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

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

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

This is Bytes Technology Group

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

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

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

Our offices

We have a simple but powerful business model

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

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

What our model delivers

Customer NPS
70+

Employee NPS
62

Shareholders
Capital returned over five years*
90%
of profit after tax

Communities
Hours volunteered
2,159

Read more about our business model on page 19.

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

Success comes from delivering the right technology from the best partners

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

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

View Bytes Software Services vendors

View Phoenix Software vendors

Our future: innovating to unlock opportunities for our customers

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

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

Chair’s statement

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

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

Investing for sustainable growth

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

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

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

Strong leadership in a year of transformation

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

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

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

Maintaining our high-performance culture

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

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

Shareholder dividend

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

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

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

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

Continued focus on sustainability

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

Looking ahead with confidence

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

Patrick De Smedt
Chair
11 May 2026

CEO's review

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

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

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

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

Increasing our customer centricity

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

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

Watch Sam's recent conversation with Microsoft about AI

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

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

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

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

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

Our strategy

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

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

Putting customers first

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

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

Investing in our people and our business

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

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

Investing in innovation

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

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

CEO's review continued

Investment case

01

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

Five-year GP CAGR 13.3%

Customers served in 2025/26 5,916

02

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

Five-year cash conversion 113%

£205 million returned to shareholders over the past five years

03

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

More than 1,000 vendors and distributors

One of the largest UK partners with Microsoft by revenue

04

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

Strong GII growth 11.5%

05

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

Employee net promoter score (eNPS) 62

Deepening our vendor relationships

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

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

Building an even greater place to work

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

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

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

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

Promoting digital inclusion in our communities

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

The road ahead

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

S. Mudd

Sam Mudd
Chief Executive Officer
11 May 2026

Measuring progress

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

Financial

Gross invoiced income[1] £2,341.0m +11.5%

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

Revenue[2, 3] £220.5m +1.6%

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

Gross profit £167.3m +2.4%

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

Gross margin[3] 75.8%

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

Operating profit £62.7m -5.6%

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

Operating profit as % of gross profit 37.5%

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

Cash conversion[4] 105.1%

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

Cash £98.6m -12.8%

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

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

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

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

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

Strategic

Customer numbers — 5,916 +0.1%

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

Renewal rate — 99%

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

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

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

Customer net promoter score — 70+

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

% gross profit from existing customers — 97%

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

Sustainability

Employee numbers — 1,331 +6.9%

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

Employee net promoter score — 62

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

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

Our strategy in action

Putting customers first

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

Bytes + National Express

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

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

Paul Challis
Chief Information Officer
National Express

Phoenix + West Yorkshire Fire and Rescue Service

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

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

Kirsty James
Digital Transformation Manager
West Yorkshire Fire and Rescue Service

National Express photo © Michael Molloy Photographer

Investing in people and our business

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

Myda Carolan – Account Manager, Bytes

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

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

Lewis Thomson – AI Workforce Lead, Phoenix

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

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

Our strategy in action continued

Investing in innovation

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

Bytes + Farrer & Co LLP

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

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

Paul Lovegrove
Head of IT Systems
Farrer & Co LLP

Phoenix + Blaby District Council

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

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

James Hickens
ICT Operations Manager
Blaby District Council

Review of the year

Bringing people and transformational technologies together to achieve more.

Our market environment

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

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

The trends shaping UK technology

Cloud migration

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

Security

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

AI and data

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

Digitalisation

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

Cost optimisation

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

$6.15tn

Forecast worldwide IT spending in 2026[1]

11.1%

Forecast annual growth in IT spending in Europe in 2026[2]

32%

Forecast increase in AI-related investment among UK organisations in 2026[6]

129%

Increase in ‘nationally significant’ cyberattacks in the UK in 2025[3]

Robust growth forecast in worldwide IT spending

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

Cybersecurity drives growth in the UK

Software resale and IT services delivery are our two main business areas. They remain the two biggest areas of technology spend, and among the fastest growing. In 2026, spending on software and IT services in Europe is expected to grow by 15.6% and 10.1% respectively, according to Gartner.[2] Spending on cybersecurity is also expected to grow strongly, with more than half of UK organisations planning to increase their cybersecurity budgets by more than 10%, according to the KPMG Global Tech Report 2026.[3]

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

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

Investment and interest in AI surges

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

In the UK, organisations are ready for widespread AI adoption, according to Red Hat, the open source solution provider, which surveyed 100 IT managers and directors in the UK in 2025. It found that, along with security, AI is the top IT priority for UK organisations, which plan to boost investment in AI by an average of 32% in 2026.[6] Within AI, the biggest priority area for organisations is now agentic AI, which refers to systems that operate with a high degree of autonomy and can perform complex tasks with limited human intervention.

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

Focus on value and flexibility

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

Our target segments

Software 66% of revenue

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

IT services 20% of revenue

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

Hardware 14% of revenue

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

Our place in the UK's IT sector

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

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

Dr Richard Horne
Chief Executive
National Cyber Security Centre

CFO’s introduction

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

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

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

Responding to changes in the industry

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

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

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

Continued momentum in our services proposition

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

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

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

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

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

Our business model

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

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

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

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

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

This creates a strong value proposition...

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

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

enabling us to earn profits...

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

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

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

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

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

CFO's introduction continued

Well positioned to benefit from market opportunities

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

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

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

Returning capital to our shareholders

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

Looking ahead

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

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

Andrew Holden
Chief Financial Officer
11 May 2026

Operational review

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

Continued demand for transformational technology

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

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

Strong focus on services as the vendor market evolves

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

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

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

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

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

Clare Metcalfe
MD Phoenix

Operational review continued

Key facts

Bytes Technology Group

HQ Leatherhead, Surrey

CEO Sam Mudd

CFO Andrew Holden

Bytes Software Services

Markets

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

Vendors

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

HQ Leatherhead, Surrey

Other offices Reading, London, Manchester, Dublin, Portsmouth

Employees 795

Customers 3,085

Phoenix Software

Markets

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

Vendors

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

HQ Pocklington, Yorkshire

Other offices Salford, Sunderland

Employees 527

Customers 2,831

Innovating to help customers and our people do more with AI

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

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

Growing our teams while maintaining our strong culture

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

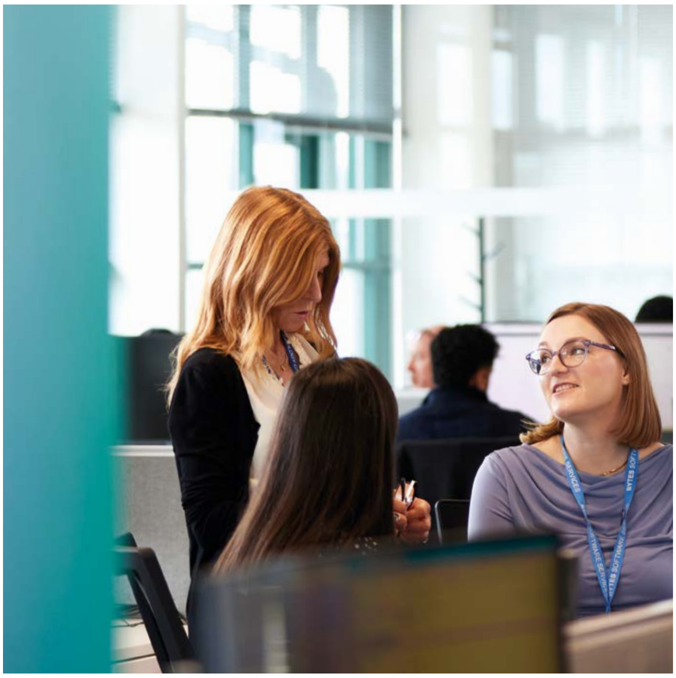
New colleagues at both businesses included the latest batch of sales and technical apprentices, who continue to be a great source of talent. We also hired people with specialist skills where these were needed, as well as providing training for our existing employees to increase their technical capabilities.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

Bytes and Phoenix share:

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

...but have their own:

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



Operational review continued

Demonstrating resilience in 2025/26

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

Increased our customer base

This year	Last year
5,916	5,913

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

Maintained a high renewal rate

This year	Last year
99%	109%

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

Maintained industry-leading NPS

This year	Last year
70+	79

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

Increased gross profit per customer

This year	Last year
£28,300	£27,600

How our broad, diversified customer base benefits us

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

Why customers value us

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

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

Why vendors value us

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

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

Our awards in 2025/26

Bytes

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

Phoenix

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

Expanding our relationships with the leading software vendors

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

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

Financial review

How we performed in 2025/26

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

1 Provision of services to customers using the Group's own internal resources.
2 Provision of services to customers using third-party contractors.
3 Cloud Bridge Technologies, 25.1% share of loss of associate.

Overview of 2025/26 results

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

Gross invoiced income

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

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

Revenue

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

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

Gross profit

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

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

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

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

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

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

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

Other income

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

Administrative expenses

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

Employee costs

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

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

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

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

Other administrative expenses

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

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

Operating profit

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

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

Interest income and finance costs

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

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

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

Share of loss in associate

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

Profit before tax

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

Income tax expense

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

Profit after tax

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

Earnings per share

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

Financial review continued

Balance sheet and cash flow

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

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

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

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

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

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

The consolidated cash flow is set out below:

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

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

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

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

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

Maintaining a robust approach to risk

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

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

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

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

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

Managing new and emerging risks

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

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

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

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

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

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

Looking ahead

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

Andrew Holden
Chief Financial Officer
11 May 2026

Risk management

How we manage risk

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

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

Our approach

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

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

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

Our risk appetite

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

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

Our risk governance structure

BTG

Board

Sets Group and operating company risk tolerance and sign-off levels

Owns Group risks, and those local operating company risks best managed centrally

Reviews risks using KPIs and seeks opportunities to reduce risk impacts

Audit Committee

Reviews Group and operating company risks

Reviews effectiveness of risk management frameworks

Ensures operating company risk processes are aligned

Reviews decisions and KPI objectives to ensure the Board is controlling risks effectively

Risk framework

- **Financial risk**
- **Strategic risk**
- **Process and systems risk**
- **Operational risk**
- **Regulatory risk**

Operating companies

Operating company boards

Ensure that risks are managed appropriately, in line with Group guidance

Set operating company risk objectives, measure risk, authorise/support change for risk control and own board-level risks

Operating company risk committees

Including forums on cybersecurity, information technology, the environment and business resilience

Provide information and KPIs and ensure operational changes reflect risk objectives and that corrective action is taken by owners

Operating company risk owners

Heads of department are responsible for ensuring risks are owned and managed according to board direction and oversight

Internal review

Using control standards to measure risk management and control effectiveness

External review

Provides assurance and counters any internal bias in evaluating risk management framework, techniques and control effectiveness

Internal experts

Provide expertise on risk management, tolerance, treatment and control; deliver objective advice to Group and operating companies; and ensure training increases knowledge and understanding

Risk management continued

Day to day, our enterprise risk management is about:

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

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

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

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

No matter how diligently we monitor our environment, risks can appear and accelerate with little or no warning. We remain confident that the time, resources and effort we have invested, and will continue to invest, in managing risk have prepared and equipped us to manage threats effectively. We believe this means we can provide our business, people and customers with reasonable assurance of staying secure, and so continue to benefit from the opportunities in our sector.

Our three emerging risks

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

Climate change

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

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

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

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

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

Keeping pace with social change

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

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

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

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

Impact of AI

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

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

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

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

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

Our principal risks and uncertainties

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

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

Summary of changes since 2024/25

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

Our principal risks and uncertainties continued

Financial

1 Economic disruption

Risk owner CEO and executive committees of subsidiary companies

The risk

Internationally, political uncertainty with the US administration continues, with rapid changes to global tariffs, as well as conflicts in the Middle East and Ukraine.

This risk also includes the uncertainties caused by global economic pressures and geopolitical risk within the UK. There is the potential for public sector funding to be reallocated, although the impact on us is still unknown.

The impact

Major economic disruption and potentially higher taxes could see reduced demand for software licensing, hardware and IT services, which government controls could compound. Lower demand could also arise from reduced customer budgets, cautious spending patterns or clients ‘making do’ with existing IT.

Economic disruption could also affect major financial markets, including currencies, interest rates, trade and the cost of borrowing. Economic deterioration like this could affect our business performance and profitability. Inflationary pressure could still create an environment in which customers redirect their spending from new IT projects to more pressing needs.

How we manage it

We remained resilient through periods of geopolitical uncertainty in 2025/26, as we did through previous periods of instability such as high inflation, global conflicts, technology shortages and the UK leaving the EU.

The recent real-life experience of these, and of the rising cost of living and exchange rate fluctuations, have shown us to be resilient through tough economic conditions. The diversity of our client base has also helped us maintain and increase business in this period. We are not complacent, however – economic disruption remains a risk, and we keep our operations under constant review.

Our continued focus on software asset management means that we advise customers of the most cost-effective ways to fulfil their software needs. Changes to economic conditions mean many organisations will look to IT to drive growth and/or efficiency.

Externally, we have seen more customers looking to avoid increased staff costs by partnering with their managed services providers. This may create an opportunity to accelerate our service offerings.

Financial stress-testing through our Going Concern Assessment will be reviewed to provide reports back into the two operating companies.

We will keep a watching brief on the impacts to the public sector from any government funding reallocation or policy changes, and how these affect the business.

Expectation of risk impact

- Increase
- No change
- Decrease

Financial

2 Commercial models and margin pressure

Risk owner CEO and executive committees of subsidiary companies

The risk

BTG faces pressure on profit margins from myriad directions, including increased competition, changes in vendors' commercial behaviour, certain offerings being commoditised and changes in customer mix or preferences.

We receive incentive income from our vendors and their distributors. This partially offsets our costs of sales but could be significantly reduced or eliminated if the commercial models are changed significantly.

The impact

Major changes to commercial models, which can occur with limited notice, could put pressure on our margins and profitability. In addition, any incentives received are very valuable and contribute significantly to our operational profits.

How we manage it

There are external factors that influence our margins, such as economic and political factors, which are beyond our control. Other factors, such as changing vendor commercial models, are also mostly beyond our control, but permit us to take action to bolster our resilience.

Our diverse portfolio of offerings, with a mix of vendors, software and services, has enabled us to absorb any changes to vendors' commercial models – and we continue to innovate to find new ways to deliver more value for our customers.

Although we receive major sources of funding from specific vendor programmes, if one source declines, we can offset it by gaining new certifications in, and selling, other technologies where new funding is available. Microsoft forms a significant part of BTG's gross profit and has consistently reviewed its incentive programmes to help it achieve its strategic objectives. BTG has shown its ability to adapt in line with these changes. We are confident in our ability to maintain growth over time.

We closely monitor incentive income and make sure staff are aligned to meet vendors' goals so that we don't lose these incentives. Close and regular communication with all our major vendors and distributors means we can manage this risk appropriately. In some areas we have seen a positive change in vendors' commercial terms, where we have been able to adapt practices.

Keeping the correct level of certification/accreditation by vendor, early deal registration and rebate management are three methods we use to make sure we are procuring at the lowest cost and maximising the incentives we earn.

Services delivered internally are consistently measured against our competition to ensure we remain competitive and maximise margins.

With our key vendors, we have regular touch points and quarterly business reviews (QBRs), which ensure close communication and timely updates of any changes with our vendor community.

3 Inflation

Risk owner CFO

The risk

Inflation in the UK, as measured by the Consumer Price Index (CPI), was 3.0% in February 2026, having started the financial year at 2.6% and peaked in summer at 3.8%. This rate continues to stay above the Bank of England's target of 2%.

The impact

Wage inflation and increased fuel and energy costs have a direct impact on our underlying cost base.

If the market wage is increased to a higher level, then we potentially have a risk for retaining and attracting employees and customers.

Our customers will also have increased costs, which will change their budgets and spending priorities.

How we manage it

Staffing costs make up most of our overheads, so our attention has been focused on our employees and their ability to cope with the rising cost of living.

While we cannot dictate our customers' budget, our business model is to build trusted relationships – where account managers understand our customers and are able to have pragmatic conversations about what their IT priorities should be in the current technology landscape.

Our principal risks and uncertainties continued

Financial

4 Working capital

Risk owner CFO

The risk

As customers face the challenges of inflation and elevated interest rates in the current economic environment, there is a greater risk of an increasing aged debt profile, with customers slower to pay and the possibility of bad debts. We have seen enterprise-sized businesses in particular requesting longer payment terms.

Vendors' changing payment terms could also have a significant impact.

The implementation of the UK Government's Procurement Act 2023 will affect the payment terms of public sector customers and affect our supply chain.

We have seen debtor days stabilise as inflation has reduced, but the number of days has not returned to historic low levels.

Volatility in foreign exchange rates could also have positive or negative impacts.

The impact

This could adversely affect our businesses' profitability and/or cash flow.

How we manage it

Our credit collections teams are focused on collecting customer debts on time and maintaining our debtor days at or below target levels. Debt collection is reported and analysed continually and escalated to senior management as required.

We have invested in larger credit collection teams and risk management. This includes conducting a case-by-case risk assessment for customer requests for longer payment terms.

In the past financial year, BTG has seen a level of write-offs similar to the prior year, which is still not significant: all our write-offs are from companies that have become insolvent or gone into administration.

A large part of a successful outcome is maintaining strong, open relationships with our customers, understanding their issues and ensuring our billing systems deliver accurate, clear and timely invoicing so that queries can be quickly resolved.

We believe the UK Procurement Act 2023 will reduce the risk of extended or ambiguous payment cycles, which have affected revenue recognition and working capital. The Act extends through the supply chain, meaning that prime contractors must pass on timely payments to subcontracted software developers and service providers. BTG is required to pass on 30-day payment terms to all subcontracted goods and/or services suppliers when the Act applies, providing greater consistency of payment terms.

We monitor and act on this risk through cost control and efficiency measures such as gross profit per employee and through operating profit metrics.

Strategic

5 Vendor concentration

Risk owner CEO and executive committees of subsidiary companies

The risk

Continued strategic focus on top vendors could pose a potential risk, should that technology be superseded or exposed to economic down cycles, or if the vendor fails to innovate ahead of customer demands.

The impact

Relying too heavily on any one vendor could have an adverse effect on our financial performance, should the commercial relationship materially change.

Uptake of AI is expected to increase rapidly. While this represents an opportunity, the development of AI by a handful of companies, including Microsoft, has the potential to further concentrate revenue and profit across fewer vendors.

How we manage it

We work with our vendors as partners – it is a relationship of mutual dependency because we are their route to the end customer. We maintain excellent relationships with all our vendors, and have a particularly good relationship with Microsoft, which relies on us as a key partner in the UK. Our growth plans, which involve developing business with all our vendors, will naturally reduce the risk of relying too heavily on any single one.

We have a diversified vendor list, as well as a focus on services and using in-house and third-party specialists, which diversifies and mitigates some of the vendor concentration risk.

To ensure we maintain a diversified approach, we use peer reviews and market intelligence through Gartner analyses and Megabuyte reviews, as well as having regular engagement with our vendors, including QBRs.

6 Evolving competition

Risk owner CEO

The risk

Competition in the UK IT market, and the commoditisation of IT products, may result in BTG being unable to win or maintain market share.

Mergers and acquisitions have consolidated our distribution network and absorbed specialist services companies. This has caused overlap with our own offerings.

A move to direct vendor resale to end customers (disintermediation) could place more pressure on the market opportunity. Platforms, like marketplaces, with direct sales to customers, could also be seen as disintermediation.

An increase in the use of marketplaces also heightens the risk of more transactions going through the same route.

Frameworks, particularly in the public sector, are a procurement route of choice for some customers. We risk narrowing our route to customers if we are not part of these frameworks.

AI risks becoming a partial competitor, if it becomes able to provide accurate and beneficial licensing and infrastructure advice direct to customers.

The regulatory environment will change the competitive landscape too, as regulators look to decrease monopolies.

The rate of change in our competitive landscape has been increasing.

The impact

This risk could have a material, adverse impact on our business and profitability, potentially needing a shift in business operations, including a strategic overhaul of the products, solutions and services that we offer to the market.

More consolidation could lead to less competition between vendors and cause prices to value-added resellers, like us, to rise and service levels to fall. Direct resale to customers could also increase. This could erode reseller margins, given the purchase cost is less for the distributor than the reseller. This could reduce our market, margin and profits.

How we manage it

We closely watch commercial and technological developments in our markets.

The threat of disintermediation by vendors has always been present. We minimise this threat by continuing to increase the added value we bring to customers directly. This reduces clients' desire to deal directly with vendors.

Equally, vendors cannot engage with myriad organisations globally without the sort of well-established network of intermediaries that we have.

We currently work with the dominant marketplace providers and can sell from multiple vendors to our customers through their platforms. By matching customer requirements to the vendor's value proposition, we can better serve our customers' needs.

We continue to develop and improve our systems and processes to make transactions easier for our customers, including expanding and improving our own self-service portals.

AI has been identified as an emerging risk, and so will be explored and monitored for risks and opportunities to our business.

Currently, there is no sign of any commoditisation that would be a serious threat to our business model in the short or medium term.

We are aware of the opportunities from regulatory changes and partnerships to expand our vendor, solution and services portfolio.

We continue to monitor this changing environment, including the speed and impact of change.

To measure the impact of competition, we use customer and loyalty indicators such as NPS scores and feedback. We use marketing and brand awareness measures to assess our visibility and engagement with a broader community.

Our principal risks and uncertainties continued

Strategic

7 Emerging technology

Risk owner CEO and executive committees of subsidiary companies

The risk

As the technology and security markets evolve rapidly and become more complex, the risk exists that we might not keep pace and so fail to be considered for new opportunities by our customers.

The impact

Customers have wide choice and vast opportunities to research options. If we do not offer cutting-edge products and relevant services, we could lose sales and customers, which would affect our profitability.

How we manage it

We defend our position by keeping abreast of new technologies and the innovators who develop them. We do this by joining industry forums and taking seats on new technology committees. We have expanded the number and range of our subject-matter experts, who stay ahead of developments in their areas and communicate this internally and externally. This is in addition to strengthening our internal capabilities with an innovation and engineering team and by expanding and adapting our service offerings.

We stay relevant to our customers by:

- Continuing to offer them expert advice and innovative solutions
- Specialising in high-demand areas
- Holding superior levels of certification
- Maintaining our good reputation and helping clients find the right solutions in a complex, often confusing IT marketplace.

Listening to our customers is integral to our approach, ensuring we are aware of changing requirements. We are giving more focus to customer communications and marketing, to increase brand awareness. We measure the impact of this through an annual customer NPS score.

By identifying and developing bonds with emerging companies, we maintain good relationships with them as they grow and give our customers access to their technologies.

As with our Vendor concentration risk, our research process includes peer reviews and market intelligence through Gartner analyses and Megabuyte reviews, as well as having regular engagement with our vendors, such as through QBRs.

Processes and systems

8 Cyberthreats – direct and indirect

Risk owner CTOs of subsidiary companies

The risk

Breaches in the security of electronic and other confidential information that BTG collects, processes, stores and transmits may give rise to significant liabilities and reputational damage. Recent high-profile ransomware attacks at UK businesses, and geopolitical instability, has heightened our focus on cybersecurity risk.

Risks arise from cyber crime, third-party risks associated with cloud providers, insider threats (including accidental, compromised insider and malicious intent) and risks associated with data protection.

The impact

If a hacker accessed our IT systems, they might infiltrate one or more of our customer areas. This could provide indirect access, or the intelligence required to compromise or access a customer environment.

This would increase the chance of first- and third-party risk liability, with the possible effects of regulatory breaches, loss of confidence in our business, reputational damage and potential financial penalties.

This could also result in significant disruption to our business.

How we manage it

We use intelligence-driven analysis, including research by our internal digital forensics team, to protect ourselves. This work provides insights into vulnerable areas and the effects of any breaches, which allow us to strengthen our security controls.

Internal IT policies and processes are in place to mitigate some of these risks, including regular training, working-abroad procedures and the use of enterprise-level security software.

We have established controls that separate customer systems and mitigate cross-breaches. Our cyberthreat-level system also lets us tailor our approach and controls in line with any intelligence we receive. Our two subsidiaries share insights and examples of good practice on security controls with one another. Both businesses use a security operations centre and have internal specialists to provide up-to-date threat analysis.

We maintain ISO 27001, CE, CE+ (cyber essentials) and NHS DSPT certifications to protect our and our customers' data.

Our Chief Information Security Officer (CISO) produces quarterly reports for the two businesses, which are shared with BTG's Board and senior leadership.

Our internal auditors periodically review the management of risks associated with cyberthreats.

Operational

9 Business resilience

Risk owner Executive committees of subsidiary companies

The risk

Any failure or disruption of BTG's technology, information, people or processes (TIPP) may negatively affect our ability to deliver to our customers, cause reputational damage and lose us market share.

The impact

Systems and IT infrastructure are key to our operational effectiveness. Failures or significant downtime could hinder our ability to serve customers, sell solutions or invoice.

Major outages in systems that provide customer services could limit customers' ability to extract crucial information from their systems or manage their software.

Increased automation means a heavier reliance on technology. Although it can reduce human error, it can also potentially increase our reliance on other vendors.

People are a huge part of our operational success, and processes rely on people as much as technology to deliver effectively to our customers. Insider threats, intentional or otherwise, could compromise our ability to deliver and damage our reputation. Employee illness and absence – if in significant numbers, such as a communicable disease in a particular team – could make effective delivery difficult.

How we manage it

The subsidiary companies have built and are improving business continuity plans, which incorporate all elements of TIPP that are significant to the operations of BTG.

Technology and information

Our CTOs and heads of IT manage and oversee our IT infrastructure, network, systems and business applications. This includes regular disaster recovery testing and building resilience into systems with failovers and backups. Ongoing reviews make sure we have a high level of compliance and uptime. This means our systems are highly effective and fit for purpose.

For business continuity, we use different sites and solutions to limit the impact of service outage to customers. Where possible, we use active resilience solutions – designed to withstand or prevent loss of services in an unplanned event – rather than just disaster-recovery solutions and facilities, which restore normal operations after an incident.

People and processes

Employees are encouraged to work from home or take time off when sick, to avoid transmitting illness within the workplace. We also have processes to mitigate any single point of failure, and that resiliency is built into employees' skillsets.

The risk is also mitigated through policies and process implementation such as Phoenix achieving ISO 22301 and Bytes implementing an incident management policy.

Our efforts to reduce the risk from insider threats are multifaceted and involve pre-employment screening, contracts, training, identifying higher-risk individuals and technology to reduce potential data loss.

Regular internal audits are conducted in TIPP areas that are key to operations. Findings and actions are defined, time bound and owned, leading to improvements and reducing risk.

This risk is reviewed through frequent risk assessments and business continuity plan testing.

Our principal risks and uncertainties continued

Operational

10 Attract and retain staff while keeping our culture

Risk owner CPO and executive committees of subsidiary companies

The risk

The success of BTG's business and growth strategy depends on our ability to attract, recruit and retain a talented employee base. Being able to offer competitive remuneration is an important part of this.

Several factors are affecting this, including:

- Salary and benefit expectations
- BTG's high rate of growth
- Skills shortage in emerging, high-demand areas, such as AI and data
- Fully remote/flexible working being expected
- With remote or hybrid working becoming the norm, potential employees in traditionally lower-paid geographical regions being able to work remotely in higher-paying areas like London.

The impact

The double impact from scarcity of appropriate candidates for new roles and salary expectations will challenge our ability to attract and retain the talent pool we need to deliver our planned growth.

We may lose talented employees to competitors.

How we manage it

We continually strive to be the best company to work for in our sector.

One of the ways we manage this risk is by growing our own talent pools. We've used this approach successfully in our graduate intakes for sales, for example. BTG also runs an extensive apprenticeship programme across multiple business divisions. We also review the time that management has to coach new staff. We have conducted talent reviews and identified pathways for promotion.

We've also organically grown and set up new geographical offices, to attract local talent. In addition, we have employed more recruiters directly in the business, which has enabled quicker ad-to-hire times, as well as employees that are a better cultural fit.

In July 2025, we appointed a CPO, who is engaged with employees and working on strategies to maintain our culture and improve staff welfare.

Maintaining our culture is important to retaining current staff. BTG regularly engages with employees through surveys, such as the employee Net Promoter Score (eNPS) and Great Places to Work. Feedback from these and other sources is used to review and develop our employee benefits. We maintain our small company feel through regular communications, clubs, charity events and social events. We aim to absorb growth while keeping our culture.

To measure the impact of the risk and success of our controls we use the eNPS score and feedback, attrition rates and third-party feedback sites.

Although we are seeing the inherent risk increase, our continued focus in this area means we have seen the residual risk remain stable.

11 Supply chain management

Risk owner Executive committees of subsidiary companies

The risk

Failure to understand suppliers may lead to regulatory, reputational and financial risks, if they expose our business to practices that we would not tolerate in our own operations. The time and effort to monitor and audit suppliers is considered a risk, as is the risk from failure to prevent fraud.

There is a risk to our business if we engage with suppliers that:

- Provide unethical working conditions and pay
- Are involved in financial mismanagement and unethical behaviour
- Cause environmental damage
- Operate in sanctioned regions.

The impact

The impact to the business is across multiple streams from legal, financial and reputational to ethical and environmental.

How we manage it

Supplier set-up forms include questions to ask suppliers to disclose information relating to compliance and adherence to our Supplier Code of Conduct. Any unethical, illegal or corrupt behaviour that comes to light is escalated and appropriate action is taken. Onboarding questionnaires have been reviewed and improved.

Phoenix has a supply chain manager, and Bytes has a third-party compliance officer focused on supply chain management. Bytes has also established a cross-disciplinary group to work on managing suppliers. With increasing regulations in the EU, we have invested more in supplier due diligence, with additional criteria for onboarding.

We have conducted an internal audit risk assessment to identify controls to prevent fraud.

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

Sustainability review

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

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

Lisa Prickett
Group Sustainability Manager

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

Kally Kang-Kersey
Chief People Officer

Our people

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

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

14

Our headcount rose by 6.9% to

1,331

Read more on pages 46 to 49.

Our communities

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

Number of hours devoted to volunteering

2,159

Number of young people engaged through community education outreach programmes

6,700+

Read more on pages 50 to 51.

Our planet

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

We aim to reach net zero by

2040

Renewable electricity and green gas in owned offices*

100%

Read more on pages 52 to 56.

External recognition of our progress

SCIENCE BASED TARGETS — DRIVING AMBITIOUS CORPORATE CLIMATE ACTION | CDP Discloser 2025 | Corporate ESG Performance Prime — Rated by ISS ESG | Environmental QualityScore 1 — Highest ranked by ISS ESG; Governance QualityScore 1 — Highest ranked by ISS ESG | FTSE4Good | ecovadis Silver Top 15% Sustainability Rating Dec 2025

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

Our people

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

Growing our teams in a measured way

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

In 2025/26, we increased our headcount by 7% to 1,331. Specialist IT skills were again in strong demand, but the steps we've taken to bolster our recruitment capabilities meant we were still able to identify and attract the talent we needed this year. At Bytes, we employed an additional recruiter this year, enabling us to hire specialists in AI, data and cybersecurity, as we look to boost our service offerings. Phoenix also benefited from having a dedicated recruitment manager in place for the full year for the first time, as we hired more technical consultants and customer success managers. Staff referrals also continued to be a valuable part of our recruitment, with referred candidates more likely to fit into our culture.

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

Two leading brands, one strong culture

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

Digital processes that improve feedback and enhance career mobility

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

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

Recognising and rewarding excellence

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

Our values

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

Engaging with our colleagues

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

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

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

Sustainability review continued

New BTG recruits this year

314

Looking after our people's wellbeing

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

We encourage openness about mental health issues and provide guidance and support for anyone who needs it, including through our designated wellbeing ambassadors. At Bytes, the 24/7 employee assistance programme was expanded this year to include access to an online GP service. Bytes introduced 'meaningful Mondays', a lunchtime forum open to all that tackles a range of wellbeing topics. And Phoenix rolled out a new online wellness service run by an external provider, which includes resources on all aspects of wellbeing, from mental health to neurodiversity and diet. Both businesses engaged occupational health providers so we can better support our people who have experienced health issues to get back to work.

Total headcount at BTG

1,331

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

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

Building skills and developing leaders

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

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

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

Abbey Long
Chair of the Women in Tech group at Bytes

Promoting diversity and fostering inclusivity

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

This is significantly higher than the average in the UK technology industry. But we still want to go further. At Bytes we had five colleagues shortlisted at the Women & Diversity in Channel Awards 2025, and the Women in Tech group has been working on several initiatives including recruitment and diversity. At Phoenix, we provided specific training for women in sales, an underrepresented area, and held workshops for women employees on business finance.

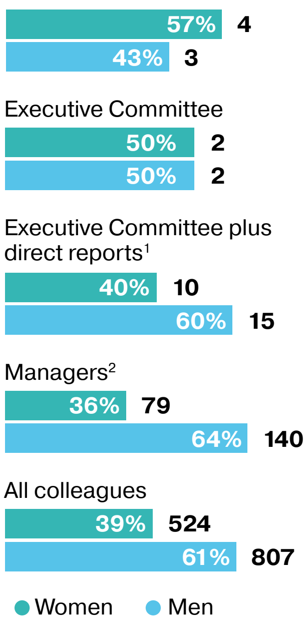
Progress on ethnic diversity remains slower than with gender. Our workforce has a higher proportion of people from a White British background than the UK as a whole, though this reflects the demographics of our main office locations, in Surrey and East Yorkshire.

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

Percentage of women at BTG

39

BTG gender balance
as at 28 February 2026



1 The Executive Committee plus direct reports includes executive directors, our managing directors and their direct reports, comprising individuals for whom they have direct line management responsibility, excluding administrative and support roles.

2 Managers refers to leaders in BTG including Executive Committee and senior leadership members.

Our communities

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

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

Supporting our people to make a difference

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

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

Volunteering hours at Bytes and Phoenix

2,159

Case study

Racing for a reason

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

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

> We simply couldn't do what we do without the incredible support of businesses like Phoenix Software. Their Race for a Reason challenge is a fantastic example of how companies can make a real difference.
>
> **Annie Keogh**
> Corporate Partnerships Development Fundraiser, St Leonard's Hospice

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

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

Raising funds and donating to great causes

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

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

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

Delivering social value where we work

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

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

Our approach to charitable giving and volunteering

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

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

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

Our planet

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

How our environmental reporting is structured

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

Our planet

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

Disclosure statements

This section includes:

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

See pages 58 to 76.

Overview

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

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

We have set near-term and net zero GHG emissions reduction targets and these were validated in 2024 by the Science Based Targets initiative (SBTi), the global organisation that helps businesses set emissions reduction targets in line with the Paris Agreement's goal of limiting the global temperature rise to 1.5°C above pre-industrial levels to avoid the worst effects of climate change. To achieve our target of reaching net zero by 2040 at the latest, value-chain emissions are key, as our Scope 3 reporting shows (see page 55). So, we are working with our suppliers to better understand their emissions and reduction plans. By understanding if our suppliers align with our goals and those of our customers, we can help make more informed choices for our own IT and help our customers make more sustainable IT purchasing decisions.

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

Our science-based targets[1]

By 2028/29

Maintain our reduction in Scope 2 (market-based) emissions at **100%**[2, 3]

By 2030/31

Reduce Scope 1 emissions by **60%**[2]

Reduce Scope 3 emissions by **50%**[4]

By 2040/41: Reach net zero

Reduce Scope 1 emissions by **90%**[2]

Maintain our reduction in Scope 2 (market-based) emissions at **100%**[3]

Reduce Scope 3 emissions by **90%**[4]

1 Validated by the SBTi.
2 From a 2020/21 baseline.
3 In 2021/22 we exceeded our original Scope 2 target of reducing emissions by 50% by 2025/26. In 2022/23 we further reduced Scope 2 emissions to 0tCO_2e, by ensuring that all our electricity came from Renewable Energy Guarantees of Origin (REGO)-backed renewable sources.
4 From a 2022/23 baseline.

Our performance this year

Taking action on waste and water usage

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

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

Part of the FTSE4Good Index

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

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

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

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

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

Working with our value-chain partners to reduce emissions

Suppliers

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

Customers

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

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

Case study

Supporting climate solutions through considered use of removal and offsetting

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

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

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

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

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

Scope 1

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

Staying on track for Scope 2

We met our 2025/26 Scope 2 target early – and we continue to meet it. This year we brought our emissions back to 0.0tCO_2e, so are confident we will meet our 2028/29 target to maintain a 100% reduction from our 2020/21 baseline year.

On course for our long-term Scope 3 targets

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

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

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

Expanding our carbon literacy programme

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

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

Third-party assurance

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

How we work collaboratively towards our sustainability targets

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

Cutting emissions and protecting the planet more broadly is a collective goal, so we also work with others beyond BTG. This year we responded to consultations on the UK's Sustainability Reporting Standards, the SBTi and research around incorporating nature in reporting. Lisa is a member of the Institute of Sustainability and Environmental Professionals (ISEP, formerly the IEMA), the GDSA and the Sustainable Business Network, which supports and empowers Surrey businesses to adopt low-carbon behaviours and operations. Jennifer Clewley, ESG Lead at Phoenix, is a member of the GDSA and regularly collaborates with public sector bodies. For full details of how we oversee and manage environmental issues, see our TCFD disclosures on pages 58 to 67.

Accreditations

Bytes and Phoenix certified to ISO 14001

CDP score of B-

ISS ESG Corporate Rating score B- (top decile)

ISS ESG quality scores:
- Environmental 1
- Social 2
- Governance 1

EcoVadis silver medals

Looking ahead

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

Read more about our approach to sustainability on our website

Promoting, enabling and inspiring sustainable practices

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

Solar panel installation at our Phoenix office in Pocklington, Yorkshire

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

1 NO POVERTY · 2 ZERO HUNGER · 3 GOOD HEALTH AND WELL-BEING · 4 QUALITY EDUCATION · 5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH · 13 CLIMATE ACTION

Disclosure statements

Playing our part in the transition to net zero.

Task Force on Climate-related Financial Disclosures (TCFD)

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

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

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

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

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

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

Complying with TCFD

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

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

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

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

Governance and risk management

Given that scientific understanding of and regulations relating to climate change and its impacts evolve, we oversee its risks and opportunities at the highest level of the Group. Our governance structure ensures we factor climate-related issues into our thinking throughout the business, while our overall enterprise risk management framework integrates climate assessments and sets out our risk management process for climate-related risks. Read more in our Risk report on pages 32 to 43.

The Board

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

ESG Committee

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

Executive Committee, management and Group Sustainability Manager

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

Sustainability Steering Committee

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

Operational teams

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

Focused oversight at Board level

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

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

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

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

Responsibility and management at executive level

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

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

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

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

Delivering at an operational level

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

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

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

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

Our climate-related risk process

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

Strategy

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

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

Analysing our climate-related risks and opportunities

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

Scenario methodology

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

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

Physical risk scenarios

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

Transition risk scenarios

Group notation	IEA	Description[1]
NZE	Net Zero Emissions by 2050 Scenario	The NZE translates the 1.5°C goal into an updated global pathway for the energy sector to achieve net zero carbon dioxide (CO_2) emissions by 2050. The NZE sees temperatures rise by around 1.65°C above pre-industrial levels before falling back to 1.5°C by 2100.
STEPS	Stated Policies Scenario	This scenario considers the application of a broader range of policies, including those that have been formally tabled but not yet adopted, as well as other official strategy documents that indicate the direction of travel. Barriers to the introduction of new technologies are lower than in the CPS (see below), but this scenario does not assume that aspirational targets are met. By 2100, the global temperature is projected to rise by 2.5°C.
CPS	Current Policies Scenario	This scenario considers a snapshot of policies and regulations that are already in place and offers a generally cautious perspective on the speed at which new energy technologies can be deployed in the energy system. Under this scenario, total GHG emissions lead to a global average surface temperature rise of around 2°C in 2050 and 2.9°C in 2100.

1 From the IEA World Energy Outlook 2025.

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

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

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

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

Risks and opportunities

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

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

To analyse the materiality of climate-related risks, we used the same process and financial impact categories as we do for principal risks. We have assessed the potential financial cost/benefit for each of those identified, which then dictates the relevant materiality of each risk/opportunity. The materiality of the risks then informs whether the business needs to consider the risk/opportunity in strategic or financial planning. At present, the materiality of the risks and opportunities to the business is considered low and our resilience to risks high. The table above shows these categories, which are also referenced in the risks and opportunities tables on pages 64 to 67. We have not changed our initial conclusions around the nature of climate change this year, and we are confident that it has had a limited effect on our accounting judgements and estimates. We have therefore determined that it has had no material impact on our asset and liability valuations at 28 February 2026.

Assurance and target validation

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

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

Summary of our key climate-related risks

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

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

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

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

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

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

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

Summary of our key climate-related opportunities

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

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

Additional environmental disclosures

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

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

Changes to our carbon accounting

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

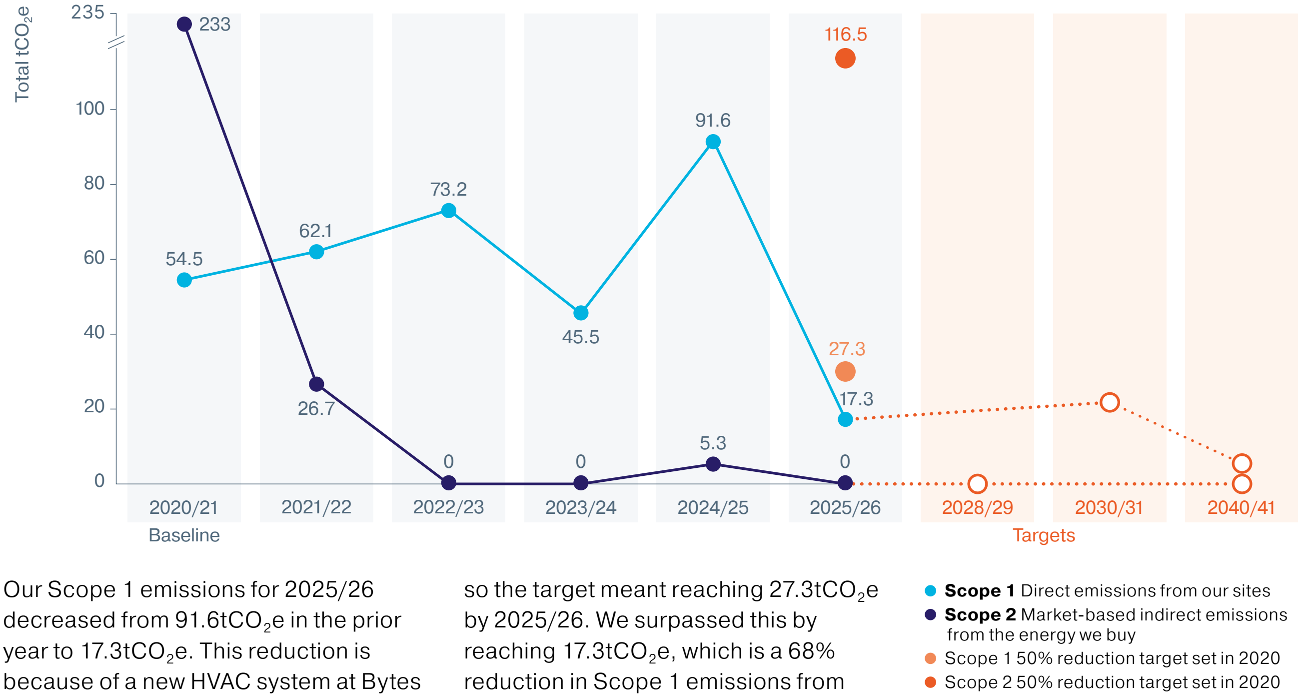
This year the most significant changes have been in the data accuracy behind Scope 3, category 11, where we now have data from both operating companies, rather than needing to extrapolate from one business. This has increased our emissions in this area. We also worked with our consultants to re-calculate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

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

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

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

Scope 1 and 2 data year-on-year comparison



Our Scope 1 emissions for 2025/26 decreased from 91.6tCO_2e in the prior year to 17.3tCO_2e. This reduction is because of a new HVAC system at Bytes House, which is more efficient and has required less maintenance. The heating gas used in the two purchased buildings has been transitioned to a green gas tariff, which has also had a carbon avoidance impact.

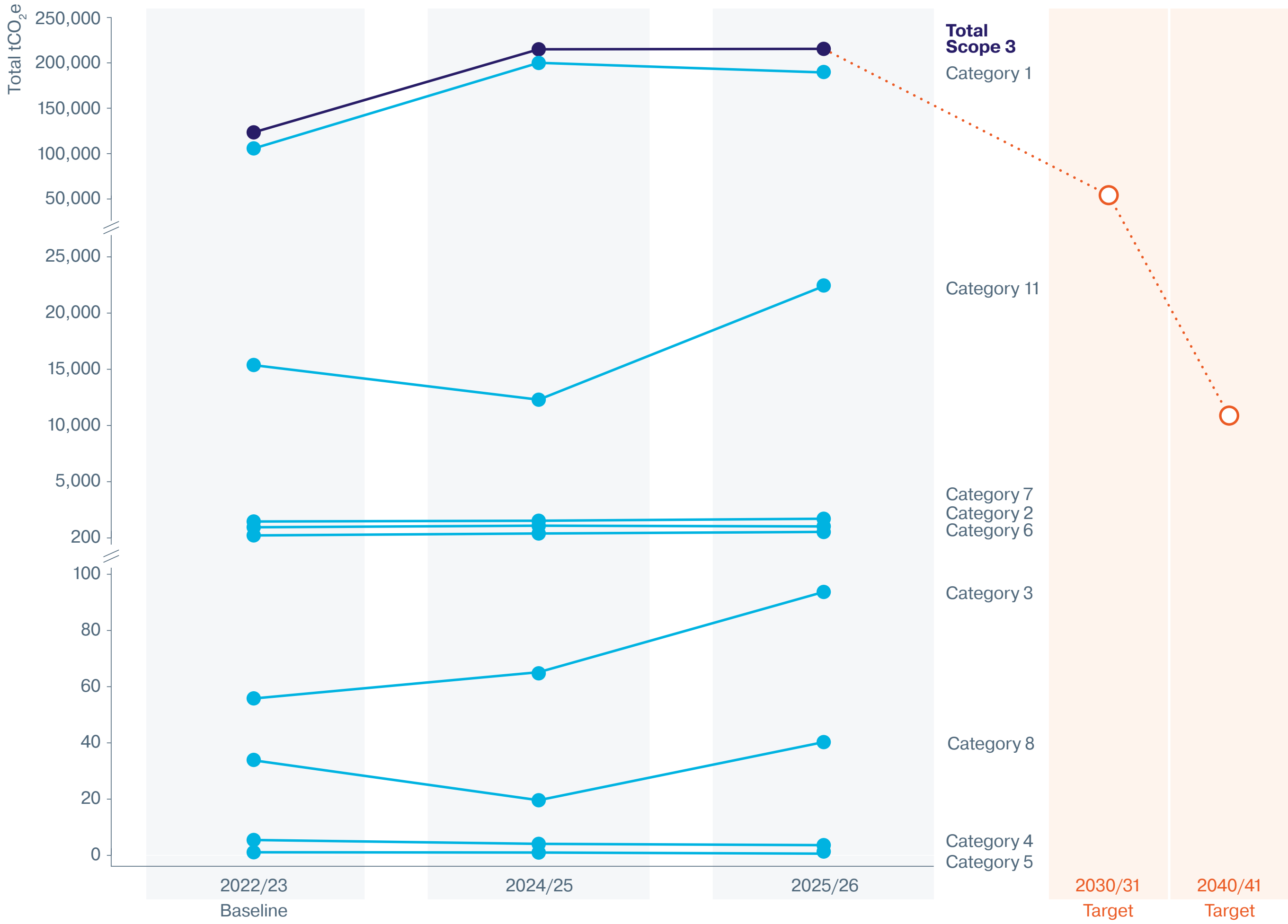
Although market-based Scope 2 emissions decreased from the prior year because we brought the purchased buildings under a renewable tariff, the 0.04tCO_2e is from two months of car park lighting under a standard tariff, which was only switched over to the renewable tariff in May 2025. Given our practice of reporting to one decimal place, this will show as zero emissions.

This year we reached one of our first reduction targets, which, given the timing, was not validated by the SBTi but is important to keep the business on track. Our Scope 1 target was to reach 50% emissions reductions in 2025/26 from a 54.5tCO_2e baseline figure in 2020/21, so the target meant reaching 27.3tCO_2e by 2025/26. We surpassed this by reaching 17.3tCO_2e, which is a 68% reduction in Scope 1 emissions from our 2020/21 baseline.

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

Additional environmental disclosures continued

Scope 3 data year-on-year comparison



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

Scope 3 categories		2022/23 (tCO_2e)	2024/25 (tCO_2e)	2025/26 (tCO_2e)
1	Purchased goods and services	105,537.9	199,618.6	189,712.9
2	Capital goods	880.1	1,026.5	1,001.1
3	Fuel and energy-related activities	55.8	64.7	93.7
4	Upstream transportation and distribution	5.4[a]	3.9	3.4
5	Waste generated in operations	1.0	0.6	0.7
6	Business travel	264.0	398.1	523.5
7	Employee commuting (including working from home)	1,372.0	1,508.1[c]	1,706.7
8	Upstream leased assets	33.8	19.6	40.2
11	Use of sold products	15,366.7[b]	12,236.8[b]	22,432.7
Total Scope 3		**123,516.7**	**214,876.9**	**215,514.9**

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

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

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

Energy and carbon data

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

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

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

Energy and carbon data[a]

Energy, GHG emissions and intensity metrics (kWh and tCO_2e)

	2024/25 (revised[b])		2025/26		
Group	kWh	tCO_2e	kWh	tCO_2e	Change
Energy consumption	**1,839,096.9**		**2,512,388.2**		+673,291
Scope 1 – Direct emissions from our sites	191,676	91.6	421,439.3	17.3	-68.3%
Scope 2 – Indirect emissions from the energy we buy					
Location-based[c]	955,574	179.9	1,223,627.2	200.8	+10.4%
Market-based[d]		5.3		0.0	-100%
Scope 3 – All other indirect emissions across our value chain[b]	691,846.5[e]	214,876.9	867,321.1	215,514.9	+175,475
Total emissions – location-based[c]		**215,148.4**		**215,732.9**	**+0.3%**
Relative emissions – location-based tCO_2e/£m GII		**102.4**		**92.2**	**-10.0%**
Taking our renewable energy into account					
Total emissions – market-based[d]		**214,973.8**		**215,532.2**	**+0.3%**
Relative emissions – market-based tCO_2e/£m GII		**102.3**		**92.1**	**-10.0%**

a Our methodologies for reporting energy and carbon data are set out on page 73.
b Our kWh emissions have been revised for Scope 3 to only include Business travel, as per SECR guidelines.
c Location-based emissions are calculated as the average emissions intensity of the electricity grid.
d Market-based emissions take renewable energy purchasing into account.
e Scope 3 kWh figure revised to account for only Business travel, because this is the standard approach.

Additional environmental disclosures continued

Waste

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

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

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

Waste performance

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

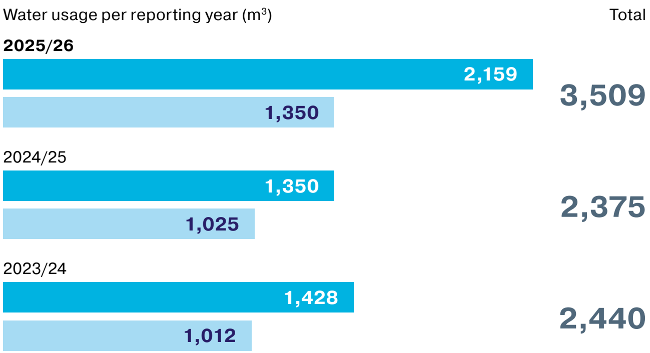
1 Waste electrical and electronic equipment.
2 Food waste included from 2025/26.

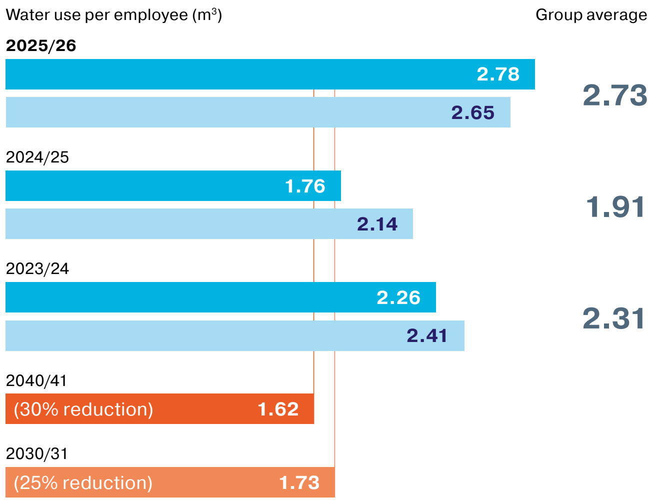
Water

BTG's operations are within the UK and all the water the Group uses is sourced from the mains through UK utility companies. In 2021 the Department for Environment, Food and Rural Affairs (Defra) identified regions in the south of England – where our Leatherhead, Reading, Portsmouth and London offices are – as 'Serious' under its water stress classification, and regions in the north of England where we are located – York, Manchester and Salford – as 'Not Serious'. Globally, the World Resources Institute's (WRI) Aqueduct tool has identified the UK's baseline water stress as low–medium (10–20%), although the UK's drought risk is measured at medium–high. This means that, although none of our water is sourced from areas the WRI deems to be under 'high water stress', given the impacts of climate change – including increasing drought periods – we cannot be complacent in the UK about water availability. So, BTG is taking steps to measure and reduce water use.

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

Water performance





Location
- Bytes House and Pascal Place, Surrey, UK
- East Yorkshire, UK
- Targets

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

Methodology

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

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

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

Our approach to reporting GHG emissions

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

In our GHG emissions reporting, as well as recording carbon dioxide (CO_2), we include all other GHGs covered under good practice reporting – that is, methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6). We calculate and report GHG emissions in tonnes of carbon dioxide equivalent (tCO_2e), following recommended best practice. Procured renewable electricity and gas is calculated in accordance with the WBCSD-WRI Scope 2 Guidance on procured renewable energy (2015). Conversion factors have been applied based on activity data wherever possible, using 2025 factors as published by Defra and DESNZ (Department for Energy Security and Net Zero). Where activity data is not available, conversion factors have been applied based on Defra-published 2021 EEIO (environmentally extended input output) spend-based conversion factors. Scope 3, category 1 (purchased goods and services) emissions constitute the majority of declared emissions, and were calculated based on supplier-stated emissions, where available. A proportion of supplier-stated emissions were then allocated to category 1, based on spend with supplier, as a percentage of total reported revenue.

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

In line with ISO 14064-1, when reporting our carbon footprint we use the principle of operational and financial control. This involves us accounting for GHG emissions from operations over which BTG has control: both financial control, where we direct the financial and working policies of our businesses to gain economic benefits from our activities, and operational control, where we have full authority to introduce and implement our working policies.

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

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

Water and waste measurements

Water usage is taken from our utility bills in m^3. There are separate meters for Bytes House, Pascal Place and Phoenix Software's Pocklington building.

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

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

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

Nature and biodiversity

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

Non-financial and sustainability information statement

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

More about us

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

Environmental and social matters

	Relevant policies
This year we have continued to disclose our environmental and social commitments, including again reporting on the Task Force on Climate-related Financial Disclosures (TCFD). We were delighted to have our GHG emissions reduction targets assured to a reasonable level for the first time this year. Our ongoing carbon literacy awareness programme continues to be well received by employees and will help drive action against our targets. BTG employees spent more than 2,000 hours volunteering for local charities in their communities. For more information, see our Sustainability review on pages 44 to 57, the TCFD section on pages 58 to 67, Additional environmental disclosures on pages 68 to 73 and the ESG Committee report on pages 106 to 107.	**BTG:** Environmental policy, waste and water policy **Bytes and Phoenix:** Annual carbon reports, environmental policies; ISO 14001; climate, nature, waste and water initiatives

Our employees

Our positive and inclusive culture, good employee engagement, and commitment to diversity, equality and inclusion are integral to BTG's success. We support initiatives to help improve diversity, equality and inclusion, with progress monitored by senior management and the Board. Our Board acknowledges there is more we need to do to improve diversity and we will continue with our efforts. Employees can raise whistleblowing concerns through confidential channels, which are most appropriate for the concern, including through Navex EthicsPoint, an anonymous reporting tool. We have a process for investigating whistleblowing reports and our Speak-up policy is available at bytesplc.com. There were no whistleblowing reports this financial year. Encouraging outcomes of our employee engagement included our eNPS, and Bytes and Phoenix being again Great Place to Work-certified. For more information, see Our people on pages 46 to 49, The Board's year on page 83, Stakeholder engagement on page 88 to 91 and the Nomination Committee report on pages 101 to 105.	**BTG:** Speak-up policy **Bytes and Phoenix:** Health and safety policies; equity, diversity and inclusion policies; gender pay gap reports; speak-up policies; EthicsPoint tool

Respect for human life

We believe that modern slavery and human trafficking are the key human rights areas that our operations could be affected by. Given, though, that we operate predominantly in the UK and Ireland, where established legislation and systems protect human rights, we believe that this is not a material issue for BTG.	**BTG:** Modern slavery and human trafficking statement, human rights policy **Bytes and Phoenix:** Modern slavery and human trafficking statements, supplier codes of conduct

Anti-bribery and -corruption

We operate anti-bribery and -corruption procedures that support compliance with the UK Bribery Act and other legislation.	**BTG:** Anti-bribery, fraud and money laundering policy

Business model and KPIs

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

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

Viability statement

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

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

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

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

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

BTG's gross invoiced income and gross profit increased by 11.5% and 2.5% respectively in 2025/26 but operating profit reduced by 5.6% with the lower gross profit growth affected by Microsoft incentive changes flowing down to operating profit and with our cost base increasing in line with continued investment in staff which saw our headcount rise by 7%, national insurance rises, and our most active year in implementing new systems. We again ended the year with strong cash conversion above our target of 100% at £98.6 million of cash which was after returning £74 million to shareholders by way of dividends and share buy back payments.

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

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

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

How we stress-tested our business

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

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

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

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

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

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

Viability statement continued

Details of our stress-testing

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

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

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

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

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

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

Our confirmation of viability

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

Section 172 statement

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

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

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

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

Patrick De Smedt
Chair
11 May 2026