

Our year in numbers

£2,099.8m

Gross invoiced income (GII)¹
(2024: £1,823.0m) +15.2%

£217.1m

Revenue²
(2024: 207.0m) +4.9%

£163.3m

Gross profit (GP)
(2024: £145.8m) +12.0%

£27,600

Average gross profit per customer
(2024: £25,000)³ +10.4%

£66.4m

Operating profit
(2024: £56.7m) +17.1%

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.

3 2023/24 average GP per customer has been revised from £24,400 in the Annual Report and Accounts for 2023/24 to remove year-on-year fluctuations caused by very small customer variations under a single parent.

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This is Bytes Technology Group

The world runs on technology – and it’s evolving at a breathtaking speed. A mobile phone is now a powerful computer. Data storage has moved from in-house to the cloud. AI has swiftly gone from science fiction to being an integral part of daily lives – and it’s only the beginning. Digital information is now so valuable it is under constant and ever more sophisticated attack.

Technology is a source of competitive advantage. It’s not just about staying safe – it’s about staying ahead. At BTG, we strive to make it easier, **helping 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
- Hybrid infrastructure

We serve around
6,000
customers in
the corporate
and public sectors

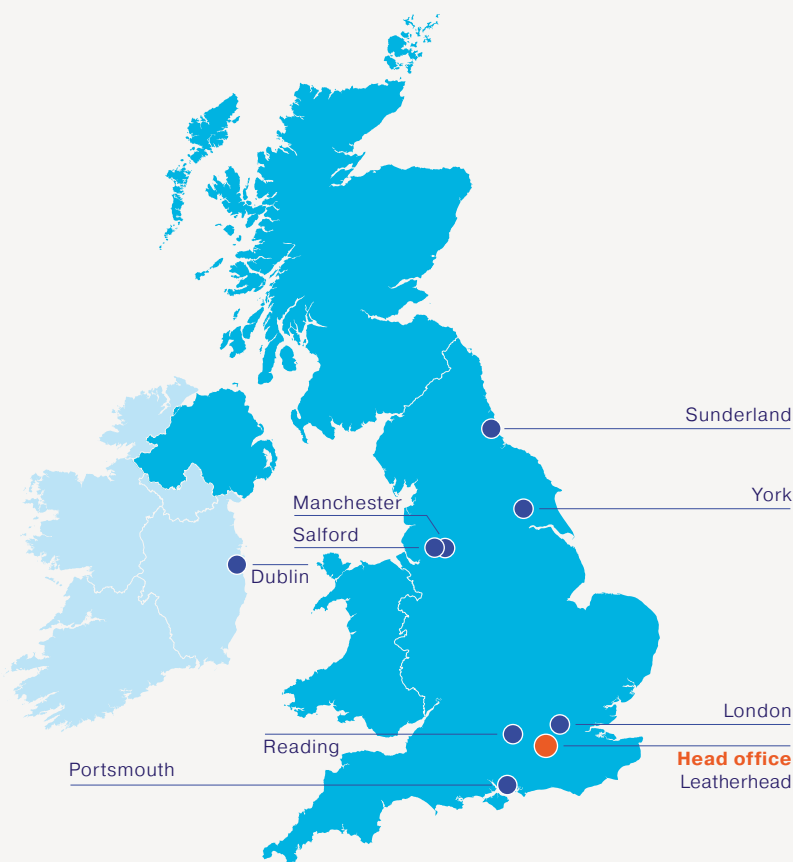
From our beginnings in a shop outside Epsom in 1982, we listed in London¹ as a constituent of the FTSE 250 in 2020.

¹ The company has a primary listing on the Main Market of the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange.

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 continue to expand, with nine offices and more than 1,200 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 36.**

Our offices



We have more than

1,200

talented colleagues

We have a simple but powerful business model.

We derive our gross profit from two main sources: 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 rebates from our vendors. 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 professional and managed IT services to our customers, often aligned to the software we sell to them. Where the solutions are strategically important to our vendors, they may pay us additional fees.

What makes us unique is how everyone at BTG turns that simple model into one that's truly value added. Alongside our deep technical expertise and support services, we live by our values in everything we do: being passionate, acting with integrity, working together, being kind and respectful, and getting business done while having fun doing it. Our results speak for themselves – lasting, mutually beneficial partnerships with employees, customers and vendors, which drive consistent growth.

→ [Read more details about how our model delivers profit on page 21.](#)

What our model delivers



Success comes from serving our customers with 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 who make or distribute software, hardware and other IT products.

That means we 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 18.**



We have close relationships with more than **100** vendors.

Our future: bringing people and transformational technologies together to achieve more.

With technology changing so fast, it's easy to lose sight of what IT is really for: driving increased efficiencies, keeping data and networks safe, adopting new technologies such as AI for a competitive advantage, 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 benefit in the years and decades to come.



Chair's statement

Our talented people and strong customer focus helped BTG achieve another record-breaking year in 2024/25. By continuing to invest in our business and technical capabilities we have established a strong platform for future growth.

Strong performance thanks to a great team

I'm very proud of the performance delivered by the BTG team this year. In challenging market conditions, especially in the first half of the year, we achieved double-digit growth for the full year across our key performance metrics: gross invoiced income, gross profit and operating profit. For the first time, BTG achieved gross invoiced income of over £2 billion – more than double what the company achieved only four years ago, and a sign of how far we've come in just a few years.

On behalf of the Board, I would like to thank all our people across the company for their efforts this year and, importantly, for making BTG a great place to work. We're also very appreciative of the continued support of our customers and vendors, including our largest partner Microsoft, which we've worked with since the 1980s.

Strengthening our Board

Strong leadership has been integral to our success this year. Sam Mudd, who has worked in our business for 22 years, was appointed CEO on 10 May 2024, after a short period as Interim CEO. Following her long-standing managing director (MD) role at Phoenix, she has now proved to be a great leader of BTG as a whole, with a deep understanding of the business and a very effective working relationship with our CFO, Andrew Holden. Sam spent a lot of time engaging with the investor community and our employees in 2024/25, as well as with our vendors, among whom she is well respected.

Patrick De Smedt Chair





For the first time, BTG achieved gross invoiced income of over £2 billion – more than double what the company achieved only four years ago, and a sign of how far we’ve come in just a few years.

In June, we were delighted to welcome two more independent non-executive directors to our Board: Ross Paterson and Anna Vikström Persson. Ross, a highly experienced CFO, was appointed Chair of the Audit Committee, a role he also holds at a FTSE 100 company, while Anna brings a wealth of human resources expertise to the Board.

I am very pleased with the composition of the Board, with our directors’ wide range of experience and skill sets, and grateful for the excellent support they have given me as Chair this year. Following the changes to the Board, we remain aligned with the FCA’s UK Listing Rules, with 57% women on the Board and at least one director from a minority ethnic background. We also have women in both the CEO and senior independent director roles.

Engaging our people and teams

Shruthi Chindalur took over as designated non-executive director for employee engagement in March 2024. She spent time at both our businesses, Bytes and Phoenix, engaging with colleagues and giving feedback to the Board. This has helped shape several employee-related initiatives. Following an engaging town hall meeting at Phoenix in 2023, we introduced the Board to our employees at Bytes’s headquarters in Leatherhead in July 2024, outlining the company’s strategic priorities – with ample time allocated for Q&A.

It was good to see the BTG team continuing to grow this year to support future expansion, with our headcount increasing by nearly 18% across all areas of the business. This included sales people and, importantly, pre-sales people with technical skills and service delivery heads, who support our account managers by helping customers understand how to benefit from the latest technology.

Investing to meet customers’ needs

The Board was also pleased to note the impressive investment in services in 2024/25. BTG has always been far more than just a value-added reseller that provides high-quality licensing advice; the team aims to deliver outstanding customer service, and that is reflected in our high customer net promoter score (NPS) of 79. With technology evolving quickly, it is crucial that our support and technical services offerings keep evolving too, especially in the key areas of multi-cloud adoption and migration, cybersecurity, AI and data.

Shareholder dividends

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 6.9 pence per share equating to £16.6 million. Given the company’s continued strong performance and cash generation, we are also proposing a cash return to shareholders with a special dividend of 10.0 pence per share, equating to £24.1 million. If approved by shareholders, the final and special dividend will be paid towards the end of July 2025.

Focusing on sustainability

For any responsible business, a strong focus on sustainability is essential, even more so given the climate crisis. This year, for the first time, the Board formed an ESG Committee, which is chaired by Anna Vikström Persson and oversees progress across all aspects of sustainability. In June 2024 we received validation from the Science Based Targets initiative (SBTi) for our near-term and net zero GHG emissions targets, and further improved our ISS ESG Corporate Rating, which is now one of the highest in our peer group. I was also pleased to see the launch of the Group’s carbon literacy awareness programme, and the firm measures taken to further reduce our own emissions, including expanding our electric vehicle (EV) scheme and installing solar panels at our York office.

Looking ahead with optimism

The Board is optimistic about the opportunities for further growth in 2025/26 and beyond, as BTG continues to provide services that enable organisations to adapt, grow and succeed. Structural market trends – digital transformation, security, cloud migration, AI/data – are in our favour, and are the areas we are investing in. Our disciplined growth strategy also means we have the flexibility to pursue value-enhancing opportunities as they arise. We look forward to supporting our executive team and playing our part in growing the business in the years to come.



Patrick De Smedt
Chair
12 May 2025

CEO's review

At BTG we're driven by a clear vision: to help organisations succeed in a world of change, through trusted partnerships and transformative technology. I'm proud to say that in 2024/25 we lived up to this vision. Thanks to our great people, our loyal customers and our vendors, we helped more businesses and public sector organisations than ever meet their objectives through innovative IT solutions.

In doing so we achieved another strong set of financial results, with demand for our broad suite of products and services remaining robust even in a challenging trading environment. Gross invoiced income rose by 15.2% to a record-high £2.1 billion, and operating profit increased by 17.1% to £66.4 million, extending our run of double-digit growth.

The strong performance demonstrates the resilience of our two businesses, Bytes and Phoenix, and the hard work done by our teams to maintain close, enduring partnerships with our customers by providing the straightforward expert and honest advice that we have become known for. Our high customer NPS score of 79 reflects this.

Sam Mudd CEO



A growth company with a proven strategy

Expanding our business, year after year, is not something new for us – even before our initial public offering (IPO) in 2020 we had a long track record of growth, in line with our proven strategy. Our ultimate strategic goal each year is to grow organically by winning new customers and doing more with our existing customers. In 2024/25, we achieved both of those aims, with 656 new customers delivering £4.3 million gross profit, and existing customers generating £13.2 million additional gross profit.

Despite increasing competition, we had notable successes with public sector tenders, retaining and gaining customer contracts. An example is our partnership with East Suffolk and North Essex NHS Foundation Trust. A relationship nurtured over several years led to collaboration on a major project designed to transform the way that staff and patients interact, for a better service for all. You can read more about that work on page 14.

I'm also delighted that at the end of April 2025, Phoenix was granted a Royal Warrant for the supply of IT Managed Services to The King. I'm extremely proud of the Phoenix team's commitment to excellence, sustainability and service that led to this prestigious award.



By Appointment to
His Majesty The King
Supplier of IT Managed Services
Phoenix Software Limited
York

What gives me great confidence about our prospects is that even though we've been growing year on year, we still have plenty of room to expand. Many vendors have in recent years pivoted to a 'partner-first strategy', which serves us well. We are strongly focused on software solutions, which, according to market intelligence firm IDC, is the fastest-growing segment of the IT industry today. Our share of the overall total addressable market in the UK is still only around 4%.

Our strategy

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

Along with consistently **expanding our solutions capabilities and broadening and deepening 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 are helping our customers on page 14.

Investing in our people and our business

Our people drive our success. We need to retain our exceptional employees to continue to sell effectively and, to meet our growth ambitions, we need to keep increasing our headcount.

Read more about how we are growing great people on page 15.

Investing in innovation

From AI to cybersecurity, 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 are investing in innovative services on page 16.

Investment case

01

Proven track record and growth strategy

We have a long track record of strong financial performance, driven by highly motivated employees delivering the latest technology to a diverse and loyal customer base. Our growth strategy supports strong free cash flow that allows us to invest in our businesses.

5-year GP CAGR 15.6%

Customers served in 2024/25 5,913

02

Attractive market positioning

We have strategic partnerships with many of the world's leading software vendors and distribution channels. This includes a long and deeply embedded relationship with Microsoft, as one of its largest UK partners by revenue.

More than 1,000 vendors and distributors

One of the biggest UK partners with Microsoft by revenue

03

Compelling growth opportunity

We operate in a vast, growing market, boosted by technological tailwinds from digital transformation agendas, cloud products, cybersecurity, and productivity and AI-enabled tools. Our share of our total addressable market is around 4%, so we have plenty of room to grow.

Strong GII growth at a record £2.1bn 15.2%

04

Strong team culture

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

Employee net promoter score (eNPS) 57

Expanding our solutions capabilities and vendor partnerships

To take advantage of this big opportunity, and in support of our main strategic goal, we are focused on increasing our services capabilities and broadening our vendor partnerships. The pace at which technology is advancing today is remarkable, especially in areas such as AI. From our experience of using Microsoft's Copilot AI companion in our own business, we can see the potential to transform for the better the way that people work.

But these innovations are complicated, which can make it hard for our customers to find the best solutions for their businesses. By building our own advisory and support services around the wide suite of software solutions we offer – especially in the key areas of cloud computing, security and AI – we can help our customers better understand and benefit from the latest technologies.

In 2024/25, we continued to grow our range of professional and managed IT services. At Bytes, this included a successful launch of a new Microsoft 24x7 CSP support service, and significant investments in our procurement advisory services division. At Phoenix, we launched a new managed-cost management and optimisation service for Microsoft's Azure cloud platform, and expanded our AI teams and our security operations centre. We also focused on enhancing our technical capabilities, working with our long-standing vendors to attain top accreditations, and working more strategically with newer ones, such as Service Now, Palo Alto Networks and Commvault, to ensure we can support our customers' expanding technology needs. This deep knowledge of our vendors' software is crucial in enabling us to give our customers the best advice on the choice of software solutions and the interoperability of different vendors' products.

And it's reflected in how some of the world's largest tech companies regularly ask us to join their exclusive partner advisory councils and pilot programmes. It shows that they value our partnership, commitment, technical skills, the business we influence for them and, most importantly, how we work collaboratively and sometimes exclusively together on opportunities.

The advantages of an experienced management team

Maintaining close relationships with vendors and customers is easier when you have extensive experience and continuity in your business. This is especially true of our management teams, which have many decades of software and solutions reselling experience and, crucially, the passion,



By building our own advisory and support services around the wide suite of software solutions we offer – especially in the key areas of cloud computing, security and AI – we can help our customers better understand and benefit from the latest technologies.

expertise and credibility to further grow our company. Jack Watson and Clare Metcalfe, who have both been with us for many years, are strong leaders of Bytes and Phoenix, respectively. I am really pleased with what they and their teams achieved in 2024/25, from delivering double-digit profit growth in their businesses, to broadening our customer base and being among Microsoft’s top partners for the rollout of Copilot in the UK.

Maintaining our strong, inclusive culture

As one of the country’s largest IT resellers, we continue to attract talented, skilled people who want to be a part of our journey of success, and we now have more than 1,200 colleagues. As we do every year, we worked hard to ensure our unique culture that has brought us so far is maintained, even as we become a bigger company. To harness the strengths of our two businesses, and protect our culture as we grow, we will appoint our first Chief People Officer (CPO) in the 2025/26 financial year.

People are at the heart of business, and I am committed to improving this year’s eNPS results which, while still above the industry average, have fallen from their previous high level of 71 to 57. This change, we think, reflects a turbulent year both externally, with the weak economy and political uncertainty, but also internally, with the necessary transformation and structural changes in our operations and leadership teams. That said, we can be very proud of our high rank in the Great Place to Work survey for the ‘Large Company’ category – Phoenix at 9th and Bytes at 85th – and our FTSE Women Leaders Review 2024 report, in which BTG was named the most improved company in the FTSE 250 in the ‘Women on Boards’ category.

At a time when progress against the basic principles of diversity and inclusion is being questioned, challenged or blocked, it is good to celebrate such moments with our FTSE peers. As a female CEO, I intend to use my high profile to continue to identify and remove any barriers to participation and career progression at BTG, and will ensure that diversity, equality and inclusion remain central themes for our business. By doing so, we can fully embrace our colleagues’ unique differences, which lead to better ideas and insights, and support our strong, innovative culture.

Increasing our geographical footprint

As our headcount has grown, we’ve made it a priority to provide the right office environments in the right areas. We want to offer an exciting and vibrant working space for all our staff, filled with areas to collaborate and socialise. Following the work done at Phoenix’s offices in York, we carried out a similar transformation at Bytes’s Leatherhead office this year. Also at Leatherhead, we acquired two other buildings in our business park to cater for our further expansion. We opened new offices in Portsmouth and Sunderland to be closer to our customers and hire staff from those areas, and we expanded our London office.

A commitment to sustainability

As a responsible business, we are committed to ensuring that our growth does not come at the expense of the environment. While we’re not a big greenhouse gas (GHG) emitter ourselves, the software and services we provide do have an impact on the planet, especially through the energy required to power AI solutions and cloud storage. In 2024/25, we reached a crucial milestone on our path to net zero, with the SBTi validating our GHG emissions targets. Our efforts to reduce our carbon footprint this year included installing solar panels at our York office and expanding our EV scheme.

Looking ahead

Turning to the future, we expect that the macroeconomic conditions will remain challenging and uncertain, but we know from experience that when times are tough, organisations look to technology to make them more efficient and resilient. And our sector has tailwinds: we are still in the early stages of the take up of AI-powered platforms and products, while the need for ever more sophisticated cybersecurity and cloud-based products will only increase. With a great team behind me, I am excited to grow our business further by meeting customers’ evolving needs as we continue through 2025 and beyond.

Sam Mudd

Chief Executive Officer
12 May 2025

Measuring progress

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

Financial

Gross invoiced income¹ **£2,099.8m** +15.2%

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

Revenue^{2,3} **£217.1m** +4.9%

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

Gross profit **£163.3m** +12.0%

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

Gross margin³ **75.2%**

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

Operating profit **£66.4m** +17.1%

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

Operating profit as % of gross profit **40.7%**

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

Cash conversion⁴ **113.8%**

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

Cash **£113.1m** +27.4%

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.

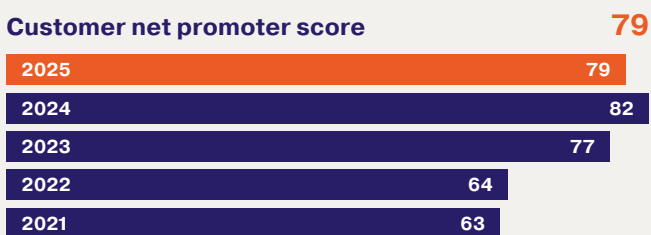
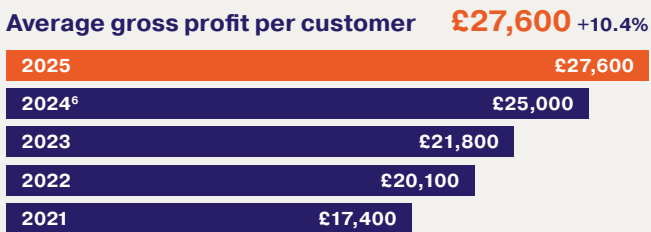
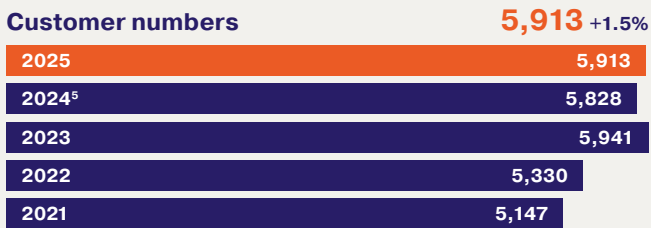
3 The 2022 figures for revenue and gross margin reflect the change in accounting policy under IFRS 15, which took effect from that year and has been applied in all subsequent periods.

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.

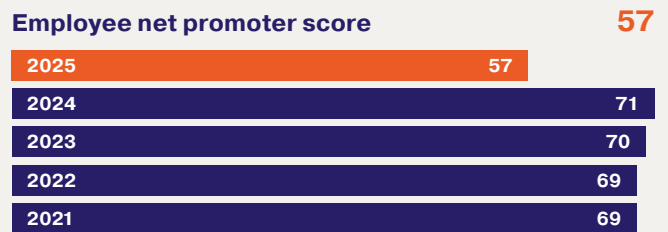
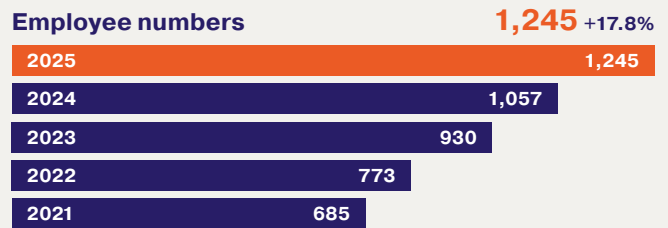
5 Revised from 5,978 in Annual Report and Accounts 2023/24 to remove year-on-year fluctuations caused by very small customer variations under a single parent.

6 Revised from £24,400 in Annual Report and Accounts 2023/24 to remove year-on-year fluctuations caused by very small customer variations under a single parent.

Strategic



Sustainability



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

Phoenix has worked with East Suffolk and North Essex NHS Foundation Trust for a number of years and has supported the Trust on many key projects.

Over the past year, Phoenix has worked strategically with the Trust, providing the software and infrastructure needed to support its electronic patient record (EPR) system, Epic. Epic is one of the leading global EPR systems and the Trust selected this as “the best option for patients and staff, knowing these systems make patient care much safer”. The EPR will help to streamline multiple digital systems across Ipswich Hospital, Colchester Hospital, and five community hospitals in East Suffolk and North Essex, into one single system.

Mark Caines, Associate Director of ICT, East Suffolk and North Essex NHS Foundation Trust, says that partnership and openness are key elements of the successful partnership with Phoenix.

“My team and I can approach them on various levels and that trusted relationship we have had over the years has significantly contributed to the success of numerous digital projects and initiatives across the Trust.”

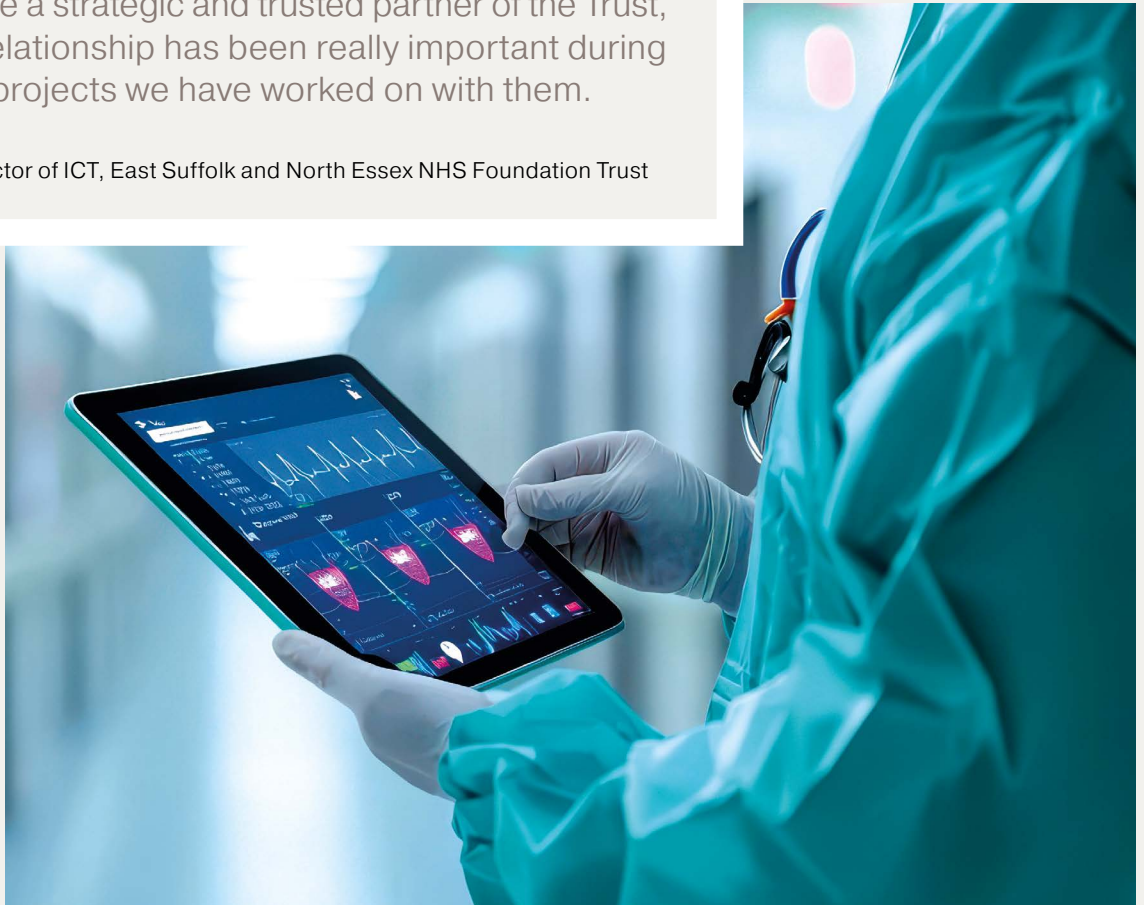
Keith Martin, Sales Director at Phoenix, says that the dedication of both teams is what made the project so successful. “By working closely and collaboratively, East Suffolk and North Essex NHS Foundation Trust and Phoenix found a solution that met the needs of its patients and staff. Without that strong relationship, the project wouldn’t be where it is today.”

“

Phoenix are a strategic and trusted partner of the Trust, and that relationship has been really important during the many projects we have worked on with them.

Mark Caines

Associate Director of ICT, East Suffolk and North Essex NHS Foundation Trust



Investing in people and our business

At BTG we are proud to build the future of IT by offering great apprenticeship opportunities across a range of business areas, allowing people to earn while they learn on the job. This year at Bytes, eight people took part in apprenticeships, including Callum Ring and Emma de Lemos.

Emma de Lemos

Learning and development consultant
business partner apprenticeship
(level 5) – achieved a distinction

Callum Ring

Digital and technology solutions degree
apprenticeship, specialising in cloud
solutions (level 6) – achieved a first

“

I thoroughly enjoyed undertaking my apprenticeship. The course content was extremely relevant and gave me so much more insight into my specialism. I have been able to really apply my learnings day to day and it has given me the confidence to grow further in my role as a learning and development consultant, to support the business’s needs.

Bytes’s motto is to ‘grow great people to deliver amazing things’, and the backing I have received from the business and my line manager to undertake the apprenticeship has been a true testament to this.



“

I think when most people begin a degree, the expectation is that they will gain specific technical knowledge to begin a career in their chosen field. However, a degree apprenticeship is a little different. Working at a company like Bytes means that you’ll pick up technical knowledge considerably faster than most ‘traditional’ students, as we are living and breathing the technology that is taught.

The real benefit that I have seen comes in the soft skills – understanding how to speak to customers and allowing them to understand complex technologies in a very simple way is key to being a good consultant. While completing the apprenticeship, I was promoted to Microsoft security services team lead, where the soft skills are helping me further. Now it is important to understand the needs of my team and listen to differing points of view, all of which are taught within the degree itself.

Our strategy in action continued

Investing in innovation

In 2024, we celebrated 25 years of providing innovative cybersecurity software solutions and services to our customers, helping them mitigate risks and stay secure in a world of rising threats.

Bytes + WSH

WSH is a food and hospitality company serving 2.6 million customers every day. They recognised that any disruption from cyberattacks could drastically affect their fast-paced business. But they only had a limited security budget and lacked the resources to manage potential vulnerabilities 24/7 across many locations. Bytes found the answer.

“ Bytes has been an exceptional partner in our journey to fortify our security measures. Their support and expertise have made a tangible difference, and we highly recommend their services to any organisation looking to enhance their security capabilities.

Jack Mersey
Chief Information Security Officer, WSH



Phoenix + Shelter

Shelter is a prominent housing and homeless charity. Safeguarding the personal data of the people it supports is not just critical for their safety, but also in maintaining Shelter’s reputation as a trustworthy organisation. To ensure the protection of its data, maintain compliance with stringent industry standards, and to stay ahead of evolving cyber threats, Shelter turned to Phoenix.

“ We have built a long-standing partnership with Phoenix based on trust and proven success. Having collaborated with Phoenix for multiple services, including Microsoft-related solutions, for over five years, we felt confident in entrusting our critical security needs to Phoenix.

Rob Fisher
IT Operations and Security Manager, Shelter



Review of the year

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Q

Why do customers choose BTG for cybersecurity?

A

We have more than 25 years of experience in cybersecurity. Through our team of more than 70 specialists, we support organisations across a range of security areas, including solutions, technical, delivery, consultancy and vendor management.

Lorna Gelstharp
Cybersecurity Solutions Specialist

Our market environment

Spending on IT remained robust in the UK in 2024/25, despite political and ongoing economic uncertainty. Corporate and public sector organisations continued to invest in technology to make them more productive, efficient and secure. New transformative technologies, such as generative AI, attracted particularly strong interest, as did cybersecurity solutions services.

What trends are shaping UK technology?

Migration to the cloud

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

Cybersecurity

As the risk and sophistication of cyberattacks increases, so does the need for multilayered protection.

AI and data

AI-enabled tools have the potential to help people become more productive and creative.

Digitalisation

Organisations are looking to digital technology to improve their operations and create efficiencies.

Cost optimisation

Vendor price rises and economic pressures mean customers are demanding greater value from their technology solutions and services.

\$5.6tn

Forecast worldwide IT spending in 2025¹

18.7%

Forecast annual growth in cloud revenue in the UK from 2025 to 2029⁵

\$94bn

Forecast spending on AI-related services in Europe in 2025, up from \$78bn in 2024²

44%

Increase in global cyberattacks in 2024³

Strong growth in global IT spending forecast

Spending on technology worldwide is forecast to grow by 9.8% in 2025, to \$5.6 trillion, according to the research firm Gartner, as IT budgets keep pace with price rises.¹ In Europe, the picture is similar, with IT spending expected to grow by 8.7%, to \$1.3 trillion, 'the highest growth rate in IT spending in a single year in Europe since the post-pandemic surge in 2021,' Gartner noted.² Spending in the UK tech market is generally in line with these global trends.

Cloud and cybersecurity software and services drive growth

Our main business areas are software and IT services, which continue to be the two biggest, and fastest-growing, areas of technology. UK revenue from software, which is mainly cloud-based, is projected to grow by 6.0% annually, between 2025 and 2029, according to the research company Statista.³ Over the same period, spending on IT services is forecast to increase by 6.5%.⁴ Revenues in the public cloud and cybersecurity markets are expected to rise by 18.7% and 8.6%, respectively.^{5,6}

For all sources and references, see Endnotes on page 199.

The investments in security highlight the ever-increasing threat of cyberattacks. A report by the insurance group QBE in 2024 revealed that 69% of medium to large businesses in the UK were disrupted by cyber events in the past 12 months.⁷ In its annual report, The State of Global Cyber Security 2025, Check Point reported a 44% year-on-year increase in global cyberattacks in 2024. It noted the increasing use of AI by bad actors, and a 58% increase in ‘infostealer’ attacks, where malicious software is used to breach computer systems and steal sensitive information.⁸

Value and flexibility in focus

The essential role of technology in today’s world, and the speed at which it’s evolving, means that organisations are reluctant to pause IT spending for long, even in tough economic times. But they are seeking greater value and flexibility; they want 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 reduces the need to hire in-house experts. This all plays to our strengths, since we pride ourselves in providing what customers need, rather than what might drive our profits in the short term.

Our place in the UK tech sector

We’re one of the UK’s leading value-added resellers (VARs), providing IT products from a broad range of technology vendors to a large and diversified base of private and public sector organisations. Our potential market is large. UK business-to-business customers buy a substantial portion of their technology products from VARs and other resellers and distributors. Currently, our share of our total addressable market is around 4%. And because no one company dominates the market, we have a lot of room to expand.

Our target products and services

Software 95% of GII

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

IT services 3% of GII

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

Hardware 2% of GII

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

Enabling real-world AI adoption

Interest in AI is surging in the private and public sectors, with organisations seeking to improve service delivery, efficiency and innovation.

Commercial tools accelerate spending

With the release of commercial AI tools, such as Microsoft’s Copilot, spending on IT services related to AI grew strongly in 2024. In Europe, it reached \$78 billion, and is forecast to grow by 21% in 2025, aided by demand for generative AI (GenAI) solutions, according to Gartner.²

According to Microsoft, which partnered with LinkedIn for its 2024 Work Trend Index, three in four knowledge workers now use GenAI at work, with usage doubling in just six months. At BTG, most of our people now use Copilot daily, resulting in increased productivity and a reduction in repetitive tasks. We’ve also seen very strong uptake from our customers to improve efficiency across their organisations.

Partnering with Microsoft to drive transformation

As a leader in AI implementation in the UK, we’re confident that the 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.

In this new AI era, our strong partnership with Microsoft is integral to our goal of helping organisations navigate change confidently and effectively. We bring the on-the-ground expertise, sector insight, and capabilities needed to make AI adoption successful, and Microsoft’s tools, platforms and infrastructure allow us to do it at scale.



BTG’s commitment to AI innovation is unquestionable. They were one of the first adopters of M365 Copilot internally and are one of the leading Microsoft partners helping organisations across the UK with AI transformation. They have developed and delivered AI and related security solutions, creating true impact and results across industries such as government, healthcare, education, not-for-profit, retail and legal.

Eleri Gibbon

Small, Medium and Corporate Lead UK, Microsoft

CFO's introduction

In a year marked by economic and political uncertainty, we proved the resilience of our business model by delivering another set of strong financial results. We saw increased customer demand in key areas such as AI, cybersecurity and cloud computing, and for our services offerings, in which we've invested strongly.

At the end of the first half of the financial year we reported growth in gross profit of 9%. An exceptional second half saw gross profit grow by 15%. This has resulted in our full-year gross profit growing by 12% to £163.3 million, driven by a 15.2% increase in our gross invoiced income to £2.1 billion. Our operating profit grew by 17.1% to £66.4 million and we ended the year with strong cash conversion above our target of 100%.

Helping our customers do more with AI

In recent years we've benefited from a few boosts in our sector, including strong demand after the Covid-19 pandemic and vendor price increases. By the start of the 2024/25 financial year these had largely played out, and we faced a flagging economy, exacerbated by political uncertainty because of the election in the UK.

The weaker business confidence was clear in the first half of the year, when spending in the corporate sector was muted, even as the government maintained its investment in IT. We continued to engage closely with our customers, benefiting in the second half of the year as demand in the corporate market picked up and was maintained in the public sector. Over the full year, the net number of customers we served rose by 1.5%, to just under 6,000, and gross profit per customer increased by 10% to £27,600, with existing customers contributing 97% of our total gross profit at a renewal rate of 109%.

Andrew Holden CFO



This is in line with our strategy of winning new customers and then doing more with them each year by providing additional products and services to meet their evolving requirements. Our work with AI products, including Microsoft’s Copilot, is a good example. During the year we delivered £1.0 million worth of workshops, funded through Microsoft incentives, to help our customers understand the potential benefits of the technology, and we grew our AI teams so we could provide even more advice and support. We’ve already seen positive results: since the launch of Copilot in the second half of the 2023/24 financial year, we’ve seen increased licence sales and implementation from our customers, and we expect this trend to continue in the coming years.

Supporting our core software income with enhanced services offerings

Gross profit from software licence sales rose by 12.0% to £146.0 million and contributed 89% of our total gross profit. Alongside this core offering, we are focused on growing our technical and service solutions. We continued to develop services to support customer readiness and adoption of AI, and expanded our in-house AI-dedicated teams, which are creating bespoke solutions for different sectors of the market. We’ve also been enhancing our IT services capabilities for cloud computing and security. Gross profit from internal services increased by 28.5% to £8.7 million in 2024/25, contributing 5.3% of our total gross profit, up from 4.6% in 2023/24.

While our growth this year was underpinned by the gross profit increases in software and internal services, we saw a 5% fall in hardware growth. After a weak first half of the year, hardware growth in the second six months bounced back by more than 50%, compared to the same period in 2023/24. In the public sector we grew gross profit by 18%, and in the corporate sector by 9% – the latter seeing strong growth of 15% in the second half of the year following a slow start.

Our operating profit to gross profit ratio of 40.7% reflects our disciplined approach to cost management and operating efficiency.

The strength of our finance team

The loyalty of our people played a big part in delivering these results. Many of our colleagues have been with us for a long time, and this is certainly the case for our finance teams, both at Group level and in our operations. Their collective experience and expertise are great assets, especially during a busy year like this one, when we’ve been preparing for the changes to the accounting software at Bytes and Phoenix, and redeveloping our business portal, where we transact with our customers. I’m grateful to all of them for their hard work this year, but I’d particularly like to thank Simon Rippon, Finance Director of Phoenix, who retired after more than 20 years with the business. With Simon’s departure, we welcomed Peter Goodrick, and we look forward to the benefit of his expertise and experience in the industry in the coming years.

Our business model

As a value-added IT reseller, we have a simple business model that 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.

We employ people who are passionate about technology and our customers, including many who 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 biggest software companies – we are one of Microsoft’s largest UK partners by revenue – and work closely with them to understand the latest transformational technologies.

We serve customers across the corporate 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 strong relationship 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 in the market for their needs. We know which products work together and we make them easy to buy. And we have a strong, ever-growing suite of our own professional and managed IT services, enabling 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 forms:

- ‘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 rebate we subsequently receive from the vendor
- Fees, where the customer pays the vendor directly and the vendor rewards us by way of a fee for managing the customer relationship and providing licensing advice and support to them.

Whether pure margin or fee based, it is all counted as gross profit – the most 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

Evolving with our vendors

Our biggest vendor partnership is with Microsoft, and we also have deep relationships with many other world-class software vendors. We work with these vendors to align our sales efforts and service offerings with their strategic objectives, and they incentivise us accordingly through rebates, which is one of the ways we make a profit (see more details in Our business model on page 21).

From January 2025, we saw rate reductions in parts of Microsoft's Enterprise Agreement (EA) incentive plan. This represents the continuing shift away from certain transaction-based rewards, and a greater focus on activity-based and usage-based incentives, which aligns strongly with the services part of our strategy. The Cloud Solution Provider (CSP) programme, which continues to be fast growing and currently provides

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I am confident that our strong vendor partnerships and the investments we've made will stand us in good stead for years to come.



almost one third of our Microsoft incentive payments, is unaffected. So, while the EA changes will result in lower incentives under that programme, we expect they will be offset by the growth we're already generating across other schemes as we focus our attention on CSP and Microsoft cloud, security and AI service activities. We have a long track record of successfully adapting to such changes and continuing to work with our vendors in a mutually beneficial way. We did not see a material impact from the EA change in 2024/25 and we do not expect to see one in the coming financial year.

Looking ahead

We will continue to keep a close eye on our growth in the coming year, especially in light of ongoing economic uncertainty. But I am confident that our strong vendor partnerships and the investments we've made this year and in recent years – in our people, services, and internal and customer-facing systems – will stand us in good stead for years to come. With our headcount continuing to grow, reaching 1,245 by year end, we took the opportunity to acquire the other two buildings that occupy our office park in Leatherhead. This will give us enough space not only for the people we have taken on this year, but also to accommodate future growth.

In 2025/26, we will also focus on bedding in our new accounting, operational and marketplace platforms, ensuring that our culture remains consistent and strong as we continue to expand, and providing honest, expert advice to our customers so they can meet their business objectives through technology.

A handwritten signature in black ink, appearing to read 'A Holden'.

Andrew Holden
Chief Financial Officer
12 May 2025

Operational review

We are made up of two complementary businesses that share one culture – and a deep commitment to our people, our customers and our vendors. In 2024/25 Bytes and Phoenix delivered strong performance, as we grew our customer numbers, headcount, geographical footprint, gross profit and our range of offerings.

Robust demand for software, solutions and services

Across the corporate and public sectors, growth was led by:

- **Security** – with the ever-increasing threat of cyberattacks, organisations continue to invest in a wide range of advanced protection products and security-focused managed services to bolster their defences
- **Subscription software** – software contracts are now almost entirely subscription-based, providing a strong annuity-based income stream
- **Cloud-based solutions** – alongside the migration of data and applications to the cloud, organisations are investing in the latest cloud-based technologies, including AI
- **IT services** – as technology becomes ever more advanced and purchasing options more complex, demand is growing for expert support through a wide range of solutions including security, cost optimisation and licence compliance
- **Hybrid infrastructure** – combining the security and control of on-site data centres with the flexibility of cloud services enables organisations to better manage their IT ecosystems.

Staying agile and increasing our range of services

With the advent of AI-enabled software, the rapid increase in data and the growing complexity of cybersecurity, we need to stay agile and innovative to help our customers get the most out of the latest technology. One of the main ways we do this is through our professional and managed IT services, which complement the solutions we sell, and we therefore saw heightened focus on services this year from both businesses.

At Bytes, we introduced a 24/7 expert-level Microsoft support service to help customers manage their CSP subscriptions. We also launched a new network security service, adding to our strong suite of solutions around cybersecurity.

At Phoenix we expanded our support and managed services around a wide range of technologies and increased the vendor accreditations held by our consultants. The services provided by our security operations centre, which is built around Microsoft’s Sentinel solution, grew strongly this year, underpinned by our Azure Expert status. We also continued to expand our IT professional services, with a key focus on cloud security and AI solutions.

Staying agile means adapting to vendor incentive programmes, which is a continual part of our business; changes in these programmes affect the fees and rebates we receive when selling their products. Microsoft channel incentives are frequently changed, and BTG has a good track record of reacting to these while maintaining our gross profit levels on software. For example, towards the end of this year, Microsoft reduced some of the rates in its EA incentive plan to continue the transition of its rewards from a pure transactional basis towards services-led activities. This is very much in line with our own strategy. At the same time, Microsoft maintained the sizeable incentives available to us in their CSP programme, which is a high growth income stream for BTG.



We invested significantly in ramping up our services capability this year. The level of experience that we’ve brought in this year goes beyond anything that we’ve done in the past 18 years that I’ve worked in this company.

Jack Watson
MD Bytes

Bytes and Phoenix share:

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

The businesses have their own:

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

Operational review continued

Key facts

Bytes Software Services



Markets

Corporate and public sectors across a wide range of industries, including professional services, manufacturing, retail, central and local government, and technology, media and telecommunications.

Vendors

Our partners include Microsoft, AWS, Palo Alto Networks, Check Point, Mimecast, Adobe, Darktrace, Security HQ, Commvault, License Dashboard and Zscaler



HQ Leatherhead, Surrey

Other offices Reading, London, Manchester, Dublin, Portsmouth

MD Jack Watson

Employees 760

Customers 3,204

Phoenix Software



Markets

Mostly public sector, across a broad range of areas, including central and local government, charities, education, emergency services, healthcare and housing. Its in-house developed License Dashboard platform has clients in North America and Europe.

Vendors

Our partners include Microsoft, VMware, Dell, Adobe, Sophos, Citrix, Mimecast, Rubrik, ServiceNow, Verkada and Tanium



HQ Pocklington, Yorkshire

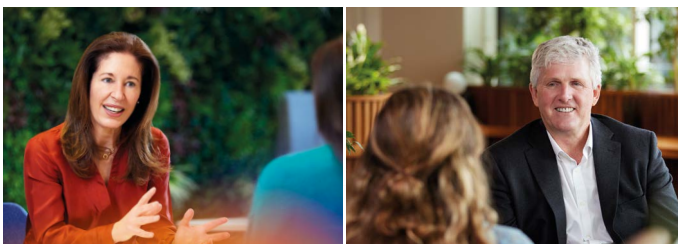
Other offices Salford, Sunderland

MD Clare Metcalfe

Employees 477

Customers 2,709

Bytes Technology Group (head office)



HQ Leatherhead, Surrey

Employees 8

CEO Sam Mudd

CFO Andrew Holden

Helping our customers and our people benefit from AI

At BTG we are proud that both of our businesses were selected to be part of the ‘customer zero’ programme for Microsoft Copilot, an AI-enabled tool designed to boost productivity. That meant we were able to use Copilot internally, ahead of the wider market, and then take the lessons we learnt, including around areas like compliance and governance, to our customers.

We saw strong customer interest in Copilot in 2024/25, providing licences to a broad range of customers, with Bytes one of Microsoft’s top UK resellers in the small and medium enterprises market. We delivered £1.0 million worth of workshops, funded by Microsoft, where we demonstrated Copilot’s potential and how best to deploy it.

At Phoenix we finished the 2024 calendar year as one of Microsoft’s leading partners for Copilot workshop engagements delivered in the UK and across EMEA – working with our customers to help them make the most of the software’s full potential. We also set up a new AI team to give even more support and advice to our customers.

Strengthening our teams and our culture

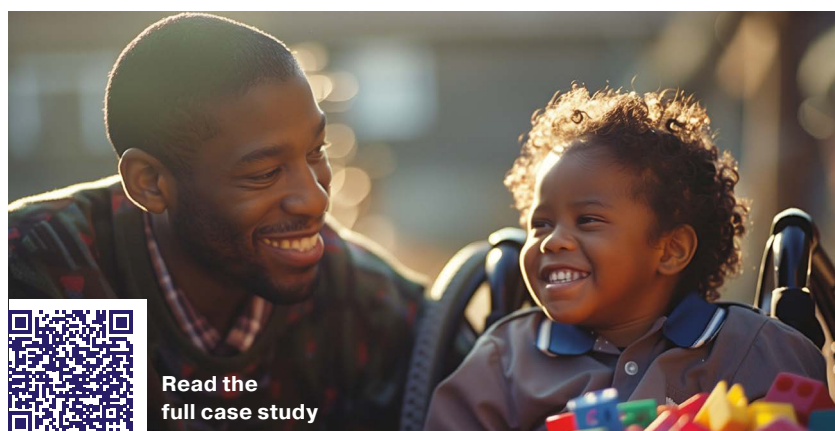
With our businesses continuing to grow, we expanded our teams and skills to maintain our high levels of service. This year, the number of employees at Bytes rose by 20% to 760, and at Phoenix by 14% to 477. We complete the Group with our head office team of eight, which includes our CEO and CFO and was bolstered this year with additional governance and investor relations expertise.

Both businesses continued their successful apprentice schemes for sales and technical staff, which are an excellent source of talent. We also focused on helping our existing people increase their technical capabilities, supplemented by bringing in expertise to ensure we have the right specialist skills to keep up with the evolving technology, and to accelerate our growth. At Bytes, we recruited, among others, Hayley Mooney as Chief Commercial Officer, Ryan Herbert as Enterprise Sales Director and John Francis to head up our vendor solutions

Case study

Empowering accessibility for all with Microsoft Copilot

The Charities Aid Foundation exists to improve the effectiveness of both charities and their donors, distributing more than £1.1 billion to around 250,000 charities in 100 countries each year. The CEO is Neil Heslop, OBE, who, despite being blind since his 20s, manages his responsibilities effectively with the aid of advanced technology. At Phoenix, we helped Neil use Microsoft Copilot to transform his own working practices, and to enhance accessibility, efficiency and collaboration across the organisation.



department. These three senior sales leaders bring a wealth of experience in sales management and direct sales experience and solution selling.

As we do every year, we worked hard to maintain our strong culture as we grow. For example, working with a specialist consultant, Phoenix published a culture blueprint in 2024/25, which is relevant to all staff and especially useful for onboarding new starters. Read more on page 36.

A good marker of our growth is the need for more office space, and this year Bytes opened an office in Portsmouth and increased its office space in London and Manchester, while Phoenix opened an office in Sunderland. Most recently Bytes purchased the two buildings next to its current main site in Leatherhead to provide an additional 27,000 square feet to cater for immediate and future capacity requirements.

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While we always pay attention to our people and culture, it’s something we worked on incredibly hard in 2024/25. We’re making sure that the collaboration and openness that has brought us this far will continue to drive us forward.

Clare Metcalfe
MD Phoenix

Operational review continued

Delivering growth in 2024/25

Close customer relationships are crucial to our success. We monitor our progress using four key metrics: customer numbers, our share of their business, gross profit per customer and our customer NPS. This year we:

Increased our customer base



We did business with numerous new customers this year including Smartest Energy, Hampshire and Isle of Wight Healthcare, and Hotel Chocolat at Bytes, and The Royal Mint, University of Bradford and Tate Modern at Phoenix.

Maintained a high renewal rate



This metric tracks the growth in gross profit from existing customers. Phoenix did more business with established customers such as East Suffolk and North Essex NHS Foundation Trust, the Home Office and DEFRA, and Bytes with the Financial Ombudsman Service, Elexon and WSH.

Maintained industry-leading NPS



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

Increased gross profit per customer



The benefits of a broad customer base

We strive to create lasting relationships with our customers. However, the marketplace is competitive, so we try not to depend too much on specific customers. In 2024/25, no single customer represented more than 1.3% of our gross profit.

1 Revised from 5,978 in 2023/24 Annual Report to remove year-on-year fluctuations caused by very small customer variations under a single parent.

2 Revised from £24,400 in 2023/24 Annual Report to remove year-on-year fluctuations caused by very small customer variations under a single parent.

Why customers choose us

We strive to help our customers succeed in a world of change. It's about much more than using transformational technology to achieve greater productivity though; we also want to save them money, strengthen their systems and secure their data as cyberattacks increase. 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. As importantly, they're experts in their customers, because we give them the time to really understand each customer, and the customer's industry.
- **Of our continuity and friendly, can-do culture.** Thanks to our relatively high staff retention rates, our customers often deal with the same account manager and team, year after year. We propose solutions to problems and bring a positive attitude.
- **Of our commitment to excellence and honesty.** We always aim 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 for the benefit of local communities.

Deepening our partnerships with world-leading vendors

Across BTG, we partner with more than 100 leading vendors who make or distribute the IT products that we provide to our customers. While some have been with us for several decades, including our biggest partner, Microsoft, others are new companies working in cutting-edge areas such as cybersecurity and AI.

In 2024/25 at Bytes, Microsoft was once again the vendor that contributed most to our growth. We also did more work with Palo Alto Networks, Commvault and Mimecast. At Phoenix, our Microsoft business also continued to grow. We were chosen as one of three partners globally to pilot the new Windows 365 Link device, which we see as having significant potential for public sector frontline workers. We are also the UK launch partner for the device in 2025. Other vendors we did more with included ServiceNow, VMware by Broadcom, Rubrik and Pure Storage.

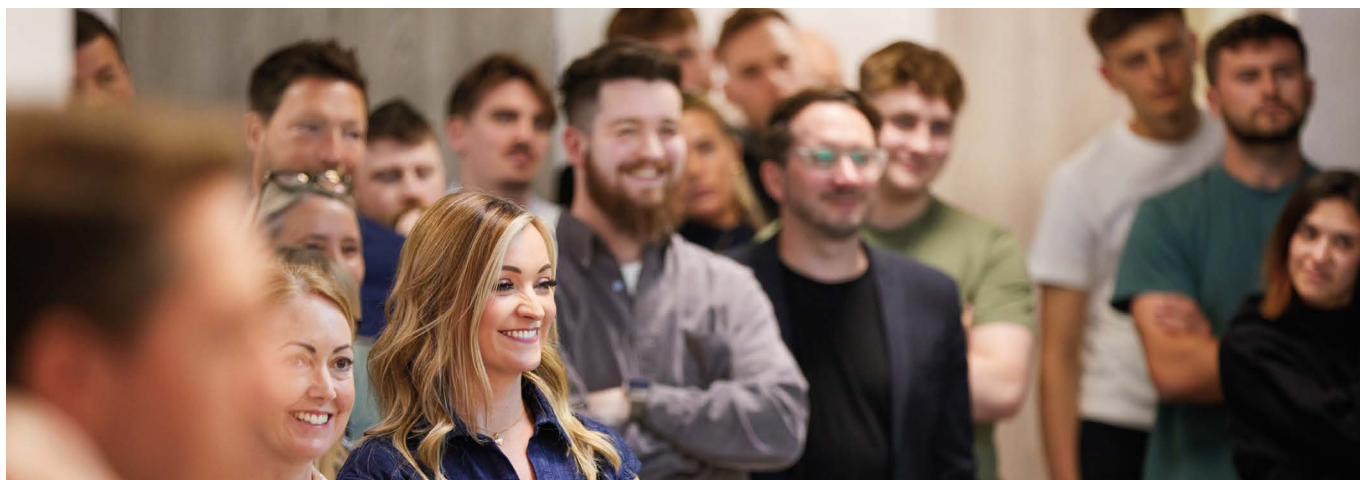
Our awards in 2024/25

Bytes

- Sophos MDR Partner of the Year 2024 (UK&I)
- CATO Networks Reseller of the Year 2024 (EMEA)
- Palo Alto Networks and Exclusive Networks NetSec Partner of the Year 2024
- Check Point Infinity Partner of the Year 2024
- Axonius Rising Star Award 2024 (EMEA)

Phoenix

- Sophos Enterprise Partner of the Year 2024
- Bitdefender Best Strategic Engagement Award 2024
- Microsoft Global Education Partner of the Year Finalist 2024
- Adobe Best Services Program 2024 (EMEA)
- Druva International Partner of the Year 2024



Why vendors partner with us

As an independent reseller, we're impartial when making recommendations to our customers. At the same time, we consider vendors to be our partners, and we work very closely with them to deliver the best results for our customers. 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 hire people who do.
- **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.
- **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.
- **Have a strong record of growth.** Vendors know where we've come from – and where we're going – and want to align with that.

Financial review

How we performed in 2024/25

	Year ended 28 February 2025 £m	Year ended 29 February 2024 £m	Change %
Income statement			
Gross invoiced income (GII)	2,099.8	1,823.0	15.2
GII split by product:			
Software	2,005.3	1,722.0	16.5
Hardware	33.2	41.4	(19.8)
Services internal ¹	34.0	31.5	7.9
Services external ²	27.3	28.1	(2.8)
Netting adjustment	(1,882.7)	(1,616.0)	16.5
Revenue	217.1	207.0	4.9
Revenue split by product:			
Software	146.0	130.4	12.0
Hardware	33.2	41.4	(19.8)
Services internal ¹	34.0	31.5	7.9
Services external ²	3.9	3.7	5.4
Gross profit (GP)	163.3	145.8	12.0
GP/GII %	7.8%	8.0%	
Administrative expenses	(96.9)	(89.1)	8.8
Administrative expenses split:			
Employee costs	(78.1)	(71.2)	9.7
Other administrative expenses	(18.8)	(17.9)	5.0
Operating profit	66.4	56.7	17.1
Operating profit/GP %	40.7%	38.9%	
Add back:			
Share-based payments	5.1	5.7	(10.5)
Amortisation of acquired intangible assets	0.9	0.9	0.0
Adjusted operating profit (AOP)	72.4	63.3	14.4
Interest income	8.5	5.1	66.7
Finance costs	(0.3)	(0.4)	(25.0)
Share of profit of associate ³	0.0	0.2	(100.0)
Profit before tax	74.6	61.6	21.1
Income tax expense	(19.8)	(14.7)	34.7
Effective tax rate	26.5%	23.9%	
Profit after tax	54.8	46.9	16.8

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 profit of associate.

Overview of 2024/25 results

We achieved another positive set of financial results, with a 15.2% increase in GII, a 12.0% rise in GP, a 17.1% increase in operating profit and more than 100% cash conversion.

We have doubled all these income metrics in our five years as a listed entity, while sustaining more than 100% cash conversion over this period and again this year, enabling us to distribute the majority of these growing earnings to shareholders while maintaining a strong balance sheet. Our track record of annual double-digit gross profit growth now runs well over a decade.

Gross invoiced income

GII reflects gross income billed to our customers, with some small adjustments for deferred and accrued items – mainly relating to managed service contracts where the income is recognised over time – 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 vendors invoice the customer directly and pay us a fee that is a percentage of their sales value, and that we recognise within our GII, revenue and GP.

GII has increased by 15.2% year on year, exceeding £2 billion for the first time to reach £2,099.8 million (2023/24: £1,823.0 million), driven by software and with continued strong growth in the public sector, which contributed 65% of total GII (2023/24: 62%). While growth has reduced compared to 2023/24 (26.7%), the prior year was boosted by some exceptionally large public sector contract wins. These are now in their second year and have become established in our annuity income, with the agreements running over three to five years.

Revenue

Revenue is reported in accordance with IFRS 15, with hardware and internal services GII reported gross (principal) and software and external services GII reported net of cost (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 4.9% increase, because the growth in software GP (reported net) is outweighed by the reduction in the hardware GII (reported gross). So, 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 £17.5 million, up 12.0% year on year to £163.3 million (2023/24: £145.8 million), with the second half of the financial year showing strongly at more than 15% growth (compared to 9% in the first half).

Breaking this down by income stream, the Group's two most strategic focus areas have both achieved double-digit growth. Software GP is up by 12.0% to £146.1 million (2023/24: £130.4 million), and with only a very small decline in GP/GII percentage.

This achievement factors in the first two months of Microsoft incentive changes, where we have implemented mitigation plans to help offset the impact.

Internal services GP is up by 27.9% to £8.7 million (2023/24: £6.8 million), as we continue to invest significantly in our delivery staff to drive our security, cloud and AI solutions. We have been supported in these areas by increasing levels of Microsoft funding, for both internal investments and customer engagements.

Hardware GP declined by 6.1% to £4.6 million (2023/24: £4.9 million), with strong growth in the second half of the financial year offsetting a large decline in the first half.

We have seen good performances from both public and corporate sectors, each contributing around half of the £17.5 million growth in GP in absolute terms. Public sector growth has been achieved while bidding under highly competitive tenders, either for single contracts or for several contracts in aggregate, the latter enabling us to gain multiple new clients from a single bid. Despite more pressure on margins under this process, public sector GP has grown by 18.2%. Our corporate GP has grown by 8.9%, increasing by 14.8% in the second half of the financial year after seeing lower growth in the first half, in part driven by the weaker hardware performance during that period.

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. Adding AI products such as Copilot will become part of these contract expansions going forward. This process is also enhanced by focusing on selling our wide range of solutions offerings and higher-margin security products, while maximising our vendor incentives by achieving technical certifications. We track these customers individually to ensure that the strategy delivers value for the business, and for our stakeholders, over the duration of the contracts.

As in previous years, the higher margins available in the corporate sector means that our overall GP mix for the year continues to stand at 65% in corporate and 35% in the public sector. Despite public sector competition, our margin (GP/GII) has stood up well, dropping only slightly from 8.0% in 2023/24 to 7.8% this year – and, behind this figure, the corporate margin has improved year on year.

Our long-standing relationships with our customers and high levels of repeat business were again demonstrated in 2024/25, with 97% of our GP coming from customers that we also traded with last year (2023/24: 97%), at a renewal rate of 109% – which measures the GP from existing customers this period compared to total GP in the prior period. Included within our GP increase of £17.5 million was £4.3 million from new customers. Aligned to this, we saw a 1.5% increase in customer numbers (defined as those generating more than £100 of GP) from 5,828 to 5,913, while the average GP per customer increased from £25,000 in 2023/24 to £27,600 in 2024/25.¹

¹ 2023/24 customer numbers and average GP per customer have been revised from 5,978 and £24,400 in Annual Report and Accounts 2023/24 to remove year-on-year fluctuations caused by very small customer variations under a single parent.

Financial review continued

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 as 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 in line with growth and 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 1,245 on our February 2025 payroll, up by 18% from the year-end position of 1,057 on 29 February 2024.

Employee costs included in administrative expenses rose by 9.7% to £78.1 million (2023/24: £71.2 million). However, this figure has been affected by:

- A reduction in share-based payment charges of £0.6 million, given our first three share option schemes issued post-IPO have now vested and given that the cost of the new schemes launched in 2023/24 and 2024/25 have been slightly lower
- Capitalising £1.4 million of staff costs on to the balance sheet. This relates to the salaries of employees who are developing 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.

Without the impact of these two items, the underlying increase in our employee costs is 13.7%.

Other administrative expenses

Other administrative expenses increased by 5.0% to £18.8 million (2023/24: £17.9 million), including continued investment in staff welfare and internal systems.

Operating profit

Our operating profit increased by 17.1% from £56.7 million to £66.4 million, which shows the balance we have achieved between growing GP in a challenging market while effectively managing our cost base.

Some of this increase has been positively affected by the £1.4 million capitalisation of software developers’ staff costs (previously expensed in the prior year when their work was focused on maintaining legacy systems) and the £0.6 million lower share-based payment charge noted earlier. After adjusting for these, the increase remains strong at 13.4%.

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. We aim to sustain it at around 38–40%. The ratio increased to 40.7% (2023/24: 38.9%), but would have been 39.8% excluding the capitalised staff costs.

In previous results announcements we have also focused on adjusted operating profit (AOP), which removes the effects of share-based payment (SBP) charges and amortisation of acquired intangibles – notably because of the growth of these SBP charges over the time since IPO, from a near-zero starting position in 2020/21 of £0.3 million to £5.1 million this year. Given that we have now moved out of that growth cycle, as older schemes vest and new schemes are introduced, the current charges are now viewed to be normalised as business-as-usual recurring expenses. Similarly, our amortisation charges are stable at £0.9 million for the current and prior year. So, AOP is no longer considered to add value to understanding our results. We will now focus on operating profit, which brings us in line with other similar businesses in our market segment.

For reference, our AOP has increased by 14.4% to £72.4 million (2023/24: £63.3 million), and the ratio of AOP to GP has increased from 43.4% to 44.3%.

Interest income and finance costs

This year has seen significant interest being earned from money-market deposits, totalling £8.5 million (2023/24: £5.1 million). While last year included only ten months of earnings, we have nevertheless substantially increased this income stream – backed up by our strong cash management, which has enabled us to place more cash on deposit and for longer periods.

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 June and December (around some key vendors’ fiscal year ends).

Our finance costs primarily comprise arrangement and commitment fees associated to our revolving credit facility (RCF), noting that to date the Group has not drawn down any amount. This balance also includes a small amount of finance lease interest on our right-of-use assets, including from our staff EV scheme.

Share of profit 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 profits. For 2024/25 we have not recognised any profit because Cloud Bridge's set-up costs of investing in overseas operations have offset its UK profits (2023/24: £0.2 million).

Profit before tax

The combined impact of increased operating profits and high levels of interest received has seen our profit before tax increase by 21.1% to £74.6 million (2023/24: £61.6 million).

Income tax expense

The £5.1 million (34.7%) rise in our income tax expense to £19.8 million (2023/24: £14.7 million) reflects the growth in profit before tax and, in part, that last year there was one month included at the previous UK corporate tax rate of 19% (2024/25 fully at 25%) – giving rise to an effective rate of tax of 23.9% in 2023/24. The higher effective rate in 2024/25 of 26.5% is also because of timing difference movements between current and deferred tax. So, we expect our long-term effective tax rate to align to the UK corporate tax rate, given the differences between accounting profit and taxable profit are substantially timing in nature.

Profit after tax

Profit after tax increased by 16.8% to £54.8 million (2023/24: £46.9 million), underlining our growth in operating profit and interest income, offset by the higher effective rate of tax.

Earnings per share

As a result of this strong growth in profits attributable to owners of the company, our earnings per share have risen accordingly. Basic earnings per share are up 16.5% from 19.55 pence to 22.78 pence.

Balance sheet and cash flow

	As at 28 February 2025 £m	As at 29 February 2024 £m
Balance sheet		
Investment in associate	3.2	3.2
Property plant and equipment	13.6	8.5
Intangible assets	43.5	40.6
Other non-current assets	3.4	4.9
Non-current assets	63.7	57.2
Trade and other receivables	268.4	221.8
Cash	113.1	88.8
Contract assets	10.0	11.8
Current assets	391.5	322.4
Trade and other payables	327.5	277.9
Lease liabilities	0.7	0.4
Contract and tax liabilities	25.7	19.6
Current liabilities	353.9	297.9
Lease liabilities	1.3	1.3
Other non-current liabilities	2.0	2.1
Non-current liabilities	3.3	3.4
Net assets	98.0	78.3
Share capital	2.4	2.4
Share premium	636.4	633.7
Share-based payment reserve	14.9	11.0
Merger reserve	(644.4)	(644.4)
Retained earnings	88.7	75.6
Total equity	98.0	78.3

Closing net assets stood at £98.0 million (29 February 2024: £78.3 million), including the Group's £3.2 million interest (25.1%) in Cloud Bridge Technologies – which includes our £0.2 million share of profits since we acquired it in April 2023.

The increase in the value of property, plant and equipment is primarily attributable to the £5.1 million purchase of 27,000 square feet of office properties immediately adjacent to the existing Group and Bytes offices in Leatherhead. This space has the potential to accommodate around 300 employees and will provide for current and future capacity requirements for business growth in the coming years.

Financial review continued

Intangible assets include the £3.7 million addition of capitalised software development costs, a combination of internal staff costs of £1.4 million and £2.3 million of external contractor costs. As this work continues through the new financial year, we expect around a further £3 million of costs to be capitalised in completing this work. While we are in the development phase, there is no amortisation of the asset – this will start once we move to live production mode, scheduled for the latter part of 2025/26.

Net current assets closed at £37.6 million (29 February 2024: £24.5 million).

Our debtor days at the end of the year stood at 32, and our average debtor days for the year was 38 (2023/24: 37). Our closing loss allowance provision reduced to £1.7 million, down from £2.5 million at the February 2024 year end, with £0.7 million bad debts written off against the provision and another £0.1 million reduction to reflect our current expected loss calculated under IFRS 9. We believe this remains a prudent position, given that the level of write-offs is very low considering our GII of £2.1 billion.

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 46 (2023/24: 47) and standing at 36 at the end of the year (2023/24: 44).

The consolidated cash flow is set out below.

	Year ended 28 February 2025 £m	Year ended 29 February 2024 £m
Cash flow		
Cash generated from operations	85.6	67.3
Payments for fixed assets	(6.4)	(1.3)
Payments for intangible assets	(3.7)	(0.0)
Free cash flow	75.5	66.0
Net interest received	8.3	4.7
Taxes paid	(18.9)	(15.1)
Lease payments	(0.6)	(0.2)
Dividends	(42.8)	(36.6)
Issue of share capital	2.8	–
Investment in associate	–	(3.0)
Net increase in cash	24.3	15.8
Cash at the beginning of the period	88.8	73.0
Cash at the end of the period	113.1	88.8
Operating profit	66.4	56.7
Cash conversion (against operating profit)	113.8%	116.4%
Cash conversion (against AOP)	104.3%	104.3%

Cash at the end of the period was £113.1 million (29 February 2024: £88.8 million), which is after the payment of dividends totalling £42.8 million during the period – being the final and special dividends for 2023/24 and the interim dividend for 2024/25.

Cash flow from operations after payments for fixed and intangible assets (free cash flow) generated a positive cash flow of £75.5 million (2023/24: £66.0 million), noting that the current year figure is after the purchase of the new properties and the capitalisation of software development costs – a combined outflow of £8.8 million.

The Group's cash conversion ratio for the year has historically been measured as free cash flow divided by AOP but, in line with other profit and efficiency measures, we are now measuring free cash flow against operating profit, which was 113.8% for the year (2023/24: 116.4%). For reference, the cash conversion against AOP of 104.3% is in line with last year. We target our long-term sustainable cash conversion at 100%.

The £2.8 million cash received from the issue of share capital relates to participating staff exercising 711,000 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 on page 31.

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, with an optional one-year extension to 17 May 2027. To date, the Group has not used the facility.

Proposed dividends

The Group's dividend policy is to distribute between 40% and 50% of post-tax pre-exceptional earnings to shareholders. Accordingly, the Board is pleased to propose a gross final dividend of 6.9 pence per share. The aggregate amount of the proposed dividend expected to be paid out of retained earnings at 28 February 2025, but not recognised as a liability at the end of the financial year, equates to £16.6 million.

Our capital allocation policy is that excess cash following organic investment and any M&A is returned to shareholders. We consider both special dividends and share buy-backs as methods to return excess capital, preferring share buy-backs when our shares are materially undervalued. In light of the company's continued strong performance and cash generation, the Board considers it appropriate to propose a cash return to ordinary shareholders with a special dividend of 10.0 pence per share, equating to £24.1 million. If approved by shareholders, the final and special dividend will be payable on 25 July 2025 to all ordinary shareholders who are registered as such at the close of business on the record date of 11 July 2025.

Sustainability review

As a responsible business, we have a duty to everyone who works for us, with us and around us. This philosophy is underpinned by our values which in essence are about integrity, kindness and respect. We focus on doing the right thing by **our people, our communities and our planet.**



What are you most proud of about BTG's work on sustainability this year?



The feedback from our carbon literacy awareness programme has been really positive, with people understanding the 'why' we need to take action and how this fits into their roles at work and also in their personal lives.

Lisa Prickett
Group Sustainability Manager



2024 saw the launch of the Phoenix Community Outreach Programme. What's been the highlight?



The programme saw us double our volunteering, and provide opportunities for students from underrepresented groups across the UK to be inspired by careers in IT.

Jennifer Clewley
ESG Lead, Phoenix





Our people

We strive to attract, engage and retain employees, supporting them to build fulfilling and rewarding careers in a fun environment.

eNPS

57

Our headcount rose by 18% to

1,245

[Read more on pages 36 to 39.](#)



Our communities

By volunteering our time and giving money in the areas where we work, we're creating stronger communities.

Number of hours devoted to volunteering

2,169

Number of young people engaged through a community education outreach programme

11,000+

[Read more on pages 40 to 41.](#)



Our planet

Through our own positive actions, and by supporting our customers to use IT more sustainably, we're doing what we can to protect the planet for future generations.

Our goal is to reach net zero by

2040

Renewable electricity and green gas in owned offices*

100%

[Read more on pages 42 to 46.](#)

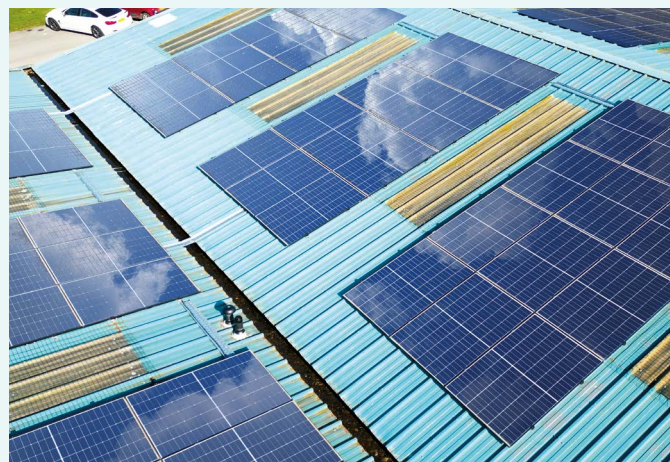
Our Sustainability Framework

Our Sustainability Framework is published as a separate document and is available at bytesplc.com.

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



Photo at right: New solar panel installation at our Phoenix offices in Pocklington, Yorkshire.



*Backed by Renewable Energy Guarantees of Origin.

Sustainability review continued

Our people

Our talented people are integral to our success. We provide a supportive environment that enables them to do fulfilling work and reach their potential, so they can enjoy long and rewarding careers with us. In 2024/25, we continued to grow our teams across the business, while increasing their skills and working hard to preserve our culture.

Expanding our teams, maintaining our culture

Our strategy is based on growing our customer base, and deepening our customer relationships, every year. Given our track record of growth, we need to be constantly on the look-out for hiring new people, but they must have the right skills and attitude to support our customers in line with our culture. Because we're in a highly innovative industry, this means people with a passion for technology as well as for customer service. And, to keep pace with our industry, we must continually develop the skills of all our people through ongoing training.

In 2024/25, we increased our headcount by 18%, to 1,245 at the end of the year, with growth in all business areas, from sales to operations and support staff. We see a high level of competition when hiring for high-skilled roles, particularly in AI. To help us find the most suitable candidates, and reduce money spent on agencies, both businesses hired in-house recruitment managers this year.

Two leading brands with the same values and culture

Our two businesses, Bytes and Phoenix, have 760 and 477 people, respectively. We also have eight employees at BTG plc head office. The two businesses operate autonomously, with their own identities, headquarters and management teams, but have many commonalities. These include similar employment policies, industry-leading knowledge and, most importantly, the same values and culture. The businesses also look for opportunities to share good practice and insights, for the benefit of BTG as a whole.

Our combined attrition rate of 14% at Bytes and Phoenix was again well below the industry average, a reflection of the loyalty of our people, many of whom have been with us for a long time. While we hire at all levels, we have a strong commitment to recruiting people at the start of their careers, and nurturing and developing their skills over time.

Apprenticeships are an important and successful part of our efforts to develop our talent from within. At Bytes, six people participated in degree-level apprenticeships this year, enabling them to gain work experience while studying, including one who achieved a first in their specialist cloud solutions course. Read more in our case study on page 15.

At Phoenix, our new employees included five technical apprentices and we took on 16 people under a sales training programme.

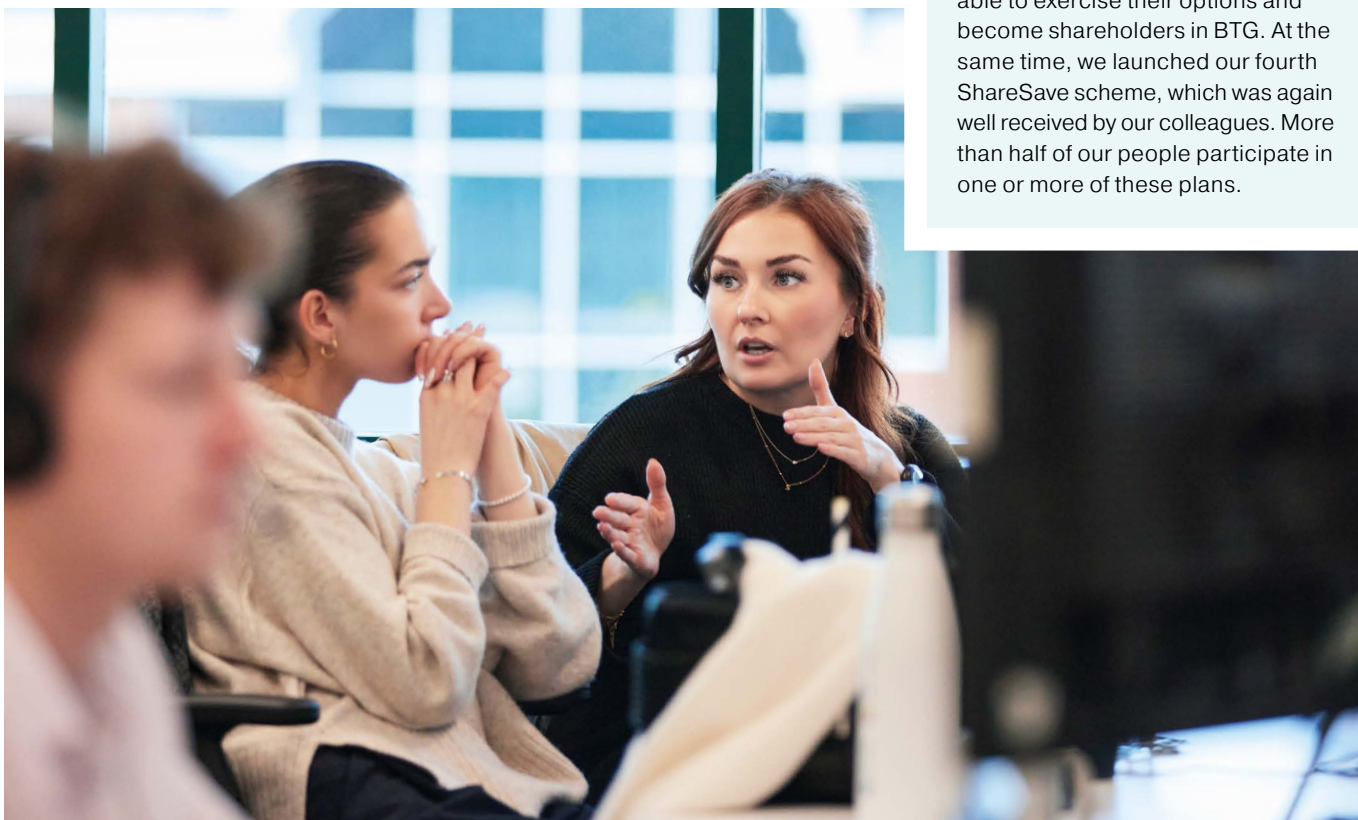
All our managers receive training on how to onboard employees, and other supportive measures include pairing new hires with an experienced 'buddy', introductory meetings with department heads and directors, and checks by our welfare managers.

One of our key priorities every year is to preserve the culture that has brought us so far. While we are not a small company any more, we pride ourselves on maintaining a 'family' culture. We actively craft an inclusive and supportive workplace, with several channels for



Enabling our employees to save and invest in BTG

In August 2024, we saw the vesting of our first ShareSave scheme, launched in 2021, with participants able to exercise their options and become shareholders in BTG. At the same time, we launched our fourth ShareSave scheme, which was again well received by our colleagues. More than half of our people participate in one or more of these plans.



people to safely raise concerns, including the introduction of an anonymous reporting tool. Phoenix published a 'culture blueprint' this year, based on staff input, which is being used for training and to help new starters understand what it means to work there. Besides quarterly 'town hall' meetings and talks from guest speakers at both businesses, we engage with colleagues across BTG through small group meetings and surveys.

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

Recognising and rewarding excellence

As a Living Wage employer, we pay our people fairly. We also reward high achievers and people who go beyond what's expected to provide great service to our customers and great support to colleagues. Both sales and non-sales staff are eligible for our employee recognition programmes, which are based on achieving business objectives. Prizes in 2024/25 included ice skating at Somerset House with dinner on the South Bank, and a long weekend in Croatia. We also offer awards for employees of the month and people who are seen to be 'living our values' in all they do at work.

Ensuring we remain a great place to work

One of the key performance indicators we use to monitor our success as an employer is our eNPS, which measures the likelihood of people recommending their employer to others. Our eNPS of 57, while still above the industry average, has fallen from its previous high level of 71.

We see this as a reflection of a challenging year, marked by a weak economy and political uncertainty as well as necessary transformation and structural changes in our operations and leadership teams.

We also take part in annual Great Place to Work surveys, to gain valuable insights that help us create a culture of trust and innovation. We continued to generate good survey results this year, with 93% of employees at Phoenix and 79% at Bytes agreeing that they work at a 'great place', compared to 54% of employees at a typical UK-based company. Phoenix was ranked 9th, and Bytes 85th, in the UK's Best Workplaces among large organisations (201–1,000 employees), while both businesses featured in the Best Workplaces lists for wellbeing and tech for 2024.

Sustainability review continued



Supporting wellbeing

We want our people to be happy and healthy and we do all we can to support this. 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. In our offices we provide free fruit and healthy meal options.

We prioritise mental health, encouraging openness and providing guidance and support for anyone who needs it. We have a 24/7 employee assistance programme and have designated wellbeing ambassadors who are always available for a chat. This year Bytes worked on developing new policies to provide support to people who are neurodivergent, while Phoenix hosted a talk by the Samaritans, to raise awareness about people who are struggling to cope.

Hybrid working does not suit everyone, but we believe that, with the right approach, it can make a real difference to people's wellbeing, which is something we track in our Great Place to Work survey. Our policy is that people whose roles don't require them to be in the office

all the time can spend around half of their hours working remotely. This gives us and our people the best of both worlds: the benefits of collaboration, innovation and social interaction in the office, alongside the flexibility and positive work-life balance from being at home. The high scores in our Great Place to Work survey tell us our approach is working, but we monitor it constantly to ensure we continue to get the balance right.

Developing our people to fulfil their potential

We want our people to keep learning and growing. All our employees have the opportunity for support through a personal development plan, and we constantly offer opportunities for training, both mandatory and non-mandatory. This benefits our employees and our business, because we can offer our customers greater expertise. Vendors also provide training to our employees, increasing their skills and knowledge. This training is often linked to accreditations that make us eligible for public sector frameworks and for bigger rebates from vendors.

An example of one of our new courses this year was a coaching programme at Bytes focusing on resilience, mainly for younger staff and people changing roles, which was well received. We also delivered specialised managerial training, including modules on interview techniques when recruiting. At Phoenix, we continued our leadership coaching programme for all new managers, and ran a shadowing scheme, where people could request to shadow a colleague in another area of the business for half a day, to learn about their job.

Aiming for greater diversity

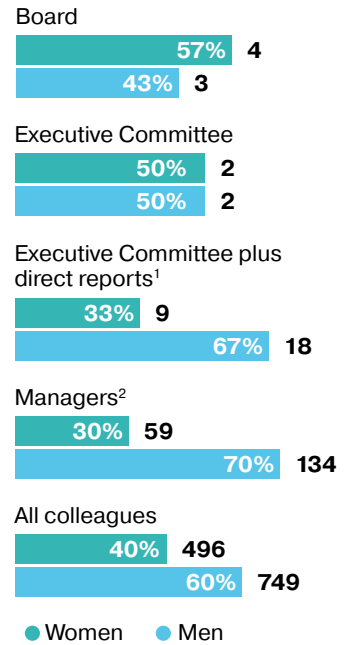
A number of companies have been pulling back on their commitment to the diversity, equity and inclusion agenda. But we remain unshaken in our belief that we must provide equal opportunities to all, regardless of gender and ethnicity and that, as a business, we benefit from diversity of thought and from reflecting the society we operate in.

We have made good progress towards gender parity in recent years. Women in senior leadership positions can serve as strong role models for other women progressing in their careers, and our CEO, Sam Mudd, and the MD of Phoenix, Clare Metcalfe, are great examples of this. At Bytes and Phoenix, women represent 30% of managers, and around 40% of our total workforce. While we still have some way to go, we are proud of our efforts – across the UK, less than a third of people in the technology sector are women. At Board level, 57% of our members are

women. Our progress was recognised in the FTSE Women Leaders Review 2024 report, which named BTG as the most improved FTSE 250 company in the ‘Women on Boards’ category.

To encourage more women to enter the technology sector, we work with local schools (read more on page 40) and attend events that promote women in IT. Though progress has been slower with ethnicity than with gender, we’re doing our best to become more ethnically diverse too. While our workforce has a higher proportion of people from a White British background than the UK as a whole, it reflects the demographics of our main office locations, in Surrey and East Yorkshire. We’ve continued to collect data on our ethnicity breakdown, based on voluntary self-reporting from our employees, and we aim to be able to report on this in the next financial year.

BTG gender balance as at 28 February 2025



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

Percentage of women at Board level

57%



Sustainability review continued

Our communities

We are proud of our people’s passion for making a difference in the communities in which we work.

In line with our goal of supporting social causes, we have a long track record of volunteering our time. This enriches our local areas and builds the reputation of our businesses. And, for our employees, it is enjoyable and rewarding and enhances their wellbeing. As a business, we also contribute financially in various ways to support positive change in our environment and in the communities around us.

Helping our people give back

Volunteering is central to our community work, which is why we give all our employees one fully paid volunteering day a year to help their chosen causes. Many of them take this opportunity, freely giving their time and skills to do a wide array of rewarding work, while also getting to know each other a bit better.

In 2024/25, our people at Bytes continued to support The Wildlife Aid Foundation, an animal charity close to our office in Surrey, by helping transform a piece of land that they recently purchased. Volunteers also helped out at the Rainbow Trust, which provides emotional and practical help to families who have a child with a life-threatening or terminal illness, Mid Surrey Mencap, which supports adults with learning disabilities, and Wimbledon Greyhound Welfare, devoted to retired racing greyhounds.

At Phoenix, many colleagues volunteered through our education outreach programme (read more in the case study at right), and also supported local organisations such as Scouts, swimming and football clubs. In total, BTG employees contributed 2,169 hours to supporting our local communities this year.

Case study

Inspiring and unlocking IT opportunities for young people

One of the initiatives we enjoy most at Phoenix is working with young people. We ramped up our education outreach programme this year, engaging with more than 11,000 school children and young adults – 11 times more than our goal. This included students with special educational needs and girls-only activities. The outreach programme is designed to unlock opportunities and foster economic empowerment by inspiring students to consider careers in technology and to take IT as a GCSE subject.

As a STEM Ambassadors Partner and a member of the National Cyber Security Centre’s CyberFirst programme, we were invited to deliver activities for schools across the country, from London to Manchester and Sunderland to Stirling, giving career talks and running interactive sessions where students could try their hand at repairing laptops and experimenting with Microsoft HoloLens mixed-reality headsets.



Thank you so much for organising this morning’s event, it was outstanding. The varied format engaged my S4s from start to finish and they have all taken away invaluable advice and experience and will remember this opportunity for a long time to come.

Teacher
Alva Academy, Scotland



I thoroughly enjoy volunteering and giving back to the local and surrounding communities because I get great pleasure in helping young people get into tech. Young girls at school often don’t think about STEM careers and these activities, supported by Phoenix, give them the opportunity to see it’s not a scary place to work.

Emily Jones
Business and Test Analyst, Phoenix

Volunteering hours at Bytes and Phoenix

2,169



Clare Metcalfe (right) at the launch of TechHub in Sunderland



14 Bytes people completed the Three Peaks Challenge, raising money for good causes

Fundraising and donating to good causes

Through our people, and as a business, we raise and donate money to charities and institutions that can use it to help others. At Phoenix this year we held a staff survey to choose one local charity to build a long-term relationship with, so we can maximise our impact. We chose a wonderful independent charity we've supported in recent years: St Leonard's Hospice, York, which provides specialist palliative care, and supports local people with life-limiting illnesses.

This year, we raised more than £14,000 for St Leonard's, as well as other charities such as Macmillan Cancer Support and Oscar's Paediatric Brain Tumour Charity. Fundraising activities included entering several teams to run the Yorkshire Marathon relay race, a golf day, sponsorship of events, a 'community celebration' featuring pub games and food and drinks vans, and selling a Phoenix recipe book featuring employee recipes. We also supported local food and clothes banks.

Our people often raise money in their own time, and we support their efforts. At Bytes, we match fundraising pound for pound up to £1,000 per employee per event. In this way, we donated more than £12,000 in matched funding to a long list of charities chosen by our people, including Cancer Research, Macmillan Cancer Support, St Catherine's Hospice and the Alzheimer's Society.

As a business, Bytes directly supports good causes, and we focused mainly on one charity this year: the Royal Hospital for Neuro-disability, which treated and supported a long-standing member of our staff. We encouraged colleagues to participate in fundraising events including the Three Peaks Challenge, which 14 people completed, and in total we raised more than £10,000 for the hospital. We supported Movember, Save the Children's Christmas Jumper Day and The Giving Tree's Christmas appeal, donating more than 100 presents. And we sponsored Leatherhead Cricket Club, enabling them to improve their facilities and develop their coaching programme.

Driving social value in our communities

Most of Phoenix's business is in the public sector. With this comes a commitment to deliver social value in the area where the work is done. We take this responsibility seriously and are pleased to be able to use our expertise and resources to create a more inclusive and equitable society.

As part of our efforts to drive skills and social value in North East England, we fostered a strong relationship with The Beam, the dynamic city centre business space in Sunderland where we opened an office in 2024. In collaboration with Sunderland City Council and Microsoft, we launched TechHub at The Beam. TechHub is a digital innovation space where we help deliver workshops and courses for local businesses, the voluntary sector and schools, increasing the technology talent pool. These sessions are aimed at people of all ages and backgrounds, and range from entry-level digital skills workshops to advanced training sessions.

Our planet

As a responsible business we believe that everyone has a role to play in caring for our planet. We are reducing our GHG emissions and helping our customers to do the same.

Making our environmental reporting more accessible

To make it easier for readers to find the information they're looking for, we have made the following changes to how we report on climate issues.

Our planet

This section tells the story of our impact on the planet, 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
- A new 'additional environmental disclosures' section that brings together in one place detailed environmental disclosures and related methodologies.

 [See pages 57 to 74.](#)

As a value-added IT reseller we don't manufacture or transport physical goods. We have two large offices and several smaller ones throughout the UK, but many of our people work part of the week from home under our hybrid working policy. Aside from our carbon footprint, which is modest given our size and sector, our direct impact on wider environmental issues such as biodiversity, water and waste is therefore quite small.

This means that the positive effect we can have through our initiatives is limited, because our own actions will only have a relatively small impact on overall GHG emissions. However, we are mindful of our value chain and the impact from both our suppliers and our customers. We must all play our part, because if everybody does what's within their power, the overall effect will be significant.

As our Scope 3 reporting shows (see page 69), value-chain emissions are key to our goal to get to net zero. This means we need to work with our suppliers to understand their emissions and carbon reduction plans, so we can improve our carbon data accuracy and use that information to prioritise using low-carbon technologies and working with vendors that demonstrate the same commitment

we do. And although our own business-related emissions are minimal, we can make a positive contribution to a net zero future by supporting our customers to make more sustainable choices about IT.

The importance of collective action is reflected in the increasing expectations from all stakeholders, including regulators, that businesses take responsibility for minimising their own emissions. In the UK, we anticipate regulation that will require reporting on our net zero transition plan and we are taking steps in the meantime to assess how we will reach our net zero goal. We also report against the recommendations of the TCFD, which form part of the FCA's UK Listing Rules.

In our TCFD scenario analyses (see pages 58 to 67), we did not identify a material impact on our own business operations from climate change. Nonetheless, climate change is too important for us not to take firm action, which means measuring our GHG emissions and finding ways to reduce our impact. Doing so is also expected of us by a wide range of stakeholders, from investors to employees and customers. We aim to reach net zero emissions by 2040 at the latest, ten years ahead of the UK's goal of 2050.

Our science-based targets

By 2025/26

Reduce Scope 1 emissions by

50%^{1,2}

By 2028/29

Maintain our reduction in Scope 2 emissions at

100%^{1,3}

By 2030/31

Reduce Scope 1 emissions by

60%¹

Reduce Scope 3 emissions by

50%⁴

By 2040/41: Reach net zero

Reduce Scope 1 emissions by

90%¹

Maintain our reduction in Scope 2 emissions at

100%³

Reduce our Scope 3 emissions by

90%⁴

1 From a 2020/21 baseline.

2 This target is not validated by the SBTi because it was too short term in nature; targets validated by the SBTi must be at least five years from submission.

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 100% by ensuring that all our electricity came from Renewable Energy Guarantees of Origin (REGO)-backed renewable sources.

4 From a 2022/23 baseline.

Validating our science-based targets

In 2023/24 we submitted our GHG emissions reduction targets to the 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. In June 2024, the SBTi validated these targets, namely our net zero target and the near-term Scope 1, 2 and 3 targets that will help us get there. We are now working on our transition plan to guide our path to reaching these goals.

Our emissions are calculated using the GHG Protocol Corporate Standard. To comply with the SBTi’s reporting requirements, we amended our baseline 2022/23 and 2023/24 reporting of certain emissions in Scope 3 categories. Well-to-tank emissions that had been reported in category 3 (fuel and energy-related activities) were moved into their specific transport-related categories. We also reviewed category 11 and were informed of the optional requirement for ‘indirect use-phase emissions’ and decided to remove these from our reporting. As such, we have updated our Scope 3 baseline 2022/23 and our 2023/24 emissions (see Additional environmental disclosures on pages 68 to 71 for more details).

SBTi validates our targets

This year, our emissions targets were validated by the Science Based Targets initiative.

→ [See bytesplc.com/sustainability/our-planet](https://www.bytesplc.com/sustainability/our-planet) for full details



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Case study

Helping our people go green with electric vehicles

Dan Patching, Head of Licence Services at Bytes, had always been intrigued by EVs, and also a bit sceptical. But after driving a plug-in hybrid as a courtesy car, he found he loved the convenience of being able to charge it at home. So, when it was time to trade in his old car, he decided to get an EV – with help from Bytes.

Dan needed a car with good range, enough space for a family of four – and their dog – and at a price that matched his budget. Under the BTG EV scheme, employees can lease a car from Octopus Energy and pay for it from their pre-tax salary – saving them money and making owning an EV more affordable. After discussions with an Octopus expert, Dan chose a ‘nearly new’ Volkswagen ID.4 GTX, allowing him to get an even higher-specification car than he had budgeted for. He is delighted with the decision.



I have very quickly changed my opinion on EVs. Yes, longer journeys need a little more thought. But the convenience and reduced cost of charging at home, and knowing I am not driving around polluting the air, is satisfying. I appreciate that Bytes has made this benefit available to all employees, promoting sustainability and getting all of us to think about our impact on the environment.

Dan Patching

Head of Licence Services at Bytes



Sustainability review continued

Our performance this year

Reaching net zero is a challenge for all growing companies because, as we grow, our absolute GHG emissions inevitably increase, making it harder to reach our targets. In our case, the growth of our customers' use of GenAI is also contributing to our emissions, since this technology tends to use more energy. Nonetheless, we remain focused on our absolute reduction targets and our efforts to achieve them. Overall, our emissions increased this year through growth, the purchase of new buildings and the challenges our vendors face to lower emissions while delivering AI. We exceeded our Scope 2 emissions target early, having switched all our energy to renewable sources in our owned offices and introduced solar panels at our York office. Our challenge is now to maintain Scope 2 reduction emissions at 100% as we grow, and bring the new buildings under renewable energy contracts as soon as possible.

We were particularly pleased that our work was recognised externally, with CDP increasing our rating from C to B, putting us at the forefront of our industry, and our ISS ESG Corporate Rating score improving from C- to B-, putting us well into the top decile for our industry. Phoenix submitted its first disclosure to EcoVadis this year, joining Bytes, which has submitted disclosures to EcoVadis for a number of years. EcoVadis assesses companies across four pillars – environment, labour and human rights, ethics, and sustainable procurement – and our disclosure has been requested by several of our customers. We were delighted that Bytes received an improved score to place it in the 92nd percentile (Silver Medal), while Phoenix, in its first submission, is in the 83rd percentile (Bronze Medal). EcoVadis has defined Bytes as a Carbon Management Leader, its highest designation.

In-year challenges for Scope 1

Our Scope 1 emissions increased significantly on last year. A small part of this increase comes from estimating heating-gas use in our new Leatherhead buildings, but most comes from the increased maintenance needed on the ageing heating, ventilation and air-conditioning (HVAC) system at Bytes House. In 2025 a new, more efficient system will be installed, which is expected to reduce our emissions.

On target for Scope 2

We hit our 2025/26 Scope 2 target early – four years ahead of schedule – and continue to meet it. This year's increase from zero emissions to 5.3tCO₂e comes from estimating the electricity used in our new Leatherhead buildings. These will be brought under the same renewable energy contracts as our other buildings, reducing emissions back to zero. So, we are confident we will meet our 2028/29 target to maintain a 100% reduction.

Confident in our long-term Scope 3 targets

Because of our growth this year, including the increase in take-up of GenAI solutions, and changes to methodology around the use of sold products, our Scope 3 emissions increased by 49%. This means we are now at 98% compared to our 2022/23 baseline (see pages 68 to 71). Some 93% of our emissions come from purchased goods and services, of which 80% are from our top 13 vendors. If they meet their stated emissions targets, then we should also be able to meet our own.

We also helped our employees reduce their emissions through our scheme that allows them to buy EVs through salary sacrifice. Since we rolled out the EV scheme 2023/24 at Phoenix, and across the whole Group in 2024/25, it has been very successful, with 62 people using it to buy an EV, including 26 this year alone (see case study on page 43). We will continue to promote the scheme in the coming year.

Working with our customers to reduce emissions

The biggest contribution we can make to hastening the UK's move to a low-carbon economy is through the software and technical solutions we provide to our customers, through our vendors and our services. Aside from facilitating the well-publicised move to online meetings to reduce travel, we do this by supporting customers in moving their on-site servers, products and services to the cloud. This has the potential to be more energy efficient than customers each hosting datacentres themselves, particularly where the customer engages with us on a FinOps and GreenOps service, which optimises cloud infrastructure and usage to reduce cost (FinOps) and GHG emissions (GreenOps). We can also, in an advisory capacity, help customers factor sustainability into their decision making.

External recognition of our progress

The image displays three external recognition logos. The top logo is the CDP Supporter 2024 award, featuring a red triangle and the text 'CDP Supporter 2024'. The middle logo is the ISS ESG Corporate ESG Performance Prime award, with a blue and green background and the text 'Corporate ESG Performance', 'RATED BY ISS ESG', and 'Prime'. The bottom logo is the Environmental Quality Score 1 award, with a green circle containing the number '1' and the text 'ENVIRONMENTAL QUALITYSCORE' and 'HIGHEST RANKED BY ISS ESG'.

Carefully targeted use of removal and offsetting

As we work to reduce our emissions, we also want to support projects that remove or avoid carbon production and provide additional benefits to communities and nature. We're well aware of the challenges inherent in carbon removal and offsetting, so are very careful to ensure that the programmes we invest in are backed by recognised carbon standards.

To cover the value of our Scope 1 and 2 emissions, we have invested in carbon removal credits for a mangrove restoration project in Pakistan and a reforestation project in Australia. These projects support carbon sequestration, promote biodiversity and have community benefits. Each year we invest to cover the previous year's emissions, so were able to remove 97tCO₂e for 2024/25. We will continue to develop this programme, 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) we invest in carbon avoidance credits through our partner Ecologi – which also helps us find the right carbon removal projects). Ecologi supports Gold Standard and Verra-approved carbon reduction, and community- and biodiversity-enhancing projects around the world. This year we are backing global projects in forest protection, peatland restoration and fuel-efficient cookstoves.

New carbon literacy programme raises our people's awareness

Our path to net zero and the transition to a low-carbon economy will require everyone pulling in the same direction, and we see education as the key. In 2024/25, for the first time, we rolled out a carbon literacy awareness programme. Its aim is to

increase employees' understanding of the causes and impacts of climate change, and to explain our reporting requirements, our GHG emissions targets and our plans to get us there. This is essential because, while we know our people are committed to doing the right thing, it can be difficult to know what that is. The programme also covers how people can reduce their own personal carbon footprint.

By the end of the financial year, we had held 11 in-person and one virtual carbon literacy sessions across three offices for staff at both Bytes and Phoenix. These will continue in 2025/26, and we'll be adding more online sessions for people who mainly work from home.

Case study

Improving our self-sufficiency through solar power

In April 2024, we were proud to complete the installation of 264 solar panels at our Phoenix office in Pocklington. While BTG already gets 100% of its electricity from renewable sources, producing our own solar power increases our self-sufficiency and enables us to export excess energy to the grid for others to use.

Since the installation, we've produced 87,141kWh of our own energy, with the majority being used by the business. When sunny conditions peaked in June, we produced 50% of our energy requirements. The solar panel investment also enables us to provide free on-site EV charging to our customers, suppliers and employees.



Sustainability review continued

Our approach: working collaboratively towards net zero

Lisa Prickett, our Group Sustainability Manager, oversees our GHG emissions reduction efforts, coordinating the approach across our two businesses, Bytes and Phoenix. Lisa works with the senior leadership team, our Sustainability Steering Committee, the Board’s new ESG Committee and the wider business to coordinate our activities, ensure progress against our targets and report performance.

Since reducing emissions is a collective goal, we also work with others beyond BTG. Lisa, a member of the Institute for Environmental Management and Assessment (IEMA), is also a member of

the Sustainable Business Network, which supports and empowers Surrey businesses to adopt low-carbon behaviours and operations. Jennifer Clewley, Sustainability Lead at Phoenix, is part of a Scope 3 working group at the Government Digital Sustainability Alliance (GDSA). The GDSA brings together the UK Government and its supply chain to drive digital and ICT sustainability.

For full details of how we oversee and manage environmental issues, see the required disclosure in Task Force on Climate-related Financial Disclosures (TCFD) on pages 58 to 67.

Looking ahead and developing our transition plan

Now that our targets have been validated, our focus in the coming year is to continue the work we have been doing on developing our net zero transition plan. In addition to our energy audit submission as part of the Energy Savings Opportunity Scheme (ESOS) this year, we also fulfilled the requirement to submit an action plan, to be reported on annually. These audits, which must be carried out every four years, assess the energy used in our buildings and transport. The action plan builds on this and supports the creation of our overall net zero transition plan.

Developing our plan involves working closely with all areas of the business to determine initiatives and build it in line with overall business strategy and the Transition Plan Taskforce’s (TPT) framework. In addition to our own

activities, we will take account of the main vendors in our supply chain, which are responsible for most of our Scope 3 emissions, to understand how they are reducing emissions. We are reassured that most of the leading vendors, including our biggest partner, Microsoft, take sustainability very seriously, and have a clear and well-publicised goal of reaching net zero.

As we develop our transition plan, we will keep working hard to reduce our own emissions, as a business and as individuals. We’ll also look more closely at the steps we can take to support the health of our planet, including promoting biodiversity around our offices, something our people already do through many of our charitable programmes.

Embedding sustainable practices

As part of our work to reduce emissions, we build sustainability into our decision making and enable our people to make sustainable choices every day. Aside from our policies of hybrid working and replacing unnecessary business travel, we are:

01

Improving levels of carbon literacy awareness across the business to increase people’s understanding of the importance of environmental issues

02

Enabling the transition to EVs by offering electric cars through a salary sacrifice scheme in partnership with Octopus Energy

03

Encouraging greener forms of commuting by setting up a car-sharing network, promoting our cycle-to-work scheme and offering selected free bus passes

04

Encouraging efficiencies through infrared sensors, reduced printing, a request system for consumables and turning off screens overnight. We’ve also installed sensor taps (50–75% water saving) and LED lighting in a recent refurbishment

05

Enabling increased recycling rates through more than just the standard recyclable items – for example, disposable vapes, crisp packets and ink cartridges

06

Continuing to highlight the importance of good environmental management throughout BTG, including controlling office heating and cooling in a smart manner

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
- Governance 1
- Social 2

See our Sustainability Framework at bytesplc.com for details.

Keeping a strong focus on risk management

The challenging business environment in 2024/25 again highlighted the importance of maintaining a strong, agile approach to managing risk.



Having closely monitored the risks to the Group, and the processes we have in place to manage them, we remain confident that our enterprise risk management framework continues to serve us well.

The geopolitical and macroeconomic environment continued to be unsettled this year. Russia's war in Ukraine and the conflict in the Middle East persisted, contributing to interest rates remaining higher for longer. Additionally, there were important elections in several major democracies, including the UK and the US, which led to muted spending by businesses and organisations as they awaited the outcomes.

The resulting uncertain business environment served to reinforce our belief that risk management is an ongoing process that needs reviewing through the year. The starting point is our risk appetite, which was unchanged this year as we maintained our cautious approach. We identify and manage risk through our enterprise risk management framework, which we believe remains fit for purpose. The Group's bottom-up approach to risk is evidenced by the inclusion of risk management as a standing agenda item at each of the subsidiary board meetings.

Following the governance issues we experienced in 2023/24, we strengthened our Board this year. After Sam Mudd was confirmed as CEO in May 2024, we appointed two new independent non-executive directors to the Board: Ross Paterson and Anna Vikström Persson. We also established an ESG Committee for the first time.

Managing new and emerging risks

We assess current and emerging risks as part of our ongoing risk monitoring process. While we remain vigilant, we take confidence from the resilience that our business has shown through various external crises in recent years.

In our previous Annual Report, we identified 14 principal risks that could have a significant impact on our operations. While the risks themselves are unchanged in 2024/25, with no additions, deletions or reclassifications, we have in some cases updated the status of the risk. We changed the status to 'increase' for the following four risks:

- Working capital, in line with the heightened risk of economic disruption because of the expanded Middle East conflict
- Direct and indirect cyberthreats, because of evolving and elevated global risk to IT security
- Attract and retain staff while keeping our culture, because of the scarcity of suitable applicants and higher salary expectations
- Changes to vendors' commercial model, because of changes in certain vendor programmes in 2024/25.

However, vendors have previously changed their commercial models, and we have a strong track record of successfully adjusting to these, aided by close and regular communication with all our major vendors and distributors. We remain confident in our ability to adapt to vendor changes, without significant detriment to our profitability.

For the risks of Vendor concentration and Supply chain management, we changed the status from 'increase' to 'no change', to reflect mitigation actions this year.

We also identified three emerging risks in our previous Annual Report: the physical and transition risks related to climate change, keeping pace with social change, and the impact of AI. These risks remain relevant in 2024/25, and we continue to monitor them. In the case of AI, we also see the fast-evolving technology as an opportunity for our business, internally and externally.

Looking ahead

We continued our work with PwC as internal audit partner and will do so again in the coming year, because we believe it adds significant value. Our robust risk identification, management and agile responses enabled us to weather the challenging economic conditions this year. While we will never be complacent, we are confident that by continuing to carefully manage our risks the Group will remain resilient in 2025/26.

Andrew Holden
Chief Financial Officer
12 May 2025

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

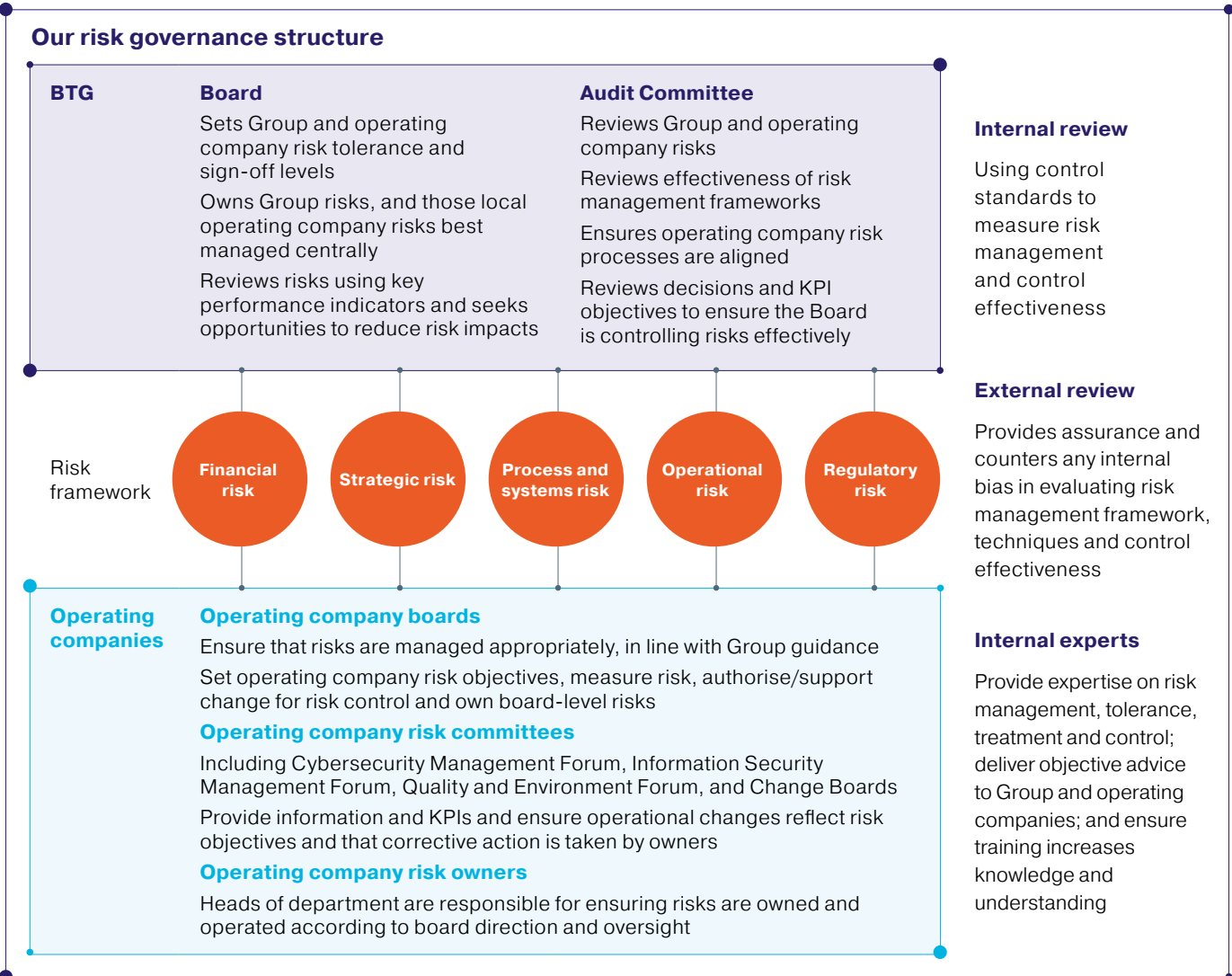
The purpose of enterprise risk management is to achieve three key objectives:

- 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 each of 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.

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 or scrutinise sophisticated global intelligence data, 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 the impact of AI – continued to be relevant in 2024/25. Our Board manages and monitors these risks closely, with oversight from the Audit Committee.

Climate change

The physical and transition 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. Climate change’s effects on the economic landscape, technology use and regulation could also be a threat.

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 to alleviating climate change is by supporting our customers to use technology in a sustainable way – particularly by optimising their IT products and services in the cloud.

To increase our governance and oversight of climate change and its related risks and opportunities, we established a Board-level ESG Committee in June 2024. This additional layer of governance brings independent oversight to our targets, progress and strategy. During 2024/25, as well as receiving validation from the SBTi of our GHG emissions targets, we submitted our second annual scoring disclosure to CDP, receiving an improved score of a B, compared to a C in 2023/24. We also remain certified to the ISO 14001 environmental management system. Our approach supports organisations that are committed to working with sustainable suppliers, in line with our strategy of delivering high-net-value solutions.

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 2024/25 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, attrition rate and insights from staff.

Our customer and talent pool might be limited if we are not seen as a progressive organisation. People, particularly of a younger age, are looking to engage with companies that do the right thing when it comes to being a responsible part of society. As younger generations join the workforce, we are starting to see changes in expectations around work-life balance.

We have long identified that our staff need more than just to be well paid: they need opportunities to develop, flexibility in their working arrangements 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, refurbishing 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.

Risk management continued

Impact of AI

In 2023/24, we identified a third emerging risk from AI and the impact this might have on our customers and their employees. We reviewed this again in February 2025. We consider AI and machine learning 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 many roles in the workplace in the longer term. Within the Group, there are policies, procedures and an AI ethics committee. We will discuss and review policies and the feedback from committees through our approach to risk management as the technology develops and its wider impact 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. However, customers may choose not to recruit if AI can replace people, which could then limit our growth because 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 2024/25, the economic situation became more stable, but the uncertainty of the geopolitical situation increased. Given we performed strongly and managed risks well last year, we have maintained our three emerging and 14 principal risks, making only some changes to the impacts and the status of the risk – that is, whether we consider them likely to ‘increase’, ‘decrease’ or show ‘no change’.

Summary of changes since 2023/24

1 Economic disruption	Noted UK budget changes to employer National Insurance, increased international political uncertainty and trade tariffs, and potential public sector budget constraints.
2 Margin pressure	Made no changes.
3 Changes to vendors’ commercial model	At the half year, changed the status to ‘ increase ’.
4 Inflation	Updated risk with latest figures.
5 Working capital	At the half year, changed the status to ‘ increase ’. Noted upcoming UK Government Procurement Act 2024.
6 Vendor concentration	At the half year, changed the status to ‘ no change ’. Noted impact from marketplaces.
7 Competition	Noted impact from anti-competition regulations.
8 Relevance and emerging technology	Made no changes.
9 Cyberthreats – direct and indirect	At the half year, changed the status to ‘ increase ’, adding extra mitigation measures. Also changed ownership to the chief technology officers (CTOs) of our subsidiary companies.
10 Business continuity failure	At the half year, added extra mitigation measures. Changed ownership to the CTOs of our subsidiary companies.
11 Attract and retain staff while keeping our culture	At the half year, changed the status to ‘ increase ’, because of scarcity of suitable applicants and salary expectations.
12 Supply chain management	At the half year, changed the status to ‘ no change ’, adding extra mitigation measures. Also made small changes to operational measures.
13 Sustainability/ESG	At the half year, changed the status to ‘ no change ’, but later returned it to ‘ increase ’ because of trickle-down effects of regulations and requirements. Also changed ownership to the Group Sustainability Manager.
14 Regulatory and compliance	Made no changes.

Financial	1 Economic disruption 	Risk owner CEO
	<p>The risk</p> <p>This risk includes the impact of UK tax changes, in particular raising National Insurance (NI) contributions from 13.8% to 15% and lowering the employer NI threshold from £9,000 to £5,600.</p> <p>Internationally, there is political uncertainty with the new US administration. Imposing global tariffs for trade into the US, resulting in reciprocal tariffs, could lead to inflation.</p> <p>In addition, the conflicts in the Middle East and Ukraine continue.</p> <p>This risk also includes the uncertainties caused by global economic pressures and geopolitical risk within the UK.</p> <p>There is the potential for public sector funding to be cut, although the size of this is still unknown.</p>	<p>How we manage it</p> <p>We have so far continued to perform well during high inflation, the conflicts in the Middle East and Ukraine, and the UK leaving the EU.</p> <p>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.</p> <p>We cannot mitigate the NI increases directly, but indirectly we are aiming to increase productivity by using AI tools. Three quarters of our employees have a GenAI licence and, in a recent assessment of usage, the productivity increase was equivalent to 26 full-time-equivalent roles.</p> <p>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.</p> <p>Externally, we have seen more customers looking to avoid increased staff costs by outsourcing their IT to managed services. This may create an opportunity to accelerate our service offerings.</p> <p>We will keep a watching brief on the impacts on the public sector from any government cuts to funding or policy changes, and how these affect the business.</p>
	<p>The impact</p> <p>Major economic disruption and potentially higher taxes could see reduced demand for software licensing, hardware and IT services, which could be compounded by government controls. Lower demand could also arise from reduced customer budgets, cautious spending patterns or clients 'making do' with existing IT.</p> <p>Economic disruption could also affect the major financial markets, including currencies, interest rates, trade and the cost of borrowing. Economic deterioration like this could affect our business performance and profitability.</p> <p>Inflationary pressure could still create an environment in which customers redirect their spending from new IT projects to more pressing needs.</p>	
	2 Margin pressure 	Risk owner MDs of subsidiary companies
<p>The risk</p> <p>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.</p>	<p>How we manage it</p> <p>Profit margins are affected by many factors at customer and micro levels.</p> <p>We can control some of the factors that influence our margins but some, such as economic and political factors, are beyond our control.</p> <p>In the past year we have sought to maintain margins where possible. Our diverse portfolio of offerings, with a mix of vendors, software and services, has enabled us to absorb any changes – and we continue to innovate to find new ways to deliver more value for our customers. Services delivered internally are consistently measured against our competition to ensure we remain competitive and maximise margins.</p> <p>Keeping the correct level of certification 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.</p> <p>This risk area is reviewed monthly.</p>	
<p>The impact</p> <p>These changes could have an impact on our business performance and profitability.</p>		

Expectation of risk impact



-  Increase
-  No change
-  Decrease

Our principal risks and uncertainties continued

Financial	3 Changes to vendors' commercial model ⬆️	Risk owner CEO
	The risk 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 commercial models change significantly.	How we manage it We maintain a diverse portfolio of vendor products and services. 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. Although we see this risk increasing, we are confident in our ability to maintain growth over time (see Our strategy on page 9). 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.
	The impact These incentives are very valuable and contribute to our operational profits. Significant changes to commercial models could put pressure on our profitability.	
4 Inflation ⬆️	Risk owner CFO	
The risk Inflation in the UK, as measured by the Consumer Price Index (CPI), was 3.2% in March 2024. At February 2025, this was 2.8%. This rate is above the Bank of England's target of 2%. The effects of both NI changes and global trade tariffs are inflationary.	How we manage it Staffing costs make up most of our overheads, so we focus our attention on our employees and their ability to cope with the rising cost of living. Beyond salaries, we have also focused on providing benefits packages to attract and retain talent. 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 our competitors increase wages to a higher level, then we potentially risk not retaining or attracting employees and customers. Our customers will also have increased costs, which will change their budgets and spending priorities.		
5 Working capital ⬆️	Risk owner CFO	
The risk As customers face the challenges of the current economic environment, with inflation and elevated interest rates, there is a greater risk of an increasing aged debt profile, with customers slower to pay and the possibility of bad debts. The implementation of the UK Government's Procurement Act 2023 will affect the payment terms of public sector customers and affect our supply chain. Vendors' changing payment terms could also have a significant impact. We have seen debtor days stabilise as inflation has reduced, but the number of days is yet to return to historically low levels.	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. In the past financial year, BTG has seen a higher level of bad debts and write-offs than before, but these still aren't 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.	
The impact This could adversely affect our businesses' profitability and/or cash flow.		




Strategic	6 Vendor concentration =	Risk owner CEO
	<p>The risk</p> <p>Over-reliance on any one technology or supplier 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.</p> <p>The impact</p> <p>Relying too heavily on any one vendor could have an adverse effect on our financial performance, should that relationship break down.</p> <p>Uptake of AI is expected to increase rapidly. While this represents an opportunity, AI development by a handful of companies, including Microsoft, has the potential to further concentrate revenue and profit across fewer vendors.</p>	<p>How we manage it</p> <p>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.</p> <p>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.</p>
	7 Competition =	Risk owner CEO
	<p>The risk</p> <p>Competition in the UK IT market, or the commoditisation of IT products, may result in BTG being unable to win or maintain market share.</p> <p>Mergers and acquisitions have consolidated our distribution network and absorbed specialist services companies. This has caused overlap with our own offerings.</p> <p>A move to more direct vendor sales 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.</p> <p>An increase in the use of marketplaces also heightens the risk of more transactions going through the same route.</p> <p>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.</p> <p>AI risks becoming a partial competitor, if it becomes able to provide accurate and beneficial licensing and infrastructure advice direct to customers.</p> <p>The regulatory environment will change the competitive landscape too, as regulators look to decrease monopolies.</p> <p>The impact</p> <p>This risk could have a material, adverse impact on our business and profitability, potentially requiring a shift in business operations, including a strategic overhaul of the products, solutions and services that we offer to the market.</p> <p>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 sales 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.</p>	<p>How we manage it</p> <p>We closely watch commercial and technological developments in our markets.</p> <p>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.</p> <p>Equally, vendors cannot engage with myriad organisations globally without the sort of well-established network of intermediaries that we have.</p> <p>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.</p> <p>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.</p> <p>AI/machine learning has been identified as a new emerging risk, so we will explore and monitor risks and opportunities to our business.</p> <p>Currently, there is no sign of any commoditisation that would be a serious threat to our business model in the short or medium term.</p> <p>We are aware of the opportunities from regulatory changes and partnerships to expand our vendor, solution and services portfolio.</p>

Our principal risks and uncertainties continued

Strategic	8 Relevance and emerging technology 	Risk owner CEO
	<p>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.</p> <p>The impact Customers have a wide choice and endless 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.</p>	<p>How we manage it We stay relevant to our customers by:</p> <ul style="list-style-type: none"> – 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. <p>We defend our position by keeping abreast of new technologies and the innovators who develop them. We do this by joining industry forums and sitting 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.</p> <p>We are giving more focus to customer communications and marketing, to increase brand awareness.</p> <p>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. This is core to our business, so the risk is relatively low.</p>
Processes and systems	9 Cyberthreats – direct and indirect 	Risk owner CTOs of subsidiary companies
	<p>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.</p> <p>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.</p> <p>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.</p>	<p>How we manage it We use intelligence-driven analysis, including research by our internal digital forensics team and analysis generated by threat intelligence systems to protect ourselves.</p> <p>This work provides insights into vulnerable areas and the effects of any breaches, which allow us to strengthen our security controls.</p> <p>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.</p> <p>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.</p> <p>We maintain ISO 27001, CE and CE+ (cyber essentials) certifications to protect our and our customers' data.</p>

Operational	10 Business continuity failure =	Risk owner CTOs of subsidiary companies
	<p>The risk</p> <p>Any failure or disruption of BTG’s people, processes and IT infrastructure may negatively affect our ability to deliver to our customers, cause us reputational damage and lose us market share.</p> <p>The impact</p> <p>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.</p> <p>Major outages in systems that provide customer services could limit customers’ ability to extract crucial information from their systems or manage their software.</p> <p>Increased automation means a heavier reliance on technology. Although it can reduce human error, it can also potentially increase our reliance on other vendors.</p> <p>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.</p>	<p>How we manage it</p> <p>Our CTOs and heads of IT manage and oversee our IT infrastructure, network, systems and business applications. All our operational teams are focused on the latest vendor products and educate sales teams appropriately.</p> <p>Regular IT audits have identified areas for improvement, while ongoing reviews make sure we have a high level of compliance and uptime. This means our systems are highly effective and fit for purpose.</p> <p>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.</p> <p>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 make sure there isn’t a single point of failure, and that resilience is built into employees’ skill sets.</p> <p>The risk is also mitigated through policies and process implementation, such as Phoenix achieving ISO 22301 certification and Bytes implementing an incident management policy.</p> <p>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. This risk is reviewed through frequent risk assessments and business continuity plan testing.</p>
	11 Attract and retain staff while keeping our culture ^	Risk owner CEO
	<p>The risk</p> <p>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.</p> <p>Several factors are affecting this:</p> <ul style="list-style-type: none"> – Salary and benefit expectations – BTG’s high rate of growth – Skills shortage in emerging, high-demand areas, such as AI and machine learning – 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. <p>The impact</p> <p>The double impact of 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.</p> <p>We may also lose talented employees to competitors.</p>	<p>How we manage it</p> <p>We continually strive to be the best company to work for in our sector.</p> <p>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.</p> <p>We’ve organically grown and set up new geographical offices, to attract local talent.</p> <p>Maintaining our culture is important to retaining current staff. BTG regularly engages with employees through surveys, such as the eNPS and Great Place to Work. Feedback from these and elsewhere is used to review and develop our employee benefits. We maintain our small-company feel through regular communications, clubs, and charity and social events. We aim to absorb growth while keeping our culture.</p>

Our principal risks and uncertainties continued

Operational	12 Supply chain management 	Risk owner CEO
	<p>The risk</p> <p>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.</p> <p>There is a risk to our business if we engage with suppliers that:</p> <ul style="list-style-type: none"> – Provide unethical working conditions and pay – Are involved in financial mismanagement and unethical behaviour – Cause environmental damage – Operate in sanctioned regions. <p>The impact</p> <p>The impact to the business is across multiple areas, from legal, financial and reputational to ethical and environmental.</p> <p>Escalating conflicts could also affect our supply chain.</p>	<p>How we manage it</p> <p>Supplier set-up forms include questions to ask suppliers to disclose information relating to compliance and adherence to our supplier codes 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.</p> <p>Phoenix has appointed a supply chain manager, and Bytes has appointed a third-party compliance officer focused on supply chain management. Bytes has also established a cross-disciplinary group to work on managing suppliers.</p>
Regulatory	13 Sustainability/ESG 	Risk owner Group Sustainability Manager
	<p>The risk</p> <p>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.</p> <p>The impact</p> <p>Falling behind expectations or our peers may lead to challenges around:</p> <ul style="list-style-type: none"> – 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. 	<p>How we manage it</p> <p>Our Board manages and monitors this risk closely, with oversight from the ESG and Audit Committees.</p> <p>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.</p> <p>Our Sustainability Steering Committee enables decision makers from across the Group to work towards a common goal and report on challenges. In June 2024, we enhanced the governance of ESG, by establishing a Board-level ESG Committee.</p> <p>Disclosures are made through several channels, including ISS ESG ratings, CDP and EcoVadis. We had our near-term and net zero targets validated by the SBTi in June 2024, as part of our programme to drive sustainability through best practice approaches. Feedback from disclosures is used to guide changes in the business. So, as disclosure methodologies stay current, so should the business, where possible and relevant.</p>
Regulatory	14 Regulatory and compliance 	Risk owner CEO
	<p>The risk</p> <p>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.</p> <p>The impact</p> <p>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, legal challenges and reputational damage.</p> <p>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.</p>	<p>How we manage it</p> <p>We engage external experts. BTG works 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.</p> <p>We 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.</p> <p>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.</p> <p>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.</p>

Disclosure statements

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

Q

How did Bytes advance its sustainability agenda this year?

A

We successfully launched our keenly awaited EV scheme and, as part of our Leatherhead office refurbishment, switched to LED lighting, installed sensor taps and implemented the auto-power down of screens at night.

Mandi Nicholson
Sales Operations Director and ExCo ESG Lead, Bytes



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.

Although TCFD has been disbanded and its recommendations adopted into broader IFRS S1 and S2 standards, the UK has not yet formally adopted these. We continue to report using the TCFD recommendations, while also maintaining our wider GHG emission reporting – see Additional environmental disclosures on pages 68 to 71 and Our planet on pages 42 to 46. 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.

So, we have made some changes to our TCFD report this year by reporting on the recommendations more strategically.

Our view is that the direct impact of climate change on BTG will be relatively low, given our primary business is in software, security and cloud solutions, and IT services, 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. Staff 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 reduce our environmental impacts and support the transition to a low-carbon economy. Adapting to a warmer world with more weather extremes and understanding the actions and steps our customers will be taking is the right thing to do. This may bring us opportunities too, as companies look to technology for the systems and services they need to manage transition risks and move to a low-carbon economy.

Complying with TCFD

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

We have again complied with all 11 areas of 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 42 to 46 and in Additional environmental disclosures on pages 68 to 71, 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 67		
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 42, 68 to 70, 120 and 129		
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 42, 120 and 129	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 70	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 68 to 70 and 120	n/a

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

Governance and risk management

Given the importance of climate change, and that the issues are evolving constantly, we oversee climate change 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 47 to 56.

This year we have merged our reporting of climate-related governance and risk management, given that both are integral to the work of our Board and Executive Committee.

<p>The Board</p> <ul style="list-style-type: none"> • 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
<p>ESG Committee</p> <ul style="list-style-type: none"> • 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
<p>Executive Committee, management and Group Sustainability Manager</p> <ul style="list-style-type: none"> • Operational management of environmental targets and stakeholder engagement • Review and monitor climate-related risks and opportunities
<p>Sustainability Steering Committee</p> <ul style="list-style-type: none"> • Members drawn from senior leadership and across the business • Considers progress against targets and assesses operations from a sustainability viewpoint
<p>Operational teams</p> <ul style="list-style-type: none"> • 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. This is outlined within our Sustainability Framework (available at bytesplc.com/sustainability) which outlines our sustainability reporting methodology. 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.

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 included climate-related risks as a standing item on its agenda.

Since June 2024, our new Board-level ESG Committee has increased the scrutiny of our climate-related activities, monitoring how we implement BTG’s ESG and sustainability strategy. During the year, the ESG Committee was briefed on our new ESG Strategy and Environmental Policy, 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 MDs 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 48 to 56. 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 staff-led teams at operational level, which promote initiatives, raise awareness of the importance of environmental issues and carry out local activity. These teams 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 47 to 56.

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 on 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 2024/25, we 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 2024 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 (NZE)	This scenario portrays a pathway in which the energy sector achieves net zero carbon dioxide (CO ₂) emissions globally by 2050, in line with limiting the long-term global average temperature to 1.5°C, along with achieving universal energy access by 2030 and air quality objectives.
APS	Announced Pledges Scenario (APS)	This scenario outlines a trajectory for the energy sector if all national energy and climate pledges, including long-term net zero emissions goals, are met on time and in full.
STEPS	Stated Policies Scenario (STEPS)	This scenario provides a sense of the prevailing direction of travel for the energy system, based on a detailed assessment of current policy settings.

¹ From the IEA World Energy Outlook 2024.

We considered these risk scenarios over a broad timeframe, from 2024/25:

- **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 25 years – which covers our net zero goal of 2040, 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 increases in global temperatures and adapt our analyses as necessary.

Risks and opportunities	
Estimated 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. In 2022/23, we elevated the regulatory aspects of sustainability to a principal risk. This principal risk incorporates all aspects of sustainability and, in particular, relates to predicted and unforeseen future regulations, which may assess areas we haven’t measured with the same focus as climate, such as biodiversity and social aspects of sustainability. The physical risk (see page 49 in our Risk report for more details).

To analyse the materiality of the risks, we used the same process and financial impact categories to categorise the climate risks as we do for principal risks. We have made an assessment of 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.

Because developments this year have not changed our initial conclusions around the nature of climate change, as described earlier, we are confident that it has had a limited effect on our accounting judgements and estimates this year. We have therefore determined that it has had no material impact on our asset and liability valuations at 28 February 2025.

Assurance from GHG emissions targets validation

In June 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 more details, see Our planet on page 43.

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 effects 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 be expanding our onboarding to include information around their GHG emissions and reduction targets.	NZE – minor APS – minor STEPS – minor
Changes in customer working behaviour and infrastructure requirements M L	Market	<p>The move away from full-time, office-based working could accelerate if climate change-related extreme weather events routinely made it difficult to reach centralised workplaces. This could further encourage employees to work from home or at other non-office locations.</p> <p>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 2% 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.</p>	Given this risk is relatively insignificant, and within BTG's risk tolerance, we have not developed formal mitigation plans.	NZE – minor APS – minor STEPS – 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.	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.	NZE – minor APS – minor STEPS – minor

S Short term: one to three years M Medium term: three to ten years L Long term: ten to 25 years

Risk description	Risk category	Potential impact	Mitigation actions	Scenario and potential financial risk
Transition risks continued				
<p>Concerned or negative perceptions from stakeholders that we have not responded appropriately to climate change</p> <p>S M L</p>	Reputation	<p>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.</p>	<p>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. 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 enable engagement with customers. We also create opportunities for engagement with all our stakeholders via 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.</p>	<p>NZE – moderate APS – moderate STEPS – minor</p>

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

Risk description	Risk category	Potential impact	Mitigation actions	Scenario and potential financial risk
Physical risks				
<p>Increase in extreme weather events and variable weather patterns in the UK causing disruption to energy and related systems</p> <p>M L</p> <p>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.</p>	Acute/chronic	<p>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.</p> <p>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 energy use.</p> <p>Increased extreme weather could affect power lines. With the ability to work remotely and with employees distributed across the UK, as well as resilient cloud-based systems, the impact to business activities and productivity is considered limited.</p> <p>Such physical risks could make it difficult for our people to get to work, however, 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.</p>	<p>If extreme weather events affect power lines, or flooding affects travel to offices, mobile connectivity and our network access means that our staff 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.</p> <p>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.</p>	<p>Low (C1) – minor</p> <p>Medium (C3) – minor</p> <p>High (C6) – moderate</p>
<p>Supply chain disruption from the physical impacts of climate change</p>		<p>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.</p>	<p>Issues are most likely to affect the relatively small hardware and IT services parts of BTG. Software, which makes up 95.5% 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.</p>	<p>Low (C1) – minor</p> <p>Medium (C3) – moderate</p> <p>High (C6) – moderate</p>

Summary of our key climate-related opportunities

Opportunity	Description	How we're responding	Scenario and potential financial risk
Expansion of cloud products and services S M	<p>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 change-related risks of accessibility and physical damage prompt entities to untether themselves from their physical locations.</p>	<p>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.</p> <p>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 increasing irrespective of changes in jurisdictional climate policies.</p>	<p>NZE – minor APS – minor STEPS – minor</p>
Demand for resource and energy efficiency S M L	<p>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 comply with regulation on climate-related matters.</p> <p>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.</p>	<p>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.</p> <p>Under the more progressive scenarios, customers might be more likely to request information about product sustainability, which could open up opportunities for other services.</p>	<p>NZE – moderate APS – moderate STEPS – minor</p>
Demand for sustainable hardware S M L	<p>Customers pursuing renewable energy programmes, energy-efficiency measures and resource replacements or diversification may need new, more sustainable hardware as well as associated software.</p>	<p>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.</p> <p>As with the 'demand for resource and energy efficiency' opportunity, under more progressive scenarios customers might be more likely to request information about hardware sustainability, and this could open up opportunities for other services.</p>	<p>NZE – minor APS – minor STEPS – minor</p>
Keeping up with social change S M	<p>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.</p> <p>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.</p>	<p>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 with the aim of improving our scores. We are also proactive about our support for the environment and promote this to our employees. For example, we have:</p> <ul style="list-style-type: none"> • 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 staff car parks. <p>Under the various scenarios, STEPS 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.</p>	<p>NZE – minor APS – minor STEPS – moderate</p>

Additional environmental disclosures

With the increased attention on environmental performance, this year we've brought together in one place the environmental disclosures we make in addition to our TCFD reporting.

This includes how we are meeting our GHG emissions 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, and the related methodologies.

Changes to our carbon accounting

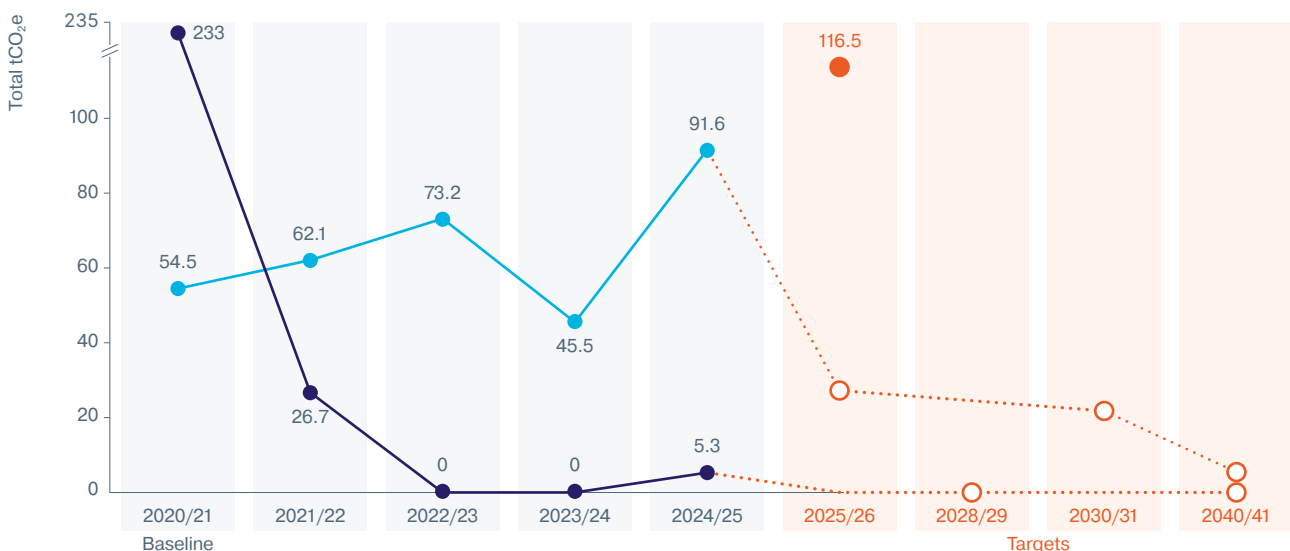
Since the start of 2022/23, we've worked in partnership with a specialist GHG emissions consultancy, which has helped us to report on all Scope 3 categories relevant to our business and to refine these in 2024/25. We use the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard as the methodology for all our carbon reporting (see page 71). Having comprehensive data has enabled us to become far more sophisticated in our analyses and reporting.

In July 2023, the Group submitted a commitment letter to the SBTi to validate our GHG reduction targets – and, in December 2023, once our Scope 3 emissions had been fully calculated for 2022/23, we submitted our near-term and net zero targets. We reported on this expanded Scope 3 work in last year's Annual Report. From April to June 2024, the SBTi worked with us to confirm targets and emissions, which led to a few amendments in our reporting. The main change was splitting out how we report well-to-tank emissions – from only in Scope 3, category 3, to category 4 (upstream transportation and distribution), category 6 (business travel) and category 7 (employee commuting). We were also advised that the software component of our category 11 (use of sold products) was optional under the Greenhouse Gas Protocol. We decided to

remove this from our reporting from 2022/23 (Scope 3 baseline) onwards.

In December 2024, Bytes purchased two buildings next to our Leatherhead head office. Although the offices are currently leased out, under our chosen organisational boundary the emissions fall under Scope 1 and 2, as per the Greenhouse Gas Protocol standards. The utility data from December 2024 to the end of February 2025 are not yet available, so we have made estimates based on the Leatherhead office usage and our knowledge of the utilities in these offices. During 2025, we will work to measure these emissions more accurately and determine the impact on our targets – and whether a re-baselining or resubmission to the SBTi is required for Scope 1 and/or 2.

Scope 1 and 2 data year-on-year comparison

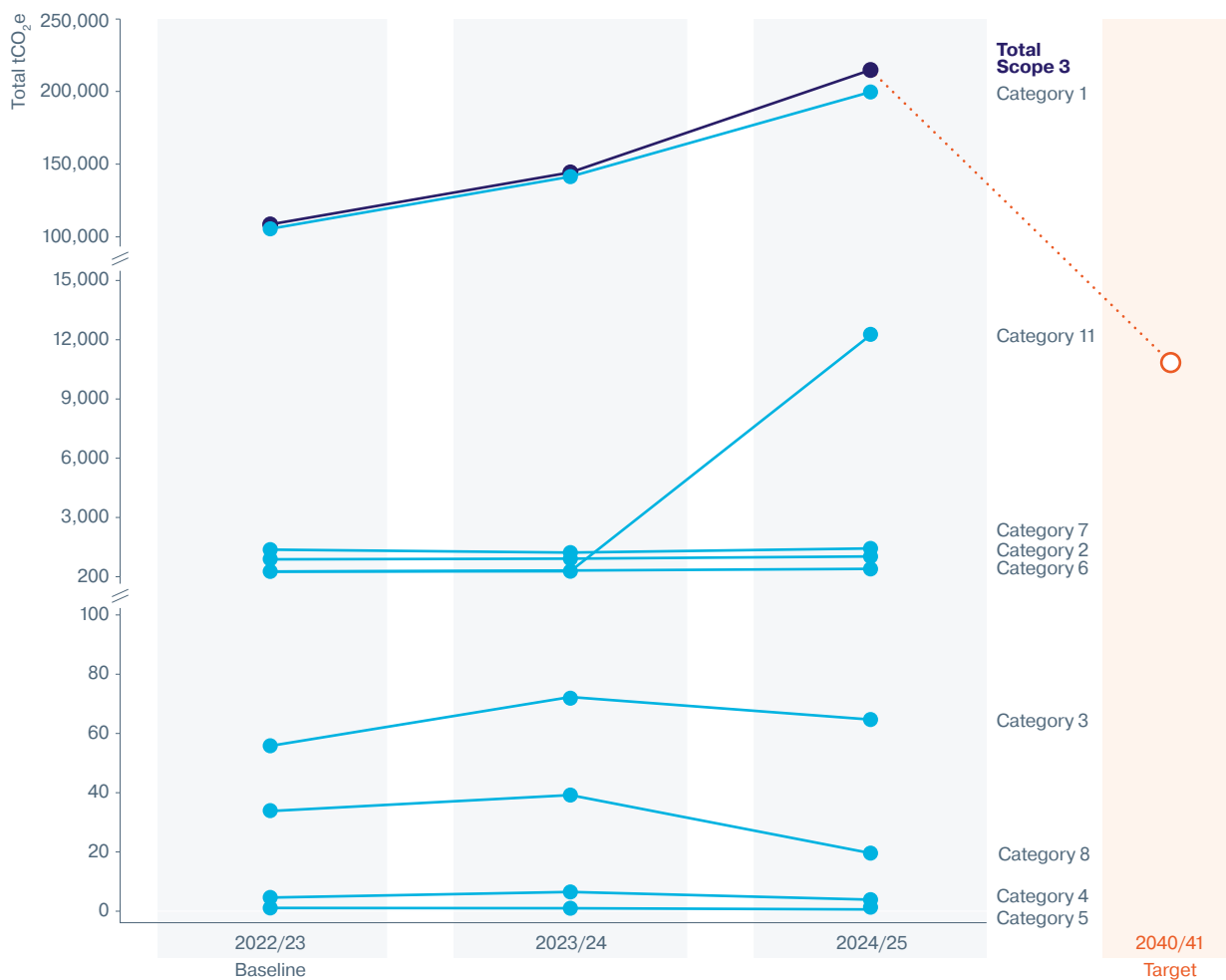


Our Scope 1 emissions for 2024/25 increased from 45.5tCO₂e in the prior year to 91.6tCO₂e. Although an estimated 4.0tCO₂e of this increase comes from the new buildings, the majority comes from failures in the ageing HVAC system at the Leatherhead head office, which is expected to be replaced in 2025.

Market-based Scope 2 emissions increased on the prior year because of estimated usage of the new buildings purchased in December 2024. This will be verified, and is expected to reduce as the contracts are brought under the same commitment as the head office and REGO-backed electricity purchased.

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

Scope 3 data year-on-year comparison



Scope 3 data (revised for 2022/23 and 2023/24)

Scope 3 categories	2022/23 (tCO ₂ e)	2023/24 (tCO ₂ e)	2024/25 (tCO ₂ e)
1 Purchased goods and services	105,537.9	141,420.9	199,618.6
2 Capital goods	880.1	914.9	1,026.5
3 Fuel and energy-related activities	55.8 ^a	72.3 ^a	64.7
4 Upstream transportation and distribution	6.5 ^a	4.6 ^a	3.9
5 Waste generated in operations	1.0	1.1	0.6
6 Business travel	264.0 ^a	315.2 ^a	398.1
7 Employee commuting (including working from home)	1,372.0 ^a	1,222.8 ^a	1,428.0
8 Upstream leased assets	33.8	39.2	19.6
11 Use of sold products	260.0 ^p	277.0 ^b	12,236.8 ^p
Total Scope 3	108,411.1	144,268.0	214,796.8

a Revised as part of the SBTi submission process. For our SBTi submission, all well-to-tank emissions were calculated for all transport types, and reallocated from category 3 into the relevant transport categories of 4, 6 and 7. For more details, see Changes to our carbon accounting on page 68.

b 2024/25 saw a large increase of category 11 (use of sold products) because we corrected the calculation to include the full lifetime use of the hardware, instead of one year's usage. We will assess whether this correction requires any amendments to our baseline or reduction targets. In addition, while compiling our SBTi submission, we became aware that the software emissions reported in category 11 were 'indirect-use phase' and, so, optional. Given this category is based fully on assumptions, we have removed software and only report on hardware.

Additional environmental disclosures continued

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 2023/24 and 2024/25. 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 71, 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	2023/24 (revised ^b)		2024/25		Change
	kWh	tCO ₂ e	kWh	tCO ₂ e	
Energy consumption	4,989,909		5,751,831		+674,984
Scope 1 – Direct emissions from our sites	152,163	45.5	191,676	91.6	+46.1
Scope 2 – Indirect emissions from the energy we buy					
Location-based ^c		207.1		180.5	-26.6
Market-based ^d	1,000,124	0.0	955,574	5.3	+5.3
Scope 3 – All other indirect emissions across our value chain ^b	3,837,622	144,268.0	4,604,581	214,796.8	+70,528.8
Total emissions – location-based^c		144,520.6		215,068.9	+70,548.3
Relative emissions – location-based tCO₂e/£m GII		79.3		102.3	+23.0
Taking our renewable energy into account					
Total emissions – market-based^d		144,313.5		214,893.7	+70,580.2
Relative emissions – market-based tCO₂e/£m GII		79.2		102.2	+23.0

a Our methodologies for reporting energy and carbon data are set out on page 71.

b 2023/24 Scope 3 emissions figures have been revised following work with the SBTi – see more on page 69.

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.

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 followed 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 reduction 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 2024/25, we worked with notch carbon accounting platform and consultancy to map our energy and carbon data (Scope 1, 2 and 3), using our 2020/21 baseline for Scope 1 and 2 and our updated 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 2024 factors as published by DEFRA (Department for Environment, Food and Rural Affairs) 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. This approach calculated emissions based on 79% of Bytes spend and 83% of Phoenix 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, workstreams and performance data is set out on pages in this section, on pages 42 to 46 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.

Waste management and water are included within our GHG calculations, but we are also aiming to have a separate waste and water policy based on usage. 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, as well as through our offsetting initiatives, which 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 21), Sustainability review (pages 34 to 46), and our Risk report and Viability statement (pages 47 to 56 and pages 73 to 74).

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 validated by the Science Based Targets initiative (SBTi) and in achieving an improved score from our CDP disclosures from a C to a B. The beginning of our carbon literacy awareness programme has also been 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 34 to 46, the TCFD section on pages 58 to 67, Additional environmental disclosures on pages 68 to 71 and the ESG Committee report on pages 106 to 111.

BTG: Sustainability Framework, environmental policy

Bytes and Phoenix: Annual carbon reports, environmental policies, 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 a variety of 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 in 2024.

For more information, see Our people on pages 36 to 39, The Board's year on page 82, Stakeholder engagement on page 86 to 91 and the Nomination Committee report on pages 102 to 105.

BTG: Speak-up policy

Bytes and Phoenix: Health and safety policies; equity, diversity and inclusion policies; gender pay gap reports; speak-up and whistleblowing 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 21 and Measuring progress on pages 12 to 13.

Our policies are subject to periodic review, with updates made as and when required. To find out more about 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 2028. 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 the majority of the viability period, and takes 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 runs until May 2026 and includes an optional one-year extension to 17 May 2027. 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. If extended, the current term covers the majority of the viability period, and we do not foresee there being an issue extending the facility if required at its end date, which we have done in the past.

The Board has performed a robust risk assessment of the principal risks and uncertainties facing BTG, as outlined on pages 47 to 56. 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.

Most recently, in light of changes to the Microsoft EA incentive programme, the Board has assessed the potential downside impact and the extent to which this can be mitigated by growing other incentive opportunities and profit streams

in general – both with Microsoft and other vendors – and by expanding our services business. We have managed the initial phase of change well. Any potential negative impact will diminish as we move through the viability period, as new and renewing contracts are repriced to reflect the level of incentives available – something that affects all Microsoft partners similarly and means we will compete for future business on a level playing field. We believe our stress tests, therefore, detailed on page 74, consider downsides around reducing gross profit that are sufficiently severe to cater for any adverse impacts from these incentive changes, should they arise.

BTG's gross invoiced income, gross profit and operating profit increased by 15.2%, 12.0% and 17.1%, respectively, in 2024/25. This growth continues to reflect our core strength of doing more with existing customers, which contributed 97% of our gross profit at a renewal rate of 109% – combined with success in winning new customers – who contributed 25% of our absolute growth in 2024/25, at more than £4 million of gross profit. The rise in operating profit at a higher rate than gross invoiced income and gross profit also demonstrates the business's effective management of its staff costs and overheads lines, balancing the need to invest in the business with our underlying growth objectives.

More generally, the 2024/25 results demonstrate our ability to grow our key performance metrics while remaining resilient to the impact of external disruptions. The directors believe this is because of our mix of customers in the corporate and public sectors, strong relationships with our primary vendors, the demonstrable value we add to our customers, and our highly skilled employees establishing competitive advantage in an increasingly digital age.

The Board reconfirmed BTG's strategy in November 2024. Central to its conclusion that BTG and our operating companies will continue to operate and meet our future commitments and liabilities over the next three years are:

- 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 sectors and no one customer making up more than 1.3% of our gross profit in 2024/25
- 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, recently in areas such as managed services, security and AI.

We carried out the stress tests detailed on page 74, which helped us make sure that our assessment accurately reflected the changes to our business in the past year – such as our evolving risk management process, and the overall industry and economic climate.

How we stress-tested our business

In our stress-testing, we evaluated our viability by considering our current and future strategies and the potential financial impacts of our stated principal risks. The principal risks were considered individually and collectively, in the context of global political and economic factors, including the recent disruption caused by new tariffs and the continued uncertainty around the crises in Ukraine and the Middle East.

While the introduction of import tariffs by a number of countries will increase the cost of imported goods within the global supply chain, we do not expect this will have a direct material impact on the profitability of the business within the viability period, given that we are neither a significant exporter nor importer of goods. However, this is a fast-moving matter, so we will continue to monitor it closely for more changes and, in particular, for any indirect impact on our customers' spending levels.

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.

Viability statement continued

The likelihood of such a realisation threatening BTG's viability 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.

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 2026, extended until 28 February 2028
- 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 2025)

- 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 2025)
- 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 2025, freezing future pay from March 2026 (given current year rises are already committed) and freezing rises in general overheads from March 2026
- Full mitigation measures – in addition to all the partial measures, these measures modelled additional headcount reductions from March 2026, 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 86 to 91.

The Board approved the strategic report on pages 1 to 74 of this Annual Report on 12 May 2025.



Patrick De Smedt
Chair
12 May 2025