

Bytes Technology Group plc
(Incorporated in England and Wales)
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("BTG", or "the Group")

12 May 2026

Condensed annual results for the year ended 28 February 2026 and proposed dividend

Bytes Technology Group plc (LSE: BYIT, JSE: BYI), one of the UK and Ireland's leading software, security, AI and cloud solutions specialists, today announces its financial results for the year ended 28 February 2026 (FY26).

Financial performance

	Year ended 28 February 2026	Year ended 28 February 2025	% change year on year
Gross invoiced income (GII)¹	£2,341.0m	£2,099.8m	11.5
Revenue²	£220.5m	£217.1m	1.6
Gross profit (GP)	£167.3m	£163.3m	2.5
Operating profit	£62.7m	£66.4m	(5.6)
Operating profit/GP%	37.5%	40.7%	
Cash	£98.6m	£113.1m	(12.8)
Cash conversion³	105.1%	113.8%	
Earnings per share (pence)	21.4	22.8	(6.1)
Final dividend per share (pence)	7.0	6.9	1.4

Financial highlights

- GII increased 11.5%, with 11.4% growth in software and 24.6% in services.
- GP increased 2.5%, with H1 GP decline of 0.3% improving to 4.6% growth in H2 as the one-year adverse effect of the Microsoft incentive changes ended in January 2026, and the strategic refinement of the private sector sales structure to strengthen medium-term growth settled.
- Public sector GP up 7.4%, despite Microsoft partner incentive change impact.
- Private sector GP decreased marginally by 0.3% due to the refinement of sales structure to increase customer centricity (which launched at the start of the year), and some Microsoft incentives impact.
- Operating profit was 5.6% lower because of slower GP growth and investment in people to drive future growth.
- Strong balance sheet with closing cash of £99m and 105% cash conversion, with £74m returned to shareholders in FY26, including the £25m share buyback.
- Final ordinary dividend of 7.0p, resulting in a full-year dividend of 10.2p together with a new £25m share buyback.

¹ GII is a non-International Financial Reporting Standards (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 GP achieved on the contract and not the gross income billed to the customer). Our key financial metrics of GII, GP, adjusted 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.

Operational highlights

- New private sector sales structure implemented to increase customer centricity and medium-term growth through closer alignment with customers' and vendors' needs, impacted H1 with momentum improving in H2.
- Existing customers contributing 97% of our GP in this year (FY25: 97%), at a renewal rate of 99% (FY25: 109%), with £5m of gross profit contributed by new customers.
- Year-end headcount growth of 6.9% to 1,331, with ongoing investment in sales and service delivery teams.
- Strong progress on increasing services gross profit through using vendor funding to support customers in discovery and implementation, as well as attaching more managed services to support customers through the whole technology lifecycle.
- Ranked 14th in the FT's UK's Best Employers list, the highest of any reseller.
- Received multiple vendor and industry awards, including from AWS, Axonius, Barracuda, Checkpoint, Commvault, Cyera, Exclusive Networks, Microsoft, Nutanix, ServiceNow, Sophos, Varonis, Veeam and VMWare, as well as a Royal Warrant.
- Moved into the first of the two buildings acquired in FY25, adjacent to our existing Leatherhead office, adding capacity to our existing modern and inviting workspaces.
- The currently combined roles of CFO and COO will be split in FY27 to support our next phase of growth. Current CFO Andrew Holden will transition into the role of COO, and will stand down as CFO once a suitable replacement has been appointed.

Sam Mudd, Chief Executive Officer, said:

"This has been a year of adaptation and evolution against a more challenging market backdrop. We focused on optimising our business for continued growth, segmenting our private sector sales team to better align with our customers and vendors, managing Microsoft's transition of incentives to consumption-based and service-led funding, and increasing our services portfolio and associated profits, in line with our strategy. We maintained our share of wallet with existing customers, as they invested in their IT requirements; continued to expand our client base in both the public and private sectors, with significant framework wins in defence, and private sector enterprise client wins in retail and the energy sector; while continuing to drive momentum through the year.

"As Agentic AI and associated technologies continue to be deployed, our customers need an integrated delivery model. This will almost always need a deep understanding of the domain the customer operates in, and the associated data and services, to help the customer adapt within the changing technological landscape. We are well positioned, as a Microsoft Frontier Partner, to be the partner for our customers on this journey.

"Our passionate, talented, dedicated and experienced staff remain central to our success. Their ability to provide high-quality licensing advice, technical enablement and support continues to differentiate us in the market and gives us confidence as we look ahead. I would like to thank all our teams for their continued commitment and hard work."

"I want to thank Andrew for his five-year contribution to the Group as CFO and as a Board member. We are pleased that we will be retaining his longstanding knowledge of the business and deep operational experience as he transitions to the COO role."

Outlook

Over the year, we have further positioned ourselves to be well placed to benefit from the structural demand drivers we see in our markets, including hybrid cloud computing, cybersecurity, services and AI. Our focus remains on implementing our growth strategy through our enablers: Our People, Our Vendors, and how we bring these together into Our Customer proposition. We are increasing our customer centricity, extending our strong vendor partnerships and leveraging the technical skills of our service delivery teams to drive our growth through this next technological phase.

Our FY27 outlook remains consistent with that provided in our FY26 trading update on 24 March. The Board expects to deliver high single-digit to low double-digit percentage growth in GP, with operating profit broadly flat,

as the Group absorbs c.£4.5m of cost normalisation relating to higher technology costs following the completion of strategic projects and a return to normal bonus levels. We have now passed the anniversary of the Microsoft incentive changes and the tough comparative from the private sector sales realignment, and have seen strong momentum continue into the early weeks of FY27, reinforcing our confidence in the year ahead.

Analyst and investor presentation

A presentation for sell-side analysts and investors will be held today at 09:00 (BST) via a video webcast that can be accessed at:

<https://stream.brrmedia.co.uk/broadcast/69aceade3254580013ad35c5>

A recording of the webcast will be available after the event at bytesplc.com. The announcement and presentation will be available at bytesplc.com from 07:00 and 09:00 (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 because 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. Except 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.

Chief Executive Officer's review

Performance and market overview

BTG delivered its FY26 results against a more challenging market backdrop, during a period of structural change in how the IT market is evolving. While these changes do not alter the medium-term growth opportunity, they do require us to adapt to remain well positioned.

Customers continue to shift towards consumption-based models, a trend accelerated by cloud and AI adoption. At the same time, demand is moving from individual point products to integrated solutions as IT environments become more complex. Together, these dynamics increase the importance of partners that can help customers realise value, deliver outcomes, and manage technology across its lifecycle.

Against this backdrop, we made good progress on strategic refinements to optimise the business for medium-term growth. We transitioned our private sector sales team to a structure aligned by customer size, enabling more tailored solutions for enterprise, corporate and mid-market customers. While this transition impacted FY26 growth, momentum improved in H2 and positions us well for FY27.

We also navigated a transition in incentives from Microsoft towards consumption-based and services-led funding. During our 40 year partnership with Microsoft, we have navigated several such shifts. In each case, being asked

to do more has created opportunities to widen our competitive advantage. In FY26, this included expanding our services capability, supported by vendor funding that enabled us to engage customers earlier in the discovery and implementation phases and to attach multi-year managed services across the technology lifecycle. As a result, services gross profit grew by 38%, and we returned to double-digit Microsoft gross profit growth in H2.

Overall, we delivered another year of double-digit GII growth, more modest GP growth and a decline in operating profit, as we maintained measured investments for future growth against the slower GP growth. Cash generation remained strong, with 105% cash conversion, enabling £74 million of returns to shareholders while maintaining a strong balance sheet.

Customers

As a value-added reseller, our growth opportunity lies with selling more software and services to our existing customers and winning new customers. We do this always with outcomes in mind, such as optimising cost, reducing risk or delivering transformation. Being customer-centric and ensuring that we have the best possible customer engagement, trust and service are key to driving this growth. Our strategy to achieve this is by further aligning how and what we sell, with how and what our different customer groups buy. How our customers buy varies by process, such as via frameworks and tenders or via relationships and by decision makers, such as procurement or IT buyers. What our customers buy varies between large organisations looking for and capable of managing a broad range of best-of-breed technologies, to smaller organisations looking for more integrated solutions. Our customers' buying is changing as our market and vendor models are also changing. We are making the strategic refinements below to be fully aligned with our customers across sectors and segments to drive medium term growth.

Customer-centricity: FY26 Private sector sales segmentation

In FY26, we realigned our private sector sales organisation to deepen customer engagement and support sustained growth over time. At the start of the year, we moved from a generalist model to a segmented sales structure, by tailoring our sales teams to our customers' size (enterprise >10k seats, corporate 2–10k seats, mid-market <2k seats, and channel). The segmentation improved our customer proposition by enhancing account management, vendor relationships and solution/service delivery. It resulted in an adjustment period as account managers adapted to the changes with momentum improving in H2 particularly around services.

Our account managers bring value to our customers by understanding their needs and ways of working, and being able to offer a range of solutions tailored to those needs – which differ between enterprise, corporate and mid-market customers. Our sales segmentation positions us to deliver more tailored engagement strategies and more relevant solution recommendations, and to share more valuable insights from similar-sized customers to enhance the outcomes we can deliver for all our customers.

Our vendors typically segment their sales organisations around end-customer size, and our shift to a segmented structure intentionally enhances and streamlines vendor engagement in our sales processes to drive better commercial agreements and facilitate more sales leads.

Our realignment also included moving our internal specialist teams in technology areas (such as cloud, cyber, digital workspace) and vendor specialist teams into the same segments as the sales teams, to further drive solution design and delivery tailored to customers' needs.

The segmentation enhances our ability to sell more services to our customers, a key growth area over the medium term in partnership with key vendors such as Microsoft. Customers of different sizes consume services differently. Large corporates look to supplement well-resourced internal teams, while smaller organisations need fully outsourced design, implementation and support, which is even more prominent with the changing technological landscape and growth in AI solutions.

The segmentation resulted in an adjustment period as relationships transitioned. The change required account managers to hand over some relationships and establish pipelines in their new accounts, which returned to normal levels in H2. In addition, the private sector sales team had a very strong end to FY25 (15% H2 FY25 GP growth, following 3% in H1 FY25), as account managers worked hard on closing pipelines they had built in accounts they were going to be handing over, with comparatives normalising as we move into FY27.

Importantly, retention has remained very high, consistent with prior periods, among both our sales team and customer base.

Customer-centricity: FY27 Transition to stronger sector sales and brands

Looking ahead to FY27, we are further sharpening our go-to-market approach, with a smaller but strategic change to focus Bytes solely on the private sector and Phoenix solely on the public sector.

Bytes primarily served the private sector, which accounted for 87% of its GP in FY26, and Phoenix had a dedicated public sector proposition, which accounted for 98% of its GP in FY26. Each business has operated with a small overlap in customer sectors, so by moving Bytes' public sector team to sit under Phoenix, and Phoenix's private sector team to sit under Bytes, we will achieve a number of benefits. First, it enables the minority of sales relationships that move to be grown and accelerated more successfully within an organisation that specialises in selling to that sector. Private and public sector organisations engage differently and require different support, solutions and services. Second, removing internal competition enables greater collaboration across the Group, allowing us to better leverage existing scale around services and vendor partnerships and reduce duplication. We think the need for tailored services will only continue to increase as our customers' AI adoption increases the demands on their technology infrastructure. Third, it makes us simpler for vendors to engage with. Vendors typically have separate private sector and public sector sales teams, so these teams can now achieve the same reach by only dealing with one entity.

The transition is being carefully sequenced and managed, with a small number of colleagues moving within the Group. Importantly, any sales team account manager who moves will have their customer relationship carried across, so the customer-sales relationship points will be maintained and continuous throughout.

Vendors

Our value to vendors comes from finding opportunities for their technology to deliver business goals for customers, and then enabling the implementation and driving adoption to deliver an outcome. In short, our value comes from understanding customers and the ability to turn products into solutions. We continue to invest in people and services behind our sales force so we have depth and balance across licensing and technicals skills, and can help customers make the right commercial decisions and then realise value technically. Our scale also helps us operationalise vendor funding initiatives so we can deliver a smooth experience for customers from pre-sale through to post-sale delivery and achieve clear outcomes. This year we were awarded one of the largest Microsoft End Customer Investment Fund projects globally for our work helping the NHS deploy and adopt Copilot.

Examples of our services delivery capability include a consultancy team with expertise across the entire Microsoft Cloud and AI portfolio; our security operation centre and 24x7 Microsoft Cloud Solutions Provider (CSP) support offering; plus governance, risk and compliance (GRC), and software asset management (SAM) solutions, including licensing-spend optimisation supported by our own IP in the form of Quantum and License Dashboard.

Microsoft partnership and partner incentive changes

Microsoft is our largest vendor relationship, accounting for around half of our GP. It also remains a key gateway to growth, engagement and trust with our customers, where it accounts for a significant share of their software budgets and of their incremental investment, particularly into cloud, cybersecurity, and data and AI.

For AI, Microsoft's incumbent position in workspace technology via M365 provides solid foundations for AI products/development where governance is a key challenge. Customers often have much of the relevant governance framework (e.g. identity, data access, data security, compliance) operating under their M365 licensing to deploy AI tools quickly and securely.

Microsoft partner incentives evolve over time, just as technology and the way that organisations use it evolve. We have a good track record of incorporating these changes, while maintaining our GP levels.

Microsoft changed the mix of partner incentives on 1 January 2025, reducing certain of its transactional enterprise agreement (EA) incentives to shift partner focus to the larger consumption-based incentives available under the Cloud Solution Provider (CSP) programme, and growing incentives available for pre-sale and adoption services. In the public sector, where CSP is a less viable alternative because of 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 private sector customers to CSP and providing more services to all customers, both in line with our existing strategy.

The change in Microsoft incentives led to a temporary reduction in our Microsoft software GP growth to 3.3% for the year with a 3.5% decline in H1, when the majority of EA renewals take place, and a return to double-digit

growth in H2. The impact of the changes was partly mitigated in both segments, by our ongoing focus on driving growth in higher-margin services, where a growing portion of Microsoft incentives are focused. Our Microsoft GII increased 11.5% year on year, with growth in both private and public sectors. We are also now recognised as a Frontier Partner in this agentic era.

Deepening our vendor relationships

Our customers value breadth but not at the expense of depth. In addition to our strong partnership with Microsoft, we have deepened our relationships with other key vendors this year by boosting our technical capabilities, so that we can do more pre-sales, consultancy and services work based on their technology. We have genuine scale, but not at the expense of expertise.

This investment is reflected in the many awards we have won this year from vendors, including Axonius, Barracuda, Checkpoint, Sophos and Varonis. We also achieved the highest tier Pinnacle Partner status from VMware by Broadcom, a significant achievement. As part of our growth strategy, we aim to broaden our share of non-Microsoft work. In FY26, we delivered important customer wins in the private and public sectors, based on solutions from vendors that we have been working more closely with in recent years, such as Flexera, Rubrik, SentinelOne and VMware.

People

Our people are the lifeblood of our organisation. 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 and, as a management team, we are extremely pleased to have improved this year's employee Net Promoter Score (eNPS) to 62 (FY25: 57) and to be recognised in FT's UK's Best Employers ranking where we were placed the highest in our industry and 14th overall. We are not complacent though, and are determined to become an even greater place for talented people to build long and fulfilling careers.

We have enhanced our team by hiring of an experienced Chief People Officer (CPO), responsible for leading the development of a long-term people strategy to underpin scalable growth, customer excellence and a high-performance culture. Our collaborative, team-based culture is a key driver of customer excellence enabling our account managers, technical sales, consultancy and managed services employees to deliver innovative joined-up solutions.

Our hiring was measured in FY26, taking into account our lower GP growth, with headcount increasing 6.9% to 1,331 and growth focusing on sales staff to support future growth and technical delivery staff to meet growing services demands. We also continued to expand our capabilities, appointing new practice leads to meet emerging AI service demands and introducing new sales leaders with deep vertical or segment expertise.

We have also invested in our internal systems, customer-facing platforms and office environments to expand and 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. In H2, we fitted out the first of the two buildings acquired in FY25, adjacent to our existing Leatherhead office, adding capacity to our existing modern and inviting workspaces, and made plans to expand our London footprint in FY27. Internal systems increasingly include AI agents such as SCOUT, which helps account managers explore our services catalogue, and SCAN, which converts meeting transcripts into structured commercial outputs. We are in production with a referrals engine that automates much of what is a very time-consuming process.

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

Dividend and share buyback

Our dividend policy is to distribute 40–50% of the Group's post-tax pre-exceptional earnings to shareholders by way of normal dividends. Accordingly, we are pleased to confirm that the Board has proposed a final dividend of 7.0 pence per share that, subject to shareholder approval, will be paid on 31 July 2026 to shareholders on the register at 17 July 2026. In addition we announced a new £25m share repurchase programme.

Continued focus on environment, social and governance

Our approach to responsible business and environment, social and governance (ESG) is aimed at building a sustainable business and long-term stakeholder value. Our strategy is underpinned by our purpose and values, which foster an aligned culture across the organisation.

We met our Scope 2 target in 2021/22 and have since maintained zero Scope 2 market-based emissions through the purchase of renewable electricity. This year, we surpassed our Scope 1 target with a 68% reduction in emissions from 2020/21. We will continue to work on reducing these and our Scope 3 emissions. We have engaged a third-party to verify our emissions against ISO 14064 and are aiming to have external validation in due course. During the year, we again scored well with our CDP disclosure and ISS ESG ratings, and improved our EcoVadis score, with both operating entities being in the top 15% of rated companies. This year, we were also included as a constituent of the FTSE4GOOD index.

We continue to monitor developments around the forthcoming UK Sustainability Reporting Standards, which is the UK's adoption of the IFRS S1 and S2 standards, and will align with these when required. The standards incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), so we expect to be in a good position to transition, having fully complied with the TCFD's recommendations previously. Within our businesses, we support the evolution to greener transport initiatives and have continued our carbon literacy awareness programme.

Our strong culture remains a driving force throughout the Group. We continue to develop our people with learning and training opportunities, and have expanded our apprenticeship scheme. In addition to training our own staff, we have worked with partners across the country to deliver in-person educational sessions, focused on IT, with young people and adults. As part of our social value commitments, we support sessions with under-privileged and under-represented groups to engage them with the possibilities of a career in tech, but also to support the basic skills for entering the workforce. During FY26, we continued to support our communities through various donations, fundraising events and volunteer days for charities such as the Wildlife Aid Foundation and St Leonard's Hospice.

Chief Financial Officer's review

	Year ended 28 February 2026	Year ended 28 February 2025	Change
	£'m	£'m	%
Income statement			
Gross invoiced income (GII)	2,341.0	2,099.8	11.5
GII split by product:			
Software	2,233.4	2,005.3	11.4
Hardware	31.2	33.2	(6.0)
Services internal ¹	39.3	34.0	15.5
Services external ²	37.1	27.3	36.0
Netting adjustment	(2,120.5)	(1,882.7)	12.6
Revenue	220.5	217.1	1.6
Revenue split by product:			
Software	145.2	146.0	(0.5)
Hardware	31.2	33.2	(6.0)
Services internal ¹	39.3	34.0	15.5
Services external ²	4.8	3.9	23.0
Gross profit (GP)	167.3	163.3	2.5
GP/GII%	7.1%	7.8%	
Other income	0.6	0.1	495.2
Administrative expenses	(105.2)	(96.9)	8.5
Administrative expenses split:			
Employee costs	(82.0)	(78.1)	5.1
Other administrative expenses	(23.2)	(18.8)	22.7
Operating profit	62.7	66.4	(5.6)
Operating profit/GP%	37.5%	40.7%	
Interest income	7.6	8.5	(10.7)
Finance costs	(0.3)	(0.3)	
Share of loss of associate ³	(0.2)	-	
Profit before tax	69.8	74.6	(6.4)
Income tax expense	(18.6)	(19.8)	(6.2)
Effective tax rate	26.6%	26.5%	
Profit after tax	51.3	54.8	(6.5)

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 loss of associate.

Gross invoiced income

GII reflects gross income billed to our customers 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 that is a percentage of their sales value, and which we recognise within our GII, revenue and GP.

GII has increased by 11.5% year on year, to £2,341.0m (FY25: £2,099.8m), driven by software and strong growth in services. Growth was balanced across the public sector (+12.4%) and the private sector (+9.7%), with our mix remaining weighted to the public sector, which contributed 66% of total GII (FY25: 65%). Private sector GII benefited from the transition of more customers to Microsoft's CSP programme (where BTG invoices the customers) from Microsoft's EA programme (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 1.6% increase, with growth in internal services (reported gross) and external services (reported net) offsetting the reduction in software (reported net) and hardware (reported gross). 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, our primary measure of sales performance, has grown by £4.0m, up 2.5% year on year to £167.3m (FY25: £163.3m), with growth improving in H2 to 4.6% growth (compared to 0.3% in H1).

Breaking this down by income stream, starting with the Group's two most strategic focus areas, software GP declined by 0.5% to £145.2m, with a 0.8% decline in its GP/GII% to 6.5%, while services GP is up by 38.4% to £17.4m, with GP/GII margin up benefiting from mix and cost efficiencies. We have been supported in our services growth by increasing levels of Microsoft funding, for both internal investments and customer engagements. Hardware grew off a small base by 0.4% to £4.7m.

Looking across our two main customer sectors, public sector GP has grown by 7.4%, returning to double-digit growth in H2, and private sector GP has declined by 0.3%. Both sectors were affected by the changes to Microsoft enterprise agreement incentives, and the private sector had a re-adjustment period relating to the private sector sales realignment in H1 and faced a tough comparator in H2 (+14.8% growth in private sector GP in H2 FY25).

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 private sector means that our GP remains weighted to the private sector, which contributed 62% of total GP (FY25: 65%) despite our GII being weighted to the public sector. Our GP/GII margin reduced to 7.1% (FY25: 7.8%), affected by mix and the Microsoft EA incentives changes. In the public sector, our margin (GP/GII) dropped only slightly to 4.1% (FY25: 4.3%), as strong higher-margin services growth partly offset lower software-margins after the Microsoft EA incentives changes. In the private sector, our margin (GP/GII) dropped to 13.0% (FY25: 14.3%) 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 were again demonstrated in FY26, with 97% of our GP coming from customers that we also traded with last year (FY25: 97%), at a renewal rate of 99% (FY25: 109%) – which measures the GP from existing customers in this period compared to total GP in the prior period. New customers contributed £5.1m of GP in the year (FY25: £4.3m). We saw customer numbers (defined as those generating more than £100 of GP) broadly flat at 5,916 from 5,913, while the average GP per customer increased slightly from £27,600 in FY25 to £28,300 in FY26.

Other income

This comprises £0.6m of rental income from the offices acquired in FY25, which we have not fully occupied yet (FY25: £0.1m).

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 frontline 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 new colleagues 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 lasting relationships we have established with our customers, vendors and partners.

During the year we have seen total staff numbers rise to 1,331 on our February 2026 payroll, up by 7% from the year-end position of 1,245 on 28 February 2025.

Employee costs, included in administrative expenses, rose by 5.1% to £82.0m (FY25: £78.1m), with higher costs from headcount, salary and national insurance contribution increases partly mitigated by lower variable remuneration, including a £4.2m decline in share-based payments. However, this figure has been affected by the effects of capitalising £1.8m of staff costs on to the balance sheet (FY25: £1.4m). This relates to the salaries of employees who are developing 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. This treatment is in line with our accounting policy for intangible assets, which can be found in our Annual Report.

Other administrative expenses

Other administrative expenses increased by 22.7% to £23.2m (FY25: £18.8m). The main increases comprised: systems investment, travel and entertainment and insurance. We are investing in systems to improve employee and customer experience. We continue to encourage our teams to connect with both customers and vendors as well as bringing together our hybrid workforce for company events. The heightened prevalence of cyber-attacks increases insurance premiums for technology suppliers.

As part of the IT platform development project, we have also spent £2.7m with a third-party development company to supplement our own internal resources (FY25: £2.3m). This engagement was taken wholly for this purpose and the cost has been capitalised in full alongside our own salary costs, adding a total of £4.1m to intangible software assets during the period (FY25: £3.7m).

Operating profit

Our operating profit decreased by 5.6% from £66.4m to £62.7m, as employee and other administrative costs increased against modest GP growth.

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. This decreased to 37.5% (FY25: 40.7%). Including the capitalised staff costs, the ratio for this period is 36.6% (FY25: 39.8%).

Interest income and finance costs

This year has again seen significant interest being earned from money-market deposits, reducing slightly to £7.6m (FY25: £8.5m) because of lower interest rates and lower average cash balances reflecting the c.£74m paid to shareholders during FY26.

Our interest income benefits from often having materially higher cash balances than reported at period ends around our largest months of trading in March and April (around the UK Government's fiscal year end) and in June and December (around some key vendors' fiscal year ends).

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

Share of loss in associate

Following the acquisition of a 25.1% interest in Cloud Bridge Technologies in April 2023, in accordance with IAS 28 Investments in Associates and Joint Ventures we account for the Group's share of its profit/loss. Our share of its loss for the year was £0.2m (FY25: £nil).

Profit before tax

The combined impact of decreased operating profits and lower levels of interest income received has seen our profit before tax decreasing by 6.5% to £69.8m (FY25: £74.6m).

Income tax expense

Our effective tax rate was 26.6% (FY25: 26.5%), which is above the UK statutory rate of 25.0%, primarily because of a reduction in the deferred tax asset value relating to outstanding share options.

Profit after tax

Profit after tax decreased by 6.5% to £51.3m (FY25: £54.8m), with lower operating profit and interest income, and a marginally higher effective tax rate.

Earnings per share

Basic earnings per share reduced 6.1% from 22.78p to 21.40p, and diluted earnings per share reduced 5.5% from 21.95p to 20.74p, reflecting the reduction in profit after tax, partly offset by a lower average number of shares resulting from the £25m share repurchase programme completed during FY26.

Balance sheet and cash flow

	28 February 2026	28 February 2025
	£'m	£'m
Balance sheet		
Property, plant and equipment	14.1	13.6
Intangible assets	46.5	43.5
Investment in associate	3.0	3.2
Other non-current assets	2.4	3.4
Non-current assets	66.0	63.7
Contract assets	8.0	10.0
Trade and other receivables	299.9	268.4
Other current assets	1.6	0.0
Cash	98.6	113.1
Current assets	408.1	391.5
Lease liabilities	1.1	1.3
Other non-current liabilities	4.7	2.0
Non-current liabilities	5.8	3.3
Trade and other payables	359.2	327.5
Contract and tax liabilities	27.2	25.7
Lease liabilities	0.8	0.7
Current liabilities	387.2	353.9
Net assets	81.1	98.0
Share capital	2.4	2.4
Share premium	641.5	636.4
Share-based payment reserve	10.8	14.9
Merger reserve	(644.4)	(644.4)
Retained earnings	70.8	88.7
Total equity	81.1	98.0

Closing net assets stood at £81.1m (28 February 2025: £98.0m), including the Group's £3.0m interest (25.1%) in Cloud Bridge Technologies.

Intangible assets include £7.6m of capitalised software development costs, with £4.1m capitalised in the year, a combination of internal staff costs of £1.8m and £2.3m of external contractor costs. We expect around £0.9m of amortisation on the asset in our next financial year.

Our debtor days at the end of the year stood at 38, and our average debtor days for the year was 39 (FY25: 38). Our closing loss allowance provision reduced to £1.3m, down from £1.7m at the February 2025 year end, with £0.7m bad debts written off in the year against the provision (FY25: £0.7m).

The Group has paid its suppliers on schedule throughout the year, with its average creditor days remaining broadly in line with the prior year at 48 (FY25: 46) and standing at 43 at the end of the year (FY25: 36).

Operating with longer creditor days than debtor days results in a negative working capital position for the business of £79.8m (measured as Trade and other receivables and Contract assets less Trade and other payables and Contract liabilities). We take this into account when determining the appropriate amount of cash to hold on the balance sheet.

The consolidated cash flow is set out below:

Cash flow	Year ended 28 February 2026	Year ended 28 February 2025
	£'m	£'m
Cash generated from operations	71.8	85.6
Payments for fixed assets	(1.8)	(6.4)
Payments for intangible assets	(4.1)	(3.7)
Free cash flow	65.9	75.5
Net interest received	7.3	8.3
Taxes paid	(18.1)	(18.9)
Lease payments	(0.9)	(0.6)
Dividends	(48.6)	(42.8)
Issue of share capital	5.1	2.8
Purchase of share capital	(25.2)	-
Net (decrease)/increase in cash	(14.5)	24.3
Cash at the beginning of the period	113.1	88.8
Cash at the end of the period	98.6	113.1
Operating profit	62.7	66.4
Cash conversion (against operating profit)	105.1%	113.8%

Cash at the end of the period was £98.6m (28 February 2025: £113.1m), which is after the payment of dividends totalling £48.6m during the period – being the final and special dividends for FY25 and the interim dividend for FY26 – and the share repurchase programme of £25.2m (including £0.2m of costs).

Cash flow from operations after payments for fixed and intangible assets (free cash flow) generated a positive cash flow of £65.9m (FY25: £75.5m). Consequently, the Group's cash conversion ratio for the year was 105.1% (FY25: 113.8%). We target our long-term sustainable cash conversion at around 100%.

The £5.1m cash received from the issue of share capital relates to participating staff exercising share options, primarily under our 2021 CSOP and SAYE (ShareSave) plans, which vested in June 2024 and August 2024, respectively. There is a corresponding increase in the share premium value in the balance sheet above.

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. In May 2026 the Group extended the facility by three years to 17 May 2029 for the same value and under the same terms with an optional one-year extension to 17 May 2030. To date, the Group has not used the facility.

Proposed dividend

As stated above, the Group's dividend policy is to distribute between 40% and 50% of post-tax pre-exceptional earnings to shareholders. Accordingly, the Board is pleased to propose a gross final dividend of 7.0p per share. The aggregate amount of the proposed dividend expected to be paid out of retained earnings at 28 February 2026, but not recognised as a liability at the end of the financial year, equates to £16.5m. Our capital allocation policy is that excess cash following organic investment and any M&A is returned to shareholders. We consider both special dividends and share buybacks as methods to return excess capital. If approved by shareholders, the final dividend will be payable on 31 July 2026 to all ordinary shareholders who are registered as such at the close of business on the record date of 17 July 2026.

The salient dates applicable to the dividend are as follows:

Dividend announcement date	Tuesday, 12 May 2026
AGM at which dividend resolutions will be proposed	Thursday, 9 July 2026

Currency conversion determined and announced together with the South African (SA) tax treatment by 1100 (SAST)	Monday, 13 July 2026
Last day to trade cum dividend (SA register)	Tuesday, 14 July 2026
Commence trading ex-dividend (SA register)	Wednesday, 15 July 2026
Last day to trade cum dividend (UK register)	Wednesday, 15 July 2026
Commence trading ex-dividend (UK register)	Thursday, 16 July 2026
Record date	Friday, 17 July 2026
Payment date	Friday, 31 July 2026

Additional information required by the Johannesburg Stock Exchange:

1. The GBP:ZAR currency conversion will be determined and published on SENS on 13 July 2026.
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 12 May 2026, being the declaration announcement date of the dividend, the company had a total of 236,370,093 shares in issue (with no treasury shares).
5. No transfers of shareholdings to and from South Africa will be permitted between 13 July 2026 and 17 July 2026 (both dates inclusive). No dematerialisation or rematerialisation orders will be permitted between 15 July 2026 and 17 July 2026 (both dates inclusive).

Managing new and emerging risks

We assess current and emerging risks as part of our ongoing risk monitoring process. While we remain vigilant, we take confidence from the resilience that our business has shown through various external crises in recent years.

In our last Annual Report, we identified 14 principal risks that could have a significant impact on our operations. This year, we combined two of those risks – Changes to vendors' commercial model and Margin pressure – because of their overlapping impacts and controls, meaning we now have 13 principal risks. Aside from that, there were no changes to any of the risks themselves, with no additions or deletions or reclassifications.

As in previous years, we changed the status of the risk in some cases. The risk associated with the new, combined Commercial model and margin pressure principal risk was assigned as 'increase' (Margin pressure on its own was 'no change' last year, while Changes to vendors' commercial model was 'increase'). The risk status reflects the changes in vendors' models and the need for us to adapt. For the following three risks we updated the status to 'increase':

- Evolving competition, because of the increasing rate of change in our market
- Emerging technology, because of rapid advances in technology
- Supply chain management, in line with the additional regulatory burden.

This means that we deem ten of our 13 principal risks to have increased during the year, up from seven in the previous year, reflecting geopolitical, regulatory and business landscape changes.

In our two previous annual reports we identified three emerging risks: Climate change, and its physical and transition risks, Keeping pace with social change and Impact of AI. We believe these remained relevant in 2025/26 and continued to monitor them closely. As with cybersecurity, which is a risk and an opportunity, AI presents an opportunity for our business, because we support our customers to get the most out of the technology, and deploy it in our own business to enhance productivity and creativity.

Summary of changes since FY25

	Risk name	Changes we made
1.	Economic disruption	Expanded the risk owners in the subsidiary businesses, alongside the CEO.
2.	Commercial models and margin pressure	Combined the risks Margin pressure and Changes to vendors' commercial model. Defined the risk status as 'increase'.
3.	Inflation	Updated risk with latest figures.
4.	Working capital	Updated commentary to include risks from foreign exchange.
5.	Vendor concentration	Expanded the risk owners in the subsidiary businesses, and updated commentary.
6.	Evolving Competition	Changed name from Competition to Evolving competition. Changed status to 'increase'.
7.	Emerging technology	Changed name from Relevance and emerging technology to Emerging technology. Changed status to 'increase'.
8.	Cyberthreats – direct and indirect	Updated commentary.
9.	Business resilience	Changed name from Business continuity failure to Business resilience, to more accurately reflect the broader scope of this risk. Expanded the risk owners in the subsidiary businesses
10.	Attract and retain staff while keeping our culture	Changed risk owner from CEO to CPO and expanded the risk owners in the subsidiary businesses. Changed some mitigation and controls.
11.	Supply chain management	Changed status to 'increase'. Added commentary around failure to prevent fraud and EU supply chain regulations.
12.	Sustainability/ESG	Made minor updates to commentary.
13.	Regulatory and compliance	Added CFO as a risk owner, alongside the CEO. Updated the risk to reflect risk from fines and added a control measure.

Our principal risks and uncertainties

Financial	<p>1. Economic disruption Increase</p>	<p>Risk owner CEO and executive committees of subsidiary companies</p>
	<p>The risk Internationally, political uncertainty with the US administration continues, with rapid changes to global tariffs, as well as conflicts in the Middle East and Ukraine.</p> <p>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 reallocated, although the impact on us is still unknown.</p>	<p>How we manage it We remained resilient through periods of geopolitical uncertainty in 2025/26, as we did through previous periods of instability such as high inflation, global conflicts, technology shortages and the UK leaving the EU.</p> <p>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.</p>
	<p>The impact Major economic disruption and potentially higher taxes could see reduced demand for software licensing, hardware and IT services, which government controls could compound. Lower demand could also arise from reduced customer budgets, cautious spending patterns or clients 'making do' with existing IT.</p> <p>Economic disruption could also affect 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.</p>	<p>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.</p> <p>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.</p>

		<p>Financial stress-testing through our Going Concern Assessment will be reviewed to provide reports back into the two operating companies.</p> <p>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.</p>
	<p>2 Commercial models and margin pressure Increase</p>	<p>Risk owner CEO and executive committees of subsidiary companies</p>
	<p>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.</p> <p>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.</p>	<p>There are external factors that influence our margins, such as economic and political factors, which are beyond our control. Other factors, such as changing vendor commercial models, are also mostly beyond our control, but permit us to take action to bolster our resilience.</p> <p>Our diverse portfolio of offerings, with a mix of vendors, software and services, has enabled us to absorb any changes to vendors' commercial models – and we continue to innovate to find new ways to deliver more value for our customers.</p>
	<p>The impact Major changes to commercial models, which can occur with limited notice, could put pressure on our margins and profitability. In addition, any incentives received are very valuable and contribute significantly to our operational profits.</p>	<p>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.</p> <p>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.</p> <p>Keeping the correct level of certification/accreditation 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.</p> <p>Services delivered internally are consistently measured against our competition to ensure we remain competitive and maximise margins.</p> <p>With our key vendors, we have regular touch points and quarterly business reviews (QBRs), which ensure close communication and timely updates of any changes with our vendor community.</p>

<p>3 Inflation Decrease</p>	<p>Risk owner CFO</p>
<p>The risk Inflation in the UK, as measured by the Consumer Price Index (CPI), was 3.0% in February 2026, having started the financial year at 2.6% and peaked in summer at 3.8%. This rate continues to stay above the Bank of England's target of 2%.</p>	<p>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.</p>
<p>The impact Wage inflation and increased fuel and energy costs have a direct impact on our underlying cost base.</p> <p>If the market wage is increased to a higher level, then we potentially have a risk for retaining and attracting employees and customers.</p> <p>Our customers will also have increased costs, which will change their budgets and spending priorities.</p>	<p>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.</p>
<p>4 Working capital Increase</p>	<p>Risk owner CFO</p>
<p>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. We have seen enterprise-sized businesses in particular requesting longer payment terms. Vendors' changing payment terms could also have a significant impact.</p> <p>The implementation of the UK Government's Procurement Act 2023 will affect the payment terms of public sector customers and affect our supply chain.</p> <p>We have seen debtor days stabilise as inflation has reduced, but the number of days has not returned to historic low levels.</p> <p>Volatility in foreign exchange rates could also have positive or negative impacts.</p>	<p>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.</p> <p>We have invested in larger credit collection teams and risk management. This includes conducting a case-by-case risk assessment for customer requests for longer payment terms.</p> <p>In the past financial year, BTG has seen a level of write-offs similar to the prior year, which is still not significant: all our write-offs are from companies that have become insolvent or gone into administration.</p> <p>A large part of a successful outcome is maintaining strong, open relationships with our customers, understanding their issues and ensuring our billing systems deliver accurate, clear and timely invoicing so that queries can be quickly resolved.</p>
<p>The impact This could adversely affect our businesses' profitability and/or cash flow.</p>	<p>We believe the UK Procurement Act 2023 will reduce the risk of extended or ambiguous payment cycles, which have affected revenue recognition and working capital. The Act extends through the supply chain, meaning that prime contractors must pass on timely payments to subcontracted software developers and service providers. BTG is required to pass on 30-day payment terms to all subcontracted goods and/or services suppliers when the Act applies, providing greater consistency of payment terms.</p>

		We monitor and act on this risk through cost control and efficiency measures such as gross profit per employee and through operating profit metrics.
Strategic	5 Vendor concentration No change	Risk owner CEO and executive committees of subsidiary companies
	<p>The risk Continued strategic focus on top vendors 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.</p> <p>The impact Relying too heavily on any one vendor could have an adverse effect on our financial performance, should the commercial relationship materially change.</p> <p>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.</p>	<p>How we manage it 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.</p> <p>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.</p> <p>To ensure we maintain a diversified approach, we use peer reviews and market intelligence through Gartner analyses and Megabyte reviews, as well as having regular engagement with our vendors, including QBRs.</p>
	6 Evolving competition Increase	Risk owner CEO
	<p>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.</p> <p>Mergers and acquisitions have consolidated our distribution network and absorbed specialist services companies. This has caused overlap with our own offerings.</p> <p>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.</p> <p>An increase in the use of marketplaces also heightens the risk of more transactions going through the same route.</p> <p>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.</p> <p>AI risks becoming a partial competitor, if it becomes able to provide accurate and beneficial licensing and infrastructure advice direct to customers.</p>	<p>How we manage it We closely watch commercial and technological developments in our markets.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>AI has been identified as an emerging risk, and so will be explored and monitored for risks and opportunities to our business.</p>

<p>The regulatory environment will change the competitive landscape too, as regulators look to decrease monopolies.</p> <p>The rate of change in our competitive landscape has been increasing.</p>	<p>Currently, there is no sign of any commoditisation that would be a serious threat to our business model in the short or medium term.</p> <p>We are aware of the opportunities from regulatory changes and partnerships to expand our vendor, solution and services portfolio.</p> <p>We continue to monitor this changing environment, including the speed and impact of change.</p>
<p>The impact</p> <p>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.</p> <p>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.</p>	<p>To measure the impact of competition, we use customer and loyalty indicators such as NPS scores and feedback. We use marketing and brand awareness measures to assess our visibility and engagement with a broader community.</p>
<p>7 Emerging technology Increase</p>	<p>Risk owner CEO and executive committees of subsidiary companies</p>
<p>The risk</p> <p>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.</p>	<p>How we manage it</p> <p>We defend our position by keeping abreast of new technologies and the innovators who develop them. We do this by joining industry forums and taking seats 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. This is in addition to strengthening our internal capabilities with an innovation and engineering team and by expanding and adapting our service offerings.</p>
<p>The impact</p> <p>Customers have wide choice and vast 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.</p>	<p>We stay relevant to our customers by:</p> <ul style="list-style-type: none"> • 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. <p>Listening to our customers is integral to our approach, ensuring we are aware of changing requirements. We are giving more focus to customer communications and marketing, to increase brand awareness. We measure the impact of this through an annual customer NPS score</p> <p>By identifying and developing bonds with emerging companies, we maintain good relationships with them as they grow and give our customers access to their technologies.</p>

		As with our Vendor concentration risk, our research process includes peer reviews and market intelligence through Gartner analyses and Megabyte reviews, as well as having regular engagement with our vendors, such as through QBRs.
Processes and systems	8 Cyberthreats – direct and indirect Increase	Risk owner CTOs of subsidiary companies
	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. Recent high-profile ransomware attacks at UK businesses, and geopolitical instability, has heightened our focus on cybersecurity risk. Risks arise from cyber crime, third-party risks associated with cloud providers, insider threats (including accidental, compromised insider and malicious intent) and risks associated with data protection.	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. Our CISO produces quarterly reports for the two businesses, which are shared with BTG's Board and senior leadership. Our internal auditors periodically review the management of risks associated with cyberthreats.
	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. This could also result in significant disruption to our business.	
Operational	9 Business resilience No change	Risk owner Executive committees of subsidiary companies
	The risk Any failure or disruption of BTG's technology, information, people or processes (TIPP) may negatively affect our ability to deliver to our customers, cause reputational damage and lose us market share. 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.	How we manage it The subsidiary companies have built and are improving business continuity plans, which incorporate all elements of TIPP that are significant to the operations of BTG. Technology and information Our CTOs and heads of IT manage and oversee our IT infrastructure, network, systems and business applications. This includes regular disaster recovery testing and building resilience into systems with failovers and backups. Ongoing reviews make sure we have a high level of compliance and uptime. This means our systems are highly effective and fit for purpose.

<p>Increased automation means a heavier reliance on technology. Although it can reduce human error, it can also potentially increase our reliance on other vendors.</p> <p>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.</p>	<p>For business continuity, we use different sites and solutions to limit the impact of 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.</p> <p>People and processes 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 mitigate any single point of failure, and that resiliency is built into employees’ skillsets.</p> <p>The risk is also mitigated through policies and process implementation such as Phoenix achieving ISO 22301 and Bytes implementing an incident management policy.</p> <p>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.</p> <p>Regular internal audits are conducted in TIPP areas that are key to operations. Findings and actions are defined, time bound and owned, leading to improvements and reducing risk.</p> <p>This risk is reviewed through frequent risk assessments and business continuity plan testing.</p>
<p>10 Attract and retain staff while keeping our culture Increase</p>	<p>Risk owner CPO and executive committees of subsidiary companies</p>
<p>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.</p> <p>Several factors are affecting this, including:</p> <ul style="list-style-type: none"> • Salary and benefit expectations • BTG’s high rate of growth • Skills shortage in emerging, high-demand areas, such as AI and data • Fully remote/flexible working being expected • 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. 	<p>How we manage it We continually strive to be the best company to work for in our sector.</p> <p>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 have conducted talent reviews and identified pathways for promotion.</p> <p>We’ve also organically grown and set up new geographical offices, to attract local talent. In addition, we have employed more recruiters directly in the business, which has enabled quicker ad-to-hire times, as well as employees that are a better cultural fit.</p>
<p>The impact The double impact from scarcity of appropriate candidates for new roles and salary</p>	

	<p>expectations will challenge our ability to attract and retain the talent pool we need to deliver our planned growth. We may lose talented employees to competitors.</p>	<p>In July 2025, we appointed a CPO, who is engaged with employees and working on strategies to maintain our culture and improve staff welfare.</p> <p>Maintaining our culture is important to retaining current staff. BTG regularly engages with employees through surveys, such as the employee Net Promoter Score (eNPS) and Great Places to Work. Feedback from these and other sources 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.</p> <p>To measure the impact of the risk and success of our controls we use the eNPS score and feedback, attrition rates and third-party feedback sites.</p> <p>Although we are seeing the inherent risk increase, our continued focus in this area means we have seen the residual risk remain stable.</p>
	<p>11 Supply chain management Increase</p> <p>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, as is the risk from failure to prevent fraud.</p> <p>There is a risk to our business if we engage with suppliers that:</p> <ul style="list-style-type: none"> • Provide unethical working conditions and pay • Are involved in financial mismanagement and unethical behaviour • Cause environmental damage • Operate in sanctioned regions. <p>The impact The impact to the business is across multiple streams from legal, financial and reputational to ethical and environmental.</p>	<p>Risk owner Executive committees of subsidiary companies</p> <p>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.</p> <p>Phoenix has a supply chain manager, and Bytes has a third-party compliance officer focused on supply chain management. Bytes has also established a cross-disciplinary group to work on managing suppliers. With increasing regulations in the EU, we have invested more in supplier due diligence, with additional criteria for onboarding.</p> <p>We have conducted an internal audit risk assessment to identify controls to prevent fraud.</p>
Regulatory	<p>12 Sustainability/ESG Increase</p>	<p>Risk owner Group Sustainability Manager</p>
	<p>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, especially given that requirements and standards are continually updated. Failure to do so would put the Group at</p>	<p>How we manage it Our Board manages and monitors this risk closely, with oversight from the ESG and the Audit Committees.</p> <p>The Group Sustainability Manager continues to drive sustainability reporting and initiatives, and to</p>

	<p>risk of financial penalties and reputational damage.</p> <p>The impact Falling behind expectations or our peers may lead to challenges around:</p> <ul style="list-style-type: none"> – 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 – Attracting and retaining employees, as younger generations seek to work for more purpose-driven businesses. 	<p>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.</p> <p>Our Sustainability Steering Committee enables decision makers from across the Group to work towards a common goal and report on challenges. The Board also has an ESG Committee, which provides oversight and input to our ESG strategy and progress.</p> <p>We make disclosures through several channels, including ISS ESG ratings, CDP and EcoVadis. The Science Based Targets initiative (SBTi) validated our near-term and net zero targets as part of our programme to drive sustainability through best practice approaches. We use feedback from disclosures to guide changes in the business. As disclosure methodologies stay current, so should the business, where possible and relevant.</p> <p>In 2025, failure to prevent fraud legislation came in. We have reviewed the potential risk and enhanced our controls to ensure we are adequately protected to avoid unintentional misinformation. Our Board manages and monitors this risk closely, with oversight from the ESG and the Audit Committees.</p>
	<p>13 Regulatory and compliance Increase</p> <p>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.</p> <p>The impact Operational teams and processes face administrative burdens and effects under rapidly changing regulations.</p> <p>Failing to keep up with regulatory, reporting and compliance changes could lead to fines (for example, GDPR and the Economic Crime and Corporate Transparency Act (ECCTA)), legal challenges and reputational damage.</p> <p>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.</p>	<p>Risk owner CEO and CFO</p> <p>How we manage it We engage external experts and work 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.</p> <p>We also 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. Internal audits also help us identify any actions we need to maintain or enhance compliance.</p> <p>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.</p> <p>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.</p>

Going concern disclosure

The Group has performed a full going concern assessment from 28 February 2026 for the period up to 31 August 2027. As outlined in the Chief Financial Officer's review above, trading during the year demonstrated the Group's strong performance in the period and our resilient operating model. The Group has a healthy liquidity position with £98.6m of cash and cash equivalents available at 28 February 2026. The Group also has access to a committed RCF that covers the going concern period to 31 August 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 include 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, and with the key assumptions summarised within the financial statements below. Under all scenarios assessed, the Group would remain cash positive throughout the whole of the going concern period without needing to use the RCF.

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 31 August 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 their knowledge that:

- 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
Chief Executive Officer
12 May 2026

Andrew Holden
Chief Financial Officer

Bytes Technology Group plc
Consolidated statement of profit or loss
For the year ended 28 February 2026

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

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

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

Bytes Technology Group plc
Consolidated statement of financial position
As at 28 February 2026

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

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

Sam Mudd
Chief Executive Officer

Andrew Holden
Chief Financial Officer

Bytes Technology Group plc
Consolidated statement of changes in equity
For the year ended 28 February 2026

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

Bytes Technology Group plc
Consolidated statement of cash flows
For the year ended 28 February 2026

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

1 Accounting policies

1.1 General information

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

1.2 Basis of preparation

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

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

The financial information contained in this preliminary announcement does not constitute the Group's statutory accounts for the years ended 28 February 2026 or 28 February 2025. The statutory accounts for the year ended 28 February 2026 will be filed with the Registrar of Companies in due course. The auditors report on these accounts was not qualified or modified and did not contain any statement under Sections 498(2) or (3) of the Companies Act 2006. A separate announcement will be made in accordance with Disclosure and Transparency Rules (DTR) 6.3 when the annual report and audited financial statements for the year ended 28 February 2026 are made available on the Company's website, which is expected to be in May 2026.

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

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

1.3 Going concern

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

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

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

Operational performance and operating model

Following the previous years of strong growth since it listed in December 2020, the Group has again achieved double-digit growth in gross invoiced income (GII) this year, but only a small increase in gross profit (GP) and a small

reduction in operating profit. Nevertheless, it finished the year with cash conversion over 100% and £98.6 million of cash which was after returning £74 million to shareholders by way of dividends and share buyback payments (28 February 2025: cash £113.1 million).

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

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

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

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

Macroeconomic and geopolitical risks

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

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

- Cost of sales inflation and competition leading to margin pressure – Our commercial model is based on passing on supplier price increases to our customers.
- Wage inflation – While we have already aligned staff salaries to market rates, further expected rises have been factored into the financial forecasts.
- Interest rates – The Group has no debt exposure, nor has it ever needed to call on its revolving credit facility (RCF). We place cash on the money markets to generate significant interest income.
- Economic conditions impacting on customer spending – We have seen increased spending by our customers, because IT may be a means to efficiencies and savings elsewhere.
- Economic conditions impacting on customer payments – We have seen our average debtor days of 39 remaining very close to that in previous years and with only £0.7 million of bad debt in the year.
- Tariffs impacting the Group directly or indirectly – As we are neither a significant exporter nor importer of goods, we do not expect this will have a direct material impact on the profitability of the business.
- Physical supply chain obstacles – We are not dependent on the movement of goods, as software sales are the dominant element of our income, and we have a wide supply chain across multiple technology areas.
- Increased fuel & commodity prices - We are not a heavy consumer of gas, electricity or fuel, and hence these costs only represent a very small proportion of our overheads.
- Climate change risks - The Group does not believe that the effects of climate change will have a material impact on its operations and performance over the going concern assessment period.

Liquidity and financing position

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

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

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

Approach to cash flow forecasts and downside testing

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

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

Details of downside testing

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

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

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

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

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

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

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

Reverse stress test

The scenario analysis undertaken included reverse stress testing that involved constructing scenarios that would threaten the Group's viability, because of either (a) the Group exhausting all its available cash and its committed bank facilities

and/or (b) a breach of the covenant tests underpinning the Group's banking facilities. The Group then assessed the likelihood of those scenarios occurring. Having reviewed the reverse stress test, the directors have concluded that the set of assumptions required to cause exhaustion of cash and bank facilities, and/or a breach of bank covenants, is unlikely to occur.

Going concern conclusion

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

1.4 Critical accounting estimates and judgements

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

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

(i) Critical estimates and judgements

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

(ii) Other estimates and judgements

Areas involving non-critical accounting estimates and judgements are:

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

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

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

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

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

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

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

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

- **Provisions (see note 1.24).**

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

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

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

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

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

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

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

1.5 New standards, interpretations and amendments adopted by the Group

(a) New and amended standards adopted by the Group

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

- Lack of exchangeability – Amendments to IAS 21

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

(b) New standards and interpretations not yet adopted

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

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

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

1.6 Principles of consolidation

1.6.1 Subsidiaries

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

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

1.6.2 Associate

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

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

1.7 Segment reporting

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

1.8 Finance income and costs

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

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

1.9 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

1.10 Revenue recognition

Revenue recognition principles across all revenue streams

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

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

Software

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

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

products sold. Revenue is recognised as the fee received from the vendor on a point in time basis when the vendor's invoicing to the customer takes place.

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

In the case of cloud-based software sales, the Group arranges for third-party vendors to provide customers with access to software in the cloud. As the sales value varies according to monthly usage, revenue is recognised once the amount is confirmed by the vendor and the Group has analysed the data and advised the customer. This is because the responsibilities of the Group to undertake such activities mean that these performance obligations are satisfied at each point usage occurs and the Group has a right to receive payment.

In the case of licence sales (non cloud-based software) arising from fixed-price subscriptions where the customer makes an up-front payment, the Group recognises revenue when the contract execution or order is fulfilled by the Group because its performance obligation is fully satisfied at that point. Typically, these take the form of annual instalments where the Group is required to undertake various contract review activities at each anniversary date.

Hardware – resale of hardware products

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

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

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

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

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

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

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

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

delivery and its performance obligations are satisfied at the point the service has been delivered by the third party and confirmed with the customer.

1.11 Contract costs, assets and liabilities

Contract costs

Incremental costs of obtaining a contract

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

Costs to fulfil a contract

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

Contract assets

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

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

Contract liabilities

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

1.12 Rebates and incentives from suppliers

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

Rebates from software and hardware sales

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

Fees from software sales

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

1.13 Income tax

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

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax

regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

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

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

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

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

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

1.14 Leases

Group as a lessee

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

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

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

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

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

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

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

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

Depreciation

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

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

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

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

Group as a lessor

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

1.15 Impairment of non-financial assets

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

1.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

1.17 Trade receivables

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

1.18 Inventories

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

1.19 Financial instruments

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

Recognition

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

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

Classification

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

Financial assets are classified as follows:

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

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

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

Measurement on initial recognition

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

Subsequent measurement: financial assets

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

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

Subsequent measurement: financial liabilities

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

Derecognition

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

Offsetting financial instruments

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

Impairment

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

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

The expected credit loss (ECL) rates are based on the payment profiles of sales over a 12-month period before 28 February 2026, 28 February 2025, and 1 March 2024 respectively and the corresponding historical credit losses

experienced within this period. The historical loss rates are reviewed and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

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

Derivatives

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

1.20 Property, plant and equipment

Owned assets

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

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

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

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred, if it is probable that future economic benefits embodied within the item will flow to the Group and the cost of such item can be measured reliably. The carrying amount of the replaced item of property, plant and equipment is derecognised. All other costs are recognised in profit or loss as an expense when incurred.

Depreciation

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

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

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

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

1.21 Intangible assets

Goodwill

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

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

Brands and customer relationships

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

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

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

Software

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

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

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

Research and development

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

1.22 Trade and other payables

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

1.23 Borrowings

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

1.24 Provisions

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

1.25 Employee benefits

Short-term obligations

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

Post-employment obligations

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

Termination benefits

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

Share-based payments

Equity settled share-based payment incentive scheme

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

Employee options

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

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

1.26 Share capital

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

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

1.27 Dividends

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

1.28 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

1.29 Rounding of amounts

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

2 Segmental information

Description of segment

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

3 Revenue from contracts with customers

3(a) Disaggregation of revenue from contracts with customers

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

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

Software

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

Hardware

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

Services internal

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

Services external

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

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

3(b) Gross invoiced income by type

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

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

4 Material administrative expenses

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

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

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

5 Employees

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

¹ Directors' remuneration is included in the directors' remuneration report.

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

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

6 Auditors' remuneration

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

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

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

7 Finance income and costs

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

(1) Interest received on cash deposited on money market

8 Income tax expense

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

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

Reconciliation of total tax charge

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

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

Amounts recognised directly in equity

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

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

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Deferred tax (liability) / asset - net		
The balance comprises temporary differences attributable to:		
Intangible assets	(348)	(568)
Property, plant and equipment	(3,188)	(2,088)
Employee benefits	6	6
Provisions	297	74
Share-based payments	646	2,635
	(2,587)	59

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Net deferred tax (liability) / asset reconciliation		
At 1 March	59	834
Intangible assets	220	220
Property, plant and equipment	(1,100)	(1,029)
Employee benefits	-	5
Provisions	223	1
Share-based payments	(1,558)	188
Charge to profit or loss	(2,215)	(615)
Share-based payments	(431)	(160)
Charge to equity	(431)	(160)
Carrying amount at end of year	(2,587)	59

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

9 Property, plant and equipment

	Freehold land and buildings £'000	Computer equipment £'000	Furniture, fittings and equipment £'000	Computer software £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 March 2024	9,778	5,006	1,324	1,266	86	17,460
Additions	5,760	549	46	-	3	6,358
Disposals	-	(1)	-	-	(24)	(25)
At 28 February 2025	15,538	5,554	1,370	1,266	65	23,793
Additions	1,122	563	122	-	9	1,816
Disposals	(799)	(1,688)	(732)	(637)	(30)	(3,886)
At 28 February 2026	15,861	4,429	760	629	44	21,723

Depreciation						
At 1 March 2024	2,937	4,028	1,094	861	62	8,982
On disposals	-	(1)	-	-	(24)	(25)
Charge for the year	384	600	47	211	13	1,255
At 28 February 2025	3,321	4,627	1,141	1,072	51	10,212
On disposals	(798)	(1,688)	(732)	(637)	(30)	(3,885)
Charge for the year	513	594	60	138	9	1,314
At 28 February 2026	3,036	3,533	469	573	30	7,641
Net book value						
At 28 February 2025	12,217	927	229	194	14	13,581
At 28 February 2026	12,825	896	291	56	14	14,082

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

10 Leases

Group as a lessee

Amounts recognised in the balance sheet

	Buildings	Motor vehicles	Total
	£'000	£'000	£'000
Right-of-use assets			
Cost			
At 1 March 2024	1,377	891	2,268
Additions	-	739	739
At 28 February 2025	1,377	1,630	3,007
Additions	-	856	856
Disposal	-	(47)	(47)
At 28 February 2026	1,377	2,439	3,816
Depreciation			
At 1 March 2024	738	119	857
Charge for the period	145	364	509
At 29 February 2025	883	483	1,366
On disposals	-	(10)	(10)
Charge for the period	145	561	706
At 28 February 2026	1,028	1,034	2,062
Net book value			
At 1 March 2024	639	772	1,411
At 28 February 2025	494	1,147	1,641
At 28 February 2026	349	1,405	1,754
	As at 28	As at 28	As at 1
	February 2026	February 2025	March 2024
	£'000	£'000	£'000
Lease liabilities			
Current	842	668	423
Non-current	1,138	1,269	1,314
	1,980	1,937	1,737

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

Amounts recognised in the statement of profit or loss

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

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

Changes in liabilities arising from financing activities

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

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

Group as a lessor

Contractual maturity of undiscounted operating lease receipts

The following table details the Group's remaining contract maturity for operating leases on the Group during the year.

The table is based on undiscounted contractual receipts.

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

11 Intangible assets

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

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

Determination of recoverable amount

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

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

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

Growth rates

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

Discount rates

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

Sensitivities

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

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

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

12 Investment in an associate

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

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

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

The associate requires the Group's consent to distribute its profits. The Group does not foresee giving such consent at the reporting date. The associate had no contingent liabilities or capital commitments as at 28 February 2026. In preparing the financial statements, the Group has considered whether there are impairment indicators present which would require an adjustment to be made to the £3.0 million carrying amount of the investment as at 28 February 2026. Management have considered several qualitative factors in respect of the Cloud Bridge business including historic track record of revenue growth, increase in customer opportunities and pipeline, attainment of key vendor accreditations, development of internal systems to deliver cost savings and efficiencies, and expansion of operations in other territories. Combined with current performance metrics and the forecasts produced, the Group concludes there to be no impairment of the carrying amount of the investment at the reporting date.

13 Contract assets

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Contract assets	8,724	11,746

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

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

14 Contract liabilities

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

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

15 Financial assets and financial liabilities

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

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

The Group holds the following financial instruments:

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

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

16 Trade and other receivables

	As at 28 February 2026 £'000	As at 28 February 2025 £'000
Financial assets		
Gross trade receivables	291,479	260,883
Less: impairment allowance	(1,286)	(1,659)
Net trade receivables	290,193	259,224
Other receivables	6,750	6,917
	296,943	266,141

Non-financial assets		
Prepayments	2,944	2,313
	2,944	2,313
Trade and other receivables	299,887	268,454

(i) Classification of trade receivables

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

(ii) Fair values of trade receivables

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

(iii) Credit risk

Ageing and impairment analysis (excluding finance lease assets)

	Current £'000	Past due 0 to 30 days £'000	Past due 31 to 60 days £'000	Past due 61 to 120 days £'000	Past due 121 to 365 days £'000	Total £'000
28 February 2026						
Expected loss rate	0.06%	0.22%	2.34%	4.23%	36.69%	
Gross carrying amount – trade receivables	248,956	28,200	8,168	4,209	1,946	291,479
Loss allowance	141	62	191	178	714	1,286

	Current £'000	Past due 0 to 30 days £'000	Past due 31 to 60 days £'000	Past due 61 to 120 days £'000	Past due 121 to 365 days £'000	Total £'000
28 February 2025						
Expected loss rate	0.07%	0.26%	2.90%	10.93%	44.84%	
Gross carrying amount – trade receivables	232,118	17,495	5,201	4,189	1,880	260,883
Loss allowance	162	45	151	458	843	1,659

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

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

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

(iv) Other receivables

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

17 Cash and cash equivalents

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

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

18 Trade and other payables

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

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

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

19 Share capital and share premium

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

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

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

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

20 Merger reserve

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

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

21 Cash generated from operations

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

22 Financial risk management

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

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

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

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

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

22(a) Derivatives

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

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

22(b) Foreign exchange risk

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

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

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

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

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

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

22(c) Liquidity risk

(1) Cash management

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

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

(2) Revolving Credit Facility

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

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

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

(3) Contractual maturity of financial liabilities

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

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

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

23 Capital management

23(a) Risk management

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

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

23(b) Dividends

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

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

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

24 Capital commitments

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

25 Related-party transactions

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

25(a) Transactions with key management personnel

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

Compensation of key management personnel of the Group

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

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

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

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

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

25(b) Subsidiaries and associates

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

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

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

26 Share-based payments

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

Performance Incentive Share Plan

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

Company Share Option Plan

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

81,100 (2025: 174,897) options were forfeited, 1,009,207 (2025: 217,000) options were exercised and 116,977 (2025: nil) options expired.

Save as You Earn Scheme

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

Deferred Bonus Plan

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

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

Share-based payment employee expenses

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

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

Movements during the year

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

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

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

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

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

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

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

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

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

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

27 Earnings per share

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

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

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

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

(1) Share options

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

27(b) Headline earnings per share

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

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

27(c) Adjusted earnings per share

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

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

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

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

28 Subsidiaries

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

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

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

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

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

29 Events after the reporting period

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

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

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

Corporate Information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Directors at the date of this report

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SJ Mudd
AJ Holden
RJ Paterson
E Schraner
S Chindalur
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WK Groenewald

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