An ongoing focus on enhancing our governance processes

Governance report

Chair's introduction to corporate governance

Our ongoing focus on strengthening the Board and enhancing our governance processes meant we were well placed for the unexpected challenges we faced this year.

As a Board, we embrace the principles of the UK Corporate Governance Code (the code). We're committed to making sure that we comply with the code and that we continually look to improve our systems of governance. We were therefore particularly shocked by the actions of former CEO, Neil Murphy, who resigned in February over undisclosed share dealing, not least because this came in the wake of the discovery in July 2023 that non-executive director, Alison Vincent, had not disclosed a purchase of shares by a person closely associated (PCA) with her. I discuss these fully in the highlighted section of this statement on pages 69 to 70.

Here, I'd like to focus on the hard work the Board has done throughout the year to improve our systems of governance, and to support and welcome new Board members. I am confident that our work, which has resulted in stronger governance, will help us all to support and constructively challenge our new executive team as they continue to deliver BTG's impressive growth record.

Welcoming new directors to the Board

The composition of the Board was a key priority for us during the year, as we continued to broaden our skills and diversity. We were delighted to welcome Sam Mudd, then MD Phoenix, to the Board as an executive director in July at the 2023 Annual General Meeting, with her extensive knowledge of the business and our culture. In February 2024, Sam was appointed Interim CEO, and then CEO in May 2024.

Following Alison Vincent stepping down from her position as a non-executive director at the end of her three-year term, in October 2023, we moved swiftly to identify a suitable replacement. After a thorough recruitment process, we arrived at a shortlist of three impressive candidates, and I'm pleased that all were women from ethnic minority backgrounds. We welcomed Shruthi Chindalur as a non-executive director in February 2024. She is highly experienced in the technology industry, with a proven track record in commercial and operational leadership. After the year end, we also announced the resignation, with immediate effect, of Mike Phillips as a non-executive director.

We are now looking forward to welcoming two new independent non-executive directors on 1 June 2024: Ross Paterson and Anna Vikström Persson. Ross will take up the role of Chair of the Audit Committee, with Erika Schraner stepping down from her current role as Interim Audit Committee Chair, although she will remain a member of the committee. Ross will also join the Nomination, Remuneration and new ESG Committees. Anna will join the Audit, Nomination and Remuneration Committees, and will also become Chair of the ESG Committee, which, from 1 June, will monitor the implementation of BTG's ESG and sustainability strategy (see page 77 for more details).

Patrick De Smedt
Chair

Addressing undisclosed share dealings

Resignation of CEO

Former CEO Neil Murphy's resignation followed a voluntary request for information (RFI) from the Financial Conduct Authority (FCA) on 14 February 2024. The RFI indicated that Neil may have conducted additional transactions in the company's shares that were not disclosed to the market or the FCA since the company's IPO. Following this, on 21 February 2024 Neil resigned with immediate effect, indicating that he had failed to make disclosures related to his share dealings. The company announced this on the same day.

It transpired that Neil had engaged in unauthorised and undisclosed trading in the company's shares between January 2021 and November 2023, which the company was notified of and announced on 23 February 2024. This revelation came as a shock to the other Board members, especially considering the company's previous investigation during 2023 into an unrelated share dealing disclosure matter as set out below, which had clearly highlighted to all Board members the importance of accuracy and transparency in all matters related to share dealings by persons discharging managerial responsibilities (PDMRs) (which includes the directors) and persons closely associated (PCAs) with them.

Subsequently, on 12 March 2024, Neil's lawyers provided the company with more information outlining additional transactions between December 2021 and November 2023, which were undertaken in the name of his wife (a PCA). The company announced this on 13 March 2024. Neil, through his legal representatives, reiterated that there were no other relevant transactions.

Given Neil's longstanding leadership position at the company, the Board was saddened as well as shocked by his actions, which were entirely at odds with the values of openness, honesty and transparency that have been, and remain central, to the Group's culture and its ongoing success.

Revised directors' shareholding information

As a result of these undisclosed trades, the company is aware that each Annual Report and Accounts for the three years ended 28 February 2021 (2020/21), 28 February 2022 (2021/22) and 28 February 2023 (2022/23) show incorrect directors' shareholding disclosures for Neil, despite him having confirmed to the company and to the Group's auditors, Ernst & Young LLP (EY), as part of the external audit, that these disclosures were correct.

Taking all the disclosed and undisclosed transactions known by the company to date into account, the company has produced reconciliations to its previously announced PDMR notifications in respect of Neil and the disclosed positions in the 2020/21, 2021/22 and 2022/23 Annual Report and Accounts (see pages 121 to 122). Through his lawyers, Neil has been provided with those reconciliations and has confirmed that the information is correct and there are no other transactions that need to be considered. None of these matters had any impact on the financial position and performance of the company as presented in those annual reports.

The company is cooperating fully with the FCA, and will continue to do so, and provided a response to its RFI on 8 March 2024 that pertains to the company's processes and procedures.

Previous investigation during year ended 29 February 2024 (2023/24)

Earlier in 2023/24, the Board, through an appointed subcommittee, undertook an externally facilitated review of the circumstances relating to a share purchase by a PCA of Alison Vincent, a now former non-executive director of the company, not being notified to the company. The Board has since implemented the recommendations from that investigation.

On 14 July 2023, the company notified the market of a purchase of shares by a PCA of Alison Vincent that had taken place on 29 March 2022. The company was not duly notified of the full details of this trade until 30 May 2023. At that time, the company did not issue a notification to the market regarding this trade, because the value of this PCA transaction fell below the de minimis threshold of EUR 5,000 under Article 19(8) of the Market Abuse Regulation (EU) 596/2014 (UK MAR), which is part of English law by virtue of the European Union (Withdrawal) Act 2018. At the company's Board meeting on 11 July 2023, the Board confirmed that the company's Securities Dealing Code did not include this de minimis exclusion and its policy was to disclose all PDMR dealings notified to the company to the market via RNS. The company then issued an RNS on 14 July 2023 setting out details of this transaction.

As a result, the directors' shareholding information in the 2021/22 and 2022/23 Annual Report and Accounts was incorrect by 608 shares with respect to the shareholdings of Alison and her PCA.

Chair's introduction continued

Addressing undisclosed share dealings continued

To establish the root cause of these issues and make recommendations for improvement, the Board appointed a subcommittee of the Board. The subcommittee engaged PwC to undertake independent investigative work to establish the facts of what had happened and to advise whether the 2021/22 or 2022/23 Annual Report and Accounts would need to be revised. In addition, Travers Smith LLP, the company's external legal counsel, provided advice as to whether certain regulations had been breached. Both firms were asked to make recommendations for improvements to the company's corporate governance around continued training and awareness, annual reviews of governance controls and PDMR share dealing processes. The subcommittee also engaged with EY in respect of the incorrect disclosure in the directors' remuneration report about directors' shareholdings in the 2021/22 and 2022/23 Annual Report and Accounts.

The subcommittee completed its work in early October 2023. The conclusion of its investigation was that the 2021/22 and 2022/23 Annual Report and Accounts did not need to be reissued. There is, however, a prior-year adjustment to the directors' shareholding table in this year's directors' remuneration report (see page 121). At the same time, recommendations from the subcommittee provided by PwC and Travers Smith have been implemented, and the company is maintaining records of ongoing activities to monitor progress.

Throughout this investigation, it was emphasised with clarity to all directors and PDMRs that any share dealings involving the company's shares must be reported to the company and the FCA, and that clearance to deal must be sought in advance of any trades. At no relevant time during the above investigation did Neil Murphy disclose to the Board his own or his PCA's incorrect shareholding position in the 2020/21, 2021/22 and 2022/23 Annual Report and Accounts.

Outcome of investigation

Further to the announcement on 18 March 2024, the investigation overseen by a second subcommittee of the Board, with advice from PwC and Travers Smith, has now been completed. The conclusions from the investigation have been reviewed by the Board. In summary, the investigation has found no evidence that Neil's share dealing involved any other parties, nor any evidence of a wider pattern of misconduct by Neil, affecting or implicating any of BTG's staff, customers or suppliers. Neil has expressed profound regret for his failure to comply with regulations and the impact of his actions on both BTG and his former colleagues.

BTG has reached a settlement with Neil whereby he has agreed to forfeit his entitlements under the Company's Performance Share Plan and Deferred Bonus Plan in their entirety, meaning that no further amounts will be received by Neil under these schemes, and that he will repay his after-tax bonuses since IPO to the company, through BTG's clawback provisions. More details are set out in the Companies Act 2006, Section 430(2B) statement published on our website at bytesplc.com.

The investigation also carefully considered the company's procedures for monitoring and reporting the shareholdings of directors, PDMRs and their PCAs, and has undertaken a detailed review and reconciliation of the shareholdings of current and former PDMRs. This exercise identified minor discrepancies that have been correctly disclosed in the directors' remuneration report on page 121, with restatement of the prior period comparators where necessary. Following this review, the opportunity has been taken to implement additional measures to strengthen these processes across the company.

In the Board's opinion, this has been a thorough and robust review of the circumstances surrounding Neil's resignation and his undisclosed share transactions. The Board has sought to balance the extent and depth of this work with the need to draw conclusions in a timely way.

Settlement arrangement for the former CEO

Settlement arrangements for Neil can be found on bytesplc.com and in this year's directors' remuneration report on page 122.

The appointments of Sam, Shruthi and, soon, Anna mean we are aligned with the FCA Listing Rules of having women represent at least 40% of the Board, and of having at least one director from an ethnic minority background. We also exceed the requirement to have at least one senior role held by a woman, with Sam as CEO and Erika as senior independent director. Meeting or exceeding these targets is an important milestone, but what matters more is that we continue to focus on diversity as we expand the Board. Diversity is about more than ethnicity and gender, of course, but these attributes tend to bring with them the diversity of thought and mindset that's so important to a healthy debate around the Board table.

Training and development for our directors

Developing our people through learning is an important factor in our company's success, and I was pleased to note the emphasis on managerial training this year, especially given the number of new joiners. The company's culture of continual learning extends to the Board too and, during the year, we put a lot of time and effort into training and development for our members.

As part of the audit process, our external auditor, EY, provided the Board with an update on the UK corporate governance landscape. Our Board members also enrolled in the Deloitte Academy programme, which provides support and guidance to directors through webinars, seminars and discussions. Meanwhile, the chairs of our Audit, Remuneration and Nomination Committees attended sessions with a governance specialist to help them further develop in their role. This focus on ongoing training and development has continued into the new financial year, including re-emphasising the company's internal share dealing processes and reporting.

Monitoring and strengthening governance

As directors, we're always looking for ways in which we can carry out our duties better when it comes to governance (see pages 76 to 77 and 94 to 97). At BTG we have two operating businesses: Bytes Software Services and Phoenix Software, with their own unique business plans appropriate for their unique customer bases. But we are still one company, and our governance needs to reflect that. Andrew Holden, our CFO, makes sure that where we have functional areas that relate to both operations – for example, technology, software development and security – we have committees with representatives from both businesses. We also aim to share relevant best practice in these areas across Bytes and Phoenix.

This year, we established a legal forum at Group level, with relevant input from our businesses. This is an important development from a governance perspective and will help us to better understand and review the regulatory and compliance risks in both parts of the organisation.

The Board is also focused on ensuring the effectiveness of our internal controls framework. We work on this with our internal auditor, PwC, which has all the necessary skills to do the internal audit work for us, and we will continue working with its team in the next financial year.

As in previous years, sustainability has continued to be a strong priority for the Board. BTG has a sustainability framework and we closely monitor the KPIs to make sure we're on the right track. This year, our Group sustainability manager helped drive and coordinate efforts across the Group. We met two important milestones in reporting on all emissions and submitting our carbon reduction targets to the Science Based Targets initiative.

Supporting and challenging BTG's strategy

One of the Board's key duties is to support and challenge the executive on defining and pursuing a strategy that will deliver long-term sustainable success and shareholder value. As is our custom, we held a strategy day this year with the executive team to monitor our progress and to assess whether we are focusing on the most important areas. Among the issues we focused on during the year was taking steps to address ongoing margin pressures amid increasing competition for contracts, particularly in the public sector, as well as expanding our mix of products and services,including strongly positioning us within the emerging area of AI-enabled tools.

Our priorities for the coming year

Continuing to strengthen our governance processes will be top of our agenda, along with supporting and challenging our new executive team in their work to keep delivering double-digit growth while protecting gross margins. We will also keep a close watch on our customer service metrics, the use of AI-enabled tools internally and among our customers, and our progress on ESG and sustainability. And, as always, we'll continue to focus on supporting our people and the culture that is so critical to our success.

Patrick De Smedt
Chair
22 May 2024

Board of directors

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

Patrick De Smedt
Chair

Nationality Belgian, British
Age 68
Appointed 15 October 2020

Patrick is Chair of the BTG Board and our Nomination Committee and is a member of our Remuneration Committee.

Patrick has a strong track record in international business, including 23 years in senior roles at Microsoft. During his two decades at Microsoft, he founded the company's Benelux subsidiaries, led the development of its Western European business and served as chairman of its Europe, Middle East and Africa region.

Since leaving Microsoft in 2006, Patrick has served as chair and non-executive director on the boards of a diverse range of European public and private equity-backed companies. He was previously chair of EMIS Group plc and non-executive director and chair of the remuneration committee of Victrex plc, senior independent director and chair of the remuneration committee of Morgan Sindall plc and Anite plc, senior independent director of Page Group plc and interim chair of KCOM Group plc.

External board appointments
None

Committees
Nomination
Remuneration

Attends by invitation
Audit

Sam Mudd
Chief Executive Officer

Nationality British
Age 55
Appointed 12 July 2023

Sam brings more than 20 years' experience in leadership positions to the Board. Sam joined Phoenix in November 2003, having previously held senior roles at WordPerfect, Novell Inc. and Trustmarque Solutions. Sam became MD Phoenix in 2014, overseeing a period of significant growth during which Phoenix won numerous awards, including Microsoft UK Partner of the Year 2021. She joined the Board on 12 July 2023 and was appointed as CEO on 10 May 2024.

In October 2020, Sam won the Industry Achievement Award at IT reseller magazine CRN's Women in Channel Awards. Two years earlier, she was named 2018 Business Leader of the Year at the Women in IT Awards.

Outside her work with the Group, Sam is a member of the Board of Trustees of Scarborough's Saint Catherine's Hospice.

External board appointments
Saint Catherine's Hospice Trust

Committees
Attends by invitation
Audit
Nomination
Remuneration

Andrew Holden
Chief Financial Officer

Nationality British
Age 57
Appointed 21 October 2021

Andrew brings strong financial and commercial acumen to the Board, and has a proven record of delivering insights into strategy implementation and executive decision making. In his role as CFO, he has guided the Group, as it continues to pursue its double-digit growth strategy.

He joined BTG as COO on 1 June 2021 from JSE-listed technology company Altron Limited, BTG's former parent company, from which it demerged in 2020. He was subsequently appointed as BTG's CFO and a Board member on 21 October 2021.

Andrew has extensive financial and operational experience in the information and communications technology sector, having spent more than 27 years at Altron, the last 15 years in senior leadership roles. His most recent Altron position was that of COO, which he held for five years, including a period when he was also acting CFO.

External board appointments
None

Committees
Attends by invitation
Audit
Nomination
Remuneration

● Chair

Dr Erika Schraner
Senior independent director

Nationality British, American, Swiss
Age 56
Appointed 1 September 2021

Erika brings more than 25 years' experience in senior leadership positions to the Board of BTG. During her executive career, she spent more than 18 years working in Silicon Valley and held senior professional services roles with Ernst & Young and PricewaterhouseCoopers. Erika earned a PhD in management science and engineering at Stanford University.

In 1994, she began her executive career with IBM, going on to hold roles at REL Consultancy Group, Computer Science Corporation and Symantec Corporation. During her tenure at Symantec, Erika led the team responsible for M&A in its sales and services division, completing 16 acquisitions including the $13.5-billion merger between Symantec and Veritas.

Erika continued to build her transaction experience at Ernst & Young, where she led the firm's technology M&A advisory services for the Americas, and more recently with PwC, where she was the UK leader for M&A integration services and for technology, media and telecommunications M&A advisory services.

External board appointments
JTC plc, Pod Point Group Holdings plc, HgCapital Trust plc, Videndum plc (until 19 June 2024)

Committees
Audit
Nomination
Remuneration

Shruthi Chindalur
Independent non-executive director

Nationality Indian
Age 46
Appointed 1 February 2024

Shruthi has more than 20 years' experience across the technology, software as a service and advertising technology industries. She was most recently an executive managing director at the advertising group Criteo, where she led EMEA and Global Indirect Channels. Shruthi has also held a number of senior commercial roles at Oracle and LinkedIn, with responsibility for markets across APAC, EMEA and the Americas.

She is currently a non-executive director of The Access Group, a leading provider of business management software to small and mid-sized organisations in the UK, Ireland and APAC.

External board appointments
The Access Group

Committees
Audit
Nomination
Remuneration

Board changes

- Ross Paterson has been appointed as an independent non-executive director from 1 June 2024.
- Anna Vikström Persson has been appointed as an independent non-executive director from 1 June 2024.
- Mike Phillips resigned from the Board and as senior independent director on 24 March 2024.
- Neil Murphy resigned as CEO and from the Board on 21 February 2024.
- Dr Alison Vincent stepped down from the Board and as an independent non-executive director at the end of her three-year term on 31 October 2023.
- David Maw retired from the Board at the conclusion of the Annual General Meeting on 12 July 2023, having been a non-executive director with the Bytes Group since 2000.

Board of directors continued

Board attendance

Board member	For the financial year to 29 February 2024
Patrick De Smedt	13/13
Andrew Holden	13/13
Sam Mudd[1] – appointed 12 July 2023	11/11
Erika Schraner	13/13
Shruthi Chindalur – appointed 1 February 2024	2/2
Former directors	
Mike Phillips – resigned 24 March 2024	12/13
Neil Murphy – resigned with immediate effect 21 February 2024	11/11
Alison Vincent – stepped down 31 October 2023	6/9
David Maw – retired 12 July 2023	3/3

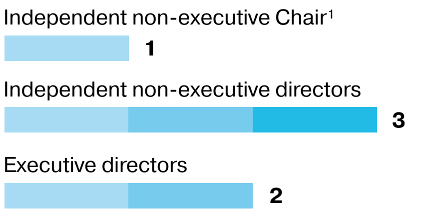
1 Sam Mudd was appointed as Interim CEO on 21 February 2024 and as CEO on 10 May 2024.

Board independence and diversity

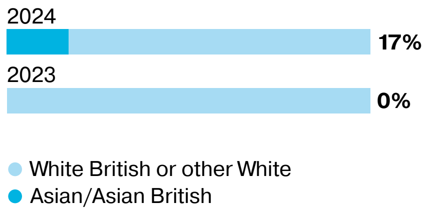
During the year, we continued to focus on independence and diversity, as illustrated in the charts below and set out in more detail in this governance report.

The data here reflects the position at year end. We set out more detail about changes to the Board during the year in the Nomination Committee report on pages 94 to 97.

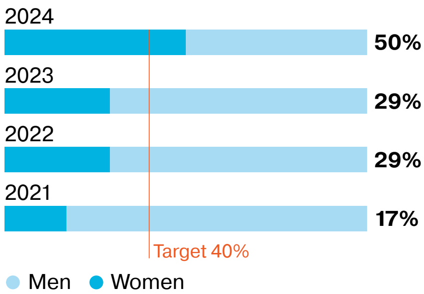
Board composition at 29 February 2024



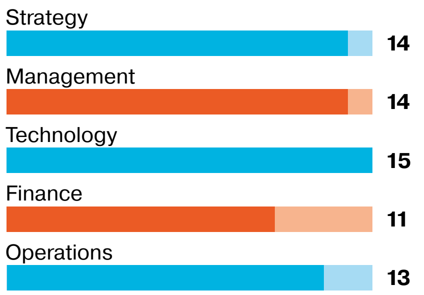
Ethnic diversity of directors at 28/29 February



Gender split of directors at 28/29 February



Directors' collective skills scored out of 15



1 At the time of appointment.

Directors scored themselves out of three for each skill.

Executive Committee

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

Sam Mudd
Chief Executive Officer

Andrew Holden
Chief Financial Officer

Until 21 February 2024, our Executive Committee comprised Neil Murphy, former CEO, Andrew Holden, our CFO, Sam Mudd, MD Phoenix and Jack Watson, MD Bytes Software Services. Sam was appointed as Interim CEO and Clare Metcalfe as Interim MD Phoenix on Neil's resignation on that date. Sam was confirmed as CEO and Clare as MD Phoenix on 10 May 2024.

Biographies for Sam and Andrew can be found on page 72.

Jack Watson
MD Bytes Software Services

Nationality British
Age 40
Appointed as MD 1 March 2021

Jack joined Bytes as a new business account executive in November 2006. He was promoted to sales manager in 2012 and grew his team's sales profit by more than 200% in less than four years. He developed the '7 steps' sales programme, which boosted individual sales performance and accelerates new talent in the organisation.

Bytes's sales profitability doubled during Jack's five years as Sales Director, from 2016 to 2021. During this time, he oversaw the rollout of a new CRM system, launched a sales management competency framework and coaching programme, and integrated the sales teams from Bytes Security Partnerships, when the previously separate business was merged with Bytes in 2020. Jack was promoted to MD Bytes in March 2021.

Clare Metcalfe
MD Phoenix Software

Nationality British
Age 55
Appointed as MD 10 May 2024

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

She stepped up to be Interim MD Phoenix on 21 February 2024 and MD Phoenix on 10 May 2024, where her passion for innovation and transformation continues, alongside a commitment to supporting customers to transform digitally and deliver on their business objectives.

The Board's year

Aside from the Board changes around year end, 2023 was another busy year for the Board, with ongoing work to strengthen our governance processes, our annual internal review of the Board and its committees' effectiveness, and work to deepen our knowledge of the fast-moving developments in AI technology.

Strengthening our governance processes

An important focus for the Board this year was the externally facilitated investigations related to the share dealings of the former CEO and a PCA of a former non-executive director. We set out more details on pages 69 to 70.

Following the outcome of the investigations about the share dealings, the Board has reviewed and strengthened a series of governance processes, including around continued training and awareness and annual reviews of governance controls. We take any compliance failures very seriously, and the ongoing improvement of our governance processes will remain an area of the utmost importance for the Board over the coming year.

Ongoing discussions at our strategy day

A significant proportion of the Board's time each year is spent on strategy. In November 2023, the Board held its annual strategy day, during which it discussed a range of key issues, including ongoing conversations about opportunities and risks around AI, our strategic partnerships, and ongoing training and development. Once again, the discussion reassured the Board that we have good consensus around our top strategic priorities and are aligned in our purpose and values.

Continuing to assess Board and committee effectiveness

An effective Board is essential to BTG's success. The Board conducts a formal internal review of its performance, as well as that of its committees and the Chair, each year. We are supported in this by Lintstock, with which we have a three-year Board effectiveness programme in place.

For this year's review, our Chair, Patrick De Smedt, held one-to-one meetings with each of his fellow Board members to hear their thoughts on how the Board is performing. We then asked each Board member to complete a survey sharing their views on the Board's effectiveness. The survey covered a range of questions on issues like Board interactions and its remit. We also asked members of our Audit, Nomination and Remuneration Committees to provide specific committee feedback. A review of our Chair's performance for the year ended 29 February 2024 was carried out by Erika Schraner as our senior independent director, and its outcome reported to the Board in April 2024.

The Board review, which took place in December 2023, concluded at the time that the Board and its committees continued to operate effectively. Given the Board changes that have taken place since that review was carried out, we will pay particular attention to its recommendations and ensure that we carry out another thorough evaluation in the coming year.

Key recommendations for 2024/25

In terms of areas for improvement, recommendations included:

- Maintaining the Board's focus on reviewing composition, diversity, skills and experience
- Continuing to expand its knowledge of topics that matter most to our customers and vendors, such as emerging technology
- Continuing to focus on strategy and future direction, particularly around customer requirements, emerging technologies like generative AI (GenAI), vendor offerings and strategies, and outcomes from the annual strategy session
- Providing ongoing opportunities for the Board to hear from external experts to challenge our thinking
- Maintaining the company's identity and culture, particularly as we grow, through succession planning, leadership development and talent recruitment.

The Board also spent time addressing recommendations from last year's external evaluation with Lintstock. We made good progress through the work of our executive team and Board committees on Lintstock's recommendations for the Board, and the Audit and Nomination Committees for 2023/24, by:

- Continuing to consider the Group strategy and organisational structure to help at our November 2023 Board strategy day (as set out on the left)
- Considering how to accurately define and consider practical elements to maintain and strengthen our culture across the Group and within our two subsidiaries (see pages 32 to 37)
- Providing ongoing opportunities for the Board to hear from external experts invited to present at Board sessions to challenge our thinking
- Continuing to focus on ensuring diversity at all levels of the Group (see pages 94 to 97)
- Creating more opportunities for our employees to engage with our experienced female leaders in technology at a Board level (see page 77) and succession planning to the next level of senior management (see page 95)
- Continuing embedding enterprise risk management in our operations (see pages 53 to 62)
- Continuing to strengthen the way that we monitor documentation of controls and actions following internal audits (see page 87).

> The ongoing improvement of our governance processes will remain an area of the upmost importance for the Board over the coming year.
>
> **Patrick De Smedt**
> Chair

Enhancing the Board's knowledge of AI

We've seen a lot of external discussion this year about the merits and risks associated with the use of AI. While AI isn't a new concept, the speed of its development, particularly in large language models like ChatGPT, is increasing rapidly.

This emerging technology presents us with a new opportunity to support customers – not just in providing licences, but in helping them adopt the right security and data management practices to use the technology securely. There are also opportunities for our own business to adopt AI tools in future, and we will need to manage the same risks as our customers.

Given all this, and the recommendation from our internal effectiveness review to continue strengthening the Board's knowledge of fast-moving technologies like AI, the Board asked our Chief Technology Officer, Dave Rawle, to give a presentation on AI in November 2023. This was a useful opportunity to discuss some of the drivers behind the rapid rise in AI development, as well as the opportunities and risks. It was also an example of the way that the Board draws on internal expertise from our senior leaders to understand key issues.

AI is a regular item at Board meetings. This helps our directors work with the executive team to ensure that we have the right resources and skills in place so that we are fully prepared to help our customers – and ourselves – make the most of the opportunities while mitigating the risks.

Hearing from our employees

For many years, David Maw played an integral role in helping the Board hear the views of our employees. That role was formalised after our IPO in December 2020, when he became our designated non-executive director for employee engagement. The role passed to Erika Schraner after David retired from the Board at our Annual General Meeting in July 2023. Since taking on the role, Erika has met with employees at our City of London office and worked even more closely with Sam Mudd on the female leadership development initiative. She has also spent time with Jack Watson understanding employee feedback and the employee net promoter score. With Erika taking on additional Board responsibilities, the role moved to Shruthi Chindalur in March 2024. She will continue to build on the work done by both David and Erika in bringing the views and perspectives of our employees to the boardroom.

In July 2023, the Board also visited our City of London office, which was a great opportunity to meet the London-based team and understand their plans to support even greater growth of the business.

A maturing sustainability agenda

The Board has continued to increase its focus on sustainability and is pleased to see our agenda maturing with the help of our Group Sustainability Manager, Lisa Prickett. She has made good progress in helping to drive and coordinate work across our two businesses. The Board is particularly pleased that we have now submitted our carbon reduction targets to the Science Based Targets initiative, and that, for the first time, we have been able to calculate our Scope 3 emissions across all categories relevant to the business (as defined by the Greenhouse Gas Protocol). These are both important steps on our sustainability journey. For more detail see our sustainability review on pages 30 to 43.

Like AI, ESG and sustainability are regular discussions points at each Board meeting and the Board continues to monitor BTG's sustainability KPIs, which now form a greater part of our senior executives' performance measures. We have now formalised this work through a Board-level ESG Committee, with effect from 1 June 2024. Chaired by new independent non-executive director Anna Vikström Persson, the ESG Committee will monitor the implementation of BTG's ESG and sustainability strategy and provide input to the Board and other Board committees on those matters.

Establishing an ESG Committee is a natural evolution of the company's governance arrangements, given our ongoing focus on our climate transition strategy and our commitment to achieving net zero emissions. But this committee also allows us to address matters concerning employees – including diversity, equity and inclusion at all levels of BTG – as well as customers, partners and communities, and to oversee BTG's business conduct, including corporate and commercial governance, business ethics, anti-bribery and corruption measures, and data privacy and security.

Stakeholder engagement (s.172 compliance)

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

Our approach to s.172

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

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

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

Principal decisions in 2023/24

This was another busy year for the Board. Here we set out two examples of principal decisions we took in 2023/24 and how we considered Section 172 matters in the process.

Upskilling our people to use AI

E Cu

During the year, the Board approved continued investment into emerging technologies, supporting the rollout of Copilot, Microsoft's AI tool, to a group of BTG employees. This empowers our employees to build on their understanding of the benefits and efficiencies that AI brings and, in turn, enables them to have appropriate-level discussions with our customers.

How the Board made its decision

As a Board, we have been monitoring the potential of emerging technologies around AI, which present an opportunity for BTG – to provide ongoing expertise to customers, help them consider the potential of the technology, set up the right security and data management practices, and drive efficiencies within their businesses. We considered a proposal from management on the company's readiness to help customers prepare for AI, in particular through Copilot.

We discussed how upskilling our people, including our two MDs, in the use of this new technology – and keeping them up to date with emerging technologies generally – was key to us offering the best service and advice to our customers. We also considered that, in helping customers use new technology to boost their productivity, we would boost our own. A training programme was delivered using internal expertise to upskill employees in the Copilot functionality that is embedded into Microsoft Bing – which aids productivity and finds internal and external information more quickly.

We agreed to roll out Copilot to a group of employees across Bytes and Phoenix, to improve our own ways of working and our understanding of the technology. We believe AI products will be a big driver for our business in the years ahead, and considered this decision to invest in skills internally to be in our employees' and our customers' best interests.

Continuing to pay a special dividend

I

In May 2023, the Board decided to recommend paying another special dividend, in light of our continued strong performance and cash generation.

How the Board made its decision

BTG's dividend policy is to distribute 40% of post-tax pre-exceptional earnings to shareholders. Given the company's continued strong performance in the year, we considered the option of recommending a further cash return to shareholders in the form of a special dividend, over and above the full-year dividend.

As a Board, we took account of the company's cash position at the end of the year and considered it above the level required for the ongoing running the business. So, as we do with a normal dividend, we considered the views of our investors about whether they would support an ongoing special dividend or would like to see us put that capital to work in a different way – for example, towards an acquisition, share buyback or investment in the business. We also discussed whether continuing to pay special dividends may result in normalising the practice and reducing flexibility in this regard going forward.

On balance, we felt that recommending paying another special dividend was in the best interests of shareholders because, in its current form, using capital like this is an efficient way for the company to create value for shareholders. We agreed to recommend a special dividend of 7.5 pence per share, which was paid to our shareholders in August 2023.

Stakeholder engagement

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

Stakeholder groups	How the Board stays informed	What the Board has learnt is important to our stakeholders
Employees E People are at the heart of BTG's business and are instrumental to its continued growth and success	**Indirectly** • Regular updates from the managing directors and HR about talent and succession planning, and employee remuneration and benefits, including pensions. • Updates from management about career development and BTG's leadership coaching programme, online staff feedback platforms, quarterly whole-company meetings, employee net promoter score (eNPS) surveys and engagement with the leadership team. • Feedback from the Better Bytes team and the Phoenix Sustainability Network, which lets BTG's people share insights, feedback and ideas, and to constructively challenge management about how it can improve. As a result of feedback, in 2023/24, Bytes now includes dental health as part of its optional employee health care plan. **Directly** • Town halls at both Phoenix and Bytes, where then Interim CEO Sam Mudd, CFO Andrew Holden and other members of the leadership team discussed the resignation of the former CEO and took questions to reassure colleagues. We also prepared an interview piece about Sam that went out to all employees. For more details, see page 32. • The whole Board met with senior managers at the company's City of London office to understand the views of staff. • Engagement through the Remuneration Committee, with Alison Vincent, its Chair until October 2023, reporting on her conversations with employees about the effect on them of the cost-of-living crisis. This helped inform the Board's thinking around this year's salary levels. • Monitoring the all-employee Sharesave scheme, which has been in place annually from June 2021 to June 2023. As a Board, we are pleased with the continued strong uptake of the scheme, with participation by more than half our employees. • The views of our employees, particularly around the ongoing pressure from the cost-of-living crisis, being shared with the Board through our Board-appointed non-executive director with responsibility for employee engagement.	Sam and Andrew's honest, open approach to the former CEO's resignation was much appreciated by employees, who felt the situation was no reflection on the company or on the rest of the BTG team. As far as we know, we've lost no other employees except the former CEO as a result of this difficult situation. We know that BTG's people prioritise: • Opportunities for professional development and career progression • A safe, diverse and inclusive working culture • The ability to deliver market-leading solutions to our customers. Our discussions with employees at the London office reinforced our understanding of their desire to stay updated about the company's overall and M&A strategies, its risk management and growth plans, and actions to maintain the strong culture as the business grows. Employees' physical and mental health and safety is a top priority for us as a Board. We support the culture of openness promoted by the leadership team, particularly how they create opportunities for employees to talk directly to them. We support the company's continued programme offering employees health support through qualified internal teams and by partnering with an independent health and wellbeing specialist – as well as the direct confidential channels for anyone to raise personal concerns. In 2023/24, for example, the company invited all employees to a series of sessions about menopause with an external speaker. The Board and management received feedback on these activities, which enabled us to improve employee engagement and take action where required. We continued to encourage employees to use their annual volunteering day and have been pleased with the uptake of the EV scheme.

Stakeholder engagement (s.172 compliance) continued

Stakeholder groups	How the Board stays informed	What the Board has learnt is important to our stakeholders
Customers Cu Building trusted relationships with customers, based on a deep understanding of their needs, is critical to BTG's strategy	**Indirectly** • Feedback from BTG's account and sales teams meetings with customers in person and at virtual events, including tradeshows and conferences, and through social media and podcasts. • Feedback and insights from management about BTG's clients' strategies and future investment plans, through contract reviews and feedback from the company's customer success teams. • Feedback from management's interactions with customers in roundtable and summit events, and other events. **Directly** • Annual customer experience survey, which is sent to customers, requesting honest feedback. Results are reported to the Board against the results of the previous year to track progress. • Interactions between the CEO and customers about what they want to see from BTG's products and services from an operational and sustainability perspective. Major feedback is discussed with management and the Board. • Erika Schraner met with several Phoenix customers to hear about their AI strategy and needs.	Based on the feedback we receive, customers look to BTG for: • Effective and cost-efficient technology sourcing, adoption and management across software, and security and cloud services • Help to identify their software needs, select and deploy appropriate software products, manage licence compliance and, ultimately, optimise their software assets • Guidance and expertise on emerging technologies, especially AI and generative AI. Numerous customer events were held during the year, in person or virtually, which helps BTG keep up to date with what is most important to customers. BTG often screens customers for reputational and financial risks to identify issues that could damage its reputation or finances, and flags any material issues with us at Board level. As with employees, our customers really valued the open and honest way that Sam discussed the former CEO's resignation with them, and, as far as we are aware, we have lost no business as a consequence.
Suppliers and vendors S V BTG's well-established relationships with suppliers and vendors helps it to provide the best solutions and support for employees and customers	**Indirectly** • Updates from management keep us informed about the major third parties with which the company does business, including its suppliers, banks and regulators. The integrity of supplier arrangements – particularly robustness of supply – is a key consideration. The company screens all major third parties for reputational and financial risks to make sure there are no apparent issues that could damage its reputation or finances. BTG clearly documents terms and conditions, including service levels, payment terms and working practices. **Directly** • This year, executive directors continued to engage directly with vendors and partners at industry events, through specific company-directed engagements and in interactions around solutions and services. The CEO gave the Board updates on these engagements. • BTG also held close engagements with suppliers and vendors about changes within their programme and pricing structures. They discussed how the company and Board could best manage interactions and relations with customers. Our non-executive directors have long-standing relationships within the industry, which includes material vendors and partners that the Group works with on a daily basis.	Based on these updates, the Board understands how important to suppliers and vendors a close and mutually beneficial relationship with BTG is. Equally, the Board's strategy and decision making are informed by developments in technology, which highlight the importance of maintaining strategic and trusted partnerships with the world's most successful software companies.

Stakeholder groups	How the Board stays informed	What the Board has learnt is important to our stakeholders
Investors I BTG's investors own the company and have made a financial commitment to its success	**Indirectly** • Insights from the regular engagement between the CEO, CFO or members of the senior leadership team with the company's larger shareholders and potential investors. • Regular market announcements and presentations from the company's investor relations team, as well as feedback from its discussions with investors and through the investor relations section on BTG's website. • Feedback from the executive directors' in-person and virtual roadshows that they hold following key announcements, including the company's full-year and half-year results. • Insights from the follow-up one-to-one conversations the executive directors hold with investors and analysts following these announcements. • Regular analysis of shareholder and analyst sentiment and of peers. **Directly** • Our Board Chair, Patrick De Smedt, met this year with several institutional investors with a particular interest in governance and sustainability matters. They discussed BTG's long-term sustainability goals and developments in governance. Towards the end of the year, a number of discussions were also held by Patrick with investors around the circumstances surrounding the resignation of the former CEO and the number of trades in the BTG's shares that had not been disclosed to the company or the market in compliance with the PDMR disclosure requirements, and the subsequent appointment of Sam Mudd as interim CEO at the time. • As our new Remuneration Committee Chair, Erika Schraner led the engagement around our revised remuneration policy. This included writing to our largest investors and to proxy agencies, letting them know the highlights of the proposed updated policy and seeking their input, which led to individual discussions where requested. We also consulted with our external remuneration specialists on the revised policy. This policy, relevant for the next three-year cycle, will be presented for shareholder approval at our Annual General Meeting (AGM) in July 2024. Our Chair, senior independent director and committee chairs are available to meet with shareholders during the year. The AGM is a key opportunity for shareholders and Board members to meet face to face to discuss the company's annual performance, strategy and any other matters shareholders wish to raise. We look forward to welcoming and meeting shareholders at this year's meeting.	As a Board, we understand that investors are interested in a wide range of issues about BTG, including the implementation of its strategy, and its financial and operational performance, governance, remuneration, acquisitions and capital allocation. The directors are aware of their duty to treat members as a whole fairly, with Board decisions taken with all members' long-term interests in mind. We maintained strong engagement with our shareholders in 2023/24, particularly in light of the unexpected change in our leadership team.

Stakeholder engagement (s.172 compliance) continued

Stakeholder groups	How the Board stays informed	What the Board has learnt is important to our stakeholders
Community and environment Co En BTG recognises that it is part of the communities in which it operates and strives to make a meaningful contribution to sustainable environments	**Indirectly** • Briefings from management keep Board members informed that BTG's operations, products and services are aimed at not adversely affecting the environment and should positively contribute to the communities in which the company operates. As part of its social responsibility, the company continues to develop a more diverse workforce and partner with organisations that share its values. BTG provides engaging and well-paid local employment, minimises its impact on the environment by using raw materials, natural resources and energy responsibly, and works to reduce waste and harmful emissions, components and by-products. A corporate social responsibility programme, with clear objectives, is in place across both BTG's operating companies. In 2023/24, for example, one of its actions was to donate 140 BTG pre-owned laptops to Lifeshare, the largest homeless charity in Manchester. BTG's Manchester team then donated their time to set them up for the charity. Some of the key developments reported to the Board in 2023/24 included our second disclosure to the CDP and continuing disclosures through the ISS ESG framework. We also hit a milestone by submitting our carbon reduction targets to the SBTi. **Directly** As a Board, we continued to support fundraising events, employee fundraising matching and volunteering days. Such days are initiated within the business to benefit various charities and causes. Our CFO, Andrew Holden, led by example this year, using his annual volunteer day to support one of the company's local charity partners. We also continued to support management's carbon reduction efforts, supporting a salary sacrifice scheme to help employees participate in an electric vehicle programme.	We support the company to encourage employees to volunteer for charities and provide support for various social and environmental causes. The company supports employees' efforts by making charitable donations and by giving them paid time off to volunteer.

Audit Committee report
Introduction from our Interim Chair

In BTG's third year as a FTSE 250 company, we have witnessed exceptional business performance alongside unforeseen events.

Throughout this period, the Committee has remained vigilant in overseeing the integrity of financial and narrative reporting, and the efficacy of risk management and internal control procedures, while also providing support to the Board in governance and compliance matters.

I assumed the role of Interim Audit Committee Chair on 25 March 2024 following Mike Phillips' resignation from the Board. I wish to express my gratitude to Mike for his valuable contributions to the Audit Committee during his tenure at BTG. I also extend a warm welcome to Ross Paterson, who will be joining us as the new Audit Committee Chair, and Anna Vikström Persson, who will be joining us as a new committee member, both from 1 June 2024.

Much of the Audit Committee's work this year has revolved around our duties to oversee BTG's financial and narrative reporting, as well as internal control and risk management systems, compliance and fraud, and internal and external audits. In May 2023, we oversaw the renewal of BTG's revolving credit facility with HSBC. In October 2023 and February 2024, the committee considered the process by which management evaluates internal controls across the business. We were satisfied that the process meets the requirements of the Group in ensuring that internal control and risk management procedures operated effectively throughout 2023/24 and, where control compliance weaknesses were identified in respect of undisclosed share dealings, we mandated improved controls be implemented. IT security risk, in respect of data security breaches around the Group's own data and that held on behalf of third parties, remained a key theme.

We provided assistance to the two subcommittees appointed by the Board to investigate compliance with regulatory standards (see pages 69 to 70 for more details). In this capacity, we reviewed the subcommittees' recommendations relating to the Annual Report and Accounts 2023/24 and, with Travers Smith, our external general counsel, assessed the potential non-compliance with the regulations. The committee remains steadfast in its commitment to helping the company to achieve ongoing improvements in governance practices aligned with our shareholders' expectations.

As a committee, we were encouraged by the Financial Reporting Council's (FRC) approach to the UK Corporate Governance Code (the code), as reflected in the updated 2024 code released in January 2024. The 2024 code will now come into effect for us in the year ending 28 February 2026, with the Board's declaration on the effectiveness of material controls applied in the year ending 28 February 2027. As detailed in this report, we have already initiated preparations for anticipated changes in the code, and we will continue to work to address the provisions outlined in the 2024 code.

Reflecting on our 2022/23 reporting, the Board, Audit Committee and BTG finance team were pleased that the FRC, in its Review of Corporate Governance Reporting published in November 2023, positively recognised aspects of the Group's reporting.

Committee composition

At year end, the Audit Committee comprised Mike Phillips (then as Chair), Shruthi Chindalur and me. Post-period, following Mike's resignation, the committee comprises Shruthi Chindalur and me as Interim Audit Committee Chair, until Ross Paterson joins as permanent Audit Committee Chair on 1 June 2024. From that date, I will revert to my role as a member of the committee. Anna Vikström Persson will also join us as a new committee member from 1 June 2024.

A strong collaborative approach to internal audit

The committee continued to be impressed with the open, collaborative relationship between the BTG team and our internal auditor, PwC, during their second full year working together. PwC has continued with its systematic, disciplined approach to evaluating and improving the effectiveness of our risk management, internal controls and governance processes. Accordingly, PwC delivered its 2023/24 plan as agreed, and the committee approved its new plan for 2024/25.

PwC's scope of work has continued to develop, broadening the range of risks and controls that it reviews and taking a deeper dive into more specific business areas. All internal audit work is initially reviewed by the relevant operational teams to verify accuracy and completeness before it is shared with the Board and findings presented to our committee. While the composition of PwC's engagement team changed towards the end of the year, we retained continuity with our engagement lead partner, who reports directly to the committee and will continue to have direct access to me whenever required.

Audit Committee report continued

Relationship with our external auditor

EY was appointed as our external auditor at IPO and this is the fourth year that EY's audit partner, James Harris, has signed the auditor's report. We are satisfied that EY remains independent and objective in its work and happy with the quality of the audit plan and related reports for the 2023/24 audit. We are pleased with the quality of service, the competence of staff, and their understanding of the business and related financial risks.

James has direct access to me, as Interim Chair, whenever required, as he did during the year to the former Chair. We have held regular and transparent communication to foster trust, alignment on objectives and expectations, and solid and timely discussion of audit findings. The Audit Committee continues to have an open, collaborative relationship with James and his team. On several occasions, the committee as a whole met EY, without management present, to discuss matters.

Given we have not reached the 10-year threshold with EY, there is no requirement to retender the external audit for 2025/26. We have recommended to the Board that it presents a resolution to shareholders to reappoint EY for 2024/25 because of the benefits we see in continuity, especially given the change of Audit Chair, and because we are satisfied with the quality and efficiency of the audit.

2024/25 will be James's fifth year as lead audit partner on BTG, his last permissible year under the FRC Revised Ethical Standard 2019, so will be standing down after next year's audit. In the coming months, under the guidance of the new permanent Audit Chair, the committee will assess 2025/26 options to either maintain EY as our external audit provider with a replacement audit partner or to invite proposals for the appointment of a new external auditor.

We are committed to a high-quality external audit and, ahead of the 2023/24 audit, we approved EY's work plans and estimated fees for 2023/24. A full breakdown of EY's fees, for audit and non-audit services, for 2022/23 and 2023/24 can be found on page 89.

We remain open to suggestions and recommendations to improve our financial and business reporting, financial processes and internal controls, and to consider the regulatory and reporting insights shared by the EY team on relevant topics from time to time.

Governance

The Board takes its governance responsibilities very seriously and leverages the help from PwC's internal audit team as well. For the two compliance investigations, separate PwC teams were retained to do independent fact-finding, and to provide an assessment of governance robustness and advice on improvement opportunities. These investigations were governed by two subcommittees reporting to the Board and separate from the Audit Committee. For more information on the investigations and their outcomes, see pages 69 to 70. The Audit Committee, with Travers Smith, our external general counsel, reviewed the subcommittees' recommendations relating to the Annual Report and Accounts 2023/24 and the associated prior year restatements made in the directors' remuneration report.

During the year, the committee underwent a performance assessment as an integral component of the Board's annual evaluation process (see page 76 for more details). Overall, the feedback was positive, with the work with the internal and external auditors receiving the highest ratings. Having reviewed the results of the committee's performance assessment, the Board affirms the effective functioning of the committee.

The committee also oversaw the evaluation of the external auditor. The questionnaire reflected the requirements of the FRC's Minimum Standard for Audit Committees. The Minimum Standard, while not yet mandatory, does ask audit committees to consider the culture of the auditor (among all other usual matters, such as skill, quality and robustness of the audit). In summary, the committee continues to be confident in the external auditor's independence, effectiveness and ability to provide rigorous review and challenge. Consequently, we believe EY is well suited to perform the company's audit for 2024/25.

Preparing for regulatory change

While the UK Government's decision to withdraw many of the proposed reforms surprised us, as it did the rest of the market, the committee welcomes these developments. Additionally, we appreciate the FRC's decision to maintain a principle-based approach and its comply-or-explain framework in the 2024 code.

Although we are not required to declare the effectiveness of the Group's material controls under the 2024 code until 2026/27, the committee is already considering this aspect. Over the coming year, both our primary subsidiary companies will implement new accounting systems. Consequently, the committee will collaborate with management to ensure that the scoping and development process is mindful of our future reporting obligations.

During 2022/23, PwC undertook efforts to document controls pertaining to all major transactional workflows. In 2023/24, we expanded this initiative by conducting a separate review to document controls concerning general IT systems tax and governance. Management has adopted PwC's associated documentation and continues to implement remedial actions. The documentation on general IT controls is reviewed by EY as part of its external audit work relating to ISA 315 (Revised) Identifying and Assessing the Risks of Material Misstatement.

Focusing on continual improvement as we grow

BTG continues to mature and grow, delivering an excellent set of results this year. Its position in the market means we remain confident in the company's ability and business strength. As it continues to mature, we will stay focused and ensure we keep improving our governance, processes and controls, so they continue to support greater efficiency and oversight across the entire Group. The Audit Committee has a key role to play in this and we look forward to continuing our work over the next 12 months.

Erika Schraner
Interim Audit Committee Chair
22 May 2024

Significant issues considered in relation to the accounts

Accounting judgements

Issue	Key uncertainties and judgements	Review and challenge by the committee	Conclusion
Revenue recognition Misstatement of revenue recognised at or near the year end	The Group transacts high volumes of customer orders across multiple vendor products and many software licensing programmes. Within each income stream, management has made judgements focused on determining when the Group's performance obligations are satisfied and the point at which revenue should be recognised, including the accounting for accrued and deferred revenue. This is most sensitive at or near the year end.	As new product areas and licensing programmes are introduced by vendors, the Group reviews its revenue recognition policy at least annually to ensure that it is being applied appropriately and consistently across the Group. During the year, the committee engaged with management in its assessment of the policy, and received detailed monthly reports from management on business performance, which include revenue and gross profit trends against budget and previous periods, to help identify anomalies that may indicate a mismatch of revenue and costs.	The committee concluded that there is a consistent understanding and application of the revenue recognition policy across the Group, with processes in place to minimise cut-off errors that may result in revenue being reported in the wrong period.
Rebate receivable Misstatement of rebate receivable in the reported results	The Group has significant rebate income across multiple vendors and different rebate schemes, which gives rise to large rebates receivable balances at year end. This is because rebates are collated and paid by vendors and suppliers up to 90 days following the year end. Judgement is therefore required by management to estimate the Group's rebate receivable at the end of the financial year.	The committee reviewed the Group's policy and procedures in relation to recognising supplier and vendor rebates at the year end and discussed with the management team any significant changes to rebate schemes during the year.	The committee concluded that the Group has appropriate knowledge and processes in place to ensure rebates are accurately and completely accounted for in the correct period, including materially accurate estimates of the rebate receivable at the year end.

Audit Committee report continued

Accounting judgements continued

Issue	Key uncertainties and judgements	Review and challenge by the committee	Conclusion
Going concern and viability Assessment of appropriateness of the going concern basis for preparing and presenting the financial statements Assessment of the basis for confirming our longer-term viability and appropriateness of the period chosen	In continuing to adopt a going concern basis for preparing the financial statements for the period ended 29 February 2024, the directors have reviewed and made judgements around a range of factors that could affect future trading and cash flows. This included considering the Group's exposure to its principal risks were they to materialise, especially in the context of the wider challenging economic conditions and geopolitical environment. The directors have also reviewed the extension of cash forecasts beyond the going concern period to confirm the Group's viability over a longer term.	The committee considered the appropriateness of the key assumptions underpinning the Group's going concern assessment, in particular around economic factors such as high inflation and interest rates during the year, along with any wider affects from the invasion of Ukraine and conflict in the Middle East, and the impact of these on the business and the businesses of its customers. Most recently, the committee assessed possible adverse impacts on relationships with customers, vendors and staff arising from the governance investigations that have taken place. The committee also considered the sensitivities modelled under a range of downside scenarios to reflect increasing risks and the associated mitigations to offset them. In one aspect of mitigation, the committee oversaw work in May 2023 to cancel and replace BTG's revolving credit facility (RCF) with HSBC, which was due to expire in December 2023. Following discussions with HSBC, we entered a new three-year RCF on similar terms running to May 2026, with the option for a one-year extension to May 2027. The availability of the new RCF up to this later date supported the committee and management in choosing to assess future viability over a three-year period, and also aligned to many major customer and framework agreements running over a similar term. The committee considered the appropriateness of the key assumptions used by management to produce the extended forecasts as the basis for preparing the Group's viability statement.	The committee concluded that management had considered a wide range of potential adverse impacts to future trading and cash flows and applied these in a reasonable range of downside scenarios across both the going concern and viability assessment periods. The committee also noted, in respect of the recent governance issues, that the key relationships with customers, vendors and staff exist at the operating company levels, where, to date, there has been no visible impact. It also expects the possible risk of there being any impact diminishing as we progress through the going concern and viability periods. It also reviewed the associated disclosures in the year-end financial statements and annual report and the outputs of the external auditor's review to satisfy itself that the going concern and viability conclusions were both appropriate.

Financial statements and reporting

Issue	Key matter	Review and challenge by the committee	Conclusion
Directors' remuneration report During the year, a number of issues came to light regarding shares held by executive and non-executive directors having been misstated in the prior-year Annual Report and Accounts	A key responsibility of the committee is to ensure the integrity of BTG's financial reporting as a whole across all areas of the Annual Report and Accounts. Where necessary, this includes restating information previously reported in the prior period if it transpires that it was not correct at the time. Such errors in the prior-year reporting for 2022/23 were identified in respect of the holdings in BTG shares at 28 February 2023 by the former CEO and two non-executive directors. See background on pages 69 to 70 and details in the tables on pages 121 to 122.	During the year, the committee engaged with the two Board subcommittees to understand the background to the prior-year misreporting, the reasons this had arisen and to satisfy itself that the full extent of the misstatements had been identified and challenged. With these facts established, the committee worked with management, the Board and other Board committees to ensure that full and comprehensive disclosures were made relating to the matters across all relevant sections of the governance report for 2023/24, including updating any incorrect shareholding figures in the directors' remuneration report (DRR) in respect of the prior year and noting that these had been restated. For the largest differences, relating to the former CEO, the committee ensured the fullest available disclosure was shown in the DRR by providing reconciliations of the reported (incorrect) holdings to the revised (correct) ones, and checking that this information provided in the DRR was consistent with that previously released to the market via RNS (see pages 69 to 70).	The committee concluded that the matters had been satisfactorily, and independently, investigated by the Board, that the facts had been gathered and explained, and that the financial reporting for 2023/24 within the Annual Report and Accounts reflected the details of the matter. This included restatement of prior-year figures where necessary to enable the integrity, accuracy and completeness of BTGs financial reporting for the 2023/24 financial year.

Strengthening our financial reporting and internal controls

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

- Reviewed BTG's financial statements and assessed whether suitable accounting policies were adopted and whether management made appropriate estimates and judgements
- Reviewed the detailed scenarios and assumptions behind the going concern basis of accounting and longer-term viability
- Monitored the effectiveness of BTG's enterprise risk management (ERM) and internal control systems, and received detailed reports and presentations on principal risk tolerance levels and management
- Oversaw the implementation of the internal audit plan for 2023/24 and approved the new plan for 2024/25
- Continued to support the strong finance leadership team with insights from PwC's experience within BTG and from other organisations
- Reviewed and approved the selection process for the new order processing and accounting system in Bytes and upgraded accounting system in Phoenix
- Reviewed the Annual Report and Accounts 2023/24 and half-year results for the six months to 31 August 2023
- Approved PwC's support for management in documenting key controls in financial processes
- Reviewed recommendations from the separate investigations pertaining to financial controls and monitored the implementation of improved controls for share dealings and share register analysis, with continued monitoring planned as an ongoing process.

Membership

At the year end, the Audit Committee comprised three independent non-executive directors who have a combination of recent and relevant financial experience and competence in accounting, risk management and governance. As a whole, the committee has expertise that is relevant to the technology sector in which BTG operates.

Mike Phillips is a qualified chartered accountant and has previous experience as CFO of a number of UK-listed companies. Erika Schraner has recent relevant financial experience as a result of her previous executive work and her roles as chair of the audit committee of UK-listed companies, and considerable technology sector experience. Shruthi Chindalur, who joined the Board and the committee on 1 February 2024, also has considerable expertise in the technology sector.

For the purposes of the code, Erika is currently the designated financial expert.

Biographies for all the committee members are set on out pages 72 to 73.

As explained on page 100, changes among our directors meant we did not comply with provision 24 of the code during the period from Alison Vincent stepping down from the Board on 31 October 2023 until Shruthi Chindalur's appointment on 1 February 2024 because, during that time, the Audit Committee only comprised two independent non-executive directors (Mike Phillips and Erika Schraner). Following Mike's resignation from the Board as an independent non-executive director on 24 March 2024, we are not compliant with provision 24. However, this will be resolved on 1 June 2024 when two new independent non-executive directors join us: Ross Paterson as Audit Committee Chair and Anna Vikström Persson as a member of the Audit Committee.

Committee attendance

Committee member	For the financial year to 29 February 2024
Mike Phillips, Chair[1] (in-period)	9/9
Erika Schraner, Interim Chair[2] (post-period)	9/9
Shruthi Chindalur, appointed 1 February 2024	2/2
Alison Vincent, stepped down 31 October 2023	4/6

1 Chair until 24 March 2024 and throughout the reporting period.
2 Interim Chair since 25 March 2024, post-reporting period.

How the committee operates

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

During 2023/24, we met nine times.

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

The Board receives monthly financial reports for BTG and, at each Board meeting, the CFO provides a written and verbal report on our financial performance and outlook. This gives members a good understanding of the Group's financial performance and a platform to ask questions and challenge management. Additional financial information and management reports are provided around financial reporting periods.

Audit Committee report continued

This year we benefited from a series of meetings with key members of the management teams of Bytes and Phoenix, as part of Board engagement sessions.

Our committee has reviewed and approved its terms of reference, which were set on 30 November 2020 as part of our IPO process, and these were last updated on 21 February 2024. We have also agreed a schedule of items for each of our planned meetings for the 2024/25 financial year, with two of these dedicated to risk management.

Responsibilities

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

Financial statements and reporting

- The integrity of BTG's financial reporting as a whole and any formal announcements relating to its financial performance, including any significant judgements contained in them
- BTG's assessment of its going concern and longer-term prospects and viability.

External auditor

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

Internal auditor

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

Risk management and internal controls

- The effectiveness of BTG's internal financial controls, risk management and internal control systems, including the activities of the internal audit function, and supporting an agenda of continuous improvement
- Reviewing BTG's finance and risk management policies for ensuring regulatory and legal compliance
- Identifying and assessing principal and emerging risks and risk exposures
- The effectiveness of anti-fraud and bribery systems, and whistleblowing arrangements where employees and third parties can raise concerns in confidence.

Other responsibilities

As well as these responsibilities, the committee:

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

External auditor

The external auditor is a key stakeholder in helping the committee fulfil its oversight role for the Board. This year, in addition to its core audit work and as highlighted already, the external auditor also reviewed the results of the investigations relating to the undisclosed share trades as part of its overall audit process.

For its core audit work, during the year EY presented to the committee its detailed audit plan for 2023/24, which outlined its audit scope, planning materiality and assessment of key audit risks. The committee also received reports from EY on its assessment of the accounting and disclosures in the financial statements, including observations around financial controls where identified, and was satisfied that the audit work remained appropriate to BTG's business.

EY attends each committee meeting, receiving all committee papers in advance and, during the year, the committee met with EY without management present. Outside formal meetings, EY's audit partner, James Harris, had direct access to the committee Chair throughout the year and continues to do so, to raise any matters of concern or clarification.

The committee and auditor have been able to spend more time working together face to face this year, which has enabled more proactive teamwork and efficient engagement. Two workshop sessions were held during the year between BTG's finance team and the external auditor. Both workshops included sessions with our EY external audit team, which was a good opportunity to keep sharing knowledge of our business, processes, policies and lessons from previous audits, and to support an efficient 2023/24 audit.

Our committee approved EY's fees for the external audit with the total recurring fee element increasing from £718,700 in 2022/23 to £766,822 in 2023/24, representing an increase of 6.7% and reflecting an inflationary increase in EY's underlying costs.

Both years also included an element of non-recurring fees. The higher amount in 2023/24 was substantially in connection with the two investigations into unreported share dealings and associated governance matters (see pages 69 to 70) and totalled £415,000. The costs of the investigations were approved by the subcommittees reporting directly to the Board, reflecting EY's work in reviewing the outputs of the investigations and potential impacts, including the incorrect disclosures of directors' shareholdings in previous annual reports and the consequent prior-year adjustment in the directors' remuneration report for 2023/24.

The rest of the non-recurring fees in 2023/24 covered EY's review of the minority interest investment in technology company Cloud Bridge.

The committee assesses the quality, effectiveness, objectivity and independence of EY's annual audit, and seeks feedback from the Board. The committee concluded that EY had provided appropriate focus and challenge throughout the audit and had remained objective and independent. The committee once again recommended EY's reappointment as BTG's auditor and that the directors determine its remuneration. This will be proposed at the 2024 Annual General Meeting.

External auditor fees

	2023/24	2022/23
Consolidated Group and parent company	£268,281	£251,114
Subsidiary audits	£397,417	£372,186
Half-year review (non-audit services)	£101,124	£95,400
Total recurring fees	£766,822	£718,700
Non-recurring (investigation reviews)	£415,000	£–
Non-recurring (other)	£5,000	£29,500
Total non-recurring fees	**£420,000**	**£29,500**
Total fees	**£1,186,822**	**£748,200**

Non-audit services

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

The ratio between audit and non-audit services performed by EY during the year was 10.7:1 (2022/23: 6.8:1) and non-audit services in the year were 8.5% compared with the cap of 70%.

Audit risks and areas of focus

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

Key audit risks

- Misstatement of revenue recognised at or near year end
- Management override of controls
- IFRS 15 revenue presentation and disclosure
- Misstatement of rebate receivable to overstate reported results at or near the period end.

Other areas of audit focus

- Going concern and viability
- Accounting for share-based payments
- Impairment of goodwill
- Group consolidation and presentation
- Accounting for the Cloud Bridge acquisition
- Risk arising from the investigation on unauthorised and undisclosed share trading.

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

Audit Committee report continued

Working with the external auditor

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

We concluded that the auditor showed appropriate focus, critical analysis and challenge on the key audit areas and applied robust challenge and scepticism throughout the audit. We recommended to the Board, which, in turn will recommend to shareholders in a resolution at our 2024 Annual General Meeting, that EY should continue as external auditor.

The external auditor reported to the committee on its independence from BTG, in line with all UK regulatory and professional requirements, and confirmed that the objectivity of the audit partner and staff is not impaired. The committee also confirmed that BTG has adequate policies and safeguards to ensure EY remains objective and independent.

Internal controls and risk management systems

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

For more on our risks and mitigation and our risk management framework, see the risk report on pages 53 to 62. To gain a comprehensive understanding of the risks facing the business and management, the committee periodically receives presentations from senior managers and external advisors.

We have also followed the code's key requirements on risk management and control. For example, this year, as the code requires, the Board has:

- Continued to implement our ERM framework and policy
- Carried out a robust assessment of our risk appetite, and principal and emerging risks
- Confirmed that we have completed this assessment in our Annual Report, along with describing our principal risks and indicating how we identify emerging risks and manage or mitigate risks
- Monitored and reviewed the effectiveness of our material risk management and internal control systems and summarised this effectiveness review in our Annual Report.

Assessing our principal risks twice a year

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

Given its importance, changes to BTG's risk register can only be made following approval from the committee or the Board. We outline changes to the principal risks during the year on page 56.

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

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

Following our review – and with the exception of controls over share dealings and share register analysis, for which improvements have already been made and are otherwise ongoing – the committee confirmed to the Board that it is satisfied BTG's internal control and risk management procedures operated effectively throughout the period and are in accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

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

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

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

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

At our meetings in October 2023 and February 2024, the committee considered the process by which management evaluates internal controls across the business. IT security risk, in respect of data security breaches around the Group's own data and that held on behalf of third parties, remained a key theme. So too were the broader challenges in the macroeconomic environment, caused by issues such as the conflicts in Ukraine and the Middle East and the cost-of-living crisis.

Our business continuity plans (BCPs) for Bytes and Phoenix remain robust and we continue to embed an annual BCP management cycle as part of our overall risk management process, to continually track, review and evolve our plans.

For 2024/25, the Board at the recommendation of the Audit Committee agreed that the following areas of risk remain relevant and should be reviewed and assessed:

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

Going concern and viability statements

The committee considered BTG's going concern and viability statements at our meeting in May 2024. We also challenged the nature, quantum and combination of the unlikely but significant risks to our business model, future performance, solvency and liquidity, which were modelled as part of the scenarios and stress-testing for our viability statement.

As part of this review, we considered our financial forecasts position to the end of August 2025 for going concern and, over the next three years for viability, conducted a principal risk assessment and analysed the impact of sensitivities on cash and available funding, individually and collectively, in a reasonable worst-case scenario. These scenarios considered the mitigating actions we could take.

We are satisfied that our going concern statement, on page 131 of the directors' report, and Our viability statement, on pages 64 to 65 of the strategic report, have been prepared appropriately.

Internal audit

Our internal audit function's main task is to support the Board to protect BTG's assets, reputation and sustainability. The internal auditor provides independent assurance about the adequacy and effectiveness of the Group's internal controls and risk management systems.

This year marked PwC's second full year as BTG's internal auditor and once again the committee reviewed and approved the internal audit charter. This provides the framework for how internal audit is conducted in BTG and was created to formally establish its purpose, authority and responsibilities. The committee approved the internal audit plan for 2023/24, which is designed to support BTG's organisational objectives and priorities and identify the risks that could prevent the Group from meeting those objectives.

In all, PwC carried out five audit reviews across both our two primary subsidiaries and, while these identified several areas for continued improvement, found no material issues or areas of concern. Before each review, PwC holds a planning meeting to understand the context, key stakeholders, audit objectives and timeframes. Together with our CFO, it also reviews areas of particular importance to the committee to ensure the scope of the audit meets the committee's expectations.

So that we can continually improve our internal audit processes, PwC considers a range of feedback and issues as part of its planning process each year. This includes gathering views from our senior executives and managing directors of our two primary subsidiaries, as well as considering previous areas of internal audit focus and their results, and the most significant risks that we face as an organisation.

Audit Committee report continued

Following up on internal audit reviews

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

The committee approved the internal audit plan for 2024/25 at our meeting in December 2023. It includes six planned reviews instead of five, which includes reviews of cybersecurity, budgeting and forecasting, and payroll for both operating companies.

As mentioned, a separate PwC team assisted BTG with the two investigations, with their recommendations addressed directly by the Board.

Effectiveness review of the internal auditor

As planned, we conducted a formal review of the effectiveness of the internal auditor and internal audit process following year end. The review looked at several areas, including the qualifications and expertise of PwC's team, the depth and breadth of our internal audits, and the quality of planning.

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

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

Reporting

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

- The quality, appropriateness and completeness of our significant accounting policies and practices and any resulting revisions
- The reliability of processes underlying the integrity of our financial reporting
- The clarity, consistency and completeness of our disclosures, including compliance with relevant financial reporting standards and other reporting requirements
- Significant issues where management judgements and/or estimates were material to our reporting, or where discussions took place with the external auditor to reach a judgement or estimate
- The committee's advice to the Board on the long-term viability statement
- Ensuring that full and comprehensive financial and narrative disclosures were made relating to the undisclosed share dealings across all relevant sections of the governance report for 2023/24, including updating any incorrect shareholding figures in the directors' remuneration report in respect of the prior year.

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

Dividends and distributable reserves

During the year, we took steps to ensure that our distributable reserves within the Group and company are appropriate for the declaration of dividends. The committee reviewed BTG's dividend policy and confirmed that 40% of post-tax but pre-exceptional earnings would be distributed to shareholders as normal dividends.

We declared an interim dividend of 2.7 pence per share paid to shareholders and are pleased to announce a proposed final dividend for the year ended 29 February 2024 of 6.0 pence per share.

Considering the cash position at the year end against our forecasted capital requirements for 2024/25, we have also proposed a special dividend of 8.7 pence per share.

Both dividends are subject to shareholder approval at our Annual General Meeting on 11 July 2024. If approved, these would both be payable on 2 August 2024 to shareholders who were on the register on 19 July 2024.

Fair, balanced and understandable statement

The committee considered this Annual Report as a whole, and the processes and controls underlying its production, in light of the requirement that it must be fair, balanced and understandable. This included making sure that we addressed the areas listed below.

Process

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

Content

- The report includes accurate key messages, market and performance reviews, principal risks and all other financial and narrative disclosures required for good corporate governance.
- The report is balanced in describing potential challenges and opportunities and includes relevant forward-looking information.
- Information in the different parts of the report is consistent.
- The report is written concisely, without unnecessary verbiage, and avoids jargon as far as possible.
- Senior management confirmed that they believe that the information included about their respective areas of responsibility is fair, balanced and understandable.

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

Looking forward

During 2024/25, our committee will remain focused on the key areas of responsibility delegated to it by the Board, which include:

- Onboarding our new Audit Committee Chair and our other new committee member
- Continuing to seek appropriate assurance across all areas of the business, with a particular focus on BTG's principal risks, control environment and approach to financial reporting, taking into account developments in reporting responsibilities and the ongoing consideration of TCFD and other climate-related reporting requirements
- Monitoring progress on the implementation of the new systems in Bytes and Phoenix
- Reviewing the external audit strategy coming into EY's fifth year as BTG auditor
- Conducting an analysis between current practice and the new Minimum Standard for Audit Committees
- Supporting BTG's continuing governance improvement initiatives.

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

Nomination Committee report
Introduction from our Chair

We have worked hard to ensure that this year's Board changes support growth while enhancing diversity.

On former CEO Neil Murphy's resignation on 21 February 2024, we put in place our succession plans, with Sam Mudd immediately stepping in as Interim CEO. Following a diligent selection process, we then appointed Sam to the permanent role of CEO on 10 May 2024.

When Alison Vincent stepped down in October 2023, Dr Erika Schraner became Chair of our Remuneration Committee. Erika has been a member of the committee since September 2021, so has played an active role in our remuneration approach for more than two years. After Mike Phillips' resignation with immediate effect in March 2024, Erika assumed the role of senior independent director. She also stepped in as Interim Audit Committee Chair, for which I extend my thanks and appreciation. During the year, Erika also took on the role of non-executive director designate for employee engagement, after David Maw retired from the Board at our Annual General Meeting (AGM) in July 2023 – a role that, following Erika taking on additional Board responsibilities, moved to non-executive director Shruthi Chindalur in March 2024.

Appointing new directors

I was delighted to welcome Shruthi, who joined the Board in February 2024 and is also a member of our Audit, Nomination and Remuneration Committees. She brings a wealth of commercial and operational experience in the technology sector to the role.

Her appointment followed a thorough recruitment process, including recommendations from Women on Boards and The 350 Club, which are otherwise independent of BTG, and from our individual Board members. We also considered references from our Board members, as part of our longlist of applicants. We then narrowed that to seven final candidates – all women and all from ethnic minority backgrounds, and with a variety of skills and experience in areas like strategy, IT services and HR. The Board debated the merits of each candidate and the committee interviewed all seven.

The committee prepared a comprehensive induction programme for Shruthi, in line with guidance from The Chartered Governance Institute UK & Ireland. It included:

- Meetings with management, the Chair and directors, and external advisors
- Visits to key sites
- Information to understand the business and its strategy, its governance processes and the year ahead.

We also welcomed Sam Mudd as an executive director in July 2023, with her extensive knowledge of the business and our culture. Having the right skills at executive level means that we have natural succession plans in place, an approach that was invaluable to ultimately appointing Sam as CEO in May 2024.

Meanwhile, we are looking forward to welcoming two more independent non-executive directors on 1 June 2024: Ross Paterson and Anna Vikström Persson. Ross will take up the permanent role of Chair of the Audit Committee, and join the Nomination, Remuneration and new ESG Committees. Anna will join the Audit, Nomination and Remuneration Committees, and also become Chair of our ESG Committee (see page 77 for more details).

Reviewing Board composition to support growth

Board changes provide a good opportunity to discuss overall composition and ensure that we have the right balance of skills to provide the necessary support and challenge to help our senior executives and wider management team successfully deliver our strategy.

While that strategy has supported our rapid growth and significantly increased the market value of our business in just three years, our focus has naturally been on establishing BTG as a listed company, putting the policies, processes and culture in place to set us up for continued growth. We see lots of opportunities to keep growing but, to do that successfully, we are now starting to shift that focus out to the next three to five years.

On Sam's appointment, we had three executive directors on our Board, which was a deliberate choice on our part, even if somewhat uncommon. It was designed to support our broader work in executive development and succession planning – which remain standing items at every committee meeting. The combination of three executive directors on our Board and Alison's departure meant that, for the year ended 29 February 2024, we did not comply with provisions 11, 24 and 32 of the UK Corporate Governance Code (code) for three months, although we resolved this with Shruthi's appointment.

As we set out in the Compliance with the UK Corporate Governance Code section on page 98, the resignation of Mike Phillips after year end means that, at the date of this report, we do not comply with the code provisions 24 and 32. Our appointment on 1 June 2024 of Ross as Audit Committee Chair and Anna as a member of the Audit Committee, with both also appointed as members of the Remuneration Committee, will however, resolve this.

Selecting our new Board members

In considering a candidate's potential as a new Board member, the Nomination Committee considers a number of matters:

Skills gaps
What **skills gaps** do we want to fill as a priority with our new appointment?

Internal/ external
Should our new Board member be **internal or external**?

Diversity goals
How can we make progress in our **diversity goals**?

Broad perspective
Will our new candidate bring a **broad perspective** to the Board?

Career potential
Can we demonstrate **career potential** to Board level from within the company?

Ongoing focus on diversity

So far, I've only talked about diversity in terms of skills, but the committee considers many aspects of this important topic – including gender and ethnicity. It is one of the most common questions among our shareholders and another area that the committee discusses at meetings. This year, that included reviewing and discussing the recommendations of the new FTSE Women Leaders Review (the successor to the Hampton-Alexander and Davies Reviews) and the Financial Conduct Authority's (FCA) new Listing Rules.

Given the changes to our Board this year, women represented 60% of our Board at the date of this report, meaning we are aligned to the FCA Listing Rules to have women represent at least 40% of the Board and to have at least one director who is from a minority ethnic background. We also have women in the roles of CEO and senior independent director. While our priority will always be on making sure we have the right person with the right skills in the right role, our decisions on future appointments will, of course, be informed by the Listing Rules. This year we also reviewed and updated our diversity policy to ensure it is aligned with the regulatory changes.

Meanwhile, women now represent 50% of our Executive Committee. We want to do more to maintain that percentage, so I'm pleased that Sam launched a new female leadership acceleration programme, initially within Phoenix. She also introduced a coaching programme for younger women in the team, which her successor Clare Metcalfe, as MD Phoenix, will continue, and had put enhancing flexible working benefits on the agenda.

Supporting ongoing Board development and reinforcing governance requirements

Board and executive-level development has continued to be a key area for the committee. This year, that included a good session with our external auditor, EY, on the evolving corporate governance landscape, and a session with EY's economist to discuss broader economic trends.

The Board held a session in April 2024 with our legal counsel to refresh our members' knowledge of the regulations and requirements around share dealing and directors' duties. During the year, we also introduced a new share dealing portal, and set up an online training platform via the Deloitte Academy to help our Board members strengthen their knowledge in areas such as governance and regulatory processes and developments.

Staying focused on our priorities to support future growth

Looking forward, I would like to see the committee sharpen its focus on developing our senior management team, supporting the new executive team in developing our senior managers, to ensure we have the skills in place to continue BTG's growth. The committee had a good discussion with the executive directors on this subject, looking at our opportunities to drive this initiative in line with BTG's growth aspirations and how we might work with Bytes and Phoenix's external training specialists to create a suitable programme in this area.

Everything that the committee has done this year has been in service of that longer-term outlook that I mentioned. And I expect Board composition and executive development to remain our primary focus in the coming 12 months. I look forward to continuing these discussions with my fellow committee members over the next year.

Patrick De Smedt
Chair
22 May 2024

Nomination Committee report continued

Committee attendance

Committee member	For the financial year to 29 February 2024
Patrick De Smedt	7/7
Alison Vincent[1]	3/4
Mike Phillips[2]	7/7
Erika Schraner	6/7
Shruthi Chindalur[3]	N/A

1 Alison Vincent stepped down from the committee on 31 October 2023.
2 Mike Phillips resigned from the committee on 24 March 2024, following the financial year end.
3 Shruthi Chindalur was appointed to the committee on 1 February 2024. There were no meetings held from the date of appointment until the end of February 2024.

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

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

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

Our responsibilities

Our committee's main responsibilities are to:

- Regularly reassess the composition of the Board and committees – including size, skills, knowledge, experience and diversity – to ensure they remain appropriate, and to make recommendations for changes, as necessary, to the Board
- Review the criteria for identifying and nominating candidates for appointment to the Board, based on the specification for a prospective appointment, including the required skills and capabilities
- Identify and nominate candidates for Board approval to fill Board vacancies when they arise, considering other demands on directors' time
- Lead the process regarding appointments to the Board, including that of the Chair
- Review the time commitment and independence of the non-executive directors, including potential conflicts of interest
- Deliver succession planning for the Board and senior executives, including recruitment, talent development, identifying potential internal or external candidates, and making recommendations to the Board
- Ensure that all new Board members have an appropriate and tailored induction, and that training and development is available to existing members.

This year, we focused again on the composition and diversity of our Board and succession planning, which we discuss in this report.

Becoming more diverse

As well as being the right thing to do, establishing a truly diverse leadership team ultimately benefits our stakeholders by enabling us to perform better. On our committee's recommendation, the Board has a Board and Senior Management Diversity Policy, which was reviewed in March 2024. In that review, we updated the policy to set a percentage target for senior management positions that will be occupied by ethnic minority executives by December 2027, as in line with the Parker Review.

This target now sits alongside the policy revisions we made in 2021/22 to meet the recommendations from the FTSE Women Leaders Review to:

- Aspire to having at least 40% female directors on the Board and senior leadership team by the end of the 2025/26 financial year
- Consider appointing at least one woman in the Chair, senior independent director, CEO or CFO role by the end of 2025/26
- Consider candidates for non-executive director roles from diverse gender and ethnic backgrounds
- Develop a pipeline of diverse, high-calibre candidates by encouraging a range of employees with different ethnic, gender and experiential backgrounds to take on additional responsibilities and roles.

The policy was updated and approved by the Board and is available at bytesplc.com.

With the changes to the Board this year, women represented 60% of our Board at the date of this report. That means we are aligned with the FCA Listing Rules to have women represent at least 40% of the Board and to have at least one director from a minority ethnic background.

We now also have women in the roles of CEO (Sam) and senior independent director (Erika). This is a significant milestone, because they contribute to the diversity of thought and mindset that we value so highly at BTG. Our priority, of course, will always be to ensure we have the right person in the right role, and the requirements will continue to inform our future appointments.

Focus areas for 2024/25

In the coming year, our committee will continue to monitor its compliance with the code and, with the Board, review succession plans to continue to enhance the cultural diversity and skills balance across the business.

This will include:

- Building on our directors' skills matrix to ensure they continue to support BTG's growth strategy and will maximise the potential of the business
- Considering and recommending the election and re-election of directors at our AGM in July 2024
- Continuing our succession planning process at Board and senior management levels
- Supporting the ongoing development of the Board, in particular Sam in her role as CEO
- Overseeing the appointment of the new Audit Committee Chair and the new ESG Committee Chair
- Continuing to develop the leadership capabilities of the wider senior management team and to promote diversity across the business.

Our Board and executive diversity data

The following tables provide data on gender and ethnicity across our Board and senior management team as at the date of this report. The information was collected on a self-reporting basis.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair, SID, CEO, CFO)	Number in the Executive Committee	Percentage of senior management team
Gender					
Men	2	40%	2	2	50%
Women	3	60%	2	2	50%
Not specified/prefer not to say	–	–	–	–	–
Ethnicity					
White British or other White (including minority-white groups)	4	80%	4	4	100%
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	20%	–	–	–
Black/African/Caribbean/ Black British	–	–	–	–	–
Other ethnic group, including Arab					
Not specified/prefer not to say	–	–	–	–	–

Independence of non-executive directors and potential conflicts of interests

Our committee reviewed the independence and potential conflicts of interests of the non-executive directors in line with the UK Corporate Governance Code (code). On 7 March 2024, we concluded that Patrick De Smedt, Erika Schraner and Shruthi Chindalur are independent and continue to make independent contributions and effectively challenge management.

Following changes to the Board's composition during the year, we did not comply with provisions 11 and 24 of the code for three months. This was addressed in February 2024 when we appointed Shruthi Chindalur as an independent non-executive director. Shruthi is also a member of our Audit, Nomination and Remuneration Committees.

The Board's immediate focus is now on bringing together the skills and experience of all the new members of the Board and ensuring we work together for the benefit of the company. This will help us ensure we strike the right balance between our deliberate approach to supporting executive development and succession planning and to complying with regulatory expectations, as set out in our policy.

Managing succession planning

We manage succession planning in line with the Group's relevant policies. These are aligned with regulatory requirements around diversity targets and with the company's growth aspirations, which we consider in relation to the skills and expertise that we need or will need in future at Board level.

During 2023/24, we continued to evaluate BTG's succession planning for senior executive roles. This included assessing the strengths of senior managers, areas that need improvement and plans to address those areas. We identified immediate and long-term candidates among internal leaders who would be ready to take on an enhanced role if needed, and whether more training and development would be required. We also dedicated specific time to our female leadership initiatives, to provide more momentum to diversifying our manager positions.

We also again assessed the existing succession planning for our executive Board member roles, and continued our efforts to establish formal succession plans for each of our non-executive positions.

Reviewing our Board and committees' performance

After carrying out our first external Board evaluation in 2022/23, using external consultancy Lintstock, this year we ran an internal evaluation. Our Chair had one-to-one discussions with each Board member and Lintstock helped us to develop a Board evaluation survey, with which we sought feedback from the Board and each committee. A separate survey was developed for the Chair. Lintstock took the survey feedback and prepared a report for us, as it did last year.

For more information on the overall findings and recommendations of the evaluation, see page 76 and our regular areas of focus on page 96.

The Chair, with support from the Group Company Secretary, monitors progress – made during Nomination Committee meetings and one-to-one sessions between the Chair and executive and non-executive directors – on implementing the recommendations, which is then reported to the Board through feedback from the Chair and CEO.

We will hold another internal evaluation this financial year, completing Lintstock's three-year Board Development Programme.

At the same time, our committee is always working on its regular areas of focus (see page 96), which is managed through its workplan activities during the year.

Reviewing our Chair's performance

Working with Lintstock, our senior independent director – with input from Board colleagues – appraised Patrick De Smedt's performance as Chair during the year. The findings of this review were shared with the Board, and concluded that the Chair continues to guide the Board effectively.

Compliance with the UK Corporate Governance Code

For the year ended 29 February 2024, we applied the principles of the 2018 UK Corporate Governance Code.

We complied with all the provisions of the 2018 UK Corporate Governance Code (code) during the financial year and up to the date of this report, with three exceptions:

- Following Alison Vincent stepping down from the Board as an independent non-executive director on 31 October 2023, we were not compliant with provisions 11, 24 and 32 for three months until the appointment of Shruthi Chindalur as an additional independent non-executive director on 1 February 2024.
- Following Mike Phillips' resignation with immediate effect from the Board as an independent non-executive director on 24 March 2024, we are not compliant with provisions 24 and 32. However, this will be resolved on 1 June 2024 when two new independent non-executive directors join us: Ross Paterson as Audit Committee Chair and a member of the Remuneration Committee, and Anna Vikström Persson as a member of the Audit and Remuneration Committees.

The code is available in full on the FRC's website at frc.org.uk.

1. Board leadership and company purpose

A. The Board's role	Our Board's objective is to create and deliver BTG's long-term sustainable success, supported by the right culture and behaviours, to generate value for shareholders and contribute to wider society. Our governance framework ensures that we have a robust decision-making process and a clear structure within which decisions can be made and strategy delivered. Our delegation of authority matrix ensures that decisions are taken by the right people at the right level with accountability up to the Board. This enables an appropriate level of debate, challenge and support in the decision-making process. We continue to be led by an effective Board, which ensures that the most relevant topics are discussed at meetings throughout the year. The Board's main activities are detailed on pages 76 to 77.
B. Purpose, culture and strategy	The Board has overall responsibility for establishing BTG's purpose, culture and strategy and, in doing so, delivering our long-term sustainable success and generating value for shareholders. Central to this role is the need for the Board collectively to set the right 'tone from the top', in living and upholding our values, encouraging open and honest debate, and behaving ethically. The Board places great importance on ensuring that its conduct and decision making are appropriate for the businesses and sector in which we operate, and in line with our culture. Our Board is committed to delivering our strategy and to advancing our purpose: empowering and inspiring our people to fulfil their potential, so they can help our customers make smarter buying decisions and meet their business objectives through technology. The Board discusses company culture during its meetings and regularly reviews reports from the CEO, CFO and senior management that provide insight into the culture across the organisation. The Chair also receives regular updates from management around culture. Together, this helps to promote behaviours throughout the business to align with BTG's purpose, culture and strategy.
C. Resources and controls	The Board ensures that BTG has the necessary resources to meet its objectives and to continually measure its performance against them. Through the Audit Committee, it oversees BTG's control environment and risk management frameworks. The Board's agenda is set to deal with those matters relating to BTG's strategic plan, risk management and systems of internal control, and corporate governance policies.
D. Stakeholder engagement	Our key stakeholders play an important role in the successful operation of our business. Our Board is fully aware of, and takes seriously, its responsibilities to them under Section 172(1) of the Companies Act 2006. Our Board members are mindful of the potential effect on our stakeholders when considering the company's strategy or other activities. Board members take an active role in engaging with shareholders and wider stakeholders. Non-executive directors are available to meet shareholders and discuss their concerns in person at the Annual General Meeting (AGM). They also attend investor calls when requested and are invited to attend relevant industry events. We have a designated non-executive director who takes responsibility for employee engagement. This role engages with staff, including operational managers. Senior managers are also given opportunities to present at Board meetings and so engage with Board members in a different setting. This work contributes to our strong employee net promoter score (eNPS), which was 71 this year. We provide more information about how we consider all stakeholders' views in our decision making on pages 78 to 82.

E. Workforce engagement	Former non-executive director David Maw was our designated non-executive director for employee engagement for the first half of the financial year. He engaged with staff at scheduled intervals, set up specific discussions for the Board and reported back on his engagement activities. Retiring from the Board in July 2023, he handed over to Erika Schraner. As part of her transition, Erika visited our London office twice during the year to meet with employees, and had an opportunity to engage with employees at Phoenix Software. Shruthi Chindalur then took on the role in March 2024, as Erika assumed more Board responsibilities, and will continue the positive work done by David and Erika. As part of our actions to advance employee engagement, the Board will also conduct an All Hands session at our Bytes office in Leatherhead during this financial year. Our whistleblowing policy sets out means for employees and third parties to raise concerns in confidence, either to one of our whistleblowing officers or directly to our independent Chair. We offer whistleblowing guidance through an independent charity, offering a confidential helpline, and have a process for investigating whistleblowing reports and our whistleblowing policy is available at bytesplc.com. There were no whistleblowing reports this financial year.

2. Division of responsibilities

F. Role of the Chair	Our Chair, Patrick De Smedt, leads the Board. He determines the agendas for meetings, manages the meeting timetable and encourages open and constructive dialogue during meetings, inviting the views of all Board members. Patrick was considered independent when he was appointed. We review the status of all our independent non-executive directors each year and confirm that each continues to be independent.
G. Composition of the Board	Provision 11 of the code recommends that for companies within the FTSE 350 at least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent. The company was not compliant with provision 11 during the period from Alison Vincent stepping down on 31 October 2023 until Shruthi Chindalur's appointment on 1 February 2024 because, during this time, the Board comprised the Chair, three executive directors and two independent non-executive directors. With Shruthi's appointment, at year end the Board consisted of three independent non-executive directors and three executive directors, as well as an independent non-executive Chair. The roles of the Chair and CEO are clearly defined, with their role profiles being reviewed as part of the Board's annual governance review. The Chair is responsible for effective leadership of the Board and for maintaining a culture of openness and transparency at its meetings. The CEO has day-to-day responsibility for the effective management of BTG's business and for ensuring that Board decisions are implemented. Our Board has agreed a clear division of responsibilities between its leadership function – supported by our corporate governance framework – and the executive leadership of the business. To ensure that no individual has unrestricted powers of decision making and no sub-group of directors can dominate the Board, we have defined responsibilities clearly in our role statements and in the matters reserved for the Board. Committee terms of reference determine the authority given to each Board committee. For more on our Board composition, leadership and role statements see pages 72 to 73. The responsibilities of our Chair, CEO and senior independent director, and our Board and committees, are set out on page 132 and at bytesplc.com.
H. Non-executive directors' role and time commitment	Our non-executive directors scrutinise the performance of the executive management team and hold it to account against agreed objectives. Our Chair holds discussions with the non-executive directors without the executive directors being present, a practice that continued in the past year. Our senior independent director serves as a sounding board for the Chair and is available as an intermediary for our other directors and shareholders. For the year ended 29 February 2024, our Chair's performance appraisal was done through our senior independent director, with input from external advisor Lintstock, and was concluded in May 2024. Regular Board and committee meetings are scheduled throughout the year to ensure directors allocate sufficient time to discharge their duties effectively. A non-executive director role generally takes up at least 24 days a year, after the induction phase, plus additional time to prepare for each meeting. Directors are also required to regularly update and refresh their skills, knowledge and familiarity with the company, and attend additional Board, committee or shareholder meetings at certain times. Before appointing a candidate, the Nomination Committee assesses that person's commitments, including other directorships, to ensure they have enough time for the role. The committee reassesses the directors' time commitments every year to ensure they each still have time for their role; the Chair also does this periodically as part of his role. Our directors must obtain approval before taking on additional external appointments.
I. Role of the Company Secretary	The Group Company Secretary is secretary to the Board and also oversees BTG's legal function. Their responsibilities include ensuring the Board has the information, time and resources to discharge its duties and to function effectively and efficiently. They provide briefings and guidance to the Board on governance, legal and regulatory matters and facilitates induction programmes for new directors.

Compliance with the UK Corporate Governance Code continued

3. Composition, succession and evaluation

J.	**Appointments to the Board and succession planning**	The Board, with the Nomination Committee's support, continually reviews its own composition and that of its committees, and considers succession planning, diversity, inclusion and governance-related matters. The Nomination Committee has overall responsibility for leading the process for new Board appointments. It also ensures that these appointments bring the required skills and experience to the Board to assist in developing and overseeing BTG's strategy. The committee makes sure all appointments are made on merit, having evaluated the capabilities of all potential candidates against the requirements of the Board and considered all types of diversity, including gender. For more details, see our Nomination Committee report which can be found on pages 94 to 97.
K.	**Skills, experience and knowledge of the Board**	As part of our succession planning, the Nomination Committee considers the balance of skills, experience and knowledge our Board needs to work effectively and help BTG deliver its strategic goals. Find all the details of our directors' tenure, skills and experience on pages 72 to 74.
L.	**Board evaluation**	In line with the need to undertake an externally facilitated evaluation every three years, we have committed to a three-year Board effectiveness programme with external advisor Lintstock. The programme includes one Board review with interviews followed by two survey-based reviews. During the year, BTG again worked with Lintstock around its Board evaluation process, which consisted of tailored surveys and one-on-one discussion by the Chair with Board members. Lintstock provided feedback to the Chair and the senior independent director in January 2024, followed by its report to the Board in February 2024. The Board then agreed actions for 2024/25 to further strengthen the way it operates. The Chair and Group Company Secretary are managing these actions, which we set out on pages 76 to 77.

4. Audit, risk and internal control

M.	**Internal and external audit**	The Board receives regular updates on audit, risk and internal control matters, with the Audit Committee having detailed oversight and reporting its findings to the Board. Provision 24 of the code recommends that the audit committees of companies within the FTSE 350 should comprise a minimum of three members, all of whom should be independent non-executive directors. The company was not compliant with provision 24 during the period from Alison Vincent stepping down from the Board on 31 October 2023 until Shruthi Chindalur's appointment on 1 February 2024 because, during that time, the Board excluding the Chair, only comprised two independent non-executive directors (Mike Phillips and Erika Schraner) and so the committee only comprised two independent non-executive directors. Following Mike Phillips' resignation from the Board as an independent non-executive director on 24 March 2024, the company is again not compliant with provision 24. However, this will be resolved on 1 June 2024 when two new independent non-executive directors join us: Ross Paterson as Audit Committee Chair and Anna Vikström Persson as a member of the Audit Committee. The Audit Committee report on pages 83 to 93 sets out more about audit, risk management and internal control, and the committee's work. The report also includes details about how the committee assesses the effectiveness and independence of EY – our external auditor – and PwC, our internal auditor, which reports to the Audit Committee about progress against audit reviews and identifies areas of our control environment for review.
N.	**Fair, balanced and understandable assessment**	In light of the context in which we are reporting this year, the Board has undertaken a broader review of the narrative in this Annual Report to ensure the proper disclosures and prior-year adjustments in relation to the previously undisclosed directors share transactions have been made and that the report, taken as a whole, is fair, balanced and understandable. The Board considers this report to be fair, balanced and understandable and to provide the information necessary for shareholders to assess BTG's position and performance, business model and strategy. The Board's assessment is described on pages 132 to 133.
O.	**Risk management and internal control framework**	Our Board is accountable to our stakeholders for ensuring BTG is managed appropriately. It sets the Group's risk appetite, satisfies itself that its financial controls and risk management systems are robust, and ensures that it is adequately resourced. A description of the principal risks facing the Group is set out on pages 56 to 62. This shows how the directors have assessed the prospects of the company, over what period and why they consider that period to be appropriate (our viability statement on pages 64 to 65).

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5. Remuneration

P. Remuneration policies and practices	Provision 32 of the code recommends that the remuneration committees of companies within the FTSE 350 should establish a remuneration committee of independent non-executive directors with a minimum membership of three. In addition, the chair of the board can only be a member if they were independent on appointment and cannot chair the committee. The company was not compliant with provision 32 during the period from Alison Vincent stepping down from the Board on 31 October 2023 until Shruthi Chindalur's appointment on 1 February 2024 because, in that time, although the committee comprised three independent non-executive directors – Mike Phillips, Erika Schraner and Patrick De Smedt – Patrick is also the Board Chair and so excluded from the membership composition for purposes of compliance with the code. Following Mike Phillips' resignation from the Board as an independent non-executive director on 24 March 2024, the company is again not compliant with provision 32. However, this will be resolved on 1 June 2024 when two new independent non-executive directors join us: Ross Paterson and Anna Vikström Persson, both as new members of the Remuneration Committee. Our Board, supported by the Remuneration Committee, ensures that our remuneration policies support BTG's strategy and promote long-term sustainable success. Executive remuneration is aligned to the successful delivery of our long-term strategy and considers overall BTG remuneration policies and practices. This includes linking executive remuneration ever-more closely with the achievement of our sustainability targets for 2024/25. Our proposed updated directors' remuneration policy will be submitted for a binding shareholder vote at our upcoming AGM in July 2024. It will take formal effect from the date of the AGM, subject to shareholder approval. The policy will replace the one most recently approved by shareholders at the AGM in July 2021. It will apply for three years from the date of approval, unless a new policy is presented to shareholders before then. The updated directors' remuneration policy can be found in full on pages 108 to 115 of this Annual Report.
Q. Executive remuneration	The Remuneration Committee is responsible for setting the remuneration for executive directors. No director is involved in deciding their own remuneration. See our directors' remuneration report for more on our remuneration policy and how it is implemented.
R. Remuneration outcomes and independent judgement	Details of the composition and work of the Remuneration Committee are set out in the directors' remuneration report on pages 116 to 127.

Directors' remuneration report
Introduction from our Chair

With another year of strong business growth and high employee and customer satisfaction, the main priority for the committee in 2023/24 was to review and ensure that BTG's remuneration policy, practices and outcomes fully support the company's strategy and culture.

“ The executive team and Board care deeply about fairness, meritocracy and aligning executive remuneration with that of our employees. The new remuneration policy aims to future-proof BTG for continued growth.

Dr Erika Schraner
Remuneration Committee Chair

On behalf of the Board, I am pleased to present the directors' remuneration report for the year ended 29 February 2024. Having been a member of the committee since 1 September 2021, I was delighted to assume the role of Remuneration Committee Chair from 1 November 2023.

During my first months as Chair, the committee worked diligently, resiliently and at pace. We undertook a review of the remuneration policy for the executive director team to ensure that BTG's remuneration policy, practices and outcomes fully support the company's strategy and culture. This review was completed in the context of market and governance best practice. The committee also consulted with our largest shareholders, obtaining a coverage of more than 55% of our issued share capital. In line with regulations, we are seeking shareholder support and approval for this revised policy at the 2024 Annual General Meeting (AGM). A summary of the proposed changes to the directors' remuneration policy is set out below and on pages 108 to 115.

With the sudden resignation of Neil Murphy in February 2024, the committee put in place a remuneration package for Sam Mudd as our Interim CEO and established proposed settlement terms for Neil. We also reviewed and approved the reconciliations relating to the previously announced persons discharging managerial responsibility (PDMR) and persons closely associated (PCA) notifications that the company issued about Neil and former non-executive director Alison Vincent, and those relating to the disclosed position in previous annual reports and accounts. Details of these issues were released to the market by RNS on 18 March 2024 and are set out and explained further on pages 69 to 70.

Despite the complexities we have faced in the past months, we have remained steadfast in adhering to the policy approved by our shareholders at the 2021 AGM. Our unwavering commitment has always been to act in the best interests of our shareholders and other business stakeholders.

Board changes

As outlined on pages 69 to 70, Neil resigned as CEO and from the Board with immediate effect on 21 February 2024. The same day, the Board announced that Sam Mudd, MD Phoenix and already an executive director, would become Interim CEO. Subsequently, on 10 May 2024, I was delighted that we, as a Board, appointed Sam as CEO.

All remuneration-related aspects of these Board changes are in line with our approved policy and are set out in detail on pages 108 to 115. Neil received no further remuneration following his resignation and all his share awards were forfeited immediately. We have reached agreement to claw back the cash bonuses paid to Neil since our IPO. Find more details on pages 121 to 122.

The package for Sam as our Interim CEO and then as CEO is explained on page 126.

Future-proofing our remuneration policy

As I mentioned, we will seek to renew our shareholder-approved three-year directors' remuneration policy at our 2024 AGM.

BTG has taken a balanced, considered approach to reviewing its remuneration framework to ensure it continues to attract, incentivise, reward and retain the top-tier talent essential for the sustained and profitable growth of the business. We remain committed to BTG's ethos of rewarding performance and to carefully benchmarking executive director compensation against other senior management roles within both the company and the broader workforce.

For our executive directors, incentive opportunities have remained unchanged since the IPO. Given this, total remuneration – looking at our fixed and variable pay opportunities together – is low for what is now an established FTSE 250 company. Since IPO, the company performance has been strong, and its market cap has broadly doubled in the period.

The dichotomy between current executive director remuneration levels and company size, complexity and performance prompted healthy discussions among committee members when we reviewed our directors' remuneration policy. All members of the Board agreed at the end of these discussions that preserving BTG's culture and values remained of paramount importance. The committee therefore proposes to keep the pay structure of the remuneration framework intact. Our proposed changes for executive directors within our revised policy are accordingly limited and intended to better align remuneration levels with the growth, size and complexity of the company – and the broader industry.

Bar exceptional events, we anticipate that we will continue to raise our executive directors' salaries only in line with, or below, the annual salary review increases awarded to our salaried staff over the next three-year policy period.

The committee, however, considers it appropriate to increase the maximum opportunities for the variable elements of remuneration. Aligning with our core principles, which emphasise performance and meritocracy, our proposed new policy increases the maximum award opportunity in the annual bonus from 100% to 150% of base salary for our CEO and CFO roles. However, we advocate taking a disciplined, step-by-step approach to implementing this increase. In 2024/25, the committee intends to cap the maximum annual bonus opportunity at 125% of base salary for the CEO, CFO and for the Interim CEO roles (see page 106 and page 126).

We are taking the same approach to the Performance Share Plan (PSP) for our CEO and CFO roles, raising the policy maximum to 200% of base salary (from 150%), which is aligned with market benchmarks, but implementing any changes in practice on a phased basis. Accordingly, in 2024/25, PSP awards will be held at prior-year levels of 150% of base salary for the CEO and the CFO roles and 100% of base salary for the Interim CEO role. For Sam this means that her PSP will be pro-rated between the Interim CEO and CEO roles for the year.

Together, these changes provide an overall incentive potential that we consider to be more appropriate for executive directors of a company of BTG's scale and ambition, that is aligned with other FTSE 250 companies and that will be more competitive in the market.

Seeking shareholder feedback on our policy

The Board approved the committee's remuneration policy recommendations in January 2024 and, in the same month, we shared our plans in a letter to our top 15 shareholders representing more than 55% of our issued share capital.

After Neil's resignation, the committee deliberated the proposed policy changes in the context of this development – which occurred after discussions about those policy changes had happened at the committee and the Board, and after they had been communicated to our top shareholders. We concluded that the proposed changes were largely unaffected by the change in CEO and were, in fact, now even more crucial to enable the company to pay appropriately in the next three-year policy period. These proposed changes remain advantageous in both the short and long term, aligning with the long-term trajectory of the business.

As Chair of the Remuneration Committee, I would like to thank our shareholders for their feedback during the consultation process and reassure them that the committee remains committed to listening to their views on all remuneration matters.

Remuneration outcomes for 2023/24

For 2023/24, the CFO and former CEO were eligible for a maximum annual bonus opportunity of 100% of their base salary, while the MD Phoenix was eligible for a maximum annual bonus of 85% of salary (pro rata from appointment to the Board). While Sam was appointed as Interim CEO on 21 February 2024, her remuneration in this role only started on 1 March 2024, at the start of the new financial year.

The 2023/24 performance for all three executives was assessed based on a balanced scorecard of financial and non-financial metrics, which for the CFO and former CEO was 80% based on adjusted operating profit and 20% based on key strategic objectives.

The MD Phoenix's bonus had similar weightings between financial and non-financial metrics, but with the majority of the maximum bonus potential for 2023/24 weighted to Phoenix performance – 65% of salary out of the total 85% of salary possible – and with the balance of 20% of salary subject to the same BTG Group-level scorecard as applied to the CFO and former CEO.

Following his resignation on 21 February 2024, Neil was not eligible for a 2023/24 annual bonus.

As a result of this year's performance, our CFO received an annual bonus payout of 55% of salary (also 55% of the maximum bonus) and the MD Phoenix received a payout of 54% of salary from appointment (63% of the maximum bonus). More details of performance against the targets are set out on page 118. In line with our Deferred Bonus Plan, these bonuses will be paid two-thirds in cash and one-third in shares, deferred for two years.

Directors' remuneration report continued

The committee considered the appropriateness of these outcomes following the end of 2023/24. While we noted that the adjusted operating profit had been reduced because of the non-operational costs associated with the investigations, we determined that this impact should still be included in calculating the annual bonuses, without any adjustment. The bonuses therefore reflect our reported performance against target by our continuing executive directors.

For the executive directors, no PSP awards were due to vest for performance in 2023/24, with the first such vesting due in 2024/25. We will report on this for our continuing executive directors next year.

To recognise the contribution of certain employees to our success and to ensure key employees are retained and motivated, restricted share awards were made to 280 of our people on listing in December 2020. This was followed by more awards of market value share options under our Company Share Option Plan (CSOP) in June 2021 and June 2022. The committee was pleased to see that 90% of employees who were granted restricted share awards at the point of IPO three years ago were still with BTG at the date of vesting in December 2023 and able to exercise their awards.

Pay arrangements for 2024/25

The executive directors' salaries increased by 4.5% from 1 March 2024 in line with increases for our salaried employees. Following these increases, the salaries of Andrew as CFO and Sam as CEO are £348,926 and £308,275 respectively. In addition, Sam, for the period she was Interim CEO only, was paid a salary supplement of £91,725 a year, starting on 1 March 2024, increasing her salary to £400,000 in total. Sam's salary from her appointment as CEO on 10 May 2024 is set as £421,000, reflecting the substantial responsibilities of her role within the organisation's strategic priorities, while still being below the FTSE 250 median.

Pension contributions for our executive directors will be up to 4.0% of salary, remaining in line with the level provided to the majority of our employees.

Subject to approval of the new policy, the annual bonus opportunity will be 125% of salary for the CEO and CFO for 2024/25. This will continue to be based on adjusted operating profit (80% weighting) and ESG-related and other key strategic objectives (20% weighting). For the period Sam was Interim CEO during 2024/25 up to 9 May 2024, her annual bonus will be calculated from the total of her continuing base salary as MD Phoenix and the Interim CEO salary supplement (£400,000 in total). From 10 May 2024, Sam's bonus will be calculated against her new salary of £421,000 as CEO from that date.

The award level under the PSP in 2024/25 will be 150% of salary for the CEO and CFO. Sam's 2024/25 PSP award will be calculated based on 100% of her continuing salary as MD Phoenix in 2024/25 (£308,275 a year) up to 9 May 2024 only, and then 150% of her CEO salary from 10 May 2024. As for previous awards, vesting will be subject to performance conditions based on earnings per share (75% weighting) and relative total shareholder return (TSR) (25% weighting), measured over three years, and will be subject to a two-year post-vesting holding period.

Alongside the executive director reviews, the policy for non-executive director fees was reviewed by the Board in consultation with FIT Remuneration Consultants LLP (FIT), its independent remuneration advisor, to ensure the policy remains appropriate and reflects the increase in responsibilities and FTSE 250 market practice. Our company Chair's fees and the fees of our non-executive directors were reviewed and increased for 2024/25 and are set out on page 127.

Additionally, the actions taken by the non-executive directors in recent months have involved work beyond their normal duties in leading specially established Board subcommittees investigating undisclosed share dealings by former directors (see pages 69 to 70). We have paid additional non-executive directors' fees in accordance with our remuneration policy – calculated on an equivalent pro rata day rate for continuing non-executive director work – for this additional work. The Board regards the payment of these fees as appropriate and fully in shareholders' best interests.

Looking ahead to 2024/25

Over the next 12 months, the committee will focus on:

- Securing shareholder approval at the 2024 AGM for our new remuneration policy
- Ensuring that the 2024/25 annual bonus plan continues to drive performance and reward sustainable growth and is set against appropriate financial and non-financial targets
- Granting PSP awards in 2024 with stretching EPS and TSR performance conditions
- Reviewing updates to the UK Corporate Governance Code 2024 and addressing gaps as appropriate.

As BTG continues to grow, the committee will focus on ensuring that the remuneration structure and packages remain fit for purpose and guided by our company strategy and values.
We will continue to take a disciplined, performance-driven approach to compensation, and I look forward to continuing that discussion with my committee colleagues over the coming year and listening to stakeholders' input.

At the 2024 AGM, shareholders will be asked to approve two resolutions related to remuneration matters:

- A resolution to approve the directors' remuneration report, which is the normal annual advisory vote on this report
- A resolution to approve the updated directors' remuneration policy, which, as explained earlier, is the normal binding three-year vote on this matter.

The committee welcomes all input on remuneration matters. If you have any comments or questions on any element of the directors' remuneration report or on the proposed changes to our directors' remuneration policy, please email me through our Group Company Secretary at wk.groenewald@bytes.co.uk. We are grateful for the guidance and support we have received from our shareholders on remuneration matters in the past year.

In closing, I would like to thank our shareholders for their continued support and engagement during the year. I hope you will join the Board in supporting our directors' remuneration policy and directors' remuneration report at the AGM on Thursday, 11 July 2024.

Erika Schraner
Remuneration Committee Chair
22 May 2024

Remuneration at a glance

Our pay principles

- Clear and simple
- Aligned with the interests of shareholders and other stakeholders
- Performance-related and linked to our KPIs
- Competitive but not excessive
- Aligned with our culture and values.

Implementing our policy in 2024/25

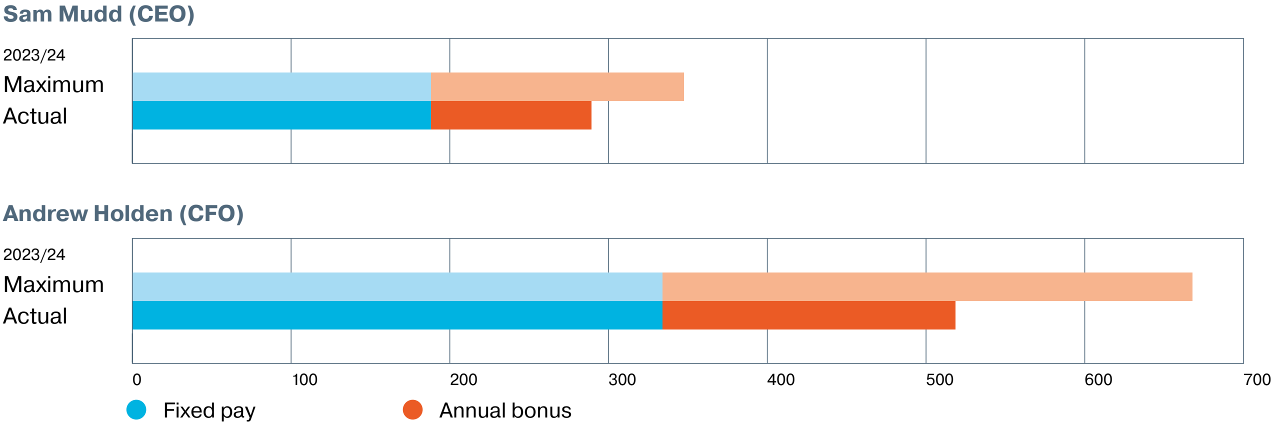
The following table shows how we intend to apply the policy for 2024/25 for our two executive directors, including Sam's remuneration for both Interim CEO role to 9 May 2024 and CEO role from 10 May 2024, subject to approval at the 2024 AGM.

Fixed pay	Salary	– Interim CEO: combined salary of £400,000, including a salary supplement of £91,725 a year payable to Sam Mudd for the period of acting as Interim CEO during 2024/25 up to 9 May 2024 – CEO: £421,000 from 10 May 2024 – CFO: £348,926 (increased by 4.5%, from 1 March 2024)
	Pension	– Interim CEO, CEO and CFO: 4% of salary (for the Interim CEO, calculated including salary supplement for the period of acting as Interim CEO)
	Benefits	– Medical and life insurance
Annual bonus	Maximum	– Interim CEO, CEO and CFO: 125% of salary (for the Interim CEO, calculated including salary supplement for the period of acting as Interim CEO)
	Performance measures	– Adjusted operating profit (80%) – Key ESG-related and other strategic objectives (20%)
	Operation	– One-third deferred into shares for two years – Recovery and withholding provisions operate
Performance share plan	Award level	– CEO and CFO: 150% of salary – Interim CEO: 100% of salary (calculated excluding salary supplement)
	Performance measures	– Adjusted earnings per share (75%) – Relative total shareholder return (25%)
	Operation	– Performance measured over three years – Two-year additional holding period applies to vested awards – Recovery and withholding provisions apply
Share ownership guidelines	In-employment guideline	– 200% of salary
	Post-cessation guideline	– 200% of salary to be held for two years post-employment
	Current shareholding (based on 2023/24 salary)	– CEO: 2.42 times salary – CFO: 1.22 times salary

Implementing our policy in 2023/24

The following charts show the actual levels of remuneration earned by the executive directors for 2023/24 relative to the maximum potential remuneration that was available.

2023/24 remuneration outcomes versus policy maximum



Proposed new remuneration policy

In this section, we present our proposed updated directors' remuneration policy, which will be submitted for a binding shareholder vote at our upcoming AGM scheduled for Thursday, 11 July 2024. It will take formal effect from that date, subject to shareholder approval. The policy will replace the one most recently approved by shareholders at the AGM on 22 July 2021. It will apply for three years from the date of approval, unless a new policy is presented to shareholders before then. On approval, all payments to directors will be consistent with the approved policy.

What we considered in determining our policy

The main goal of our remuneration policy is to promote the Group's long-term success. To do this, our Remuneration Committee adheres to the following principles:

- Remuneration packages should be clear and simple
- Arrangements should be closely aligned with the interests of shareholders and other key stakeholders and should conform to high standards of corporate governance – with the UK Corporate Governance Code (code) a core source
- Remuneration should align with, and support, our values and entrepreneurial culture
- A significant proportion of remuneration should be based on performance-related components
- Rewards should be subject to achieving challenging performance targets based on measures linked to the Group's KPIs and the best interests of stakeholders
- Salaries, and the overall level of potential remuneration, should be competitive but not excessive when compared with companies of a similar size, scale and geographical reach. They should be sufficient to recruit, retain and motivate individuals of the calibre needed to deliver long-term success.

Aligning with the code

In designing our policy, and planning how to implement it, the committee has sought to meet the highest standards of corporate governance. Our approach has been particularly informed by the code, and we have taken full account of its remuneration-related provisions when reviewing and amending this policy. We illustrate this below, where we describe how we sought to comply with the six factors in provision 40:

1. Clarity – Our remuneration framework supports financial delivery and the achievement of strategic objectives, aligning the interests of our executive directors and shareholders. Our proposed new policy is transparent and has been well communicated to our senior executive team. It will also be clearly articulated to our shareholders and representative bodies – both on an ongoing basis and during consultation, if any changes are considered necessary.
2. Simplicity – Our framework has been designed to be straightforward to communicate and operate.
3. Risk – Our incentives have been structured to align with the Board's system of risk management and risk appetite. Inappropriate risk-taking is discouraged and mitigated by, for example:
   - A balance of fixed pay to performance-related incentive pay and through multiple performance measures based on a blend of financial and non-financial targets
   - Deferring a proportion of annual bonus into shares and operating a post-vesting holding period for the Performance Share Plan (PSP)
   - Significant in-employment and post-employment shareholding guidelines
   - Robust recovery and withholding provisions.
4. Predictability – Our incentive plans have individual caps, with share plans also subject to market-standard dilution limits. The committee has full discretion to alter the payout level or vesting outcome to ensure payments are aligned with our underlying performance.
5. Proportionality – Our approach is underpinned by the principle that failure should not be rewarded. There is a clear link between individual awards, strategic delivery and our long-term performance. This is demonstrated, for example, by the connection between executive directors' arrangements and their building and maintaining meaningful levels of shareholding; through linking our incentive measures and our KPIs; by our ability for, and openness to, using discretion to ensure appropriate outcomes; and through the structure of our executive directors' contracts. As mentioned, our committee reviews formulaic incentive outcomes and may adjust them in light of overall Group performance and our wider employee remuneration policies and practices.
6. Alignment to culture – Our policy is aligned to our dynamic, can-do culture and strongly held values. The committee strives to embed a sustainable performance culture at management level that can cascade throughout our business. The Board sets the framework of KPIs against which we monitor the company's performance, and the committee links the performance metrics of our incentive arrangements to those indicators. We are also keen to foster a culture of share ownership, so operate employee share schemes across the Group.

Considering shareholders' views

As a committee we are committed to ongoing dialogue with shareholders, and we welcome feedback on our directors' remuneration. We have and will continue to seek to engage with major shareholders and their representative bodies about changes to the policy. We will also consider shareholder feedback on remuneration-related resolutions following each year's AGM. This, along with any additional feedback we receive – including about any updates to shareholders' remuneration guidelines – will be considered as part of our annual review and implementation of our remuneration policy.

The committee also actively monitors changes in the expectations of institutional investors and considers good practice guidelines from institutional shareholders and shareholder bodies.

As part of our review of the current policy, the committee conducted a comprehensive shareholder consultation exercise. Feedback was sought from shareholders holding more than 55% of shares in issue, as well as from the main shareholder representative bodies. The feedback, which was largely positive, was invaluable in informing our final proposals.

Assessing the Group-wide employment environment

Our committee closely monitors the pay and conditions of the wider workforce and has drawn on the Group-wide policy for staff in designing the directors' remuneration policy. While employees are not formally consulted directly on the design of the policy, the Board engages with our people more broadly through CEO townhall sessions and the like, and through the non-executive director for employee engagement, Shruthi Chindalur. We also receive regular updates on remuneration arrangements and employment conditions across the Group from our HR functions.

Differences in pay policy between executive directors and employees

The overall approach to employee reward is a key reference point when setting executive directors' remuneration. As with the executive directors, to attract and retain employees our general practice is to recruit staff at competitive market levels of remuneration, incentives and benefits, in line with national and regional talent pools. When reviewing our executive directors' salaries, our committee pays close attention to pay and employment conditions across the wider workforce. Our current expectation is that we will continue to raise our executive directors' salaries only in line with or below our annual salary review levels for our salaried staff over the three-year policy period. The pension contribution for current and future executive directors will be no higher than for most of our people. All employees can earn commissions and/or annual bonuses. Commissions are earned against challenging monthly targets, while bonuses are paid for exceptional performance against personal, team or company objectives.

We intend to continue fostering a culture of share ownership across the Group: all employees, including executive directors, will have the opportunity to participate in the UK HMRC-approved Save As You Earn (SAYE) share incentive plan that we operate. We also make discretionary share awards to selected employees.

The key difference between executive directors' and employees' reward is that, at senior levels, remuneration is increasingly long term and 'at risk', with an emphasis on performance-related pay linked to business results and share-based remuneration. This ensures that senior-level remuneration will increase or decrease in line with business performance and aligns the interests of executive directors and shareholders. In particular, performance-based long-term incentives only go to the most senior executives, because they are considered to have the greatest potential to influence overall performance levels.

Changes to our remuneration policy

Our proposed new policy intends to retain the overall structure of our remuneration framework.

Details of the substantive changes proposed in the new policy, along with supporting rationale, are set out in the introduction from our committee Chair on pages 102 to 103. In summary, the material changes we are proposing are:

- Increase in annual bonus maximum policy limit – The policy limit to date has been 100% of salary. We are proposing to increase this to 150% of salary for the CEO and CFO. However, in the first financial year of the new policy period (2024/25), the maximum will be lower than the policy limit, at: 125% of salary for the CEO and CFO.
- Increase in PSP policy limit – To date, the policy limit in normal circumstances has been 150% of salary. We propose to increase this to 200% of salary for the CEO and CFO. However, in the first financial year of the proposed new policy period (2024/25), the maximum award will be lower than the policy limit and will be maintained at 150% of salary for the CEO and CFO.

All other elements of the new policy are materially unchanged from the prior policy.

Directors' remuneration report continued

Policy table for directors

The table below sets out the main components of the proposed new policy, together with information on how they will operate, subject to shareholders' approval at our 2024 AGM. The committee has the discretion to amend remuneration to the extent described in the table and text below.

Policy table for executive directors

Base salary

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To provide competitive fixed remuneration. To attract and retain high-calibre executives.	Salaries are usually reviewed annually, with any increases typically effective on 1 March. Salaries are generally set after considering: • Pay and conditions elsewhere in the Group • Overall Group performance • Individual performance and experience • Progression within the role • Competitive salary levels in companies of a broadly similar size, scale and complexity.	While there is no prescribed maximum salary or increase, rises will normally be in line with the typical range awarded (in percentage of salary terms) to employees generally. Larger salary increases may be awarded to take account of individual circumstances, such as where: • An executive director has been promoted or had a change in scope or responsibility • The committee sets the salary of a new hire at a discount to the market level, and a series of planned increases can be implemented in the next few years to raise it to the appropriate market position, subject to individual performance • The committee considers it fitting to adjust salaries to reflect a significant increase in the size or complexity of the Group. Increases may be implemented over a time period that the committee deems appropriate.	Although there are no formal performance conditions, any increase in base salary is only implemented after carefully considering an individual's contribution and performance, as well as factors in this table's Operation column.

Benefits

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To provide competitive fixed remuneration. To attract and retain high-calibre executives.	Executive directors are entitled to benefits, including medical and life insurance. Executive directors will be eligible for any other benefits that are introduced for employees generally on broadly similar terms, and for other benefits that might be provided based on individual circumstances, if the committee decides it is appropriate. For external and internal appointments or relocations, BTG may pay certain relocation or incidental expenses as appropriate (for up to two years from recruitment). Any reasonable business-related expenses can be reimbursed (and any related tax met if determined to be a taxable benefit). Executive directors can also participate in all-employee share plans on the same basis as other employees.	Given it is not possible to calculate in advance the cost of all benefits, a maximum is not predetermined. The maximum level of participation in all-employee share plans is subject to the limits imposed by the relevant tax authority.	Not applicable.

Pension

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To provide employees with long-term savings to allow for retirement planning.	The Group may offer participation in a defined contribution pension plan or permit executive directors to take a cash supplement in lieu of pension up to the same value.	The maximum defined contribution or cash allowance in lieu of pension is limited to the contribution level available to most other employees (in percentage-of-salary terms, currently 4% of salary).	Not applicable.

Annual bonus

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Rewards achievement of annual financial and business targets aligned with the Group's KPIs. Bonus deferral encourages long-term shareholding, supports retention and discourages excessive risk-taking.	Awards are based on performance, typically measured over one year. Any payment is discretionary and payout levels are determined by the committee after the year end based on performance against pre-set targets. Bonuses are normally paid in cash except one-third of any bonus, which is deferred into shares, typically for a two-year period. Dividends or dividend equivalents may accrue on deferred shares. The vesting of deferred shares is not subject to additional performance conditions. The annual bonus plan includes provisions that enable the committee (in respect of both the cash and the deferred elements of bonuses) to recover or withhold value in the event of certain defined circumstances – that is, in cases such as misconduct, material misstatement of financial results, error in calculation of a bonus and reputational damage.	The maximum annual bonus opportunity for the CEO and CFO is 150% of salary. For the first financial year of the policy period (2024/25), the maximum opportunity for incumbents will be 125% of salary for the Interim CEO, CEO and CFO roles.	Targets are set annually with measures linked to our strategy and aligned with key financial, strategic, ESG-related and individual targets. The performance measures applied may be financial or non-financial, corporate, divisional or individual, and in such proportions as the committee considers appropriate. The committee would, however, expect to consult with its major shareholders if it proposed materially changing the current performance measures applied for the annual bonus (or the relative weightings between such measures) in subsequent financial years. A graduated scale of targets is set for each measure, with no payout for performance below the threshold level. For our main profit measure in a year, 25% of the amount available for that measure can be payable at threshold level. The committee has the discretion to amend the payout should any formulaic outcome not reflect its assessment of overall business performance.

Performance share plan

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To incentivise executive directors and deliver long-term performance-related pay, with a clear line of sight for executives and direct alignment with shareholders' interests.	Awards will be in the form of share options, conditional shares or other forms that have the same economic effect. Awards will be granted with vesting based on achieving performance conditions set by the committee, with performance normally measured over at least three years. Awards will be subject to a two-year holding period following the end of the performance term, with shares typically not being released to participants until the end of the holding period. Dividends or dividend equivalents may accrue on awards to the extent they vest. The PSP includes provisions that enable the committee to recover or withhold value in the event of certain defined circumstances – that is, in cases such as misconduct, material misstatement of financial results, error in calculation of a performance outcome and reputational damage.	The normal maximum PSP award for the CEO and CFO is 200% of salary in a financial year. For the first financial year of the policy period (2024/25), the maximum PSP award for incumbents will be 150% of salary for the CFO and CEO roles and 100% of salary for the Interim CEO role. The normal maximum will only be exceeded in exceptional circumstances, such as when a new executive director is recruited, and is subject to an overall limit of 300% of salary in a financial year.	PSP performance measures may include, but are not limited to, financial, TSR, strategic and ESG-related objectives. The committee retains the discretion to set alternative measures and weightings for awards over the life of the policy. Targets are set and assessed by the committee at its discretion. A maximum of 20% of any element vests for achieving the threshold target, with 100% for maximum performance. The committee has the discretion to amend the vesting level should any formulaic outcome not reflect its assessment of overall business performance.

Policy table for non-executive directors

Non-executive directors' fees

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To attract high-calibre individuals and appropriately reflect knowledge, skills and experience.	Fees are normally reviewed annually, considering factors such as the time commitment and contribution of the role and market levels in companies of comparable size and complexity. The Chair is paid an all-inclusive fee for all Board responsibilities. Fees for the other non-executive directors may include a basic fee and additional fees for other responsibilities – for example, chairing Board committees or holding the office of senior independent director. BTG repays any reasonable expenses that a non-executive director incurs in carrying out their duties, including travel, hospitality-related and other modest benefits, and related tax liabilities, if appropriate. In exceptional circumstances, if there is a temporary yet material increase in the time commitments for non-executive directors, the Board may pay extra fees on a pro rata basis to recognise the additional workload. Non-executive directors cannot participate in any of the Group's incentive arrangements.	There is no prescribed maximum fee or maximum fee increase. Increases will be informed by internal benchmarks such as the salary increase for employees generally, with, in addition, due regard to the factors in this table's Operation column.	Not applicable.

Understanding performance measures

Annual bonus performance measures are selected annually to align with the Group's KPIs and strategic imperatives, and with the interests of our shareholders and other stakeholders. Financial measures – for example, operating profit levels, gross margin increase and year-on-year growth – will normally influence most of the bonus, with any remainder based on strategic, ESG-related and/or personal objectives designed to ensure executive directors are incentivised across a range of KPIs.

Target performance is typically set in line with the year's business plan, with the threshold to stretch targets set around the plan, based on a sliding scale that reflects relevant commercial factors. Only modest rewards are available at threshold performance levels, with rewards at stretch requiring material outperformance of the business plan. Details of the specific measures used for the annual bonus for 2023/24 are set out in the annual report on remuneration on page 118.

PSP performance measures will be selected to:

- Provide a robust and transparent basis on which to measure the Group's performance
- Link remuneration outcomes to delivery of the business strategy over the longer term
- Provide strong alignment between senior management and shareholders.

The policy provides for committee discretion to alter the PSP measures and weightings from year to year. This is to ensure that it can continue to measure performance appropriately, if the Group's strategic ambitions evolve over the life of the policy.

When setting performance targets for the bonus and PSP, the committee will consider a number of different factors. These may include the Group's business plans and strategy, external forecasts and the wider economic environment.

The committee retains the discretion to amend the bonus payout and to reduce the PSP vesting level, if any formulaic outcome does not reflect its assessment of overall business performance over the relevant period.

Flexibility, discretion and judgement

The committee operates the annual bonus and PSP according to the rules of each respective plan. Consistent with market practice, this includes discretion around how certain parts of each plan operate, including:

- Who participates in the plan, and the quantum and timing of awards and payments
- Determining the extent of vesting
- Treatment of awards and payments on a change of control or restructuring of the Group
- Whether an executive director or senior manager is a good/bad leaver for incentive plan purposes and if the proportion of awards that vest do so at the time of leaving or at the normal vesting date(s)
- How and whether an award may be adjusted in certain circumstances – for example, for a rights issue, a corporate restructuring or special dividends

- What the weighting, measures and targets should be for the annual bonus plan and PSP awards from year to year
- The ability, within the policy, to adjust targets and set different measures or weightings for the applicable annual bonus plan and PSP awards, if the committee determines that the original conditions are no longer appropriate or do not fulfil their initial purpose. Such changes would be explained in the subsequent directors' remuneration report and, if appropriate, be discussed with our major shareholders
- The ability to override formulaic outcomes in line with policy.

All assessments of performance are ultimately subject to the committee's judgement. Any discretion exercised, and the rationale, will be disclosed in the annual report on remuneration.

Legacy arrangements

If this proposed new remuneration policy is approved, BTG has the authority to honour any previous commitments entered into with current or former directors – such as paying a pension or unwinding legacy share schemes or historic share awards – that remain outstanding.

Shareholding guidelines

To continue to align executive directors' and shareholders' long-term interests, the Group operates share ownership guidelines. These require executive directors to build up and maintain (as relevant) a level of shareholding in the Group equivalent to 200% of salary. This guideline will apply while the executive directors are in post and for two years afterwards.

Illustrative applications of our policy

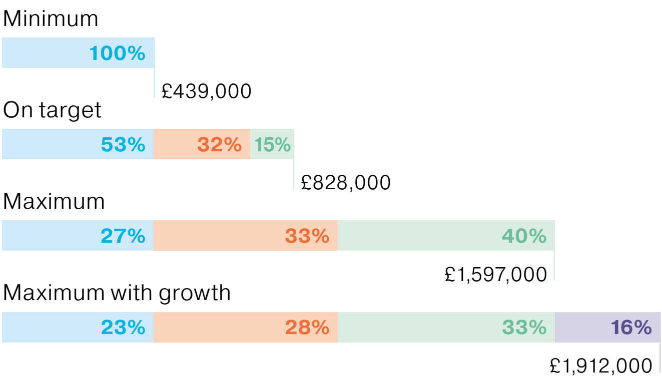
The following table and graphs illustrate the application of the proposed new policy in the first year of the three-year policy period for our executive directors for 2024/25 on an annualised basis. It shows the split of remuneration between fixed pay, annual bonus and PSP on the basis of minimum remuneration, remuneration for performance in line with the Group's expectations and maximum remuneration – with both no share price appreciation and with 50% share price growth.

In illustrating the potential reward, the following assumptions have been made:

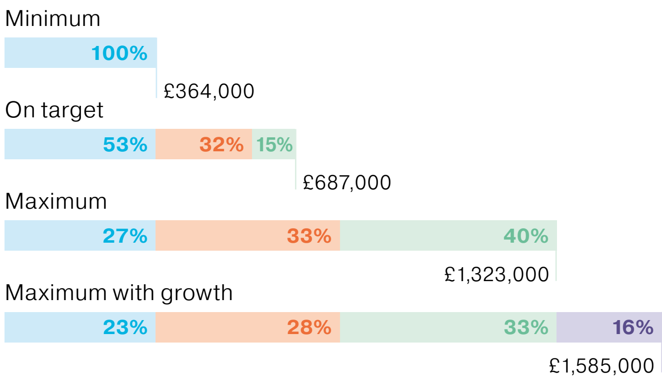
	Fixed pay	Annual bonus (including any amount deferred)	PSP (normal policy level)
Minimum performance	Fixed elements of remuneration only – base salary (being the salary effective from 1 March 2024), estimate of benefits payable for 2024/25 and pension contributions for 2024/25 of 4% of salary.	No annual bonus awards	No vesting
Performance in line with expectations		50% of maximum opportunity awarded for achieving target performance – that is, 62.5% of salary.	20% of maximum award vesting for achieving target performance – that is, equivalent of 30% of salary.
Maximum performance		100% of maximum opportunity awarded for achieving maximum performance – that is, 125% of salary.	100% of maximum award vesting for achieving maximum performance – that is, equivalent of 150% of salary.
Maximum performance plus 50% share price growth			100% of maximum award vesting for achieving maximum performance plus hypothetical share price growth of 50%.

Notes to the methodology:
- Annual bonus includes amounts deferred into shares
- PSP is measured at face value – that is, with no assumption of dividends or share price growth (other than in the fourth scenario)
- Any potential amounts relating to all-employee share schemes have been excluded.

Chief Executive Officer



Chief Financial Officer



Fixed pay Annual bonus PSP Share price growth

Recruitment remuneration

The policy aims to attract individuals of sufficient calibre to lead the business, deliver BTG's strategy effectively and promote our long-term success for the benefit of our shareholders and other stakeholders. When appointing a new executive director, the committee seeks to ensure that arrangements are in the best interests of the Group and to not pay more than is appropriate.

The committee will consider several relevant factors. These may include the calibre and experience of the candidate, their existing remuneration package and their specific circumstances, including from where they are recruited.

When hiring a new executive director, the committee will typically align the remuneration package with the policy outlined. It may include other elements of pay that it considers are appropriate; however, this discretion is capped and subject to the following principles and limits:

- New executive directors will be offered a basic salary in line with the policy. This will consider such factors as external market forces, the individual's expertise, experience and calibre, and their current level of pay. Where the committee has set the salary of a new appointment at a discount to the market level until proven, the individual may receive an uplift or a series of planned increases to raise the salary to the appropriate market position over time.
- For both external and internal appointments, the committee may agree that we will meet relocation and incidental expenses as appropriate.
- Annual bonus awards, PSP awards and pension contributions would not be above the levels stated in the policy table on pages 110 to 112.
- Depending on the appointment's timing, the committee may set different annual bonus performance conditions for the first year of performance. A PSP award can be made following an appointment (assuming BTG is not in a close period).
- Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements will be allowed to continue according to the original terms, adjusted as relevant to the appointment.
- The committee may also offer additional cash or share-based buy-out awards when it considers it is in the best interests of BTG (and therefore shareholders) to take account of remuneration given up at the individual's former employer. This includes the use of awards made under 9.4.2 of the Listing Rules. Such awards would represent a reasonable estimate of the value foregone and reflect, as far as possible, the delivery mechanism and time horizons and whether performance requirements are attached to that remuneration. Shareholders will be informed of any such payments at the time of appointment or in the next Annual Report. The value of buy-out awards is not capped.
- For the appointment of a new Chair or non-executive director, the fee arrangement would be set according to the approved remuneration policy.

Service contracts and letters of appointment

BTG's policy is that executive directors should normally be employed under rolling service contracts with notice periods of no more than 12 months (from each party).

All non-executive directors have letters of appointment on a rolling annual basis, which may be terminated with one month's notice by either party. All director appointments are subject to Board approval and election and re-election by shareholders at each AGM.

Key details of the service contracts and letters of appointment of the current directors can be found in the annual report on remuneration, and copies of executive directors' service contracts and non-executive directors' letters of appointment are available for inspection at our registered office during normal business hours.

Payments for loss of office
The principles underpinning how we determine payments for loss of office are set out below:

Payment in lieu of notice	BTG may terminate a contract with immediate effect with or without cause by making a payment, in lieu of notice, of base salary. The default approach will be to make the payment in lieu of notice by monthly instalments, with reductions for any amounts received from providing services to others during this period. However, the committee retains the discretion to make the payment as a lump sum. There are no obligations to make payments beyond those disclosed in this report.
Annual bonus	This will be at the discretion of the committee on an individual basis. The decision as to whether to award an annual bonus in full or in part will depend on a number of factors, including the circumstances of the individual's departure and their contribution to the business during the relevant annual bonus period. Any amounts paid will be prorated for time in service during the annual bonus period and will, subject to performance, be paid at the usual time (although the committee retains the discretion to pay the annual bonus award earlier). Any bonus earned for the year of departure and, if relevant, for the prior year, may be paid wholly in cash at the committee's discretion. On a change of control, annual bonuses will either continue for the full year or be paid to the time of completion on a pro rata basis.
Deferred bonus awards	The extent to which any unvested deferred bonus award will vest will be determined according to the rules of the deferred bonus plan. If a participant leaves BTG for any reason (other than summary dismissal, in which case the award will lapse), the award will usually continue until the normal vesting date. The committee retains the discretion to remove awards when the participant leaves. On a change of control, awards will generally vest on the date that control changes, unless the committee permits (or requires) awards to roll over into equivalent shares in the acquirer.
Performance Share Plan	The extent to which any unvested award will vest will be determined according to the rules of the PSP. Any outstanding awards will ordinarily lapse. However, in good leaver cases, awards will generally vest subject to the original performance condition and time proration and the holding period will continue to apply. For added flexibility, the policy allows the committee to decide not to prorate (or to prorate to a different extent) if it decides it is appropriate, and to allow vesting to be triggered at the point of leaving, rather than waiting until the end of the performance period. On a change of control, any vesting of awards will be subject to assessment of performance against the performance conditions and will normally be prorated.
Mitigation	The committee strongly endorses the obligation on an executive director to mitigate any loss on early termination and will seek to reduce the amount payable on termination where appropriate. The committee will also take care to ensure that, while meeting its contractual obligations, poor performance is not rewarded.
Buy-out awards	Where a buy-out award is made under the Listing Rules, the leaver provisions would be determined at the time of the award.
Other payments	BTG may pay outplacement and professional legal fees incurred by executives in finalising their termination arrangements, where appropriate. It may also pay any statutory entitlements or settle compromise claims in connection with a termination of employment, in the best interests of the company. Outstanding savings/shares under all-employee share plans would be transferred in accordance with the terms of the plans.

External appointments

BTG recognises that its executive directors may be invited to become non-executive directors of other companies, and that such appointments can broaden a director's experience and knowledge to the Group's benefit. Subject to approval by the Board, executive directors are allowed to accept non-executive appointments, provided that they are not likely to lead to conflicts of interest. The committee will consider its approach to fees received by executive directors for external non-executive roles as they arise.

Annual report on remuneration

Committee attendance

Committee member	For the financial year to 29 February 2024
Erika Schraner	7/7
Patrick De Smedt	7/7
Alison Vincent[1]	2/2
Shruthi Chindalur[2]	2/2
Mike Phillips[3]	7/7

1 Alison Vincent stepped down from the committee on 31 October 2023.
2 Shruthi Chindalur was appointed to the committee on 1 February 2024.
3 Mike Phillips resigned from the committee on 24 March 2024, after the end of the financial year.

The committee's role and composition

The Board is ultimately accountable for executive remuneration and delegates this responsibility to the Remuneration Committee. The committee is responsible for developing and implementing a remuneration policy that supports BTG's strategy and for determining executive directors' individual packages and terms of service, together with those of other members of senior management (including the Group Company Secretary).

When setting the remuneration terms for executive directors, the committee reviews and considers wider employee reward and related policies. It also takes close account of the remuneration-related provisions of the UK Corporate Governance Code (code).

The committee is formally constituted and operates with written terms of reference, which are available at bytesplc.com.

In the year, the committee comprised Erika Schraner (Chair), Patrick De Smedt, Mike Phillips and Shruthi Chindalur. As announced during the year, Alison Vincent stepped down from the Board and as Chair of the committee on 31 October 2023, while Shruthi Chindalur joined the Board and the committee on 1 February 2024. All the other members of the committee were members throughout the year ended 29 February 2024. The committee met seven times during the year, with full attendance at all meetings.

Provision 32 of the code recommends that a board should establish a remuneration committee of independent non-executive directors with a minimum membership of three. In addition, the chair of a board can only be a member if they were independent on appointment and cannot chair the committee. During the period, the company was not compliant with provision 32 from Alison Vincent stepping down from the Board on 31 October 2023 until Shruthi Chindalur's appointment on 1 February 2024 because, in that time, the Board only comprised two independent non-executive directors, excluding Patrick De Smedt as Board Chair.

Post-period, Mike Philips resigned from the Board and committee on 24 March 2024. Ross Paterson and Anna Vikström Persson will join the committee as new members from 1 June 2024.

At the committee's invitation, the Group's executive directors, the Group Company Secretary (who acts as committee secretary) and FIT, BTG's retained remuneration consultants, also attend its meetings. The executive directors are consulted on matters discussed by the committee unless these relate to their own remuneration. Advice or information is sought from other employees and from FIT where the committee feels it would assist its decision making.

The committee is authorised to take such internal and external advice as it considers appropriate in carrying out its duties, including appointing external remuneration advisors. During the year, it was assisted by FIT. FIT was appointed by the Board in September 2020 and provided advice during the year on general remuneration matters, and on the design and implementation of the policy. Fees paid to FIT for advising the committee during the year to 29 February 2024 were £69,365 (excluding VAT), charged on a time/cost basis. FIT did not provide any other services to BTG during the year to 29 February 2024. FIT is a member of the Remuneration Consultants Group and, as such, voluntarily operates under its code of conduct on executive remuneration consulting in the UK. The committee is satisfied that FIT's advice was objective and independent.

The committee carried out the following significant activities during the 2023/24 financial year:

- Undertook a comprehensive review of the executive directors' remuneration arrangements and prepared a revised directors' remuneration policy, which will be put to shareholders for approval at the 2024 AGM
- Sought the views of our major shareholders and the main voting agencies on our proposals for the revised policy as part of a comprehensive consultation exercise
- Reviewed and approved remuneration packages for the current executive directors
- Determined the terms of the MD Phoenix's package on her promotion to the Board
- Approved the annual bonus outcomes for the 2022/23 financial period
- Reviewed and approved the terms of the 2023 PSP awards
- Oversaw the PSP, CSOP and SAYE plans, including the vesting of the IPO-related PSP awards in December 2023
- Monitored corporate governance developments, in particular the publication of the new code
- Monitored external market practice, and developments in the governance expectations of institutional shareholders and shareholder representative bodies
- Determined the treatment of remuneration for the former CEO following his resignation
- Established the remuneration package for the Interim CEO and CEO following the resignation of the former CEO
- Reviewed and approved the reconciliations relating to the previously announced PDMR and PCA notifications that the company issued about Neil Murphy
- Reviewed and approved the reconciliations relating to the disclosed position in previous annual reports and accounts.

Since the end of the 2023/24 financial year, the committee has:

- Determined the outcomes under the annual bonus plan for the year ended 29 February 2024
- Agreed the annual bonus structure for the year ending 28 February 2025
- Agreed the award levels and performance targets for the PSP grants to be made to eligible participants in 2024.

The information that follows has been audited (where indicated) by BTG's auditor, EY.

Single total figure of remuneration for each director (audited)

The table below reports the total remuneration for BTG directors during the year ended 29 February 2024.

Directors' total remuneration

£		Base salary/ fees	Benefits[1]	Annual bonus	Long-term incentives[2]	Pension[3]	Total	Total fixed	Total variable
Executive directors									
Sam Mudd[4]	2023/24	187,957	530	101,114	–	6,368	295,969	194,855	101,114
	2022/23	–	–	–	–	–	–	–	–
Andrew Holden	2023/24	333,900	816	184,544	–	13,356	532,616	348,072	184,544
	2022/23	318,000	675	298,920	–	12,720	630,315	331,395	298,920
Neil Murphy[5]	2023/24	406,000	5,658	–	–	4,017	415,675	415,675	–
	2022/23	390,000	15,684	366,600	–	4,017	776,301	409,701	366,600
Non-executive directors									
Patrick De Smedt	2023/24	187,200	–	–	–	–	187,200	187,200	–
	2022/23	187,200	–	–	–	–	187,200	187,200	–
Shruthi Chindalur[6,7]	2023/24	6,233	–	–	–	–	6,233	6,233	–
	2022/23	–	–	–	–	–	–	–	–
David Maw[8,9]	2023/24	21,672	–	–	–	–	21,672	21,672	–
	2022/23	59,280	–	–	–	–	59,280	59,280	–
Mike Phillips[7,10]	2023/24	86,050	–	–	–	–	86,050	86,050	–
	2022/23	72,800	–	–	–	–	72,800	72,800	–
Erika Schraner[7,9]	2023/24	92,133	–	–	–	–	92,133	92,133	–
	2022/23	52,000	–	–	–	–	52,000	52,000	–
Alison Vincent[11]	2023/24	41,600	–	–	–	–	41,600	41,600	–
	2022/23	62,400	–	–	–	–	62,400	62,400	–
Total	**2023/24**	**1,362,745**	**7,004**	**285,658**	**–**	**23,741**	**1,679,148**	**1,393,490**	**285,658**
	2022/23	1,141,680	16,360	665,520	–	16,737	1,840,297	1,174,777	665,520

1 Non-salary benefits include the provision of private medical insurance, life insurance and long-service awards.
2 No performance-related PSPs were capable of vesting for performance ending in the period.
3 The amount of employer contribution based on a percentage of base salary.
4 Joined the Board on 12 July 2023. All remuneration amounts for 2023/24 are prorated over the period from this date.
5 Resigned from the Board on 21 February 2024 and received no further remuneration from that date. The base salary for 2023/24 includes £7,875 holiday pay. On 9 May 2024 the Company entered into a settlement agreement with Neil Murphy, under which the cash portion of his bonus since IPO (net of tax) amounting to £274,825, will be clawed back. The figures included in the table do not include this clawback as a deduction. The portion of Neil's post- IPO bonus which had been deferred into share options, none of which had vested at the time of his resignation, was forfeited. Further details on the settlement agreement are included on page 122.
6 Joined the Board on 1 February 2024.
7 Includes additional fees (Shruthi Chindalur £1,900, Mike Phillips £13,250, Erika Schraner £32,000) for work on specially established Board subcommittees investigating undisclosed share dealings by former directors – see more detail on pages 69 to 70.
8 Retired from the Board on 12 July 2023.
9 Includes prorated annual fee for role as designated non-executive director for employee engagement.
10 Resigned from the Board on 24 March 2024.
11 Stepped down from the Board on 31 October 2023.

Annual bonus for the year ended 29 February 2024 (audited)

For the 2023/24 financial year, executive directors were eligible for an annual discretionary bonus, for which performance objectives with suitably challenging 12-month goals were set at the beginning of the period. These comprised measures based 80% on operating profit (adjusted for amortisation and share-based payment charges) and 20% on key strategic objectives composed of three ESG-related metrics, each weighted at 5%, and a cash conversion metric, also weighted at 5%. Each of the key strategic objectives had a straightforward stretch target. This was considered appropriate because the objectives were quantitative measures and their weightings not material in isolation. The committee also evaluated each objective with consideration to industry standards and the company's specific context. No discretionary adjustments were made to the annual bonus outcome for the year.

The maximum annual bonus payable for the CFO and former CEO was 100% of salary, against which:

- the CFO earned a bonus of 55% of maximum (see the BTG Group-level scorecard)
- the former CEO was not eligible for a 2023/24 annual bonus following his resignation on 21 February 2024.

The MD Phoenix was eligible for a maximum bonus of 85% of salary in the role of executive director (pro rata from appointment to the Board), with the majority of the maximum bonus potential for 2023/24 weighted to Phoenix Software's performance – 65% of salary out of the total 85% of salary possible – and with the balance of 20% of salary subject to the same BTG Group-level scorecard as applied to the CFO and former CEO.

The MD Phoenix earned a bonus of 54% of salary and 63% of the maximum 85% of salary available, split as follows:

- 55% of the 20% of salary available under the BTG Group-level scorecard (11% of salary)
- 66% of the 65% of salary available under the Phoenix entity-level scorecard (43% of salary)

The metrics within the BTG Group-level annual bonus scorecard and the related performance outcomes were as follows:

Performance metric	Proportion of bonus determined by metric	Threshold performance (25% of max payable)	Target performance (50% of max payable)	Stretch performance (100% of max payable)	Actual performance	Bonus earned (% of max for this element)	Bonus earned (% of salary)
Adjusted operating profit (£m)	80%	58,350	64,834	68,075	63,300	44%	35%
Key strategic objectives	**Proportion of bonus determined by metric**	**N/A**	**N/A**	**Target**	**Actual performance**	**Bonus earned (% of max)**	**Bonus earned (% of salary)**
Cash conversion	5%	–	–	> 100%	104.3%	100%	5%
Employee satisfaction (eNPS)	5%	–	–	> 60	71	100%	5%
Customer satisfaction (NPS)	5%	–	–	> 60	82	100%	5%
ESG rating (ISS Quality Score)[1]	5%	–	–	⩽ 3	3	100%	5%
Strategic objectives total	**20%**					**100%**	**20%**
Total	**100%**					**55%**	**55%**

1 As per ISS Quality Score methodology, where 1/10 equates to a higher level of environmental and social disclosure, and to a lower level of governance risk.

The metrics within the Phoenix entity-level annual bonus scorecard, in which only the MD Phoenix participated in 2023/24, were:

- Phoenix adjusted operating profit (85% weighting)
- Key strategic objectives for Phoenix (15% weighting), comprising two Phoenix-level financial objectives and two Phoenix-level NPS measures.

The targets and related performance levels attained for 2023/24 on the Phoenix bonus scorecard remain commercially sensitive at the time of publication of this report, but the combined outcome across all metrics was equivalent to 66% of the maximum amount available to the MD Phoenix.

For all executive directors, two-thirds of the bonus is paid in cash and one-third will be deferred in shares, which will vest after a two-year period.

PSP awards vesting in the year (audited)

There were no long-term incentive awards capable of vesting in relation to performance during the year.

PSP awards granted in the year (audited)

The table below provides details of share awards made to the executive directors on 1 June 2023. The awards made to Neil Murphy on 1 June 2023 were forfeited immediately on his resignation on 21 February 2024:

	Date of award	Type of award	Basis of award (% of salary)	Number of shares under award[1]	Face value of award (£'000)	% vesting at threshold	End of vesting period
Sam Mudd[2]	1 June 2023	Nil cost option	100%	60,300	295	20%	31 May 2026
Andrew Holden	1 June 2023	Nil cost option	150%	102,400	501	20%	31 May 2026
Neil Murphy[3]	1 June 2023	Nil cost option	150%	125,600	614	20%	31 May 2026

1 The number of awards was calculated using a share price of £4.89, which was based on the company's average closing share price on 26, 30 and 31 May 2023.
2 Awarded prior to appointment as executive director on 12 July 2023.
3 Awards were made on 1 June 2023 but were forfeited immediately on resignation on 21 February 2024.

The PSP awards granted on 1 June 2023 are subject to a combination of performance conditions, being adjusted earnings per share (EPS) and relative total shareholder return (TSR) compared with the constituents of the FTSE 250 (excluding real estate and equity investment trusts) measured over a three-year performance period. The targets are set out here:

Measure	Weighting	Performance period	Targets
Adjusted EPS	75%	Three financial years to 28 February 2026[1]	Adjusted EPS of 22.43 pence (20% vests) rising on a straight-line basis to 50% vesting for 26.45 pence and on a straight-line basis again to full vesting for achievement of 29.39 pence
Relative TSR versus constituents of the FTSE 250 (excluding real estate and equity investment trusts)	25%	Three financial years to 28 February 2026	Median (20% vests) rising on a straight-line basis to full vesting for upper-quartile performance

1 The adjusted EPS target is based on performance in the final year of the performance period.

In addition, the committee retains discretion to reduce the overall PSP vesting level (potentially to zero) if it considers that the underlying business performance of the company does not justify it.

A two-year holding period will apply to any awards vesting, and recovery and withholding provisions will apply in line with our approved policy.

Directors' remuneration report continued

Executive directors' share options outstanding at the year end (audited)

Details of share options outstanding at the financial year end are shown in the following table.

Scheme	No. of options at 28 February 2023/date of joining	Options granted in year	Options forfeited in year	Options exercised in year	No. of options at 29 February 2024	Date of grant	Share price at date of grant	Exercise price	Date from which exercisable	Expiry date
Sam Mudd[1]										
PSP	133,851	4,004	0	0	137,855	17 December 2020	£3.43	£0.01	17 December 2023	16 December 2030
CSOP[2]	50,000	0	0	0	50,000	1 June 2021	£5.00	£5.00	1 June 2024	31 May 2031
SAYE[2]	4,500	0	0	0	4,500	22 June 2021	£4.53	£4.00	1 August 2024	1 February 2025
PSP	52,230	0	0	0	52,230	1 June 2022	£4.53	£0.01	1 June 2025	31 May 2032
PSP	0	60,300	0	0	60,300	1 June 2023	£5.16	£0.01	1 June 2026	31 May 2033
Andrew Holden										
CSOP[3]	45,000	0	0	0	45,000	1 June 2021	£5.00	£5.00	1 June 2024	31 May 2031
SAYE[3]	4,500	0	0	0	4,500	22 June 2021	£4.53	£4.00	1 August 2024	1 February 2025
DBP[4]	10,305	0	0	0	10,305	1 June 2022	£4.53	£0.01	1 June 2024	1 December 2024
PSP	102,580	0	0	0	102,580	1 June 2022	£4.53	£0.01	1 June 2025	31 May 2032
DBP[5]	0	20,376	0	0	20,376	1 June 2023	£5.16	£0.01	1 June 2025	1 December 2025
PSP	0	102,400	0	0	102,400	1 June 2023	£5.16	£0.01	1 June 2026	31 May 2033
Neil Murphy[6]										
DBP[4]	25,537	0	25,537	0	0	1 June 2022	£4.53	£0.01	N/A	N/A
PSP	125,800	0	125,800	0	0	1 June 2022	£4.53	£0.01	N/A	N/A
DBP[5]	0	24,989	24,989	0	0	1 June 2023	£5.16	£0.01	N/A	N/A
PSP	0	125,600	125,600	0	0	1 June 2023	£5.16	£0.01	N/A	N/A

Key:
PSP: Performance Share Plan
DBP: Deferred Bonus Plan
CSOP: Company Share Option Plan
SAYE: Save As You Earn Plan (Sharesave)

1 Sam Mudd was promoted to the Board on 12 July 2023. All PSP, CSOP and SAYE awards were made before she joined the Board. The share options shown under the 17 December 2020 PSP at 29 February 2024 include 8,225 dividend equivalent options of which 3,326 were granted on 4 August 2023 and 678 were granted on 1 December 2023. The closing awards vested during the year but have not yet been exercised.

2 The face value of the CSOP award granted was £250,000 based on the share price at the date of grant. The face value of the SAYE was £20,385 based on the share price at the effective date of 22 June 2021.

3 The face value of the CSOP award granted was £225,000 based on the share price at the date of grant. The face value of the SAYE was £20,385 based on the share price at the effective date on 22 June 2021.

4 The face value of the DBP awards granted to Neil Murphy and Andrew Holden on the date of the grants was £115,683 and £46,682, respectively. These grants are not subject to any other performance conditions.

5 The face value of the DBP awards granted to Neil Murphy and Andrew Holden on the date of grant was £128,943 and £105,140 respectively. These grants are not subject to any other performance conditions.

6 All the share awards held by Neil Murphy were forfeited immediately on his resignation on 21 February 2024.

The closing share price of the company's ordinary shares at 29 February 2024 was 557.5 pence, and the closing price range during the year ended 29 February 2024 was 360.6 pence to 657.0 pence.

Statement of directors' shareholding and share interests (audited)

The following table shows the interests of directors and those connected to them in BTG's ordinary shares at 29 February 2024. All the share options held by Neil Murphy were forfeited immediately on his resignation on 21 February 2024.

	No. of shares owned outright (restated)	No. shares owned outright	No. options vested, unexercised, and not subject to performance[1]	No. options unvested and not subject to performance	No. options unvested and subject to performance	Shareholding as % of salary at 29 February 2024	Shareholding guideline as % of salary	Company shareholding guideline met
Current directors	28 February 2023/ date of joining	29 February 2024/ date of leaving						
Sam Mudd[2]	76,958	81,548	137,855	54,500	112,530	242%	200%	Yes
Andrew Holden	72,990	72,990	0	80,181	204,980	122%	200%	No
Patrick De Smedt[3]	92,592	102,592	0	0	0	N/A	N/A	N/A
Mike Phillips	74,074	20,000	0	0	0	N/A	N/A	N/A
Erika Schraner	10,037	10,037	0	0	0	N/A	N/A	N/A
Shruthi Chindalur	0	0	0	0	0	N/A	N/A	N/A
Former directors								
David Maw[4]	17,865	17,865	0	0	0	N/A	N/A	N/A
Alison Vincent[5]	6,686	6,686	0	0	0	N/A	N/A	N/A
Neil Murphy[6,7]	4,051,036	2,890,369	0	0	0	3,969%	200%	Yes

1 PSP awards granted at IPO on 17 December 2020 (including 8,225 dividend equivalent options).
2 Sam Mudd joined the Board with effect from 12 July 2023. The opening number of shares is stated at the date of appointment to the Board.
3 Patrick De Smedt's shareholding has been restated for one fewer share at 28 February 2023 for a misstatement on the prior-year disclosed amount.
4 David Maw retired from the Board with effect from 12 July 2023 – the number of shares and share interests is at the date of retiring from the Board.
5 Alison Vincent stepped down from the Board with effect from 31 October 2023 – the number of shares and share interests is at the date of stepping down from the Board. As disclosed on 14 July 2023, persons closely associated (PCA) with Alison Vincent bought 608 ordinary shares in the company. This purchase was not previously disclosed at the time because of an administrative error, so the amount shown for 28 February 2023 has been restated to include these 608 shares. Her shareholding has also been restated for one fewer share at 28 February 2023 for a misstatement on the prior-year disclosed amount.
6 On 21 February 2024, the company announced that Neil Murphy had resigned with immediate effect because of undisclosed share dealings. The number of shares and share interests is at the date of resigning from the Board. His undisclosed share dealings were released to the market by RNS on 23 February 2024 and undisclosed dealings in the name of a PCA of Neil Murphy were released to the market by RNS on 13 March 2024. His shareholding as at 28 February 2023 has been restated in the table above to reflect the undisclosed 264,667 shares.
7 Subsequent to the RNS releases noted above for Neil Murphy, it has also come to our attention that the initial notification of shareholding for Neil Murphy on 18 December 2020, at the time of the BTG IPO, was understated by 151 shares. This comprised one share allocated to him on the incorporation of BTG plc, and 150 shares being the conversion of his shares in Altron (the Group's previous owner) to BTG plc shares after redemption of the minimum 25% required under the terms of the demerger. His shareholding as at 28 February 2023 has been restated in the table above to reflect the 151 shares previously excluded at that date.

The interests of those directors holding a position on the Board at the year end did not change between 29 February 2024 and the date of signing the Annual Report and Accounts for 2023/24, except that this has not been confirmed in relation to Mike Phillips, since his resignation on 24 March 2024.

Neil Murphy's shareholdings

As explained on pages 69 to 70 and in the footnotes above, Neil Murphy's undisclosed share dealings mean that the directors' shareholding information in each of the company's annual reports for the three years ended 28 February 2023 were incorrect, and that the declarations Neil provided to our external auditors, EY, in relation to his shareholding were misrepresented.

Taking into account all the disclosed and undisclosed transactions known by the company to date in respect of Neil Murphy and his PCA, and the omission of the initial 151 shares allocated at IPO, the company has produced the following reconciliations:

- From the previously announced PDMR notifications issued by the company in respect of Neil to the correct position at each date
- From the disclosed positions in the Annual Report and Accounts 2020/21, 2021/22 and 2022/23 to the correct position at each date.

Directors' remuneration report continued

Neil Murphy's PDMR announcements

This presents the shareholding announced at each date and the correct revised holding that should have been reported, so at all dates the announced holding was less than the actual holding.

Date	Announced new PDMR holding at this date	Announced change in holding at this date	Unannounced initial notification correction	Unannounced trades since last PDMR notification	Unannounced revised correct holding at this date	Note	Announced holding versus revised correct holding at this date
18 December 2020	4,190,941	–	151	–	4,191,092		(151)
17 January 2022	3,690,941	(500,000)	–	235,085	3,926,177	1	(235,236)
9 January 2023	3,735,424	44,483	–	93,322	4,063,982	2	(328,558)
2 February 2023	3,786,218	50,794	–	(63,740)	4,051,036	3	(264,818)
23 June 2023	2,836,218	(950,000)	–	326	3,101,362	3	(265,144)
28 November 2023	2,890,218	54,000	–	(264,993)	2,890,369	3	(151)

Annual Report disclosures

Financial year	Disclosure date	Disclosed holding	Initial notification correction	Cumulative undisclosed trades correction	Revised correct holding	Note	Disclosed holding versus revised correct holding
2020/21	28 February 2021	4,190,941	151	8,852	4,199,944		(9,003)
2021/22	28 February 2022	3,690,941	151	267,421	3,958,513	1	(267,572)
2022/23	28 February 2023	3,786,218	151	264,667	4,051,036	2	(264,818)

Of Neil Murphy's revised holding:
1 As at this date, 6,556 ordinary shares were beneficially owned by his wife, Alison Murphy.
2 As at this date, 14,992 ordinary shares were beneficially owned by his wife, Alison Murphy.

Alison Vincent's shareholdings

As also explained on pages 69 to 70, an undisclosed purchase of 608 BTG shares by a PCA of Alison Vincent means that the directors' shareholding information in the Annual Report and Accounts 2021/22 and 2022/23 was incorrect with respect to the shareholdings of Alison Vincent and her PCAs.

There is a prior-year adjustment to the statement of directors' shareholding and share interests table (see previous footnote 5) in respect of this undisclosed shareholding.

Payments for loss of office and to past directors (audited)

There were no payments for loss of office to past directors during the year.

As announced on 21 February 2024, Neil Murphy resigned as CEO of BTG with immediate effect from that date.

In accordance with Neil's service contract and the directors' remuneration policy, each of the elements of remuneration has been treated as follows and approved under the terms of a settlement agreement reached between the company and Neil on 9 May 2024:

Fixed pay	• Paid until date of resignation. Neil Murphy has not received, nor will receive, any further salary, pension or benefits for the period after the date of his resignation.
Annual bonus	• Ineligible for any payment in respect of the 2023/24 financial year. • In addition, the committee exercised its powers to pursue clawback for the full amount of the cash portion of all annual bonuses awarded to Neil Murphy since IPO (on a net-of-tax basis reflecting the actual amounts received). The total agreed is £274,825, payable to the company within 28 days from the date of the agreement. To the extent that he obtains a refund from HMRC of income tax previously paid on any or all of the bonus payments, Neil will immediately notify the Company of such refund and shall pay any such refund to the Company within 14 days of receiving the refund.
Share-based awards	• On the date of his resignation, all Neil Murphy's unvested deferred bonus plan awards and unvested PSP awards were forfeited in full. There were no vested options at this date, exercised or unexercised.
Shareholding guidelines	• 200% of salary shareholding guideline applies for two years from resignation, being not less than ordinary shares to the value of at least £819,000 for a minimum period of up to 21 February 2026, provided always that he shall not be obliged to hold more than 136,673 shares. • Any sales in this period to be conducted via the company broker in the first instance. • Notwithstanding the statement made by Neil Murphy on 22 June 2023 at the time of the sale of 950,000 ordinary shares in the company to not sell any shares in the company in the 12 months following that date, it is agreed between the parties that Neil is permitted as of the date of the Settlement Agreement to sell ordinary shares up to a maximum value of £500,000 before 22 June 2024.

Non-executive directors' fees (audited)

As a consequence of the undisclosed share dealings by Neil Murphy and Alison Vincent's PCA in 2023/24, it was necessary for the Board to establish specifically constituted additional subcommittees of the Board to investigate these matters, and to oversee and direct the work of both internal teams and external professional advisors who were appointed to support these processes. In recognition of the complexity of such additional responsibilities and the additional time commitment, which extended beyond the normal responsibilities of non-executive directors, during 2023/24 additional remuneration was considered for those non-executives serving on and leading these subcommittees.

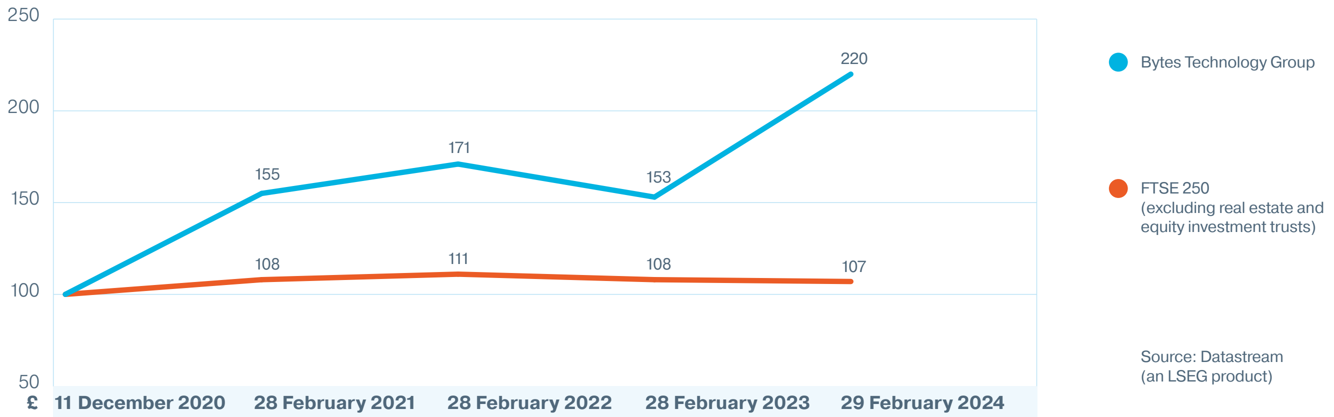
It was agreed by the Board that it was appropriate and in shareholders' best interests that BTG non-executive directors should receive additional fees per additional day worked on these matters and that the levels of such fees should reflect an equivalent day rate set by reference to continuing normal BTG non-executive director fees for roles fulfilled (non-executive base fees and additional fees for chairing Board subcommittees).

In 2023/24, such additional fees comprised £32,000 to Erika Schraner, £13,250 to Mike Phillips and £1,900 to Shruthi Chindalur. All these amounts are reflected in the single total figure of remuneration for each director table on page 117. With this work continuing into 2024/25, there will be further amounts for the work on these subcommittees included in the single total figure of remuneration for each director table in the directors' remuneration report for 2024/25, with the values calculated on the same basis of equivalent day rates related to continuing non-executive director fees.

Total shareholder return performance

The graph below shows the value at 29 February 2024 of £100 invested in BTG on 11 December 2020, the date of commencement of conditional trading on the London Stock Exchange, compared with £100 invested in the FTSE 250 Index (excluding real estate and equity investment trusts) on the same date, on the assumption that dividends are reinvested for additional equity.

The FTSE 250 Index (excluding real estate and equity investment trusts) was selected as a comparator because BTG is a constituent. This allows our performance to be compared against the index as a whole.



Directors' remuneration report continued

CEO and Interim CEO remuneration

The total remuneration figure for the CEO in 2023/24 is shown in the table below, along with the value of bonuses paid, and PSP vesting, as a percentage of the maximum opportunity. This table will build to show a rolling 10 years' worth of data over time.

Year	CEO or Interim CEO	CEO single total figure of remuneration	Annual bonus payout % of maximum	PSP vesting % of maximum
2023/24	Sam Mudd[1,2]	£11,412	63%	N/A
2023/24	Neil Murphy[1,2]	£415,675	0%	N/A
2022/23	Neil Murphy[1]	£776,301	94%	N/A
2021/22	Neil Murphy[1]	£739,364	95%	N/A
2020/21	Neil Murphy[1,3]	£92,025	100%	N/A

1 No PSP awards vested during the period.
2 Sam Mudd was appointed Interim CEO on 21 February 2024 and her total remuneration is the prorated figure for nine days from that date to 29 February 2024. Neil Murphy's total remuneration covers the period until his resignation on 21 February 2024.
3 Total remuneration is the prorated, post-IPO figure (for the period from admission to the London Stock Exchange to 28 February 2021).

Change in directors' remuneration compared with other employees

The following table shows the percentage change in the remuneration of the executive directors and non-executive directors compared with the average change for all employees of the parent company for the year ended 29 February 2024. 2022/23 was the first year in which this table was included, because it represented the first time where two full years of data had been available since IPO. This table will build up over time to ultimately cover a rolling five-year period.

Current directors		Salary and fees (% change)	Taxable benefits (% change)	Annual bonus (% change)
Sam Mudd	2023/24	N/A	N/A	N/A
Andrew Holden[1]	2023/24	5%	20.9%	(-38.3%)
	2022/23	198.6%	N/A	195.4%
Patrick De Smedt	2023/24	0%	N/A	N/A
	2022/23	4%	N/A	N/A
Mike Phillips[2]	2023/24	18.2%	N/A	N/A
	2022/23	4%	N/A	N/A
Erika Schraner[3]	2023/24	77.2%	N/A	N/A
	2022/23	108.0%	N/A	N/A
Shruthi Chindalur	2023/24	N/A	N/A	N/A
	2022/23	N/A	N/A	N/A
Former directors				
David Maw	2023/24	(-63.4%)	N/A	N/A
	2022/23	14.6%	N/A	N/A
Alison Vincent	2023/24	(-33.3%)	N/A	N/A
	2022/23	4%	N/A	N/A
Neil Murphy[4]	2023/24	4.1%	(-63.9%)	(-100%)
	2022/23	4%	282.8%	2.9%
All employees[5]	2023/24	6.7%	24.2%	(-6.3%)
	2022/23	5.7%	6.2%	21.7%

1 Salary and annual bonus percentage increase in 2022/23 were in relation to pro rata salary and bonus earned in 2021/22 since date of appointment to the Board on 21 October 2021. The reduction in annual bonus in 2023/24 reflects the Group not achieving it's adjusted operating profit stretch target in the year.
2 Fee increase in 2023/24 relates to amounts received for additional work on Board subcommittees established to investigate undisclosed share dealings.
3 Fee increase in 2022/23 was in relation to pro rata fees earned in 2021/22 since date of appointment to the Board on 1 September 2021. Fee increase in 2023/24 relates to amounts received for additional work on Board subcommittees established to investigate undisclosed share dealings.
4 2023/24 figures for Neil Murphy reflect nil bonus for 2023/24 as a result of his resignation and lower benefits given he received a long service award in 2022/23 of £9,777.
5 Reflects the average percentage change in salary, benefits and bonus for employees of the parent company (excluding the Board). To aid comparison, the employees of the parent company are those full-time employees who were employed over the complete two-year period.

Relative importance of spend on pay

The following table shows the actual spend on pay for all BTG employees relative to dividends:

Year	Staff costs	Dividends
2023/24	£88.4m	£36.6m
2022/23	£76.8m	£30.7m
% increase	15%	19%

CEO-to-employee pay ratio

The table below sets out the ratio between the total pay of the CEO and that of employees at the 25th, 50th (median) and 75th percentiles of BTG's UK employees. This table will expand to show a rolling 10 years' worth of data over time.

Year	Method	25th percentile	50th percentile	75th percentile
2023/24	A	12:1	8:1	5:1
2022/23	A	22:1	15:1	8:1
2021/22	A	24:1	15:1	8:1
2020/21	A	14:1	9:1	5:1

The 25th, 50th and 75th percentile-ranked individuals were identified using 'option A' in the reporting regulations, selected on the basis that this is the most robust and statistically accurate means of identifying the relevant people. Given ratios could be unduly affected by joiners and leavers who may not participate in all remuneration arrangements in the year of joining and leaving, the committee has modified the statutory basis slightly to exclude anyone not employed throughout the entire financial year. The 25th, 50th and 75th percentile employees were identified as at 29 February 2024.

The CEO pay figure is derived from the total remuneration set out in the single total figure of remuneration for each director table on page 117. Given that more than one person has undertaken the role of the CEO in the year ended 29 February 2024, the calculation of the ratio uses the total remuneration in the table paid in relation to the period those persons were undertaking the role of CEO during the year.

Pay in respect of the CEO and employees is shown in the table below (the employee pay includes the same pay elements as for the CEO, and so excludes LTIPS).

	CEO	All employees		
Year	See CEO and Interim CEO remuneration table on page 124[1]	25th percentile	50th percentile	75th percentile
2023/24 salary	£413,260	£31,800	£30,000	£65,000
2023/24 total pay	£427,087	£36,385	£55,647	£91,713

1 Total pay for the former CEO to date of resignation on 21 February 2024 plus prorated pay for the Interim CEO from 21 February 2024 to 29 February 2024.

The decrease in the ratio from 2022/23 to 2023/24 primarily reflects the removal of any bonus to Neil Murphy for the year ended 29 February 2024 as a result of his resignation on 21 February 2024. The pay for the Interim CEO was included only from appointment on 21 February 2024, so there is only a small pro rata bonus included for the subsequent nine days. This accounts for the relatively small difference between salary for the CEO role and total pay for that role. Given this impact, there is not yet any clear trend in the median pay ratio over the period of financial years covered by the pay ratio table. After taking this into account, the committee is satisfied that the ratio is reasonable and consistent with our wider policies on employee pay, reward and progression.

External appointments

At the date of this report, no executive directors are currently non-executive directors of any company outside BTG.

Executive directors' service contracts

The table below summarises key details of the executive directors' contracts:

	Date of joining BTG	Date of service contract	Notice period (from either party)
Neil Murphy	1997[1]	30 October 2020	12 months
Andrew Holden	2021[2]	1 November 2021	6 months
Sam Mudd	2003[3]	12 July 2023	6 months

1 Neil Murphy, appointed as CEO in 2020. Previously MD of Group subsidiary Bytes Software Services Limited since 2000, before which he was sales director for three years. Resigned from BTG on 21 February 2024.
2 Andrew Holden joined BTG as COO on 1 June 2021 and joined the Board as CFO on 21 October 2021.
3 Sam Mudd, appointed to the BTG Board on 12 July 2023 and then as Interim CEO on 21 February 2024 and CEO on 10 May 2024. Previously MD of Group subsidiary Phoenix Software Limited since 2014, before which she was a director for five years and associate director for six years.

Non-executive directors' letters of appointment

The table below summarises key details of the non-executive directors' contracts:

	Date of joining BTG	Date of letter of appointment	Date of last re-election	Notice period (from either party)
Patrick De Smedt	27 July 2020	27 July 2020	12 July 2023	1 month
Mike Phillips[1]	6 November 2020	19 October 2020	12 July 2023	1 month
Erika Schraner	1 September 2021	1 September 2021	12 July 2023	1 month
Shruthi Chindalur	1 February 2024	30 January 2024	N/A	1 month

1 Resigned from the Board effective 24 March 2024.

Implementation of policy for the year ending 28 February 2025

Basic salary

The committee reviews the executive directors' base salaries annually, with any increases taking effect from 1 March each year. Base salaries effective from 1 March 2024 are:

	Base salary 2023/24	Base salary 2024/25	Increase
Sam Mudd (MD Phoenix to 9 May 2024)	£295,000	£308,275	4.5%
Sam Mudd (CEO from 10 May 2024)	N/A	£421,000	N/A
Andrew Holden	£333,900	£348,926	4.5%

Up to 9 May 2024, the table above shows Sam Mudd's salary for her substantive role as MD Phoenix. In addition, Sam, for this period of acting as Interim CEO, was paid a salary supplement of £91,725 per annum (increasing her salary to £400,000 in total). From 10 May 2024, Sam will be paid her CEO salary.

Benefits and pension

No changes are proposed to pension and benefits for 2024/25. Executive directors will continue to receive benefits that include private medical and life insurance, and pension contributions of up to 4% for the CEO, CFO and Interim CEO, in line with the policy.

For the period Sam Mudd holds the role of Interim CEO during 2024/25, her pension contribution will be calculated from the total of her continuing base salary as MD Phoenix and the Interim CEO salary supplement (£400,000 in total).

Annual bonus

Subject to approval of the new policy, the maximum opportunity under the annual bonus plan will be 125% of salary for the Interim CEO, CEO and CFO. One-third of the total bonus payment will be deferred into shares for two years, and recovery and withholding provisions will apply in line with our approved policy.

For the period Sam Mudd held the role of Interim CEO during 2024/25 up to 9 May 2024, her annual bonus will be calculated from the total of her continuing base salary as MD Phoenix and the Interim CEO salary supplement (£400,000 in total) and, subject to approval of the new policy, her maximum annual bonus for the period while Interim CEO will be 125% of this total amount. From 10 May 2024, Sam's bonus will be calculated as 125% against her new salary of £421,000 as CEO.

Bonuses will be based on targets relating to adjusted operating profit (80%) and a number of key strategic objectives (20%). The strategic objectives will include metrics relating to maintenance of financial efficiency and ESG (including employee and customer NPS and an external ESG quality assessment). The committee has not disclosed the detailed performance targets for the forthcoming year in advance, because it considers that they include commercially sensitive matters. Retrospective disclosure of the performance against targets will be made in next year's annual report on remuneration, if the targets are no longer considered commercially sensitive at that time.

Performance Share Plan

The executive directors will participate in the PSP in 2024/25. Andrew Holden will receive awards of 150% of salary, while Sam Mudd as Interim CEO will receive awards of 100% of salary (with her salary for this purpose excluding her Interim CEO salary supplement) and then as CEO will receive awards of 150% of salary. Vesting will be subject to the following performance conditions:

Measure	Weighting	Performance period	Targets
Adjusted EPS	75%	Three financial years to 28 February 2027[1]	Adjusted EPS of 23.6 pence (20% vests) rising on a straight-line basis to 50% vesting for 27.7 pence and on a straight-line basis again to full vesting for achievement of 30.6 pence
Relative TSR versus constituents of the FTSE 250 (excluding real estate and equity investment trusts)	25%	Three financial years to 28 February 2027	Median (20% vests) rising on a straight-line basis to full vesting for upper-quartile performance

1 The adjusted EPS target is based on performance in the final year of the performance period.

In addition, the committee retains discretion to reduce the overall PSP vesting level (potentially to zero) if it considers that the underlying business performance of the company does not justify it.

A two-year holding period will apply to any awards vesting, and recovery and withholding provisions will apply in line with our approved policy.

Non-executive directors' fees

For 2024/25, the regular non-executive directors' fees are:

	Fee 2023/24	Fee 2024/25	% increase
Chair	£187,200	£205,000	9.5%
Base fee	£52,000	£57,000	9.6%
Senior independent director fee	£10,400	£11,000	5.7%
Audit Committee Chair fee	£10,400	£11,000	5.7%
Remuneration Committee Chair fee	£10,400	£11,000	5.7%
ESG Committee Chair fee	N/A	£11,000	N/A
Designated non-executive director for employee engagement	£7,280	£8,000	9%

Additionally, as explained on page 104, in 2024/25 there are continuing actions being taken by the non-executive directors in leading specially established Board subcommittees investigating undisclosed share dealings. BTG will pay additional non-executive directors' fees (calculated on an equivalent pro rata day rate for continuing non-executive director work) for this additional work. The Board regards the payment of these fees as appropriate and fully in shareholders' best interests.

Remuneration voting outcomes

At our 2023 AGM, our remuneration report was approved with 98.85% of votes cast in favour, 1.15% of votes against and 33,552 votes withheld. At our 2021 AGM, our remuneration policy was approved with 94.29% of votes cast in favour, 5.71% of votes against and 18,603 votes withheld.

On behalf of the Board.

Erika Schraner
Remuneration Committee Chair
22 May 2024

Directors' report

This report summarises other useful information, from our Companies Act disclosures and going concern statement, to the details of our main shareholders and our forthcoming Annual General Meeting.

BTG's directors present this report together with the audited consolidated financial statements for the year ended 29 February 2024.

The report has been prepared in accordance with the requirements outlined in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and forms part of the management report as required under Disclosure Guidance and Transparency Rule (DTR) 4. Certain information that fulfils the requirements of the directors' report can be found elsewhere in this report and is referred to below. The information is incorporated into this directors' report by reference.

The directors' report is made up of the governance report and this report. Other relevant information that is incorporated by reference can be found in the strategic report, including:

- An outline of the important events that occurred during the year, on pages 4 to 8
- An indication of likely future developments in the business of BTG and its subsidiaries, Bytes Software Services and Phoenix Software, on pages 6 to 8
- Financial performance, on pages 26 to 29
- Business environment, on pages 12 to 13
- Outlook and financial management strategies, including particulars of any important events affecting the company since the year end (with subsidiary undertakings included in consolidated statements), on pages 6 to 13
- Internal controls, principal risks and risk management framework, on pages 53 to 62
- Stakeholder engagement, including employee engagement, on pages 78 to 82
- Directors' biographies, on pages 72 to 73
- Section 172 statement, on page 65.

Requirements of Listing Rule 9.8.4

Information to be included in the Annual Report and Accounts under Listing Rule 9.8.4 may be found as follows:

Relevant Listing Rule	Pages
LR 9.8.4R (4): details of any long-term incentive schemes and directors' interests	116 to 127
LR 9.8.4R (5): details of any arrangements under which a director has waived emoluments, or agreed to waive any future emoluments, from the company	116 to 127

The strategic report and the directors' report together form the management report for the purposes of the DTR 4.1.8R. Information relating to financial instruments can be found on page 172 and is incorporated by reference. For information on our approach to social, environmental and ethical matters, please refer to our strategic report, including our Task Force on Climate-related Financial Disclosures (TCFD) statement on pages 44 to 52.

Financial risk management instruments

The company's exposure to financial risks and how these risks affect the company's future financial performance is disclosed in notes 23 and 24 to the financial statements.

Research and development

The company did not carry out any research and development activities during the year (2022/23: none).

Directors

The directors who held office at 29 February 2024, and up to the date of this report, are set out below and on pages 72 to 73 with their biographies. Changes to the composition of the Board or committees during the year ended 29 February 2024, and up to the date of approval of the financial statements, were:

- David Maw, who retired as a non-executive director on 12 July 2023
- Alison Vincent, who stepped down as an independent non-executive director on 31 October 2023
- Shruthi Chindalur, who was appointed as an independent non-executive director on 1 February 2024
- Neil Murphy, who resigned as CEO and as a member of the Board with immediate effect on 21 February 2024
- Sam Mudd, who was appointed to the Board as an executive director on 12 July 2023, as Interim CEO on 21 February 2024 and as CEO on 10 May 2024
- Mike Phillips, who resigned with immediate effect as an independent non-executive director on 24 March 2024.

Directors
as at 29 February 2024

Name	Effective date of joining BTG Board	Position
Patrick De Smedt	15 October 2020	Independent non-executive Chair
Sam Mudd	12 July 2023	Interim CEO (appointed as CEO on 10 May 2024)
Andrew Holden	21 October 2021	CFO
Erika Schraner	1 September 2021	Independent non-executive director
Shruthi Chindalur	1 February 2024	Independent non-executive director

The company's Articles of Association govern the appointment, removal and replacement of directors and explain the powers given to them. Sam and Shruthi will stand for election as directors at the AGM on 11 July 2024, while all remaining directors will stand for re-election. The remuneration of the directors, including their respective shareholdings in the company, is set out in the directors' remuneration report on pages 116 to 127.

Avoiding conflicts of interest

Since their respective dates of appointment, and up to the date of this report, no director held any beneficial interest in any contract significant to the company's business, other than a contract of employment.

The Board regularly reviews each director's interests outside BTG and considers how the Chair ensures they are applying objective judgement in their role, as required by the UK Corporate Governance Code. To help directors avoid conflicts, or possible conflicts, of interest, the Board must first give clearance to any potential conflicts, including directorships or other interests in outside companies and organisations. This is recorded in the company's statutory records.

Should a director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Group, they are required to notify the Board or the Group Company Secretary as soon as reasonably possible. In such an instance, unless allowed by the company's Articles of Association, the director cannot take part in any decisions about the contract or arrangement.

Directors' and officers' liability insurance and indemnification of directors

The company maintains directors' and officers' liability insurance, which gives appropriate cover should legal action be brought against its directors. The company has also provided an indemnity for its directors, which is a qualifying third-party indemnity provision, for the purposes of Section 234 of the Companies Act 2006. This was in place for the duration of the financial year ended 29 February 2024 and up to the date of approval of the financial statements.

Share capital

The issued share capital of the company at 29 February 2024 was 240,356,898 ordinary shares of £0.01 nominal value, with no shares held in treasury. A total of 4,345 additional shares were issued after the year ended 29 February 2024, relating to the company's long-term incentive plans. Note 20 to the consolidated financial statements on page 174 contains full details of the issued share capital. As far as the company is aware, there are no restrictions on the voting rights attached to its ordinary shares and there are no agreements that may result in restrictions in the transfer of securities or voting rights. No securities carry any special rights.

An analysis of shareholdings is shown on page 130. The closing mid-market price of a share of the company on 29 February 2024, together with the range since admission to the London Stock Exchange, is also shown on page 123.

Dividends and dividend policy

Our dividend policy remains a progressive one, which targets an annual dividend of 40% of the company's profits after tax before any exceptional items in each financial year. Subject to any cash requirements for ongoing investment, the Board considers returning excess cash to shareholders, as and when appropriate.

We recommend a final dividend of 6.0 pence per ordinary share, taking the total full year dividend to 8.7 pence per ordinary share. In addition, we recommend a special dividend of 8.7 pence per ordinary share is paid at the same time as the final dividend. Shareholders will be asked to approve the final and special dividends at the AGM on 11 July 2024.

Substantial shareholdings

At 30 April 2024, the company had been notified under the DTRs, or had ascertained from its own analysis, that the following held notifiable interests in the voting rights in the company's issued share capital of 3% or more of its ordinary share capital:

Shareholder	Number of voting rights	% of voting rights
JPMorgan Asset Management	21,343,150	8.88%
Biltron	18,262,478	7.60%
Coronation Fund Managers	13,399,067	5.57%
BlackRock, Inc.	12,646,568	5.26%
abrdn	12,300,625	5.12%
Capital Group	11,281,669	4.69%
Vanguard Group	9,744,760	4.05%

Committees of the Board

The Board has established Audit, Nomination and Remuneration Committees. The Audit Committee has been mandated to also oversee and monitor BTG's enterprise risk management. For more details of these committees, including membership and key focus areas for 2023/24, see their respective reports in the governance report. During the year, the Board set up two subcommittees to investigate share dealing-related disclosure aspects (see pages 69 to 70).

Remuneration voting outcomes

At our 2023 AGM our remuneration report was approved, with 98.85% of votes cast in favour, 1.15% of votes against and 33,552 votes withheld. Our current remuneration policy was approved by shareholders at our 2021 AGM and will soon come to the end of its initial three-year period. We will present a revised policy to shareholders for approval at the AGM on 11 July 2024. Subject to shareholders' approval, the policy will formally apply until the 2027 AGM, unless a new or revised policy is presented before then.

Companies Act 2006 disclosures

In accordance with Section 992 of the Companies Act 2006, the directors disclose the following information:

- The company's capital structure and voting rights are summarised in note 20, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights
- The company does not hold any shares in treasury
- No securities exist that carry special rights with regard to the control of the company
- Details of the substantial shareholders and their shareholdings in the company are listed in the previous table
- The Deferred Bonus Plan has been implemented from 1 June 2022. The number of shares awarded under the company's Deferred Bonus Plan for the year ended 29 February 2024 is set out in note 27 and shown on page 178
- The appointment and replacement of directors, amendment to the Articles of Association and powers to issue or buy back the company's shares are contained in the Articles of Association of the company and the Companies Act 2006
- There exist no agreements to which the company is party that may affect its control following a takeover bid
- No agreements exist between the company and its directors providing for compensation for loss of office that may occur because of a takeover bid.

Articles of Association

The company's Articles of Association set out the rights of shareholders, including voting rights, distribution rights, attendance at general meetings, powers of directors, proceedings of directors, borrowing limits and other governance controls. A copy of the Articles of Association can be requested from the Group Company Secretary or found on our website.

Political donations

No donations were made for the year ended 29 February 2024 and up to the date of this report (2022/23: £nil). Generally, the company's policy remains to not make political donations, either directly or through a subsidiary. However, authority will again be sought at the 2024 AGM to authorise the company to make political donations provided that the aggregate amount is not more than £50,000. This resolution has been proposed to ensure BTG and its subsidiaries do not, because of the wide-reaching definition in the Companies Act 2006, unintentionally breach the act.

Equality and diversity

The company has an equal opportunities philosophy that endeavours to treat individuals fairly and not to discriminate on the basis of gender, disability, race, national or ethnic origin, sexual orientation or marital status. Applications for employment are fully considered on their merits, and employees are given appropriate training and equal opportunities for career development and promotion.

The company is committed to ensuring that adequate policies and procedures are in place to give disabled applicants training to perform safely and effectively, and to provide development opportunities to ensure they reach their full potential. If someone becomes disabled during their employment with the company, the company will seek to provide, wherever possible, continued employment on normal terms and conditions. Adjustments will be made to the environment and duties or, alternatively, suitable new roles within the company will be secured with additional training where necessary.

The company values involving its people and continues to keep them informed about what affects them as employees. This is done using a variety of methods, including whole-company meetings, team briefings, company days, emails and the intranet. Dr Erika Schraner assumed the role of designated non-executive director for employee engagement, after David Maw retired from the Board at the AGM in July 2023, with this role now held by Shruthi Chindalur. At team meetings, managers are responsible for ensuring that information sharing, discussion and feedback take place on a regular basis. As a result of these meetings, management can communicate the financial and economic factors affecting the company and make sure that the views of employees are considered in company decisions that are likely to affect their interests.

Going concern

BTG's business activities, financial position and cash flows, together with the factors likely to affect its future performance and position, are set out in the strategic report on pages 9 to 11 and 26 to 29. Details of its objectives and policies on financial risk management are set out in note 23 to the financial statements on pages 175 to 177.

The directors have made appropriate enquiries and consider that BTG has adequate resources to continue to operate for the foreseeable future, which comprises the period of at least 12 months from the date of approval of the financial statements, that is 22 May 2024. There are no material uncertainties that would prevent the directors from being unable to make this statement. Accordingly, the directors continue to adopt the going concern basis in preparing BTG's financial statements.

Events after the reporting period

On 9 May 2024, a settlement agreement was reached between the company and Neil Murphy, its former CEO, following his resignation on 21 February 2024, in accordance with the terms of his service contract and the directors' remuneration policy. Full details can be found on page 122 of the directors' remuneration report.

Auditor and disclosure of information

The directors who held office at the date of approval of this directors' report confirm that, as far as they are each aware:

- There is no relevant audit information of which the company's auditor is unaware
- Each director has taken all the steps they ought to have taken as a director to make themselves aware of any relevant audit information, and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006. Separate resolutions will be proposed at the forthcoming AGM concerning its appointment and to authorise the Board to agree its remuneration.

Annual General Meeting

The 2024 AGM will be held at 14:00 (BST) on Thursday, 11 July 2024, at Bytes House, Randalls Way, Leatherhead, Surrey KT22 7TW, UK.

The company will make use of the electronic voting facility provided by its registrars, Computershare Limited. The facility includes CREST voting for members holding their shares in uncertificated form. For more information, please refer to the section on online services and electronic voting in the notes to the notice of meeting.

The notice of AGM and an explanation of the resolutions being put to the meeting are set out in the notice of meeting accompanying this Annual Report. The directors fully support all the resolutions set out in the notice and encourage shareholders to vote in favour of each of them, as they intend to in respect of their own shareholdings.

The directors' report was approved by the Board of directors on 22 May 2024 and is signed on its behalf.

WK Groenewald FCG
Group Company Secretary
22 May 2024

Statement of directors' responsibilities

This report outlines our directors' responsibilities for ensuring that our Annual Report and financial statements comply with regulation.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards (IAS), and the parent company financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the Group and the company for that period.

In preparing these financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRS (and in respect of the parent company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and company financial position and financial performance
- In respect of the Group financial statements, state whether UK-adopted IAS have been followed, subject to any material departures disclosed and explained in the financial statements
- In respect of the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/or the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group, and enable them to ensure that the company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent company and so for taking reasonable steps to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Directors' confirmations pursuant to FCA's Disclosure Guidance and Transparency Rule 4

The directors confirm, to the best of their knowledge, that the:

- Consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation, taken as a whole
- Annual Report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation, taken as a whole, together with a description of the principal risks and uncertainties that they face.

Directors' confirmations

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group and parent company's position and performance, business model and strategy. In the case of each director in office at the date on which the directors' report is approved:

- As far as the director is aware, there is no relevant audit information of which the Group and parent company's auditor is unaware
- They have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group and parent company's auditor is aware of that information.

This responsibility statement was approved by the Board of directors on 22 May 2024 and is signed on its behalf.

Sam Mudd
CEO
22 May 2024

Andrew Holden
CFO
22 May 2024