

# Disclosure statements

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Playing our part in the transition to net zero.

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

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

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

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

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

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

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

## Complying with TCFD

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

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

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

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

# Governance and risk management

Given that scientific understanding of and regulations relating to climate change and its impacts evolve, we oversee its risks and opportunities at the highest level of the Group. Our governance structure ensures we factor climate-related issues into our thinking throughout the business,

while our overall enterprise risk management framework integrates climate assessments and sets out our risk management process for climate-related risks. Read more in our Risk report on pages 32 to 43.

## Focused oversight at Board level

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

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

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

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

### The Board

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

### ESG Committee

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

### Executive Committee, management and Group Sustainability Manager

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

### Sustainability Steering Committee

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

### Operational teams

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

## Responsibility and management at executive level

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

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

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

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

## Delivering at an operational level

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

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

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

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

## Our climate-related risk process

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

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

## Strategy

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

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

### Analysing our climate-related risks and opportunities

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

### Scenario methodology

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

negative impact on our business, supply chain and employees.

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

#### Physical risk scenarios

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

#### Transition risk scenarios

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

<sup>1</sup> From the IEA World Energy Outlook 2025.

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

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

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

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

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

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

To analyse the materiality of climate-related risks, we used the same process and financial impact categories as we do for principal risks. We have assessed the potential financial cost/benefit for each of those identified, which then dictates the relevant materiality of each risk/opportunity. The materiality of the risks then informs whether the business needs to consider the risk/opportunity in strategic or financial planning. At present, the materiality of the risks and opportunities to the business is

considered low and our resilience to risks high. The table above shows these categories, which are also referenced in the risks and opportunities tables on pages 64 to 67. We have not changed our initial conclusions around the nature of climate change this year, and we are confident that it has had a limited effect on our accounting judgements and estimates. We have therefore determined that it has had no material impact on our asset and liability valuations at 28 February 2026.

### Assurance and target validation

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

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

## Summary of our key climate-related risks

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

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

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

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

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

Risk description	Risk category	Potential impact	Mitigation actions	Scenario and potential financial risk
<b>Physical risks</b>				
<b>Increase in extreme weather events and variable weather patterns in the UK causing disruption to energy and related systems</b> <span style="color: red; font-weight: bold; border: 1px solid red; border-radius: 50%; padding: 2px;">M</span> <span style="color: red; font-weight: bold; border: 1px solid red; border-radius: 50%; padding: 2px;">L</span>	Acute/chronic	<p>Low-impact scenario (C1) will have a limited impact on the business, as coastal inundation and localised flooding is likely to be minimal. Under medium- and high-impact scenarios, this risk increases but is dependent on tipping points, such as that of the Greenland ice sheet, which could increase sea levels. However, none of our UK locations is at high risk of flooding – although, in extreme weather conditions, commuting could be challenging. Once-a-decade extreme events (pre-industrial) will become more frequent under each scenario as warming increases. Periods of extreme heat could affect productivity and increase emissions from offices through more frequent use of air conditioning. Prolonged heatwaves are still expected to be limited in the UK under 2°C or lower scenarios, with a relatively small impact to the business and on energy use. Increased extreme weather could affect power lines. Such physical risks could make it difficult for our people to get to work, or our vendors and subcontractors to deliver their products and services to us or our customers because of blocked roads or public transport failure, for example.</p>	<p>If extreme weather events affect power lines, or flooding affects travel to offices, mobile connectivity and our network access mean that our employees could work remotely during times of power interruption to our offices. Most of our IT requirements are hosted in the cloud, so we have limited physical connectivity to any one site. We have alternative power supply capabilities, and multiple vendors can provide additional data connectivity, to serve locations with on-site computing needs.</p> <p>In a hotter climate and with more frequent heatwaves, the office environment would need to maintain comfortable working conditions for employees, which is currently serviced through the HVAC system. To manage emissions, we would look to use the most efficient and least polluting refrigerant gases and explore alternative options to ensure a comfortable working environment, while also maintaining carbon efficiency. This may include increasing the number of solar panels to provide more self-generated power.</p> <p>In more extreme scenarios, the UK may look to amend working hours to a working pattern similar to how more southerly European countries operate today.</p>	<p>Low (C1) – minor</p> <p>Medium (C3) – minor</p> <p>High (C6) – moderate</p>
<b>Supply chain disruption from the physical impacts of climate change</b>	Acute/chronic	<p>Global supply chains could be affected by the locations of our suppliers in more severely affected parts of the globe and through disruptions to distribution channels.</p>	<p>Issues are most likely to affect the relatively small hardware and IT services parts of BTG. Software, which makes up 95% of our gross invoiced income, is unlikely to be affected, but we will work with our suppliers to understand their climate change-related risks. We perceive that the impact from this will be fairly small, given our top-tier suppliers will already be taking steps to ensure the sustainability of their own businesses.</p>	<p>Low (C1) – minor</p> <p>Medium (C3) – moderate</p> <p>High (C6) – moderate</p>

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

## Summary of our key climate-related opportunities

Opportunity	Description	How we are responding	Scenario and potential financial impact
<b>Expansion of cloud products and services</b> <span>S</span> <span>M</span>	<p>The desire to be more sustainable – and limit climate change – is already encouraging organisations to move their IT servers to the cloud. This is likely to continue, and may accelerate, as the climate-related risks of accessibility and physical damage prompt organisations to untether themselves from their physical locations.</p>	<p>Since we are specialists in cloud technology, this trend would have positive effects on our sales. We already actively promote the sustainability benefits of moving to the cloud, along with our expertise in this.</p> <p>Under the more progressive scenarios, such as NZE, our opportunity would be greater than under the slower mechanisms – but there are several reasons for shifting to the cloud, so this may continue to increase irrespective of changes in jurisdictional climate policies.</p>	<p>NZE – minor                      STEPS – minor                      CPS – minor</p>
<b>Demand for resource and energy efficiency</b> <span>S</span> <span>M</span> <span>L</span>	<p>The growing demand for more energy efficiency, and for lower consumption of water and materials, presents opportunities for us because customers are likely to need new technology to help them identify, monitor and manage risk and to comply with regulation on climate-related matters. Factors linked to the drive for low-carbon energy – such as policy incentives, new technologies, participation in carbon markets and localised energy generation – could present more opportunities for us.</p>	<p>Given BTG's established relationships with leading vendors and our understanding of their software offerings, we are well positioned to provide appropriate solutions, as and when demand increases. This could enhance our product portfolios, leading to additional revenue streams.</p> <p>Under the more progressive scenarios, customers might be more likely to request information about product sustainability, which could open up opportunities for other services.</p>	<p>NZE – moderate                      STEPS – moderate                      CPS – minor</p>
<b>Demand for sustainable hardware</b> <span>S</span> <span>M</span> <span>L</span>	<p>Customers pursuing renewable energy programmes, energy-efficiency measures and resource replacements or diversification may need new, more sustainable hardware as well as associated software.</p>	<p>Although hardware sales are not our primary revenue stream, we can advise customers on the most environmentally friendly models, and this could positively affect our revenue. We can also support customers by advising on models that meet certain certifications, such as TCO, ePEAT or EnergyStar.</p> <p>As with the Demand for resource and energy efficiency opportunity above, under more progressive scenarios customers might be more likely to request information about hardware sustainability, and this could open up opportunities for other services.</p>	<p>NZE – minor                      STEPS – minor                      CPS – minor</p>
<b>Keeping up with social change</b> <span>S</span> <span>M</span>	<p>Companies with a market-leading response to climate change could attract new suppliers, customers, investors, markets and assets. Some public sector frameworks already rate suppliers on their sustainability credentials. Being known for our sustainability credentials could help us to attract and retain talent. The IT jobs market is extremely competitive and increasing our headcount is essential for our growth.</p>	<p>We are raising our sustainability profile, for example by having validated our emissions targets with the SBTi, through public disclosures such as CDP and by taking into account the expectations of sustainability ratings agencies to improve our scores.</p> <p>We are also proactive about our support for the environment and promote this to our employees through, for example:</p> <ul style="list-style-type: none"> <li>• Employee-led sustainability committees</li> <li>• An employee EV and cycle-to-work programme</li> <li>• A carbon literacy awareness programme</li> <li>• Hybrid working (reducing commuting emissions)</li> <li>• Electric charging points in our car parks.</li> </ul> <p>Under the various scenarios, STEPS and CPS would provide us with the biggest opportunity to be leaders in our field. In comparison, however, it might be more difficult to achieve our goals if government policy lags behind.</p>	<p>NZE – minor                      STEPS – moderate                      CPS – moderate</p>

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

# Additional environmental disclosures

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

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

## Changes to our carbon accounting

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

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

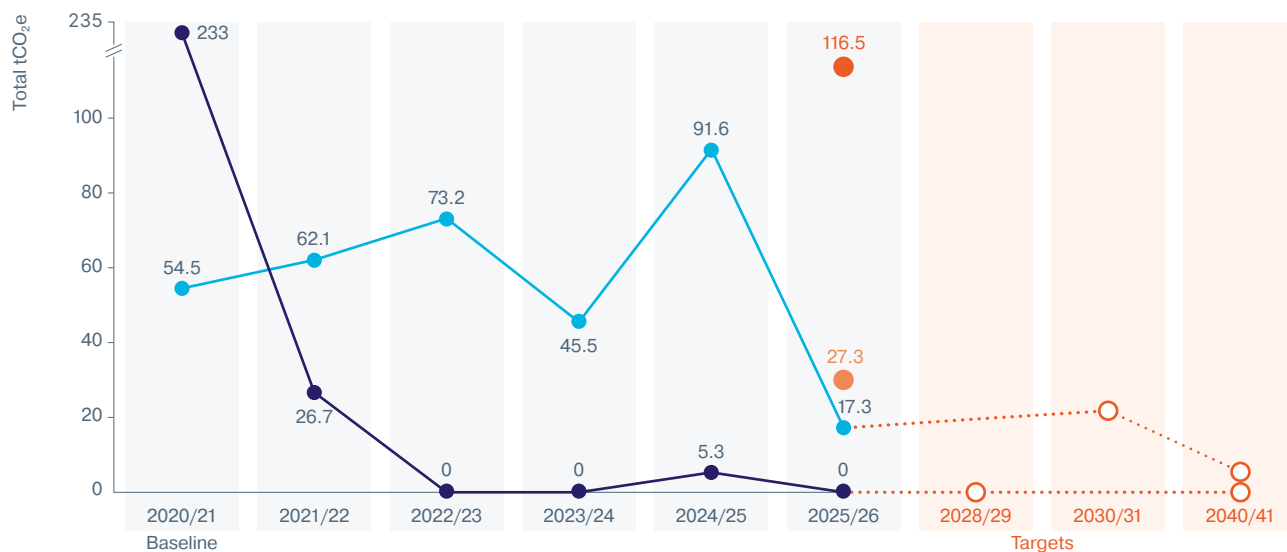
In December 2024, Bytes purchased two buildings next to our Leatherhead head office. One building, Cassini Court, is fully leased, and Bytes and BTG employees began occupying the other, Pascal Place, in October 2025. Both buildings were brought under a renewable energy tariff, but we expect the energy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

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

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



### Scope 1 and 2 data year-on-year comparison



Our Scope 1 emissions for 2025/26 decreased from 91.6tCO<sub>2</sub>e in the prior year to 17.3tCO<sub>2</sub>e. This reduction is because of a new HVAC system at Bytes House, which is more efficient and has required less maintenance. The heating gas used in the two purchased buildings has been transitioned to a green gas tariff, which has also had a carbon avoidance impact.

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

This year we reached one of our first reduction targets, which, given the timing, was not validated by the SBTi but is important to keep the business on track. Our Scope 1 target was to reach 50% emissions reductions in 2025/26 from a 54.5tCO<sub>2</sub>e baseline figure in 2020/21,

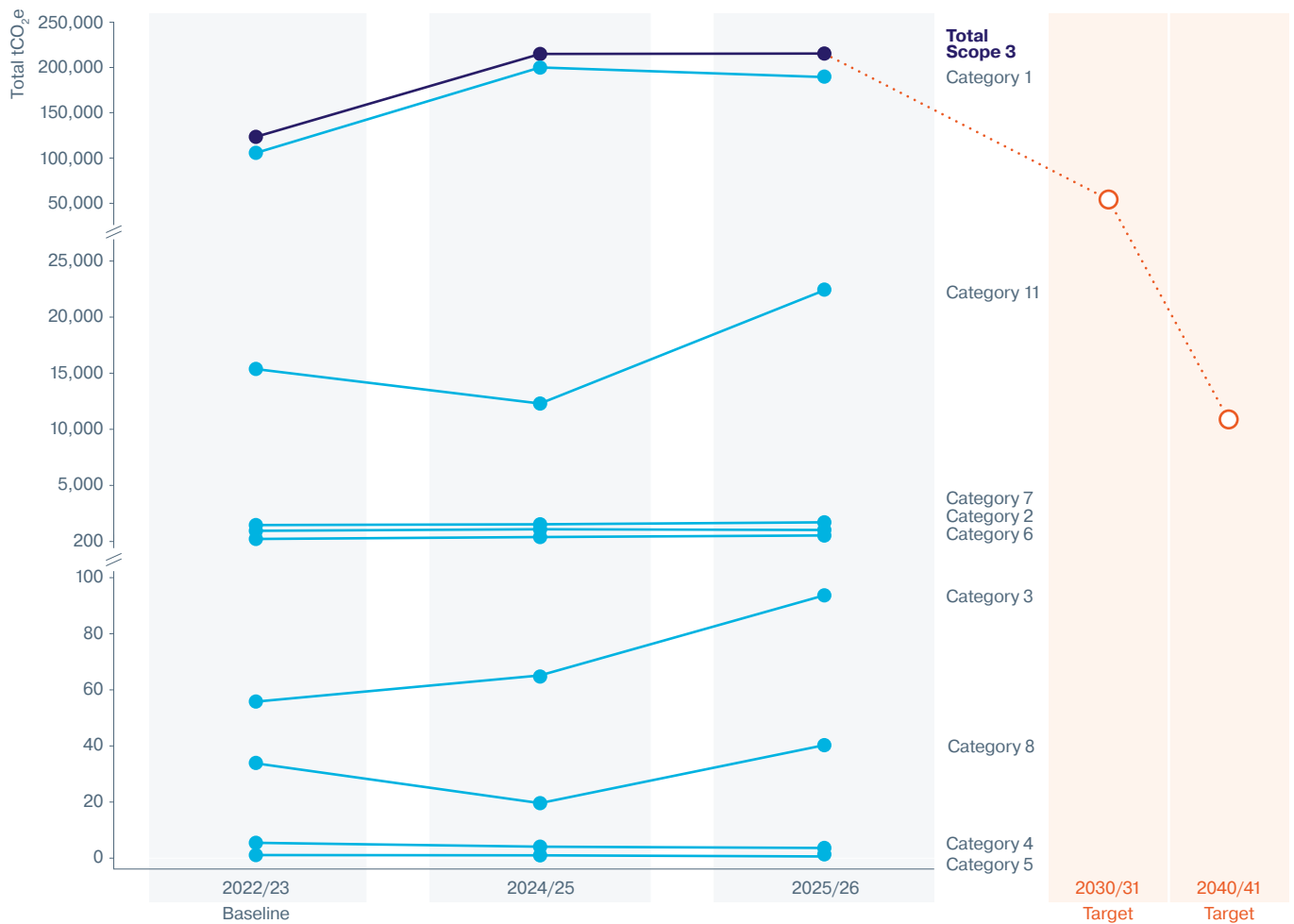
so the target meant reaching 27.3tCO<sub>2</sub>e by 2025/26. We surpassed this by reaching 17.3tCO<sub>2</sub>e, which is a 68% reduction in Scope 1 emissions from our 2020/21 baseline.

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

- **Scope 1** Direct emissions from our sites
- **Scope 2** Market-based indirect emissions from the energy we buy
- Scope 1 50% reduction target set in 2020
- Scope 2 50% reduction target set in 2020

Additional environmental disclosures continued

Scope 3 data year-on-year comparison



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

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

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

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

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

## Energy and carbon data

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

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

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

## Energy and carbon data<sup>a</sup>

### Energy, GHG emissions and intensity metrics (kWh and tCO<sub>2</sub>e)

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

a Our methodologies for reporting energy and carbon data are set out on page 73.

b Our kWh emissions have been revised for Scope 3 to only include Business travel, as per SECR guidelines.

c Location-based emissions are calculated as the average emissions intensity of the electricity grid.

d Market-based emissions take renewable energy purchasing into account.

e Scope 3 kWh figure revised to account for only Business travel, because this is the standard approach.

Additional environmental disclosures continued

**Waste**

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

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

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

**Waste performance**

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

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

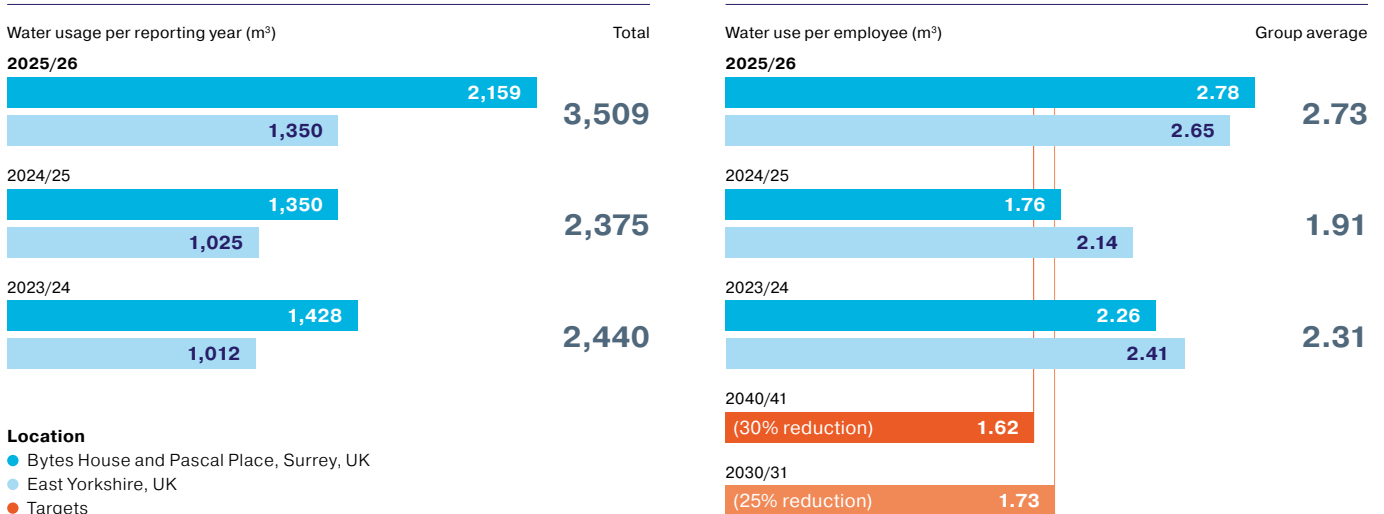
**Water**

BTG’s operations are within the UK and all the water the Group uses is sourced from the mains through UK utility companies. In 2021 the Department for Environment, Food and Rural Affairs (Defra) identified regions in the south of England – where our Leatherhead, Reading, Portsmouth and London offices are – as ‘Serious’ under its water stress classification, and regions in the north of England where we are located – York, Manchester and Salford – as ‘Not Serious’. Globally, the World Resources Institute’s (WRI) Aqueduct tool has identified the UK’s baseline water stress as low–medium (10–20%), although the UK’s drought risk is measured at medium–high. This means that,

although none of our water is sourced from areas the WRI deems to be under ‘high water stress’, given the impacts of climate change – including increasing drought periods – we cannot be complacent in the UK about water availability. So, BTG is taking steps to measure and reduce water use.

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

**Water performance**



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

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

## Methodology

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

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

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

## Our approach to reporting GHG emissions

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

In our GHG emissions reporting, as well as recording carbon dioxide (CO<sub>2</sub>), we include all other GHGs covered under good practice reporting – that is, methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>). We calculate and report GHG emissions in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e), following recommended best practice. Procured renewable electricity and gas is calculated in accordance with the WBCSD-WRI Scope 2 Guidance on procured renewable energy (2015). Conversion factors have been applied based on activity data wherever possible, using 2025 factors as published by Defra and DESNZ (Department for Energy Security and Net Zero). Where activity data is not available, conversion factors have been applied based on Defra-published 2021 EEIO (environmentally extended input output) spend-based conversion factors. Scope 3, category 1 (purchased goods and services) emissions constitute the majority of declared emissions, and were calculated based on supplier-stated emissions, where available. A proportion of supplier-stated emissions were then allocated to category 1, based on spend with supplier, as a percentage of total reported revenue.

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

In line with ISO 14064-1, when reporting our carbon footprint we use the principle of operational and financial control. This involves us accounting for GHG emissions from operations over which BTG has control: both financial control, where we direct the financial and working policies of

our businesses to gain economic benefits from our activities, and operational control, where we have full authority to introduce and implement our working policies.

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

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

## Water and waste measurements

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

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

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

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

## Nature and biodiversity

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

# Non-financial and sustainability information statement

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

## More about us

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

## Environmental and social matters

### Relevant policies

This year we have continued to disclose our environmental and social commitments, including again reporting on the Task Force on Climate-related Financial Disclosures (TCFD).

We were delighted to have our GHG emissions reduction targets assured to a reasonable level for the first time this year. Our ongoing carbon literacy awareness programme continues to be well received by employees and will help drive action against our targets.

BTG employees spent more than 2,000 hours volunteering for local charities in their communities.

For more information, see our Sustainability review on pages 44 to 57, the TCFD section on pages 58 to 67, Additional environmental disclosures on pages 68 to 73 and the ESG Committee report on pages 106 to 107.

**BTG:** Environmental policy, waste and water policy

**Bytes and Phoenix:** Annual carbon reports, environmental policies; ISO 14001; climate, nature, waste and water initiatives

## Our employees

Our positive and inclusive culture, good employee engagement, and commitment to diversity, equality and inclusion are integral to BTG's success. We support initiatives to help improve diversity, equality and inclusion, with progress monitored by senior management and the Board. Our Board acknowledges there is more we need to do to improve diversity and we will continue with our efforts.

Employees can raise whistleblowing concerns through confidential channels, which are most appropriate for the concern, including through Navex EthicsPoint, an anonymous reporting tool. We have a process for investigating whistleblowing reports and our Speak-up policy is available at bytesplc.com. There were no whistleblowing reports this financial year.

Encouraging outcomes of our employee engagement included our eNPS, and Bytes and Phoenix being again Great Place to Work-certified.

For more information, see Our people on pages 46 to 49, The Board's year on page 83, Stakeholder engagement on page 88 to 91 and the Nomination Committee report on pages 101 to 105.

**BTG:** Speak-up policy

**Bytes and Phoenix:** Health and safety policies; equity, diversity and inclusion policies; gender pay gap reports; speak-up policies; EthicsPoint tool

## Respect for human life

We believe that modern slavery and human trafficking are the key human rights areas that our operations could be affected by. Given, though, that we operate predominantly in the UK and Ireland, where established legislation and systems protect human rights, we believe that this is not a material issue for BTG.

**BTG:** Modern slavery and human trafficking statement, human rights policy

**Bytes and Phoenix:** Modern slavery and human trafficking statements, supplier codes of conduct

## Anti-bribery and -corruption

We operate anti-bribery and -corruption procedures that support compliance with the UK Bribery Act and other legislation.

**BTG:** Anti-bribery, fraud and money laundering policy

## Business model and KPIs

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

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

# Viability statement

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

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

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

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

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

BTG's gross invoiced income and gross profit increased by 11.5% and 2.5% respectively in 2025/26 but operating profit reduced by 5.6% with the lower gross profit

growth affected by Microsoft incentive changes flowing down to operating profit and with our cost base increasing in line with continued investment in staff which saw our headcount rise by 7%, national insurance rises, and our most active year in implementing new systems. We again ended the year with strong cash conversion above our target of 100% at £98.6 million of cash which was after returning £74 million to shareholders by way of dividends and share buy back payments.

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

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

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

## How we stress-tested our business

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

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

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

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

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

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

## Viability statement continued

**Details of our stress-testing**

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

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

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

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

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

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

**Our confirmation of viability**

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

## Section 172 statement

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

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

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

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



**Patrick De Smedt**

Chair

11 May 2026