

18 March 2024

Bytes Technology Group plc
Update on investigation into resignation of
former Chief Executive Officer ("CEO")

Bytes Technology Group plc ("BTG", "the Company" or "the Group"), one of the UK's leading software, security and cloud services specialists, provides the following update on the Board's investigation into the circumstances related to the resignation on 21 February 2024 of BTG's former CEO, Neil Murphy.

In a separate announcement today, the Company provides a scheduled trading update on its financial performance in the year ended 29 February 2024, a record year for the Group.

Circumstances around Mr Murphy's resignation

Mr Murphy's resignation was prompted by a voluntary request for information ("RFI") from the Financial Conduct Authority ("FCA"), which was sent to Mr Murphy on 14 February 2024. The RFI indicated that Mr Murphy may have conducted additional transactions that were not disclosed to the market or the FCA since the Company's IPO. Mr Murphy informed the Board that he would share his draft response to the FCA's inquiries at a scheduled Board meeting on 21 February 2024. However, on the morning of this meeting, Mr Murphy unexpectedly resigned with immediate effect, indicating that he had failed to make disclosures related to his share dealings, and this was announced by the Company on the same day.

As subsequently notified to the Company and announced on 23 February 2024, it transpired that Mr Murphy had engaged in unauthorized and undisclosed trading of the Company's Ordinary Shares on 66 trading days between 6 January 2021 to 10 November 2023, totalling 119 transactions. This revelation came as a shock to the other Board members, especially considering the Company's previous investigation during 2023 into an unrelated share dealing disclosure matter (as further described below) which had clearly highlighted to all Board members the importance of absolute accuracy and transparency in all matters related to share dealings by directors, PDMRs, and persons closely associated with them ("PCAs").

Subsequently, on 12 March 2024, Mr. Murphy's lawyers provided the Company with additional information outlining 15 additional transactions on 10 different trading days conducted by Mr Murphy on behalf of his wife, between 29 December 2021 and 20 November 2023. The Company disclosed this information to the London Stock Exchange (LSE) and Johannesburg Stock Exchange (JSE) on 13 March 2024. Additionally, on 12 March 2024, Mr. Murphy, through his legal representatives, reiterated that there were no further relevant transactions.

Given Mr Murphy's longstanding leadership position in the Company, the Board of Directors is saddened as well as shocked by Mr Murphy's actions, which it finds hard to comprehend. His actions were entirely at odds with the values of openness, honesty, and transparency which have been and which remain central to the Group's culture and to its ongoing success.

Revised Director's Shareholding information

As a result of these undisclosed trades, BTG is aware that each Annual Report and Accounts for the three years ended 28 February 2021 (FY21), 28 February 2022 (FY22) and 28 February 2023 (FY23) had incorrect Directors' Shareholding disclosures for Mr Murphy despite him having represented those disclosures to the Company and the Group's Auditors, Ernst & Young LLP ("EY") as part of the External Audit. Taking all the disclosed and undisclosed transactions known by the Company to date into account in respect of Mr Murphy and his wife, the Company has produced the following reconciliations to the previously announced PDMR notifications issued by the Company in respect of Mr Murphy and the disclosed positions in the FY21, FY22 and FY23 Annual Report and Accounts. Mr Murphy, through his lawyers, has been provided with the Company's reconciliations and has confirmed that the information is correct and there are no other transactions that need to be considered.

Neil Murphy's PDMR announcements

Date	PDMR announcement holding	Announced change in holding	Intervening undisclosed trades	Revised holding (unaudited)	Note	Disclosed vs Revised
17-Dec-20	4,190,941	-	-	4,190,941		-
14-Jan-22	3,690,941	(500,000)	235,085	3,926,026	1	(235,085)
06-Jan-23	3,735,424	44,483	93,322	4,063,831	2	(328,407)
01-Feb-23	3,786,218	50,794	(63,740)	4,050,885	2	(264,667)
22-Mar-24	3,886,218	(50,000)	200	4,131,814	3	(245,596)

22-Jun-23	2,836,218	(950,000)	326	3,101,211	2	(264,993)
27-Nov-23	2,890,218	54,000	(264,993)	2,890,218		-

Annual Report Disclosures

FY	Disclosure date	Disclosed holding	Total undisclosed trades	Revised holding (unaudited)	Note	Disclosed vs Revised
FY21	28-Feb-21	4,190,941	8,852	4,199,793		(8,852)
FY22	28-Feb-22	3,690,941	267,421	3,958,362	1	(267,421)
FY23	28-Feb-23	3,786,218	264,667	4,050,885	2	(264,667)

Notes

Of Mr Murphy's revised holding:-

1. as at these dates, 6,556 Ordinary Shares were beneficially owned by his wife, Alison Murphy.
2. as at these dates, 14,992 Ordinary Shares were beneficially owned by his wife, Alison Murphy.

The Company is cooperating fully with the FCA and provided a response to FCA's RFI on 9 March 2024 that pertains to the Company's processes and procedures and will respond to any further requests to assist the FCA in a timely manner.

Previous investigation during year ended 29 February 2024 ("FY24")

Earlier in FY24, the Board undertook an externally facilitated review of the circumstances relating to a share purchase by a PCA of former non-executive director Alison Vincent not being notified to the Company. The Board has since implemented the recommendations from that investigation.

On 14 July 2023, the Company issued a notification to the market detailing a purchase of 608 ordinary shares by a PCA of Alison Vincent that had taken place on 29 March 2022. The Company was not properly notified of the full details of this trade until 30 May 2023. At that time, the Company did not issue a notification to the market regarding this trade as the value of this PCA transaction fell below the de minimis threshold of EUR 5,000 under Article 19(8) of the Market Abuse Regulation (EU) 596/2014, which is part of English law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR"). At the Company's Board meeting on 11 July 2023, the Board confirmed that the Company's Securities Dealing Code did not include this de minimis exclusion and its policy was to disclose all PDMR Dealings notified to the Company to the market via RNS. The Company then issued the 14 July 2023 RNS.

The Board also noted that: (i) the transaction had occurred during a Company Closed Period (but not in a Closed Period under UK MAR and not at a time where any Inside Information existed) and it was the Company's policy under its Securities Dealing Code that PDMRs are required to notify their PCAs of Company Closed Periods and take steps to prevent them dealing in such periods; and (ii) the Directors' Shareholding information in the FY22 and FY23 Annual Report and Accounts for the years was incorrect with respect to the shareholding of Alison Vincent and her PCAs.

To establish the root cause of these issues and make recommendations for improvement, the Board appointed an independent committee of the Board. The committee engaged PwC to undertake independent investigative work to establish the facts of what had happened and to advise whether the FY22 or FY23 Annual Report and Accounts would need to be revised. Furthermore, Travers Smith LLP, the Company's external legal counsel, provided advice as to whether certain regulations had been breached. Both firms were asked to make recommendations for improvement in the Company's corporate governance and PDMR share dealing processes. The committee also engaged with EY, the Company's external auditors, in respect of the incorrect disclosure in the Directors' Remuneration Report on the Directors' shareholdings in the FY22 and FY23 Annual Reports.

The committee completed its work in early October 2023. The conclusion of its investigation was that the FY23 Annual Report and Accounts did not need to be reissued. There will be a prior year adjustment to the Directors' shareholdings table in this year's Directors' Remuneration Report and recommendations from the committee provided by both PwC and Travers Smith have been implemented and the Company is maintaining records of ongoing activities to monitor progress.

Throughout this investigation, it was emphasised with great clarity to all Directors and PDMRs that any share dealings involving the Company's shares must be reported to the Company. At no time during the period from 14 July 2023 to 20 February 2024 did Mr Murphy disclose to the Board his own nor his PCA's incorrect shareholding position in the FY21, FY22 and FY23 Annual Report and Accounts.

Current investigation

The Board has now appointed another independent committee of the Board to investigate the resignation of Mr Murphy and his undisclosed share transactions that were not in accordance with the Company's Securities Dealing Code. PwC and Travers Smith are advising the committee. The outcome of the committee's investigation will be shared with EY, the external auditors, in the context of their current year Audit. The independent committee will work with the Audit and the Remuneration Committees to ensure the proper disclosures are made, and a further prior year adjustment made, to the Directors' shareholdings table in this year's Directors' Remuneration Report.

Once the committee has completed its investigation and reported to the Board, the Company will be able to provide a date for the release of its preliminary results for FY24. It is currently envisaged that this will be in late May or early June 2024.

End

Bytes Technology Group plc

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About Bytes Technology Group plc:

BTG is one of the UK and Ireland's leading providers of IT software offerings and solutions, with a focus on cloud and security products. The Company enables effective and cost-efficient technology sourcing, adoption and management across software services, including in the areas of security, cloud and AI solutions. It 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 Company 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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