

**Bytes Technology Group plc**  
(Incorporated in the England and Wales)  
(Registered number: 12935776)  
LEI: 213800LA4DZLFBAC9O33  
Share code: BYI  
ISIN: GB00BMH18Q19  
("BTG", or "the Group")

**Audited preliminary results for the year ended 28 February 2023**  
**Strong performance extending track record of double-digit growth**

Bytes Technology Group plc (LSE: BYIT, JSE: BYI), one of the UK's leading software, security, and cloud services specialists, today announces its financial results for the year ended 28 February 2023 ('FY23').

**Neil Murphy, Chief Executive Officer, said:**

"I am delighted to be reporting another positive set of results, with strong double-digit growth driven by contributions from all areas of the business. This performance was underpinned by continued growth from both our public sector and corporate clients, with customers showing a sustained appetite to invest in their IT requirements. We have seen our gross profit increase by 20.7% as we have expanded our customer base and increased our share of wallet among existing customers. At the same time, we believe that our customer-oriented proposition has enabled us to take market share from competitors.

"A key part of our success can be traced to the high-quality customer service that sits at the centre of our business and makes us so competitive in our markets. For this, I would like to extend my thanks to our people who do an outstanding job supporting our clients. We continue to focus on recruitment and training to ensure we have the right expertise and resources in place to service our clients' evolving needs. Looking ahead, we have made a positive start to the current year, and we believe our strategy leaves us well positioned to benefit from the growth opportunities we see in our chosen markets."

**Financial performance**

GBP'million	<b>FY23</b> (year ended 28 February 2023)	<b>FY22</b> (year ended 28 February 2022) (restated)	<b>% change year-on-year</b>
<b>Gross invoiced income ('GII')(1)</b>	GBP1,439.3m	GBP1,208.1m	19.1%
<b>Revenue(2)</b>	GBP184.4m	GBP145.8m	26.5%
<b>Gross profit ('GP')</b>	GBP129.6m	GBP107.4m	20.7%
<b>Gross margin % (GP/Revenue)</b>	70.3%	73.7%	
<b>GP/GII %</b>	9.0%	8.9%	
<b>Operating profit</b>	GBP50.9m	GBP42.2m	20.6%
<b>Adjusted operating profit ('AOP')(3)</b>	GBP56.4m	GBP46.3m	21.8%
<b>AOP/GP %</b>	43.5%	43.1%	
<b>Cash</b>	GBP73.0m	GBP67.1m	8.8%
<b>Cash conversion(4)</b>	84.3%	131.9%	
<b>Earnings per share (pence)</b>	16.88	13.72	23.0%
<b>Adjusted earnings per share(5) (pence)</b>	18.83	15.30	23.1%
<b>Headline earnings per share (pence)</b>	16.88	13.72	23.0%

<b>Final dividend per share (pence)</b>	5.1	4.2	21.4%
<b>Special dividend per share (pence)</b>	7.5	6.2	21.0%

The restatement in FY22 is in respect of the Revenue and Gross margin % as described below.

### **Financial highlights**

- GII increased 19.1% to GBP1,439.3 million (FY22: GBP1,208.1 million). Strong growth spread across software, hardware, and services, driven by continued demand from both corporate and public sector customers.
- Revenue increased 26.5% to GBP184.4 million (FY22: GBP145.8 million – restated).
- Growth in the customer base to 5,941 (FY22: 5,330 customers); higher GP per customer of GBP21,800 (FY22: GBP20,100) supported GP growth of 20.7% to GBP129.6 million (FY22: GBP107.4 million).
- Operating profit increased by 20.6% to GBP50.9 million (FY22: GBP42.2 million).
- AOP increased by 21.8% to GBP56.4 million (FY22: GBP46.3 million); AOP as a percentage of GP has remained in line with the previous year at 43.5%.
- Adjusted earnings per share increased 23.1% to 18.83 pence (FY22: 15.30 pence).
- Full year cash conversion of 84.3% reflects a very strong conversion in the second six months of the financial year.
- The Board proposes a final dividend of 5.1 pence per share and a special dividend of 7.5 pence per share.
  - The final dividend represents a 21.4% increase over last year’s payment, reflecting the strong growth in AOP and takes the full year dividend to 7.5 pence per share, an increase of 21.0%.
  - The special dividend has increased by 21.0% compared to last year, matching the full year dividend.

### **Operational highlights**

- Customer appetite for security, cloud adoption, digital transformation, hybrid datacentres and remote working solutions underpinned the Group’s continued growth in FY23.
- 96% of GP came from customers that traded with BTG last year (FY22: 93%), at a renewal rate of 116%.
- Increased headcount by 20% to 930 in the year to service high levels of customer demand.
- Bytes Software Services named Microsoft Partner of the Year for Operational Excellence in 2022 from over 3,900 partner entries globally.
- Phoenix Software named Dell Technologies Public Sector Partner of the Year 2022.
- Both the Group’s businesses, Bytes Software Services and Phoenix Software, becoming Great Place to Work certified.
- In April 2023, we acquired a 25.1% interest in AWS partner, Cloud Bridge Technologies. As a long term partner of Bytes, Cloud Bridge and its significant technical work force gives us additional access to resources which will underpin our multi-cloud strategy over the years to come.

### **Notes:**

(1) ‘Gross invoiced income’ (‘GII’) is a non-International Financial Reporting Standard (IFRS) alternative performance measure that reflects gross income billed to customers adjusted for deferred and accrued revenue items. GII has a direct influence on our movements in working capital, reflects our risks and shows the performance of our sales teams.

(2) ‘Revenue’ is reported in accordance with IFRS 15, Revenue from Contracts with Customers. Under this standard the Group is required to exercise judgment to determine whether the Group is acting as principal or agent in performing its contractual obligations. Revenue in respect of contracts for which the Group is determined to be acting as an agent is recognised on a ‘net’ basis (the gross profit achieved on the contract and not the gross income billed to the customer). Following recent guidance issued by the IFRS Interpretation Committee, and in line with developing clear and consistent practice within our industry, we are now accounting for all software revenue on an agency, or “net” basis. Previously, the element of software revenue comprising indirect licence sales of non-cloud licences and licences not requiring critical updates had been recognised “gross”. Hence this change in judgement has resulted in a reduction in our statutory revenue figures. The prior year revenue and cost of sales figures have been re-stated accordingly and further details of this change are set out in the Chief Financial Officer’s review and in note 1.6 of the financial statements. Our key financial metrics of gross invoiced income, gross profit, adjusted operating profit and cash conversion are unaffected by this change.

(3) ‘Adjusted operating profit’ is a non-IFRS alternative performance measure that excludes from operating profit the effects of significant items of expenditure which are non-recurring events or do not reflect our underlying

operations. Amortisation of acquired intangible assets and share-based payment charges are both excluded. The reconciliation of adjusted operating profit to operating profit is set out in the Chief Financial Officer's review below.

(4) 'Cash conversion' is a non-IFRS alternative performance measure that divides cash generated from operations less capital expenditure (together, 'free cash flow') by adjusted operating profit.

(5) 'Adjusted earnings per share' is a non-IFRS alternative performance measure that the Group calculates by dividing the profit after tax attributable to owners of the company, adjusted for the effects of significant items of expenditure which are non-recurring events or do not reflect our underlying operations ('Adjusted earnings'), by the weighted average number of ordinary shares in issue during the year. Amortisation of acquired intangible assets and share-based payment charges are excluded in arriving at Adjusted earnings. The calculation is set out in note 29 of the financial statements.

### **Proposed dividends**

As stated above, the Group's dividend policy is to distribute 40% of post-tax pre-exceptional earnings to shareholders. Accordingly, the Board is pleased to propose a gross final dividend of 5.1 pence per share. The aggregate amount of the proposed dividend expected to be paid out of retained earnings at 28 February 2023, but not recognised as a liability at the end of the financial year, is GBP12.2 million. In light of the company's continued strong performance and cash generation, the Board also considers it appropriate to propose a cash return to ordinary shareholders with a special dividend of 7.5 pence per share, equating to GBP18.0 million. If approved by shareholders, the final and special dividend will be payable on Friday, 4 August 2023 to all ordinary shareholders who are registered as such at the close of business on the record date of Friday, 21 July 2023. The salient dates applicable to the dividend are as follows:

Dividend announcement date	Tuesday, 23 May 2023
Currency conversion determined and announced together with the South African (SA) tax treatment on SENS by 11.00	Monday, 3 July 2023
AGM at which dividend resolutions will be proposed	Wednesday, 12 July 2023
Last day to trade cum dividend (SA register)	Tuesday 18 July 2023
Commence trading ex-dividend (SA register)	Wednesday 19 July 2023
Last day to trade cum dividend (UK register)	Wednesday 19 July 2023
Commence trading ex-dividend (UK register)	Thursday 20 July 2023
Record date	Friday, 21 July 2023
Payment date	Friday, 4 August 2023

Additional information required by the Johannesburg Stock Exchange:

1. The GBP:ZAR currency conversion will be determined and published on SENS on Friday, 30 June 2023
2. A dividend withholding tax of 20% will be applicable to all shareholders on the South African register unless a shareholder qualifies for exemption not to pay such dividend withholding tax.
3. The dividend payment will be made from a foreign source (UK).
4. At Tuesday 23 May 2023, being the declaration announcement date of the dividend, the Company had a total of 239,482,333 shares in issue (with no treasury shares).
5. No transfers of shareholdings to and from South Africa will be permitted between Friday 30 June 2023 and Friday 21 July 2023 (both dates inclusive). No dematerialisation or rematerialisation orders will be permitted between Wednesday 19 July 2023 and Friday 21 July 2023 (both dates inclusive).

### **Current trading and outlook**

We delivered another year of very positive performance in FY23, extending our track record of delivering strong double-digit growth across our key financial metrics. The business has continued to trade strongly since the beginning of March, bringing the momentum delivered last year into FY24.

Looking ahead to the coming year, we remain mindful of continuing macroeconomic headwinds. However, we are confident that the Group's proven strategy of acquiring new customers and then growing our share of wallet, building on our strong vendor relationships and the technical and commercial skills of our people, ensures we are well placed to make further progress in FY24.

### **Analyst and investor presentation**

A presentation for analysts and investors will be held today via webcast at 9:30am (BST). Please find below access details for the webcast:

Webcast link:

<https://stream.brrmedia.co.uk/broadcast/644be818ef37f7f001dea767>

A recording of the webcast will be available after the event at [www.bytesplc.com](http://www.bytesplc.com).

The announcement and presentation will be available at [www.bytesplc.com](http://www.bytesplc.com) from 7.00am and 9.00am (BST), respectively.

## **Enquiries**

### **Bytes Technology Group plc**

Neil Murphy, Chief Executive Officer  
Andrew Holden, Chief Financial Officer

Tel: +44 (0)1372 418 500

### **Headland Consultancy Ltd**

Stephen Malthouse  
Henry Wallers  
Jack Gault

Tel: +44 (0)20 3805 4822

## **Forward-looking statements**

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

Any forward-looking statements in this announcement reflect the Group's view with respect to future events as at the date of this announcement. Save as required by law or by the Listing Rules of the UK Listing 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.

## **Short-form announcement**

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement that has been published on SENS:

[https://senspdf.jse.co.za/documents/2023/jse/isse/byie/fy23\\_sens.pdf](https://senspdf.jse.co.za/documents/2023/jse/isse/byie/fy23_sens.pdf)

and is also available on our website <https://www.bytesplc.com/>. The full announcement is also available at our registered office for inspection, at no charge, during office hours. Copies of the full announcement may be requested by contacting Headland Consultancy on telephone: +44 +44 (0) 20 3805 4822 or email:

[bytes@headlandconsultancy.com](mailto:bytes@headlandconsultancy.com)

## **About Bytes Technology Group plc**

BTG is one of the UK's leading providers of IT software offerings and solutions, with a focus on cloud 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 the cloud. It aims to deliver the latest technology to a diverse range of customers across corporate and public sectors and has a long track record of delivering strong financial performance.

The Group has a primary listing on the Main Market of the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange.

**23 May 2023**

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