

Strong partnerships drive consistent growth

Financial results for the year ended 28 February 2025
Tuesday, 13 May 2025

Agenda

Introduction and overview

Sam Mudd

Financial review

Andrew Holden

Strategic review and outlook

Sam Mudd

Q&A



Sam Mudd | Chief Executive Officer

22 years at BTG and predecessor companies



Andrew Holden | Chief Financial Officer

31 years at BTG and predecessor companies

Read the full
biographies on
our website.



Introduction

Experienced team delivers best-in-class performance

- One of the UK and Ireland's largest IT resellers, with many decades of vendor experience and trust-based customer relationships
- Led by a dedicated and experienced team with deep knowledge and expertise across our products and markets
- Strong focus on culture to continue to attract talented and skilled people who want to be a part of our success
- Continue to achieve strong results, despite a challenging economic environment – we have a clear vision for growth and how to achieve it
- Expanding service delivery offerings as part of our innovative, agile approach, to take advantage of new opportunities such as Copilot and generative AI



Full-year highlights

Gross invoiced income¹

£2.1bn

+15.2%

Gross profit

£163.3m

+12.0%

Operating profit

£66.4m

+17.1%

Earnings per share

22.8p

+16.5%

Net cash

£113.1m

+27.4%

Cash conversion²

113.8%

FY24 116.4%

Ordinary dividend³

10.0p

+14.9%

Special dividend

10.0p

+14.9%

Customers⁴

5,913

FY24 5,828

GP/customer⁴

£27.6k

+10.4%

NPS

79

FY24 82

eNPS

57

FY24 71

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

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

³ FY25 interim dividend 3.1p and final dividend 6.9p.

⁴ FY24 customer numbers and average GP per customer have been revised from 5,978 and £24,400 to remove year-on-year fluctuations caused by small customer variations under a single parent.

Financial review



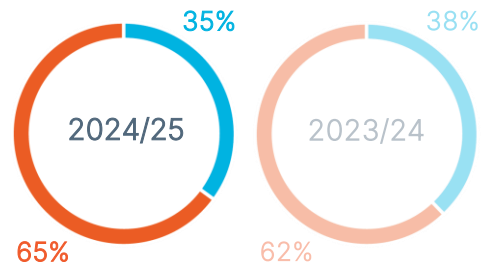
Continued strong performance

Income statement	2024/25 £'m	2023/24 £'m	Change %
Gross invoiced income (GII)	2,099.8	1,823.0	15.2
Netting adjustment	(1,882.7)	(1,616.0)	16.5
Revenue	217.1	207.0	4.9
Gross profit (GP)	163.3	145.8	12.0
GP/GII %	7.8%	8.0%	
Administrative expenses	96.9	89.1	8.8
Administrative expenses split:			
Employee costs	78.1	71.2	9.7
Other administrative expenses	18.8	17.9	5.0
Operating profit (OP)	66.4	56.7	17.1
OP/GP %	40.7%	38.9%	
Add back:			
Share-based payments	5.1	5.7	(10.5)
Amortisation of acquired intangible assets	0.9	0.9	0.0
Adjusted operating profit (AOP)	72.4	63.3	14.4
AOP/GP%	44.3%	43.4%	
Interest receivable	8.5	5.1	66.7
Finance costs	(0.3)	(0.4)	(25.0)
Share of profit of associate	0.0	0.2	(100.0)
Profit before tax	74.6	61.6	21.1
Income tax expense	(19.8)	(14.7)	34.7
Effective tax rate	26.5%	23.9%	
Profit after tax	54.8	46.9	16.8

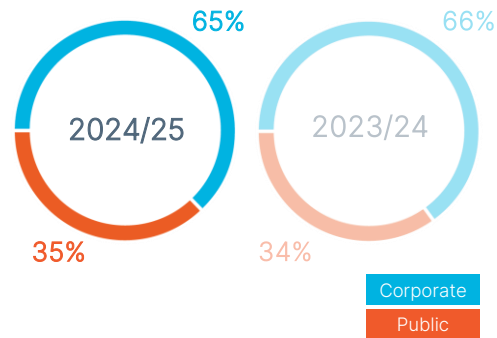
- GII up 15.2%, driven by strong performance in core software business, particularly in the public sector
- GP grew by 12.0%, with 18% public sector growth and 9% corporate growth
- Employee costs up 9.7% against average headcount growth of 12.5%. Capitalised £1.4m of salaries for employees directly involved in developing our new IT platforms. Counting this back, employee costs would have risen 11.7%
- OP growth for the year was 17.1%
- Share-based payments reduced because FY24 and FY25 scheme costs were lower than those in FY21 to FY23 (post-IPO)
- £8.5m of interest earned in FY25, a significant increase over the prior period, following the implementation of new treasury arrangements. FY25 H1 specifically benefited from high GII and average daily cash weighting
- Effective tax rate is 26.5%, higher than the statutory corporate tax rate of 25%, due to the changes in the deferred tax asset driven by the lower share price over the period

Income analysis

GII by sector



GP by sector



GII and GP by income stream

	2024/25 £'m	2023/24 £'m	Change %
Gross invoiced income (GII)			
Software	2,005.3	1,722.0	16.5
Hardware	33.2	41.4	(19.8)
Services internal	34.0	31.5	7.9
Services external	27.3	28.1	(2.8)
Total	2,099.8	1,823.0	15.2
Gross profit (GP)			
Software	146.1	130.4	12.0
Hardware	4.6	4.9	(6.1)
Services internal	8.7	6.8	27.9
Services external	3.9	3.7	5.4
Total	163.3	145.8	12.0

- Software sales make up 95% of GII and 89% of GP
- Hardware sales have decreased and now make up 2% of GII and 3% of GP
- Services constitute 3% of GII and 8% of GP
- Public sector sales grew faster than corporate sales, and now represent 65% of our GII
- GP to GII margin stable within corporate and public sectors, with Group margin affected by mix
- Public sector delivers relatively lower GP/GII due to the billing arrangements of enterprise agreements

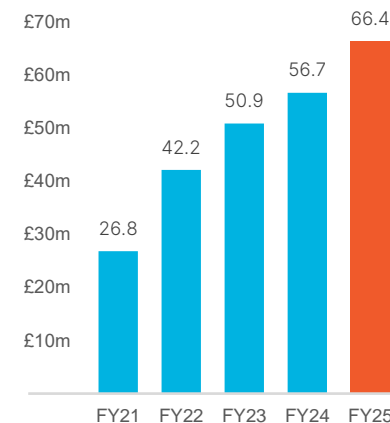
Focus on operating profit

Operating profit adjustments (£'m)¹

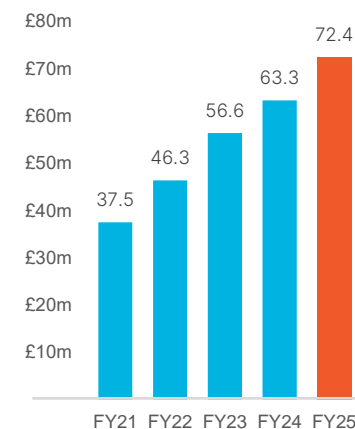


- Share-based payments are now at a more normalised level, having built up in prior years as the Group moved from having no three-year LTIP schemes in place at IPO in FY21 to having three since FY24
- We target OP/GP margin of 38–40%, which is consistent with our prior target of >40% AOP/GP margin

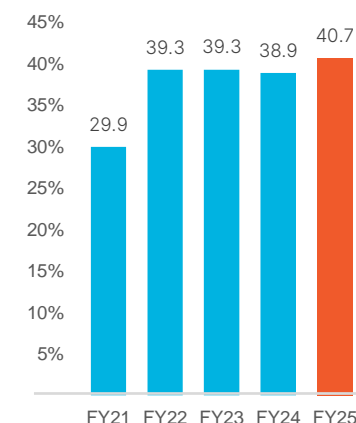
Operating profit



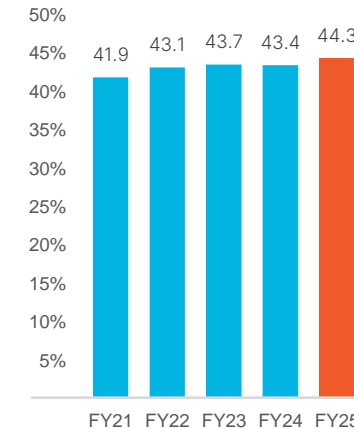
Adjusted operating profit



OP/GP

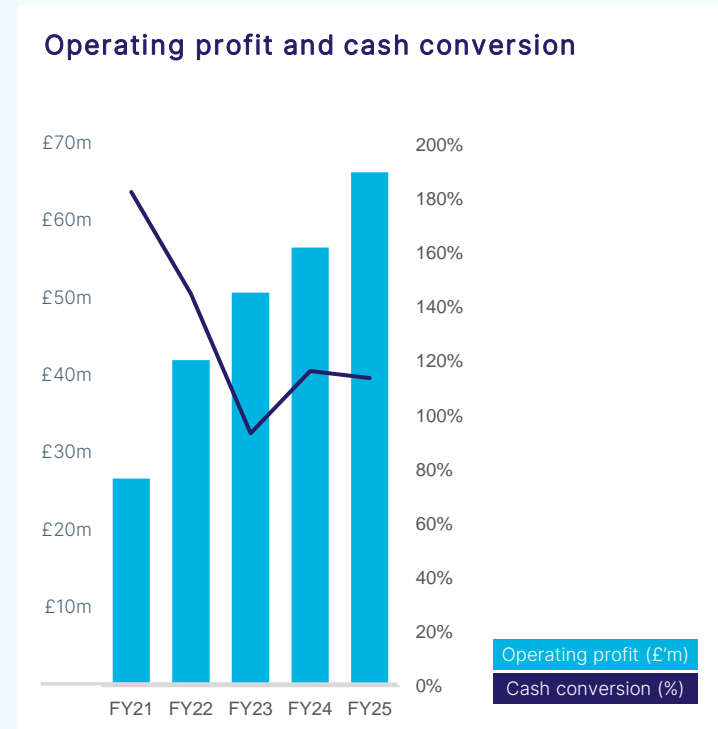
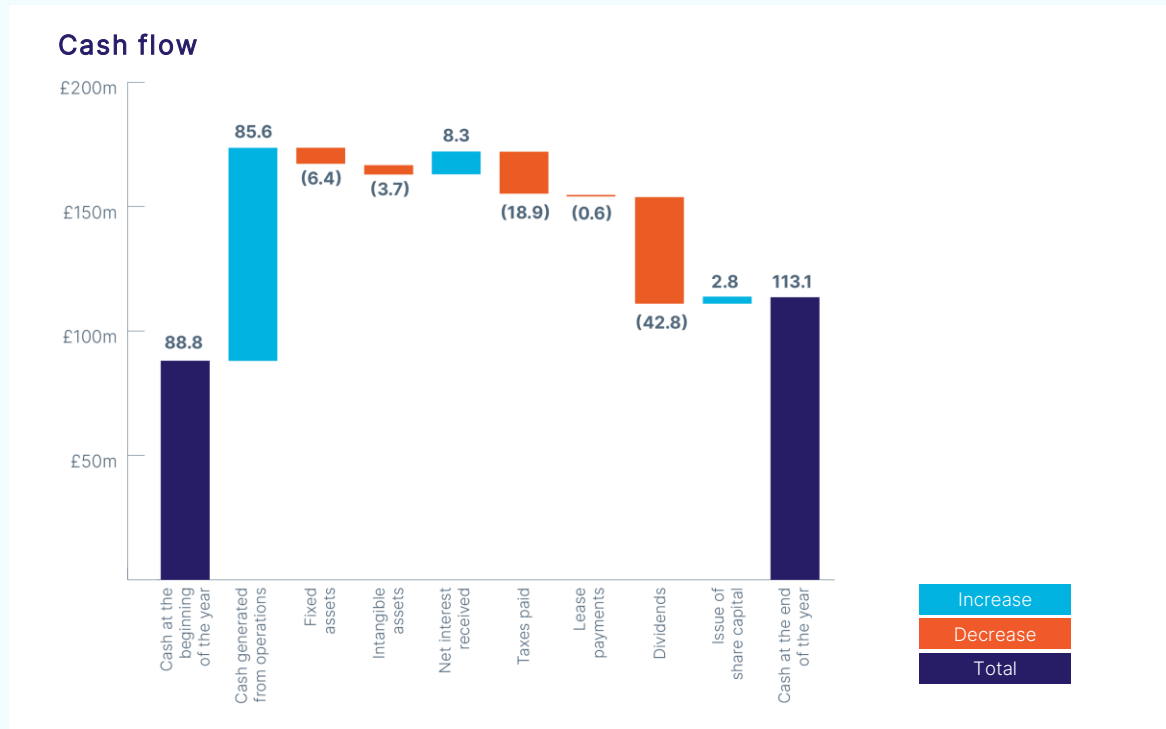


AOP/GP



¹ Adjustments include share-based payments and amortisation of intangibles, and IPO costs

Cash flow



- Remain a capital-light business
- Cash balance a healthy £113.1m after dividend payment of £42.8m
- Cash conversion for the full year of 114%
- £5.1m purchase of buildings immediately adjacent to Bytes's Leatherhead office, comprising 27,000sqft, with potential to accommodate c.300 employees
- £3.7m capitalised development spend, upgrading systems to drive efficiency and capture marketplace opportunity (expected to total c.£7m by FY26)
- Cash conversion continues to reflect the seasonality evident in historical trends

Capital allocation hierarchy

Organic growth

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

Dividends

- Dividend policy is to distribute 40% to 50% of post-tax pre-exceptional earnings
- Full year dividend of 10.0p per share, (including 6.9p final dividend)

M&A

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

Return of excess cash

- Due to continued strong performance and strong cash generation, the Board proposes a cash return to shareholders
- We consider both special dividends and share buy-backs as methods to return excess cash, preferring share buy-backs when our shares are materially undervalued
- Special dividend of 10.0p per share, matching the full-year dividend

Maintaining a strong balance sheet through the cycle

Sustainability integral to our mission

Environmental

- SBTi validation for our near-term and net zero carbon reduction targets
- 2024 CDP submission saw our score increase from C to B
- Expanded our electric vehicle scheme across the Group
- Installed solar panels at our York office, with more self-generating energy options being assessed
- ISS ESG Corporate Rating score increased from C- to B- (top decile)

Social

- Revised Speak-up policy with supporting ethics reporting tool
- Initiative to support our employees through better diversity insights
- Continued our leadership coaching programme and Women in Tech initiative
- Ongoing support to communities through donations, fundraising events and volunteer days

Governance

- Board townhall at Bytes's Leatherhead office in July 2024
- Workforce engagement discussions led by our designated non-executive director
- Sustainability strategy reviewed by our new ESG Committee



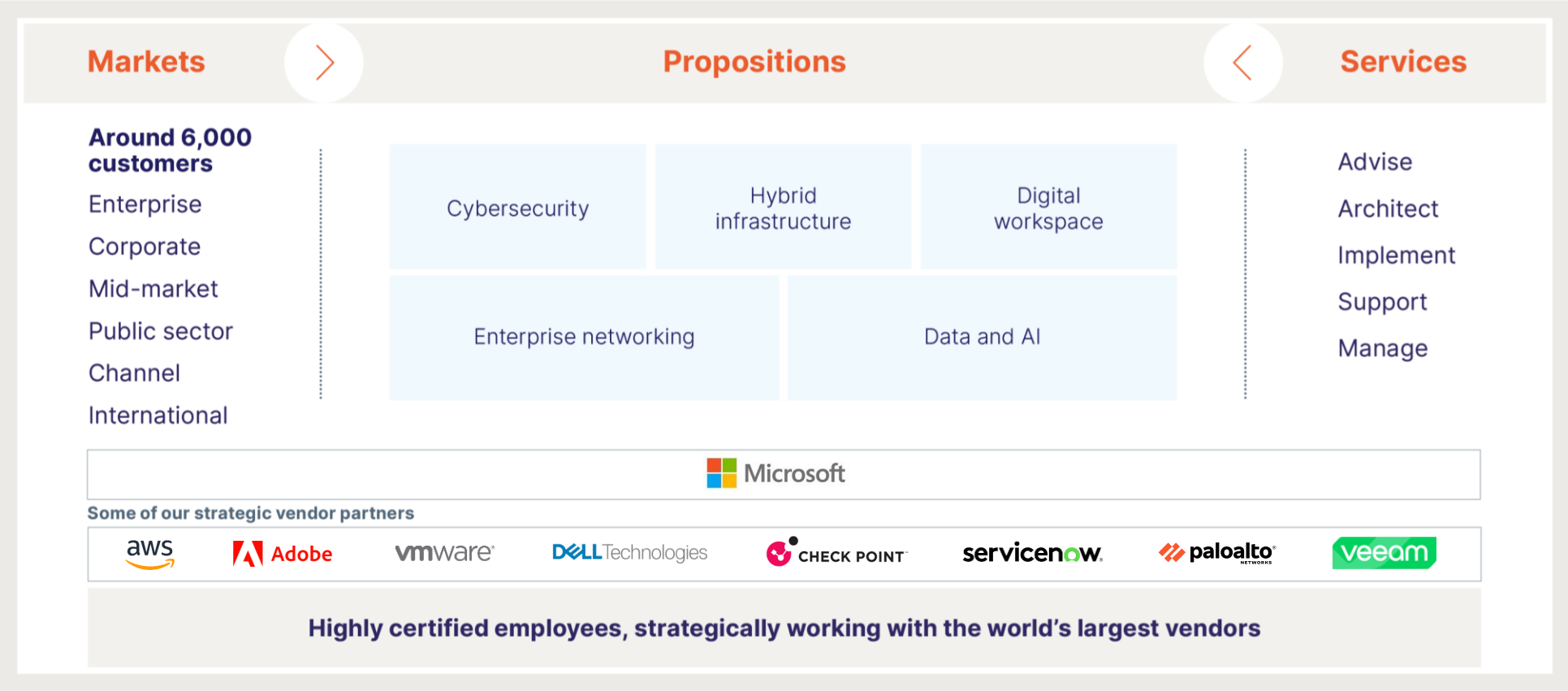
Strategic review and outlook



Our value proposition



Our business model



What drives our Microsoft focus

Microsoft spans all software technology pillars

- Cybersecurity: Largest provider
- Hybrid Cloud: Azure
- Workspace: M365
- Data and AI: Copilot
- Networking and communications: Teams

Our relationship enables us to lead the market

“

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

Eleri Gibbon Small, Medium and Corporate Lead UK, Microsoft



Microsoft opens the door and builds trust

“

Without a Microsoft contract, I struggle to be a valid trusted partner. That contract is the golden ticket to talk to any and every person in a client's business. It's the only vendor that can facilitate that relationship and partnership.

Top BTG account manager

Supporting growth in Microsoft and other vendors

101%
Microsoft

111%
Other
vendors

106%
Group

5-year Gross profit cumulative growth



Darren Hardman
Corporate Vice President
and CEO, Microsoft UK
[Watch video](#)

Evolving our proven strategy for growth

What is unchanged...and what has evolved

Our sources of growth

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

Why we win

Maintain customer service excellence – NPS 79
Focus on depth and strength of our capabilities – software and Microsoft expertise are differentiators
Highly certified and accredited with leading vendors
Implementation, support and managed services – present additional opportunities to differentiate and become closer to customers
Segmented corporate sector sales structure – to align better with both customers and vendors. We have this approach in the public sector already

Where we invest

Growing sales capacity with regular new sales intakes
Increasing our technical capabilities
Support and managed services – in-house services can have fixed set-up costs, for example staffing 24/7 service, but are generally self-funding once some scale has been reached
Systems – shift to consumption-driven purchase models requires investment

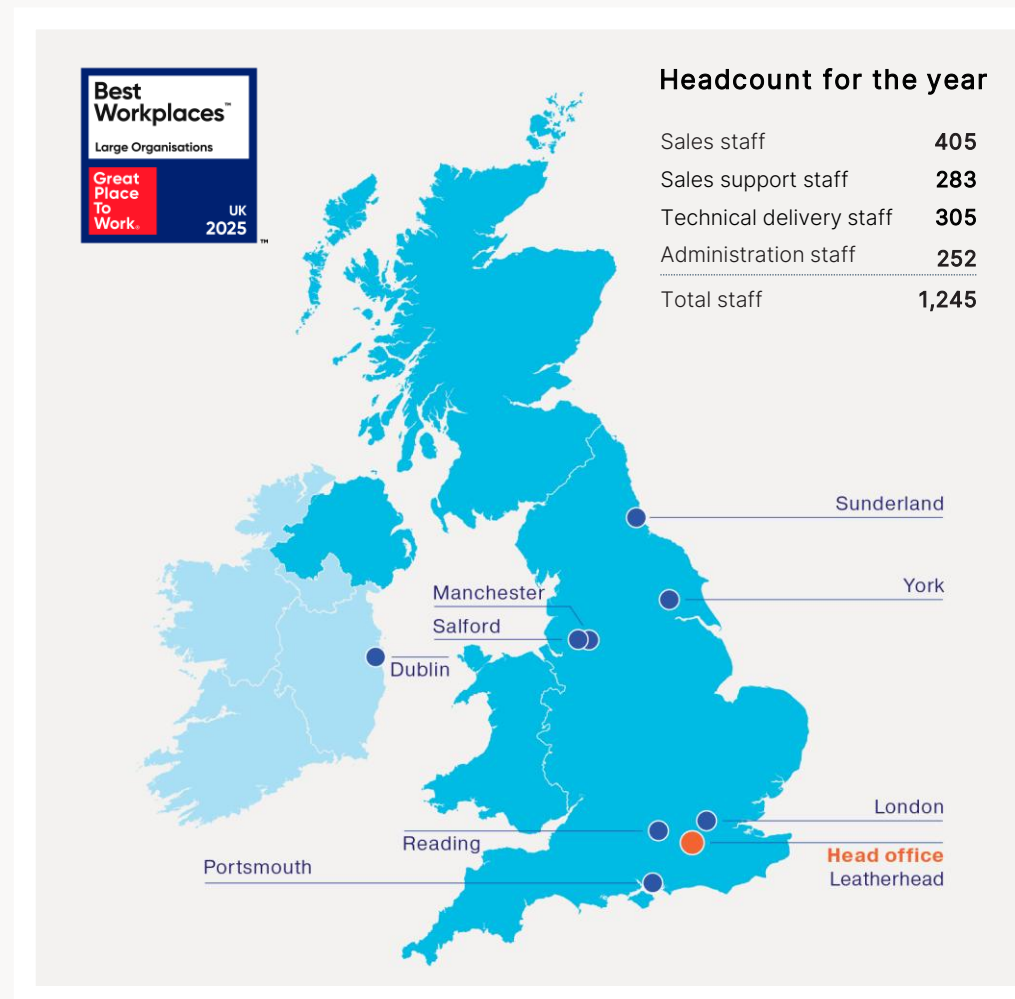
Our structural growth markets

Microsoft – has strong positions across all technology pillars
Cybersecurity – remains a top priority for all customers
Hybrid Cloud – 83% of data estimated to remain on-premise
AWS (+49% y/y) and Marketplace – more important within Hybrid Cloud
Data and AI – nascent but strategically important for customers
Support and managed services – increased prominence across all technology pillars with demand from customers and support from vendors (driven by complexity)

Continued investment in people and capabilities

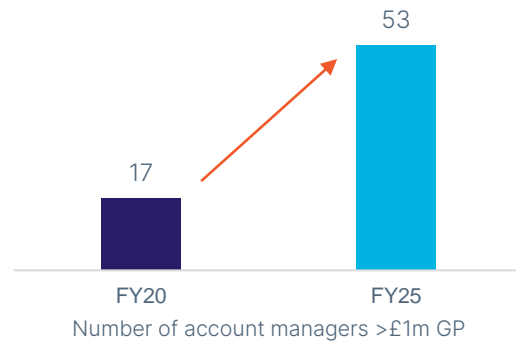
We're expanding our teams to meet our customers' evolving needs

- Continued strong investment across sales, support, technical and operational capabilities through new hires
- Total employee growth of 17.8% and attrition at ~14%
- Grew our physical footprint with the expansion of floorspace in London, the opening of offices in Sunderland and Portsmouth, and the acquisition of adjacent buildings at Bytes in Leatherhead
- eNPS well above the industry average. Year-on-year decline reflects a more challenging year, both externally, with the weak economy and political uncertainty, but also internally, with the necessary leadership and structural changes in our operations
- Appointed a Chief People Officer



Our growth culture

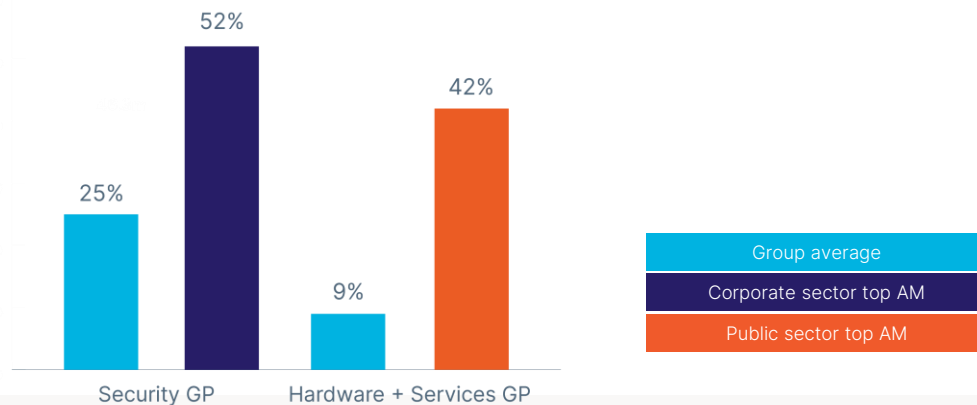
£1m GP contributors are increasing in scale and speed



c.3
years

Top account managers'
time to £1m GP

Our decentralised approach – many routes to success



- A growth mindset underpins our grow-your-own model and creates resilience in our people
- The latter is key because, ultimately, it is our people who respond to and drive change
- We see improvement in the number of account managers making large contributions, the speed that new hires can do this and the contribution of top performers
- This is supported by our broadening proposition and the annuity nature of many of our sales
- Our simple incentive structure supports decentralisation and commercial creativity among our people enabling top sellers to gain wallet share with their best customers in different ways (security penetration for our top Corporate AM and Hardware and Services for our top Public Sector AM).

Summary and outlook

Structured and focused strategy to deliver for all our stakeholders



Large addressable market, opportunities supported by growing global IT spend



Strong strategic partnerships with vendors



Continued expansion of technical service delivery offerings



Group benefits from strong balance sheet and no debt



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















Deliver double-digit gross profit growth and high-single digit operating profit growth in FY26

Q&A Appendix

bytesplc.com

Vendor awards

	<ul style="list-style-type: none"> • Microsoft Azure Expert MSP • 11 Microsoft Specialisations, including 4 in security • Leading EMEA FastTrack Ready Partner • Global Microsoft Education award finalist
	<ul style="list-style-type: none"> • Achieved AWS MSP competency status in April 2024 • On track to achieve AWS Premier status in Dec 2024 • On track with SCA funding
	<ul style="list-style-type: none"> • Adobe Platinum Partner • Adobe Education Elite Partner • Adobe Best Services Program 2024 EMEA
	<ul style="list-style-type: none"> • VMware by Broadcom Premier Partner • Accredited for VMware Professional Services Delivery
	<ul style="list-style-type: none"> • Dell Technologies Titanium Partner • Accredited for Dell Professional Services Delivery • New technology focus partner and Dell Channel advisor
	<ul style="list-style-type: none"> • Check Point Elite Partner • Certified Collaborative Support and Professional Services Partner • Check Point Infinity Partner of the Year 2025
	<ul style="list-style-type: none"> • MDR Partner of the Year (UK&I) • Education Partner of the Year 2024 • Enterprise Partner 2024
	<ul style="list-style-type: none"> • Zscaler Partner of the Year 2024
	<ul style="list-style-type: none"> • HPE Rising Star 2024
	<ul style="list-style-type: none"> • Cato Networks Reseller of the Year (EMEA)
	<ul style="list-style-type: none"> • Bitdefender Best Strategic Engagement Award
	<ul style="list-style-type: none"> • Druva International Partner of the Year 2024



Microsoft evolution – staying agile

