

Financial statements

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Independent auditor's report to the members of Bytes Technology Group plc

Opinion

In our opinion:

- Bytes Technology Group plc's Group financial statements and Parent company financial statements (financial statements) give a true and fair view of the state of the Group's and of the Parent company's affairs as at 28 February 2026 and of the Group's profit for the year then ended
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards
- the Parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Bytes Technology Group Plc (the Parent company) and its subsidiaries (the Group) for the year ended 28 February 2026 which comprise:

Group	Parent company
Consolidated statement of profit or loss as for the year ended 28 February 2026	Parent company balance sheet as at 28 February 2026
Consolidated statement of financial position as at 28 February 2026	Parent company statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 11 to the financial statements, including material accounting policy information
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 29 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent company and we remain independent of the Group and Parent company in conducting the audit.

Independent auditor's report to the members of Bytes Technology Group plc continued

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Parent company's ability to continue to adopt the going concern basis of accounting included:

- performing a walkthrough of the Group's financial close process to confirm our understanding of management's going concern assessment process and evaluating whether all key risk factors identified were considered in their assessment
- obtaining management's going concern assessment, including cashflow forecasts and covenant calculations, covering the period to 31 August 2027. We then performed procedures to confirm the clerical accuracy of the underlying model
- assessing the Group's base scenario for consistency with cash flow forecasts used by the Group in the goodwill impairment assessment
- the Group has modelled a base scenario and then two downside scenarios, being a severe but plausible downside scenario and a stressed scenario in order to incorporate unexpected changes to the forecasted liquidity of the Group. We evaluated management's cash flow forecast by assessing the reasonableness of the base case and downside scenarios, with specific consideration of key assumptions and sensitivities. This included challenging the appropriateness of forecast revenue growth rates against historical performance, current trading results and external market data. We evaluated the impact of downside factors such as cost-of-sales inflation, increased competition and resultant margin pressure, wage inflation, supply chain cost pressures and rising interest rates on customer demand and payment behaviour. We also compared forecast cash balances at period end to historical cash trends and recent performance to assess whether forecast liquidity outcomes were supportable
- we noted that the key assumptions were forecast gross invoiced income and related growth rates, gross profit and related growth rates, headcount and base pay growth rates, overhead growth rates and debtor days. We agreed the forecasts to Board-approved budgets and performed enquiries with management to understand the basis of the key assumptions. We performed procedures to assess their appropriateness, such as reviewing the growth rate assumptions within the context of historic performance. Additionally, where possible, we benchmarked management's assumptions to external data points such as economic forecasts and reviewed for any contradictory evidence
- we assessed management's ability to accurately forecast through lookback analysis on the last three years of historic financial data
- we reviewed management's stress test of its cash forecasts in order to quantify then assess the likelihood of the downside scenarios required to exhaust the Group's forecast liquidity, considering the impact and feasibility of potential mitigating activities that are within control of the Group, such as freezing planned growth in headcount, pay rises and reducing dividend payments
- reviewing the Group's going concern disclosures included in the Annual Report in order to assess their completeness and conformity with the reporting standards, market practice and FRC guidance.

Our key observations

As of 28 February 2026, the Group had cash and cash equivalents of £98.6 million. The Group has no borrowings but has an undrawn RCF facility of £30 million which runs, until 17 May 2026. This is not forecast to be drawn in management's base case or severe but plausible downside going concern scenarios. The Group has extended its RCF for another three years until May 2029.

Bytes Technology Group plc possesses cash headroom for the going concern period to 31 August 2027. Management's analysis of a severe but plausible scenario indicated that even if all key assumptions deteriorate relative to the base case, liquidity issues would not arise. This conclusion is reached prior to considering any additional mitigations that management may implement (such as dividends). We have not identified any material climate-related risks that should be incorporated into Bytes Technology Group plc's forecasts to 31 August 2027.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent company's ability to continue as a going concern for a period until 31 August 2027, being the going concern assessment period.

In relation to the Group and Parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	– We performed an audit of the complete financial information of three components and audit procedures on specific balances for another two components.
Key audit matters	– Risk of misstatement of revenue recognised at or near year end and risk of incorrect IFRS 15 presentation and disclosure in respect of principal versus agent.
Materiality	– Overall Group materiality of £3.5m, which represents 5% of Group's reported profit before tax for 2026.

An overview of the scope of the Parent company and Group audits

Tailoring the scope

We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered our understanding of the Group and its business environment, the potential impact of climate change, the applicable financial framework, the Group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

Bytes Technology Group plc, trades predominantly in the UK through two trading entities: Bytes Software Services Limited (BSS) and Phoenix Software Limited (PSL). We identified three components – BSS, PSL and Bytes Technology Group – as individually relevant to the Group due to the significant risks or an area of higher assessed risk of material misstatement of the Group financial statements being associated with BSS and PSL, and all these components of the Group as individually relevant due to materiality or financial size of the component relative to the Group. These three individually relevant components are assigned as full scope.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the Group significant accounts, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the Group significant financial statement account balance.

We then considered whether the remaining Group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the Group financial statements. Following this consideration, we selected two head office components and designated them as specific scope.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

Of the five components selected, we designed and performed audit procedures on the entire financial information of the three components (full scope components). For two components, we designed and performed audit procedures on specific financial statement account balances of the financial information of the component (specific scope components).

Changes from the prior year

Our full-scope locations remain consistent with the prior year. Our specific scope entities have been refined to include only the active holding companies, while the remaining companies in the Group are dormant companies and are covered as part of the audit tail. We believe our overall coverage is comparable and appropriate for the risk of the business.

Involvement with component teams

In establishing our overall approach to the Group audit, the Senior Statutory Auditor, Anup Sodhi, determined the type of work that needed to be undertaken at each of the components.

As Bytes Technology Group management and trading components (Bytes Software Services and Phoenix Software) operate primarily in the UK, we have performed the audit using a single integrated Group team. Therefore, of the three full scope components, audit procedures were performed directly by the primary audit team. Overseen by the Senior Statutory Auditor, this integrated team performed all audit procedures at all three full scope components, as well as procedures at other in-scope components. Procedures over all components were overseen by the Senior Statutory Auditor, including the design, execution and conclusion on all work performed.

Independent auditor’s report to the members of Bytes Technology Group plc continued

Climate change

Stakeholders are increasingly interested in how climate change will impact Bytes Technology Group plc. The Group has determined that the most significant future impacts from climate change on their operations will be regulatory changes. These are explained on pages 58 to 67 in the Task Force on Climate-related Financial Disclosures and on page 35 in the principal risks and uncertainties. They have also explained their climate objectives on page 52. All of these disclosures form part of the ‘Other information’, rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appear to be materially misstated, in line with our responsibilities on ‘Other information’.

In planning and performing our audit we assessed the potential impacts of climate change on the Group’s business and any consequential material impact on its financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management’s assessment of the impact of climate risk, physical and transition; their climate plans and objectives; the effects of material climate risks disclosed on pages 58 and 67; the adequacy of the Group’s disclosures in the financial statements; and the conclusion that no issues were identified that would impact on the accounting judgements and estimates in the current year and no material impact on assets and liabilities as at 28 February 2026. We also assessed the directors’ considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work, we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
<p>Risk of misstatement of revenue recognised at or near year end</p> <p><i>Refer to Audit Committee report (pages 92 to 101); Accounting policies (pages 153 to 154); and note 3 of the Consolidated financial statements (pages 161 to 162).</i></p> <p>The Group has reported revenue of £220.6 million (2025: £217.1 million).</p> <p>Revenue reported in accordance with IFRS 15 Revenue from Contracts with customers is a key financial metric for the business. Gross invoiced income (GII), a non- IFRS alternative performance measure (APM), is also used as a key performance indicator assessed by stakeholders.</p> <p>Compensation incentives are based on gross profit or operating profit targets, creating a risk of revenue misstatement through management override.</p> <p>Management’s process for accounting for certain revenue transactions, particularly the review process at or near the year end, is mostly manual and therefore susceptible to error (either deliberate or without intent).</p> <p>Therefore, there is a risk that revenue is recognised prematurely or fictitiously around period end or revenue is held back to distort earnings between periods.</p>	<p>We have performed the following key audit procedures on revenue transactions (including gross invoiced income and rebate income):</p> <ul style="list-style-type: none"> ● reconfirmed our understanding of management’s revenue recognition point by revenue stream and understand the process of entering into a contract and agreeing terms with customers, and how contracts are then assessed to evaluate if appropriate revenue recognition terms are applied ● assessed the appropriateness of revenue cut-off by independently testing a sample of transactions recorded one week either side of year end, due to the concentration of sales entries in this period as identified through data analytics, by vouching to evidence of satisfaction of the related performance obligation. The testing was disaggregated by revenue stream ● tested a sample of credit notes issued subsequent to the year end ● tested a sample of sales transactions, such as revenue transactions deferred at year end, and recalculated the deferred elements to obtain assurance over the calculation of deferred revenue ● to address the risk of management override, we tested a sample of journal entries relating to revenue recorded at or near year end by verifying to supporting documentation and credit notes issued subsequent to the year end, including management’s cut-off journals ● utilised data analytics to analyse 100% sales-related journal entry data to track sales from revenue, to accounts receivable and through to cash collection. We used this analysis to assess the appropriateness of the transaction flow and tested a sample of transactions to determine if the journals accurately reflected the substance of the transaction recorded ● we reviewed the daily transactions for significant peaks and found the largest peaks on the final day of the period, followed by two smaller peaks within the first week of the subsequent period. Accordingly, the majority of our testing was concentrated around these peak activity days.

Risk	Our response to the risk
<p>Risk of incorrect IFRS 15 presentation and disclosure in respect of principal versus agent</p> <p><i>Refer to Audit Committee report (pages 92 to 101); Accounting policies (pages 153 to 154); and note 3 of the Consolidated financial Statements (pages 161 to 162).</i></p> <p>The Group has recognised an agency adjustment of £2,120.5 million (2025: £1,882.7 million) in respect of income to be recognised net as agent under IFRS 15.</p> <p>As above, the Group has reported revenue of £220.6 million (2025: £217.1 million).</p> <p>The Group makes a judgement over the level of control for all products and services sold and continues to assess this position. There is a risk that the reported revenue may be incorrectly presented as a result of incorrectly assessing whether the Group has control over the products or services sold and consequently if the Group is principal or agent in its arrangements with customers.</p> <p>The Group has assessed that it is acting as an agent for all software sales. Although this resulted in a decrease in the level of judgement required to establish the level of control over products and services to categorise the transactions between product categories and principal or agent, and the process becomes mechanical and hence reducing the risk, the size of adjustment remains high.</p>	<p>We performed the following key audit procedures in respect of revenue:</p> <ul style="list-style-type: none"> ● reconfirmed our understanding of management’s processes, methodologies and judgements in identifying and categorising revenue transactions as principal (gross) or agent (net) ● reperformed management’s calculation to assess whether this has been performed correctly – that is, that the revenue, cost of sales and margin agency adjustment is appropriate. We also assessed whether management’s methodologies and categorisations appropriately considered new product types identified during the year ● performed disaggregated analytical review by revenue stream to understand the key drivers behind changes in revenue over the period ● independently tested a sample of transactions across the year to determine the Group’s control over the product or service including: <ul style="list-style-type: none"> – verified the product or service type by obtaining evidence for each transaction and agreeing back to underlying data, such as customer purchase order, to determine the Group’s categorisation of the product or service – corroborated the related cost for the sample selected by tracing through to supporting purchase invoices – assessed whether principal (gross) or agent (net) treatment and the corresponding agency adjustment is appropriate ● tested that the methodology utilised to calculate the APM gross invoiced income is consistent with prior year, assessing management’s rationale for including the APM and that the amount reported is reconciled to reported revenue.

How we scoped our audit to respond to the risk

We performed full scope audit procedures over this risk in two components – Bytes Software Services (BSS) and Phoenix Software Limited (PSL) – which covered 99% of the revenue risk amount. Further, performed central procedures over IFRS 15 presentation and disclosure in respect of principal versus agent. All audit work performed to address this risk was undertaken by the integrated team.

Key observations communicated to the Audit Committee

We concluded that the revenue recognised at or near year end was properly accounted for and that revenue has been appropriately recognised and presentation is in accordance with IFRS 15.

In the prior year, we reported a key audit matter (KAM) in relation to ‘Misstatement of rebate and other vendor incentives receivable at period end’. In the current year, this KAM has been downgraded, as the likelihood of occurrence and magnitude of misstatement collectively do not pose a significant risk in the current year. In addition, the extent of incremental audit effort required in this area has reduced, and therefore the matter no longer meets the definition of a key audit matter in the current year.

Independent auditor's report to the members of Bytes Technology Group plc continued

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £3.5 million (2025: £3.7 million), which is 5% (2025: 5%) of profit before tax.

We believe that profit before tax provides the most relevant measure of underlying performance to the stakeholders of the Group. The decrease in the current year is in line with the decrease in profitability in the year.

We determined materiality for the Parent company to be £6.7 million (2025: £7.0 million), which is 1% (2025: 1%) of total equity. Total equity is set as the basis as this is a holding company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2025: 75%) of our planning materiality, namely £2.6 million (2025: £2.8 million). We have set performance materiality at this percentage due to our overall risk assessment and expectations of misstatements.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.5 million to £2.1 million (2025: £0.6 million to £2.3 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to it all uncorrected audit differences in excess of £0.2 million (2025: £0.2 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 135, including the Strategic report set out on pages 1 to 76 and the Governance report set out on pages 78 to 135, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance statement and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report or the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of Bytes Technology Group plc continued

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 132
- directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on pages 75 to 76
- directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 132
- directors' statement on fair, balanced and understandable set out on page 133
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 32 to 43
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 92
- the section describing the work of the Audit Committee set out on page 92 to 101.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 133, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those related to the reporting framework (United Kingdom adopted international accounting standards, United Kingdom GAAP, the Companies Act 2006, UK Listing Rules of the Financial Conduct Authority and the UK Corporate Governance Code) and the relevant tax laws and regulations in the UK. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to health and safety, employees, environmental, and bribery and corruption practices. We understood how Bytes Technology Group plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures, and the company secretary. We corroborated our enquiries through our review of Board minutes, papers provided to the Audit Committee, correspondence received from regulatory bodies and information relating to the Group's anti-money laundering procedures as part of our walkthrough procedures.
- We understood how Bytes Technology Group plc is complying with those frameworks by making enquires of management and those responsible for legal, compliance and governance matters. We corroborated our enquiries through our review of Board minutes, discussions with the Audit Committee, directors and any correspondence from regulatory bodies and those responsible for legal and compliance procedures.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud and by assessing key assumptions over significant estimates made by management for evidence of bias. We also considered the performance targets and their potential to influence efforts made by management to manage revenue and earnings. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors those programmes and controls.
- Where the risk was considered to be higher, including areas affecting Group key performance indicators or management remuneration, we performed audit procedures to address each identified fraud risk or other risk of material misstatement. These procedures included those on revenue recognition detailed above as well as testing journals; and were designed to provide reasonable assurance that the financial statements were free from fraud and error. We performed journal entry testing including consolidation journals and journals that indicated large or unusual transactions based on our understanding of the business.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reviewing Board minutes, and reports to the Board on the conclusion of the investigations and inquiries with management and directors. Our procedures included a focus on compliance with the accounting, governance and regulatory frameworks and other relevant legislations through obtaining sufficient audit evidence in line with the level of risk identified, in conjunction with compliance with relevant legislation, including tax computations and returns, and corroborated that dividend payments complied with the relevant legal requirements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of Bytes Technology Group plc continued

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or for the opinions we have formed.

Anup Sodhi (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

11 May 2026

Consolidated statement of profit or loss

For the year ended 28 February 2026

	Note	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Revenue	3	220,562	217,134
Cost of sales		(53,251)	(53,880)
Gross profit		167,311	163,254
Administrative expenses	4	(104,278)	(96,936)
(Increase)/decrease in loss allowance on trade receivables	16	(301)	108
Operating profit		62,732	66,426
Finance income	7	7,577	8,486
Finance costs	7	(319)	(291)
Share of loss of associate	12	(158)	(8)
Profit before taxation		69,832	74,613
Income tax expense	8	(18,550)	(19,772)
Profit after taxation		51,282	54,841
Profit for the period attributable to owners of the parent company		51,282	54,841
		Pence	Pence
Basic earnings per ordinary share	27	21.40	22.78
Diluted earnings per ordinary share	27	20.74	21.95

The consolidated statement of profit or loss has been prepared on the basis that all operations are continuing operations.

There are no items to be recognised in other comprehensive income, and hence the Group has not presented a statement of other comprehensive income.

Consolidated statement of financial position

As at 28 February 2026

	Note	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Assets			
Non-current assets			
Property, plant and equipment	9	14,082	13,581
Right-of-use assets	10	1,754	1,641
Intangible assets	11	46,482	43,475
Investment in associate	12	3,027	3,185
Contract assets	13	697	1,773
Deferred tax asset	8	–	59
Total non-current assets		66,042	63,714
Current assets			
Inventories		–	14
Contract assets	13	8,027	9,973
Trade and other receivables	16	299,887	268,454
Current tax asset		1,527	–
Cash and cash equivalents	17	98,646	113,076
Total current assets		408,087	391,517
Total assets		474,129	455,231
Liabilities			
Non-current liabilities			
Lease liabilities	10	(1,138)	(1,269)
Contract liabilities	14	(2,067)	(2,034)
Deferred tax liabilities	8	(2,587)	–
Total non-current liabilities		(5,792)	(3,303)
Current liabilities			
Trade and other payables	18	(359,197)	(327,533)
Contract liabilities	14	(27,178)	(25,245)
Current tax liabilities		–	(439)
Lease liabilities	10	(842)	(668)
Total current liabilities		(387,217)	(353,885)
Total liabilities		(393,009)	(357,188)
Net assets		81,120	98,043
Equity			
Share capital	19	2,364	2,411
Share premium	19	641,514	636,432
Share-based payment reserve		10,833	14,879
Merger reserve	20	(644,375)	(644,375)
Retained earnings		70,784	88,696
Total equity		81,120	98,043

The consolidated financial statements on pages 145 to 181 were authorised for issue by the Board of directors on 11 May 2026 and were signed on its behalf by:



Sam Mudd
Chief Executive Officer



Andrew Holden
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 28 February 2026

	Note	Attributable to owners of the company					Total equity £'000
		Share capital £'000	Share premium £'000	Other reserves £'000	Merger reserve £'000	Retained earnings £'000	
Balance at 1 March 2024		2,404	633,650	11,050	(644,375)	75,607	78,336
Total comprehensive income for the year		-	-	-	-	54,841	54,841
Dividends paid	23(b)	-	-	-	-	(42,843)	(42,843)
Shares issued during the year	19	7	2,782	-	-	-	2,789
Transfer to retained earnings	26	-	-	(1,091)	-	1,091	-
Share-based payment transactions	26	-	-	5,049	-	-	5,049
Tax adjustments	8	-	-	(129)	-	-	(129)
Balance at 28 February 2025		2,411	636,432	14,879	(644,375)	88,696	98,043
Total comprehensive income for the year		-	-	-	-	51,282	51,282
Dividends paid	23(b)	-	-	-	-	(48,618)	(48,618)
Shares issued during the year	19	18	5,082	-	-	-	5,100
Transfer to retained earnings	26	-	-	(4,611)	-	4,611	-
Share-based payment transactions	26	-	-	751	-	-	751
Tax adjustments	8	-	-	(251)	-	-	(251)
Purchase and cancellation of own shares	19	(65)	-	65	-	(25,000)	(25,000)
Costs of share purchases	19	-	-	-	-	(187)	(187)
Balance at 28 February 2026		2,364	641,514	10,833	(644,375)	70,784	81,120

Consolidated statement of cash flows

For the year ended 28 February 2026

	Note	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Cash flows from operating activities			
Cash generated from operations	21	71,827	85,635
Interest received	7	7,577	8,486
Interest paid	7	(239)	(224)
Income taxes paid		(18,121)	(18,930)
Net cash inflow from operating activities		61,044	74,967
Cash flows from investing activities			
Payments for property, plant and equipment	9	(1,816)	(6,358)
Payments for intangible asset	11	(4,097)	(3,709)
Net cash outflow from investing activities		(5,913)	(10,067)
Cash flows from financing activities			
Proceeds from issues of shares	19	5,100	2,789
Purchase of own shares for cancellation	19	(25,000)	–
Cost incurred on purchase of own shares	19	(187)	–
Principal elements of lease payments	10	(856)	(606)
Dividends paid to shareholders	23(b)	(48,618)	(42,843)
Net cash outflow from financing activities		(69,561)	(40,660)
Net (decrease)/increase in cash and cash equivalents		(14,430)	24,240
Cash and cash equivalents at the beginning of the financial year		113,076	88,836
Cash and cash equivalents at end of year	17	98,646	113,076

Notes to the consolidated financial statements

For the year ended 28 February 2026

1 Accounting policies

1.1 General information

Bytes Technology Group plc, together with its subsidiaries ('the Group' or 'the Bytes business') is one of the UK's leading providers of IT software offerings and solutions, with a focus on cloud and security products. The Group enables effective and cost-efficient technology sourcing, adoption and management across software services, including in the areas of security and cloud. The Group aims to deliver the latest technology to a diverse and embedded non-consumer customer base and has a long track record of delivering strong financial performance. The Group has a primary listing on the Main Market of the London Stock Exchange (LSE) and a secondary listing on the Johannesburg Stock Exchange (JSE).

1.2 Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006.

The Group's material accounting policies and presentation considerations on both the current and comparative periods are detailed below.

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities and the Group's principal risks and uncertainties in the context of the current operating environment. This includes the current geopolitical environment, the current challenging economic conditions, and reviews of future liquidity headroom against the Group's revolving credit facilities, during the period under assessment. The approach and conclusion are set out fully in note 1.3.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, see note 1.6.1 and 1.6.2, and have been prepared on a historical cost basis, as modified to include derivative financial assets and liabilities at fair value through the consolidated statement of profit or loss.

1.3 Going concern

The Group's ability to continue as a going concern is dependent on it maintaining adequate levels of resources to continue to operate for the foreseeable future. The directors have considered the principal risks, which are set out in the Group's strategic report, in addition to risks such as the Group's exposure to credit risk, liquidity risk, currency risk and foreign exchange risk, as described in note 22.

When assessing the Group's ability to continue as a going concern, the directors have reviewed the year-to-date financial results, as well as detailed financial forecasts for the going concern assessment period up to 31 August 2027, being over 15 months after the authorisation of these financial statements.

The assumptions used in the financial forecasts are based on the Group's historical performance and management's extensive experience of the industry. Taking into consideration the Group's principal risks, the impact of the current economic conditions and geopolitical environment, and future expectations, the forecasts have been stress-tested through a number of downside scenarios to ensure that a robust assessment of the Group's working capital and cash requirements has been performed.

Operational performance and operating model

Following the previous years of strong growth since it listed in December 2020, the Group has again achieved double-digit growth in gross invoiced income (GII) this year, but only a small increase in gross profit (GP) and a small reduction in operating profit. Nevertheless, it finished the year with cash conversion over 100% and £98.6 million of cash which was after returning £74 million to shareholders by way of dividends and share buy back payments (28 February 25: cash of £113.1 million).

During the year, customers have continued to move their software products and data off-site and into the cloud, requiring the Group's advice and ongoing support around this, as well as needing flexibility and added security. We are also seeing growing requirements for artificial intelligence (AI) functionality within IT applications and a demand for guidance and support from our customers. These activities are illustrated by the very strong growth in the Group's internal services GP by 45% in the year which captures the wide range of solution technology areas offered and the Groups' proven ability to deliver them.

Notes to the consolidated financial statements continued

1.3 Going concern continued

Resilience also continues to be built into the Group's operating model from:

- Wide ranging customer base across public and private sectors and with no customer contributing more than 1% of GP in the period.
- High levels of repeat business due to the nature of licensing schemes and service contracts, meaning subscriptions need to be renewed for the customer to continue to enjoy the benefit of the product or service.
- Microsoft relationship strength, with 68% of the Group's GII and 50% of GP generated from sales of Microsoft products and associated service solutions, this continues to be a very important partnership for both sides. The Group has achieved a high level of Microsoft specialisations (22) and solution partner designations (10) in numerous technology areas. These are key in underpinning the Group's strategic focus around driving growth in cloud computing, cyber security and AI.
- Back-to-back sales model meaning that the Group is not exposed to inventory risk.

As a result of these factors described above, the directors believe that the Group operates in a resilient industry, which will enable it to return to its profitable growth trajectory, following the reversal in growth for the first time this past year.

Macroeconomic and Geopolitical risks

The Group remains very aware of the risks that exist in the wider economy. Over the past year we have seen continued risks arising from macroeconomic and geopolitical factors which align to those identified in our principal risks statement, including the ongoing conflicts in Ukraine, Iran and the wider Middle East creating potential supply problems, product shortages and general price rises.

The Board monitors these macroeconomic and geopolitical risks on an ongoing basis including:

- Cost of sales inflation and competition leading to margin pressure – our commercial model is based on passing on supplier price increases to our customers.
- Wage inflation – while we have already aligned staff salaries to market rates, further expected rises have been factored into the financial forecasts.
- Interest rates – The Group has no debt exposure, nor has it ever needed to call on its revolving credit facility. We place cash on the money markets to generate significant interest income.
- Economic conditions impacting on customer spending – we have seen increased spending by our customers, because IT may be a means to efficiencies and savings elsewhere.
- Economic conditions impacting on customer payments – We have seen our average debtor days of 39 remaining very close to that in previous years and with only £0.7 million of bad debt in the year.
- Tariffs impacting the Group directly or indirectly – As we are neither a significant exporter nor importer of goods, we do not expect this will have a direct material impact on the profitability of the business.

- Physical supply chain obstacles – We are not dependent on the movement of goods, as software sales are the dominant element of our income, and we have a wide supply chain across multiple technology areas.
- Increased fuel & commodity prices – We are not a heavy consumer of gas, electricity or fuel, and hence these costs only represent a very small proportion of our overheads.
- Climate change risks – The Group does not believe that the effects of climate change will have a material impact on its operations and performance over the going concern assessment period.

Liquidity and financing position

At 28 February 2026, the Group held instantly accessible cash and cash equivalents of £98.6 million.

The consolidated balance sheet shows net current assets of £20.9 million at year end; this amount is after the Group paid final and special dividends for the prior year totalling £41.0 million, an interim dividend for the current year of £7.6 million and a share buyback costing £25.2 million. Post year end the Group has remained cash positive and this is expected to remain the case with continued profitable operations in the future and customer receipts collected ahead of making the associated supplier payments.

The Group has access to a committed RCF of £30 million with HSBC. The facility, in place since IPO in December 2020, has recently been extended for three years, until 17 May 2029. The facility includes a non-committed £45 million accordion to increase the availability of funding should it be required for future activity. To date, the Group has not been required to use either its previous or current facilities, and we do not forecast use of the new facility over the going concern assessment period.

Approach to cash flow forecasts and downside testing

The going concern analysis reflects the actual trading experience through the financial year to date, Board-approved budgets to 28 February 2027 and detailed financial forecasts for the period up to 31 August 2027, being the going concern assessment period. The Group has taken a measured approach to its forecasting and has balanced the expected trading conditions with available opportunities.

In its assessment of going concern, the Board has considered the potential impact of the current economic conditions and geopolitical environment as described above. If any of these factors leads to a reduction in spending by the Group's customers, there may be an adverse effect on the Group's future GII, GP, operating profit, and debtor collection periods. Under such downsides, the Board has factored in the extent to which they might be offset by reductions in headcount, recruitment freezes and savings in pay costs (including commissions and bonuses). As part of the stressed scenario, where only partial mitigation of downsides is possible, the Board confirmed that the RCF would not need to be used during the going concern period up to 31 August 2027.

Details of downside testing

The Group assessed the going concern by comparing a base case scenario to two downside scenarios and in each of the downside cases taking into consideration two levels of mitigation, 'full' and 'partial'. These scenarios are set out below.

- Base case was forecast using the Board-approved budget for the year ending 28 February 2027 and extended across the first six months of the following year to 31 August 2027.
- Downside case 1, Severe but plausible, modelled gross invoiced income reducing by 10% year on year, gross profit reducing by 15% year on year and debtor collection periods extending by five days, in each case effective from June 2026.
- Downside case 2, Stressed, modelled both gross invoiced income and gross profit reducing by 30% year on year and debtor collection periods extending by ten days, again in each case effective from June 2026.
- Partial mitigation measures modelled immediate 'self-mitigating' reduction of commission in line with falling gross profit, freezing recruitment of new heads and not replacing natural leavers from September 2026, freezing future pay from March 2027 (as current year rises are already committed) and freezing rises in general overheads from March 2027.
- Full mitigation measures modelled additional headcount reductions from March 2027, in line with falling gross profit.

The pay and headcount mitigations applied in the downside scenarios are within the Group's control and, depending on how severe the impacts of the modelled downside scenarios are, the Group could activate further levels of mitigation. For example:

- those relating to headcount freezes or reductions could be implemented even more quickly than indicated above to respond to downward trends as, considering the sudden and significant falls in profitability and cash collections modelled under both downsides, we would not wait for a full three months before taking any action.
- we would also be able to take more action to lower our operating cost base, given the flexibility of our business model.
- a natural reduction in the level of shareholder dividends would follow, in line with the modelled reductions in profit after tax.

Therefore, the Board believes that all mitigations have been applied prudently and are within the Group's control.

Under all scenarios assessed, the Group would remain cash positive throughout the whole of the going concern period and therefore with no requirement to call upon the revolving credit facility and remaining compliant with the bank facility covenants. Dividends are forecast to continue to be paid in line with the Group's dividend policy to distribute 40-50% of the post-tax pre-exceptional earnings to shareholders.

The directors consider that the level of stress-testing is appropriate to reflect the potential collective impact of all the macroeconomic and geopolitical matters described and considered above.

Reverse stress test

The scenario analysis undertaken included reverse stress testing that involved constructing scenarios that would threaten the Group's viability, because of either (a) the Group exhausting all its available cash and its committed bank facilities and/or (b) a breach of the covenant tests underpinning the Group's banking facilities. The Group then assessed the likelihood of those scenarios occurring. Having reviewed the reverse stress test, the directors have concluded that the set of assumptions required to cause exhaustion of cash and bank facilities, and/or a breach of bank covenants, is unlikely to occur.

Going concern conclusion

Based on the analysis described above, the Group has sufficient forecast liquidity headroom through the forecast period. The directors therefore have reasonable expectation that the Group has the financial resources to enable it to continue in operational existence for the period up to 31 August 2027, being the going concern assessment period. Accordingly, the directors conclude it to be appropriate that the consolidated financial statements be prepared on a going concern basis.

1.4 Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

This note provides an overview of the areas that involved estimates or judgements and whether any are considered critical due to their complexity or risk impact.

(i) Critical estimates and judgements

There are no critical areas of judgement. There are no critical areas of estimation uncertainty that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

(ii) Other estimates and judgements

Areas involving non-critical accounting estimates and judgements are:

- *Principal versus agent (see note 1.10).*

When recognising revenue, the Group is required to assess whether its role in satisfying its various performance obligations is to provide the goods or services themselves (in which case it is considered to be acting as principal) or arrange for a third party to provide the goods or services (in which case it is considered to be acting as agent). Where it is considered to be acting as principal, the Group recognises revenue at the gross amount of consideration to which it expects to be entitled. Where it is considered to be acting as agent, the Group recognises revenue at the amount of any fee or commission to which it expects to be entitled or the net amount of consideration that it retains after paying the other party.

Notes to the consolidated financial statements continued

1.4 Critical accounting estimates and judgements
continued

To determine the nature of its obligation, the standard primarily requires that an entity shall:

- (a) Identify the specified goods or services to be provided to the customer
- (b) Assess whether it controls each specified good or service before that good or service is transferred to the customer by considering if it:
 - a. is primarily responsible for fulfilling the promise to provide the specified good or service
 - b. has inventory risk before the specified good or service has been transferred to a customer
 - c. has discretion in establishing the price for the specified good or service.

The specific judgements made for each revenue category are discussed in the accounting policy for revenue as disclosed in note 1.10.

The Group considers the determination of principal versus agent to be well established within the business processes. Therefore management has concluded that the level of judgement is consistent with prior year and is not considered to be significant.

- *Estimation of recoverable amount of goodwill (see notes 1.15 and 11).*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.15. The recoverable amounts of the relevant cash generating units (CGUs) have been determined based on value-in-use calculations in respect of future forecasts which require the use of assumptions. The growth rates used in the short-term forecasts are based on historical growth rates achieved by the Group and longer-term cash flow forecasts (beyond a five-year period) are extrapolated using the estimated growth rates disclosed in note 11. The forecast cash flows are discounted, at the rates disclosed in note 11, to determine the CGUs value-in-use. The sensitivity of changes in the estimated growth rates and the discount rate are disclosed in note 11.

- *Provisions (see note 1.24).*

IAS 37 Provisions, Contingent Liabilities and Contingent Assets requires a provision to be recognised when an entity has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation. If any of the conditions for recognition are not met, no provision is recognised, and an entity may instead have a contingent liability. Contingent liabilities are not recognised, but explanatory disclosures are required, unless the possibility of an outflow in settlement is remote. The Group makes provision for future tax liabilities and assets in relation to its unexercised share options. This requires judgement to be made in respect of the Group share price at the time of exercise which crystallises the future liability or asset.

- *Property, plant and equipment (see note 1.20).*

The Group classifies owner occupied properties as property, plant and equipment. Where tenancies were assumed upon acquisition of the properties and rental income are earned, this requires judgement as to whether the properties are property, plant and equipment or investment property taking into account the evaluation of terms and conditions of the arrangement and intention of future use.

- *Estimation of recoverable amount of investment in associate (see note 12).*

The Group tests annually whether its investment in associate has suffered any impairment, in accordance with the accounting policy stated in note 1.15 Impairment of non-financial assets.

- *Share-based payments (see note 26).*

Expenses are recorded throughout the vesting period, with key judgements involving the estimation of forfeiture rates and assessment of non-market performance conditions. These key judgements are updated at each reporting date when assessing the likely number of options that will vest on completion of the relevant performance period.

1.5 New standards, interpretations and amendments adopted by the Group*(a) New and amended standards adopted by the Group*

The Group has applied the following standard or amendments for the first time in the annual reporting period commencing 1 March 2025:

- Lack of exchangeability – Amendments to IAS 21

The amendments listed above did not have any impact on the amounts recognised in current or prior periods and are not expected to affect future periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 28 February 2026 and have not been adopted early by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

- Classification and measurement of financial instruments – Amendments to IFRS 7 and IFRS 9
- Nature-dependent electricity contracts – Amendments to IFRS 9 and IFRS 7

The Group is assessing the impact of IFRS 18 Presentation and disclosure in financial statements as adopted by the UK Endorsement Board, which will be effective for reporting periods beginning on or after 1 January 2027.

1.6 Principles of consolidation

1.6.1 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.6.2 Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. The statement of profit or loss reflects the Group's share of profit of the associate. Where there is objective evidence that the investment in associate is impaired, the amount of the impairment is recognised within 'Share of profit of associate' in the statement of profit or loss.

1.7 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who views the Group's operations on a combined level, given they sell similar products and services, and substantially purchase from the same suppliers and under common customer frameworks. The Group has determined that, consistent with the prior year, it has only one reportable segment under IFRS 8, which is that of 'IT solutions provider'.

1.8 Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprises interest expense on borrowings and the unwinding of the discount on lease liabilities, that are recognised in profit or loss as it accrues using the effective interest method.

1.9 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in the statement of profit or loss on a net basis, within 'other gains/(losses)'.

1.10 Revenue recognition

Revenue recognition principles across all revenue streams

The Group recognises revenue on completion of its performance obligations at the fixed transaction prices specified in the underlying contracts or orders. There are no variable price elements arising from discounts, targets, loyalty points or returns. Where the contract or order includes more than one performance obligation, the transaction price is allocated to each obligation based on their stand-alone selling prices. These are separately listed as individual items within the contract or order.

In the case of sales of third-party products and services, the Group's performance obligations are satisfied by fulfilling its contractual requirements with both the customer and the supplier (which may be direct with the product vendor), ensuring that orders are processed within any contractual timescales stipulated. In the case of sales of the Group's own in-house products and internal services, this includes the Group fulfilling its contractual responsibilities with the customer.

Software

The Group acts as an advisor, analysing customer requirements and designing an appropriate mix of software products under different licensing programmes. This may include a combination of cloud and on-premise products, typically used to enhance users' productivity, strengthen IT security or assist in collaboration. The way in which the Group satisfies its performance obligations depends on the licensing programme selected.

Direct software sales – the Group's performance obligation is to facilitate software sales between vendors and customers, but the Group is not party to those sales contracts. Supply and activation of the software licences, invoicing and payment all take place directly between the vendor and the customer. The transaction price for the customer is set by the vendor with no involvement from the Group. Therefore, the Group does not control the licences prior to their delivery to the customer and hence acts as agent. The Group is compensated by the vendor with a fee based on fixed rates set by the vendor applied to the customer transaction price and determined according to the quantity and type of products sold. Revenue is recognised as the fee received from the vendor on a point in time basis when the vendor's invoicing to the customer takes place.

Notes to the consolidated financial statements continued

1.10 Revenue recognition continued

Indirect software sales – the Group's performance obligation is to fulfil customers' requirements through the procurement of appropriate on-premise software products, or cloud-based software, from relevant vendors. Operating as a reseller, the Group invoices, and receives payment from, the customer itself. Whilst the transaction price is set by the Group at the amount specified in its contract with the customer, the software licensing agreement is between the vendor and the customer. The vendor is responsible for issuing the licences and activation keys, for the software's functionality, and for fulfilling the promise to provide the licences to the customer. Therefore, the Group acts as agent and revenue is recognised as the amount retained after paying the software vendor. As a reseller, the Group recognises indirect software sales revenue on a point-in-time basis once it has satisfied its performance obligations. This takes two main forms as follows:

- In the case of cloud-based software sales, the Group arranges for third-party vendors to provide customers with access to software in the cloud. As the sales value varies according to monthly usage, revenue is recognised once the amount is confirmed by the vendor and the Group has analysed the data and advised the customer. This is because the responsibilities of the Group to undertake such activities mean that these performance obligations are satisfied at each point usage occurs and the Group has a right to receive payment.
- In the case of licence sales (non cloud-based software) arising from fixed-price subscriptions where the customer makes an up-front payment, the Group recognises revenue when the contract execution or order is fulfilled by the Group because its performance obligation is fully satisfied at that point. Typically, these take the form of annual instalments where the Group is required to undertake various contract review activities at each anniversary date.

Hardware – resale of hardware products

The Group's activities under this revenue stream comprise the sale of hardware items such as servers, laptops and devices. For hardware sales, the Group acts as principal, as it assumes primary responsibility for fulfilling the promise to provide the goods and for their acceptability, is exposed to inventory risk during the delivery period and has discretion in establishing the selling price.

Revenue is recognised at the gross amount receivable from the customer for the hardware provided and on a point-in-time basis when delivered and control has passed to the customer.

Services internal – provision of services to customers using the Group's own internal resources

The Group's activities under this revenue stream comprise the provision of consulting services using its own internal resources. The services provided include, but are not limited to, helpdesk support, cloud migration, implementation of security solutions, infrastructure, and software asset management services. The services may be one-off projects where completion is determined on delivery of contractually agreed tasks, or they may constitute an ongoing set of managed service or support contract deliverables over a contract term which may be multi-year.

When selling internally provided services, the Group acts as principal as there are no other parties involved in the process. Revenue is recognised at the gross amount receivable from the customer for the services provided. The Group recognises revenue from internally provided consulting services on an over-time basis, unless they are short-term one-off projects. This is because the customer benefits from the Group's activities as the Group performs them. Where one-off projects are completed in less than a month the revenue is recognised when the work has been completed and the customer has confirmed all performance conditions have been satisfied. For longer service projects extending over more than one month the Group applies an inputs basis by reference to the hours expended to the measurement date, and the day rates specified in the contract, subject to sign off of milestones agreed with the customer. For managed services and support contracts the revenue is recognised evenly over the contract term.

Services external – provision of services to customers using third-party contractors

The Group's activities under this revenue stream comprise the sale of a variety of IT services which are provided by third-party contractors. These may be similar to the internally provided consulting services, where the Group does not have the internal capacity at the time required by the customer or may be services around different IT technologies and solutions where the Group does not have the relevant skills in-house.

Whilst the transaction price is set by the Group at the amount specified in its contract with the customer, when selling externally provided services, the Group acts as agent because responsibility for delivering the service relies on the performance of the third-party contractor. If the customer is not satisfied with their performance, the third party will assume responsibility for making good the service and obtaining customer sign-off. The Group will not pay the third party until customer sign-off has been received. Revenue is recognised at the amount retained after paying the service provider for the services delivered to the customer on a point-in-time basis. The Group does not control the services prior to their delivery and its performance obligations are satisfied at the point the service has been delivered by the third party and confirmed with the customer.

1.11 Contract costs, assets and liabilities

Contract costs

Incremental costs of obtaining a contract

The Group recognises the incremental costs of obtaining a contract when those costs are incurred. For revenue recognised on a point-in-time basis, this is consistent with the transfer of the goods or services to which those costs relate. For revenue recognised on an over-time basis, the Group applies the practical expedient available in IFRS 15 and recognises the costs as an expense when incurred because the amortisation period of the asset that would otherwise be recognised is less than one year.

Costs to fulfil a contract

The Group recognises the costs of fulfilling a contract when those costs are incurred. This is because the nature of those costs does not generate or enhance the Group's resources in a way that enables it to satisfy its performance obligations in the future and those costs do not otherwise qualify for recognition as an asset.

Contract assets

The Group recognises a contract asset for accrued revenue. Accrued revenue is revenue recognised from performance obligations satisfied in the period that has not yet been invoiced to the customer.

Contract assets also include costs to fulfil services contracts (deferred costs) when the Group is invoiced by suppliers before the related performance obligations of the contract are satisfied by the third party. Deferred costs are measured at the purchase price of the associated services received. Deferred costs are released from the consolidated statement of financial position in line with the recognition of revenue on the specific transaction.

Contract liabilities

The Group recognises a contract liability for deferred revenue when the customer is invoiced before the related performance obligations of the contract are satisfied. A contract liability is also recognised for payments received in advance from customers. Contract liabilities are recognised as revenue when the Group performs its obligations under the contract to which they relate.

1.12 Rebates and incentives from suppliers

As a value-added IT reseller, the Group can earn incentive income from suppliers in addition to any profit made on the underlying transactions.

Rebates from software and hardware sales

Where the Group invoices a customer directly, it may receive additional rebates from suppliers. These are accounted for in the period in which they are earned and are based on commercial agreements with suppliers. Rebates earned are mainly determined by the type and quantity of products within each sale but may also be volume-purchase related. They are generally short term in nature, with rebates earned but not yet received typically relating to the preceding month's or quarter's trading. Rebate income is recognised in cost of sales in the consolidated statement of profit or loss and rebates earned but not yet received are included within trade and other receivables in the consolidated statement of financial position.

Fees from software sales

When the Group sells on behalf of a vendor who invoices the customer, the Group earns a fee from the vendor for managing the customer relationship and providing licensing advice and support to them. As noted above in note 1.10 under Direct software sales, the fee is recognised in revenue when the vendor's invoicing to the customer takes place. Fees recognised but not yet received are included within trade and other receivables in the consolidated statement of financial position.

1.13 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the consolidated financial statements continued

1.13 Income tax continued

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.14 Leases*Group as a lessee*

The Group leases a property and various motor vehicles. Lease agreements are typically made for fixed periods but may have extension options included. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group is depreciating the right-of-use assets over the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured at the net present value of the minimum lease payments. The net present value of the minimum lease payments is calculated as follows:

- Fixed payments, less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease; where this rate cannot be determined, the Group's incremental borrowing rate is used.

Right-of-use assets are measured at cost comprising the following:

- The net present value of the minimum lease payments
- Any lease payments made at, or before, the commencement date less any lease incentives received
- Any initial direct costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Depreciation

Depreciation is recognised in profit or loss for each category of assets on a straight-line basis over the lease term.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings, 8 years
- Motor vehicles, 2 to 3 years.

The depreciation methods, useful lives and residual values are reassessed annually and adjusted if appropriate. Gains and losses arising on the disposal of leased assets are included as capital items in profit or loss.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising accounted for on a straight-line basis over the lease term and is included in the statement of profit or loss.

1.15 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

1.17 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional, i.e. fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Prepayments and other receivables are stated at their nominal values.

1.18 Inventories

Inventories are measured at the lower of cost and net realisable value considering market conditions and technological changes. Cost is determined on the first-in first-out methods. Work and contracts in progress and finished goods include direct costs and an appropriate portion of attributable overhead expenditure based on normal production capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

1.19 Financial instruments

Financial instruments comprise trade and other receivables (excluding prepayments), investments, cash and cash equivalents, non-current loans, current loans, bank overdrafts, derivatives and trade and other payables.

Recognition

Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments. Financial assets are recognised on the date the Group commits to purchase the instruments (trade date accounting).

Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as non-current. Financial liabilities are classified as non-current if the Group has an unconditional right to defer payment for more than 12 months from the reporting date.

Classification

The Group classifies financial assets on initial recognition as measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL) based on the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset.

Financial assets are classified as follows:

- Financial assets to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss)
- Financial assets to be measured at amortised cost.

Financial assets are not reclassified unless the Group changes its business model. In rare circumstances where the Group does change its business model, reclassifications are done prospectively from the date that the Group changes its business model.

Financial liabilities are classified and measured at amortised cost except for those derivative liabilities and contingent considerations that are measured at FVTPL.

Measurement on initial recognition

All financial assets and financial liabilities are initially measured at fair value, including transaction costs, except for those classified as FVTPL which are initially measured at fair value excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Subsequent measurement: financial assets

Subsequent to initial recognition, financial assets are measured as described below:

- FVTPL – these financial assets are subsequently measured at fair value and changes therein (including any interest or dividend income) are recognised in profit or loss
- Amortised cost – these financial assets are subsequently measured at amortised cost using the effective interest method, less impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss
- Equity instruments at FVOCI – these financial assets are subsequently measured at fair value. Dividends are recognised in profit or loss when the right to receive payment is established. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

Subsequent measurement: financial liabilities

All financial liabilities, excluding derivative liabilities and contingent consideration, are subsequently measured at amortised cost using the effective interest method. Derivative liabilities are subsequently measured at fair value with changes therein recognised in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial asset or liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Offsetting financial instruments

Offsetting of financial assets and liabilities is applied when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The net amount is reported in the statement of financial position.

Notes to the consolidated financial statements continued

1.19 Financial instruments continued**Impairment**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on credit risk characteristics and the days past due.

The expected credit loss (ECL) rates are based on the payment profiles of sales over a 12-month period before 28 February 2026, 28 February 2025, and 1 March 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are reviewed and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Derivatives

Derivatives are initially recognised at fair value on the date that a derivative contract is entered into as either a financial asset or financial liability if they are considered material. Derivatives are subsequently remeasured to their fair value at the end of each reporting period, with the change in fair value being recognised in profit or loss.

1.20 Property, plant and equipment**Owned assets**

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. When components of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Property acquired and held for future use and development as owner-occupied property is included in owned property.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred, if it is probable that future economic benefits embodied within the item will

flow to the Group and the cost of such item can be measured reliably. The carrying amount of the replaced item of property, plant and equipment is derecognised. All other costs are recognised in profit or loss as an expense when incurred.

Depreciation

Depreciation is recognised in profit or loss for each category of assets on a straight-line basis over their expected useful lives up to their respective estimated residual values. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings, 20 to 50 years
- Leasehold improvements (included in land and buildings), shorter of lease period or useful life of asset
- Plant and machinery, 3 to 20 years
- Motor vehicles, 4 to 8 years
- Furniture and equipment, 5 to 20 years
- IT equipment and software, 2 to 8 years

The depreciation methods, useful lives and residual values are reassessed annually and adjusted if appropriate. Gains and losses arising on the disposal of property, plant and equipment are included in profit or loss.

1.21 Intangible assets**Goodwill**

Goodwill is measured as described in note 1.15. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Brands and customer relationships

Brands and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over their expected useful lives.

The useful lives for the brands and customer relationships are as follows:

- Customer relationships, 10 years
- Brands, 5 years.

Software

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- There is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available
- The expenditure attributable to the software during its development can be reliably measured.

Amortisation is recognised in profit or loss on a straight-line basis over their expected useful lives. The useful lives for software is 2 to 8 years.

Research and development

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

1.22 Trade and other payables

Trade payables, sundry creditors and accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are accounted for in accordance with the accounting policy for financial liabilities as included above. Amounts received from customers in advance, prior to confirming the goods or services required, are recorded as other payables. Upon delivery of the goods and services, these amounts are recognised in revenue. Other payables are stated at their nominal values.

1.23 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective-interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

1.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation because of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.25 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Post-employment obligations

The Group operates various defined contribution plans for its employees. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Notes to the consolidated financial statements continued

1.25 Employee benefits continued*Share-based payments***Equity settled share-based payment incentive scheme**

Share-based compensation benefits are provided to particular employees of the Group through the Bytes Technology Group plc share option plans. Information relating to all schemes is provided in note 26.

Employee options

The fair values of options granted under the Bytes Technology Group plc share option plans are recognised as an employee benefit expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted. The share-based payment reserve comprises the fair value of share awards granted which are not yet exercised. The amount will be reversed to retained earnings as and when the related awards vest and are exercised by employees.

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options issued that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

1.26 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity.

1.27 Dividends

Dividends paid on ordinary shares are classified as equity and are recognised as distributions in equity.

1.28 Earnings per share*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- The weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

1.29 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand, unless otherwise stated.

2 Segmental information

Description of segment

The information reported to the Group's Chief Executive Officer, who is considered to be the chief operating decision maker for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8, which is that of 'IT solutions provider'. The Group's revenue, results, assets and liabilities for this one reportable segment can be determined by reference to the consolidated statement of profit or loss and the consolidated statement of financial position. An analysis of revenues by product lines and geographical regions, which form one reportable segment, is set out in note 3.

3 Revenue from contracts with customers

3(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services in the following major product lines and geographical regions:

Revenue by product	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Software	145,208	146,002
Hardware	31,266	33,216
Services internal	39,312	34,032
Services external	4,776	3,884
Total revenue from contracts with customers	220,562	217,134

Software

The Group's software revenue comprises the sale of various types of software licences (including both cloud-based and non-cloud-based licences), subscriptions and software assurance products.

Hardware

The Group's hardware revenue comprises the sale of items such as servers, laptops and other devices.

Services internal

The Group's internal services revenue comprises internally provided consulting services through its own internal resources.

Services external

The Group's external services revenue comprises the sale of externally provided training and consulting services through third-party contractors.

Revenue by geographical regions	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
United Kingdom	211,904	209,854
Europe	4,988	4,112
Rest of world	3,670	3,168
	220,562	217,134

Notes to the consolidated financial statements continued

3 Revenue from contracts with customers continued**3(b) Gross invoiced income by type**

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Software	2,233,393	2,005,289
Hardware	31,266	33,216
Services internal	39,312	34,032
Services external	37,077	27,267
	2,341,048	2,099,804
Gross invoiced income	2,341,048	2,099,804
Adjustment to gross invoiced income for income recognised as agent	(2,120,486)	(1,882,670)
Revenue	220,562	217,134

Gross invoiced income reflects gross income billed to customers adjusted for movements in deferred and accrued revenue items amounting to a £5.9 million reduction (2025: £7.7 million reduction). The Group reports gross invoiced income as an alternative performance measure as management believes this measure allows further understanding of business performance and volume of activity in respect of working capital and cash flow

4 Material administrative expenses

The Group has identified several items included within administrative expenses which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group:

	Note	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Depreciation of property, plant and equipment	9	1,314	1,255
Depreciation of right-of-use assets	10	706	509
Amortisation of acquired intangible assets	11	880	880
System support and maintenance ¹		6,171	4,670
Share-based payment expenses	26	751	5,049
Expenses relating to short-term leases	10	433	348
Foreign exchange losses		198	55
Rental income		(625)	(105)

¹ Year-on-year movement driven by business growth, increased headcount and implementation of new systems.

5 Employees

	Note	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Employee benefit expense:			
Employee remuneration (including directors' remuneration ¹)		63,775	55,497
Commissions and bonuses		24,884	24,837
Social security costs		12,008	9,762
Pension costs		2,340	2,009
Share-based payments expense	26	751	5,049
		103,758	97,154
Classified as follows:			
Cost of sales		21,723	19,098
Administrative expenses		82,035	78,056
		103,758	97,154

¹ Directors' remuneration is included in the directors' remuneration report on pages 112 to 128.

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
The average monthly number of employees during the year was:		
Sales – account management	331	378
Sales – support and specialists	367	251
Service delivery	325	290
Administration	265	231
	1,288	1,150

The employee benefit expenses in relation to the service delivery employees are included within cost of sales.

6 Auditors' remuneration

During the year, the Group obtained the following services from the company's auditors and its associates:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Fees payable to the company's auditors and its associates for the audit of the parent company and consolidated financial statements	304	316
Fees payable to the company's auditors and its associates for other services:		
Audit of the financial statements of the company's subsidiaries	442	450
Non-audit services ¹	110	105
	856	871

¹ Non-audit services in the current and prior year relate to the auditor's review of our interim report issued in October of each year.

7 Finance income and costs

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Finance income		
Bank interest received ¹	7,577	8,486
Finance income	7,577	8,486
Finance costs		
Interest expense on financial liabilities measured at amortised cost	(239)	(224)
Interest expense on lease liability	(80)	(67)
Finance costs	(319)	(291)

¹ Interest received on cash deposited on money market.

Notes to the consolidated financial statements continued

8 Income tax expense

The major components of the Group's income tax expense for all periods are:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Current income tax charge in the year	16,392	19,175
Adjustment in respect of current income tax of previous years	(57)	(18)
Total current income tax charge	16,335	19,157
Deferred tax charge/(credit) in the year	2,233	604
Adjustments in respect of prior year	(18)	11
Deferred tax charge	2,215	615
Total tax charge	18,550	19,772

Reconciliation of total tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK applied to profit before tax:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Profit before income tax	69,832	74,613
Income tax charge at the standard rate of corporation tax in the UK of 25% (2024: 25%)	17,458	18,653
Effects of:		
Non-deductible expenses	1,127	1,124
Adjustment to previous periods	(75)	(7)
Effect of share of profit of associate	40	2
Income tax charge reported in profit or loss	18,550	19,772

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly credited/(charged) to equity:		
Deferred tax: share-based payments	(431)	(160)
Current tax: share-based payments	180	31
	(251)	(129)

The Base Erosion and Profit Shifting Pillar Two model rules apply to multinational enterprises with revenues exceeding €750 million. Group revenues do not exceed €750 million and therefore the rules do not apply to the Group.

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Deferred tax (liability)/asset – net		
The balance comprises temporary differences attributable to:		
Intangible assets	(348)	(568)
Property, plant and equipment	(3,188)	(2,088)
Employee benefits	6	6
Provisions	297	74
Share-based payments	646	2,635
	(2,587)	59
	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Net deferred tax asset reconciliation		
At 1 March	59	834
Intangible assets	220	220
Property, plant and equipment	(1,100)	(1,029)
Employee benefits	–	5
Provisions	223	1
Share-based payments	(1,558)	188
Charge to profit or loss	(2,215)	(615)
Share-based payments	(431)	(160)
Charge to equity	(431)	(160)
Carrying amount at end of year	(2,587)	59

The deferred tax asset and deferred tax liabilities carrying amounts at the end of the year are set off as they arise in the same jurisdiction and as such there is a legally enforceable right to offset.

Notes to the consolidated financial statements continued

9 Property, plant and equipment

	Freehold land and buildings £'000	Computer equipment £'000	Furniture, fittings and equipment £'000	Computer software £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 March 2024	9,778	5,006	1,324	1,266	86	17,460
Additions	5,760	549	46	–	3	6,358
Disposals	–	(1)	–	–	(24)	(25)
At 28 February 2025	15,538	5,554	1,370	1,266	65	23,793
Additions	1,122	563	122	–	9	1,816
Disposals	(799)	(1,688)	(732)	(637)	(30)	(3,886)
At 28 February 2026	15,861	4,429	760	629	44	21,723
Depreciation						
At 1 March 2024	2,937	4,028	1,094	861	62	8,982
On disposals	–	(1)	–	–	(24)	(25)
Charge for the year	384	600	47	211	13	1,255
At 28 February 2025	3,321	4,627	1,141	1,072	51	10,212
On disposals	(798)	(1,688)	(732)	(637)	(30)	(3,885)
Charge for the year	513	594	60	138	9	1,314
At 28 February 2026	3,036	3,533	469	573	30	7,641
Net book value						
At 28 February 2025	12,217	927	229	194	14	13,581
At 28 February 2026	12,825	896	291	56	14	14,082

In the prior year the Group acquired property, for £5.4 million, adjacent to its offices in Leatherhead. Part of the property acquired is subject to existing operating lease agreements. Since the property was acquired by the Group for use as owner-occupied offices, the property has been included in owned property.

10 Leases**Group as a lessee**

Amounts recognised in the balance sheet

Right-of-use assets	Buildings £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 March 2024	1,377	891	2,268
Additions	–	739	739
At 28 February 2025	1,377	1,630	3,007
Additions	–	856	856
Disposal	–	(47)	(47)
At 28 February 2026	1,377	2,439	3,816
Depreciation			
At 1 March 2024	738	119	857
Charge for the period	145	364	509
At 28 February 2025	883	483	1,366
On disposals	–	(10)	(10)
Charge for the period	145	561	706
At 28 February 2026	1,028	1,034	2,062
Net book value			
At 1 March 2024	639	772	1,411
At 28 February 2025	494	1,147	1,641
At 28 February 2026	349	1,405	1,754

Lease liabilities	As at 28 February 2026 £'000	As at 28 February 2025 £'000	As at 1 March 2024 £'000
Current	842	668	423
Non-current	1,138	1,269	1,314
	1,980	1,937	1,737

There were additions of £0.9 million to the right-of-use assets in the financial year ended 28 February 2026 (2025: £0.7 million).

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Depreciation charge of right-of-use assets	706	509
Interest expense (included in finance cost)	80	67
Expense relating to short-term leases (included in administrative expenses)	433	348

Changes in liabilities arising from financing activities

	As at 1 March 2025 £'000	Additions £'000	Disposal £'000	Cash flows £'000	Interest £'000	As at 28 February 2026 £'000
Lease liabilities	1,937	856	(37)	(856)	80	1,980
Total liabilities from financing activities	1,937	856	(37)	(856)	80	1,980

	As at 1 March 2024 £'000	Additions £'000	Disposal £'000	Cash flows £'000	Interest £'000	As at 28 February 2025 £'000
Lease liabilities	1,737	739	–	(606)	67	1,937
Total liabilities from financing activities	1,737	739	–	(606)	67	1,937

Group as a lessor

Contractual maturity of undiscounted operating lease receipts

The following table details the Group's remaining contract maturity for operating leases on the Group during the year. The table is based on undiscounted contractual receipts.

Operating lease receivables	Within 1 year £'000	1 to 2 years £'000	2 to 3 years £'000	3 to 4 years £'000	4 to 5 years £'000	Over 5 years £'000
28 February 2026	464	464	244	87	87	72
28 February 2025	464	464	464	244	87	159

Notes to the consolidated financial statements continued

11 Intangible assets

	Goodwill £'000	Customer relationships £'000	Brand £'000	Software £'000	Total £'000
Cost					
At 1 March 2024	37,493	8,798	3,653	–	49,944
Additions	–	–	–	3,709	3,709
At 28 February 2025	37,493	8,798	3,653	3,709	53,653
Additions	–	–	–	4,097	4,097
At 28 February 2026	37,493	8,798	3,653	7,806	57,750
Amortisation					
At 1 March 2024	–	5,645	3,653	–	9,298
Charge for the year	–	880	–	–	880
At 28 February 2025	–	6,525	3,653	–	10,178
Charge for the year	–	880	–	210	1,090
At 28 February 2026	–	7,405	3,653	210	11,268
Net book value					
At 28 February 2025	37,493	2,273	–	3,709	43,475
At 28 February 2026	37,493	1,393	–	7,596	46,482

During the year the Group capitalised internal software development costs of £4.1 million (2025: £3.7 million).

Determination of recoverable amount

The carrying value of indefinite useful life intangible assets, being goodwill, are tested annually for impairment. For each CGU and for all periods presented, the Group has assessed that the value in use represents the recoverable amount. The future expected cash flows used in the value-in-use models are based on management forecasts, over a five-year period, and thereafter a reasonable rate of growth is applied based on current market conditions. For the purpose of impairment assessments of goodwill, the goodwill balance is allocated to the operating units which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

A summary of the goodwill per CGU, as well as assumptions applied for impairment assessment purposes, is presented below:

	Long-term growth rate %	Discount rate %	Goodwill carrying amount £'000
28 February 2026			
Bytes Software Services	2	9.30	14,775
Phoenix Software	2	9.30	22,718
			37,493
28 February 2025			
Bytes Software Services	2	9.20	14,775
Phoenix Software	2	9.20	22,718
			37,493

Growth rates

The Group used what it considers to be a conservative growth rate of 2% which was applied beyond the approved budget and forecast periods. The growth rate was consistent with publicly available information relating to long-term average growth rates for the market in which the respective CGU operated.

Discount rates

Discount rates used reflect both time value of money and other specific risks relating to the relevant CGU. Post-tax discount rates have been applied. The difference between the value-in-use calculated using the post-tax discount rates and the value-in-use calculated using pre-tax discount rates is not material.

Sensitivities

The impacts of variations in the calculation of value-in-use of assumed growth rate and post-tax discount rates applied to the forecast future cash flows of the CGUs have been estimated as follows:

	Bytes Software Services £'000	Phoenix Software £'000
28 February 2026		
Headroom	492,895	228,114
1% increase in the post-tax discount rate applied to the forecast future cash flows	(68,853)	(32,385)
1% decrease in the post-tax discount rate applied to the forecast future cash flows	90,968	42,792
0.5% increase in the terminal growth rate	32,314	15,209
0.5% decrease in the terminal growth rate	(28,171)	(13,259)
	Bytes Software Services £'000	Phoenix Software £'000
28 February 2025		
Headroom	702,044	212,605
1% increase in the post-tax discount rate applied to the forecast future cash flows	(94,207)	(31,522)
1% decrease in the post-tax discount rate applied to the forecast future cash flows	124,953	41,843
0.5% increase in the terminal growth rate	44,492	14,940
0.5% decrease in the terminal growth rate	(38,714)	(13,000)

None of the above sensitivities, taken either in isolation or aggregated, indicates a potential impairment. The directors consider that there is no reasonable possible change in the assumptions used in the sensitivities that would result in an impairment of goodwill.

12 Investment in an associate

The Group has a 25.1% interest in Cloud Bridge Technologies Limited, a company with a principal place of business in the United Kingdom. The Group's interest in Cloud Bridge Technologies Limited is accounted for using the equity method.

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Current assets	11,047	7,980
Non-current assets	405	108
Current liabilities	(9,340)	(5,016)
Non-current liabilities	(439)	(771)
Equity	1,673	2,301
Group's share in equity – 25%	420	578
Goodwill	2,607	2,607
Group's carrying amount of the investment	3,027	3,185

Notes to the consolidated financial statements continued

12 Investment in an associate continued

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Revenue	34,881	28,920
Cost of sales	(29,625)	(26,755)
Administrative expenses	(5,874)	(2,340)
Finance costs	(50)	(56)
Profit before tax	(668)	(231)
Income tax expense	43	198
Profit for the period	(625)	(33)
Group's share of profit for the period	(158)	(8)

The associate requires the Group's consent to distribute its profits. The Group does not foresee giving such consent at the reporting date. The associate had no contingent liabilities or capital commitments as at 28 February 2026.

In preparing the financial statements, the Group has considered whether there are impairment indicators present which would require an adjustment to be made to the £3.0 million carrying amount of the investment as at 28 February 2026. Management have also considered several qualitative factors in respect of the Cloud Bridge business including historic track record of revenue growth, increase in customer opportunities and pipeline, attainment of key vendor accreditations, development of internal systems to deliver cost savings and efficiencies, and expansion of operations in other territories. Combined with current performance metrics and the forecasts produced, the Group concludes there to be no impairment of the carrying amount of the investment at the reporting date.

13 Contract assets

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Contract assets	8,724	11,746
Contract assets is further broken down as:		
Short-term contract assets	8,027	9,973
Long-term contract assets	697	1,773
	8,724	11,746

Contract assets include £2.6 million (2025: £1.7 million) of deferred costs relating to internal services contracts, and the recognition of accrued revenue of £6.1 million (2025: £10.0 million) for certain large software orders where performance obligations were satisfied in the period but not yet invoiced to the customer at the period end.

14 Contract liabilities

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Contract liabilities	29,245	27,279
Contract liabilities is further broken down as:		
Short-term contract liabilities	27,178	25,245
Long-term contract liabilities	2,067	2,034
	29,245	27,279

During the year, the Group recognised £25.2 million (2025: £19.3 million) of revenue that was included in the contract liability balance at the beginning of the period. This liability arises where revenue has been deferred when the customer is invoiced before the related performance obligations of the contract are satisfied, and the deferral of certain large payments received in advance from customers.

15 Financial assets and financial liabilities

This note provides information about the Group's financial instruments, including:

- An overview of all financial instruments held by the Group
- Specific information about each type of financial instrument
- Accounting policies
- Information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Group holds the following financial instruments:

Financial assets	Note	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Financial assets at amortised cost:			
Trade receivables	16	290,193	259,224
Other receivables	16	6,750	6,917
		296,943	266,141
Financial liabilities	Note	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Financial liabilities at amortised cost:			
Trade and other payables – current, excluding payroll tax and other statutory tax liabilities		322,865	301,669
Lease liabilities	10	1,980	1,937
		324,845	303,606

The Group's exposure to various risks associated with the financial instruments is discussed in note 22. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Notes to the consolidated financial statements continued

16 Trade and other receivables

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Financial assets		
Gross trade receivables	291,479	260,883
Less: impairment allowance	(1,286)	(1,659)
Net trade receivables	290,193	259,224
Other receivables	6,750	6,917
	296,943	266,141
Non-financial assets		
Prepayments	2,944	2,313
	2,944	2,313
Trade and other receivables	299,887	268,454

(i) Classification of trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies are provided in note 1.19.

(ii) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(iii) Credit risk
Ageing and impairment analysis (excluding finance lease assets)

28 February 2026	Current £'000	Past due 0 to 30 days £'000	Past due 31 to 60 days £'000	Past due 61 to 120 days £'000	Past due 121 to 365 days £'000	Total £'000
Expected loss rate	0.06%	0.22%	2.34%	4.23%	36.69%	
Gross carrying amount – trade receivables	248,956	28,200	8,168	4,209	1,946	291,479
Loss allowance	141	62	191	178	714	1,286
28 February 2025	Current £'000	Past due 0 to 30 days £'000	Past due 31 to 60 days £'000	Past due 61 to 120 days £'000	Past due 121 to 365 days £'000	Total £'000
Expected loss rate	0.07%	0.26%	2.90%	10.93%	44.84%	
Gross carrying amount – trade receivables	232,118	17,495	5,201	4,189	1,880	260,883
Loss allowance	162	45	151	458	843	1,659

The closing loss allowances for trade receivables reconcile to the opening loss allowances as follows:

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Trade receivables		
Opening loss allowance at 1 March	1,659	2,490
Increase/(decrease) in loss allowance recognised in profit or loss during the period	301	(108)
Receivables written off during the year as uncollectable	(674)	(723)
Closing loss allowance	1,286	1,659

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(iv) Other receivables

Other receivables include accrued rebate and other vendor incentive income of £5.3 million (2025: £5.6 million).

17 Cash and cash equivalents

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Cash at bank and in hand	5,246	6,276
Short-term deposits	93,400	106,800
	98,646	113,076

Short-term deposits are made for varying periods of between one day and one month, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

18 Trade and other payables

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Trade and other payables	218,542	179,003
Accrued expenses	115,290	122,666
Payroll tax and other statutory liabilities	25,365	25,864
	359,197	327,533

Trade payables are unsecured and are usually paid within 45 days of recognition. Accrued expenses include accruals for purchase invoices not received and other accrued costs such as bonuses and commissions payable at year end.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

19 Share capital and share premium

Allotted, called up and fully paid	Number of shares	Nominal value £'000	Share premium £'000	Total £'000
At 1 March 2024	240,356,898	2,404	633,650	636,054
Shares issued during the year	711,367	7	2,782	2,789
At 28 February 2025	241,068,265	2,411	636,432	638,843
Shares issued during the year	1,775,559	18	5,082	5,100
Cancellation of own shares	(6,473,731)	(65)	–	(65)
At 28 February 2026	236,370,093	2,364	641,514	643,878

Ordinary shares have a nominal value of £0.01. All ordinary shares in issue rank pari passu and carry the same voting rights and entitlement to receive dividends and other distributions declared or paid by the Group. The company does not have a limited amount of authorised share capital.

Information related to the company's share option schemes, including options issued during the financial year and options outstanding at the end of the reporting period is set out in note 26.

In August 2025, the company commenced a share repurchase programme to purchase its own ordinary shares. The total number of shares bought back was 6,473,731 representing 2.69% of the ordinary shares in issue. All the shares bought back were cancelled. The shares were acquired on the open market for a consideration (excluding costs) of £25.0 million. The average price paid was £3.86. Costs amounting to £0.2 million were incurred on the purchase of own shares in relation to stamp duty charges and broker expenses.

Notes to the consolidated financial statements continued

20 Merger reserve

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Balance at 1 March 2024, 28 February 2025 and 28 February 2026	(644,375)	(644,375)
	(644,375)	(644,375)

The merger reserve of £644.4 million arose in December 2019, on the date that the Group demerged from its previous parent company. This is an accounting reserve in equity representing the difference between the total nominal value of the issued share capital acquired in Bytes Technology Limited of £1.10 and the total consideration given of £644.4 million.

21 Cash generated from operations

	Note	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Profit before taxation		69,832	74,613
Adjustments for:			
Depreciation and amortisation	4	3,110	2,644
Loss on disposal of property, plant and equipment		1	–
Non-cash employee benefits expense – share-based payments	4	751	5,049
Share of loss of associate		158	8
Finance income	7	(7,577)	(8,486)
Finance costs	7	319	291
Decrease in contract assets		3,022	2,699
Increase in trade and other receivables		(31,433)	(46,639)
Decrease in inventories		14	46
Increase in trade and other payables		31,665	49,616
Increase in contract liabilities		1,965	5,794
Cash generated from operations		71,827	85,635

22 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year consolidated profit or loss and statement of financial position information has been included where relevant to add further context.

Management monitors the liquidity and cash flow risk of the Group carefully. Cash flow is monitored by management on a regular basis and any working capital requirement is funded by cash resources or access to the revolving credit facility.

The main financial risks arising from the Group's activities are credit, liquidity and currency risks. The Group's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made. The Group's approach to credit risk is disclosed in note 16.

The Group's policy in respect of liquidity risk is to maintain readily accessible bank deposit accounts to ensure that the company has sufficient funds for its operations. The cash deposits are held in a mixture of short-term deposits and current accounts which earn interest at a floating rate.

The Group's policy in respect of currency risk, which primarily exists as a result of foreign currency purchases, is to either sell in the currency of purchase, maintain sufficient cash reserves in the appropriate foreign currencies which can be used to meet foreign currency liabilities, or take out forward currency contracts to cover the exposure.

22(a) Derivatives

Derivatives are only used for economic hedging purposes and not speculative investments.

The Group has taken out forward currency contracts during the periods presented but has not recognised either a forward currency asset or liability at each period end as the fair value of the foreign currency forwards is considered to be immaterial to the consolidated financial statements due to the low volume and short-term nature of the contracts. Similarly, the amounts recognised in profit or loss in relation to derivatives were considered immaterial to disclose separately.

22(b) Foreign exchange risk

The Group's exposure to foreign currency risk at the end of the reporting period, was as follows:

	As at 28 February 2026			As at 28 February 2025		
	USD £'000	EUR £'000	NOK £'000	USD £'000	EUR £'000	NOK £'000
Trade receivables	14,522	6,777	–	11,348	3,945	–
Cash and cash equivalents	3,469	773	–	3,627	155	–
Trade payables	(21,401)	(5,791)	(55)	(18,663)	(3,529)	(53)
	(3,410)	1,759	(55)	(3,688)	571	(53)

The following table demonstrates the profit before tax sensitivity to a possible change in the currency exchange rates with GBP, all other variables held constant.

	As at 28 February 2026			As at 28 February 2025		
	GBP:USD £'000	GBP:EUR £'000	GBP:NOK £'000	GBP:USD £'000	GBP:EUR £'000	GBP:NOK £'000
5% strengthening in GBP	162	(84)	3	176	(27)	3
5% weakening in GBP	(179)	93	(3)	(194)	30	(3)

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Total net foreign exchange losses in profit or loss	198	55

22(c) Liquidity risk

(1) Cash management

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. The Group generates positive cash flows from operating activities and these fund short-term working capital requirements. The Group aims to maintain significant cash reserves and none of its cash reserves is subject to restrictions. Access to cash is not restricted and all cash balances could be drawn on immediately if required. Management monitors the levels of cash deposits carefully and is comfortable that for normal operating requirements; no further external borrowings are currently required.

At 28 February 2026, the Group had cash and cash equivalents of £98.6 million, see note 17. Management monitors rolling forecasts of the Group's liquidity position (which comprises its cash and cash equivalents) on the basis of expected cash flows generated from the Group's operations. These forecasts are generally carried out at a local level in the operating companies of the Group in accordance with practice and limits set by the Group and take into account certain down-case scenarios.

(2) Revolving Credit Facility

On 17 May 2023 the Group entered into a new three-year committed Revolving Credit Facility (RCF) for £30 million including an optional one-year extension to 17 May 2027, and a non-committed £20 million accordion to increase the availability of funding should it be required for future activity. This facility incurred an arrangement fee of £0.1 million, being 0.4% of the new funds available. The Group has so far not drawn down any amount on either the previous or new facility and to the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fees are capitalised as a prepayment and amortised over the initial three-year period of the facility. The facility also incurs a commitment fee and utilisation fee, both of which are payable quarterly in arrears. Under the terms of both the previous and new facilities, the Group is required to comply with the following financial covenants:

- Interest cover: EBITDA (earnings before interest, tax, depreciation and amortisation) to net finance charges for the past 12 months shall be greater than 4.0 times
- Leverage: net debt to EBITDA for the past 12 months must not exceed 2.5 times.

The Group has complied with these covenants throughout the reporting period. As at 28 February 2026 and 28 February 2025, the Group had net finance income and has therefore complied with the interest cover covenant. The Group has been in a net cash position as at 28 February 2026 and 28 February 2025 and has therefore complied with the Net debt to EBITDA covenant. In May 2026 the Group extended the RCF by three years to 17 May 2029. This extension has increased the non-committed accordion to £45 million and is subject to the same financial covenants noted above.

Notes to the consolidated financial statements continued

22 Financial risk management continued**(3) Contractual maturity of financial liabilities**

The following table details the Group's remaining contractual maturity for its financial liabilities based on undiscounted contractual payments:

28 February 2026	Note	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000	Total contractual cash flows £'000	Carrying amount £'000
Trade and other payables	18	322,865	–	–	–	322,865	322,865
Lease liabilities	10	873	742	419	–	2,034	1,980
		323,738	742	419	–	324,899	324,845

28 February 2025	Note	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000	Total contractual cash flows £'000	Carrying amount £'000
Trade and other payables	18	301,669	–	–	–	301,669	301,669
Lease liabilities	10	726	689	627	–	2,042	1,937
		302,395	689	627	–	303,711	303,606

23 Capital management**23(a) Risk management**

For the purpose of the Group's capital management, capital includes issued capital, ordinary shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of shareholders. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. To ensure an appropriate return for shareholders' capital invested in the Group, management thoroughly evaluates all material revenue streams, relationships with key vendors and potential acquisitions and approves them by the Board, where applicable. The Group's dividend policy is based on the profitability of the business and underlying growth in earnings of the Group, as well as its capital requirements and cash flows. The Group's dividend policy is to distribute 40-50% of the Group's post-tax pre-exceptional earnings to shareholders in respect of each financial year. Subject to any cash requirements for ongoing investment, the Board will consider returning excess cash to shareholders over time.

23(b) Dividends

	2026		2025	
	Pence per share	£'000	Pence per share	£'000
Ordinary shares				
Interim dividend paid	3.2	7,604	3.1	7,469
Special dividend paid	10.0	24,269	8.7	20,936
Final dividend paid	6.9	16,745	6.0	14,438
Total dividends attributable to ordinary shareholders	20.1	48,618	17.8	42,843

Dividends per share is calculated by dividing the dividend paid by the number of ordinary shares in issue. Dividends are paid out of available distributable reserves of the company. For this purpose all retained earnings of the company are available distributable reserves.

The Board has proposed a final ordinary dividend of 7.0 pence per share for the year ended 28 February 2026 to be paid to shareholders on the register as at 17 July 2026. The aggregate of the proposed dividends expected to be paid on 31 July 2026 is £16.5 million. The proposed dividends per ordinary shares are subject to approval at the Annual General Meeting and are not recognised as a liability in the consolidated financial statements.

24 Capital commitments

At 28 February 2026, the Group had £Nil capital commitments (28 February 2025: £Nil).

25 Related-party transactions

In the ordinary course of business, the Group carries out transactions with related parties, as defined by IAS 24 Related Party Disclosures. Apart from those disclosed elsewhere in the consolidated financial statements, material transactions for the year are set out below:

25(a) Transactions with key management personnel

Key management personnel are defined as the directors (both executive and non-executive) of Bytes Technology Group plc, Bytes Software Services Limited and Phoenix Software Limited. Details of the compensation paid to the directors of Bytes Technology Group plc as well as their shareholdings in the Group are disclosed in the remuneration report.

Compensation of key management personnel of the Group

The remuneration of key management personnel, which consists of persons who have been deemed to be discharging managerial responsibilities, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Short-term employee benefits	3,515	4,591
Post-employment pension benefits	119	121
Total compensation paid to key management	3,634	4,712

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel including executive directors.

Key management personnel received a total of 522,725 share option awards (2025: 376,082) at a weighted average exercise price of £0.17 (2025: £0.21).

Share-based payment charges include £1,708,222 (2025: £1,570,816) in respect of key management personnel, refer to note 26 for details on the Group's share-based payment incentive schemes.

25(b) Subsidiaries and associates

Interests in subsidiaries are set out in note 28 and the investment in associate is set out in note 12.

25(c) Outstanding balances arising from sales/purchases of services

Group companies made purchases from the associate of £6.7 million (2025: £4.9 million) and sales to the associate of £0.2 million (2025: £0.1 million) during the year with a trade payable balance of £0.9 million (2025: £0.1 million) at the year end.

26 Share-based payments

The Group accounts for its share option awards as equity-settled share-based payments. The fair value of the awards granted is recognised as an expense over the vesting period. The amount recognised in the share-based payment reserve will be reversed to retained earnings as and when the related awards vest and are exercised by employees. As noted in the prior year Annual Report, one third of the annual bonus for the financial year ended 28 February 2026 awarded to each of the Company's executive directors is deferred in shares for two years. This deferral has resulted in the granting of the awards under the Deferred Bonus Plan during the year.

Performance Incentive Share Plan

Options granted under the Performance Incentive Share Plan (PISP) are for shares in Bytes Technology Group plc. The exercise price of the options is a nominal amount of £0.01. Performance conditions attached to the awards granted in the current year are employee-specific, in addition to which, options will only vest if certain employment conditions are met. The fair value of the share options is estimated at the grant date using a Monte Carlo option pricing model for the element with market conditions and Black-Scholes option-pricing model for non-market conditions. The normal vesting date shall be no earlier than the third anniversary of the grant date and not later than the day before the tenth anniversary of the grant date. There is no cash settlement of the options available under the scheme. During the year the Group granted 1,048,300 (2025: 961,569) options. For the year ended 28 February 2026, 195,974 (2025: 47,463) options were forfeited, 666,059 options were exercised (2025: 57,583) and 44,818 (2025: nil) options expired. This was the first year that performance-related options vested and a number of the performance criteria were not achieved, resulting in a higher number of forfeitures during the year.

Notes to the consolidated financial statements continued

26 Share-based payments continued**Company Share Option Plan**

Options granted under the Company Share Option Plan (CSOP) are for shares in Bytes Technology Group plc. The exercise price of the options granted in the current year was determined by the average of the last three dealing days prior to the date of grant. There are no performance conditions attached to the awards, but options will only vest if certain employment conditions are met. The fair value at grant date is estimated at the grant date using a Black-Scholes option-pricing model. The normal vesting date shall be no earlier than the third anniversary of the grant date and not later than the day before the tenth anniversary of the grant date. There is no cash settlement of the options available under the scheme. During the year the Group granted no (2025: nil) options. For the year ended 28 February 2026, 81,100 (2025: 174,897) options were forfeited, 1,009,207 (2025: 217,000) options were exercised and 116,977 (2025: nil) options expired.

Save as You Earn Scheme

Share options were granted to eligible employees under the Save As You Earn Scheme (SAYE) during the year. Under the SAYE scheme, employees enter a three-year savings contract in which they save a fixed amount each month in return for their SAYE options. At the end of the three-year period, employees can either exercise their options in exchange for shares in Bytes Technology Group plc or have their savings returned to them in full. The exercise price of the options represents a 20% discount to the exercise price of the CSOP awards. The fair value at grant date is estimated using a Black-Scholes option-pricing model. There is no cash settlement of the options. During the year the Group granted 489,323 (2025: 449,394) options. For the year ended 28 February 2026, 439,656 (2025: 214,641) options were forfeited, 78,071 (2025: 425,868) options were exercised and 326,207 (2025: 32,865) options expired. The higher level of forfeitures reflects the reduction in share price during the year, resulting in a higher number of staff withdrawing from the scheme.

Deferred Bonus Plan

Options granted under the Deferred Bonus Plan (DBP) are for shares in Bytes Technology Group plc. The exercise price of the options is a nominal amount of £0.01. There are no performance conditions attached to the awards, but options will only vest if certain employment conditions are met. The fair value at grant date is estimated at the grant date using a Black-Scholes option-pricing model. The normal vesting date shall be no earlier than the second anniversary of the grant date. During the year the Group granted 43,171 (2025: 16,675) options. For the year ended 28 February 2026, 21,772 (2025: 10,916) options were exercised. No options were forfeited or expired in the current or prior period.

There were no cancellations or modifications to the awards in 2026 or 2025.

Share-based payment employee expenses

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Equity settled share-based payment expenses	751	5,049

The share-based payment charges are expensed over the vesting period to reflect the expected number of options that will vest for each plan at each vesting date. Key judgements are made involving the estimation of future forfeiture rates and achievement of performance conditions. These judgements are updated at each reporting date when assessing the likely number of options that will vest on completion of the relevant performance periods.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	28 February 2026 Number	28 February 2026 WAEP	28 February 2025 Number	28 February 2025 WAEP
Outstanding at 1 March	9,060,276	£3.14	8,813,260	£3.52
Granted during the year	1,580,794	£1.30	1,428,249	£1.44
Forfeited during the year	(716,730)	£3.08	(437,001)	£3.96
Exercised during the year	(1,775,109)¹	£2.87	(711,367) ¹	£3.92
Expired during the year	(503,965)	£3.66	(32,865)	£4.00
Outstanding at 28 February	7,645,266	£2.79	9,060,276	£3.14
Exercisable at 28 February	4,007,132	£4.55	2,802,279	£4.02

¹ The weighted average share price at date of exercise was £5.03 (2025: £5.09).

The weighted average expected remaining contractual life for the share options outstanding at 28 February 2026 was 1.02 years (2025: 1.53 years).

The weighted average fair value of options granted during the year was £3.19 (2025: £3.93).

The range of exercise prices for options outstanding at the end of the year was £0.01 to £5.00 (2025: £0.01 to £5.00).

The tables below list the inputs to the models used for the awards granted under the below plans for the years ended 28 February 2026 and 28 February 2025:

Assumptions	28 February 2026 PISP	28 February 2026 SAYE	28 February 2026 DBP
Weighted average fair value at measurement date	£3.55 - £4.34	£0.62	£5.05
Expected dividend yield	3.96% - 4.86%	5.53%	0.00%
Expected volatility	35% - 40%	40%	35%
Risk-free interest rate	3.76% - 3.85%	3.69%	3.73%
Expected life of options	3 years	3 years	2 years
Weighted average share price	£5.06 - £4.12	£3.61	£5.06
Model used	Black-Scholes and Monte Carlo	Black-Scholes	Black-Scholes

Assumptions	28 February 2025 PISP	28 February 2025 SAYE	28 February 2025 DBP
Weighted average fair value at measurement date	£5.11	£1.33	£5.58
Expected dividend yield	1.56%	1.76%	0.00%
Expected volatility	34%	34%	33%
Risk-free interest rate	4.31%	3.74%	4.47%
Expected life of options	3 years	3 years	2 years
Weighted average share price	£5.59	£4.94	£5.59
Model used	Black-Scholes and Monte Carlo	Black-Scholes	Black-Scholes

The expected life of the options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility of the company and publicly quoted companies in a similar sector to the company over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

27 Earnings per share

The Group calculates earnings per share (EPS) on several different bases in accordance with IFRS and prevailing South Africa requirements.

	Year ended 28 February 2026 pence	Year ended 28 February 2025 pence
Basic earnings per share	21.40	22.78
Diluted earnings per share	20.74	21.95
Headline earnings per share	21.40	22.78
Diluted headline earnings per share	20.74	21.95
Adjusted earnings per share	22.64	25.07
Diluted adjusted earnings per share	21.94	24.16

Notes to the consolidated financial statements continued

27 Earnings per share continued

27(a) Weighted average number of shares used as the denominator

	Year ended 28 February 2026 Number	Year ended 28 February 2025 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and headline earnings per share	239,627,247	240,750,619
Adjustments for calculation of diluted earnings per share and diluted headline earnings per share:		
– share options ¹	7,599,407	9,060,276
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share and diluted headline earnings per share	247,226,654	249,810,895

¹ Share options

Share options granted to employees under the Save As You Earn Scheme, Company Share Option Plan and Bytes Technology Group plc performance incentive share plan are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share on the basis that all employees are employed at the reporting date, and to the extent that they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the share options are disclosed in note 26.

27(b) Headline earnings per share

The Group is required to calculate headline earnings per share (HEPS) in accordance with the JSE Listing Requirements. The table below reconciles the profits attributable to ordinary shareholders to headline earnings and summarises the calculation of basic and diluted HEPS:

	Note	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Profit for the period attributable to owners of the company		51,282	54,841
Adjusted for:			
Loss on disposal of property, plant and equipment	21	1	–
Tax effect thereon		–	–
Headline profits attributable to owners of the company		51,283	54,841

27(c) Adjusted earnings per share

Adjusted earnings per share is an alternative performance measure used as a target for the PSP awards made in 2022, 2023 and 2024. It is calculated by dividing the adjusted profits attributable to ordinary shareholders by the total number of ordinary shares in issue at the end of the year. Adjusted profit is calculated by excluding the impact of the following items:

- Share-based payment charges
- Acquired intangible assets amortisation.

The table below reconciles the profit for the financial year to adjusted earnings and summarises the calculation of adjusted EPS:

	Note	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Profits attributable to owners of the company		51,282	54,841
Adjusted for:			
– Amortisation of acquired intangible assets	4	880	880
– Deferred tax effect on above		(220)	(220)
– Share-based payment charges	26	751	5,049
– Deferred tax effect on above		1,558	(188)
Adjusted profits attributable to owners of the company		54,251	60,362

28 Subsidiaries

The Group's subsidiaries included in the consolidated financial statements are set out below. The country of incorporation is also their principal place of business.

Name of entity	Country of incorporation	Ownership interest	Principal activities
Bytes Technology Holdco Limited ¹	UK	100%	Holding company
Bytes Technology Limited	UK	100%	Holding company
Bytes Software Services Limited	UK	100%	Providing cloud-based licensing and infrastructure and security sales within both the private and public sectors
Phoenix Software Limited	UK	100%	Providing cloud-based licensing and infrastructure and security sales within both the private and public sectors
Blenheim Group Limited ²	UK	100%	Dormant for all periods
License Dashboard Limited ²	UK	100%	Dormant for all periods
Bytes Security Partnerships Limited ²	UK	100%	Dormant for all periods
Bytes Technology Group Holdings Limited ²	UK	100%	Dormant for all periods
Bytes Technology Training Limited ²	UK	100%	Dormant for all periods

¹ Bytes Technology Holdco Limited is held directly by the company. All other subsidiary undertakings are held indirectly by the company.

² Taken advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 28 February 2025.

The registered address of all of the Group subsidiaries included above is Bytes House, Randalls Way, Leatherhead, Surrey, KT22 7TW.

29 Events after the reporting period

As disclosed in note 22(c)(2) the Group entered into a three-year extension of the RCF.

After year end, the Board agreed to implement a new share repurchase programme to purchase the company's shares for an aggregate value of up to £25.0 million.

There are no other events after the reporting period that require disclosure.

Parent company financial statements of Bytes Technology Group plc

Company balance sheet

As at 28 February 2026

	Note	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Assets			
Non-current assets			
Investments	5	641,998	641,998
Property, plant and equipment	6	–	55
Deferred tax assets	4	152	320
Total non-current assets		642,150	642,373
Current assets			
Trade and other receivables	7	15,059	255
Cash and cash equivalents		26,466	62,394
Total current assets		41,525	62,649
Total assets		683,675	705,022
Current liabilities			
Trade and other payables	8	(1,656)	(2,106)
Current tax liability		(242)	(296)
Total current liabilities		(1,898)	(2,402)
Total liabilities		(1,898)	(2,402)
Net assets		681,777	702,620
Equity			
Share capital	10	2,364	2,411
Share premium	10	641,514	636,432
Share-based payment reserves		10,132	13,927
Retained earnings ¹		27,767	49,850
Total equity		681,777	702,620

¹ The profit for the company for the period was £47,111,000 (2025: £50,077,000).

The financial statements on pages 182 to 191 were approved by the Board on 11 May 2026 and signed on its behalf by:



Sam Mudd
Chief Executive Officer



Andrew Holden
Chief Financial Officer

Company statement of change in equity

For the year ended 28 February 2026

	Note	Attributable to owners of the company				Total £'000
		Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	
At 1 March 2024		2,404	633,650	9,969	41,525	687,548
Total comprehensive income for the year		–	–	–	50,077	50,077
Dividends paid		–	–	–	(42,843)	(42,843)
Shares issued during the year	10	7	2,782	–	–	2,789
Transfer to retained earnings		–	–	(1,091)	1,091	–
Share-based payment transactions		–	–	5,049	–	5,049
Balance at 28 February 2025		2,411	636,432	13,927	49,850	702,620
Total comprehensive income for the year		–	–	–	47,111	47,111
Dividends paid		–	–	–	(48,618)	(48,618)
Shares issued during the year	10	18	5,082	–	–	5,100
Transfer to retained earnings		–	–	(4,611)	4,611	–
Share-based payment transactions		–	–	751	–	751
Purchase and cancellation of own shares		(65)	–	65	(25,000)	(25,000)
Costs of share purchases		–	–	–	(187)	(187)
Balance at 28 February 2026		2,364	641,514	10,132	27,767	681,777

Notes to the financial statements

1 Accounting policies

The principal accounting policies applied are summarised below.

1.1 Authorisation of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)

The financial statements of Bytes Technology Group plc for the period ended 28 February 2026 were approved and signed by the Chief Executive Officer on 11 May 2026 having been duly authorised to do so by the Board. The company meets the definition of a qualifying entity under Financial Reporting Standard 100 Application of Financial Reporting Requirements (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with FRS 101 and in accordance with the provisions of the UK Companies Act 2006.

1.2 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Bytes Technology Group plc is a company incorporated in the UK under the Companies Act. The address of the registered office is provided on page 193. The company is the ultimate parent company and provides management services to subsidiary undertakings in respect of certain head office functions and requirements, which are recharged as the costs are incurred by the company.

The company's financial statements are included in the Bytes Technology Group plc consolidated financial statements for the period ended 28 February 2026.

These financial statements are separate financial statements.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101:

- The requirements of IFRS 7 Financial Instruments Disclosures
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- The requirement of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements
- The requirements of IAS 7 Statement of Cash Flows
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures

- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

Where required, equivalent disclosures are given in the consolidated financial statements of Bytes Technology Group plc. As permitted by Section 408 of the Companies Act 2006, the income statement of the company is not presented as part of these financial statements.

1.3 Going concern

The ability of the company to continue as a going concern is contingent on the ongoing viability of the Group and its ability to continue as a going concern. The Group has prepared its going concern assessment and this is provided in note 1.3 in the notes to the financial statements included in the Bytes Technology Group plc consolidated financial statements. Having assessed the Group's overall assessment of going concern in relation to the company, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the company's financial statements.

1.4 Critical accounting estimates and judgements

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

There are no major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In order to ensure no new sources are missed, estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The other area involving accounting estimates is:

Impairment of investment

The investment in subsidiary is assessed annually to determine if there is any indication that the investment might be impaired. The recoverable amount is determined based on a value-in-use calculation and compared to the carrying value of the investment. The value-in-use calculation is based on forecasts approved by management. The cash flows beyond the forecast period are extrapolated using estimated long-term growth rates.

The forecast cash flows are discounted at the company's discount rate. The recoverable value of the investment is estimated to be the sum of the recoverable values of the two principal operating companies within the Group of which the company is parent as disclosed in note 11 to the notes to the consolidated financial statements of the Group.

1.5 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the company

The Group has applied the following standard or amendments for the first time in the annual reporting period commencing 1 March 2025:

- Lack of exchangeability – Amendments to IAS 21

The amendments listed above did not have any impact on the amounts recognised in current or prior periods and are not expected to affect future periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 28 February 2026 and have not been adopted early by the company. These standards are not expected to have a material impact on the company in the current or future reporting periods.

- Classification and measurement of financial instruments – Amendments to IFRS 7 and IFRS 9
- Nature-dependent electricity contracts – Amendments to IFRS 9 and IFRS 7

The Group is assessing the impact of IFRS 18 Presentation and disclosure in financial statements which, if adopted by the UK Endorsement Board, will be effective for reporting periods beginning on or after 1 January 2027.

1.6 Investments

Investments in subsidiary undertakings are included in the balance sheet at cost less any provision for impairment in value. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

1.7 Functional and presentation currency

The financial statements are presented in pounds sterling (£), which is the company's functional and presentation currency. All transactions undertaken by the company are denominated in pounds sterling.

1.8 Revenue recognition

The company provides management services to subsidiary undertakings which are invoiced quarterly in arrears. Revenue from providing such services is recognised in the accounting period in which the services are rendered on an over time basis. In measuring its performance and the amount of revenue to be recognised, the company applies an inputs basis by reference to the costs incurred by the company and the hours expended by management for providing services to the measurement date.

1.9 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the UK. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the financial statements continued

1.10 Property, plant and equipment*Owned assets*

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. When components of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation

Depreciation is recognised in profit or loss for each category of assets on a straight-line basis over their expected useful lives up to their respective estimated residual values.

The estimated useful lives for the current and comparative periods are as follows:

- IT software, three years.

The depreciation methods, useful lives and residual values are reassessed annually and adjusted if appropriate.

1.11 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, i.e. fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Prepayments and other receivables are stated at their nominal values.

1.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Cash and cash equivalents at 28 February 2026 includes short-term deposits of £26.4 million (2025: £62.3 million).

1.13 Financial instruments

Financial instruments comprise investments in equity, loans receivable, trade and other receivables (excluding prepayments), investments, cash and cash equivalents, current loans, and trade and other payables.

Recognition

Financial assets and liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instruments.

Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as non-current. Financial liabilities are classified as non-current if the company has an unconditional right to defer payment for more than 12 months from the reporting date.

Classification

The company classifies financial assets on initial recognition as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) based on the company's business model for managing the financial asset and the cash flow characteristics of the financial asset.

Financial assets are classified as follows:

- Financial assets to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss)
- Financial assets to be measured at amortised cost.

Financial assets are not reclassified unless the company changes its business model. In rare circumstances where the company does change its business model, reclassifications are done prospectively from the date that the company changes its business model.

Financial liabilities are classified and measured at amortised cost except for those derivative liabilities and contingent consideration that are measured at FVTPL.

Measurement on initial recognition

All financial assets and financial liabilities are initially measured at fair value, including transaction costs, except for those classified as FVTPL which are initially measured at fair value excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Subsequent measurement: financial assets

Subsequent to initial recognition, financial assets are measured as described below:

- FVTPL – these financial assets are subsequently measured at fair value and changes therein (including any interest or dividend income) are recognised in profit or loss
- Amortised cost – these financial assets are subsequently measured at amortised cost using the effective interest method, less impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss
- Equity instruments at FVOCI – these financial assets are subsequently measured at fair value. Dividends are recognised in profit or loss when the right to receive payment is established. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

Subsequent measurement: Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial asset or liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Impairment

The company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

1.14 Trade and other payables

Trade payables, sundry creditors and accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are accounted for in accordance with the accounting policy for financial liabilities as included above. Other payables are stated at their nominal values.

1.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

1.16 Employee benefits**Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Post-employment obligations

The company operates various defined contribution plans for its employees. Once the contributions have been paid, the company has no further payment obligations. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments**Equity-settled share-based payment schemes**

Share-based compensation benefits are provided to particular employees of the Group through the Bytes Technology Group plc share option plans.

Employee options

The fair values of options granted under the Bytes Technology Group plc share option plans are recognised as employee benefit expenses in the entities of the Group in which the employees are contracted and providing their services. The total amount to be expensed is determined by reference to the fair value of the options granted. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options issued that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The company has a recharge arrangement with its subsidiaries whereby the company recharges the amount equal to the share-based payment charge to its subsidiaries according to the vesting schedule.

The share-based payment reserve comprises the fair value of share awards granted which are not yet exercised. The amount will be reversed to retained earnings as and when the related awards vest and are exercised by employees.

1.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity.

1.18 Dividends

Dividends paid on ordinary shares are classified as equity and are recognised as distributions in equity.

1.19 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand, unless otherwise stated.

Notes to the financial statements continued

2 Directors' remuneration

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Remuneration of directors:		
Directors' remuneration ¹	1,328	1,967
Social security costs	176	263
Pension costs	34	31
	1,538	2,261

1 Directors' remuneration

The amounts comprise fees paid to the non-executive directors and, for executive directors, salary and benefits earned for the period. Further information on directors' remuneration is provided in the directors' remuneration report on pages 112 to 128.

3 Employee costs and numbers

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Employee benefit expense:		
Employee remuneration	1,094	912
Social security costs	148	109
Pension costs	38	28
	1,280	1,049

The average monthly number of employees during the period was:

	Year ended 28 February 2026 Number	Year ended 28 February 2025 Number
Administration	9	8
	9	8

4 Income tax expense

The major components of the company's income tax expense are:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Current income tax charge in the year	622	606
Adjustment in respect of current income tax of previous years	1	(7)
Total current income tax charge	623	599
Deferred tax charge/(credit) in the year	168	(186)
Adjustments in respect of prior year	–	7
Deferred tax charge/(credit)	168	(179)
Total tax charge	791	420

Reconciliation of total tax charge

The tax assessed for the period differs from the standard rate of corporation tax in the UK applied to profit before tax:

	Year ended 28 February 2026 £'000	Year ended 28 February 2025 £'000
Profit before income tax	47,902	50,497
Income tax charge at the standard rate of corporation tax in the UK of 25% (2025: 25%)	11,976	12,624
Effects of:		
Non-deductible expenses	114	46
Non-taxable income	(11,300)	(12,250)
Adjustments to previous periods	1	–
Income tax charge reported in profit or loss	791	420
	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	–	(14)
Share-based payments	152	334
	152	320
	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Deferred tax assets		
At 1 March	320	141
(Charged)/credited to profit or loss	(168)	179
Carrying amount at end of year	152	320

5 Investment in subsidiaries

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Balance at 1 March 2024, 28 February 2025 and 28 February 2026	641,998	641,998

Subsidiary undertakings

A detailed listing of the company's direct and indirect subsidiaries is set out in note 28 in the notes to the financial information in the consolidated financial statements of the Group.

Recoverable amount of investment in subsidiaries

The recoverable amount is estimated to be the sum of the recoverable amounts of the two principal operating subsidiaries disclosed in note 11 to the notes to the consolidated financial statements of the Group. This note also discloses the assumptions used in estimating the recoverable amounts and sensitivities performed. The Group considered that no reasonably possible change in assumptions will result in an impairment.

Notes to the financial statements continued

6 Property, plant and equipment

	Computer software £'000	Total £'000
Cost		
At 1 March 2024, 28 February 2025 and 28 February 2026	198	198
Depreciation		
At 1 March 2024	77	77
Charge for the year	66	66
At 28 February 2025	143	143
Charge for the year	55	55
At 28 February 2026	198	198
Net book value		
At 28 February 2025	55	55
At 28 February 2026	–	–

7 Trade and other receivables

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Amounts due from other Group companies ¹	14,881	–
Prepayments	178	255
	15,059	255

¹ Amounts due from other Group companies are unsecured, interest free, and have been repaid after year end.

8 Trade and other payables

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Trade and other payables	1,656	1,933
Amounts due to other Group companies ¹	–	173
	1,656	2,106

¹ Amounts due to other Group companies are unsecured, interest free and repayable on demand.

9 Borrowings

On 17 May 2023 the Group entered into a new three-year committed Revolving Credit Facility (RCF) for £30 million, including an optional one-year extension to 17 May 2027, and a non-committed £20 million accordion to increase the availability of funding should it be required for future activity. The new facility incurred an arrangement fee of £0.1 million, being 0.4% of the new funds available. Neither the company, nor any of its subsidiaries, has drawn down any amount on either the previous or the new facility and to the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee has been capitalised as a prepayment and amortised over the three-year period of the facility. The facility also incurs a commitment fee and utilisation fee, both of which are payable quarterly in arrears. The Group has entered into a three-year extension of the RCF. For further details on the RCF, see note 22(c) in the notes to the consolidated financial statements of the Group.

10 Share capital and share premium

Ordinary shares Authorised, allotted, called up and fully paid	Number of shares	Nominal value £'000	Share premium £'000	Total £'000
At 1 March 2024	240,356,898	2,404	633,650	636,054
Shares issued during the period	711,367	7	2,782	2,789
At 28 February 2025	241,068,265	2,411	636,432	638,843
Shares issued during the period	1,775,559	18	5,082	5,100
Cancellation of own shares	(6,473,731)	(65)	–	(65)
At 28 February 2026	236,370,093	2,364	641,514	643,878

Ordinary shares have a nominal value of £0.01. All ordinary shares in issue rank pari passu and carry the same voting rights and entitlement to receive dividends and other distributions declared or paid by the company. The company does not have a limited amount of authorised share capital.

In August 2025, the company commenced a share buyback programme to purchase its own ordinary shares. The total number of shares bought back was 6,473,731 representing 2.69% of the ordinary shares in issue. All the shares bought back were cancelled. The shares were acquired on the open market for a consideration (excluding costs) of £25.0 million. The average price paid was £3.86. Costs amounting to £0.2 million were incurred on the purchase of own shares in relation to stamp duty charges and broker expenses.

11 Information included in the notes to the consolidated financial statements

Some of the information included in the notes to the consolidated financial statements is directly relevant to the financial statements of the company. Please refer to the following:

Note 6 – Auditors' remuneration

Note 23(b) – Dividends

Note 25(a) – Transactions with key management personnel

Note 26 – Share-based payments

Note 29 – Events after the reporting period