Bytes Technology Group plc
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("BTG", or "the Group")

14 October 2025

Results for the six months ended 31 August 2025 and declaration of cash dividend

Bytes Technology Group plc (LSE: BYIT, JSE: BYI), one of the UK's leading software, security, cloud and AI services specialists, today announces its half year results for the 6 months ended 31 August 2025 (H1 FY26).

Financial performance (£'million)	**H1 FY26 (six months ended 31 August 2025)**	**H1 FY25 (six months ended 31 August 2024)**	**% change year on year**
Gross invoiced income (GII)[1]	£1,342.0m	£1,230.2m	9.1
Revenue[2]	£108.1m	£105.5m	2.5
Gross profit (GP)	£82.4m	£82.1m	0.4
Operating profit	£33.1m	£35.6m	(7.0)
Operating profit/GP%	40.2%	43.4%	
Cash	£82.3m	£71.5m	15.1
Cash conversion[3]	34.4%	56.2%	
Cash conversion (rolling 12 months)[3]	104.7%	112.6%	
Earnings per share (pence)	12.03	12.67	(5.1)
Interim dividend per share (pence)	3.2	3.1	3.2

Financial highlights

- GII increased 9.1%, with 8.9% growth in software and 15.1% in services.
- GP increased 0.4%. Segmentally public sector, more impacted by Microsoft's partner incentive changes, was +1.6% and corporate, which adjusted to the new sales structure launched at the start of the year, was -0.6%. Software GP down 3.5% was offset by strong growth in services which increased over 40% consistent with our strategic objective to grow services income and profit.
- Operating profit down 7.0%, with higher headcount, salary and national insurance costs only partly mitigated by lower variable remuneration.
- Strong balance sheet with closing cash of £82.3m.
- Interim dividend of 3.2p, increased by 3.2% from last year's interim dividend (H1 FY25: 3.1 pence).
- Outlook: We remain confident of delivering a full year outcome within the range of market expectations.

[1] GII is a non-International Financial Reporting Standard (IFRS) alternative performance measure that reflects gross income billed to customers adjusted for deferred and accrued revenue items. GII has a direct influence on our movements in working capital.

[2] 'Revenue' is reported in accordance with IFRS 15 Revenue from Contracts with Customers. Under this standard, the Group is required to exercise judgement to determine whether the Group is acting as principal or agent in performing its contractual obligations. Revenue in respect of contracts for which the Group is determined to be acting as an agent is recognised on a

'net' basis (the gross profit achieved on the contract and not the gross income billed to the customer). Our key financial metrics of gross invoiced income, gross profit, operating profit and cash conversion are unaffected by this judgement.

[3] 'Cash conversion' is a non-IFRS alternative performance measure that divides cash generated from operations less capital expenditure (together, 'free cash flow') by operating profit. It is calculated over both the current 6 month reporting period and over a rolling 12 months, the latter taking the previous 12 months free cash flow divided by the previous 12 months operating profit, in order to reflect seasonal variations between the two halves of the year.

Operational highlights

- New corporate sales structure has settled after an adjustment period.
- Customers that traded with BTG in the prior year contributed 98% of our GP in this half year (H1 FY25: 98%)
- Headcount up 12.0% year-on-year to 1,266 (up 1.7% since 28 February 2025).
- Received multiple vendor awards including from Axonius, Barracuda, Checkpoint, Sophos, Varonis and VMWare.
- Both Bytes Software Services and Phoenix Software named among the UK's top 100 Best Workplaces 2025 with Phoenix Software in the top 10.

Sam Mudd, Chief Executive Officer, said:

"We delivered a resilient performance, building positive momentum through the period as we settled into our new corporate sales structure. Despite the challenging economic climate, and our internal and industry changes over the past six months, we have maintained our share of wallet amongst our existing customers as they continued to invest in their IT needs and we have continued to expand our client base in both the public and corporate sectors.

We are particularly pleased that retention has remained very high, consistent with prior periods, amongst both our sales team and customer base which provides a solid foundation for future growth. We are also pleased with how our teams adapted to the changes to Microsoft's partner incentives for Enterprise Agreements; successfully transitioning corporate customers to the higher margin Microsoft Cloud Solution Provider program, and broadening our software portfolio and doubling down on services across the business, again providing solid foundations for future growth.

Our passionate, talented, and experienced staff continue to position BTG to provide high-quality licensing advice, technical enablement and support to meet our customers' needs. This differentiates us from the competition and underpins our confidence for the remainder of the year. I would like to extend my gratitude to our teams for their hard work and dedication to the business."

Current trading and outlook

We are well positioned to benefit from the structural demand drivers we see in our markets including cloud computing, cyber security and AI for the remainder of FY26. We have a strong pipeline and have started H2 FY26 well but are mindful that comparatives will be impacted by the particularly strong trading performance we saw in the last few months of the prior financial year. We remain confident of delivering a full year outcome within the range of market expectations.

Analyst and investor presentation

A presentation for sell-side analysts and investors will be held today at 9:00am (BST) via a video webcast that can be accessed using the link:

https://brrmedia.news/BYIT_HY_26

A recording of the webcast will be available after the event at www.bytesplc.com. The announcement and presentation will be available at www.bytesplc.com from 7.00am and 9.00am (BST), respectively.

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Forward-looking statements

This announcement includes statements that are, or may be deemed to be, 'forward-looking statements'. By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances. Actual results may, and often do, differ materially from forward-looking statements.

Any forward-looking statements in this announcement reflect the Group's view with respect to future events as at the date of this announcement. Save as required by law or by the UK Listing Rules of the Financial Conduct Authority, the Group undertakes no obligation to publicly revise any forward-looking statements in this announcement following any change in its expectations or to reflect events or circumstances after the date of this announcement.

About Bytes Technology Group plc

BTG is one of the UK's leading providers of IT software offerings and solutions, with a focus on cloud, security, and AI products. The Group enables effective and cost-efficient technology sourcing, adoption and management across software services, including in the areas of security and the cloud. It aims to deliver the latest technology to a diverse range of customers across corporate and public sectors 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 and a secondary listing on the Johannesburg Stock Exchange.

Chief Executive Officer's review

Performance overview

H1 FY26 was a resilient set of results for BTG, with a 9.1% increase in gross invoiced income, a 0.4% rise in gross profit, and a 7.0% decrease in operating profit. This performance reflects the relative resilience of our business in the face of the challenging economic climate, an adjustment period as we realigned our corporate sales structure, and the impact from changes to Microsoft's partner incentives for Enterprise Agreements.

We are pleased to have settled into our new corporate sales structure and to have navigated eight months under the new Microsoft partner incentives for Enterprise Agreements. We remain confident in our growth strategy and believe we are well-positioned to benefit from the structural demand drivers we see in our markets, including cloud computing, cyber security and AI.

Value proposition

Customers choose to partner with BTG because of the broad range of solutions and services we offer, including multi-cloud migration and adoption, digital transformation, storage, and a wide array of security products. Many have built long standing relationships with us over many years underpinned by our excellent software advisory expertise and knowledge around procurement routes, which enables us to guide customers on best value. We intend to double down on this strength by investing further in pre-sales and specialist technical skills, allowing us to service a larger market and scale up to meet our customers' broad needs.

We have seen strong interest in AI products, including Microsoft's Copilot for M365 and we continue to develop and deliver associated in-house services to support customer readiness and adoption. We will continue to expand our existing in-house AI-dedicated teams, creating repeatable sector-specific solutions with broader data and generative AI (GenAI) services across our vendor offerings as this income stream continues to grow.

In addition to our partnership with Microsoft, we have also continued to deepen our relationships with other key partners and are especially pleased to have been recognised with new awards by leading industry vendors including Axonius, Barracuda, Checkpoint, Sophos, Varonis and VMWare, reflecting the status and high esteem that the Group has with global technology leaders. These awards are highly competitive and our success is testament to the expertise of our staff and the customer success stories that we deliver.

Corporate sales team changes

We realigned our corporate sales team at the start of the year from a generalist structure into customer-segment focused teams based on customers' seat counts (enterprise >10k seats, corporate 2-10k seats, and mid-market <2k seats). This will improve our customer proposition by enhancing account management, vendor relationships and solution/service delivery but resulted in an adjustment period as account managers adapted to the changes.

Our account managers bring value to our customers by understanding their needs, and ways of working, and being able to share the experiences that other customers facing similar challenges have had. At the account manager level, segmentation should support better understanding of customer environments, more tailored engagement strategies and more relevant solution recommendations; as the needs and ways of engagement differ between enterprise, corporate and mid-market customers. By grouping account management teams around similar customer types, the structure should foster more collaboration on what similar customers are doing and what is working well enhancing the quality of customer interactions and outcomes.

Our account managers are generally co-selling technology alongside vendor sales teams who are often segmented by customer size internally. Our segmentation, mirroring some vendors' setups, should create stronger seller-to-seller relationships as our account managers work more closely with fewer vendor counterparts and drive better commercial agreements.

Our account managers work with internal specialists aligned to technology areas, such as cloud, cyber, digital workspace etc., and / or vendors. These specialist teams have also been aligned to the same segments as the sales teams to support more tailored solution design and delivery to customer's needs.

In addition, segmentation aligns with our transition to be able to deliver more services to our client base (and our investment in this area in partnership with key vendors such as Microsoft). Fundamentally organisations of different sizes have different propensities to consume services via partners – from the large corporates looking to supplement well-resourced internal teams, to smaller organisations who have a desire to fully outsource design, implementation and support of their technology vision. Our segmentation lends itself to fully capitalising on the service opportunities within our client base as we enable sales teams to tailor their messaging specifically.

The realignment resulted in an adjustment period for broadly two reasons: very strong trading ahead of the change; and relationship changes. The Corporate sales team had a very strong end to FY25 (15% H2 gross profit growth following 3% in H1) as account managers worked hard on closing pipeline they had built in accounts they were going to be handing over. The change required account managers to hand over around 750 relationships and establish pipelines in their new accounts.

Importantly retention has remained very high, consistent with prior periods, amongst both our sales team and customer base. Both stakeholder groups are also now broadly positive about the change after some initial instances of reticence.

Our public sector sales teams have operated with a segmentation by vertical for some time and benefit from the focus this brings.

Microsoft partner incentive changes

Microsoft partner incentives are constantly evolving, and we have a good track record of reacting to these while maintaining gross profit levels.

Last year, Microsoft reduced certain of its transactional Enterprise Agreement (EA) incentives from 1 January 2025. This encouraged partners to focus on transitioning customers from the EA program to Microsoft's Cloud Solution Provider (CSP) program, where margins are higher for partners. In the public sector, where CSP is a less viable alternative due to discounts only available under EAs, a smaller rate reduction applied. We prepared and realigned our software and services offerings, as we have often done in the past, with heightened focus on transitioning corporate customers to CSP and providing more services to all customers, both in line with our existing strategy.

We were able to manage the impact in the first six months of this financial year, which includes high levels of renewals in March and April around the public sector year end and June around Microsoft's year end. Our Microsoft software gross profit declined 3.5% year-on-year, with Corporate growing slightly, benefitting from transitioning customers to CSP, and public sector declining. We were able to offset this pressure on software profit in both segments, but particularly in public sector, with strong growth in higher margin services in-line with our strategy and where a growing portion of Microsoft incentives are focused. Our Microsoft Gross Invoiced Income increased 7.6% year-on-year with growth across both Corporate and Public Sector.

We expect a smaller impact in the second half of this financial year for two reasons: the enterprise incentive changes only impact four months, having taken effect on 1 January 2025; and price increases for EAs, set to come into effect on 1 November 2025, will make CSP relatively more attractive for customers.

Going forward we believe our wide vendor landscape and extensive range of products and services will enable us to absorb individual program changes such as this and drive our continued growth, and that our strength with customers with fewer than 5,000 employees remains a sweet spot with our vendors who value our efficient reach into this part of the market.

Our people: the heart of our success

Our people are the lifeblood of our organisation. Over the past few months, I have been able to spend more time engaging with colleagues across all levels of the business, gaining valuable insight into the passion, professionalism, and commitment that drives our success. Since July, I've been supported by our first Chief People Officer, Kally Kang-Kersey, who is leading the development of a long-term People Strategy to underpin scalable growth, customer excellence, and a high-performance culture.

We are proud of the energy and dedication our teams bring to supporting customers and delivering outstanding service. Their adaptability and resilience in the face of both internal transformation and external market shifts have been exceptional.

To support our growth ambitions, we continue to invest in targeted recruitment across front-end sales, delivery, and enabling functions. Headcount increased by 12.0% year-on-year to 1,266 (1.7% since 28 February 2025), and we expect continued growth in the second half. This reflects our confidence in the market and our commitment to building capability where it matters most.

We are also investing in our internal systems, customer-facing platforms, and office environments to enhance employee experience, drive operational efficiency, and make it easier for customers to do business with us. These investments are designed to support both our people and our customers in equal measure.

Looking ahead, our People Strategy will focus on attracting top talent, developing future-fit leadership, evolving our culture, and modernising our people operations. We are committed to building an inclusive, high-performance workplace where every individual can thrive and contribute to our shared success.

I want to extend my sincere thanks to all our staff for their hard work, professionalism, and unwavering commitment to the business.

Continued focus on environment, social and governance (ESG)

Our approach to responsible business and ESG is aimed at helping to build a sustainable future and create long-term value for the Group and its stakeholders. Our strategy is underpinned by our purpose and values, which foster an aligned culture across the organisation. During the period, we further progressed our ESG initiatives in the following ways.

<u>Constituent of the FTSE4Good Index Series</u>

In July 2025, FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirmed that Bytes Technology Group had been independently assessed according to the FTSE4Good criteria, and had satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

We continue to monitor the progress of the IFRS S1 and S2 standards being adopted by the UK Government, through the UK Sustainability Reporting Standards. We submitted a response to the recent Department for Business and Trade consultation, have engaged with our external auditors on updates and maintain the expectation that we will be in a good position to transition to the new reporting requirements, having fully complied with the TCFD's recommendations in our last Annual Report. As part of the continual publication of our net zero efforts, we have submitted our annual disclosure to CDP. Our York office has gained the benefits of the solar panels that were installed in FY25 and have produced 158,000 kWh of energy, with 83% of this used by the business.

<u>Building stronger partnerships</u>

Employee support and wellbeing continue to be key focus areas for the Group, with wellbeing days and our hybrid working policy enabling happier and healthier employees. We continue to measure employee satisfaction through the annual employee Net Promoter Score (eNPS) survey and will be able to provide an update at the full year. Understanding diversity within our business has also been a focus across the Group, with the roll-out of voluntary self-reporting for gender, ethnicity, disability and neurodiversity. A more detailed understanding of the demographics of our business will aid in attracting and retaining talent and support innovation through diversity of thought.

Our strong culture remains a driving force behind our successful growth. We continue to support this through staff events, incentive trips and the development of our people with continued learning and training opportunities. Our apprenticeship scheme has matured into more areas of the business and into degree-level apprenticeship programmes.

Engagement and support for our communities has strengthened this year, with new charity partnerships being forged, one example being Muscle Help Foundation, which has itself supported one of our own employees. We continue to work with the Wildlife Aid Foundation, through volunteering and during H1 FY26, we raised over £20,000 for St. Leonard's Hospice.

Chief Financial Officer's review

Income statement	H1 FY26 £'m	H1 FY25 £'m	Change %
Gross invoiced income (GII)	**1,342.0**	**1,230.2**	**9.1**
GII split by product:			
Software	1,292.4	1,187.2	8.9
Hardware	14.6	12.5	16.8
Services internal[1]	19.0	16.6	14.5
Services external[2]	16.1	13.9	15.8
Netting adjustment	(1,234.0)	(1,124.7)	9.7
Revenue	**108.1**	**105.5**	**2.5**
Revenue split by product:			
Software	72.1	74.7	(3.5)
Hardware	14.6	12.5	16.8
Services internal[1]	19.0	16.6	14.5
Services external[2]	2.4	1.7	41.2
Gross profit (GP)	**82.4**	**82.1**	**0.4**
GP/GII %	6.1%	6.7%	
Other income	**0.4**	**-**	
Administrative expenses	**(49.7)**	**(46.5)**	**6.9**
Administrative expenses split:			
Employee costs	(39.4)	(37.2)	5.9
Other administrative expenses	(10.3)	(9.3)	10.8
Operating profit	**33.1**	**35.6**	**(7.0)**
Operating profit/GP%	40.2%	43.4%	
Interest income	5.6	6.0	(6.7)
Finance costs	(0.2)	(0.2)	
Share of profit of associate[3]	-	0.1	
Profit before tax	**38.6**	**41.5**	(7.0)
Income tax expense	(9.6)	(11.1)	**(13.5)**
Effective tax rate	24.9%	26.7%	
Profit after tax	**29.0**	**30.4**	(4.6)

[1] Provision of services to customers using the Group's own internal resources
[2] Provision of services to customers using third-party contractors
[3] Cloud Bridge Technologies 25.1% share of profits

Gross invoiced income (GII)

GII reflects gross income billed to our customers, with some small adjustments for deferred and accrued items – mainly relating to managed service contracts where the income is recognised over time – and has a direct influence on our movements in working capital. However, it does not capture all the IT spend we help our customers with because, in some cases, our vendor partners invoice the customer directly and pay us a fee which is a percentage of their sales value, and which we recognise within our GII, revenue and GP.

GII increased by 9.1% year on year, with growth coming from all our income streams and balanced across public sector (+8.5%) and corporate (+10.6%). Corporate GII benefitted from the transition of more customers to Microsoft's CSP programme (where BTG invoices the customers) from Microsoft's EA program (where Microsoft invoices the customers and pays BTG a rebate).

Revenue

Revenue is reported in accordance with IFRS 15 with hardware and internal services reported gross (principal) and software and external services reported net (agent), which means revenue reflects changes in the mix of business but is often not a good indicator of underlying growth.

This reporting of revenue as a mix of GP and GII across the four income streams has given rise to a 2.5% increase, because the growth in software GP (reported net) is outweighed by the reduction in the hardware GII (reported gross). So, given revenue is a mix of metrics, we focus on GP to provide a consistent measure of our sales and profit performance.

Gross profit (GP)

GP, our primary measure of sales performance, has grown by £0.3m, up 0.4% year on year to £82.4m (H1 FY25: £82.1m).

Breaking this down by income stream: for the Group's two most strategic focus areas, software GP declined by 3.5% to £72.1m, with a 0.7% decline in its GP/GII%, while internal services GP is up by 46.3% to £6.0m, with GP/GII margin up to over 30% benefitting from mix and cost efficiencies. Hardware and external services both grew off small bases by 25.0% to £2.0m and 41.2% to £2.4m respectively.

Looking across our two main customer segments, public sector GP has grown by 1.6% and corporate GP has declined by 0.6%. Both segments were impacted by the changes to Microsoft enterprise agreement incentives and the corporate segment had a readjustment period relating to the sales structure realignment.

The growth in the public sector again demonstrates the Group's strategy of winning new customers and then expanding share of wallet. Our objective is to ensure we build our profitability within each contract over its term, typically three to five years, by adding additional higher-margin products into the original agreement as the customers' requirements grow and become more advanced. This process is further enhanced by focusing on selling our wide range of solutions offerings and higher-margin security products, while maximising our vendor incentives through achievement of technical certifications. We track these customers individually to ensure that the strategy delivers value for the business, and our other stakeholders, over the duration of the contracts.

As in previous years, the higher margins available in the corporate sector means that our overall GP mix for the year continues to stand at 62% in corporate and 38% in the public sector. Our GP/GII margin reduced to 6.1% (H1 FY25 6.7%) impacted by mix and the Microsoft EA incentives changes. In the public sector our margin (GP/GII) dropped only slightly from 3.6% in H1 FY25 to 3.3% this year as strong higher margin services growth partly offset lower Software margin post the Microsoft EA incentives changes. In corporate our margin (GP/GII) dropped to 12.6% (H1 FY25 14.0%) as more customers transitioned from Microsoft's EA programme (where Microsoft invoices the customers and pays BTG a rebate at 100% GP/GII margin) to Microsoft's CSP programme (where BTG invoices the customers, pays Microsoft the cost of sale and makes a net GP/GII margin).

Our long-standing relationships with our customers and high levels of repeat business was again demonstrated in H1 FY26 with 98% of our GP coming from customers that we also traded with last year (H1 FY25: 98%), at a renewal rate of 98% (which measures the GP from existing customers this period compared to total GP in the prior period).

Other income

This comprises £0.4m of rental income from the offices acquired in FY25 which we have not fully occupied yet.

Administrative expenses

This includes employee costs and other administrative expenses as set out below.

Employee costs

Our success in growing the business continues to be as a direct result of the investments we have made over the years in our front-line sales teams, vendor and technology specialists, service delivery staff and technical support personnel, backed up by our marketing, operations, and finance teams. It has been, and will remain, a carefully managed aspect of our business.

In addition to continuing to hire in line with growth and to ensure we have the expertise required to provide our clients with the best service, our commitment to develop, promote and expand from within the existing employee base, giving our people careers rather than just employment, is at the heart of our progress as a business. This has contributed to long tenure from our employees which in turn supports the long relationships we have established with our customers, vendors, and partners.

During the half year we have seen total staff numbers rise to 1,266 on our August 2025 payroll, up by 1.7% from the year-end position of 1,245 on 28 February 2025 and up 12.0% over the full year period since 31 August 2024.

Employee costs, included in administrative expenses, rose by 5.9% to £39.4m (H1 FY25: £37.2m) with higher costs from headcount, salary and national insurance contribution increases partly mitigated by lower variable remuneration including a £0.8m decline in share based payments. However, this figure has been impacted by the effects of capitalising £0.7m of staff costs onto the balance sheet (H1 FY25 £0.7m). This relates to the salaries of employees who are developing new IT platforms, one to provide a 'marketplace' gateway for our customers to more seamlessly purchase products online from a range of vendors and the other to enable us to improve our operational processes around customer order processing. This treatment is in line with our accounting policy for intangible assets which can be found in our Annual Report and Accounts.

Other administrative expenses

Other administrative expenses increased by 10.8% to £10.3m (H1 FY25: £9.3m) including continued investment in staff welfare and internal systems.

As part of the software development project referred to above, we have also spent £1.6m with a third party development company to supplement our own internal resources (H1 FY25: £0.9m). This engagement was taken wholly for this purpose and the cost has been capitalised in full alongside our own salary costs, making a total of £2.3m added to intangible software assets during the period (H1 FY25: £1.6m).

Operating profit

Our operating profit decreased by 7.0% from £35.6m to £33.1m, as higher costs from headcount, salary and national insurance contribution increases were partly mitigated by lower variable remuneration including share based payments against stable gross profit.

Our operating efficiency ratio which measures operating profit as a percentage of GP is a key performance indicator in understanding the Group's operational effectiveness in running day-to-day operations. We aim to sustain it in excess of 38% and have achieved this, albeit it decreased to 40.2% (H1 FY25: 43.4%). Including the capitalised staff costs, the ratio for this period is 39.3% (H1 FY25: 42.5%).

Interest income and finance costs

This half year has again seen significant interest being earned from money market deposits, reducing slightly to £5.6m (H1 FY25: £6.0m) due to lower interest rates on a higher cash balance. There is some seasonal impact here, due to the timing of the largest Microsoft enterprise agreements which primarily transact in our first six months, and hence our interest earnings will be lower in our second half.

Our finance costs primarily comprise arrangement and commitment fees associated to our revolving credit facility (RCF), noting that to date the Group has not drawn down any amount. This balance also includes a small amount of finance lease interest on our right-of-use assets, including from our staff electric vehicle (EV) scheme.

Profit before tax

The combined impact of decreased operating profits and lower levels of interest received has seen our profit before tax decreasing by 7.0% to £38.6m (H1 FY25: £41.5m).

Income tax expense

The £1.5m (13.5%) decrease in our income tax expense to £9.6m (H1 FY25: £11.1m) reflects the decline in profits described above and a lower effective rate of tax of 24.9% (H1 FY25: 26.7%). The higher effective rate in H1 FY25 of 26.7% was attributed to a restatement of the deferred tax asset from February 2024 relating to our unexercised share options, given the reduction in the share price in H1 FY25 from February 2024.

Profit after tax

Profit after tax decreased by 4.6% to £29.0m (H1 FY25: £30.4m), with lower operating profit and interest income, partly offset by the lower effective rate of tax.

Earnings per share

Basic earnings per share reduced 5.1% from 12.67p to 12.03p and diluted earnings per share reduced 4.7% from 12.19p to 11.62p.

Balance sheet and cash flow

	As at	
	31 August 2025	28 February 2025
Balance sheet	**£'m**	**£'m**
Investment in associate	3.2	3.2
Property plant and equipment	13.9	13.6
Intangible assets	45.4	43.5
Other non-current assets	3.1	3.4
Non-current assets	**65.6**	**63.7**
Trade and other receivables	259.0	268.4
Cash	82.3	113.1
Current tax asset	0.4	0.0
Contract assets	12.6	10.0
Current assets	**354.3**	**391.5**
Trade and other payables	301.7	327.5
Lease liabilities	0.8	0.7
Contract and tax liabilities	21.8	25.7
Provisions	12.5	0.0
Current liabilities	**336.8**	**353.9**
Lease liabilities	1.2	1.3
Other non-current liabilities	4.5	2.0
Non-current liabilities	**5.7**	**3.3**
Net assets	**77.4**	**98.0**
Share capital	2.4	2.4
Share premium	641.3	636.4
Share-based payment reserve	13.1	14.9
Merger reserve	(644.4)	(644.4)
Retained earnings	64.9	88.7
Total equity	**77.4**	**98.0**

Closing net assets stood at £77.4m (28 February 2025: £98.0m and 31 August 2024: £77.6m) including the Group's £3.2m interest (25.1%) in Cloud Bridge Technologies.

Intangible assets includes the £2.3m addition in the period of capitalised software development costs, a combination of internal staff costs of £0.7m and £1.6m of external contractor costs, both referred to above. This relates to two new IT platforms – one to provide a 'marketplace' gateway for our customers to more seamlessly purchase products online from a range of vendors, and the other to enable us to improve our operational processes around customer order processing. The 'marketplace' platform is now complete at a cumulative capex of £3.4m over FY25 and H1 FY26 and the cost will start to be amortised in H2 FY26 at an annualised rate of c.£0.4m pa. Work on the second platform continues through the second-half of the year and while we are in development phase, there is no amortisation of the asset, amortisation will commence once we move to live production mode, scheduled for early FY27. We expect the combined asset to stand at c.£8m by our February 2026 year end.

There is an unrelated £0.4m amortisation which is included in the current income statement in respect of the historic customer relationships intangible asset carried on the balance sheet.

Net current assets closed at £17.5m (28 February 2025: £37.6m and 31 August 2024: £24.3m).

Our debtor days at the end of the half year stood at 44 (H1 FY25: 41), and our average debtor days for the period was 38 (H1 FY25: 37). Our closing loss allowance provision at 31 August 2025 reduced to £1.3m, down from £1.7m at the February 2025 year end, with £0.4m bad debts written off against the provision. We note that our gross trade receivables have reduced since year end and the level of write offs is very low considering our GII of £1.3bn.

The Group has paid its suppliers on schedule through the year, with its average creditor days remaining in line with prior year at 49 for the six months and standing at 52 at the end of the period.

A provision of £12.5 million has also been recognised through retained earnings, in relation to the £25m share repurchase program announced on 15 August 2025, for estimated further purchases after the end of the reporting period up to 14 October 2025, being the end of the Market Abuse Regulations (MAR) period, during which the Company cannot vary or terminate its instructions to the brokers and whereby it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation..

The consolidated cash flow is set out below:

	H1 FY26	H1 FY25
Cash flow	**£'m**	**£'m**
Cash generated from operations	**14.7**	**22.0**
Payments for fixed assets	(1.0)	(0.4)
Payments for intangible assets	(2.3)	(1.6)
Free cash flow	**11.4**	**20.0**
Net interest received	5.5	5.9
Taxes paid	(10.0)	(9.5)
Lease payments	(0.4)	(0.2)
Dividends	(41.0)	(35.4)
Issue of share capital	4.9	1.9
Purchase of share capital	(1.1)	-
Net decrease in cash	(30.8)	(17.3)
Cash at the beginning of the period	113.1	88.8
Cash at the end of the period	**82.3**	**71.5**
Operating profit	**33.1**	**35.6**
Cash conversion	**34.4%**	**56.2%**
Cash conversion (rolling 12 months)	**104.7%**	**112.6%**

Cash at the end of the period was £82.3m (31 August 2024: £71.5m), which is after the payment of dividends totalling £41.0m during the period – being the final and special dividends for FY25.

Cash flow from operations after payments for fixed and intangible assets (free cash flow) generated a positive cash flow of £11.4m (H1 FY25: £20.0m). The Group's cash conversion ratio for the year measured as free cash flow divided by operating profit was 34.4% in the period (H1 FY25: 56.2%). Whilst we target our long-term sustainable cash conversion at 100%, we typically achieve a lower figure in H1 given the seasonality of our cash flows, particularly around the timing of receipts and payments for our large Microsoft enterprise agreements. For reference, our rolling 12 month cash conversion measured across the full year up to the end of August has exceeded the 100% target.

The £4.9m cash received from the issue of share capital relates to the exercising of circa 1.6m share options by participating staff, primarily under our 2021 and 2022 CSOP and PSP plans. There is a corresponding increase in the share premium value in the balance sheet above.

The £1.1m cash outflow from the purchase of share capital relates to the £25m share repurchase programme discussed below with the remaining £23.9m outflow from the programme expected to occur in H2 FY26.

If required, the Group has access to a committed RCF of £30m with HSBC. The facility commenced on 17 May 2023, replacing the Group's previous facility for the same amount and runs for three years, until 17 May 2026, with an optional one year extension to 17 May 2027. To date, the Group has not utilised the facility.

Share repurchase

We announced a £25m share repurchase programme on 15 August 2025. Our capital allocation policy prioritises enhancing business growth, both organically and through select inorganic opportunities as they arise, and returning excess capital to shareholders (through normal dividends, and also through special dividends and/or share buybacks), where appropriate. Our board continuously reviews capital allocation opportunities and after considering the Group's strong balance sheet position and prevailing share price, the Board decided that it would be beneficial to return capital to shareholders through a share repurchase.

Interim dividend

The Group's dividend policy is to distribute 40-50% of post-tax pre-exceptional earnings to shareholders. Accordingly, the Board is pleased to declare a gross interim dividend of 3.2 pence per share. The aggregate amount of the interim dividend expected to be paid out of retained earnings at 31 August 2025, but not recognised as a liability at the end of the half year, is £7.6m.

The salient dates applicable to the dividend are as follows:

Dividend announcement date	Tuesday, 14 October 2025
Currency conversion determined and announced together with the South African (SA) tax treatment on SENS by 11:00	Monday, 3 November 2025
Last day to trade cum dividend (SA register)	Tuesday, 4 November 2025
Commence trading ex-dividend (SA register)	Wednesday, 5 November 2025
Last day to trade cum dividend (UK register)	Wednesday, 5 November 2025
Commence trading ex-dividend (UK register)	Thursday, 6 November 2025
Record date	Friday, 7 November 2025
Payment date	Friday, 21 November 2025

Additional information required by the Johannesburg Stock Exchange:

1. The GBP:ZAR currency conversion will be determined and published on SENS on Monday, 3 November 2025.
2. A dividend withholding tax of 20% will be applicable to all shareholders on the South African register unless a shareholder qualifies for exemption not to pay such dividend withholding tax.
3. The dividend payment will be made from a foreign source (UK).
4. At Tuesday, 14 October 2025, being the declaration announcement date of the dividend, the company had a total of 239,090,507 shares in issue (with no treasury shares).
5. No transfers of shareholdings to and from South Africa will be permitted between Monday, 3 November 2025 and Friday, 7 November 2025 (both dates inclusive). No dematerialisation or rematerialisation orders will be permitted between Wednesday, 5 November 2025 and Friday, 7 November 2025 (both dates inclusive).

Principal risks

The Group Board has overall responsibility for risk. This includes maintaining our enterprise risk management (ERM) framework and internal control systems and setting our risk appetite. In doing this, it receives support from our Audit Committee, our internal audit partner and our executive management teams. However, through their skills and diligence, everyone in the Group plays a part in protecting our business from risk and making the most of our opportunities.

We have identified principal risks and uncertainties that could have a significant impact on the Group's operations, based on risks identified through each of the operating companies, which we assign to five categories: financial, strategic, process and systems, operational and regulatory. BTG's management reviews each principal risk looking at its level of severity, where it overlaps with other risks, the speed at which it is changing and its relevance to the Group. We consider the principal risks both individually and collectively, so that we can appreciate the interplay between them and understand the entire risk landscape.

For us, risk management is a continuous journey, requiring review throughout the year. It starts with defining our risk appetite, which was unchanged this year, as we maintained our cautious approach. Our ERM framework enables us to identify and manage risk, and we believe that it continues to serve us well with the inclusion of risk management as a standing agenda item at each of the subsidiary board meetings illustrating the Group's bottom-up approach to risk.

The ongoing unsettled geopolitical and macroeconomic environment, particularly Russia's war in Ukraine and the continuing tensions across the Middle East has served as a strong reminder of the importance of having a robust, agile approach to managing risk. Our ongoing risk monitoring process enables us to assess current and emerging risks, and while we remain vigilant, our business has performed strongly through various external crises in recent years, demonstrating its resilience.

Our 14 principal risks which were set out in our last Annual Report have been updated and included below. Whilst the risks themselves have not changed, with no additions or deletions, in some cases we have updated the status of the risk, but for the majority there has been no change since the Annual Report was published.

Additionally, we continue to monitor our three emerging risks relating to the physical risk from climate change, keeping pace with social change, and the impact of AI.

<table>
<tr><td rowspan="3">Financial</td><td>1 Economic disruption
No change</td><td>Risk owner CEO</td></tr>
<tr><td>The risk
Internationally, there is political uncertainty with the US administration. Imposing global tariffs, resulting in reciprocal tariffs, could lead to inflation. In addition, the conflicts in the Middle East and Ukraine continue.

This risk also includes the uncertainties caused by global economic pressures and geopolitical risk within the UK.

There is the potential for public sector funding to be cut, although the size of this is still unknown.</td><td rowspan="2">How we manage it
We have so far continued to perform well during high inflation, the conflicts in the Middle East and Ukraine, and the UK leaving the EU.

The recent real-life experience of these, and of the rising cost of living and exchange rate fluctuations, have shown us to be resilient through tough economic conditions. The diversity of our client base has also helped us maintain and increase business in this period. We are not complacent, however – economic disruption remains a risk, and we keep our operations under constant review.

We cannot mitigate the NI increases directly, but indirectly we are aiming to increase productivity by using AI tools. Three quarters of our employees have a GenAI licence and, in a recent assessment of usage, the productivity increase was equivalent to 26 full-time-equivalent roles.

Our continued focus on software asset management means that we advise customers of the most cost-effective ways to fulfil their software needs. Changes to economic conditions mean many organisations will look to IT to drive growth and/or efficiency.</td></tr>
<tr><td>The impact
Major economic disruption and potentially higher taxes could see reduced demand for software licensing, hardware and IT services, which could be compounded by government controls. Lower demand could also arise from reduced customer budgets, cautious spending patterns or clients 'making do' with existing IT.

Economic disruption could also affect the major financial markets, including currencies, interest rates, trade and the cost of borrowing. Economic deterioration like this could affect our business performance and profitability. Inflationary pressure could still create an environment in which customers redirect their spending from new IT projects to more pressing needs.</td></tr>
</table>

		Externally, we have seen more customers looking to avoid increased staff costs by outsourcing their IT to managed services. This may create an opportunity to accelerate our service offerings. We will keep a watching brief on the impacts to the public sector from any government cuts to funding or policy changes, and how these effect the business.
	2 Margin pressure **No change**	**Risk owner** MDs of subsidiary businesses
	The risk BTG faces pressure on profit margins from myriad directions, including increased competition, changes in vendors' commercial behaviour, certain offerings being commoditised and changes in customer mix or preferences. **The impact** These changes could have an impact on our business performance and profitability.	**How we manage it** Profit margins are affected by many factors at customer and micro levels. We can control some of the factors that influence our margins but some, such as economic and political factors, are beyond our control. In the past year we have sought to maintain margins where possible. Our diverse portfolio of offerings, with a mix of vendors, software and services, has enabled us to absorb any changes – and we continue to innovate to find new ways to deliver more value for our customers. Services delivered internally are consistently measured against our competition to ensure we remain competitive and maximise margins. Keeping the correct level of certification by vendor, early deal registration and rebate management are three methods we use to make sure we are procuring at the lowest cost and maximising the incentives we earn. This risk area is reviewed monthly.
	3 Changes to vendors' commercial model **No change**	**Risk owner** CEO
	The risk We receive incentive income from our vendors and their distributors. This partially offsets our costs of sales but could be significantly reduced or eliminated if the commercial models are changed significantly. **The impact** These incentives are very valuable and contribute to our operational profits. Significant changes to the commercial models could put pressure on our profitability.	We maintain a diverse portfolio of vendor products and services. Although we receive major sources of funding from specific vendor programmes, if one source declines, we can offset it by gaining new certifications in, and selling, other technologies where new funding is available. Microsoft forms a significant part of BTG's gross profit, and has consistently reviewed its incentive programmes to help it achieve its strategic objectives. BTG has shown its ability to adapt in line with these changes. We are confident in our ability to maintain growth over time.

		We closely monitor incentive income and make sure staff are aligned to meet vendors' goals so that we don't lose these incentives. Close and regular communication with all our major vendors and distributors means we can manage this risk appropriately. In some areas we have seen a positive change in vendors' commercial terms, where we have been able to adapt practices.
	4 Inflation **No change**	**Risk owner** CFO
	The risk Inflation in the UK, as measured by the Consumer Price Index (CPI), was 2.8% in February 2025. At August 2025 this is now 3.8%. This rate is above the Bank of England's target of 2%.	**How we manage it** Staffing costs make up most of our overheads, so our attention has been focused on our employees and their ability to cope with the rising cost of living. While we cannot dictate our customers' budget, our business model is to build trusted relationships – where account managers understand our customers and are able to have pragmatic conversations about what their IT priorities should be in the current technology landscape.
	The impact Wage inflation and increased fuel and energy costs have a direct impact on our underlying cost base. If our competitors increase wages to a higher level, then we potentially have a risk for retaining and attracting employees and customers. Our customers will also have increased costs, which will change their budgets and spending priorities. Our customers will also have increased costs, which will change their budgets and spending priorities.	
	5 Working capital **No change**	**Risk owner** CFO
	The risk As customers face the challenges of inflation and elevated interest rates in the current economic environment, there is a greater risk of an increasing aged debt profile, with customers slower to pay and the possibility of bad debts. The implementation of the UK Government's Procurement Act 2023 will affect the payment terms of public sector customers and affect our supply chain. Vendors' changing payment terms could also have a significant impact. We have seen debtor days stabilise as inflation has reduced, but the number of days is yet to return to historic low levels.	**How we manage it** Our credit collections teams are focused on collecting customer debts on time and maintaining our debtor days at or below target levels. Debt collection is reported and analysed continually and escalated to senior management as required. We have invested in larger credit collection teams and risk management. In the past financial year, BTG has seen a higher level of write-offs than before, but these still aren't significant: all our write-offs are from companies that have become insolvent or gone into administration. A large part of a successful outcome is maintaining strong, open relationships with our customers, understanding their issues
	The impact	

	This could adversely affect our businesses' profitability and/or cash flow.	and ensuring our billing systems deliver accurate, clear and timely invoicing so that queries can be quickly resolved.
Strategic	**6 Vendor concentration** **No change**	**Risk owner** CEO
	The risk Over-reliance on any one technology or supplier could pose a potential risk, should that technology be superseded or exposed to economic down cycles, or if the vendor fails to innovate ahead of customer demands **The impact** Relying too heavily on any one vendor could have an adverse effect on our financial performance, should that relationship break down. Uptake of AI is expected to increase rapidly. While this represents an opportunity, the development of AI by a handful of companies, including Microsoft, has the potential to further concentrate revenue and profit across fewer vendors.	We work with our vendors as partners – it is a relationship of mutual dependency because we are their route to the end customer. We maintain excellent relationships with all our vendors, and have a particularly good relationship with Microsoft, which relies on us as a key partner in the UK. Our growth plans, which involve developing business with all our vendors, will naturally reduce the risk of relying too heavily on any single one. We have a diversified vendor list, as well as a focus on services and using in-house and third-party specialists, which diversifies and mitigates some of the vendor concentration risk.
	7 Competition **No change**	**Risk owner** CEO
	The risk Competition in the UK IT market, or the commoditisation of IT products, may result in BTG being unable to win or maintain market share. Mergers and acquisitions have consolidated our distribution network and absorbed specialist services companies. This has caused overlap with our own offerings. A move to direct vendor resale to end customers (disintermediation) could place more pressure on the market opportunity. Platforms, like marketplaces, with direct sales to customers, could also be seen as disintermediation. An increase in the use of marketplaces also heightens the risk of more transactions going through the same route. Frameworks, particularly in the public sector, are a procurement route of choice for some customers. We risk narrowing our route to customers if we are not part of these frameworks. AI risks becoming a partial competitor, if it becomes able to provide accurate and	**How we manage it** We closely watch commercial and technological developments in our markets. The threat of disintermediation by vendors has always been present. We minimise this threat by continuing to increase the added value we bring to customers directly. This reduces clients' desire to deal directly with vendors. Equally, vendors cannot engage with myriad organisations globally without the sort of well-established network of intermediaries that we have. We currently work with the dominant marketplace providers and can sell from multiple vendors to our customers through their platforms. By matching customer requirements to the vendor's value proposition, we can better serve our customers' needs. We continue to develop and improve our systems and processes to make transactions easier for our customers, including expanding and improving our own self-service portals.

	beneficial licensing and infrastructure advice direct to customers. The regulatory environment will change the competitive landscape too, as regulators look to decrease monopolies.	AI/machine learning has been identified as an emerging risk, and so will be explored and monitored for risks and opportunities to our business. Currently, there is no sign of any commoditisation that would be a serious threat to our business model in the short or medium term. We are aware of the opportunities from regulatory changes and partnerships to expand our vendor, solution and services portfolio.
	The impact This risk could have a material, adverse impact on our business and profitability, potentially needing a shift in business operations, including a strategic overhaul of the products, solutions and services that we offer to the market. More consolidation could lead to less competition between vendors and cause prices to value-added resellers, like us, to rise and service levels to fall. Direct resale to customers could also increase. This could erode reseller margins, given the purchase cost is less for the distributor than the reseller. This could reduce our market, margin and profits.	
	8 Relevance and emerging technology **No change**	**Risk owner** CEO
	The risk As the technology and security markets evolve rapidly and become more complex, the risk exists that we might not keep pace and so fail to be considered for new opportunities by our customers.	**How we manage it** We stay relevant to our customers by: • Continuing to offer them expert advice and innovative solutions • Specialising in high-demand areas • Holding superior levels of certification • Maintaining our good reputation and helping clients find the right solutions in a complex, often confusing IT marketplace. We defend our position by keeping abreast of new technologies and the innovators who develop them. We do this by joining industry forums and sitting on new technology committees. We have expanded the number and range of our subject-matter experts, who stay ahead of developments in their areas and communicate this internally and externally. As well as bolstering our internal capabilities through the creation of an innovation and engineering team. We are giving more focus to customer communications and marketing, to increase brand awareness. By identifying and developing bonds with emerging companies, we maintain good
	The impact Customers have wide choice and endless opportunities to research options. If we do not offer cutting-edge products and relevant services, we could lose sales and customers, which would affect our profitability.	

		relationships with them as they grow and give our customers access to their technologies. This is core to our business, so the risk from this is relatively low.
Processes and systems	**9 Cyberthreats – direct and indirect** Increase focus	**Risk owner** CTOs of subsidiary businesses
	The risk Breaches in the security of electronic and other confidential information that BTG collects, processes, stores and transmits may give rise to significant liabilities and reputational damage.	**How we manage it** We use intelligence-driven analysis, including research by our internal digital forensics team, to protect ourselves. This work provides insights into vulnerable areas and the effects of any breaches, which allow us to strengthen our security controls. Internal IT policies and processes are in place to mitigate some of these risks, including regular training, working abroad procedures and the use of enterprise-level security software. We have established controls that separate customer systems and mitigate cross-breaches. Our cyberthreat-level system also lets us tailor our approach and controls in line with any intelligence we receive. Our two subsidiaries share insights and examples of good practice on security controls with one another. Both businesses use a security operations centre and have internal specialists to provide up-to-date threat analysis. We maintain ISO 27001, CE, CE+ (cyber essentials) and NHS DSPT certifications to protect our and our customers' data.
	The impact If a hacker accessed our IT systems, they might infiltrate one or more of our customer areas. This could provide indirect access, or the intelligence required to compromise or access a customer environment. This would increase the chance of first- and third-party risk liability, with the possible effects of regulatory breaches, loss of confidence in our business, reputational damage and potential financial penalties.	
Operational	**10 Business continuity failure** No change	**Risk owner** CTOs of subsidiary businesses
	The risk Any failure or disruption of BTG's people, processes and IT infrastructure may negatively affect our ability to deliver to our customers, cause reputational damage and lose us market share.	**How we manage it** Our CTOs and heads of IT manage and oversee our IT infrastructure, network, systems and business applications. All our operational teams are focused on the latest vendor products and educate sales teams appropriately. Regular IT audits have identified areas for improvement, while ongoing reviews make sure we have a high level of compliance and uptime. This means our systems are highly effective and fit for purpose. For business continuity, we use different sites and solutions to limit the impact of
	The impact Systems and IT infrastructure are key to our operational effectiveness. Failures or significant downtime could hinder our ability to serve customers, sell solutions or invoice. Major outages in systems that provide customer services could limit clients' ability	

	to extract crucial information from their systems or manage their software. Increased automation means a heavier reliance on technology. Although it can reduce human error, it can also potentially increase our reliance on other vendors. People are a huge part of our operational success, and processes rely on people as much as technology to deliver effectively to our customers. Insider threats, intentional or otherwise, could compromise our ability to deliver and damage our reputation. Employee illness and absence – if in significant numbers, such as a communicable disease in a particular team – could make effective delivery difficult.	service outage to customers. Where possible, we use active resilience solutions – designed to withstand or prevent loss of services in an unplanned event – rather than just disaster-recovery solutions and facilities, which restore normal operations after an incident. Employees are encouraged to work from home or take time off when sick, to avoid transmitting illness within the workplace. We also have processes to make sure there is not a single point of failure, and that resiliency is built into employees' skillsets. The risk is also mitigated through policies and process implementation such as Phoenix achieving ISO 22301 and Bytes Software Services implementing an incident management policy. Our efforts to reduce the risk from insider threats are multifaceted and involve pre-employment screening, contracts, training, identifying higher-risk individuals and technology to reduce potential data loss. This risk is reviewed through frequent risk assessments and business continuity plan testing.
	11 Attract and retain staff while keeping our culture **Increase focus**	**Risk owner** CEO
	The risk The success of BTG's business and growth strategy depends on our ability to attract, recruit and retain a talented employee base. Being able to offer competitive remuneration is an important part of this. Several factors are affecting this: • Salary and benefit expectations • BTG's high rate of growth • Skills shortage in emerging, high-demand areas, such as AI and machine learning • With remote or hybrid working becoming the norm, potential employees in traditionally lower-paid geographical regions being able to work remotely in higher-paying areas like London. **The impact** Double impact from scarcity of appropriate candidates for new roles and salary expectations will challenge our ability to attract and retain the talent pool we need to deliver our planned growth.	**How we manage it** We continually strive to be the best company to work for in our sector. One of the ways we manage this risk is by growing our own talent pools. We've used this approach successfully in our graduate intakes for sales, for example. BTG also runs an extensive apprenticeship programme across multiple business divisions. We also review the time that management has to coach new staff. We've also organically grown and set up new geographical offices, to attract local talent. In July 2025, we appointed a Chief People Officer, who is engaged with employees and working on strategies to maintain our culture and improve our staff welfare. Maintaining our culture is important to retaining current staff. BTG regularly engages with employees through surveys,

	We may lose talented employees to competitors.	such as the employee Net Promoter Score (eNPS) and Great Places to Work, feedback from this and other feedback avenues is used to review and develop our employee benefits. We maintain our small company feel through regular communications, clubs, charity events and social events. We aim to absorb growth while keeping our culture.
	12 Supply chain management **No change**	**Risk owner** CEO
	The risk Failure to understand suppliers may lead to regulatory, reputational and financial risks, if they expose our business to practices that we would not tolerate in our own operations. The time and effort to monitor and audit suppliers is considered a risk. There is a risk to our business if we engage with suppliers that: • Provide unethical working conditions and pay. • Are involved in financial mismanagement and unethical behaviour. • Cause environmental damage. • Operate in sanctioned regions. **The impact** The impact to the business is across multiple streams from legal, financial, reputational, ethical and environmental. Escalating conflicts could also affect our supply chain – for example, rerouting shipping around southern Africa adds journey time and increases carbon emissions.	**How we manage it** Supplier set-up forms include questions to ask suppliers to disclose information relating to compliance and adherence to our Supplier Code of Conduct. Any unethical, illegal or corrupt behaviour that comes to light is escalated and appropriate action is taken. Onboarding questionnaires have been reviewed and improved. Phoenix has appointed a supply chain manager, and Bytes has appointed a third-party compliance officer focused on supply chain management. Bytes has also established a cross-disciplinary group to work on managing suppliers. We consider the impact from shipping risks to be lower, given that only a small part of our profit and revenue come from hardware.
	13 Sustainability/ESG **Increasing**	**Risk owner** Group Sustainability Manager
	The risk The growing importance of sustainability and ESG for our customers, investors and employees means we need to stay at the forefront of reporting and disclosure, as regulations are continually updated. Failure to do so would put the Group at risk of financial penalties and reputational damage. **The impact** Falling behind expectations or our peers may lead to challenges around: • Legal compliance, such as adhering to global standards • Retaining customers, as they push to reduce emissions • Investor relations, such as meeting criteria for ESG funds	**How we manage it** Our Board manages and monitors this risk closely, with oversight from the ESG and Audit Committees. The Group Sustainability Manager continues to drive sustainability reporting and initiatives, and to work with an appointed third party to provide guidance and assurance on reported data. Environmental management systems are also in place and certified by ISO 14001. Our Sustainability Steering Committee enables decision makers from across the Group to work towards a common goal and report on challenges. In June 2024, we

	• Attracting and retaining employees, as younger generations seek to work for more purpose-driven businesses.	enhanced the governance of ESG, by establishing a Board-level ESG Committee. Disclosures are made through several channels, including ISS ESG ratings, CDP and EcoVadis. We had our near-term and net zero targets validated by the SBTi, as part of our programme to drive sustainability through best practice approaches. Feedback from disclosures is used to guide changes in the business. So, as disclosure methodologies stay current, so should the business, where possible and relevant. In 2025 'failure to prevent fraud' legislation came in. We have reviewed the potential risk and put controls in place to avoid misinformation.
	14 Regulatory and compliance **No change**	**Risk owner** CEO
	The risk Our business faces inherent risks from evolving regulatory and compliance landscapes. Changes in laws, regulations and industry standards could significantly affect our operations, financial stability and reputation. **The impact** Operational teams and processes face administrative burdens and effects under rapidly changing regulations. Failing to keep up with regulatory, reporting and compliance changes could lead to fines, legal challenges and reputational damage. If regulatory compliance is not maintained, there are risks to the Group and to individuals, which could lead to expensive legal challenges and reputational damage to the business among all stakeholders.	**How we manage it** We engage external experts. BTG works closely with external authorities, including through internal and external audits and paid-for consultancy, to advise on expected changes to regulations and the Group's response to them. We monitor regulatory developments. Individuals with responsibilities in the business stay up to date with changes in their field through professional memberships and trade publications, and through directly following regulatory and compliance bodies. We work to enhance internal controls. Compliance teams in each operating company hold a register of policies and organise reviews, updates and sign-offs with policy owners to make sure policies are kept current. Our steering committees, operating company board meetings and BTG Board meetings are forums for raising and discussing changes that affect multiple areas of the business.

Going concern disclosure

The Group has performed a full going concern assessment from 31 August 2025 for the period up to 28 February 2027. As outlined in the Chief Financial Officer's review above, trading during the first half of the year demonstrated the Group's resilient operating model. The Group has a healthy liquidity position with £82.3m of cash and cash equivalents available at 31 August 2025. The Group also has access to a committed revolving credit facility that runs until 17 May 2026, with an optional one-year extension to 17 May 2027, and that remains undrawn. The directors have reviewed trading and liquidity forecasts for the Group, as well as continuing to monitor the effects of macroeconomic, geopolitical, and climate-related risks on the business. The directors have also considered a number of key dependencies, which are set out in the Group's principal risks report, and including BTG's exposure to inflation pressures, credit risk, liquidity risk, currency risk and foreign exchange risk. The Group continues to model its base case, severe but plausible and stressed scenarios, including mitigations, consistently with those disclosed in the annual financial statements for the year ended 28 February 2025. Under all scenarios assessed, the Group would remain cash positive throughout the whole of the going concern period without needing to utilise the revolving credit facility.

Going concern conclusion
Based on the analysis described above, the Group has sufficient 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 28 February 2027. Accordingly, the directors conclude it to be appropriate that the consolidated financial statements be prepared on a going concern basis.

Responsibility statement pursuant to the Financial Conduct Authority's Disclosure and Transparency Rule 4 (DTR 4)

Each director of the company confirms that (solely for the purpose of DTR 4) to the best of his/her knowledge:

- The financial information in this document, prepared in accordance with the applicable UK law and applicable accounting standards, gives a true and fair view of the assets, liabilities, financial position and result of the Group taken as a whole.

- The Chief Executive Officer's and Chief Financial Officer's reviews include a fair review of the development and performance of the business and the position of the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Sam Mudd	Andrew Holden
Chief Executive Officer	Chief Financial Officer

14 October 2025

Sponsor: Investec Bank Limited

Interim condensed consolidated statement of profit or loss
For the six months ended 31 August

	Note	Six months ended 31 August 2025 Unaudited £'000	Six months ended 31 August 2024 Unaudited £'000	Year ended 28 February 2025 Audited £'000
Revenue	3	108,082	105,472	217,134
Cost of sales		(25,680)	(23,355)	(53,880)
Gross profit		**82,402**	**82,117**	**163,254**
Other income		396	-	105
Administrative expenses		(49,677)	(46,504)	(96,933)
Operating profit		**33,121**	**35,613**	**66,426**
Finance income	4	5,646	5,979	8,486
Finance costs	4	(158)	(158)	(291)
Share of profit/(loss) of associate		-	72	(8)
Profit before taxation		**38,609**	**41,506**	**74,613**
Income tax expense	5	(9,578)	(11,059)	(19,772)
Profit after taxation		**29,031**	**30,447**	**54,841**
Profit for the period attributable to owners of the parent company		**29,031**	**30,447**	**54,841**
		Pence	**Pence**	**Pence**
Basic earnings per ordinary share	16	12.03	12.67	22.78
Diluted earnings per ordinary share	16	11.62	12.19	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.

Interim condensed consolidated statement of financial position

	Note	As at 31 August 2025 Unaudited £'000	As at 31 August 2024 Unaudited £'000	As at 28 February 2025 Audited £'000
Assets				
Non-current assets				
Property, plant and equipment		13,947	8,215	13,581
Right-of-use assets		1,659	1,517	1,641
Intangible assets	6	45,369	41,848	43,475
Investment in associate		3,185	3,265	3,185
Contract assets		1,438	1,327	1,773
Deferred tax assets		-	525	59
Total non-current assets		**65,598**	**56,697**	**63,714**
Current assets				
Inventories		14	17	14
Contract assets		12,579	10,898	9,973
Trade and other receivables	7	258,993	211,756	268,454
Current tax asset		456	-	-
Cash and cash equivalents	8	82,300	71,507	113,076
Total current assets		**354,342**	**294,178**	**391,517**
Total assets		**419,940**	**350,875**	**455,231**
Liabilities				
Non-current liabilities				
Lease liabilities		(1,153)	(1,337)	(1,269)
Contract liabilities		(4,150)	(2,049)	(2,034)
Deferred tax liabilities		(382)	-	-
Total non-current liabilities		**(5,685)**	**(3,386)**	**(3,303)**
Current liabilities				
Trade and other payables	9	(301,729)	(250,593)	(327,533)
Contract liabilities		(21,830)	(17,059)	(25,245)
Current tax liabilities		-	(1,732)	(439)
Lease liabilities		(773)	(520)	(668)
Provisions	10	(12,500)	-	-
Total current liabilities		**(336,832)**	**(269,904)**	**(353,885)**
Total liabilities		**(342,517)**	**(273,290)**	**(357,188)**
Net assets		**77,423**	**77,585**	**98,043**
Equity				
Share capital		2,424	2,408	2,411
Share premium		641,290	635,554	636,432
Other reserves		13,147	12,539	14,879
Merger reserve		(644,375)	(644,375)	(644,375)
Retained earnings		64,937	71,459	88,696
Total equity		**77,423**	**77,585**	**98,043**

Interim condensed consolidated statement of changes in equity (unaudited)

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
		Attributable to owners of the company					
Balance at 1 March 2025		**2,411**	**636,432**	**14,879**	**(644,375)**	**88,696**	**98,043**
Total comprehensive income for the period		-	-	-	-	29,031	29,031
Dividends paid	13	-	-	-	-	(41,014)	(41,014)
Shares issued during the year	11	16	4,858	-	-	-	4,874
Transfer to retained earnings	15	-	-	(3,500)	-	3,500	-
Share-based payment transactions	15	-	-	1,717	-	-	1,717
Tax adjustments	5	-	-	48	-	-	48
Purchase and cancellation of own shares	10,11	(3)	-	3	-	(2,755)	(2,755)
Costs of share purchases	10	-	-	-	-	(21)	(21)
Provision for purchase of own shares	10	-	-	-	-	(12,500)	(12,500)
Balance at 31 August 2025		**2,424**	**641,290**	**13,147**	**(644,375)**	**64,937**	**77,423**

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2024		**2,404**	**633,650**	**11,050**	**(644,375)**	**75,607**	**78,336**
Total comprehensive income for the period		-	-	-	-	30,447	30,447
Dividends paid	13	-	-	-	-	(35,373)	(35,373)
Shares issued during the year		4	1,904	-	-	-	1,908
Transfer to retained earnings	15	-	-	(778)	-	778	-
Share-based payment transactions	15	-	-	2,489	-	-	2,489
Tax adjustments	5	-	-	(222)	-	-	(222)
Balance at 31 August 2024		**2,408**	**635,554**	**12,539**	**(644,375)**	**71,459**	**77,585**

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2024		**2,404**	**633,650**	**11,050**	**(644,375)**	**75,607**	**78,336**
Total comprehensive income for the period		-	-	-	-	54,841	54,841
Dividends paid	13	-	-	-	-	(42,843)	(42,843)
Shares issued during the year		7	2,782	-	-	-	2,789
Transfer to retained earnings	15	-	-	(1,091)	-	1,091	-
Share-based payment transactions	15	-	-	5,049	-	-	5,049
Tax adjustments	5	-	-	(129)	-	-	(129)
Balance at 28 February 2025		**2,411**	**636,432**	**14,879**	**(644,375)**	**88,696**	**98,043**

Interim condensed consolidated statement of cash flows

	Note	Period ended 31 August 2025 Unaudited £'000	Period ended 31 August 2024 Unaudited £'000	Year ended 28 February 2025 Audited £'000
Cash flows from operating activities				
Cash generated from operations	12	14,696	22,009	85,635
Interest received		5,646	5,979	8,486
Interest paid		(122)	(113)	(224)
Income taxes paid		(9,984)	(9,483)	(18,930)
Net cash inflow from operating activities		**10,236**	**18,392**	**74,967**
Cash flows from investing activities				
Payments for property, plant and equipment		(993)	(354)	(6,358)
Payments for intangible asset		(2,334)	(1,642)	(3,709)
Net cash outflow from investing activities		**(3,327)**	**(1,996)**	**(10,067)**
Cash flows from financing activities				
Proceeds from issue of shares		4,874	1,908	2,789
Purchase of own shares for cancellation	10	(1,148)	-	-
Cost incurred on purchase of own shares	10	(9)	-	-
Principal elements of lease payments		(388)	(260)	(606)
Dividends paid to shareholders	13	(41,014)	(35,373)	(42,843)
Net cash outflow from financing activities		**(37,685)**	**(33,725)**	**(40,660)**
Net (decrease)/increase in cash and cash equivalents		**(30,776)**	**(17,329)**	**24,240**
Cash and cash equivalents at the beginning of the financial period		113,076	88,836	88,836
Cash and cash equivalents at end of period	8	**82,300**	**71,507**	**113,076**

1. Accounting policies

1.1 General information

The interim condensed consolidated financial statements of Bytes Technology Group plc, together with its subsidiaries ("the Group" or "the Bytes business") for the six months ended 31 August 2025 were authorised for issue in accordance with a resolution of the directors on 13 October 2025.

The Company is a public limited company, incorporated and domiciled in the UK. Its registered address is Bytes House, Randalls Way, Leatherhead, Surrey, KT22 7TW.

The Group 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 annual consolidated financial statements of the Group will be prepared in accordance with UK-adopted International Accounting Standards.

The interim condensed consolidated financial statements for the six months ended 31 August 2025 have been prepared in accordance with UK-adopted International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The interim condensed consolidated financial statements have been reviewed, but not audited, by Ernst & Young LLP and were approved by the Board of Directors on 13 October 2025. The financial information contained in this report does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 28 February 2025, which were prepared in accordance with UK-International Accounting Standards in conformity with the requirements of the Companies Act 2006. The annual financial statements for the year ended 28 February 2025 were approved by the Board of Directors on 12 May 2025 and have been delivered to the registrar. The auditor's report on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

The Group's interim condensed consolidated financial statements comprise the interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of financial position, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows and the notes thereto.

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

Going concern

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

When assessing the going concern of the Group, the directors have reviewed the year-to-date financial actuals, the cash position at 31 August 2025, and the financial forecasts for the period up to 28 February 2027, being the going concern assessment period.

The assumptions used in the financial forecasts are based on the Group's historical performance, current trading results, 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
The Group finished the period with £82.3 million of cash and profit before tax for the six months of £38.6 million, continuing in its strategic direction around growing industry demands for cloud, cybersecurity, and AI solutions, underpinned by managed services. Although the current period of reporting has seen gross profit broadly flat year on year and a 7% reduction in operating profit, this performance was affected by reductions in certain Microsoft incentives and an increase in national insurance costs. The Group also made the decision to restructure the sales division into specialised, customer segment focused teams which took longer than expected to generate incremental profit. The restructure is expected to have a positive impact in future periods and we are not aware of further revisions to vendor incentives within the going concern assessment period.

Notwithstanding the above, the Group's core operating model remains consistent with prior years and provides a strong and stable platform for the future. The key elements are explained in further detail on pages 151-153 in the annual financial statements for the year ended 28 February 2025.

Resilience continues to be built into the model from the Group's wide customer base, high levels of repeat business, strong vendor relationships, and the back-to-back nature of most of its sales with demand driven by our customers navigating the complexities of agile, yet secure, IT environments.

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 due to the risks of cyber-attacks. We are also seeing growing requirements for artificial intelligence (AI) functionality within IT applications and a demand for guidance and support from our customers to capitalise on this emerging technology. In line with these industry trends, we have achieved substantial growth in profit from our wide range of service offerings and we expect this to continue.

As a result, the directors believe that the Group continues to operate in a resilient industry, which will enable it to return to a profit growth trajectory but are also vigilant to the risks which 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, notably economic disruption, inflation, and attraction and retention of staff. The Board monitors these macroeconomic and geopolitical risks on an ongoing basis. They are considered further below.

Macroeconomic risks

- Cost of sales inflation and competition leading to margin pressure – While pricing from our suppliers may be at risk of increasing, as they too face the same macroeconomic pressures as ourselves, our commercial model is based on passing on supplier price increases to our customers so this can generate positive results for the Group. We also see pressure from our customers, notably in the public sector space where new business must often be won under highly competitive tendering processes but where we then have a strong track record of monetising the account over the longer term. The changes we have experienced in the Microsoft incentives this period has resulted in a reduction in our GP/GII margin from 6.7% last year to 6.1% this period, but we have been able to mitigate this through the growth in our higher margin service business.
- Wage inflation – The business has been facing pressure from wage inflation over the past years. Where strategically required, we have increased salaries to retain key staff in the light of approaches from competitors, especially where staff have specialist or technical skills. We monitor our staff attrition rate and have maintained a level around 14% and do not believe there has been any significant outflow of staff due to being uncompetitive with salaries. We have a strong, collaborative and supportive culture and offer our staff employment in a business that is robust, and they are proud of. This is a key part of our attraction and retention strategy.

  In addition, when we look at our key operational efficiency ratio of operating profit/GP, we have achieved just over 40% which is in line with our target level, demonstrating control over costs. While we have already aligned staff salaries to market rates, further expected rises have been factored into the financial forecasts in line with those awarded in the past year.
- Interest rates – While interest rates have been high in the past two years, they have now appeared to stabilise and started to fall. The Group has no debt exposure, nor has it ever needed to call on its revolving credit facility (RCF). Due to the timing difference, we see in our cash flow model between customer receipts and supplier payments, we place cash on the money markets through our monthly cash cycle. While interest rates may fall further in the

coming months, we still see substantial interest income opportunity over the going concern period generating £5.6 million of interest income in the reporting period.

- Economic conditions impacting on customer spending – We have seen continued spending by our customers, with GII up by 9.1%. As our customers undergo IT transformation, trending to the cloud, automation and managed service, and with growing cybersecurity concerns also heightening the requirements for IT security, we are seeing ongoing demand. IT spend may also be a means to efficiencies and savings elsewhere. Our business model also provides resilience with our income spread over many customers in repeat software subscription programmes and annual service support contracts with high renewal rates.

- Economic conditions impacting on customer payments – Across the period we have seen our average debtor days of 38 remaining in line with the previous year. There is limited evidence that customers ultimately do not pay, and we have only suffered £0.3 million of bad debt during the period against GII of £1.3 billion. We were comfortably carrying sufficient loss allowance to cover this.

- Tariffs impacting the Group directly or indirectly – Recently we have seen the introduction of import tariffs by certain countries which will increase the cost of imported goods within the global supply chain. 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 within the going concern period. This is a fast-moving matter which we will therefore continue to monitor closely for further changes, and in particular for any indirect impact on our customers' spending and payments, as noted above.

Geopolitical risks
The current geopolitical environment, including the ongoing conflicts in Ukraine and the Middle East, has created potential supply problems, product shortages and general price rises, particularly in relation to fuel, gas and electricity.

- In terms of supply chain, we are not significantly or materially dependent on the movement of goods, so physical trade obstacles are not likely to affect us directly, with hardware only making up 1% of our GII during the period. Nevertheless, we have ensured that we have a number of suppliers with substitute, or alternative, technologies that we can rely on if one supplier cannot meet our requirements or timescales.
- Software sales, though, continue to be the dominant element of our overall GII and so are not inherently affected by cross-border issues.

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 review period. Climate risks are considered fully in the Task Force on Climate-related Financial Disclosures (TCFD) included in the Annual Report for the year ended 28 February 2025.

Liquidity and financing position
At 31 August 2025, the Group held instantly accessible cash and cash equivalents of £82.3 million, and the balance sheet shows net current assets of £17.5 million; these amounts are after the Group paid final and special dividends for the prior year totalling £41.0 million.

The Group has access to a committed RCF of £30 million with HSBC. The facility commenced on 17 May 2023, replacing the Group's previous facility for the same amount, and runs for three years, until 17 May 2026. The facility includes 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. To date, the Group has not been required to use either its previous or current facilities, and we do not forecast use of the current facility over the going concern assessment period.

Going concern assessment
The Group continues to forecast cashflows under a base case scenario modelled on latest projections for the current year and following year, and then two downside scenarios, severe but plausible and stressed, both of which include certain appropriate mitigations. This approach to stress testing is consistent with the disclosure on pages 154 and 155 in the annual financial statements for the year ended 28 February 2025.

In its assessment, the Board has considered the potential impact of the current economic conditions and geopolitical environment as described above. Whilst there is resilience against such pressures, 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 gross invoiced income, gross profit, operating profit, and debtor collection periods.

In the most stressed scenario, we have forecast both gross invoiced income and gross profit falling by 30% year on year, commencing in December 2025, and debtor days increasing by 10 at that same point in time. 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.

Under such downsides the Board have factored in the extent to which they might be partially offset by freezes in recruitment, pay rises and general costs (including a natural reduction in commissions and bonuses if gross profit falls) and with further mitigation measures including reductions in headcount (through natural attrition by not replacing leavers). These mitigations are within the control of the Group to implement quickly in response to any downward trends should they be necessary.

Under all scenarios assessed, the Group would remain cash positive throughout the whole of the going concern period. 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.

Going concern conclusion
Based on the analysis described above, the Group has sufficient 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 28 February 2027, being the going concern assessment period. Accordingly, the directors conclude it to be appropriate that the interim condensed consolidated financial statements be prepared on a going concern basis.

1.3 Critical accounting estimates and judgements
The preparation of the interim condensed 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.

The accounting estimates and judgements adopted for these interim condensed consolidated financial statements are consistent with those of the previous financial year as disclosed in the Group's annual report and accounts for the year ended 28 February 2025.

1.4 New standards, interpretations and amendments adopted by the Group
There were no new standards, interpretations and amendments adopted by the Group during the period to 31 August 2025 that have a material impact on the interim condensed consolidated financial statements of the Group.

1.5 Changes in accounting policies and disclosures
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those set out in the Group's annual consolidated financial statements for the year ended 28 February 2025.

1.6 Other income
Other income comprises rental income.

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 interim condensed consolidated statement of profit or loss and the interim condensed 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:

	Period ended 31 August 2025 Unaudited	Period ended 31 August 2024 Unaudited	Year ended 28 February 2025 Audited
Revenue by product	**£'000**	**£'000**	**£'000**
Software	72,101	74,719	146,002
Hardware	14,579	12,464	33,216
Services internal	19,042	16,619	34,032
Services external	2,360	1,670	3,884
Total revenue from contracts with customers	**108,082**	**105,472**	**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.

	Period ended 31 August 2025 Unaudited	Period ended 31 August 2024 Unaudited	Year ended 28 February 2025 Audited
Revenue by geographical regions	**£'000**	**£'000**	**£'000**
United Kingdom	104,131	102,178	209,854
Europe	2,165	1,928	4,112
Rest of world	1,786	1,366	3,168
	108,082	**105,472**	**217,134**

	Period ended 31 August 2025 Unaudited	Period ended 31 August 2024 Unaudited	Year ended 28 February 2025 Audited
3(b) Gross invoiced income by type	**£'000**	**£'000**	**£'000**
Software	1,292,359	1,187,279	2,005,289
Hardware	14,579	12,464	33,216
Services internal	19,042	16,619	34,032
Services external	16,060	13,887	27,267
	1,342,040	**1,230,249**	**2,099,804**
Gross invoiced income	1,342,040	1,230,249	2,099,804
Adjustment to gross invoiced income for income recognised as agent	(1,233,958)	(1,124,777)	(1,882,670)
Revenue	**108,082**	**105,472**	**217,134**

Gross invoiced income reflects gross income billed to customers adjusted for deferred and accrued revenue items amounting to a net increase of £3.5 million (2024: £1.0 million increase; 28 February 2025: £7.7 million reduction). The Group reports gross invoiced income as an alternative financial KPI as management believes this measure allows further understanding of business performance particularly in respect of working capital and cash flow.

4. Finance income and costs

	Period ended 31 August 2025 Unaudited £'000	Period ended 31 August 2024 Unaudited £'000	Year ended 28 February 2025 Audited £'000
Bank interest received	5,646	5,979	8,486
Finance income	**5,646**	**5,979**	**8,486**
Interest expense on financial liabilities	(122)	(113)	(224)
Interest expense on lease liability	(36)	(45)	(67)
Finance costs	**(158)**	**(158)**	**(291)**

5. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual rate used for the period to 31 August 2025 is 24.8%, compared to 26.6% for the period to 31 August 2024. The estimate is based on the timing and quantity of capital expenditure and exercises of share options in the period extrapolated for the full year and hence different rates arise between periods.

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

	Period ended 31 August 2025 Unaudited £'000	Period ended 31 August 2024 Unaudited £'000	Year ended 28 February 2025 Audited £'000
Current income tax charge	9,269	10,972	19,157
Deferred tax charge	309	87	615
Total tax charge	**9,578**	**11,059**	**19,772**

Amounts recognised directly in equity	Period ended 31 August 2025 Unaudited £'000	Period ended 31 August 2024 Unaudited £'000	Year ended 28 February 2025 Audited £'000
Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly charged or credited to equity:			
Deferred tax: share-based payments charge	(132)	(222)	(160)
Current tax: share-based payments credit	180	-	31
	48	**(222)**	**(129)**

6. 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	-	-	-	1,642	1,642
At 31 August 2024	37,493	8,798	3,653	1,642	51,586
Additions	-	-	-	2,067	2,067
At 28 February 2025	37,493	8,798	3,653	3,709	53,653
Additions	-	-	-	2,334	2,334
At 31 August 2025	**37,493**	**8,798**	**3,653**	**6,043**	**55,987**
Amortisation					
At 1 March 2024	-	5,645	3,653	-	9,298
Charge for the period	-	440	-	-	440
At 31 August 2024	-	6,085	3,653	-	9,738
Charge for the period	-	440	-	-	440
At 28 February 2025	-	6,525	3,653	-	10,178
Charge for the period	-	440	-	-	440
At 31 August 2025	-	**6,965**	**3,653**	-	**10,618**
Net book value					
At 31 August 2024	37,493	2,713	-	1,642	41,848
At 28 February 2025	37,493	2,273	-	3,709	43,475
At 31 August 2025	**37,493**	**1,833**	-	**6,043**	**45,369**

7. Trade and other receivables

Financial assets	As at 31 August 2025 Unaudited £'000	As at 31 August 2024 Unaudited £'000	As at 28 February 2025 Audited £'000
Gross trade receivables	243,367	196,881	260,883
Less: loss allowance	(1,314)	(2,172)	(1,659)
Net trade receivables	242,053	194,709	259,224
Other receivables	13,493	13,854	6,917
	255,546	208,563	266,141
Non-financial assets			
Prepayments	3,447	3,193	2,313
	3,447	3,193	2,313
Trade and other receivables	**258,993**	**211,756**	**268,454**

The reduction in the loss allowance since 28 February 2025 relates to the write-off of £345,00 of debts against the existing provision with no impact on the consolidated statement of profit or loss.

8. Cash and cash equivalents

	As at 31 August 2025 Unaudited £'000	As at 31 August 2024 Unaudited £'000	As at 28 February 2025 Audited £'000
Cash at bank and in hand	8,800	71,507	6,276
Short-term deposits	73,500	-	106,800
	82,300	**71,507**	**113,076**

9. Trade and other payables

	As at 31 August 2025 Unaudited £'000	As at 31 August 2024 Unaudited £'000	As at 28 February 2025 Audited £'000
Trade and other payables	236,561	190,137	179,003
Accrued expenses	60,855	56,707	122,666
Payroll tax and other statutory liabilities	4,313	3,749	25,864
	301,729	**250,593**	**327,533**

10. Share repurchase programme

On 15 August 2025 the Company announced a Share Repurchase Programme under which it has entered into an agreement with its brokers, Numis Securities Limited and Peel Hunt LLP, to purchase the Company's shares for an aggregate value of up to £25.0 million. The brokers will manage the purchases on a discretionary basis, purchasing shares within pre-set parameters on the open market and making their trading decisions independently of the Company. The Company intends to cancel all shares purchased under the Programme.

At 31 August 2025 the Company had repurchased 693,116 shares for a total consideration of £2.75 million plus costs of £21,000. The purchase has been treated as a distribution though retained earnings. Of this amount £1.15 million (plus costs of £9,000) was paid at the period end with the balance of £1.6 million (plus costs of £12,000) accrued and paid on 1 September 2025.

At the reporting date 293,116 of these shares had been cancelled and the remainder were cancelled on 3 September 2025.

A provision of £12.5 million has also been recognised through retained earnings for estimated further purchases after the end of the reporting period up to 14 October 2025, being the end of the Market Abuse Regulations (MAR) close period, during which the Company cannot vary or terminate its instructions to the brokers and whereby it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. This estimate is based on the recent volumes and anticipated share price based on historical trading data.

The £9.75 million remaining balance of the Repurchase Program to the maximum £25.0 million is disclosed as a contingent liability for purchases up to this amount post the interim results reporting date of 14 October 2025.

11. Share capital and share premium

In the six months to 31 August 2025 the Company issued 1,636,456 shares as a result of employees exercising share options with a corresponding increase in share capital of £16,000 and in share premium of £4.9 million.

The Company also made a transfer from the share capital account to other reserves (capital redemption) for £3,000 in respect of the nominal value of shares cancelled under the Share Repurchase Programme up to the reporting date (see note 10).

12. Cash generated from operations

	Note	Period ended 31 August 2025 Unaudited £'000	Period ended 31 August 2024 Unaudited £'000	Year ended 28 February 2025 Audited £'000
Profit before taxation		38,609	41,506	74,613
Adjustments for:				
Depreciation and amortisation		1,389	1,286	2,644
Loss on disposal of property, plant and equipment		1	-	-
Non-cash employee benefits expense – share based payments	**17**	1,717	2,489	5,049
Finance income – net		(5,488)	(5,821)	(8,195)
Share of profit of associate		-	(72)	8
(Increase)/decrease in contract assets		(2,271)	2,220	2,699
Decrease/(increase) in trade and other receivables		9,461	10,059	(46,639)
Decrease in inventories		-	43	46
(Decrease)/increase in trade and other payables		(27,423)	(27,324)	49,616
(Decrease)/increase in contract liabilities		(1,299)	(2,377)	5,794
Cash generated from operations		**14,696**	**22,009**	**85,635**

13. Dividends

Declared and paid during the period	Period ended 31 August 2025 Unaudited £'000	Period ended 31 August 2024 Unaudited £'000	Year ended 28 February 2025 Audited £'000
Interim dividend	-	-	7,469
Final dividend	16,745	14,438	14,438
Special dividend	24,269	20,935	20,936
Total dividends attributable to ordinary shareholders	**41,014**	**35,373**	**42,843**

Dividends not recognised at 31 August 2025

Since the end of the half year the directors have recommended the payment of an interim dividend of 3.2 pence per fully paid ordinary share (2024: 3.1 pence). The aggregate amount of the proposed dividend expected to be paid on 21 November 2025 out of retained earnings at 31 August 2025, but not recognised as a liability at the end of the half year, is £7.6 million.

14. 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'. Group companies made purchases from the associate of £3.3 million (2024: £2.3 million) during the six months ended 31 August 2025, with a trade payable of £0.7 million at 31 August 2025 (28 February 2025: £0.5 million).

15. Share-based payments

For the six months ended 31 August 2025, 1,549,398 share options were granted to eligible employees under the PISP, SAYE and DBP schemes (2024: 1,427,638 share options were granted). 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.

	Period ended 31 August 2025 Unaudited £'000	Period ended 31 August 2024 Unaudited £'000	Year ended 28 February 2025 Audited £'000
Share-based payment employee expenses	1,717	2,489	5,049
	1,717	**2,489**	**5,049**

16. Earnings per share

The Group calculates earnings per share (EPS) on several different bases in accordance with IFRS and prevailing South Africa requirements. The Group is required to calculate headline earnings per share (HEPS) in accordance with the JSE Listing Requirements.

	Period ended 31 August 2025 Unaudited pence	Period ended 31 August 2024 Unaudited pence	Year ended 28 February 2025 Audited pence
Basic earnings per share	12.03	12.67	22.78
Diluted earnings per share	11.62	12.19	21.95
Headline earnings per share	12.03	12.67	22.78
Diluted headline earnings per share	11.62	12.19	21.95

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

	Period ended 31 August 2025 Unaudited Number	Period ended 31 August 2024 Unaudited Number	Year ended 28 February 2025 Audited Number
Weighted average number of ordinary shares used as the denominator in calculating both basic EPS and HEPS	241,410,480	240,222,961	240,750,619
Adjustments for calculation of both diluted EPS and diluted HEPS:			
– share options(1)	8,475,071	9,515,378	9,060,276
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating both diluted EPS and diluted HEPS	249,885,551	249,738,339	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.

16(b) Headline earnings per share

The table below reconciles the profits attributable to owners of the company to headline profits attributable to owners of the company:

	Period ended 31 August 2025 Unaudited £'000	Period ended 31 August 2024 Unaudited £'000	Year ended 28 February 2025 Audited £'000
Profits attributable to owners of the company	29,031	30,447	54,841
Adjusted for:			
- Loss on disposal of property, plant and equipment	1	-	-
Headline profits attributable to owners of the company	**29,032**	**30,447**	**54,841**

17. Events after the reporting period

There were no events after the period that require disclosure, other than what is disclosed in note 10.