental income from the offices acquired but not yet occupied in FY25
- Salary costs up due to headcount growth and cost-of-living wage increases (salary costs are +9.5% on H2 FY25)
- Commissions and bonuses down due to flat gross profit below internal targets
- Social security +34% due to increased National insurance contributions
- Share-based payments -32% due to lower profitability
- Operating efficiency ratio down but above target 38%
- Interest income down due to lower interest rates on a higher cash balance
- Effective tax normalised following a higher rate last year due to changes in the deferred tax asset driven by the lower share price over the period

Income analysis

GII by sector



GP by sector

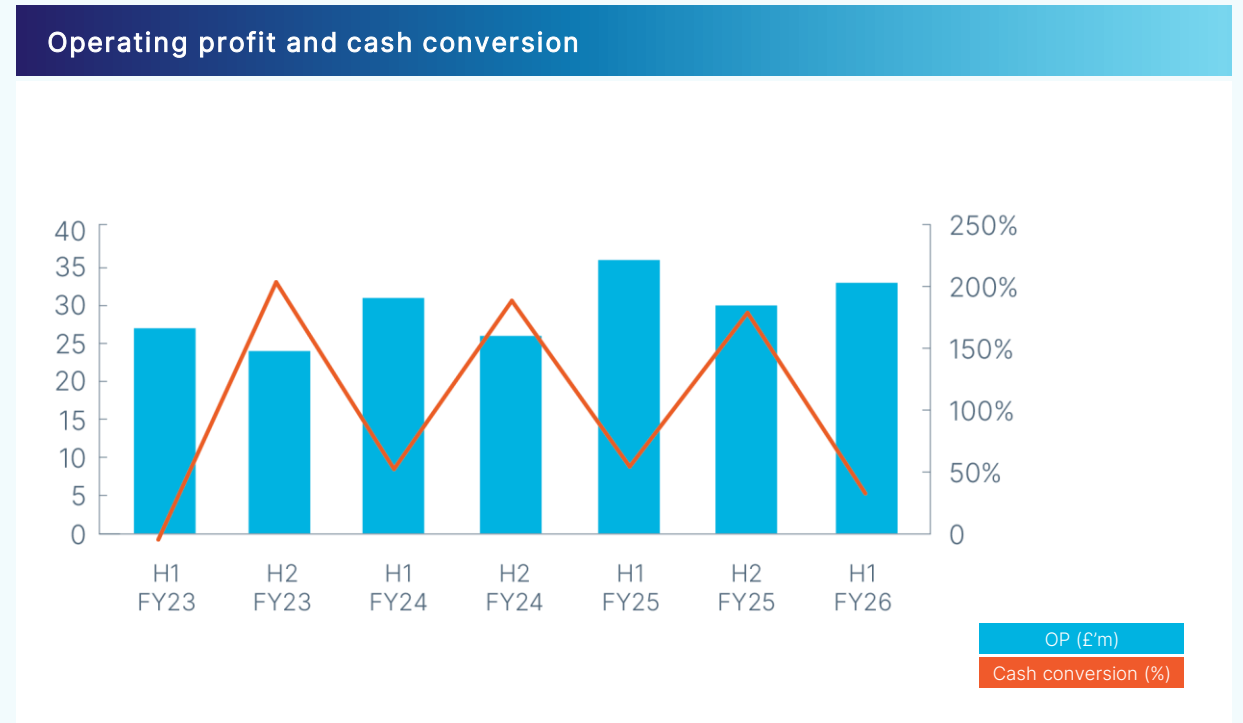
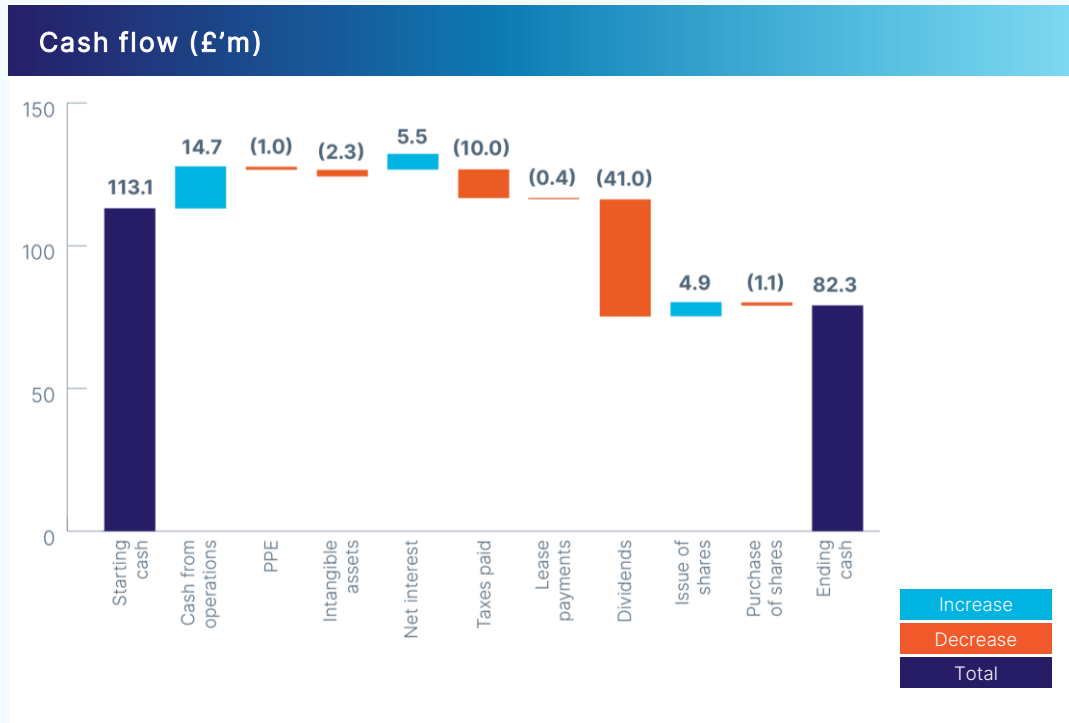


GII and GP by income stream

	H1 FY26 £'m	H1 FY25 £'m	Change %
Gross invoiced income (GII)			
Software	1,292.4	1,187.2	8.9
Hardware	14.6	12.5	16.8
Services internal	19.0	16.6	14.5
Services external	16.1	13.9	15.8
Total	1,342.0	1,230.2	9.1
Gross profit (GP)			
Software	72.1	74.7	(3.5)
Hardware	2.0	1.6	25.0
Services internal	6.0	4.1	46.3
Services external	2.4	1.7	41.2
Total	82.4	82.1	0.4

- Public sector and corporate sales grew broadly in line
- Public sector delivers relatively lower GP/GII due to the billing arrangements of enterprise agreements
- Services margin expansion driven by mix and cost efficiencies
- Microsoft GP share reduced by c.2%
- Software sales make up 96% of GII and 87% of GP
- Hardware sales make up 1% of GII and 2% of GP
- Services constitute 2% of GII and 10% of GP

Cash flow



- Remains a capital-light business
- Cash balance a healthy £82.3m after dividend payment of £41.0m and £1.1m shares acquired
- Cash conversion for the half year of 34.4% shows our seasonality from H1 to H2
- Cash conversion continues to reflect the seasonality evident in historical trends with LTM cash conversion at 104.7%

Capital allocation hierarchy

Organic growth

- Continue our proven strategy of growing our customer base and wallet share with our clients
- Growing sales capacity (new sales intakes and regional growth)
- Expand solutions capability (vertical expertise and knowledge)
- Broaden vendor partnerships (developing technical expertise)

Dividends

- Dividend policy is to distribute 40% to 50% of post-tax pre-exceptional earnings
- Interim dividend of 3.2p per share, payable in late November up 3.2% on the H1 FY25 dividend

M&A

- Actively monitoring acquisition opportunities to accelerate the execution of our strategy
- High-quality bar with cultural alignment key
- Focus on cross-sell potential, vendor specialism and solutions expertise
- Attractive financial profile

Return of excess cash

- £25m share repurchase programme commenced on 15 Aug 2025
- We consider both special dividends and share buy-backs as methods to return excess cash

Maintaining a strong balance sheet through the cycle

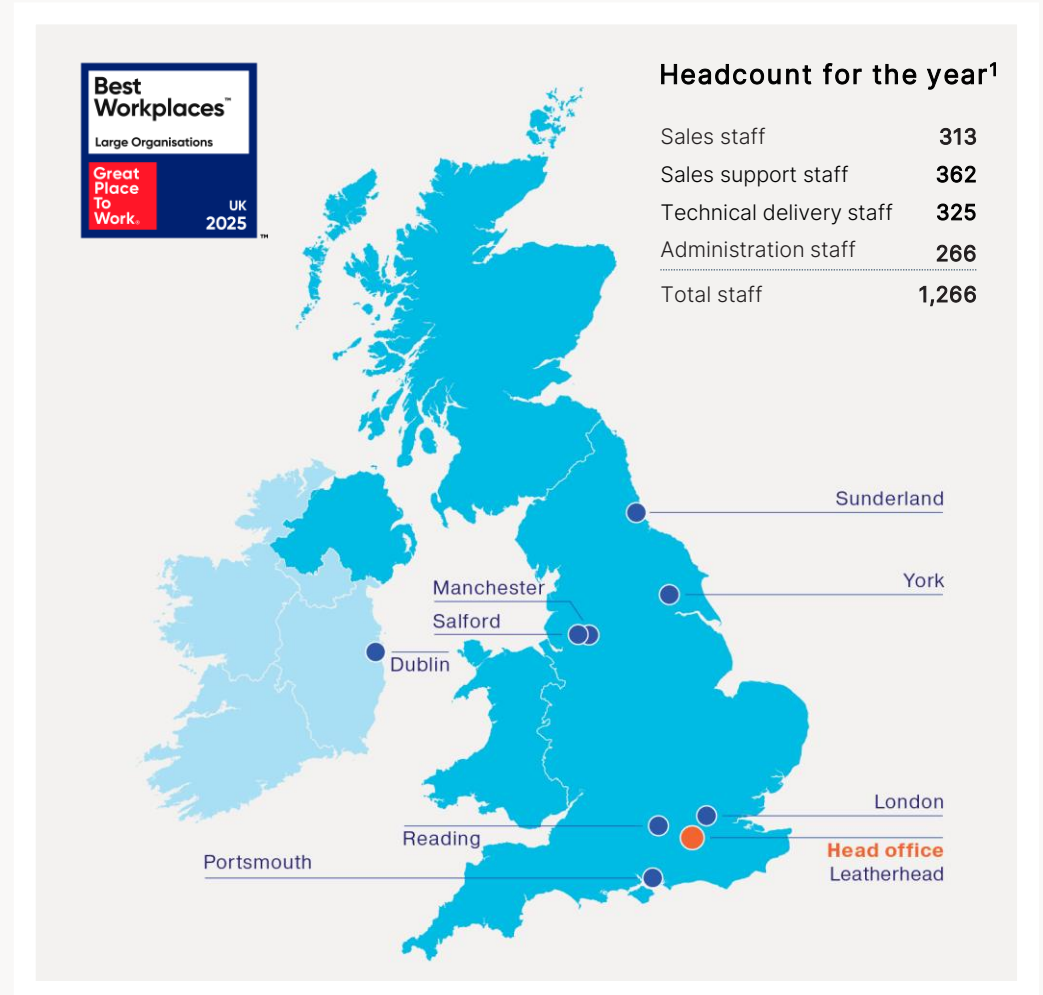
Summary and outlook



Measured investment in people and capabilities

We're expanding our teams to meet our customers' evolving needs

- Measured investment across sales, support, technical and operational capabilities through new hires
- Year-on-year employee growth of 12.0%, 1.7% since year end.
- Our People Strategy focuses on attracting top talent, developing future-fit leadership, evolving our culture and modernising our people operations - to be supported through recent appointment of our first CPO
- We are committed to maintaining an inclusive, high-performance workplace where every individual can thrive and contribute to our shared success
- We continue to explore new office locations where there is a benefit from customer proximity or a strong talent pool



¹ We have restated where we report some employees since the FY25 results. Sales now only includes account managers with technical and vendor sales specialists sitting in Sales support unless they are delivering a service, in which case they are included in Technical delivery. The restatement reduces Sales staff by 98, increased Sales support staff by 87, increased Technical delivery staff by 10 and increased Administration staff by one.

Our sales segmentation

What have we done?

Strategically realigned our corporate sales team at the start of the year, from a generalist structure into customer-segment-focused teams based on customers' seat counts.

- Enterprise >10k seats
- Corporate 2 – 10k seats
- Mid-market and indirect <2k seats

Our public sector sales teams structures are unchanged and remain structured by vertical.

Why did we do it?

To improve our customer proposition by enhancing account management, vendor relationships and solution/service delivery.

- More homogenous customer sets supports our account managers' ability to bring value to our customers by understanding their needs and ways of working, and by sharing the experiences that other customers facing similar challenges have had.
- The change enables stronger seller-to-seller relationships with our vendors, who we co-sell with, because they are often set up this way.
- We have also realigned our technology specialist and service teams to support more tailored solution design and delivery to customers' needs.

What impact has it had?

Temporarily affected the phasing of growth.

- Strong pipeline execution in H2 FY25, affected the volume of pipeline to close in H1 FY26 and is a tough comparator for H2 FY26.

Importantly, customer and account manager retention is consistent with prior periods.

- Retention among senior account managers remains very high.

Supported strong services growth.

- Account managers are more informed to position the right services to the right clients at the right times.

Microsoft incentives update

What were the incentives changes?

From 1 Jan 2025 Microsoft's partner incentives were:

- significantly reduced for Enterprise Agreements (EAs) for Corporate customers with a less severe reduction for public sector customers
- left unchanged for the Cloud Solution Provider (CSP) program – an alternative to EA for smaller Corporates but not the Public sector (and higher margin for partners)
- increased for Services

This encourages partners to help customers adopt, consume and innovate on Microsoft technology and focus on smaller Corporates

How has H1 FY26 gone?

In Corporate, Microsoft gross profit grew, supported by the CSP transition

In Public Sector, Microsoft gross profit declined

Services around Microsoft saw strong growth, particularly in Public Sector

Other vendors saw strong growth in Public Sector

What was our plan to address the changes?

Accelerate the ongoing transition to CSP for corporate customers

Accelerate the ongoing provision of services to all customers

Broaden our software portfolio with all customers

In FY26 we expected a greater weighting to our H1: our Microsoft business is H1 weighted due to high levels of Microsoft renewals in March and April around the public sector year end and in June around Microsoft's year end; and the changes only affect four months of H2, having taken effect in Jan 2025

What is the current outlook for our Microsoft business?

We believe these contracts will have fully rebased from 1 Jan 2026

Existing discounts to be removed for EAs from 1 Nov 2025 will make CSP relatively more commercially attractive for customers

The opportunity remains largest in our mid-market (including indirect) and corporate segments

Our strategy for growth

Our sources of growth

Grow both wallet share and customer base
Market share still <4% of estimated £82bn TAM, which continues to grow
6,000 out of 42,000 addressable customers and c.25–30% average wallet share

Why we win

Customer service excellence
Depth and strength of our capabilities – software and Microsoft expertise are differentiators
Highly certified and accredited with leading vendors
Implementation, support and managed services
Segmented/verticalised sales structure in corporate / public sector

Where we invest

Growing sales capacity with regular new sales intakes
Increasing our technical capabilities
Support and managed services
Systems – shift to consumption-driven purchase models requires investment
Dedicated internal engineering & innovation team and broad internal AI adoption

Positioned to benefit from structural growth markets

Microsoft – has strong positions across all technology pillars
Cybersecurity – remains a top priority for all customers
Hybrid Cloud – 83% of data estimated to remain on-premise
AWS and Marketplace – more important within Hybrid Cloud
Data and AI – strategically important for customers
Support and managed services – increased prominence across all technology pillars, with demand from customers and support from vendors (driven by complexity)

The growing role of services

What do we currently do

Our services gross profit are roughly:

- one-third Professional project based
- two-thirds Managed and recurring

Our customer is generally the IT department

We sell services to all our customer segments but what we sell differs

Why we are growing services

It helps us sell more software

It makes our relationships stickier and we find services are sticky themselves

We see significant customer demand and a large services TAM

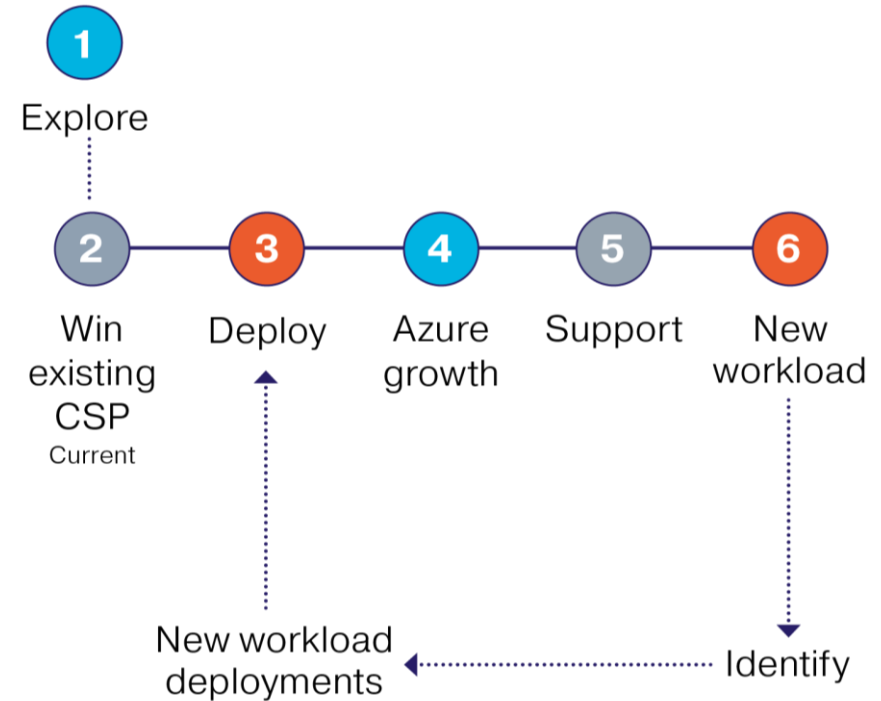
What is driving strong growth

Our customers often want us to provide more services

Our account managers are increasingly recognising the attractions of services

We are balancing internalising services as demand scales for higher margin, while maintaining a partner network for capacity

How services fit into a customer journey – illustrative Microsoft Cloud example



Summary and outlook

Structured and focused strategy to deliver for all our stakeholders



Large addressable market, opportunities supported by growing global IT spend



Strong strategic partnerships with vendors



Continued expansion of technical service delivery offerings



Group benefits from strong balance sheet and no debt



Well positioned to respond to evolving market demands, including cloud computing, cybersecurity, AI and managed services



We remain confident of delivering a full year outcome within the range of market expectations

Q&A Appendix

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Sustainability integral to our mission

Environmental

- GHG emissions methodology improvement
- Constituent of the FTSE4Good Index
- Rollout of carbon literacy training, which will continue through FY26
- Solar panels at York produced 71,500kWh from installation in FY25
- ISS ESG Corporate Rating score B- (top decile)

Social

- Initiative to support our employees through better diversity insights
- Continued our leadership coaching programme and Women in Tech initiative
- Charity partnerships strengthened and £20k raised for St Leonard's Hospice
- Ongoing support to communities through donations, fundraising events and volunteer days

Governance

- Workforce engagement discussions led by our designated non-executive director
- ESG Committee continues to bring an independent view of our sustainability activities
- Meeting and/or exceeding all FTSE Women Leaders and Parker Review requirements



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