

BYTES TECHNOLOGY GROUP PLC

UK TAX STRATEGY

FEBRUARY 2024

Our UK business began in 1982 and has grown to make us one of the largest software services and solutions businesses in the country. The most important aspect of our business is our people. We value initiative, teamwork, and achievement. Together, we focus on providing the highest levels of service to our customers and recognise the importance of managing the expectations of all of our stakeholders, including HMRC.

We strive to be a responsible, sustainable business and everything we do is underpinned by Our Values. As far as our approach to taxation is concerned, this includes acting with integrity at all times and working collaboratively with our tax advisors and HMRC to ensure that we meet all of our tax compliance and reporting requirements.

This Tax Strategy is applicable to our tax activities as they relate to UK taxation and is published in accordance with section 161 and paragraph 16(2) of Schedule 19 of the Finance Act 2016. It is effective for the accounting period ending 28 February 2024 and is relevant for Bytes Technology Group plc ('BTG' or the 'Group') and all of its subsidiary companies, including our two trading operations, Bytes Software Services Limited (BSS) and Phoenix Software Limited (PSL).

Tax compliance and reporting

BTG tax affairs are managed with the Group's wider corporate reputation and overall high standards of governance, ethical behaviours, and values as the central component. We are committed to meeting all our legal and regulatory requirements in paying the correct amount of tax and adhering to both the letter and the spirit of the law.

Compliance with all laws and regulations, including those relating to tax are firmly embedded in the business and we have an established internal control system and procedures to help achieve this. This includes seeking to apply diligent professional care and judgement in our tax compliance activities and providing sufficient evidence to support all judgements made.

Our tax compliance and reporting activities are managed by the Group's finance team, with the support from external tax advisors.

Governance and risk management

Our corporate governance framework is built around the responsible delegation of authority from the BTG Board (the 'Board') to executive management and beyond, with clear decision-making and structures in place to ensure we remain focused on delivering our strategic priorities. This framework applies equally to tax matters, where the Board provide oversight in ensuring that tax is considered within the wider context of our business activities, supported by a clear tone from the top around the importance of maintaining a robust approach to risk management. Compliance and risk matters, including those concerning taxation, are regularly included on the agenda at board meetings.

Our Board has overall responsibility for managing risk. This includes establishing and maintaining our risk management framework and internal control systems and setting our risk appetite. The Board receives particular support from our Audit Committee, although – through their skills and diligence – everyone at BTG plays a part in protecting our business from risk and making the most of our opportunities.

Our approach to risk is based on enterprise risk management – a process of identifying and addressing potential barriers to us achieving our strategic objectives and realising our opportunities for competitive advantage. The Director of Group Finance, together with the Finance Directors for BSS and PSL manage the approach to UK tax on a day-to-day basis across the BTG Group, supported by experienced in-house finance teams. Together, they are responsible for the identification, prioritisation, and monitoring of tax risk across the business, as well as the escalation of tax risk to the Board. This is supported by the business' commitment to fostering an open culture and ensuring there is a clear segregation of duties.

BTG is a growing business which deals with a high volume of transactions, which may expose it to potential tax risks. To manage such risks, BTG takes a two-pronged approach; staff and development, and strategy and policy. All members of the BTG finance teams are appropriately trained on an ongoing basis and possess requisite qualifications to enable them to carry out their day-to-day tax responsibilities. It is an expectation across the business that all employees comply with legal requirements at all times. BTG finance teams follow a simple yet robust tax strategy; to pay on time, do it right and be compliant with the relevant tax legislation.

Our processes, systems and controls are subject to regular reviews by both our statutory auditors and internal audit function, with findings reported to the Audit Committee. As the business falls within the Senior Accounting Officer ('SAO') legislation, we are required to establish and maintain appropriate tax accounting arrangements. To support our annual SAO compliance obligations, we conduct reviews to monitor these arrangements and action recommendations for continual process improvement. Furthermore, BTG has taken steps to comply with the Criminal Finances Act 2017 where we monitor and review our risks and controls to ensure we maintain reasonable prevention procedures.

BTG seeks to maintain a low tolerance for risk in respect of UK taxation and this aligns with the Group's approach to maintaining our commitment to operating in the highest ethical manner. We are not prepared to accept a level of risk that could expose us to reputational harm and / or which could adversely affect our relationship with HMRC. Where there is significant uncertainty or complexity in relation to tax risk, we will seek input from external advisors.

Our approach to tax planning

We have a low-risk appetite to tax planning as it affects UK taxation, and tax decisions are aligned to business and commercial strategy. Like any other business expense however, we seek to create value for our shareholders. As such, we may respond to tax incentives and reliefs where appropriate and in a way that is consistent with HMRC and government policy.

As appropriate, we will seek external professional tax advice to ensure we apply these incentives and reliefs legitimately, particularly if the outcome of a transaction is uncertain or complex. If appropriate, we will seek advance clearances with HMRC to ensure we minimise the risk of uncertainty.

This approach ensures that we can maximise shareholder value whilst complying with applicable legislative requirements and HMRC guidance.

Relationship with HMRC

We believe that partnership among our people and with our customers, vendors, and stakeholders (including HMRC) is core to our success. As such, BTG is committed to working with HMRC in an open and honest manner. At all times we will seek to work collaboratively with HMRC in terms of keeping them up to date about any commercial developments and events in our business that may have a tax impact and will work with HMRC to achieve early agreement on matters of complexity.

As a responsible taxpayer, we will seek support from our tax advisors to help us resolve any matters of uncertainty and to ensure that we are meeting our obligations to make complete and accurate submissions to HMRC, with the required level of disclosure and transparency.

Where necessary, corrections of material errors or misstatements in tax filings will be made by BTG without undue delay. In the event any inadvertent errors are made in submissions to HMRC, such errors are fully disclosed as soon as practicable after identification by BTG.

Strategy review

This Tax Strategy is reviewed and approved by the BTG Chief Financial Officer on an annual basis.

Latest review and approval: February 2024
