

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

23 May 2024

**Audited preliminary results for the year ended 29 February 2024 and proposed dividend
*Strong strategic progress; 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 29 February 2024 (2023/24).

Sam Mudd, Chief Executive Officer, said:

"I am very pleased to report another set of positive results for BTG, with a 12.2% increase in adjusted operating profit, driven by contributions from all areas of our business. Despite the challenging economic climate over the past year, our customers have continued to invest in their IT needs. Our gross invoiced income has grown by 26.7%, and our gross profit has risen by 12.5%, as we have expanded our client base in both the public and corporate sectors and increased our share of wallet among existing customers.

"The Group has made strategic investments in personnel, internal systems, and new vendor accreditations to drive future growth and assist our customers in navigating the complexities of secure IT environments. Our strong relationship with Microsoft enables us to capitalise on exciting opportunities such as Copilot, Azure Virtual Solutions, and Business Apps. With continued demand for cloud adoption, backup, storage, and security solutions, these will be our key focus areas in 2024/25.

"Moving forward, through our passionate, talented, and experienced staff, we are well-positioned to continue providing high-quality licensing advice, technical support, and service delivery to meet our customers' needs. This will remain our defining USP."

Financial performance

£'million	Year ended 29 February 2024	Year ended 28 February 2023	% change year on year
Gross invoiced income (GII)¹	£1,823.0m	£1,439.3m	26.7%
Revenue²	£207.0m	£184.4m	12.3%
Gross profit (GP)	£145.8m	£129.6m	12.5%
Gross margin % (GP/Revenue)	70.4%	70.3%	
GP/GII %	8.0%	9.0%	
Operating profit	£56.7m	£50.9m	11.4%
Adjusted operating profit (AOP)³	£63.3m	£56.4m	12.2%
AOP/GP %	43.4%	43.5%	
Profit after tax	£46.9m	£40.4m	16.1%
Cash	£88.8m	£73.0m	21.6%
Cash conversion (current period)⁴	104.3%	84.3%	
Earnings per share (pence)	19.55	16.88	15.8%

Headline earnings per share (pence)	19.55	16.88	15.8%
Final dividend per share (pence)	6.0	5.1	17.6%
Special dividend per share (pence)	8.7	7.5	16.0%

Financial highlights

- GII increased 26.7% to £1,823.0 million (2022/23: £1,439.3 million). The exceptional level of growth was underpinned by strategically important contract wins in the public sector (most notably with the NHS and HMRC) and by continued demand from corporate customers.
- Revenue increased 12.3% to £207.0 million (2022/23: £184.4 million).
- Growth in GP of 12.5% to £145.8 million (2022/23: £129.6 million) supported by higher GP per customer of £24,400 (2022/23: £21,800).
- Operating profit increased by 11.4% to £56.7 million (2022/23: £50.9 million).
- AOP increased by 12.2% to £63.3 million (2022/23: £56.4 million); AOP as a percentage of GP has remained in line with the previous year at 43.4% as we continue to invest in the business.
- Growth in profit after tax of 16.1% to £46.9 million (2022/23: £40.4 million), with high levels of interest income offsetting the impact of the rise in the corporation tax rate from April 2023.
- Earnings per share increased 15.8% to 19.55 pence (2022/23: 16.88 pence).
- Full-year cash conversion of 104.3% reflects strong cash collection from customers and in line with our annual target of 100%, an increase over the 84.3% achieved in 2022/23 and resulting in closing cash of £88.8 million (2022/23: £73.0 million).

Final and special dividend

- The Board proposes a final dividend of 6.0 pence per share and a special dividend of 8.7 pence per share.
- The final dividend represents a 17.6% increase over last year's payment, reflecting the strong growth in adjusted profit after tax, and takes the full-year dividend to 8.7 pence per share, an increase of 16.0%.
- The special dividend has been increased by 16.0%, therefore matching the increase in the full year dividend.

Operational highlights

- Customers that traded with BTG last year contributed 97% of our GP this year (2022/23: 96%), at a renewal rate of 109%.
- BTG committed to allocate Copilot licenses across 63% of internal staff (100% of sales and marketing teams) following the successful trials held in H2 2023/24.
- Increased headcount in the year by 13.7% to 1,057 (2022/23: 930) in order to meet high levels of customer demand; particular focus on bolstering sales and service delivery teams, including net new 72 sales heads.
- Continued expansion of our physical footprint with the opening of a London office in March 2023.
- Bytes Software Services awards in 2023 included Mimecast VAR Customer Excellence Partner of the Year, Forcepoint Partner Excellence Award, Rubrik Top Growth Partner of the Year, Checkpoint Cloud Partner of the Year, CyberArk Commercial Partner of the Year, and Tenable Growth Partner of the Year.
- Phoenix Software awards in 2023 included Microsoft Global Modern Endpoint Management Partner of the Year, VMware Winner of the Industry Award, Veeam Public Sector Partner of the Year, Druva International Partner of the Year, Sophos Public Sector Partner of the Year (EMEA North), and Adobe Best Retention Program Award.
- Both Bytes Software Services and Phoenix Software named among the UK's top 50 Best Workplaces 2024 in the Large Company category. This is in addition to both being listed by Great Places in the Tech, Women and Wellbeing categories for 2023.

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 judgement to determine whether the Group is acting as principal or agent in performing its contractual obligations. Revenue in respect of contracts for which the Group is determined to be acting as an agent is recognised on a 'net' basis (the gross profit achieved on the contract and not the gross income billed to the customer). Our key financial

metrics of gross invoiced income, gross profit, adjusted operating profit and cash conversion are unaffected by this judgement.

³ 'Adjusted operating profit' is a non-IFRS alternative performance measure that excludes from operating profit the effects of significant items of expenditure that do not reflect our underlying operations. Amortisation of acquired intangible assets and share-based payment charges are both excluded on this basis. 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.

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 6.0 pence per share. The aggregate amount of the proposed dividend expected to be paid out of retained earnings at 29 February 2024, but not recognised as a liability at the end of the financial year, is £14.4 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 8.7 pence per share, equating to £20.9 million. If approved by shareholders, the final and special dividend will be payable on Friday, 2 August 2024 to all ordinary shareholders who are registered as such at the close of business on the record date of Friday, 19 July 2024.

The salient dates applicable to the dividend are as follows:

Dividend announcement date	Thursday, 23 May 2024
Currency conversion determined and announced together with the South African (SA) tax treatment on SENS by 11.00	Monday, 15 July 2024
AGM at which dividend resolutions will be proposed	Thursday, 11 July 2024
Last day to trade cum dividend (SA register)	Tuesday, 16 July 2024
Commence trading ex-dividend (SA register)	Wednesday, 17 July 2024
Last day to trade cum dividend (UK register)	Wednesday, 17 July 2024
Commence trading ex-dividend (UK register)	Thursday, 18 July 2024
Record date	Friday, 19 July 2024
Payment date	Friday, 2 August 2024

Additional information required by the Johannesburg Stock Exchange:

1. The GBP:ZAR currency conversion will be determined and published on SENS on Monday, 15 July 2024.
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 Thursday, 23 May 2024, being the declaration announcement date of the dividend, the company had a total of 240,361,243 shares in issue (with no treasury shares).
5. No transfers of shareholdings to and from South Africa will be permitted between Monday, 15 July 2024 and Friday, 19 July 2024 (both dates inclusive). No dematerialisation or rematerialisation orders will be permitted between Wednesday, 17 July 2024 and Friday, 19 July 2024 (both dates inclusive).

Current trading and outlook

In 2023/24, we performed strongly, continuing our trend of double-digit growth across all key financial metrics. Whilst we operate in highly competitive markets amidst challenging macroeconomic conditions, by nurturing our customer relationships, extending our strong vendor partnerships, and leveraging the technical and commercial skills of our teams, we remain confident in our ability to succeed and make further progress in 2024/25.

Analyst and investor presentation

A presentation for sell-side analysts and investors will be held today at 9:30am (BST) via a live video webcast that can be accessed using the link:

<https://stream.brrmedia.co.uk/broadcast/66321bc93d21e42c1c32c267>

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

Enquiries

Bytes Technology Group plc

Sam Mudd, 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/2024/jse/isse/BYIE/FY24_SENS.pdf and is also available on our website <https://www.bytesplc.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, security, and AI products. The Group enables effective and cost-efficient technology sourcing, adoption and management across software services, including in the areas of security and the cloud. It aims to deliver the latest technology to a diverse range of customers across corporate and public sectors and has a long track record of delivering strong financial performance.

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

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