



**A BETTER BT
FOR ALL OF US**



From the hardest-to-reach communities to the busiest cities, people, business and society rely on BT in the moments that matter. We're building next-generation networks faster and further, connecting the country and accelerating progress so everyone can thrive in a digital world. Focused on the UK, we're investing, innovating and upskilling – creating a better BT for all of us.

WE CONNECT FOR GOOD



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The Board approved this **Strategic report** on 20 May 2026. The Chairman signed on behalf of the Board.

Adam Crozier
Chairman
20 May 2026

-  You can find our **cautionary statement on forward-looking statements** on page [228](#).
-  Pages [2](#) to [72](#) are the **Strategic report**. It includes our business model, progress against our current strategic priorities, our key performance indicators, group performance and our principal risks and uncertainties.
-  You can find our **Corporate governance report** on pages [73](#) to [119](#). It includes the Report on directors' remuneration and the Directors' report.

When we say 'BT Group' and 'the group' in this document we mean BT Group plc – made up of our subsidiaries, customer-facing units and internal corporate functions. When we say 'FY26' we mean the financial year that ended on 31 March 2026, and we use the same approach for any other years.

How we've done

Revenue

£19.7bn (3)%
(FY25: £20.4bn)

Profit before tax

£1.4bn 8%
(FY25: £1.3bn)

Adjusted^a EBITDA

£8.2bn —%
(FY25: £8.2bn)

Cash flow from operating activities

£7.0bn 1%
(FY25: £7.0bn)

Normalised free cash flow^b

£1.5bn (6)%
(FY25: £1.6bn)

Basic earnings per share

11.0p 2%
(FY25: 10.8p)

Capital expenditure

£5.1bn 6%
(FY25: £4.9bn)

Look out for these throughout the report

-  Reference to another page in the report
-  Reference to further reading online

^a Adjusted EBITDA is group profit or loss before specific items, net finance expense, taxation, depreciation and amortisation and share of post-tax profits or losses of associates and joint ventures. See page [227](#).
^b We define normalised free cash flow on page [226](#).

A message from our Chairman

A YEAR OF PROGRESS



Over the past year, we have continued to make strong progress against a clear strategy, strengthening our leadership, investing for the long term, and delivering for customers, colleagues, shareholders and the country in a demanding and highly competitive environment.

Adam Crozier/Chairman

Another year of strategic progress

This year, BT has continued to make solid progress against a clear strategy, in a demanding and highly competitive environment, reflected in continued investor confidence. We are investing for the long term, strengthening our leadership, and delivering for customers, colleagues and owners – while continuing to play a vital role for the country.

The Board is encouraged by the clarity of the strategy, the momentum of transformation, and the focus on delivery.

Creating long-term value

BT is investing more in UK digital infrastructure than any other business. Between 2020 and 2030, we expect to invest more than £40bn in the country, supporting jobs, productivity and long term economic growth.

Looking ahead, we are reiterating our expectation of a cash flow inflection to around £2bn in FY27, rising to around £3bn by the end of the decade. Delivering this improvement in cash flow is central to our long term value creation plans and underpins confidence in BT's future.

Reflecting the year's delivery, the Board has proposed an increased full-year dividend of 8.32 pence per share. This reflects our continued confidence in the business and our commitment to balancing investment for long-term growth with returns to shareholders.

The Board also monitors shareholder returns closely. Our priority remains to improve returns over time through consistent execution, stronger customer outcomes and growing, sustainable cash generation. We are seeing this reflected in our share price performance this year.

Connecting for good

Our purpose, to connect for good, is central to how BT operates and how the Board considers long term value. It reflects BT's role in supporting national resilience, helping to close the digital divide, embedding sustainability into the business and maintaining trust in the networks people rely on every day.

As we become the UK's most trusted connector, we play an important role in enabling people to access digital services confidently and safely, with plans to reach more people and businesses by the end of the decade.

BT also continued to make progress on its climate transition plan – cutting operational emissions, electrifying our fleet, managing Scope 3 emissions and working towards a circular economy. This is strengthening our resilience and reducing our environmental impact.

Successful stakeholder relationships

We continue to engage closely with government on the role our networks play in supporting economic growth, productivity and inclusion across the UK. Our investment is enabled by the greater fiscal and regulatory certainty provided over the past year – including the 2025 Budget, the Mobile Market Review and Statement of Strategic Priorities. BT welcomed the Chancellor's support of our plans to build fibre to 30 million premises and 5G+ to 99% of the population.

We're proud to lead the industry on pricing fairness, transparency, clarity, and value, and we're calling for the whole industry to do the same. This year we signed the Government's Pricing Charter in support of this.

We also led the way on fraud prevention, protecting customers from emerging threats and signing the Second Telecoms Sector Fraud Charter.

And as we support all customers to move away from outdated networks, we signed the Fixed Telecoms Modernisation Safeguards and Ceasing Charter – working to ensure we are following the right safeguarding principles for this national upgrade.

We maintain an open and transparent relationship with the regulator. Ofcom's work, including its Telecoms Access Review, provides important clarity for the sector. The Board remains focused on ensuring BT operates fairly, responsibly and in the best interests of customers.

Beyond this, BT is proud to work with customers, partners, suppliers and communities across the country every day. Whether it's supporting businesses large and small, working with technology partners, or helping people build digital skills, BT continues to play a unique role in the UK's digital economy.

Board changes

Strong governance underpins effective delivery of strategy. The Board has worked closely with Allison Kirkby and the *Executive Committee* during the year to ensure BT has the leadership, skills and focus needed for the next phase of delivery.

We welcomed representation from our major shareholder, with Sunil Bharti Mittal and Gopal Vittal appointed to the Board as Non-Independent, Non-Executive Directors.

The Board continues to benefit from a balanced mix of skills, experience and perspectives, including strong female representation. We remain focused on effective oversight, clear accountability and supporting management to deliver the strategy at pace.

A focus on the future

The year ahead is about accelerating delivery. The strategy is clear, the leadership team is in place, and execution will be critical in a highly competitive market.

We look forward to welcoming Patricia Cobian in the summer, when she joins BT as Chief Financial Officer and a member of the *Executive Committee*, succeeding Simon Lowth, who leaves behind a significant legacy of leadership and contribution to BT.

We will continue to evolve how the Board supports delivery of the strategy. This will include new Board working groups focused on workforce and technology transformation, reflecting how critical both are to future execution and long term competitiveness.

In line with this evolution, oversight of responsible business delivery will move from a standalone committee to being embedded into the Board's regular reviews of strategy and performance. This will govern our progress against an expanded digital inclusion goal, to reach 30 million people and businesses with digital skills, tools and support by 2030.

From FY27, we intend to update BT's dividend policy to show our commitment towards increasing returns to shareholders and to reflect the increasing cash flows we expect BT to generate in the coming years. The Board has adopted a new policy to grow the dividend per share by a low to mid single-digit percentage each year in FY27 and onwards until we reach metrics consistent with a BBB+ credit rating. Beyond that point, we'll make residual cash flow available to support enhanced shareholder distributions. This approach provides greater clarity for shareholders while meeting commitments to the pension fund, maintaining a strong balance sheet and preserving flexibility to invest for long-term growth.

Finally, on behalf of the Board, I would like to thank all our people across BT for their hard work and commitment during the year. BT's progress depends on their skill, service and determination, and we are grateful for the way colleagues continue to deliver through significant change.

Despite a challenging external environment, the Board looks ahead with confidence. BT has a vital role to play for the UK and, with the assets, strategy and momentum we have built, we remain focused on delivering for customers, shareholders and the country, as we create a better BT for the future.

Adam Crozier
Chairman
20 May 2026

A message from our Chief Executive

A BETTER BT FOR ALL OF US



At BT, we connect for good. Our networks have been trusted to keep Britain connected for 180 years. We're not just part of the fabric of the nation; we're its digital backbone.

Allison Kirkby/Chief Executive

No one is building digital infrastructure faster or further than BT, connecting and protecting the country and accelerating the UK's modernisation. This is a huge responsibility for all of us across the company, and it's this sense of purpose that drives us forward.

Our ambition is clear – to become the UK's most trusted connector of people, business and society. And it could not be more relevant in today's world, especially considering the pace of technological change and the role our networks play. At BT, we're proud to underpin almost every aspect of modern life and work – and to be at the heart of the country's tech and therefore growth agenda.

Last year, we set out our refreshed and more focused strategy for long-term value creation and growth, to create a better BT for all of us: our customers, our colleagues, the country and our owners.

To enable this growth, our strategy is focused on three things:

- First, building the best, most trusted, digital networks;
- Second, connecting customers, so they thrive, as we grow, in a digital world;
- And third, accelerating our modernisation, to restore BT's leadership in everything we do.

Solid progress in the year

As I reflect on the progress we have made, it's been another year of strong delivery against our strategic priorities in what remains a very competitive market with complex economic challenges. I'm immensely grateful for the dedication of our people, the loyalty of our customers, and the sustained support of our owners as we continue this once-in-a-generation upgrade of the UK's infrastructure, and the modernisation of one of the country's most important institutions.

Highlights include:

- We hit the accelerated full fibre build target we announced this time last year; Openreach full fibre now passes more than two thirds of the country's homes and businesses.
- Our mobile network kept winning quality awards, and by a wide margin.
- Across BT, our customer satisfaction increased to an all-time high.
- Our Consumer division grew the number of customers across all its core products, as we use all our retail brands to become more relevant for more households.
- Our transformation continued ahead of plan, more than offsetting headwinds.
- We are increasingly a simpler, more UK-focused business having sold five non-core international businesses and carved out BT International.
- All of this, and much more, meant we delivered on our financial guidance for the year and adjusting for divestments, we grew EBITDA, keeping us on track for the cashflow inflection we have promised.

Build

Building the best, most trusted digital networks

BT is building the UK's digital backbone – faster, further and more efficiently than anyone else. Whether it's full fibre, 5G+, our five million public Wi-Fi hotspots or new partnerships in areas like satellite, we're innovating to provide a more seamless connectivity experience for everyone, at a national scale. Our network infrastructure is intelligent and built for the future: secure and resilient, safe and, where it's needed, sovereign by design.

Full fibre is the UK's most reliable broadband technology. Ours is a wholly owned full fibre platform, and will become the largest overall in Europe by the end of 2026. FY26 was another record-breaking year for our Openreach full fibre build and connections. We now reach 23 million homes and businesses (more than two thirds of the UK) and already connect more than 8.8m of them.

In mobile, we extended our clear network leadership even further, with EE awarded the UK's best mobile network in three separate awards. We also brought 5G+ to 73% of the population and extended our 5G footprint to reach 90.5%. From boosting mobile capacity in the busiest urban areas to becoming the first operator to switch on mobile coverage in some of the hardest-to-reach areas across the UK, our connectivity is transforming lives, work and communities, and fuelling local economies.

A message from our Chief Executive (continued)

We support more businesses than any other network and connect more homes than anyone else.

Connect

Connecting customers so they thrive, as we grow, in a digital world

Of course, building the best networks alone is not enough. To make it easier and safer for everyone to live and work in an increasingly complex and more digital age, it takes the best brands, products, services and technology solutions.

Across BT, we support more businesses than any other network and connect more homes than anyone else. We make these connections through four trusted brands: BT, EE, Plusnet and Openreach. Each of our brands means different things to different people – and in FY26 we grew customer satisfaction across all of them, as we saw increased demand for our next-generation networks and products.

In our Consumer division it was a year of firsts. We became the first major mobile network to launch under 18s smartphone plans – Safer SIMs – designed to support young people at different stages of their digital development. EE became the first major provider to offer WiFi 7 smart hub tech as standard across all full fibre plans. And as we use all three of our retail brands – BT, EE and Plusnet – our Consumer division increased the number of customers they serve across mobile, broadband and TV for the first year in eight. More than half of our broadband customers are now on full fibre, and we also increased the share of our homes that take more than one service from us (now up to 27%).

In Business, we led the way on digital sovereignty, introducing the UK's first end-to-end suite of sovereign services to help UK private and public sector customers enhance their security in the face of growing geopolitical instability. We made significant wins in the public and private sectors including BAE Systems, NIE Networks, and easyJet; and partnerships with Nscale and CrowdStrike.

And for smaller businesses, we launched BT Business Antivirus Detect and Respond: bringing the same AI-powered cyber security trusted by the world's biggest companies to smaller businesses.

Through an investment of over £8m, 27 of our retail stores across the UK were transformed to become experiential stores during the year. This will enable more people to get hands-on with the latest connected tech and find out how it can enhance their lives. We also introduced business experts into all 400 of our high-street premises across the UK to provide face-to-face support at community level.

And we continue to support customers to innovate and compete. This year we were appointed the official technology supplier for Emirates Great Britain SailGP – using two dedicated slices of our 5G+ network: one to keep fans connected to the event experience and another to ensure seamless operations for organisers behind the scenes. We also deepened our partnerships with the world's leading tech brands. Whether that's with Apple, Samsung, Cisco, Meta, Qualcomm and Google to bring the latest products to our customers, with Ericsson and Nokia to expand AI in our networks, with Microsoft, NVIDIA, Amazon, ServiceNow and Salesforce to improve the way we work, or with CrowdStrike and Norton to protect our customers with advanced cyber security. This year we also announced an agreement with Starlink to bring satellite connectivity to BT and EE consumer broadband customers in the hardest-to-reach locations.

Accelerate

Accelerating our modernisation, to restore leadership in everything we do

We are keeping up the pace on our modernisation and transformation, so that we become a simpler, more agile, digital and better BT.

This year we continued to sharpen our focus on the UK – completing all non-core divestments internationally. Having carved out BT International with new leadership, we're moving rapidly to reshape it as a next-generation, asset-light telco platform business.

We are diligently addressing our cost base, quarter on quarter, year on year. This year we closed two legacy networks, made even more progress with customer migrations and further simplified our IT estate. We are delivering ahead of plan on the £3bn transformation programme we announced two years ago, while boosting our resilience and setting us up for the future. This has enabled us to raise our overall transformation plan target to £3.7bn from £3.0bn extending the programme by one year to FY30.

Our transformation programme is not just about cost. It is fundamentally improving how we operate, with simpler processes, better ways of working and the early benefits of AI starting to come through. We completed the Better Workplace programme, our UK office transformation plan, with the opening of our flagship new Manchester office. This brought to a close the multi-year upgrade which has seen us consolidate our office spaces from around 300 to closer to 30 key locations nationwide. In addition, thousands of colleagues are now benefiting from our AI Mastery Programme, giving them the skills, confidence and opportunity to use AI in their everyday work.

3million

customers moved away from the legacy Public Switched Telephone Network to date

To date we have moved more than three million UK households to digital landlines, providing a safer, more reliable service ahead of the closure of the outdated copper-based Public Switched Telephone Network in January 2027 – alongside dedicated support for vulnerable people and Critical National Infrastructure customers. The move away from inefficient legacy networks has helped us reduce energy usage in our networks by 6%, saving costs as well as reducing our impact on the environment.

Of course, connections must come with capability – with all of us ready to get the most out of digital services at home and at work. Over the last decade, our work to close the digital divide has supported many millions of older people, those at the beginning of their career and small business owners with free digital skills training.

Our partnership with AbilityNet is a great example: taking free support directly into communities, creating safe, welcoming spaces where people can build confidence at their own pace. Together, we've supported nearly 20,000 over-65s with free training, with over 11,500 benefitting from the courses in the last year alone.

We're also protecting against growing online threats and changing risks in a digital world – blocking four million scam attempts per day, leading the industry on fraud prevention and defending people and businesses from cyber criminals (who scan individual devices more than 4,000 times a day looking for a way in).

The people behind BT

Our people are the beating heart of BT, from our front-line guides to our field engineers, those in our office hubs to our BT family around the world. I'd like to say a big thank you to every one of our colleagues and partners who has worked together to contribute to the progress we are making as a company.

This year we began an ambitious, company-wide culture reset to embed a set of new behaviours across the business and bring all our colleagues together as 'One BT'. Having worked with our people on the behaviours that they believe will create a better BT for all of us, we are now building the habits that will make us show up as 'customer first challengers, who are committed, clear and connected'. Our new behaviours define what a united, ambitious, customer focused, culture looks and feels like, and our employee engagement is now at the highest it's been in recent years.

This year I welcomed new members to my leadership team. As part of a series of planned succession moves, Katie Milligan became CEO of Openreach, succeeding Clive Selley who became CEO of International, and Greg McCall became Chief Security and Networks Officer. We also welcomed Peter Leukert as Chief Digital Officer and Leslie McGibbon joined as Chief Corporate Affairs and Brand Officer.

Another year of strong delivery

To close, it's been another year of progress. We hit our ambitious fibre build target, extended our mobile leadership, grew the number of Consumer customers and households we serve, and drove up customer satisfaction across all our brands – all while exceeding our transformation objectives.

We took important steps to embed a new company-wide culture that is centred on delivering for our customers and our owners.

And since the year end, I'm excited to say that we have put BT and our colleagues back in the spotlight, with a suite of new products and services and our biggest campaign this decade – reigniting one of Britain's most iconic brands and celebrating our unique role in connecting, protecting and supercharging the UK.

Looking forward, we have plans to bring full fibre to 30 million UK homes and businesses, beyond the existing target to reach 25 million premises by the end of 2026. We will also expand 5G+ coverage to 99% of the population by Spring 2030. And we are now setting an expanded digital inclusion ambition: to reach 30 million people and businesses with digital skills, tools and support by 2030.

There is much more to do to realise BT's full potential, but as 'One BT' team we are laser focused on achieving it, and creating a better BT for all of us – our customers, our colleagues, the country and our owners.

Allison Kirkby
Chief Executive
20 May 2026

Executive Committee

The *Executive Committee* is chaired by the Chief Executive. So there is a single point of accountability, the Chief Executive (or a delegate) takes all the decisions.

The *Executive Committee* provides input and recommendations to help the Chief Executive:

- develop the group strategy and budget for Board approval
- execute the strategy once the Board approves it
- assure the Board on overall performance and how we're managing risks.

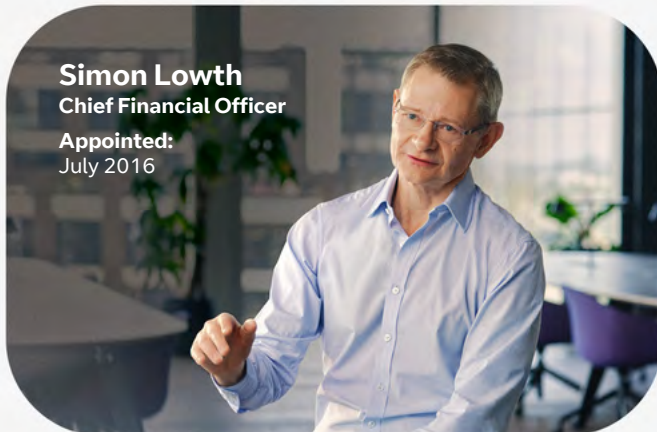
Allison Kirkby
Chief Executive

Appointed:
Chief Executive
February 2024.
Appointed to the
Board March 2019



Simon Lowth
Chief Financial Officer

Appointed:
July 2016



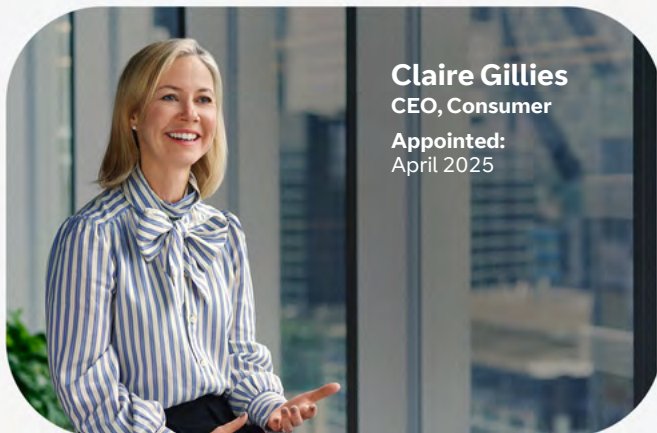
Sabine Chalmers
General Counsel,
Company Secretary and
Director Regulatory Affairs

Appointed:
General Counsel
April 2018. Appointed
Director Regulatory
Affairs and Company
Secretary in May
and September 2021
respectively



Claire Gillies
CEO, Consumer

Appointed:
April 2025



Jon James
CEO, Business

Appointed:
April 2025



Peter Leukert
Chief Digital Officer

Appointed:
September 2025



Greg McCall
Chief Security and
Networks Officer

Appointed:
January 2026

Leslie McGibbon
Chief Corporate Affairs
and Brand Officer

Appointed:
December 2025

Tom Meakin
Chief Strategy and
Change Officer

Appointed:
November 2024

Clive Selley
CEO, International

Appointed:
April 2026

Alison Wilcox
Chief People &
Culture Officer

Appointed:
June 2025

Katie Milligan
CEO, Openreach

Appointed:
April 2026
Under the provisions of the
Commitments, Openreach's
CEO cannot be a member of
the *Executive Committee*.
Katie attends *Executive
Committee* meetings
as appropriate

Key changes

The following changes to the *Executive Committee* took place during the year:

- Peter Leukert joined as Chief Digital Officer
- Leslie McGibbon joined as Chief Corporate Affairs and Brand Officer
- Howard Watson stood down as Chief Security and Networks Officer on leaving BT Group
- Greg McCall was appointed as Chief Security and Networks Officer
- Athalie Williams stood down as Chief People & Culture Officer on leaving BT Group
- Alison Wilcox joined as Chief People & Culture Officer
- Bas Burger stood down as CEO, International on leaving BT Group
- Clive Selley stood down as CEO, Openreach and became CEO, International
- Katie Milligan was appointed as CEO, Openreach succeeding Clive Selley
- We have also announced that Patricia Cobian will join the *Executive Committee* on 20 July 2026 as Chief Financial Officer Designate and succeed Simon Lowth as Chief Financial Officer on 1 September 2026.

 You can find the biographies of the *Executive Committee* at bt.com/exco

Our business model

WE CONNECT FOR GOOD

WHO WE ARE

BT Group is a trusted connector of people, business and society. We build and run the country's largest fixed network and best mobile network.

We design, build, market, sell and support network access, connectivity and related products. We provide connectivity solutions that are essential to modern life – broadband, mobile, TV, networking, security and IT services.

We also offer handsets, network equipment, consumer electronics, gaming and insurance to help our customers connect, communicate, share, be entertained and do business safely and securely.

WHO WE CONNECT

We operate in retail and wholesale markets, delivering what our customers need through connectivity and curated solutions – working closely with our partners.

INDIVIDUALS AND HOUSEHOLDS

We help individuals and households do more. Our mobile, broadband, landline and entertainment services support our customers at home, at work and on-the-go.

We offer a range of propositions across our three brands: BT, EE and Plusnet. Consumers can select the brands, products and services that best suit their needs, from pay-as-you-go mobile plans, to full fibre broadband with cyber threat protection – all with a variety of financing options and support models.

PRIVATE AND PUBLIC SECTOR ORGANISATIONS

We support small and medium-sized businesses (SMBs) and larger private and public sector organisations. We help them operate securely and productively with connectivity, networking, cyber security, collaboration tools, cloud connectivity and cloud services.

Larger businesses and public sector customers typically buy managed solutions that help them protect, operate and grow, while driving their digital transformations.

COMMUNICATIONS PROVIDERS (CPs)

We provide regulated wholesale access to Openreach's fixed access network infrastructure to more than 700 CPs – including our own Consumer and Business units. CPs also buy various connectivity solutions from our Business unit.

HOW WE'RE CONNECTED

BT Group is made up of customer-facing units, technology units and corporate functions. We share resources across our networks, technology, colleagues and brands to deliver the best outcomes for our stakeholders. To meet UK regulatory requirements and uphold our commitments, Openreach operates independently.



openreach

CUSTOMER-FACING UNITS (CFUs)

Our four CFUs focus on distinct segments – each with unique priorities and needs. Together, they aim to provide standout customer experiences through tailored solutions which generate revenue and build trust.

Consumer

- Serves individuals and households with connectivity products and services.
- Provides 8.2 million broadband and 15.7 million mobile connections.
- Reaches 13.1 million households, which is more than 45% of all UK homes.

Business

- Serves businesses of all sizes, other CPs and public sector organisations with connectivity and additional solutions like cyber security.
- Supports almost 1 million private and public sector organisations and over 1,200 wholesale customers.

International^a

- Serves multinational customers with products and platforms to address the challenges and opportunities of AI-driven change.
- Two next-gen platforms, Global Voice and Global Fabric are designed to deliver secure, resilient communication and network services around the world to support customers' operations and growth.

Openreach

- Independently manages our fixed access network, connecting millions of UK homes, businesses, public sites and mobile towers.
- Leads the build of the UK's full fibre network, with 23 million premises passed.
- Operates the UK's largest wholesale broadband and Ethernet network, supplying network services to more than 700 CPs.

^a BT International was launched in July 2025 as a dedicated operation within BT Group

TECHNOLOGY UNITS (TUs)

Our TUs build, run and maintain our networks, platforms and digital assets – apart from the fixed access infrastructure which Openreach runs and commercialises. They modernise and secure our business through innovation and research & development (R&D).

Our two TUs are:

Digital: enables BT to meet customer and colleague needs by providing secure, sustainable IT and digital platforms on future proof technology.

Networks: designs, builds, runs and protects our mobile, core and global networks.

CORPORATE FUNCTIONS (CFs)

Our CFs operate at group level, setting direction and defining governance frameworks, ensuring we're aligned across our activities. They make us more efficient through centralised capabilities and shared services.

Our five CFs are:

Finance and Business Services; Strategy and Change; People and Culture; Legal, Regulatory Affairs, Compliance and Company Secretariat; Corporate Affairs and Brand.

Our business model (continued)

THE UK'S MOST TRUSTED CONNECTORS

 Read more about our ambition on pages 18 and 19



Connecting,
protecting and
supercharging
the UK.

Across BT, we support more businesses than any other network and connect more homes than anyone else. We protect the UK from cyber threats daily, and supercharge the country with digital skills, services and tech leadership that helps us all thrive in a digital world.

 [Read more at bt.com](https://www.bt.com)



Straightforward
broadband at
straightforward prices.

Plusnet is laser-focused on delivering straightforward broadband that does what's needed to get connected – and stay connected. And all at straightforward prices. We're proud to do that in a way Plusnet customers love, making it a Which? Recommended Provider.

 [Read more at plus.net](https://www.plus.net)





The network that does more.

EE stays ahead so its customers can too. From being the first to launch innovations like 5G and WiFi 7, to rolling out next-gen 5G+ on the UK's Best Network.

EE offers family plans, tools and tech to help families manage their time online with WiFi Controls and Safer SIMs. And we provide great ways to bring connectivity services together for better value with EE One.

 [Read more at ee.co.uk](https://ee.co.uk)

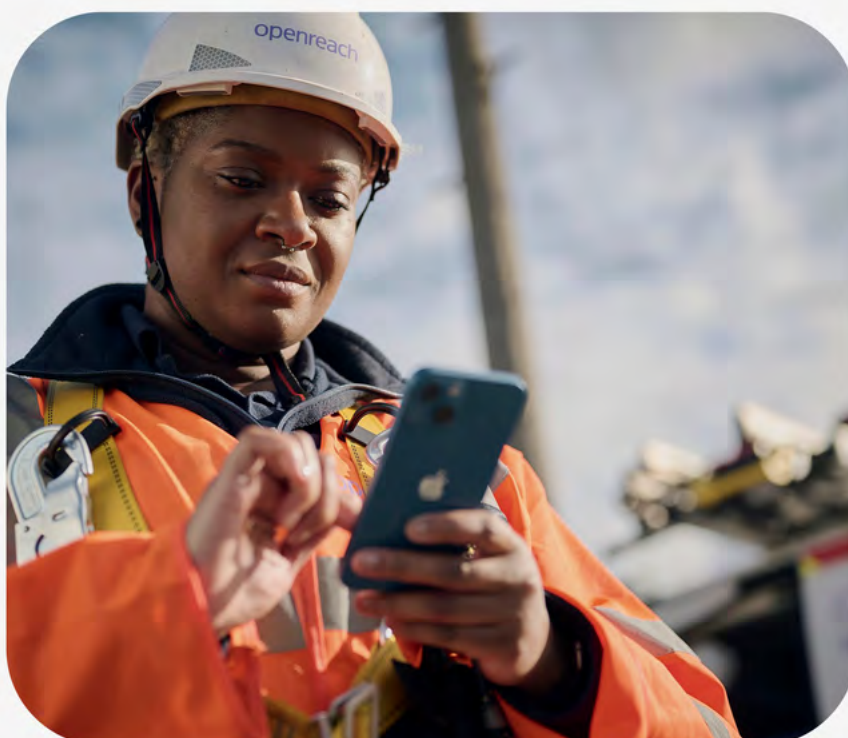
openreach

The people who make the net work.

Openreach builds and maintains the UK's largest wholesale broadband network – connecting homes, businesses and public services to the world.

Its mission is to build the best possible network with the highest quality of service, and make sure everyone in the UK can be connected.

 [Read more at openreach.com](https://openreach.com)



Our business model (continued)

WHAT SETS US APART

Our competitive advantage is built on the breadth and depth of our assets – our networks, customer relationships and brands – the deep network expertise of our colleagues, and our industry leadership. Rooted in our 180-year history as a national infrastructure provider, these strengths help us deliver for our customers, colleagues, owners and the country.

Unmatched national infrastructure

- Through Openreach we build, own and operate the UK's largest wholly-owned fixed network.
- Our goal is to be the UK's broadest, highest-quality full fibre network. With the fastest build rate in Europe, we've now passed 23 million UK premises with full fibre, and remain on track to reach our target of 25 million by the end of 2026. And, we recently shared our plans to extend full fibre to up to 30 million premises.
- Our mobile network has won three major UK 'best network' awards this year, and we continue to enhance coverage, performance, capacity and resilience.
- We now deliver 4G coverage to 99.8% of the population, enabled by our strong spectrum holdings and access to extensive base station infrastructure, and supported by our investment in the Shared Rural Network (SRN) initiative.
- Our 5G network now reaches 90.5% of the UK population, with 5G standalone (5G+) coverage of 73%, bringing even better reliability and performance to UK customers.

73%

5G+ population coverage



Customer reach and distribution at scale

- We have nearly 31 million consumer and business retail connections – reaching more than 45% of UK households, and almost one million private and public sector organisations.
- Openreach connects 20.5 million physical lines for more than 700 CPs, supporting a broad wholesale customer base.
- Our distribution scale allows us to serve customers how and where they choose – retail, digital or omnichannel – and helps us cross-sell across our portfolio.
- This scale also makes us an attractive partner, helping us deliver innovative solutions for consumers and businesses.



Well-established and trusted brands

- Our three retail brands, BT, EE and Plusnet, are known and loved across the UK, allowing us to build and maintain millions of customer relationships.
- In our Consumer unit, these three brands each have distinct positioning and products, giving individuals and households a range of offers to serve their diverse needs.
- In our Business unit, BT is our flagship brand for SMBs, larger businesses and public sector customers in the UK and globally.

13.1m

UK households connected across broadband, mobile and voice

700+

CPs connected by Openreach

Network engineering expertise and industry leading innovation

- Openreach provides industry-leading expertise in designing, building and operating fixed networks. Over 8,000 Openreach engineers are building full fibre across the UK at market-leading pace. This scale and experience enable us to deliver high quality full fibre build at low unit costs.
- Our mobile network engineering teams continue to roll out innovative network technologies to improve performance and capacity. For example, this year we became the world's first operator to deploy Advanced RAN Coordination (ARC) technology in our 5G+ network, enabling nearby mobile sites to share capacity and boost performance in high-traffic areas or at peak times.
- Our core fixed network is engineered and continuously scaled to support rising demand for high-bandwidth applications, maintaining reliable performance even during periods of peak usage such as live event streaming.

- We enable the next-generation technologies which are shaping the future of our industry, and translate them into innovative products and solutions to meet our customers' future connectivity needs. This year we invested £847m in R&D, and filed 82 patents, bringing our total portfolio to 5,434.

UK heritage and focus

- We have been moving the nation forward for 180 years. Our deep, long-standing role in delivering mission critical infrastructure has enabled us to build trusted relationships with customers, partners, and government.
- We continue to sharpen our focus on the UK market to provide the infrastructure and capabilities needed to support the UK's digital future.

Trends shaping our industry and business

WHAT'S CHANGING

Our industry and business are shaped by changes in customer behaviour, technology, regulation, and competition. Understanding these trends helps us seize opportunities as they emerge and respond quickly to risks.

Customers

Individuals, households and businesses continue to seek faster, more reliable, secure connectivity across more devices – wherever they are.

Consumers also want support to navigate the digital world, all at an affordable price with flexibility and control. Reflecting the impact of ongoing economic challenges, many are keeping their devices for longer – or often buying repaired or refurbished devices instead of new. More are also choosing SIM-only deals and buying SIM-free devices.

At the same time, consumers and businesses alike are placing greater emphasis on safety and security, and looking to digital tools to make life and work easier. Businesses continue to focus on boosting efficiency, strengthening resilience and future-proofing their digital infrastructure in the face of increasing geopolitical uncertainty. And as AI adoption scales, many are looking at digital sovereignty, seeking more control and assurance over data and cloud services.

These evolving customer needs give us clear direction: keep improving reliability and performance and help customers to stay secure and in control, at an affordable price.



Technology

The world keeps accelerating towards a digital, more connected future, powered by advanced connectivity, computing, and autonomous, data-driven systems. This gives our industry new opportunities for innovation and growth.

Consumers and businesses are increasingly adopting AI. Consumers are getting more comfortable using AI for service support, and to help them decide which products to buy. AI continues to transform how businesses operate. Many are redesigning contact journeys around AI-assisted agents and digital self-service. They're also embedding internal AI capabilities to boost productivity and customer engagement.

The availability of cloud-based services also continues to rise. Many companies are adopting multiple cloud services and software providers to support ever more data-intensive and AI-led workloads. With greater geopolitical uncertainty, businesses are also paying greater attention to the sovereignty of technology solutions. For CPs like us, AI is helping optimise network performance, predict maintenance needs, enhance customer service and boost efficiency.

Quantum technology is advancing. Operators and industry leaders are exploring ways of using it to enhance network resilience and secure-by-design capabilities, through technologies like quantum key distribution, post-quantum cryptography and quantum-safe communications. Supporting this digital future needs sustained investment and innovation in communications technology.

UK operators continue to build fixed and mobile infrastructure to meet rising customer demand for better connectivity with faster speeds, lower latency and more devices simultaneously connected.

Fibre to the premises (FTTP) / full fibre and 5G+ are the latest fixed and mobile technologies to support this demand. Openreach is leading the industry on full fibre rollout – approaching its target to pass 25 million homes and businesses by the end of 2026. We're also one of the most advanced UK providers of 5G+, and continue to expand coverage in line with our aim of reaching 99% of the population by the end of FY30.



Regulation

In the UK, we're subject to a range of regulatory regimes depending on the type of service we are offering. These include those administered by Ofcom, the CMA, the FCA, and the ICO. The *Audit and Risk Committee* oversees how we engage with regulators. We maintain good working relationships through meetings, responses to policy consultations, and providing data and information where required by law.

Ofcom is the sector regulator for connectivity services and networks. It remains focused on ensuring a competitive market, delivering orderly migrations to faster, more reliable services, and on facilitating positive consumer outcomes.

Competition

As technology evolves and entry barriers fall, new competitors are emerging. Traditional CPs are seeing competition from lower-cost entrants, especially from mobile virtual network operators (MVNOs) in mobile, and altnets in fixed.

In the mobile market, MVNOs can access MNO networks on a wholesale basis and operate asset-light models. Focusing on targeted propositions, MVNOs can compete strongly in niche or value-led segments.

In the fixed market, altnets are acquiring customers through discount-led propositions, and scaling quickly backed by substantial investment, driving short-term pricing pressure.

New entrants from other industries are also emerging. IT services firms, systems integrators and resellers now offer managed communications and network services to business customers, bundled with their core services. And, some non-telecom consumer brands now offer bundled mobile connectivity. Initiatives like One Touch Switch are making it easier for customers to move between providers.

Alternative connectivity solutions like satellite and fixed wireless access (FWA) continue to mature, offering an alternative to fixed connectivity in some contexts. But penetration remains comparatively low, as full fibre availability increases.

As the competitive landscape evolves, customers will favour providers that deliver high-quality, secure, reliable products and bundles, with great service, all at an affordable price.

Our deep insights and customer focus will help us stand out in the market, and meet customers' needs across all our brands with differentiated products and experiences.

Our strategic framework

This year marked the first full year of our refreshed strategy. It sets out bold and stretching ambitions for how we'll deliver for our stakeholders.

Why we're here

This guides everything we do. We help people, businesses and society harness technology to connect, improve lives and unlock potential without limits. We believe in the power of connection.

Who we'll become

To do this, we'll keep putting customers at the centre of everything we do. We aim to be trusted for tomorrow, not just today. We want customers and stakeholders to rely on us to anticipate and prepare for what will matter to them in the years and decades to come.

Where we'll play

We're building resilient networks that connect everyone in the UK – and we're always looking ahead to meet customers' future needs.

How we'll win

We're committed to delivering the best possible experience for our customers, through superior network performance and ongoing modernisation of our operations.

Delivering for all

We aim to create meaningful outcomes for all of our stakeholders – from continuing to earn the loyalty of our customers and empowering our colleagues, to generating positive impact across the UK and strong, sustainable returns for our owners.

Mid-term financial guidance

WE CONNECT FOR GOOD

The UK’s most trusted connector of people, business and society

Infrastructure

We are currently one of the biggest investors into UK infrastructure and will have invested more than £40bn into the country between 2020 and 2030. We’re building the country’s digital backbone faster and further – including record-breaking full fibre broadband and the UK’s best mobile network.

We have already brought full fibre to 23 million homes and businesses and have plans to reach 30 million. Our 5G+ mobile network now reaches 73% of the population, with plans to reach 99% by Spring 2030.

Connectivity

Across BT Group, we connect more UK homes and businesses than anyone else. We make these connections through four trusted brands: BT, EE, Plusnet and Openreach.

This allows us to serve the needs of individuals and households across a broad range of customer segments in Consumer, and provide tailored offerings for SMBs, larger businesses and public sector customers in Business. Openreach is a legally separate company, serving more than 700 CPs across the UK.

Solutions

We’re creating solutions for a changing connected world. We’re always innovating, bringing together new connectivity products with the latest technologies to meet all our customers’ evolving needs.

We also offer products that sit alongside our core services, like gaming, insurance, security and electronics for consumers. For businesses, we’re leading the way on new solutions such as cyber security, digital sovereignty and AI-powered tools, while continuing to make our core connectivity faster.

BUILD

the best, most trusted digital networks

Read more on page 20

CONNECT

customers so they thrive, as we grow, in a digital world

Read more on page 24

ACCELERATE

our modernisation to restore leadership in everything we do

Read more on page 28

Most satisfied and loyal customers	Most engaged and empowered colleagues	Positively impacting the country	Generating superior returns for our owners
Sustained UK service revenue growth	EBITDA growth ahead of revenue	NFCF CAGR c.20% to £3bn	

Progress against our strategic priorities

We're building the best, most trusted digital networks.

BUILD

FTTP

MAKING FULL FIBRE REACH FURTHER

Openreach engineers are proving no community is too remote to reach, with full fibre now available for over 1.9 million homes and businesses across Yorkshire and the Humber.

This includes Old Tithe Cottage, a remote rural retreat run by York Against Cancer for local people affected by cancer. Reliable connectivity now helps guests stay in touch with loved ones, access entertainment, manage appointments and feel less isolated – helping to create the calm, relaxing space the cottage was designed to provide.

1.9m

homes and businesses across Yorkshire passed with full fibre

MOBILE

MAKING FAST FEEL NORMAL

EE's 5G+ network now reaches nearly 73% of the UK population, and is set to reach 99% by 2030. We want to make fast, reliable mobile connectivity universal, not the exception.

This year, our 5G+ network powered some of the country's biggest sporting and musical moments. We helped make Wembley the first major UK sports venue with permanent 5G+, and enabled SailGP to use advanced network slicing to keep critical event operations running smoothly, even in the busiest environments.

99%

We aim to reach 99% 5G+ UK population coverage by the end of FY30

NETWORK DIFFERENTIATION

TWELVE YEARS
ON TOP

RootMetrics named EE the UK's best mobile network for the twelfth year running – a record-breaking twenty-fifth time in total^a.

The in-depth testing measures real-world performance in towns and cities across the country, assessing speed, reliability and overall experience. The award reflects our ongoing investment in our network's speed, reliability and coverage – and the benefits for the communities and businesses who rely on EE every day.

12

years as the UK's best mobile network

INNOVATION

TURNING FOOTFALL
INTO FORESIGHT

BT Active Intelligence provides aggregated, anonymised retail footfall data to the Office for National Statistics, to help show shifts in footfall activity across the UK.

Updated weekly and monthly, these insights – derived from processing 25 billion daily data points from EE's mobile network – help the Office for National Statistics (ONS) monitor short-term social and economic trends at both national and regional level. Used alongside other data, including traditional, survey-based statistics, this helps decision-makers respond to change with greater speed and confidence.

25_{bn}

data points from EE's mobile network processed daily



^a All rankings based on the RootMetrics® UK RootScore® Report: H2 2025. Tested at locations across the UK with the best commercially available smartphones on four national mobile networks across all available network types. Your experiences may vary. The RootMetrics award is not an endorsement of EE. Visit ee.co.uk/claims for more details.

Progress against our strategic priorities

Build (continued)

23m

UK homes and businesses
can now get full fibre

The best FTTP everywhere in the UK

We're deploying full fibre everywhere in the UK to provide exceptional network performance and fast, reliable, resilient connectivity.

This year we continued the rollout at pace – and at a low cost per premises. We passed 4.8 million more homes and businesses, meaning that 23 million UK premises can now get full fibre, including 6.3 million in rural and hard-to-reach areas.

We also announced our ambition to bring full fibre to up to 30 million UK homes and businesses. This goes beyond the existing target to reach 25 million premises by the end of 2026.

Demand for full fibre is high. Our take up rate of fibre services by our customers remains the highest amongst all major fibre providers, at more than 38%.

The best, most resilient mobile network

Our mobile network is the nation's best for reliability, consistency and performance.

RootMetrics' independent assessment found that EE is the UK's fastest and most reliable mobile network, and best 5G, video, and gaming provider. And with Umlaut naming EE as the best performing mobile network, we're now the highest-scoring UK operator in history.

We continue to boost coverage and performance across our mobile network. This year we expanded 5G+ coverage to reach 73% of the population, and announced our ambition to reach 99% by the end of FY30.

We also recently announced plans to make network slicing capabilities available to consumer and business customers nationwide later this summer. This will mark a step change in how people can depend on their mobile network, even at times of peak demand.

This year we also invested £13m in new high-capacity 5G spectrum in the 26GHz and 40GHz bands. This will enable us to use up to 1800MHz of mmWave spectrum bandwidth in future to boost network capacity and performance in some of the UK's busiest areas for mobile traffic. And also support new services like ultra-reliable high-performance private networks.

Umlaut award



Umlaut Connect named EE as the UK's best mobile network for the 11th consecutive year. After becoming the first UK operator to break the 900-point barrier, EE went even further, with a record score of 920. More than just an award, this recognition proves that our ongoing investment in network quality is delivering for customers.

11th

consecutive year as the
UK's best mobile network





Building full fibre, faster

Openreach, alongside BT Research, has developed a novel approach to deploying full fibre in direct-in-ground housing estates, designed to cut disruption, reduce costs, and accelerate rollout.

By combining slotcutting with trenchless robotics, using components designed in-house, the approach delivers a step change in efficiency. Productivity has increased by 150%, with the cost to build reduced significantly, allowing extended coverage of FTTP and helping to close the digital divide.

The new method also reduces waste and lowers carbon impact. Its impact has already been recognised, winning multiple awards at the 2025 Streetworks Awards, including Innovation Excellence.

The best network, differentiating us from the competition

Our broadband, mobile and Wi-Fi infrastructure form a converged network that helps us stand out. Complementing our fibre and mobile networks, in November, we announced a partnership with Starlink to bring reliable, high-speed, low-latency satellite connectivity to rural or remote BT and EE customers. This year we've also expanded our public Wi-Fi footprint to more than 6.3 million hotspots.

We continue to improve performance across our fixed and mobile networks. This year we saw a significant drop in repairs needed across our fixed network, reducing disruption for broadband customers. We also became the first major UK Internet Service Provider to trial XGS-PON technology on Openreach's full fibre network, offering customers speeds of up to 8Gbps.

18%

reduction in Openreach repair volumes

We also continued to optimise mobile network hardware and software performance and coverage. This has reduced dropped call locations across the UK road network by 30%, and overall dropped calls by 12% this year, helping customers to stay better connected on the move.

Leadership in network innovation for the country

While we keep investing in our established products, we're incubating the next generation of products designed for a new wave of connected devices.

As autonomous systems and physical AI technologies like drones and software-defined vehicles scale, we're developing the advanced connectivity solutions that our customers will need in the future.

That includes solutions like combining our cellular Drone SIM with multi-layered connectivity and edge capabilities to ensure resilient, always-on connectivity. Our real-world trials with customers and partners are making sure these technologies can operate securely and reliably in complex, mission-critical environments, unlocking new commercial and societal applications.

As more devices connect to our network, we're also unlocking the value of the data they generate in new, privacy-aware ways. Our BT Active Intelligence product turns aggregated and anonymised network insights into powerful tools for decision making, while maintaining the highest standards of trust and compliance. This is supporting national economic monitoring with the ONS, and is helping companies like JCDecaux better understand and reach their UK audiences.

We also continue investing in the transformational technologies shaping the future of our industry.

We're advancing the UK's transition to a quantum-ready future through the development of quantum-secure networking to enhance network performance and resilience.

Our open innovation approach with global partners like NVIDIA is helping define standards for the next generation of connectivity. That includes industry commitments to build 6G on open, secure, AI-native platforms that embed intelligence into the network.

Progress against our strategic priorities (continued)

We're connecting customers so they thrive, as we grow, in a digital world.

CONNECT

BRANDS

LOVED AND TRUSTED BRANDS

At BT, we serve millions of customers every day, and we're committed to strengthening the brands they trust to connect their lives, homes and businesses.

Having invested heavily in our networks in recent years, this is now the moment to invest further in our brands, products and services so that more customers and more of the country can experience the benefits of being connected to BT.

This year BT marks a new chapter, with a campaign that celebrates the best of the UK and shines a light on the role BT plays Behind Brilliant Things. BT is introducing a suite of enhanced products and services designed for the millions of consumers and businesses who rely on safe, secure connectivity — and launching new mobile plans exclusively for BT Broadband customers.

We will do this alongside our EE and Plusnet brands, each offering distinct propositions shaped through deep insight and understanding of their customers.

PRODUCTS

THE UK'S BACKBONE FOR A DIGITAL FUTURE

As digital resilience becomes a growing priority for UK organisations, we have launched a new sovereign services platform.

Bringing together sovereign connectivity, voice, cloud and AI services, the platform is designed to keep data and operations secure, compliant, resilient, and future-proof.

Built on BT's unique UK infrastructure and expertise, it gives public and private-sector customers the confidence to invest in the digital tools and technologies they need to thrive in an increasingly uncertain world.

EXPERIENCES

BACK WHERE BUSINESSES NEED US

Business is back on the high street, bringing expert support directly into local communities.

We're now providing dedicated Business experts across our high-street stores, meaning businesses can get face-to-face advice from experts who understand connectivity, technology, and the growth challenges they face.

We know that many small businesses are keen to adopt new technologies utilising AI and the cloud, but are unsure how best to do so. Speaking directly to someone who understands their challenges can help them find the right solutions quickly.

It's a practical way to help small firms solve problems faster, build confidence, and access the tools they need to succeed.

PARTNERS

BUILDING NATIONAL CAPABILITY

We're working with NVIDIA to advance AI in the UK.

As a founding member of the UK Sovereign AI Industry Forum, established with NVIDIA and other leading UK organisations, we're supporting a resilient, responsible national AI ecosystem. At the same time, our AI-driven operations are improving network performance, efficiency and customer experience. This collaboration shows how AI innovation and close industry cooperation can deliver benefits for customers, companies, and the UK.

"The development of AI and data centre infrastructure is key to unlocking economic growth in the UK, and is only possible with the best, most trusted networks at the foundation."

Jon James / CEO, Business



Progress against our strategic priorities

Connect (continued)

National Broadband Provider of the Year



EE was named National Broadband Provider of the Year at the 2026 Uswitch Telecoms Awards.

Customers highlighted EE as "the most trusted brand for households seeking a seamless, high-performance connection".

It also won Fastest Mobile Network, Best Telecoms Bundle Provider, and Best Telecoms Innovation, with voters highlighting the speed, reliability, and seamlessness of its home broadband solutions.

Record high NPS

33.4

Group NPS (FY26)

The most loved and trusted brands

Our Net Promoter Score is now at a record high 33.4. This is 4.1 points up from last year after four consecutive quarters of growth. We're committed to continuing to grow loyalty and satisfaction by offering the best connectivity products and improving our customer experience across our three retail brands – BT, EE and Plusnet.

BT has always been at the heart of British life, quietly powering the systems, services and institutions the nation relies on. Across BT, we support more businesses than any other network, connect more homes than anyone else and protect the UK from cyber threats every hour of every day.

BT plays an important role, connecting, protecting and supercharging our customers' digital lives and businesses – to drive even more trust and loyalty with our consumer and business customers. This will be the foundation for new products and services that we're rolling out over the next year.

EE continues to go from strength to strength, with more converged customers than ever. EE has built on its status as the nation's best network, with the largest customer base, to become the UK's fastest-growing broadband provider.

We see customers choosing Plusnet for its clear and straightforward pricing, value for money and customer service. This year Plusnet won the Uswitch Telecoms award for Best Broadband Provider for Customer Service for the 11th time, and was recognised as a Which? recommended provider for the second year in a row.

The best connectivity products for life and work

Our converged consumer base on combined fixed and mobile propositions continued to grow this year, as we scaled EE One. EE One brings customers' broadband and mobile connectivity together under a single EE account to unlock savings and simplify how households manage their connectivity.

We continue to evolve our product offerings to better meet our customers' needs. This year EE became the first major UK provider to offer WiFi 7 as standard across all full fibre broadband plans. WiFi 7 is the latest generation of Wi-Fi technology, supporting more connected devices at lower latency and improving capacity, speeds and performance.

EE also launched Safer SIMs, becoming the first major UK network to offer under-18 SIM-only plans with pre-set parental controls and built-in safety features, helping families to make choices about smartphone usage safely and confidently. And in January, EE launched a range of refurbished smartphones with airtime, offering customers a high quality, more sustainable and cost-effective way to upgrade their handsets.

In Business, we launched a sovereign services platform. It offers secure UK-based voice, cloud and AI capabilities to help organisations protect their data, be more resilient and meet emerging digital sovereignty needs. We also introduced a secure click-to-install eSIM capability for business customers. It lets them set up mobile services seamlessly, sustainably and at scale.

Our expanding 5G+ network continues to underpin premium mobile experiences for consumers and advanced use cases for our business customers, including network slicing and private connectivity.

And, we continue to support the UK's transition from analogue to digital ahead of the January 2027 Public Switched Telephone Network (PSTN) switch off – migrating customers to all-IP networks while safeguarding vulnerable users and critical services.

"We start by putting our customers first, taking the time to really listen to what matters in their everyday lives. Those insights guide us to create the products and propositions that keep pace with their changing needs."

Claire Gillies / CEO, Consumer

TV that fits real life



EE TV is designed around how people really watch. No more arguing over the remote – families can watch different shows, in a different room, with an extra EE TV box. Flexible packages let customers change their content bundles each month. And this year, EE became the UK's first pay-TV service to offer AI Smart Search, enabling viewers to speak into their remote to easily search for movies or shows by theme, mood, plot or even favourite line.

9%

of smart TV screen time is spent finding what to watch



The most effortless, personalised experiences

We're continuously improving our digital journeys and propositions so consumer and business customers have more seamless and secure experiences.

In Consumer, we've digitised more in-life journeys across Mobile and Home so customers can self-serve online or on the app. This has simplified things like ordering and resolving queries and has cut the average time customers need to spend on the phone to us by almost three minutes. We've refreshed the My BT app, so customers can manage their services more seamlessly. And this year we opened more EE experience stores to make our support more human and personal. We now have 61 stores across the UK.

This year we made it easier for Business customers to engage with us, combining in-person access with simpler, more joined-up digital sales and service journeys. For example, 58% of managed service interactions are now handled digitally on the strategic ServiceNow platform. And BT high street stores now offer business customers face-to-face access to advice, practical support and the right solutions for their needs. In-store experts

help customers navigate everything from connectivity and cloud services to automation tools and cyber security.

This omnichannel approach gives customers consistent, informed support whether they walk in, book time online or manage their services digitally.

The best partners for solutions beyond connectivity

This year we worked closely with our partners to continue helping our customers thrive in the digital world.

Our partnership with Cisco continues to set new standards for smart, secure and sustainable workplace solutions – earning us Cisco Partner of the Year for Enterprise Networking across the UK, EMEA and globally.

Our TV customer base kept growing this year in partnership with YouView. We launched DAZN on EE TV, and moved our sports joint venture, TNT Sports, to its new streaming home on HBO Max. And in partnership with Sky streaming platform NOW, we gave EE TV entertainment customers access to HBO Max Basic within their entertainment subscription, making our TV bundles richer than ever.

Progress against our strategic priorities (continued)

We're accelerating our modernisation to restore leadership in everything we do.

ACCELERATE

CULTURE

A CULTURE SHAPED BY OUR COLLEAGUES

Nearly 27,000 of our colleagues helped shape our new behaviours, by telling us how they want to work: as customer first challengers, who are committed, clear, and connected.

These behaviours will set the standard for our culture, guiding everything from our policies to our business decisions and day-to-day work. Since our new behaviours are also being adopted by Openreach, they'll bring colleagues together across the Group, and help us deliver for each other, our customers, and the country.

"If we get this right, it will feel different – a place with real clarity, momentum and purpose where people feel trusted to make decisions."

Allison Kirkby / CEO

Nearly

27,000

colleagues helped shape our new behaviours

SIMPLIFICATION

SHARPER FOCUS, CLEARER FUTURE

BT has sharpened its focus on the UK by completing five international disposals this year.

The result is a simpler, more agile business with greater clarity of purpose. By concentrating resources where we can create the most value, we're better positioned to invest, grow and deliver the next phase of our transformation.



IT

USING AI TO ACCELERATE ENGINEERING

BT's engineering teams are using AI-assisted development tools to automate repetitive work like coding, testing, and modernising legacy systems.

Thousands of our engineers use these tools every day, with millions of lines of code passing quality standards every month. By reducing low-value tasks, AI is freeing our engineers to move faster, improve quality and resilience, and focus on more high-impact work.

TRUSTED

SAFER STARTS ON SMARTPHONES

This year EE launched Safer SIMs, becoming the first major network to offer dedicated smartphone plans for under-18s.

Available on any smartphone device, Safer SIMs plans include built-in content controls, scam protection, and features that help kids stay connected even if their allowance runs out. Like the online safety support we provide in-store, Safer SIMs is another step in making EE the UK's most trusted network for families.



Progress against our strategic priorities

Accelerate (continued)

One team with a customer first delivery culture

We're starting to become simpler and more collaborative, with a customer first culture.

This year we focused on creating a more engaged, upskilled and effective organisation. We continued enhancing our digital and AI capabilities to bring in the talent needed to supercharge our transformation, and strengthened our leadership with changes to the *Executive Committee* and new senior appointments.

Despite lots of transformation and change, colleague engagement stayed strong this year at 76%, above the 71% UK benchmark. Our commitment to customer experience was reflected in the putting customers first score, which increased to 89% across the year. And, our colleagues also felt high levels of empowerment to find better ways to do things, at 84%, outperforming the global high-performing benchmarks by two percentage points and the UK's by eight percentage points.

We also launched and are embracing five new behaviours to support a clearer, more customer-focused culture. Openreach has adopted the same behaviours, bringing us together to work better across teams, and build the leadership and capabilities we need for the future. This helps us deliver for all our stakeholders, including our customers, colleagues and the country. You can read more about our new behaviours on page 34.

A radically simpler portfolio, products and platforms

This year we simplified our portfolio, products and platforms to focus on the UK market, reduce our cost base and boost customer experience.

We have divested five international businesses, and continue to evaluate solutions for other non-core assets.

To simplify our networks, we closed our Ethernet in the First Mile network and Redcare operations. We also continued switching customers from our legacy PSTN to digital. We're making good progress, with over 1.9m connections upgraded in FY26. We're also reducing the number of exchanges. This year we hit an important milestone in closing the Deddington exchange without disruption.

We made things simpler for our customers and colleagues by decommissioning 137 applications, and cutting our portfolio of Business products from 158 to 141. We also moved Business sales to a new platform to help us centralise customer data and manage customer relationships.

Our cost transformation remains on track. We continue to create a simpler BT Group, with excellent progress on energy and productivity. We have already realised £1.5bn in cost reduction and we have extended our previously 5-year transformation programme by one year to FY30 to enable the delivery of £3.7bn of cost savings, delivering efficiencies across all units. Total labour resource fell 7% year-on-year to below 108,000, direct labour fell by 10%, and our energy usage in our networks was down 6% this year.

IT, enabled by data and AI, as a real competitive advantage

We're building stronger IT, data and AI capabilities for competitive advantage, better productivity and a faster and more reliable service. In Consumer, we improved our generative-AI-enabled EE virtual assistant Aimee to give better answers to customer queries, automated interaction summarisation to reduce handling time and implemented real-time prompts to increase conversion rates. Internally, we're using AI tools in engineering and software development. Nearly 5,000 colleagues now use them to write and maintain around 6.5 million lines of code a year – and to deliver higher-quality features quicker. We're also working with AWS to introduce AI Ops capability into our mobile network – gradually moving to a self-healing,

autonomous dark NOC (Network Operations Centre) by integrating AI and machine learning.

Trusted leader for digital inclusion, resilience and sustainability

We keep building trust with stakeholders through our work on digital inclusion, resilience and sustainability – and our ongoing commitment to the human rights of those our business touches. You can read more in our Responsible Business Addendum 2026 (bt.com/addendum).

Digital inclusion

Digital inclusion is central to our purpose of connecting for good, and our role as the UK's largest fixed and mobile connectivity provider. We focus on access, affordability, skills and safety, supporting children and families, older and underserved groups, and SMBs.

We continue to invest in fast, secure and resilient connectivity across the UK – our full fibre network now reaches 6.3 million premises in harder-to-reach areas. We're the market leader in low-price tariffs, supporting around 845,000 low income and vulnerable customers to ensure affordability is not a barrier to digital access, particularly in the face of ongoing financial pressures.





When speed saves lives



EE is proud to provide mobile services for the government's Emergency Services Network (ESN).

This critical communications system sends fast, secure, mission-critical voice, video, and data across the 4G network, so first responders get instant access to life-saving information, in situations where every second counts.

And as the UK prepares for the 2027 PSTN switch-off, we're supporting vulnerable customers to transition safely to Digital Voice. You can read more about our approach on page 33.

Since setting our digital skills goal in 2015, we've supported a total of 23.3 million people in the UK, and we're now extending our ambition, to reach 30 million people and businesses with digital skills, tools and support by 2030.

This year, we've reached a further 42,000 people through a number of initiatives, including:

- helping over 11,500 older and disabled people build confidence and stay safe online through our partnership with AbilityNet
- helping children and families use technology more safely through initiatives such as Safer SIMs
- helping more than 15,000 SMBs improve productivity, cyber security and AI capabilities through workshops, mentoring and our Digital Skills Hub.

This year we also committed support to the Government's Digital Inclusion Action Plan and joined The Connection Project – a national alliance helping people thrive in a digital society. We're also proud to be part of a Government and industry partnership aiming to provide AI skills training to 10 million UK workers by 2030.

Resilience

We continue to strengthen our network to reduce outages and ensure reliable connection for all our customers. Trust depends not only on the strength of our infrastructure, but on how we respond when things go wrong. We're committed to learning from incidents, supporting customers, and working with regulators to make our networks more reliable.

We continue to deliver mobile services for the Government's critical Emergency Services Network (ESN). We also enable the UK's Emergency Alert system, a public safety initiative developed to warn citizens about major incidents such as severe flooding or extreme weather.

Our Starlink partnership offers extra back up for customers in the UK's most remote areas. After Storm Amy severely damaged infrastructure on the island of Tiree in October 2025, Starlink was part of our response, while our engineers worked to restore full service to residents.

Sustainability

We're working towards becoming a net zero and circular business, lowering emissions, reducing waste and delivering better commercial outcomes. In our own operations, we're focused on decarbonising our network through modernisation and improved energy efficiency. We've continued to electrify our fleet, with over 7,900 electric vehicles (EVs)

now rolled out, and all new business-needs company car orders are now EV-only. Thanks to these efforts, we've cut our operational emissions by 61% since FY17.

We continued our decarbonisation engagement this year with key suppliers to address Scope 3 emissions. Suppliers representing more than 63% of our supply chain emissions disclosed to us through CDP. And we're working with the Joint Alliance for CSR (JAC) on emission reduction plans for key products and services. Since FY17, our supply chain emissions have fallen by 33%.

Circularity remains a critical lever for us to cut emissions and use resources more efficiently. We helped customers do the responsible thing with their tech by collecting around 3.5 million devices for reuse and recycling. We also repaired nearly 53,000 smartphones and expanded our range of refurbished phones. And across our operations, we diverted 86% of waste away from landfill.

Our actions are externally recognised. We achieved a CDP climate 'A' rating for a tenth year, were named in Time and Statista's World's Most Sustainable Companies 2025 and featured in the Financial Times 2025 Europe Climate Leaders list.

You can read more about our sustainability ambitions and progress in our Responsible Business Addendum 2026 ([bt.com/addendum](https://www.bt.com/addendum)).

Our stakeholders

DELIVERING FOR ALL

Through our strategy we aim to create meaningful outcomes for all of our stakeholders – from earning the loyalty of our customers and empowering our colleagues, to delivering positive impact across the UK and generating strong, sustainable returns for our owners.

Our customers, colleagues, the country we do business in (including its communities, government and regulators), our owners, suppliers and partners are the key stakeholders we deliver for.

We engage with them at every level of our organisation, from frontline teams to senior leadership, the *Executive Committee* and the Board. This happens in lots of different ways – from meetings and conferences to reviews, forums, webcasts and events.

To understand how well we're connecting with different groups, the Board and its Committees receive regular updates from teams across the business – as well as hearing directly from stakeholders themselves.

These insights enable them to make better decisions, provide valuable feedback, and challenge our activities, programmes and initiatives to make sure we're on the right track.



Closing the digital age gap

BT is partnering with AbilityNet to help older people and people with disabilities stay connected and protected online. Our free in-person sessions and online webinars have already helped nearly 20,000 people across the UK, including 11,500 last year. Delivered in welcoming spaces like community centres and libraries, the training helps learners spot scams and benefit from everyday technology.

20,000

people across the UK
have already been helped



Customers

Our customer base spans individuals and households, through small businesses to multinational corporations and public sector organisations.

Our aim is to help them live and work better. That starts with them getting outstanding experiences that build trust and loyalty. And to do that we must personally engage with them to understand their needs and priorities – today and in the future.

Our customers want us to:

- provide connectivity that works wherever they need it, balancing value for money with outstanding network performance and coverage
- deliver high-quality, seamless and personalised experiences
- protect them with enhanced safety and security wherever they go, keeping their data safe and safeguarding their families or customers from threats.

How we engage with customers:

- Our colleagues in service, sales and our contact centres speak to customers every day to understand their needs, fix problems and keep them connected.
- Our insight team uses primary research and internal and external data to build a picture of what customers want and need from us.
- Our CFUs, *Executive Committee* and the Board regularly review metrics such as NPS to monitor customer experience and brand loyalty.
- The Chief Executive, *Executive Committee* and senior leaders regularly review, understand and discuss customer complaints.
- Our Customer Fairness Panel, Customer Inclusion Panel, Security Advisory Board and Customer Advisory Board engage directly with customers to help us better understand their experiences.
- Openreach makes sure every CP has equal access to our fixed network through a transparent and compliant consultation process.

Highlights this year:

- We've continued to raise awareness and make sure customers understand the simple steps needed to switch to Digital Voice. This year, we focused on supporting our most vulnerable customers with targeted outreach, home visits, and extra support for those using telecare services.
- We continue to share guidance on children's digital wellbeing, discouraging parents from giving primary school-aged children their own smartphones.
- EE became the first UK network to launch under-18 phone plans with restrictions and network content blocking to help keep young people safe online, along with extra tools and support for parents and young people.
- EE's 'everyone needs a squad' campaign used our home nations football partnership to promote the importance of group and team interactions in building esteem and positive health, particularly for teenage girls.

Our stakeholders (continued)



Customer First

We listen deeply, design for what truly matters, and fix the real problem—not just the cracks.

Challenger

Ambitious to win, we think big, stay curious, and move fast to test, learn and innovate.

Committed

We act like owners, taking full accountability, staying with it, and delivering what we say we will.

Clear

We are straight talking and honest, cutting complexity, and facing issues openly so we can fix what matters.

Connected

We win as one team, backing each other, sharing early and involving people so the best ideas thrive.

People capabilities

This year we continued building the technical, digital and customer skills needed for our future. We hired around 13,000 colleagues, including around 9,000 in the UK, 718 apprentices and 77 graduates, strengthening engineering, digital, AI, cyber security and customer operations.

We connected skills to communities through one of the UK's largest apprenticeship programmes, maintaining BT Group's position as a leading apprentice recruiter. Our apprentices tell us they feel engaged and included, supported by leaders, coaching and our partnership with our provider, Babington.

A highlight includes our award-winning Customer Service Level 2 apprenticeship programme in our contact centres. This year we have onboarded 422 apprentices onto the programme where they gain an accredited qualification alongside a role with us, building the skills and confidence to deliver brilliant service for customers.

Consumer and Business moved digital teams closer to customers to strengthen our end-to-end accountability. And we expanded capability academies to boost learning and on-the-job development.

Colleagues

Our colleagues have once again been at the centre of lots of change this year. As we reshape BT Group for a simpler, more modern digital future, they've stayed resilient and committed to our customers.

Six big priorities enable our people strategy – behaviours, capabilities, talent & inclusion, performance, leadership and future workforce. They help us continue building a BT where people can grow, belong and perform at their best.

This year we've adjusted the size and shape of our workforce, strengthened our leadership practices and introduced new behaviours. And we've invested in the skills and capabilities needed to support our transformation.

Our new behaviours

This year we redefined and embedded our new behaviours – the habits and ways of working that will underpin the culture needed for our transformation.

We brought together nearly 27,000 of our colleagues in one of the largest listening exercises in our history, the Big Conversation. They shared what they valued about working here and where we could improve. And these insights shaped which behaviours would best boost performance and deliver our strategy.

Our culture is now centred on new and measurable behaviours: Customer First, Challenger, Committed, Clear & Connected. Working with people managers, senior leaders and frontline teams, we tested and refined the behaviours, then launched them in January. Adopting them will help us make the right decisions, solve problems faster and better deliver for our colleagues, our customers, our stakeholders and the country.

We've put a three-year transformation plan in place to embed the new behaviours into day-to-day habits and routines.

Talent and inclusion

This year we strengthened our approach to developing our internal talent pipeline and made it more visible and introduced executive talent trading reviews. We also focused more deeply on diversity of representation and on fair progression.

We embedded quarterly people reviews everywhere, giving senior leaders a view of succession, bench strength and career development opportunities. The *Executive Committee* has increased its focus on critical roles, talent trading and strengthening the leadership bench.

We boosted our senior leadership with external hires in key functional areas, including Commercial, Data & AI, Digital, Product and Culture – while developing internal successors. Greg McCall took over from Howard Watson as Chief Security and Networks Officer and Katie Milligan succeeded Clive Selley as CEO Openreach, showing the strength of our internal succession pipeline.

Our People Networks continued to support inclusion and belonging. In India, flexible work options helped, with female representation rising to 32.3%. Our early careers cohorts are still really diverse, with strong engagement and inclusion scores.

Pay gap reporting

Gender

This is the ninth year we've reported our UK gender pay gap. Our median pay gap was 4.8% (the same as last year) and our mean pay gap was 5.3% (+2.7pp). Our gaps are still lower than the UK averages (mean 13.4%, median 12.8%). The increasing mean pay gap can be explained by changes to our organisational structure, as opposed to just our underlying pay structure. During this reporting period, we have seen a higher reduction in female representation amongst our senior roles and higher volumes of women entering frontline roles than men.

Our mean gender bonus gap widened to 12.5% (+0.5pp) and our median gender bonus gap narrowed to 2.8% (-11.5pp).

Ethnicity

We voluntarily report our ethnicity pay gap. In March 2026, 83% of our UK people disclosed their ethnicity. Overall pay gaps for ethnic minority groups have increased in the last year (median 2.5%, mean 5.0%), although it varies by group. The mean gap for the Black/African/Caribbean/Black British group widened to 13.4% in 2026. This gap can be explained by reduced representation in senior roles for colleagues of black heritage.

Disability

We voluntarily report our disability pay gap. In March 2026, 78% of our UK people disclosed their disability status. At BT Group level, gaps are still low (mean 0.7%, median 0%). The overall mean bonus gap was negative (our disabled people receiving slightly higher bonuses on average). The median bonus gap narrowed and is now in parity between disabled and non-disabled people.

Policies and leave – Highlights

Since 1 October 2024, our UK people with caring responsibilities get up to two weeks' paid leave (previously one week unpaid). This year, 2,537 of our colleagues have taken carer's leave. The Carers UK charity has awarded us with Carers Confident Ambassador status.

From 1 January 2025, all parents with a new child are eligible for 18 weeks at full pay, eight weeks at half pay and 26 weeks statutory pay (regardless of gender or family make-up). This year, 3,123 of our colleagues have taken family leave, of which 2,345 are people who would have been eligible for only two weeks' paternity leave under the previous policy.

Inclusion and wellbeing – Representation

31 Mar 2026 31 Mar 2025 2026 Goals

BT Group (excluding Openreach)

Men		65%	65%	
Women		35%	35%	46%
Ethnic minority ^a		19%	19%	16%
Disabled ^a		11%	10%	14%

Openreach

Men		90%	90%	
Women		10%	10%	12%
Ethnic minority ^a		9%	9%	10%
Disabled ^a		6%	6%	6%

BT Group (Total)

Men		73%	73%	
Women		27%	27%	32%
Ethnic minority ^a		15%	15%	13%
Disabled ^a		9%	8%	10%

Board

Men		64%	58%	
Women		36%	42%	40%
Ethnic minority		6 members	4 members	2 members
Disabled		1 member	1 member	

Executive Committee^b

Men		67%	67%	
Women		33%	33%	33%
Ethnic minority ^a		1 member	1 member	2 members
Disabled ^a		1 member	1 member	

Senior leadership team^c

Men		69%	62%	
Women		31%	38%	41%
Ethnic minority ^a		10%	11%	15%
Black/Black heritage ^a		—%	1%	5%
Disabled ^a		14%	18%	10%

Senior management team^d

Men		64%	65%	
Women		36%	35%	41%
Ethnic minority ^a		11%	10%	15%
Black/Black heritage ^a		3%	3%	5%
Disabled ^a		13%	14%	10%

^a UK population only.

^b The Executive Committee including the Executive Directors and CEO, Openreach.

^c This comprises the Executive Committee (excluding Executive Directors, but including CEO Openreach), and their direct reports and any other senior leadership roles (excluding administrative roles). However, in line with the definition in the 2024 Corporate Governance Code, senior management (the Executive Committee, excluding Executive Directors, but including the Company Secretary and CEO, Openreach) and their direct reports totals 63 men (66%) and 32 women (34%).

^d This comprises those employees responsible for planning, directing and controlling the activities of the group, or a strategically significant part of it (members of our senior leadership and senior management teams). However, in line with the Companies Act 2026 definition of senior managers, there are also 71 subsidiary directors (49 men and 22 women) who are not otherwise members of our senior leadership or senior management teams. This totals 479 men (65%) and 261 women (35%).

Our stakeholders (continued)

Performance

This year we continued building a simpler, fairer and more behaviour-led performance focus. We streamlined process with clearer expectations for goal-setting, check-ins and calibration, to make performance conversations better and more consistent.

By integrating our new behaviours into performance we're creating a stronger link between *how* and *what* we achieve. Next year we'll deepen the integration and use deep data insights to boost fairness, consistency and manager support.

We've also improved early support for under-performance, with clearer pathways, coaching and escalation where needed.

Leadership

This year we invested in strengthening the consistency and capability of our people leaders.

We launched a suite of leadership products – around coaching, team effectiveness and mentoring – to provide targeted development and support. We also standardised leader assessment for both recruitment and internal progression. This clarifies what great BT leadership looks like and drives fairer and more consistent hiring and promotion decisions.

We upgraded Management Essentials – a core programme for all new people managers. It gives them practical tools for coaching, feedback, performance conversations and inclusive leadership. Feedback has been excellent. New managers say it's relevant and builds their confidence as leaders.

Future workforce

This year we continued reshaping our workforce to make sure we had the right size, mix and shape for a digital, customer-led organisation. Our hybrid working approach – 'three together, two wherever' – became policy in January 2025, supporting collaboration, innovation, coaching, development and team belonging. Colleagues who are spending more face-to-face time together tell us they feel more included, more engaged and more confident navigating organisational change.

We know that AI will continue to change how we work and the types of roles we need to deliver for our customers. To help prepare our colleagues, Business launched an AI Mastery Programme in March 2026, available to 14,000 colleagues globally. 4,011 colleagues have already reached their 'white belt' status, deepening their AI knowledge, skills and day-to-day application. We'll continue to focus on this in the coming year.

We supported communities through the EE Live Community Challenge, where our colleagues delivered over 69,000 hours of volunteering focused on digital skills, the environment and social mobility. This was almost double the number of hours we delivered the previous year, further boosting our impact on local communities.

We continued to improve health, safety and wellbeing, following the launch of a 24/7 global wellbeing portal, with occupational health absence remaining stable at 3.23%. We also continued health surveillance for field engineers around noise and hand-arm vibration, showing our continued commitment to our people's health and safety.

Growth, belonging and performing at our best

In a year of huge organisational change, our people continued to support customers, build capability and push us forward. We will keep focused on creating a culture where people can grow, belong and perform – and on building the skills, leadership and workforce we need for the future.

Country

By keeping the nation connected, we make a significant economic contribution to UK society.

Earning and maintaining trust is essential; without it, we couldn't grow or fulfil our purpose of connecting for good. Different groups expect different things from us, but we all share a common goal – to make a positive and lasting impact on society.

Communities

The communities we serve want us to:

- keep them safe and protected with reliable and secure connections
- help them understand and navigate a rapidly evolving and increasingly digital world
- continue providing direct and indirect employment opportunities
- operate ethically, responsibly and sustainably.



Rewiring a national lifeline

Over three million UK households have now moved to Digital Voice, as the country retires its ageing copper landline network, the PSTN. Ahead of the 2027 switchover, BT is supporting homes, businesses, and vulnerable customers with guidance, engineer visits and backup solutions. This once-in-a-generation upgrade will strengthen the UK's digital backbone, providing a more reliable, resilient service that's fit for the future.



Getting the UK AI ready

BT is a founding partner of the UK government's AI Skills Boost programme, which aims to help 10 million workers build AI skills by 2030. Working alongside industry and public sector partners, we're supporting delivery across the programme and chairing the SME Campaign workstream, helping businesses, colleagues, customers, and communities to thrive in an AI-enabled world.

10m

workers to gain AI skills by 2030

How we engage with communities:

- Community members rely on our products and services to help them work, learn and live.
- We support them through our stores, contact centres, digital channels and home visits for installation and maintenance. We offer support to millions of people in the UK so everyone – regardless of age or background – can benefit from a digital world.
- We use customer surveys and reputation tracking to assess how we're doing and guide future priorities.
- The *Responsible Business Committee* has overseen our societal programme, tracking and discussing feedback and performance at each meeting.
- We're one of the UK's biggest private sector apprenticeship employers.
- We support communities to develop digital skills. This year, we helped a further 42,000 people, bringing the total to 23.3 million since FY15.
- Our colleagues volunteered over 140,000 hours of their time to help our charity partners and communities. That included sharing expertise through mentoring and digital skills help.
- Our colleagues donated over £1.1 million to more than 930 charities through payroll contributions. We hold a Payroll Giving Platinum Award quality mark from the Government.
- Our colleagues' fundraising and donations raised over £250,000 for our charity partner HomeStart UK, helping families facing social exclusion.

Highlights this year:

- Our full fibre network now reaches 6.3 million homes and businesses in hard-to-reach areas, achieving our ambition to reach 6.2 million by December 2026, and we continue to invest and build in these areas.
- We're expanding 4G coverage in rural areas through the SRN initiative.
- We support around 845,000 low-income and vulnerable customers with social tariffs and discounted products.
- We spend £9.6bn a year with UK suppliers. Our combined activities support 212,000 jobs directly or indirectly. We contribute £1 in every £100 of UK gross value added and support 1 in every 100 workers in the UK.

Government

- Our relationships with government bodies underpin our three strategic pillars. They also help us contribute to policies and initiatives that promote the best results for stakeholders.
- Based on a report published in 2025, we added more than £22.8bn to the UK economy, and provided services to over 1,100 public sector customers in the last 12 months.

- Our public policy work with Government covers everything from infrastructure investment to national security, from promoting digital skills and inclusion to wider economic and industrial policy.
- Our networks support vital public services such as welfare, tax, health, social care, police and defence – while protecting citizens' personal data.

The Government wants us to:

- continue investing in our network infrastructure
- provide the fastest, most reliable and secure connection possible, to the widest possible range of communities
- invest in the best products and services, at fair prices, with high levels of customer service
- promote digital inclusion and adoption, and support vulnerable customers through the process of network upgrades and migrations
- contribute to the UK's economic growth, innovation and resilience.

Our stakeholders (continued)

How we engage with the Government – and highlights this year:

- Our policy and public affairs teams manage our relationships with Government and other politicians.
- Under the Communications Act 2003, the Government can ask us (and others) to run or restore services during disasters. The Civil Contingencies Act 2004 also says that they can impose obligations on us (and others) in emergencies, or in connection with civil contingency planning.
- We keep an open dialogue with the UK Government and Ministers in the Devolved Administrations through our Chairman, Chief Executive and senior leaders – as well as through consultation responses and cross-industry initiatives.
- Through those conversations we build support for policies that will deliver positive outcomes for the country and for our shareholders.
- The Board gets updates on discussions with Government through the Chairman, Chief Executive and *Executive Committee* members.
- This year we contributed to government initiatives on topics including industrial strategy, trade strategy, technology development and adoption, mobile coverage, planning reform, business rates, economic security, digital inclusion, consumer protection, late payments, AI skills and fraud prevention.
- Our Chief Executive, Allison Kirkby, is an advisor to the Board of Trade and a member of the Government's Women in Tech Task Force.
- We gave evidence to Government to help it formulate its Statement of Strategic Priorities for Ofcom. We also gave input and evidence to MPs on new legislation and in response to Select Committee inquiries.
- We're working closely with officials and regulators to agree protocols for moving customers off our legacy networks onto new, more secure and resilient technologies.

Regulators

Regulation protects consumers and promotes fair competition. As a major provider of connectivity services, our primary regulatory relationship is with Ofcom, the regulator of UK communications and TV services. We also work with other bodies like the FCA, CMA, and the ICO.

Our regulators want us to:

- invest and innovate in UK digital infrastructure
- keep the UK's digital infrastructure and critical services secure and reliable
- be fair and transparent with customers
- compete fairly in our markets.

How we engage with regulators and highlights this year:

- We have open and constructive dialogue with regulators via our Board, Chief Executive, *Executive Committee* and senior leaders. These discussions focus on how regulation can support investment in top-notch digital

infrastructure while making sure the market works for consumers.

- As part of our day-to-day operations, we regularly interact with Ofcom and other regulators through industry consultations and information requests to make sure they understand the impact of proposed changes.
- Regulation in our sector is broadly stable. There's a consistent focus on promoting investment, keeping our market competitive, managing orderly migrations and achieving positive outcomes for customers.
- This year, Ofcom's market reviews – including the Telecoms Access Review 2026 – set out updated frameworks for pricing regulated wholesale access products. While the frameworks remained largely stable, there were minor changes to reflect growing competition in fixed infrastructure in parts of the UK.
- Ofcom also completed its industry-wide investigation on the format and content of information given to consumers at the start of their contracts. After its conclusion and our concurrent proactive reparations to customers, Ofcom issued us a £2.8 million fine. Separately, Ofcom launched a new investigation into a brief voice service outage in July 2025 which is ongoing.
- BT engages regularly with Ofcom to help deliver a regulatory landscape that achieves the wider objectives of the regulator and the industry requirements.



Owners

Our equity investors include large financial institutions, which hold the majority of shares, and around 549,000 individual shareholders.

Our owners want us to:

- deliver a return on their investment through dividends and capital growth
- execute brilliantly against our guidance and long-term strategy.

How we engage with our owners – and highlights this year:

- Shareholders engage with us through our investor relations activities, Annual Report, financial results and Annual General Meeting (AGM) – as well as through other documents and briefings.
- The AGM connects our Board to shareholders. In 2025 we held our AGM both virtually and in our head office, One Braham, in London with all resolutions passed and the results published on bt.com/agm. We'll publish our 2026 AGM arrangements in the Notice of Meeting (see page 117).
- Individual shareholders interact with the Company Secretary (or their delegate) and with our share registrar Equiniti.
- Our Investor Relations team engages with institutional and debt investors through one-to-one conversations, roadshows, group meetings, conferences and industry events.

The Chairman, certain Non-Executive Directors, Chief Executive, Chief Financial Officer, other executives and our Investor Relations team had 234 investor meetings this year. Topics included:

- our strategy and competitive position in key markets
- our financial and operational performance, particularly around service revenue development, Openreach broadband line losses, pay and other costs, in-contract pricing and cash flow profile to 2030
- capital investment, including FTTP and 5G
- our capital allocation policy
- developments at the top of the shareholder register
- prospective governmental and regulatory policy decisions
- our pension fund valuation.

The Board receives regular reports on top shareholders, movements in the share register, share price performance and engagement with investors and analysts. It discusses and considers issues together with management as part of its decision making.

We have an investment-grade credit rating based on the strength of our balance sheet, our scale and competitive market position.

Suppliers and Partners

Strong, productive relationships with our suppliers and partners are essential to our success. They help us to deliver solutions and outstanding customer experiences.

Our suppliers and partners want us to:

- pay them in line with our agreed terms
- work with them to optimise their supply chains and support cash flow management
- operate ethically and transparently.

How we engage with suppliers and partners:

- We need to know who we're doing business with and who's acting on our behalf.
- We pick suppliers who endorse our policies and standards, so we collectively act ethically and responsibly.
- Before signing contracts, we carry out due diligence on areas like financial health, anti-bribery and corruption, business continuity, human rights, environmental impact, cyber security, data privacy, and health and safety.
- We have robust contracts with suppliers to uphold high standards, deliver on time to customers, and follow responsible and ethical supply chain standards.
- We regularly audit high-risk suppliers – focusing on governance, human rights and environmental impacts – and work with them to address what we find.

Based in Dublin, BT Sourced is our dedicated procurement arm which seeks to improve BT's efficiency and productivity. It's focused on digital, sustainable procurement and collaborating better with suppliers and partners, which delivers better value for BT, our customers and the wider community.

BT Sourced highlights this year:

- We strengthened support for SME suppliers through our C2FO-powered BT Early Payment Programme. The number of suppliers using the BT Early Payment Programme increased 19% year-on-year. To date more than 1,400 suppliers have registered and in 2025 we facilitated more than £1.5bn in early payments – including Euro transactions as an additional currency option for our suppliers for the first time.
- We were one of the first signatories to the UK Government's Fair Payment Code (FPC) and continue to strengthen our payment practices in line with the scheme, receiving a Silver award in 2025. We also remain compliant with the UK's Duty to Report requirements on supplier payment performance. You can read more in our Responsible Business Addendum 2026 (bt.com/addendum).
- We are deploying agentic AI capabilities to increase automation, strengthen insights, better understand key suppliers and drive data-driven procurement.
- We published a new BT Supplier Charter, setting out minimum standards for all suppliers, whatever the contract type or value. Suppliers must follow the Charter's ethical principles and all relevant regulations.
- We're committed to responsible sourcing. We've implemented mandatory minimum weighting for environmental and social sustainability criteria for all competitive sourcing events. This incentivises suppliers to demonstrate innovation and best practice. Last year we increased the minimum weighting with default percentages for climate, circularity, human rights and inclusion. You can read more about our focus on sustainability on page 31.
- We helped pioneer and formally committed to the Disability Trading Framework (a voluntary set of commitments initiated by Small Business Britain). It makes procurement and supply chains more inclusive for disabled-led businesses through accessible processes and practices, capability-building, and proactive engagement to remove barriers.

549,000

Our equity investors are corporates and institutions – which hold the biggest volume of shares – plus around 549,000 individual shareholders

Non-financial and sustainability information statement

In this section we explain how we're complying with the non-financial reporting requirements in Sections 414CA and 414CB of the Companies Act 2006.

Our business model is set out on pages [10](#) to [15](#).

Environment

See pages [31](#), [56](#) to [62](#) and [63](#) to [71](#).

Policies

Our Health, Safety and Environment Group Policy explains how we're protecting the environment and building a more sustainable future.

Our main priorities are cutting carbon emissions (our biggest environmental impact) and being more energy efficient.

It also sets out our commitment to partnering with stakeholders. And it's supported by our environmental strategy and goals of becoming a net zero and circular business.

Every year we report on how we're doing in our operations and wider value chain. You can read more on page [31](#).

Due diligence

The Group Health, Safety & Environment (HSE) Sub-Committee monitors and manages our environment strategy and risks, acting on the *Executive Committee's* behalf.

The *Responsible Business Committee* have overseen progress against our environmental goals. We review and update our policies every year.

Results

You can read more on our plans and performance – including progress on net zero – on page [31](#) and at [bt.com/addendum](https://www.bt.com/addendum)

Risks

We consider environmental and climate-related risks across our whole business. That includes health, safety and environment, operational resilience and how we manage stakeholders and suppliers. There's more on our Group Risk categories (GRCs) on pages [56](#) to [62](#).

We're mitigating our environmental impact and key physical climate risks in lots of ways.

You can read more on our Task Force on Climate-related Financial Disclosures statement on pages [63](#) to [71](#).

Colleagues

See pages [32](#), [34](#) to [36](#), and [84](#).

Policies

Our people's wellbeing will always be at the heart of our business.

It's in our code: We put wellbeing and safety first. It's also written into our HSE Group Policy.

Our strategy is to build a fulfilled, safe, happy and healthy team – in a culture where people can thrive. We do this through wellbeing programmes to boost performance, resilience, happiness and engagement.

International standard ISO 45003 Psychological health and safety at work says that psychosocial risk management must be addressed at all levels and functions – especially top management.

We agree with the concepts raised in the standard. We apply them to help prevent work-related injuries or ill health in colleagues and to promote positive wellbeing at work.

Our inclusion and wellbeing strategy is programmatic and evidence-based.

It helps us understand and remove bias and other cognitive barriers from policies, processes, systems and decision making.

And it helps us build strong foundations by applying an inclusion lens to everything we do – and by promoting a healthy culture.

Due diligence

We plan against three goals – promote, support and restore.

From these we create focused interventions and campaigns. They champion wellbeing and make sure our people can access wellbeing support and services.

We also work with stakeholders across the business to make sure our wellbeing approach is consistent, integrated and part of our culture.

We review policies every year, updating them when we need. And we coordinate health and safety through our Group HSE Sub-Committee and with our unions through the Good Work Forum.

Our governance processes make sure we integrate inclusion and wellbeing into decisions and policy development. We update the *Executive Committee* regularly on our strategy's relevance and effectiveness – and on progress against our inclusion and wellbeing goals.

Our People Networks raise members' concerns and are sponsored by *Executive Committee* members or by the CEO, Openreach.

Engaging with our broader population also helped shape and influence our inclusion and wellbeing plans. You can read more about other ways we engage with our people on page [34](#).

Results

There are details of what we've done to apply our policy on page [34](#).

You'll find information on absence rates and other wellbeing metrics at [bt.com/addendum](https://www.bt.com/addendum)

There are details of how we're creating a better BT where people can grow, belong and perform their best on page [34](#), together with the latest inclusion statistics – on page [35](#).

Risks

We reflect wellbeing risks as part of the People and HSE group risk categories on page [61](#). And we reflect Inclusion and Diverse Representation risks in the People group risk category on page [61](#).

Social and community

See pages 30, 36, 60 to 61, and 84.

Policies

Digital inclusion is key for us being a responsible business. In particular, if we focus on access, affordability, skills and safety it benefits the whole of society. Our 'BT Group charity approach' explains how we partner with charities and support our people's volunteering work. They can use up to three work-days per year to support digital skills, environmental or charitable causes.

Due diligence

The *Responsible Business Committee* has:

- agreed and overseen our responsible business approach for the group, prioritising digital inclusion and sustainability
- reviewed our strategy and progress on societal programmes and goals
- overseen consumer fairness issues, to make sure we meet Ofcom's Fairness for Customers commitments.

Results

We report on how we invest in communities on page 36. You can read more on our responsible business approach, and what we've achieved this year on page 30. That includes our progress on increasing digital inclusion, and improving people's digital skills.

Risks

We consider digital inclusion risks as part of our group risk framework – the *Responsible Business Committee* reviews these risks.

Human rights

See page 62.

Policies

Our Human Rights Policy explains how we respect and champion human rights in our business – and through our relationships with others. It's supported by our responsible tech principles. We'll always be committed to the human rights of those our business touches. It's key to building trust.

Due diligence

We have processes to identify and tackle potential and actual human rights impacts across our business. They include checking we're applying responsible tech principles when we develop, buy, sell and use tech.

Our Chief Corporate Affairs and Brand Officer oversees our responsible tech and human rights approach with delegated authority from the Chief Executive Officer for decisions about human rights risks.

Day to day, our Responsible Tech and Human Rights team works on integrating the United Nations Guiding Principles for Business and Human Rights into our business, and has updated the *Responsible Business Committee* on progress.

Respecting human rights is part of mandatory annual training for all of our people.

We identify, measure and tackle human rights impacts through our Speak Up whistleblowing service and through risk assessments and on-site audits.

Results

We were rated as one of Europe's top performing companies in the 2025 Global Child Forum Benchmark Report that focuses on children's rights.

Risks

We consider human rights risks within our Supply Management group risk category on page 62, and as part of our wider group risk framework.

Anti-bribery and corruption

See pages 39 and 58.

Policies

Being Trusted: Our Code sets out the promises we make as an organisation, including our zero-tolerance approach to bribery and corruption. Our policies are supported by specific standards on Anti-bribery and corruption (ABC), gifts and hospitality, conflicts of interest, and high risk third parties.

Together, these standards set clear expectations for how everyone working for us – or on our behalf – does business. They also extend to wider areas such as human rights, equality and diversity, and form part of our broader commitment to being the most trusted connector of people, business and society. This demonstrates to stakeholders that they can depend on us to do the right thing.

Due diligence

We take a risk-based approach to third-party due diligence. This includes using external providers to assess higher-risk areas and identifying and prioritising potential concerns. We apply enhanced approval, due diligence, and ongoing monitoring measures are applied to all high-risk third parties.

Results

All of our people complete mandatory training on our Code, and senior leaders reinforce expected behaviours through communications. We include ethical perception questions in our engagement surveys, and share results with senior management. Our confidential Speak Up service lets anyone working for or with us report concerns. There were 922 reports received this year.

Risks

We consider ABC and ethical conduct risks as part of our Legal and regulatory compliance risk category.

You can read more on page 58.

Our key performance indicators (KPIs)

Operational

At 31 March

Link to strategy

Each of our KPIs measures how we're doing against our strategic pillars. We continuously monitor and evolve them to make sure they're the best measures. You can read more about our progress against our strategic pillars and priorities from page 20.

Strategic pillars	Page
⬆ Build	20
⊗ Connect	24
➡ Accelerate	28
R Link to directors' remuneration	98

Our directors' annual bonus and long-term incentive plans are linked to certain KPIs. You can see the report on directors' remuneration on pages 98 to 112.

Changes to our KPIs

This year we made the following changes to our reported operational KPIs to reflect the first full year reporting against our new strategy.

For Build we introduced:

- 'Number of Openreach FTTP premises passed'. This measures our progress rolling out full-fibre across the UK, in line with our ambition to reach up to 30 million premises.
- '5G+ population coverage'. This measures our progress delivering 5G+ connectivity across the UK, in line with our aim to cover 99% of the country in 2030.

For Connect we introduced:

- 'Customer time on service issues' for Business and Consumer units. This measures our progress in improving customer experience.
- 'Retail connections market share' for mobile and broadband. This measures our market position connecting UK customers.
- 'Converged broadband households'. This measures our progress meeting our broadband customers' broader connectivity needs.

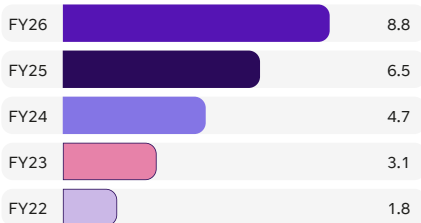
And we removed:

- 'Total 5G connections'. 5G connectivity is now the standard for new devices, so our KPI moves to report 5G+.

For Accelerate, we introduced:

- 'Colleague engagement'. This measures our progress in becoming a more empowered and engaged organisation. We'll continue to check progress as we embed our new behaviours – you can read more on page 34.
- 'TLR'. This measures our progress towards becoming a simpler and more agile BT.

Total Openreach FTTP connections (m)



[LINK TO STRATEGY](#) ⬆

Definition

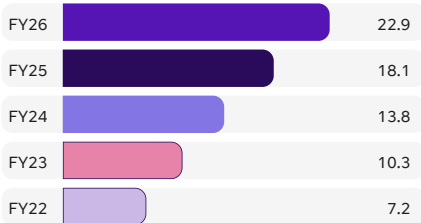
The number of UK premises connected to Openreach's full fibre network.

Performance

Demand for full fibre is high, with 8.8m (FY25: 6.5m) premises now connected.

You can read more on page 22.

Number of Openreach FTTP premises passed (m)



[LINK TO STRATEGY](#) ⬆

Definition

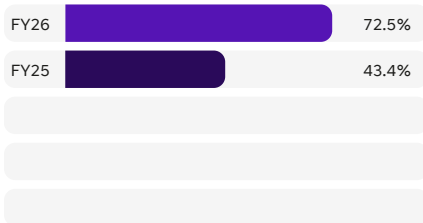
The number of UK premises with access to our FTTP broadband network.

Performance

Rollout has continued at pace. 22.9m premises now have access (FY25: 18.1m). We're on track to get to 25 million by the end of 2026.

You can read more on page 22.

5G+ population coverage



[LINK TO STRATEGY](#) ⬆

Definition

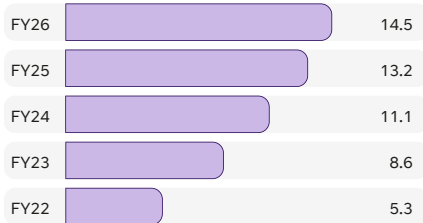
The proportion of the UK population with access to our 5G+ mobile network. We aim to reach 99% of the UK population in 2030.

Performance

We continued boosting performance and resilience across our mobile network and expanded our 5G+ network to reach 72.5% of the population (FY25: 43.4%).

You can read more on page 22.

FORMERLY REPORTED KPI
Total 5G connections (m)



[LINK TO STRATEGY](#) ⬆

Definition

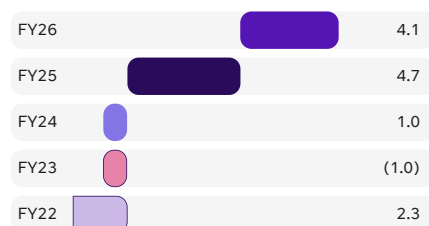
The number of BT retail connections to the 5G network.

Performance

There are 14.5m active BT retail connections, with our 5G network covering 90.5% of the UK population. 5G connectivity is now the standard for new devices, so our KPI moves to report 5G+.

We use thirteen operational and six financial KPIs to measure our success. We reconcile the financial measures to the closest IFRS measure on pages [224](#) to [227](#).

BT Group Net Promoter Score (NPS) R (point increase/(decrease))



[LINK TO STRATEGY](#)

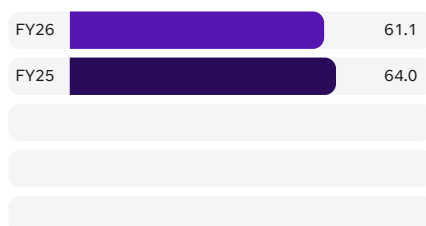
Definition

Changes in our customers' perceptions of BT Group since we launched the score in April 2016. It measures 'promoters' minus 'detractors' across our business units. BT Group NPS applies to our retail business^a and net satisfaction in our wholesale business.

Performance

We're still focused on creating standout customer experiences, with our score up 4.1 points in FY26. You can read more on page [26](#).

Business customer time on service issues (minutes) R



[LINK TO STRATEGY](#)

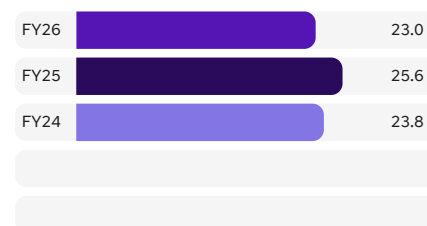
Definition

The total average time spent dealing with Business customer service issues. It includes inbound and outbound calls, chats and offline work.

Performance

We've spent less time dealing with Business customer service issues. Average time fell to 61.1 minutes (FY25: 64.0) as part of our continued focus on creating standout customer experiences.

Consumer customer time on service issues (minutes) R



[LINK TO STRATEGY](#)

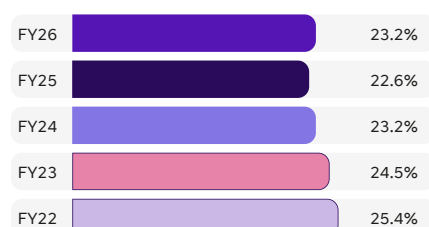
Definition

The total average time spent dealing with Consumer customer service issues. It includes inbound and outbound calls, chats and offline work.

Performance

We've spent less time dealing with customer service issues by proactively fixing problems and improving self-serve capabilities as part of our continued focus on creating standout customer experiences. Average time spent fell to 23.0 minutes (FY25: 25.6 minutes). You can read more on page [26](#).

Mobile retail connections market share^a



[LINK TO STRATEGY](#)

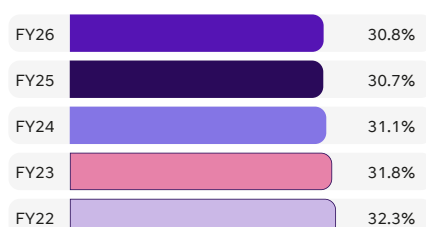
Definition

BT, EE and Plusnet's share (excluding wholesale) of the mobile market. We define that as total active SIMs, excluding machine-to-machine. This includes consumer and business voice (contract and prepaid) and mobile broadband plans (including tablets, dongles, watches and FWA).

Performance

The UK mobile market had 87m active^b SIMs at the end of 2025. Since FY22, we've lost 2pp of base market share to an increasingly competitive value segment, driven by MVNOs and sub-brands. But in the last 12 months we've had base growth for BT. This has bounced our market share back to 23.2%.

Broadband retail connections market share^a



[LINK TO STRATEGY](#)

Definition

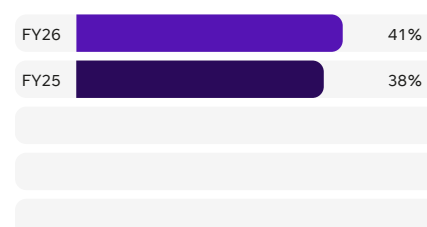
BT, EE and Plusnet's share (excluding wholesale) of the broadband market, defined as homes and businesses on a fixed, wired network. This includes copper and fibre (FTTC/FTTP) but excludes fixed wireless access and satellite.

Performance

The UK broadband market has been flat for the last four years with 28.6m active lines in FY26. There's been relatively slow new build growth and more businesses have closed than opened.

BT Group's base market share increased 0.1pp this year, offset by more retail competition and recent easier switching.

Converged broadband households



[LINK TO STRATEGY](#)

Definition

Converged customers as a share of the broadband customer base.

Performance

Converged broadband households grew to 41% (FY25: 38%) as part of our priority to bring customers the best connectivity products.

You can read more on page [26](#).

^a Includes our Consumer brands as well as our Business unit (excluding Wholesale).

^b An active customer is one that's generated revenue from an outgoing or incoming call, or from data or content services, in the past three months.

Our key performance indicators (KPIs) (continued)

Operational

At 31 March



Link to strategy

Each of our KPIs measures how we’re doing against our strategic pillars. We continuously monitor and evolve them to make sure they’re the best measures. You can read more about our progress against our strategic pillars and priorities from page 20.

Strategic Pillars	Page
 Build	20
 Connect	24
 Accelerate	28
 Link to directors’ remuneration	98

The annual bonus and long-term incentive plans that comprise our directors’ remuneration are each linked to certain KPIs. See the Report on directors’ remuneration on pages 98 to 112.

Colleague engagement

R



LINK TO STRATEGY »

Definition

How well our people are aligned. It indicates how likely it is that they’ll behave in ways that support our success (like discretionary effort). We measure it for BT overall and at Unit/Team levels.

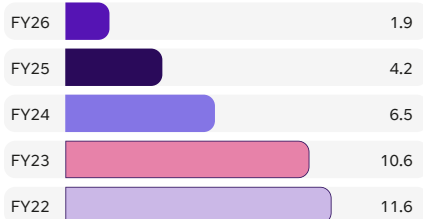
Performance

We’re continuing to reshape ourselves to be more collaborative and have introduced new behaviours for our people. Engagement stayed constant at 76% (FY25: 76%).

You can read more on page 30.

Number of units on legacy networks (m)

R



LINK TO STRATEGY »

Definition

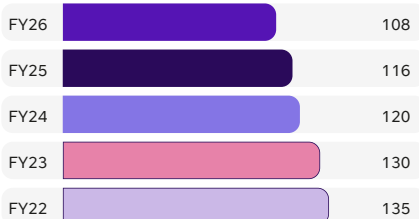
Customers switched from legacy to new strategic network platforms, helping us switch off our old platforms. A ‘unit’ is a circuit within, or a connection to, our network.

Performance

We’ve cut the number of legacy connections in our network to 1.9m (FY25: 4.2m) by switching customers to Digital Voice, 4/5G and fibre broadband.

You can read more on page 30.

TLR (’000)



LINK TO STRATEGY »

Definition

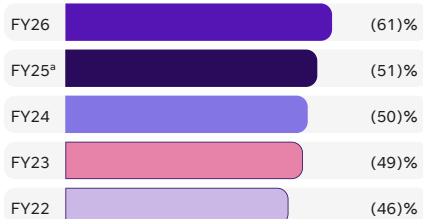
The total number of people who work here, including sub-contractors.

Performance

We’ve cut our TLR to 108k (FY25: 116k) as part of our ongoing drive for cost transformation and efficiency.

You can read more about on page 30.

Percentage reduction in operational carbon emissions



LINK TO STRATEGY »

Definition

Performance on our ambition to cut carbon emissions by 90% by the end of March 2031 compared to FY17 levels. It’s based on an absolute cut in tonnes of CO₂e (carbon dioxide equivalent) in operational emissions (Scopes 1 and 2 greenhouse gas emissions).

Performance

We’ve achieved a 61% reduction from our baseline year, FY17 (FY25^a: 51%).

You can find out more on page 31 and in our Responsible Business Addendum 2026 (bt.com/addendum).

^a Restated from 52% as presented in the FY25 Annual Report following review of our carbon emissions.

Financial

Year ended 31 March

Reported revenue (£m)

FY26	19,654
FY25	20,358
FY24	20,797
FY23	20,681
FY22	20,850

[LINK TO STRATEGY](#)

Definition

Our revenue, as reported in our income statement.

Performance

Our reported revenue was £19,654m (FY25: £20,358m) – down 3%. This was driven by lower International revenue including divestments, declines in handset trading and declines in adjusted UK service revenue.

You can read more on page 48.

Adjusted UK service revenue^a (£m)

FY26	15,445
FY25 ^b	15,568
FY24 ^c	15,727

[LINK TO STRATEGY](#)

Definition

All UK revenue, less UK equipment revenue. We've included some revenue from equipment in adjusted UK service revenue where we've sold it as part of a managed services contract, or where the equipment can't be practicably separated from the underlying service. You can find a full definition on page 225.

Performance

Adjusted UK service revenue for the year was £15,445m (FY25: £15,568m) – down 1%. This was mainly driven by lower voice volumes in Business and Consumer, offset by CPI-linked price increases and an improved broadband FTTP mix in Openreach.

You can read more on page 48.

Adjusted EBITDA^a (£m)

FY26	8,230
FY25	8,209
FY24	8,100
FY23	7,928
FY22	7,577

[LINK TO STRATEGY](#)

Definition

Our earnings before specific items, net finance expense, taxation, depreciation and amortisation and share of post-tax profits or losses of associates and joint ventures.

You can find a full definition on page 227.

Performance

Adjusted EBITDA was £8,230m (FY25: £8,209m) – flat year-on-year with lower revenue offset by strong cost transformation and cost control; excluding divestments, like-for-like adjusted EBITDA was up 1%.

You can read more on page 48.

Normalised free cash flow^a (£m)

FY26	1,508
FY25	1,598
FY24	1,280
FY23	1,328
FY22	1,392

[LINK TO STRATEGY](#)

Definition

Net cash inflow from operating activities, after capital expenditure. We adjust this for a number of measures – the largest being net interest paid, payments of lease liabilities, pension deficit payments, specific items, net cash flows related to the sale of contracts assets and cash flows related to the prepayment for forward sale of copper. You can find a full definition on page 226.

Performance

Normalised free cash flow was £1,508m (FY25: £1,598m) – down 6%. This was due to higher cash capital expenditure, interest costs, the absence of a prior year tax refund and working capital movements, partly offset by working capital programmes.

You can read more on page 49.

Reported capital expenditure^d (£m)

FY26	5,127
FY25	4,857
FY24	4,880
FY23	5,056
FY22	5,286

[LINK TO STRATEGY](#)

Definition

Additions to property, plant and equipment and intangible assets this year. See note 4 to the consolidated financial statements for a reconciliation to the measures reported in the group accounts.

Performance

Reported capital expenditure was £5,127m (FY25: £4,857m). This was up 6% year-on-year reflecting higher FTTP provisioning and build activity.

You can read more on page 49.

Return on capital employed^a (ROCE)

FY26	8.9%
FY25	8.7%
FY24	8.5%
FY23	8.3%
FY22	8.7%

[LINK TO STRATEGY](#)

Definition

Adjusted earnings before interest and tax as a percentage of equity, debt and debt-like liabilities – excluding balances associated with tax and managing of financial risk. You can find a full definition on page 225.

Performance

ROCE for the year was 8.9% (FY25: 8.7%), with higher capital employed more than offset by returns in the period.

^a We base financial metrics on adjusted measures, which exclude specific items, as defined in the 'Additional Information' section on pages 224 to 227.

^b FY25 comparative information has been re-presented for the adjustments set out in note 34 to the consolidated financial statements. The impact of these re-presentations on the Adjusted UK service revenue are included in the 'Additional Information' section on page 224.

^c The FY24 comparative information has not been re-presented for the adjustments set out in note 34 to the consolidated financial statements.

^d Additions to property, plant and equipment and intangible assets in the period. See note 4 to the consolidated financial statements for a reconciliation.

Group performance

SOLID FINANCIAL PERFORMANCE AGAINST OUTLOOK



This year we had a solid financial performance against our outlook – raising the dividend and reiterating NCF to increase to £2bn in FY27 and £3bn by FY30.

Simon Lowth/Chief Financial Officer
20 May 2026

Alternative performance measures

We assess the performance of the group using various alternative performance measures. As these aren't defined under IFRS we term them 'non-GAAP' or 'alternative performance' measures. We reconcile these to the most directly comparable financial measure (or measures) calculated and presented under IFRS on pages 224 to 227. Our alternative performance measures might not be directly comparable with similarly titled ones used by other companies.

A summary of our performance

Year ended 31 March	2026 £m	2025 £m
Revenue	19,654	20,358
Adjusted UK service revenue ^a	15,445	15,568
Adjusted EBITDA ^a	8,230	8,209
Reported profit before tax	1,436	1,334
Net cash inflow from operating activities	7,030	6,989
Normalised free cash flow ^a	1,508	1,598
Net debt ^a	19,966	19,816
Capital expenditure ^b	5,127	4,857
Reported EPS	11.0p	10.8p
Adjusted EPS ^a	18.3p	18.8p

Highlights

- Reported revenue was £19.7bn (down 3%) and adjusted revenue was £19.6bn (down 4%). This was driven by lower International revenue including divestments, declines in handset trading and declines in adjusted UK service revenue.
- Adjusted UK service revenue was £15.4bn (down 1%). This was mainly driven by lower voice volumes in Business and Consumer, offset by CPI-linked price increases and an improved broadband FTTP mix in Openreach.
- Adjusted EBITDA was £8.2bn (flat year-on-year), with lower revenue offset by strong cost transformation and cost control; excluding divestments, like-for-like adjusted EBITDA was up 1%.
- Reported profit before tax was £1.4bn (up 8%). The increase was primarily driven by lower specific items, and lower depreciation and amortisation, offset by a higher finance expense.
- Capital expenditure was £5.1bn (up 6%). This reflected higher FTTP provisioning and build activity.
- Net cash inflow from operating activities was £7.0bn (up 1%). Normalised free cash flow was £1.5bn (down 6%). This was due to higher cash capital expenditure, interest costs, the absence of a prior year tax refund and working capital movements, partly offset by working capital programmes.

Financial outlook

- We remain well-positioned to deliver a strong increase in cash flow and value through delivering our UK-focused strategy.
- In FY27 we expect adjusted revenue of £19.0-19.5bn and adjusted UK service revenue of between £15.1bn and £15.4bn. This includes a c.£150-200m headwind from voice as we move towards PSTN closure, with Adjusted EBITDA growth to within the range of £8.2-£8.3bn. We expect capital expenditure excluding spectrum to be around £4.3bn and normalised free cash flow of £2.0bn.
- In the mid-term, from FY28-FY30, we expect sustained growth in adjusted group revenue and adjusted UK service revenue as the voice drag abates and sustained growth in adjusted EBITDA ahead of UK service revenue, enhanced by cost transformation. By the end of the decade capital expenditure excluding spectrum will reduce by more than £1bn from the FY26 level and we expect to deliver c. £3.0bn in normalised free cash flow.

	FY27 outlook	Mid-term guidance
Adjusted group revenue^a	£19.0-£19.5bn	Sustained growth
Adjusted UK service revenue^a	£15.1-£15.4bn	Sustained growth
Adjusted EBITDA^a	Growth, £8.2-£8.3bn	Sustained growth ahead of UK service revenue, enhanced by cost transformation
Capital expenditure excluding spectrum	c. £4.3bn	Reduces by >£1bn from FY26 level
Normalised free cash flow^a	c. £2.0bn	c. £3.0bn by end of decade
Dividend	Low to mid-single digit growth	Low to mid-single digit growth until metrics consistent with BBB+ are reached; thereafter residual cash flow will be available for enhanced distributions

Dividend

- We declared a final dividend of 5.87 pence per share (pps). This increases our full year dividend to 8.32pps, a year-on-year increase of 2% (FY25: 8.16pps).
- The Board has adopted a new policy to grow the dividend by low to mid-single digit percent per annum in FY27 and onwards until metrics consistent with a BBB+ credit rating are reached; thereafter residual cash flow will be available for enhanced distributions to shareholders.
- The Board expects to continue declaring two dividends per year, with the interim dividend fixed at 30% of the prior year's full year dividend.

^a We base financial metrics on adjusted measures, which exclude specific items, as defined in the 'Additional Information' section on pages 224 to 227.

^b Additions to property, plant and equipment and intangible assets in the period. See note 4 to the consolidated financial statements for a reconciliation.

Group performance (continued)

Group results for the full year to 31 March 2026

Income statement

Year ended 31 March	2026 £m	2025 £m
Revenue	19,654	20,358
Operating costs	(16,757)	(17,866)
<i>of which depreciation and amortisation</i>	(4,913)	(4,978)
Operating profit	2,897	2,492
Net finance expense	(1,251)	(1,150)
Share of post-tax profit/(loss) of associates and joint ventures	(210)	(8)
Profit before tax	1,436	1,334
Tax	(359)	(280)
Profit for the year	1,077	1,054

Revenue

- Reported revenue was £19,654m (down 3%), and adjusted revenue was £19,646m (down 4%). This was mainly driven by lower International revenue (including the impact of divesting entities this year), reduced handset trading, and declines in adjusted UK service revenue.
- Adjusted UK service revenue for the year was £15,445m (FY25: £15,568m). This is down 1% due to declines in voice in Business and Consumer and softer retail pricing, offset by CPI-linked price increases and an improving broadband FTTP mix in Openreach.

 **You can find details of adjusted revenue by CFU on pages 51 to 52.**

Note 5 to the consolidated **financial statements** shows a breakdown of revenue by all our major product and service categories.

Operating costs

- Reported operating costs were £16,757m (down 6% year-on-year). This was due to continued cost transformation including lower total labour resource primarily in Openreach, lower mobile equipment volumes and lower trading in International.
- Specific items within operating costs were £466m (FY25: £772m) down 40%. This was due to restructuring charges of £336m (FY25: £448m) and lower impairment charges on our equity interests in the Sports Joint Venture (JV).
- On an adjusted basis operating costs were £16,291m (down 5% year-on-year).
- In May 2024, a new transformation programme was announced which targeted £3bn gross annualised cost savings, with a total cost to achieve of £1bn which will run until the end of FY29. The benefits and costs of the final FY25 year of the previous May 2020 programme were absorbed into the new targets. We have now raised our overall transformation plan target to £3.7bn gross annualised cost savings from £3.0bn, and extended the programme by one year to FY30. The total cost to achieve is now expected to be £1.4bn, previously £1.0bn. You can read more on our progress in the year on page 152.

Note 6 to the consolidated financial statements shows a detailed breakdown of our operating costs. Note 9 shows a detailed breakdown of our specific items.

Operating profit

- Reported operating profit was £2,897m (up 16% year-on-year). This was primarily due to strong cost transformation and lower specific items in FY26 compared to FY25, offset by lower revenue.

Adjusted EBITDA

- Adjusted EBITDA was £8,230m, flat year-on-year. Excluding divestments, like-for-like Adjusted EBITDA was up 1%, with strong cost transformation and cost control offsetting revenue flow through and higher National Insurance and National Living Wage costs.

Net finance expense

- Net finance expense was £1,251m (up 9% year-on-year). This was primarily driven by higher interest on newly issued bonds.
- Specific items within finance expense related to interest expense on our retirement benefit obligations of £191m (FY25: £197m).
- On an adjusted basis, net finance expense was £1,060m (up 11% year-on-year).

Share of post-tax profit / (loss) of associates and joint ventures

- Our share of post-tax losses from our joint ventures and associates was £210m (FY25: £8m loss). This was mainly due to the Group's share of impairment losses of £218m in the Sports JV (FY25: £nil) from revised expectations of its future performance and market position. We've recognised these impairment losses in FY26 as specific items.
- On an adjusted basis, the share of post-tax profit of associates and joint ventures was £8m (FY25: £8m loss).

Profit before tax

- Reported profit before tax was £1,436m (up 8% year-on-year). This was primarily reflecting lower transformation costs, reduced depreciation and amortisation, and lower impairment charges and disposal-related costs, partially offset by write-downs on the Sports JV. These benefits were further offset by an increased net finance expense, driven by higher interest rates.
- On an adjusted basis profit before tax was £2,303m (down 1% year-on-year).

Taxation

- The effective tax rate on reported profit was 25.0% (FY25: 21.0%). This is in line with the UK corporation tax rate of 25%, and is primarily due to the benefit of the UK patent box tax regime, offset by the non-deductible share of impairment loss in the Sports JV.
- The effective tax rate on adjusted profit was 22.1% (FY25: 20.7%) primarily due to the UK patent box regime.
- We made total corporation tax payments of £58m (FY25: £35m net corporation tax refund) comprising overseas tax payments.
- We expect a large proportion of our UK capital expenditure will be eligible for full expensing, which will reduce our current year UK tax liability.

Earnings per share

- Reported earnings per share was 11.0p (up 2%). The increase was driven by higher reported profit before tax, offset by a higher tax charge.
- Adjusted earnings per share was 18.3p (down 3%). The decrease was driven by lower adjusted profit before tax, and a higher tax charge in the year.

Cash flow, net debt and liquidity

Net cash inflow from operating activities and normalised free cash flow

- Net cash inflow from operating activities was £7,030m (up 1%). This was driven by higher operating profit, with strong cost control offsetting lower revenues, improved net cashflow from working capital, offset by higher tax paid due to the absence of a prior year tax refund.
- Normalised free cash flow was £1,508m (down 6%). This was due to higher cash capital expenditure, increased interest costs, the absence of a prior year tax refund and improved net cashflow from the combination of working capital movements and working capital programmes. We use working capital programmes to manage cash timing and support investment; bills of exchange standardise handset payment terms across suppliers, handset receivables programmes manage the movement to longer customer contract terms, and copper forward sales underpin accelerated FTTP build. You can find a description of our working capital programmes in Additional Information on page 224.
- The net cash cost of specific items excluded from normalised free cash flow was £415m (FY25: £498m). This was primarily from restructuring payments.

Capital expenditure

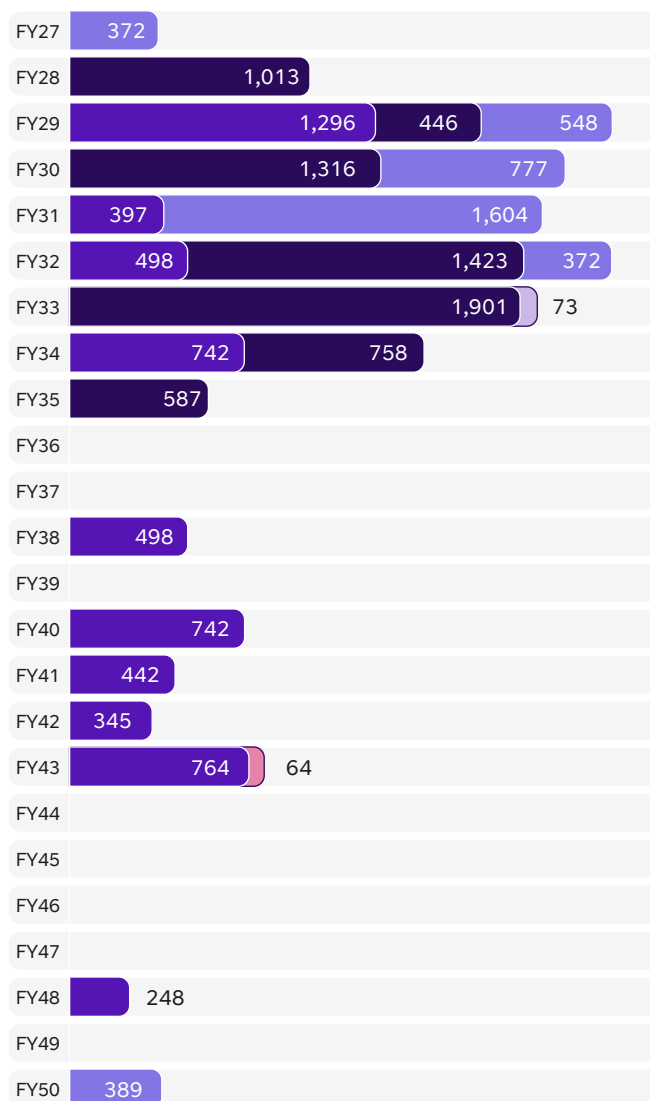
- Capital expenditure was £5,127m (up 6%). This was driven by higher FTTP build and provision volumes in Openreach. It was partially offset by reduced spend across property programmes and IT delivery.
- Cash capital expenditure was £5,169m (up 5%). The difference to reported capital expenditure was due to the timing of capital creditor spend and government grant funding repayments.

Net debt and equity

- Net debt at 31 March 2026 was £20.0bn (31 March 2025: £19.8bn). This increase was mainly due to scheduled pension contributions of £0.8bn and dividend payments partially offset by cash from trading.
- Net financial debt (which excludes lease liabilities) at 31 March 2026 was £15.8bn (31 March 2025: £15.2bn).
- BT Group holds cash and current investment balances of £1.8bn. The current portion of loans and other borrowings is £0.4bn at 31 March 2026.
- Our £2.1bn undrawn committed borrowing facility, which matures no earlier than January 2031 with the option to extend for one further year, remained undrawn at 31 March 2026.
- We remain committed to our credit rating target of BBB+/Baa1 and minimum rating of BBB/Baa2. During FY26 our credit ratings have remain unchanged at BBB or equivalent with a stable outlook.

Debt maturity profile^a

(£m)



- £ debt
- € debt swapped to £
- \$ debt swapped to £
- ¥ debt swapped to £
- NOK debt swapped to £

^a Hybrid bonds are shown based on their first call option date.

Group performance (continued)

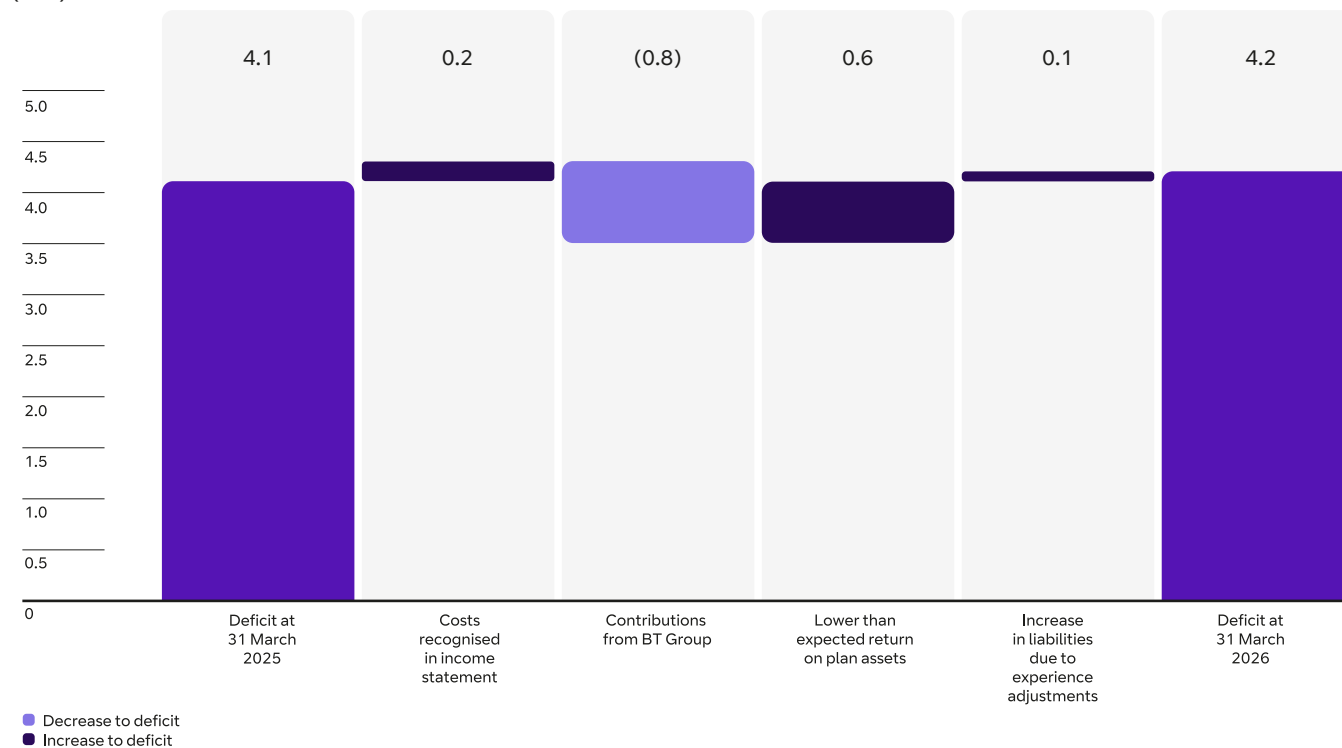
Group results for the full year to 31 March 2026

Pensions

- The IAS 19 deficit increased to £4.2bn at 31 March 2026, net of tax £3.1bn (31 March 2025: £4.1bn, net of tax £3.2bn).
- The increased deficit reflects updated views on mortality and inflation, and lower asset returns than expected, partly offset by scheduled contributions over the year.

We show movements in the deficit for the group's defined benefit plans below:

Movements in the deficit for BT Group's defined benefits plans (£bn)



Balance sheet

Year ended 31 March	2026 £m	2025 £m
Non-current assets	42,861	42,610
Current assets	7,115	8,372
Current liabilities	8,409	10,285
Total assets less current liabilities	41,567	40,697
Non-current liabilities	29,003	27,789
Total equity	12,564	12,908
Equity and non-current liabilities	41,567	40,697

- Non-current assets at 31 March 2026 were £42,861m (FY25: £42,610m). This is an increase of £251m. Higher property, plant and equipment was offset by lower intangible assets, reflecting amortisation in the year, and a reduction in right-of-use assets.
- Current assets at 31 March 2026 were £7,115m (FY25: £8,372m), of which £1,442m relate to trade receivables (FY25: £1,490m). The decrease of £1,257m was from lower investments, lower money market funds, and lower assets held for sale reflecting completion of the relevant divestments.
- Current liabilities at 31 March 2026 were £8,409m (FY25: £10,285m), of which £3,825m related to trade payables (FY25: £3,727m). The decrease of £1,876m was mainly from the decrease of £1,672m in loans and other borrowings following refinancing during the year.
- Non-current liabilities of £29,003m (FY25: £27,789m) increased by £1,214m. The increase was from higher loans and other borrowings, offset by lower lease liabilities.
- Total equity decreased by £344m to £12,564m (FY25: £12,908m). Profits of £1,077m in the year were offset by remeasuring the net pension obligation and by dividends to shareholders of £807m.

Our customer-facing units

BT Group consists of customer-facing units (CFUs), technology units, and corporate functions, as we describe on page 11. We present the results of our CFUs on pages 51 and 52.

Consumer

Revenue ^a	EBITDA ^a			
£9,494m (2)%	£2,602m (2)%			
	2026	2025	Change	
Year ended 31 March	£m	£m	£m	%
Revenue ^a	9,494	9,695	(201)	(2)
Of which UK service revenue ^a	7,853	7,888	(35)	—
Adjusted ^a operating costs	6,892	7,051	(159)	(2)
EBITDA ^a	2,602	2,644	(42)	(2)
Depreciation and amortisation ^a	1,673	1,832	(159)	(9)
Operating profit ^a	929	812	117	14
Capital expenditure ^c	1,155	1,207	(52)	(4)
Normalised free cash flow ^a	1,273	1,025	248	24

Financial metrics

- Revenue was down 2%. This was mainly due to lower handset volumes in a competitive market.
- UK service revenue was flat year-on-year driven by growth in customer base and broadly stable ARPU, partially offset by a 1 percentage point drag from voice.
- EBITDA was down 2% driven by revenue flow-through and higher Openreach costs, as well as headwinds from National Insurance, the National Living Wage and incremental PSTN closure costs ahead of January 2027. Excluding prior-year one-offs, EBITDA was broadly flat.
- Depreciation and amortisation was 9% lower than last year. This was driven by a year-on-year decreases in capital expenditure.
- Capital expenditure was down 4%. This was driven by lower IT and retail store spend.
- Normalised free cash flow was 24% higher than last year. This was driven by lower capital expenditure and favourable working capital timing partly offset by lower EBITDA.

Operational metrics

- We achieved postpaid mobile net adds of 104,000, growing the base to 14.0m with churn staying low at 1.0%. Postpaid mobile ARPU was £19.3, down 1% year-on-year.
- We had broadband net adds of 26,000, growing our base to more than 8.2m. Churn fell to 1.1% and broadband ARPU was £41.7 (down 1.0% year-on-year). This was driven by declines in voice and sport services. Consumer was adversely impacted in areas where we didn't have FTTP.
- Our TV base continued to perform strongly, and grew by 72,000 during FY26.
- FTTP adoption saw record growth, with the base increasing by 976,000 in FY26 to 4.2m customers (up 30% year-on-year). This now represents 51% of the total broadband base.
- Our 5G connected base grew to 11.5m customers (up 7% year-on-year). And our 5G+ now serves 73% of the population.
- Our converged product base continues to grow. 26.6% (FY26: 24.6%) of all Consumer mobile or broadband households now take both broadband and postpaid mobile services.
- Our customer experience rating improved across all three brands, with NPS increasing by 3.1pts year-on-year.

Business

Revenue ^a	EBITDA ^a			
£5,257m (2)%	£1,266 (5)%			
	2026	2025 re-presented ^b	Change	
Year ended 31 March	£m	£m	£m	%
Revenue ^a	5,257	5,348	(91)	(2)
Of which UK service revenue ^a	4,803	4,847	(44)	(1)
Adjusted ^a operating costs	3,991	4,017	(26)	(1)
EBITDA ^a	1,266	1,331	(65)	(5)
Depreciation and amortisation ^a	770	721	49	7
Operating profit ^a	496	610	(114)	(19)
Capital expenditure ^c	616	582	34	6
Normalised free cash flow ^a	530	540	(10)	(2)

Since 1 July 2025 Business has been focused on serving UK customers, with the separation of overseas activities into International. We've re-presented prior periods.

Financial metrics

- Revenue was down 2%. This was driven by lower equipment trading and UK service revenue.
- UK service revenue was down 1%. This was driven by a 2 percentage point drag from voice, partially offset by improved Broadband ARPU and managed services.
- EBITDA was down 5%. This was mainly driven by service revenue flow through and the impact of low margin kit sales, partially offset by cost transformation.
- Depreciation and amortisation was up 7%. This was driven by higher network, digital and customer equipment investment.
- Capital expenditure was up 6%. This was due to higher digital investment to support transformation.
- Normalised free cash flow was down 2%. Lower EBITDA and higher capital expenditure was partially offset by favourable working capital timing.

Operational metrics

- Our FTTP base increased 44% year-on-year to 316,000. Our 5G base increased 27% year-on-year to 3.0m.
- We simplified our product portfolio to 141 from 158^d. Units on legacy networks fell by 45% year-on-year.
- Access to BT Business expertise now available in all BT/EE high street stores.
- Momentum on customer wins and product upgrades, including BAE Systems, NIE Networks and easyJet, plus the launch of end-to-end sovereign portfolio and partnership with global cybersecurity leader CrowdStrike and with Nscale to deliver sovereign AI data centres in the UK.
- Transformation continues at pace, supported by our AI-powered operations partnership with Accenture.
- We had continued NPS growth, up 6.9pts year-on-year. This was mainly driven by continued improvements in SMB.

^a We base financial metrics on adjusted measures, which exclude specific items, as defined in the 'Additional Information' section on pages 224 to 227.

^b FY25 comparative information for the Business CFU has been re-presented to reflect the formation of the new International CFU and re-presentations of segmental revenue to reflect the nature of services and trading relationships between CFUs. Note 34 and the Additional Information on page 227 present bridges between financial information for the full year to 31 March 2025.

^c Additions to property, plant and equipment and intangible assets in the period. See note 4 to the consolidated financial statements for a reconciliation.

^d Product portfolio re-presented to remove the International unit contribution.

Group performance (continued)

Group results for the full year to 31 March 2026

International

Revenue ^a		EBITDA ^a		
£2,114m (15)%		£145m (29)%		
	2026	2025 re-presented ^b	Change	
Year ended 31 March	£m	£m	£m	%
Revenue ^a	2,114	2,499	(385)	(15)
Of which UK service revenue ^a	—	—	—	—
Adjusted ^a operating costs	1,969	2,294	(325)	(14)
EBITDA ^a	145	205	(60)	(29)
Depreciation and amortisation ^a	208	240	(32)	(13)
Operating profit ^a	(63)	(35)	(28)	(80)
Capital expenditure ^c	109	140	(31)	(22)
Normalised free cash flow ^a	(117)	(34)	(83)	(244)

Financial metrics

- Revenue was down 15%. This was driven by declines in legacy products and managed contracts, the completed divestments (accounting for 7 percentage points of the decline) and adverse foreign exchange.
- EBITDA was down 29%. This was driven by completed divestments (accounting for 11 percentage points of the decline), increased investment in Global Fabric, revenue flow-through and inflationary cost pressures. It was partially offset by tight cost control and ongoing transformation initiatives.
- Depreciation and amortisation was down 13%. This mainly reflected the reclassification of assets as held for sale, in line with the completion of strategic business exits.
- Capital expenditure was down 22%. This was mainly driven by completed divestments and lower Global Fabric related spend.
- Normalised free cash flow fell by £83m. This was driven by lower EBITDA and working capital timing, partially offset by lower capital expenditure.

Operational metrics

- Global Fabric product testing successfully completed, with Global Fabric's Internet service ready for orders.
- All five targeted divestments in International are now complete. The last, BT Radianz, closed on 1 February 2026.
- International delivered £71m of in-year cost transformation, predominantly through reductions in TLC and third-party costs. We continued to execute our telco platform strategy – including optimising our processes, increasing automation and centralising roles to our hubs.
- We secured a contract with Denmark's Agency for Governmental IT Services to connect the country's foreign ministry sites in 92 countries.

Openreach

Revenue ^a		EBITDA ^a		
£6,190m 1%		£4,225m 5%		
Year ended 31 March	2026 £m	2025 £m	£m	Change %
Revenue ^a	6,190	6,156	34	1
Of which UK service revenue ^a	6,190	6,156	34	1
Adjusted ^a operating costs	1,965	2,127	(162)	(8)
EBITDA ^a	4,225	4,029	196	5
Depreciation and amortisation ^a	2,130	2,032	98	5
Operating profit ^a	2,095	1,997	98	5
Capital expenditure ^c	3,171	2,838	333	12
Normalised free cash flow ^a	792	839	(47)	(6)

Financial metrics

- Revenue grew 1% year-on-year. CPI-linked price increases across the portfolio, the higher ARPU from the improved FTTP mix in broadband, and growing PIA volumes were partially offset by declines in the broadband and voice-only customer base.
- EBITDA grew 5%. This was driven by ongoing cost transformation, including the benefit of lower repair volumes (down 18%) and lower total labour resource, with direct labour resource down 10%. These were partially offset by pay inflation.
- Depreciation and amortisation increased 5% year-on-year, reflecting continued investment in our network build.
- Capital expenditure was up 12% year-on-year. This was due to increased FTTP provisioning and build activity.
- Normalised free cash flow was down 6% year-on-year. This was primarily due to higher capital expenditure and the timing of working capital. It was partially offset by EBITDA growth and the forward sale of copper.

Operational metrics

- Our FTTP footprint is now over 22.9m – with 6.3m in more rural and hard to reach areas, exceeding our Area 3^d ambition. We remain on track to deliver FTTP to 25m premises by December 2026.
- Our FTTP connected base grew by a record 2.2m this year, reaching a total of 8.8m. We've maintained our market-leading take-up amongst all major fibre providers of over 38% on a fast-growing footprint.
- Openreach broadband line losses were 825,000, slightly better than our guidance.
- Openreach broadband ARPU of £16.7 was up 4% year-on-year. This was driven by the CPI-linked price increases and greater FTTP take-up.
- Across the full year Openreach achieved all Ofcom Quality of Service standards for both Copper and Ethernet.
- End-customer satisfaction was solid, helping to maintain an 'Excellent' Trustpilot rating.

^a We base financial metrics on adjusted measures, which exclude specific items, as defined in the 'Additional Information' section on pages 224 to 227.

^b FY25 comparative information for the Business CFU has been re-presented to reflect the formation of the new International CFU and re-presentations of segmental revenue to reflect the nature of services and trading relationships between CFUs. Note 34 and the Additional Information on page 227 present bridges between financial information for the full year to 31 March 2025.

^c Additions to property, plant and equipment and intangible assets in the period. See note 4 to the consolidated financial statements for a reconciliation.

^d Area 3: Postcode sectors where Ofcom determined there is not, and there is unlikely to be potential for, material and sustainable competition to BT in the commercial deployment of competing networks.

A message from the Chair of Openreach



Today, Britain's digital future is being built. And in a fiercely competitive market with sky-high expectations, Openreach is leading the way.

I want to start by thanking Clive Selley for his outstanding leadership over the last decade and leaving a fantastic legacy.

Now Katie Milligan takes the baton. Her understanding of the market – and her dedication to our people and customers – make her the perfect leader for our next chapter.

As the UK's largest wholesale network provider we have a crystal clear strategy: Deliver great service. Build a new full fibre network at pace across the country. And make it easy for everyone to connect to it. And this year, we kept delivering on that.

With an FTTP footprint of 23 million premises and counting, we're getting close to our target of building to 25 million nationwide by the end of 2026. It's a UK-wide infrastructure project that's on-time, on-budget, and already bringing benefits to cities, towns and rural communities.

And broadband demand continues to rise. This year, for the first time, our new full fibre network carried more data than our established fibre to the cabinet network. With 8.8 million customers now upgraded, we continue to hone techniques to connect even more customers, more quickly, with a great experience to boot.

Proactive customer service

We've taken big steps towards a more proactive customer journey and service culture. New AI tools are helping us sharpen customer engagement and better anticipate their potential pain points.

Thanks to effective partnerships, built over years with our Communications Provider (CP) customers, we're now providing more proactive updates on appointments, leading to higher customer satisfaction.

We've also combined our service teams, and standardised how we work. So we have a single plan to continually review and improve outcomes based on customers' changing needs and expectations.

This has helped us to once again meet Ofcom's Quality-of-Service standards for copper and Ethernet. And we're proud to have maintained our 'Excellent' Trustpilot rating – based on 313,000 customer reviews.

Building and upgrading at pace

Our full fibre build teams delivered more than ever. Alongside partners, and as part of our commercial and subsidised government programmes, R100 and Project Gigabit, we've extended our network by 4.8 million premises in just 12 months – a feat we think hasn't been achieved by any other European company.

And it hasn't come at the expense of efficiency. Our cost per premises passed sits within our £250-£350 range thanks to expert planning, innovation and execution.

Our bigger goal is to get as many customers on the network as possible so they can reap the rewards of faster speeds, fewer faults, and a more consistent, reliable service. To that end, we had a record-breaking year for adoption, increasing our FTTP customer base by 2.2 million. This saw our take-up rate tick up to 38% despite our footprint growing rapidly.

Our people and culture

As we look to the future, we need to be leaner, simpler and more efficient.

This year, we've done that by helping some of our people retrain and pursue new career opportunities, backed by strong union relationships. We've also enhanced our health screening policies and mental wellbeing support for everyone.

Our People Networks continue to support our colleagues. They help us listen, share, drive cultural change and make recommendations to our Executive team. We continue to make big steps forward in this area, but there's still lots to do.

Safely and sustainably

Keeping our people and communities safe has always been our top priority.

We still support the Institute of Customer Service's longstanding campaign to secure more legal protections for front line workers against attacks and abuse. We've also launched the PeopleSafe lone working app – our strongest intervention yet to give our people immediate support if they're ever in danger.

We're also building momentum around our 'Let's Reach Zero' strategy: shrinking our carbon footprint, using fewer materials, cutting waste, and safeguarding habitats around our network.

This year our electric fleet grew to 6,900 vans – and we recovered even more copper cabling, removing 9,147 tonnes from our network for recycling at a time when global demand has never been higher. And our RSPB partnership continued to protect endangered species, including installing over 100 nesting boxes.

We also published our full fibre carbon footprint – we think a first for any European operator. It gives customers a clearer view of our impact and outlines where we plan to cut emissions fastest.

Upgrading the nation

There's less than a year until BT Group switches off the ageing analogue Public Switched Telephone Network (PSTN). So we're withdrawing products from this network and switching customers to alternative digital services at pace.

We now have fewer than 2.3 million lines to migrate and recently exited our first exchange in Deddington, with more exchanges coming.

Our 'prove telecare' product has launched. And working with industry and government, our focus is still to protect vulnerable customers and critical national infrastructure. Our leadership in the recently announced DSIT charter epitomises this and underlines the steps everyone must take to safely switch off PSTN lines.

Looking ahead

We want to build full fibre to up to 30 million homes and businesses – providing there's the right political and regulatory support.

The regulator's success in unlocking a wave of private-sector investment in competitive telecoms infrastructure over the last five years is undeniable. As full fibre infrastructure is adopted it underpins huge benefits for consumers and businesses right across the UK. And once it's built, it's important network operators are free to compete effectively, even as ownership changes and consolidation progresses. For our part, we're playing to win, and to compete fairly in this critical sector.

More than ever, our mission is to get customers adopting full fibre. Our commitment is to deliver for our shareholders, customers, people and the country. And my thanks go out to everyone involved for their support and dedication in building a better-connected Britain.

Mike McG Tighe
Chair, Openreach
20 May 2026

Risk management

We want to be smart with risk. Our risk management framework gives us a simple, consistent way of looking at the challenges we face when delivering our strategy. It helps us make informed decisions that benefit our people, customers, shareholders and wider stakeholders.

Why we need our risk framework

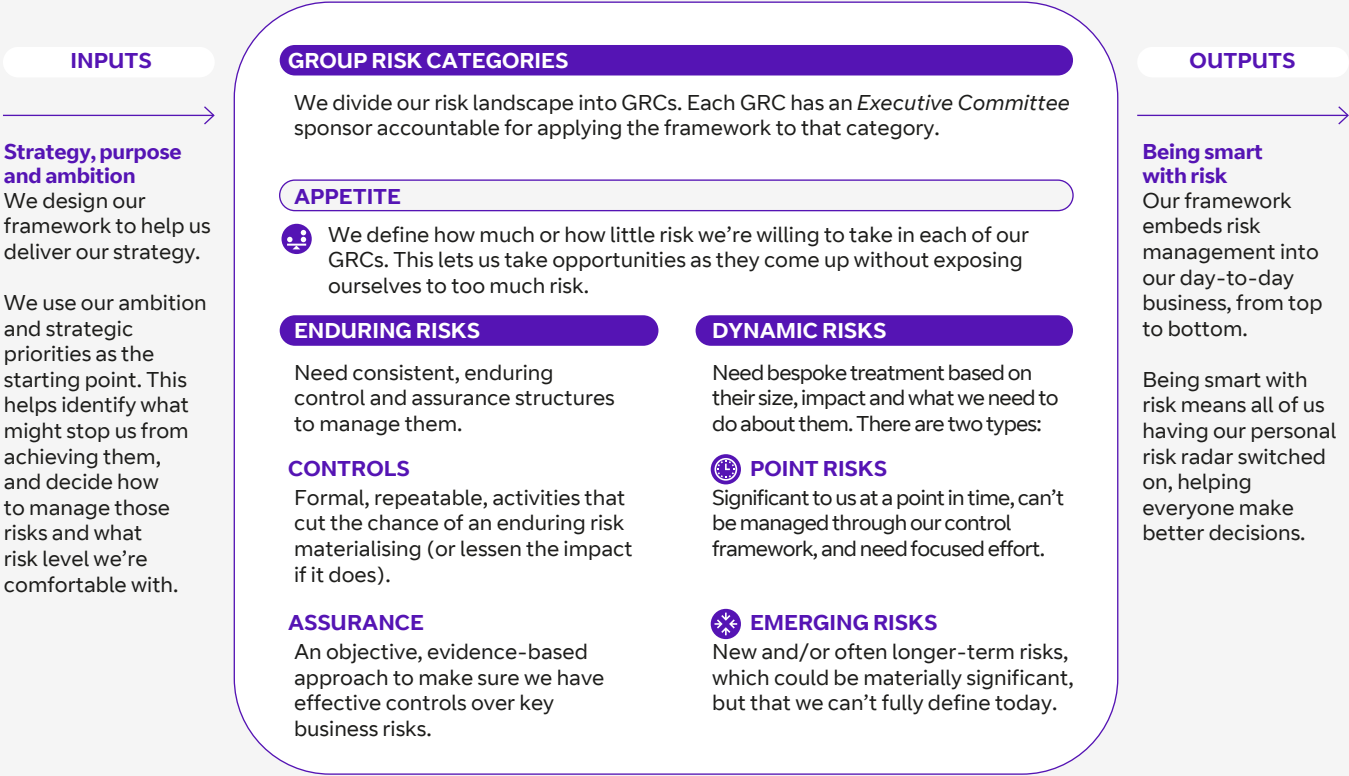
The external risk landscape is challenging and complex. There’s increasing competition, evolving market dynamics, geopolitical uncertainty, cyber security threats and risks from AI’s rapid advance.

Against this backdrop, effective risk management is essential. Our risk management framework helps us identify and assess the risks we face and the best ways to manage them. It stops us taking on unacceptable levels of risk. And it also stops us unnecessarily constraining our business, or missing growth and transformation opportunities. The diagram below highlights the framework’s key elements.

Risk Management Framework

GOVERNANCE – AUDIT & RISK COMMITTEE

The Board is responsible for risk management. The *Audit & Risk Committee* oversees and monitors our risk management and internal control systems’ effectiveness on its behalf. Twice a year the Board receives a summary of how we’re managing risks across all GRCs and Units. There are also deep dives into individual GRCs through the year. You can find more information in the **Audit & Risk Committee Chair’s report** on page 91.



UNITS AND PROGRAMMES

We bring together risks to review, discuss, prioritise, own, action and report on across all Units (CFUs, TUs and CUs) and programmes. This gives us insights and facilitates factual, data-driven risk conversations. Which leads to smarter risk decisions and better operational integrity.

RISK HUBS

Cross functional forums that look at risks that span multiple GRCs, for example our Sustainability and Geopolitical risk hubs.

ENABLERS

RISK EMBEDDED CULTURE

We train everyone involved with the framework to give them a strong grasp of the expectations and benefits of good risk management. We also expect our leaders to be role-models for good risk management – taking accountability, showing curiosity and providing psychological safety – and to use the framework to make informed decisions.

TOOLS AND TECHNOLOGY

We have a dedicated, integrated risk management, controls and assurance system called Artemis. It captures enduring and dynamic risks and tracks how well our control framework is working. And it manages our first, second and third line assurance activity in one place. It gives us a clear, up to date picture and is central to our reporting and monitoring at every level.

Making material risks visible to our Board

We have a consistent approach to managing risk across the group, but as our business and the wider landscape evolves, our risk management framework does too.

This year we embedded our approach for applying Provision 29 of the 2024 UK Corporate Governance Code.

This involved identifying and defining material controls with the *Audit & Risk Committee*. As a result, we've now defined the framework for each GRC as a material control. Each GRC framework includes the following risk management elements in that area:

- Governance and Oversight
- Risk Appetite
- Dynamic Risk Management
- Policies, Standards and Controls
- Assurance

We supplement these GRC framework material controls with a handful of organisation-wide controls. They include our Code of Conduct and training, the Speak Up process, our Disclosure Committee and our Delegation of Authority Framework.

This approach reflects how we manage these areas day-to-day. And it provides the Board with the highest priority risk and control information, so it knows which things need extra attention.

As part of our enhanced approach, we now prioritise underlying operational controls in each GRC to reflect the size of the risk they mitigate. This gives clearer oversight and allows assurance to be directed to the highest risk areas.

We've also kept strengthening and integrating our second line assurance activities. This helps give us the right coverage across our material controls and priority areas within our broader control framework.

Monitoring geopolitical risks

We actively monitor developments in the external environment, including evolving geopolitical conditions and their potential impacts. The situation in the Middle East is dynamic and fast-moving. In response, we have established a taskforce to monitor the threats to our business, coordinate our operational response, maintain a clear line of sight to impacts, mitigations and decision points and provide updates to the Board. Our cross-functional Geopolitical Risk Hub has also carried out longer-term scenario analysis and is assessing second- and third-order impacts. Actions are agreed and implemented as needed.

Looking after our estate

We have a vast estate of almost 6,000 buildings. That means managing risks around building resilience, physical security and health and safety.

This year we used our framework to improve how we think about our risk appetite across the estate, designing a maturity model and a target position. This enables a more targeted and consistent approach to how we allocate funds and prioritise remedial actions to strengthen the resilience of our estate.

6,000

buildings in our estate



Our principal risks and uncertainties

The risks in the following pages line up with our GRCs. Each GRC features enduring risks and point and emerging risk examples. We choose a selection of our point risks – based on their severity and likelihood – to develop scenarios to stress test our viability. We've marked those with † in the relevant sections. You can read more in our Viability statement on page 72.

STRATEGIC

Strategy, technology and competition

Sponsor: Chief Strategy and Change Officer

Enduring risks in this category

To deliver value to our stakeholders and achieve our strategy we must carefully manage external risks – including economic uncertainty, competition, and rapid customer and technological change – and internal risks, particularly those related to designing and executing the strategy itself.

Our risk appetite

We measure and track our risk appetite through metrics focussed on strategy execution. We also assess whether our analysis and strategy are clear and robust, and whether the business and financial plans are aligned with them. This approach helps us make strong strategic choices and supports effective execution.

Examples of dynamic risks

Point risks:

- Macroeconomic headwinds due to political uncertainty, driving factors such as high inflation, lower customer confidence, increasing energy costs and supply chain issues.†
- Continued pricing pressure and a failure to find growth opportunities with innovative, customer centric new products and services might affect our market share.†
- Increasing competitive intensity in our core markets may reduce our market share.†

Emerging risk:

- Failing to harness AI properly for efficiencies and commercial opportunities.

Examples of what we do to manage these risks

- We research, analyse and monitor economic, customer, competitor and technology trends to inform our strategy.
- The *Executive Committee* and Board regularly review performance against our strategic priorities and goals – and discuss key topics through the year.
- The *Executive Committee* and Board review and approve our budgets to make sure they're aligned with strategic priorities.
- The BT Investment Sub-Committee checks that our investments are aligned with our strategy.

Transformation delivery

Sponsor: Chief Strategy and Change Officer

Enduring risks in this category

We must manage risks around delivering the transformation that underpins our strategy to realise our customer, colleague and financial targets. If we don't manage them, we won't become a simpler and more efficient business, which could damage our financial performance, customer experience and reputation.

Our risk appetite

We're committed to modernising our business and we've defined a level of risk we'll tolerate to achieve this. We track specific metrics to check we're achieving genuine, sustainable transformation results and not just cutting costs.

Delivering within our risk appetite will enable revenue growth and faster delivery, improve customer experience and make sure our costs compare well with peers.

Examples of dynamic risks

Point risks:

- Moving customers off old networks too slowly could hurt our timelines, raise costs and affect relationships with external stakeholders.
- The complexity and breadth of change across the group could stop us becoming more efficient and delivering sustainable transformation.
- If we don't deliver new digital journeys and platforms at the pace and quality needed, it could lead to poor customer experience and impact our ability to achieve sustainable revenue growth.†

Emerging risk:

- Delayed customer migrations might slow us downsizing our building portfolio and getting the associated savings.

Examples of what we do to manage these risks

- We have strong governance, with senior leaders owning specific operational and financial outcomes.
- Our *Executive Committee* regularly reviews our transformation performance – making decisions and removing blockers.
- Through programme assurance, we continually improve processes to make sure we plan and execute our transformation, in line with our wider strategy and financial planning.
- We invest in our people, so we have the skills, capabilities and delivery frameworks we need to transform.

FINANCIAL

Financing

Sponsor: Chief Financial Officer

Enduring risks in this category

We manage risks which might stop us meeting our financial obligations and funding our strategy delivery. These include not having access to enough cash, or pension obligation changes causing higher payments. We also tightly manage counterparty risk on our cash balances and cover some risks through our insurance programmes.

Our risk appetite

We fund our business from performance forecasts in our medium-term plans.

We rely on debt capital markets being open to investment grade borrowers. We set our minimum credit rating at BBB. We invest cash balances to preserve capital, not generate returns.

We have an agreed plan to cut investment risk in the BT Pension Scheme by 2034 and also plan to reduce longevity risk.

Examples of dynamic risks

Point risks:

- Increases in life expectancy or lower investment returns could raise our pension obligations.[†]
- Macroeconomic or geopolitical uncertainties could lower the availability of debt or make it more expensive.

Examples of what we do to manage these risks

- We regularly review our forecast vs actual business performance.
- We have formal treasury risk management processes, Board oversight, delegated approvals and lender relationship management.
- We review our pension schemes' funding positions and investment performance and agree funding valuations.
- We purchase insurance to mitigate financial exposure to certain risks.

Financial control

Sponsor: Chief Financial Officer

Enduring risks in this category

We focus on having strong financial controls to manage the risk of fraud and inaccurate reporting. If they failed, we could lose money or materially misrepresent our financial position. This could lead to financial misstatement, fines, legal disputes and reputational damage. This category includes risks around our Environmental, Social and Governance reporting requirements.

Our risk appetite

We want our overall financial control framework, including controls to prevent fraud, to be effective, so that there's a less-than-remote chance of material financial misstatement in our reported numbers.

We've defined the proportion of our financial controls that should be preventative rather than detective, and automated rather than manual.

Examples of dynamic risks

Point risks:

- Not transforming our transactional processes and systems fast enough could affect our financial control performance, efficiency and effectiveness.

Emerging risks:

- Malicious actors using increasingly accessible and sophisticated AI and machine learning could increase fraud.
- Corporate and Social Responsibility reporting requirements are growing fast. If we don't adapt quickly, we could fail to meet our reporting obligations.

Examples of what we do to manage these risks

- We have financial and operational controls for planning and budget discipline, for efficient and accurate reporting and to prevent fraud.
- We proactively identify, manage, investigate and report on potentially fraudulent activities.
- We give fraud training to people in high-risk roles.
- Our tax risk framework helps us manage tax-related risks.
- We use independent professional services organisations for guidance and to check if we're ready for new and changing legislation.
- We horizon-scan to spot emerging fraud threats early, support proactive risk mitigation and strengthen resilience.

Our principal risks and uncertainties (continued)

COMPLIANCE

Legal and regulatory compliance

Sponsor: General Counsel, Company Secretary and Director Regulatory Affairs

Enduring risks in this category

We focus on risks around not complying with communications regulation, competition law, anti-bribery and corruption measures, international trade controls and our corporate governance responsibilities. Other GRCs cover other relevant laws and regulations.

Our risk appetite

We're committed to a strong compliance culture. It's an essential part of connecting for good.

We want to take commercial opportunities while making informed, evidence-based, justifiable decisions on following laws and regulations.

Our decisions are guided by regulatory obligations. They include protecting our customers and network, while considering the needs of our business and key stakeholders. We prioritise sustaining long-term predictable and stable regulations that support investment and returns.

Examples of dynamic risks

Point risks:

- We might fail to deliver the switch to Digital Voice in line with regulatory obligations or expectations.
- Commercial flexibility allowed under the Telecoms Access Review might be introduced relatively slowly.
- Increasing regulation around resilience could raise costs.[†]

Emerging risks:

- Responding to more UK class actions could mean higher costs.
- Proliferating or expanding international, regional or national sanctions could raise costs or change sourcing arrangements.
- There could be new laws and regulations, changes to existing ones, or trade sanctions responding to geopolitical dynamics or concerns in a particular area of law.
- Higher security and resilience expectations, on progressively more complex and interconnected networks and platforms, could lead to more regulatory obligations and cost pressures.

Examples of what we do to manage these risks

- Our Code fosters a culture of high standards and encourages everyone to speak up if something's not right.
- We proactively engage with regulators and give them accurate information on time.
- We regularly check legal and regulatory risks for strategic projects, new business, and within our operations.
- Our policies and processes help our people comply with our obligations under the UK Listing Rules and other corporate governance reporting requirements.
- We give compliance guidance and training on how to spot and handle risks or when to seek help.

Financial services compliance

Sponsor: CEO, Consumer

Enduring risks in this category

We're focused on compliance as we grow our consumer credit and insurance business and develop new financial services products and services. This includes all applicable Financial Conduct Authority (FCA) principles, rules and requirements.

Our risk appetite

We aim to minimise risk in two ways. First, by building capabilities that help us develop financial services activities compliantly. And second, by maintaining a trusted relationship with the FCA.

Examples of dynamic risks

Point risks:

- We may not be able to effectively show that we're in line with Consumer Duty Outcomes.
- There's uncertainty about the final outcomes of the FCA's review of consumer credit in the Telecoms Market, particularly regarding its impact on pricing dynamics in the market.

Emerging risks:

- Uncertainty around future regulation for consumer credit could affect investment in operational processes.
- New buy-now-pay-later regulation could bring competitive challenges.

Examples of what we do to manage these risks

- We constantly scan the regulatory and policy horizon.
- We check our financial services products and promotions are compliant before we launch them. We then monitor customer outcomes to ensure they remain suitable and deliver the right results for customers.
- We have processes in place to make sure customers get the right outcomes.
- We keep investing in and improving our ability to meet FCA Consumer Duty regulations.
- We run mandatory training on FCA regulations, matched to job roles.

COMPLIANCE

Data and AI

Sponsor: Chief Digital Officer

Enduring risks in this category

We focus on following today's global data and AI regulations – while anticipating and preparing for tomorrows. That means managing risks around data privacy, architecture, processing and retention.

Not following data protection laws or regulations – or misusing AI – could damage our reputation and stakeholder trust, harm our people, customers or suppliers and lead to loss of IP, litigation, fines and penalties.

Our risk appetite

We want to use data and AI ethically to grow our business, while sticking to our contracts, laws and, regulations.

We aim to protect BT Group, our people, customers, partners and suppliers from breaches of data and security laws and regulations. We also want to harness our data to support objectives and realise opportunities.

We're committed to developing, buying, using and selling AI solutions responsibly. That means having the right data ethics, governance, security, IP, protection, responsible technology and compliance in place.

Examples of dynamic risks

Point risks:

- New EU regulation will require us to meet strict cyber security standards. That's because we import and distribute EU digital products over our network.
- Challenge in attracting, retaining and training people with the right skills to meet Data and AI requirements effectively, may affect our ability to deliver Group strategic objectives.

Emerging risks:

- AI's rapid advance means more stakeholder scrutiny on things like safety, ethics and data protection.
- A fast changing digital and technological landscape could change what skills we need to deliver objectives.

Examples of what we do to manage these risks

- We horizon-scan for new regulations, sector developments and technologies that could affect our data risks, controls and processes.
- Our data and AI strategy aims to create value and make us more efficient, while making sure we're in line with governance and regulation. It also includes managing risks around building AI solutions.
- We review how we use personal data across BT Group to make sure we follow our own data protection standards.
- We run data and AI impact assessments on all relevant changes.
- We provide data protection and handling tools and training to help our people make more risk-aware day-to-day decisions.
- We buy, sell and develop AI in a defined, responsible way.

Our principal risks and uncertainties (continued)

OPERATIONAL

Operational resilience

Sponsor: Chief Security and Networks Officer

Enduring risks in this category

We focus on best-in-class performance for customers, across our fixed and mobile networks and IT. That means being operationally resilient and managing risks that could disrupt services.

Service disruptions could be caused by external events, like bad weather, as well as poorly maintained assets.

Some services depend on suppliers' and partners' reliability – making it important to carefully manage the risks associated with them.

Our risk appetite

We aim to give our customers market-leading services, underpinned by best-in-class network performance.

We decide where we deploy resources based on maximising service and customer experience and following our strategy.

Examples of dynamic risks

Point risks:

- Increasing cyber and physical security threats could compromise our assets and infrastructure, operational continuity and our people's safety.[†]
- Increasing severe and frequent bad weather, could damage our infrastructure.
- Intentional damage to our subsea cables could lead to services being majorly disrupted.
- Relying on third parties, who might have poor support, could delay us fixing problems, impacting customers.

Emerging risks:

- Geopolitical tensions could disrupt our services and supply chain.
- Concentrating our infrastructure more could mean we're less resilient, which might disrupt services.

Examples of what we do to manage these risks

- We make our infrastructure as resilient as possible. We follow consistent processes to keep every asset robust through its life.
- We respond quickly to incidents and minimise their impact through geographically dispersed teams and clear, regular updates to customers.
- We run regular impact assessments that test our continuity and recovery plans and keep them up-to-date.
- We continually improve physical security across our estate to protect services and operations.
- We track external events to anticipate risks and respond effectively.

Cyber security

Sponsor: Chief Security and Networks Officer

Enduring risks in this category

A cyber attack (external or internal) could disrupt customers and compromise the UK's critical national infrastructure (CNI). We manage security risks that might lead to our assets or services losing their confidentiality, integrity or availability. That includes regulatory or contractual obligations.

A badly managed cyber security event could cost us money, damage our brand and affect our market share. The regulator might also impose fines or penalties.

Our risk appetite

Our aim is to protect BT Group, our people and customers from any harm or financial loss around our technical infrastructure – or how we use technology.

Cyber risk is inherent to our business. We could suffer huge reputational damage from a major cyber security event. But we can't eradicate all cyber risks.

Cyber security events could be deliberate or accidental and come from inside or out. We adapt our security position and controls accordingly to respond to evolving threats.

We prioritise protecting our critical systems and network and the data and information in them.

Examples of dynamic risks

Point risks:

- State-sponsored cyber attacks could target critical national infrastructure and lead to service disruption, lost data, regulatory action and brand damage.[†]
- Malicious actors could use malware to penetrate our existing security controls, including legacy assets, disrupting customers' services.

Emerging risks:

- Malicious actors using increasingly accessible and sophisticated AI and machine learning could harm us and our customers.
- New quantum computing on cryptographic systems could affect current encryption methods.

Examples of what we do to manage these risks

- We keep investing in cyber defences and security tools, automating where appropriate.
- We monitor external threats and gather intelligence on new cyber techniques, tactics and capabilities. We work with the National Cyber Security Centre and industry partners to better understand our threat landscape.
- Our security standards, tools and processes protect our applications, systems and networks.
- We communicate with, engage and pre-emptively train our people as the human firewall.

OPERATIONAL

People

Sponsor: Chief People & Culture Officer

Enduring risks in this category

We're focused on empowering our people and creating a culture where everyone can be their best.

That means us managing risks around our talent management lifecycle, skills and capabilities, engagement, culture, wellbeing and inclusion.

Our risk appetite

Our priority is making sure our people can work and perform at their best. We're open to taking risks to do the right thing culturally and commercially.

We avoid risks that could compromise our people's health, safety and wellbeing.

We're also committed to taking risks that drive innovation and growth – while following employment law and maintaining our reputation as a leading employer.

Examples of dynamic risks

Point risks:

- The scale of our transformation could have unintended consequences on engagement and productivity.
- Significant, rapid changes in skills demands could lead to resource gaps, which might affect business results and weaken transformation delivery.¹
- Not sustaining an inclusive and effective performance culture could stop us achieving our business objectives.

Emerging risk:

- Challenges linked to essential changes to workforce capability and productivity (including AI), attracting and keeping talent and future skills.

Examples of what we do to manage these risks

- We've updated our strategy to help us all work together more effectively. We're also pushing everyone to adopt a clear set of behaviours to refresh our culture and helps deliver our strategy.
- Our performance management and talent review processes include goals shared through clear organisational structures, roles and job descriptions.
- We continually assess skills and capabilities and invest in group-wide workforce and succession planning.
- We provide training and development for specific roles, as well as for the future skills we need.
- Our inclusion strategy covers family and carer's leave, flexible working, more inclusive leadership and providing accessible workplaces and systems for our people (more on pages 34 to 36).
- We monitor and work on colleague engagement, and we have close relationships with formal representative groups and trade unions.

Health, safety and environment

Sponsor: Chief Security and Networks Officer

Enduring risks in this category

We have diverse operations and working environments in various locations, some of which pose risks to health, safety and the environment (HSE).

We focus on keeping our people and partners safe, healthy and able to perform at their best, while managing risk effectively. We also want to protect the environment.

We're committed to maintaining and improving our HSE management systems. They keep our business safe and compliant – while protecting the environment and others we might affect.

Our risk appetite

We want to make sure we properly protect our people, others we interact with and the environment.

We proactively identify and control significant HSE risks across the business and mitigate them to the lowest reasonable level.

Legal, regulatory and other obligations are the minimum. But we aim well beyond that – to no avoidable harm, optimum physical and mental health and zero pollution.

Examples of dynamic risks

Point risks:

- Failing to effectively manage and control asbestos across our building estate and wider operations could lead to serious harm to health, law-breaking and reputational damage.
- Civil construction work for our full-fibre rollout, could lead to harm to our people and damage to the environment.
- Switching large numbers of vulnerable customers who depend on telecare devices from the PSTN network to Digital Voice, could stop some devices working and stop those customers getting help in emergencies.
- Not meeting statutory requirements for waste management could lead to reputational damage, risk to ISO certification and regulatory intervention and/or fines.
- Maintaining an ageing buildings estate (especially during our fibre and digital upgrade) could pose higher health and safety risks.

Examples of what we do to manage these risks

- Our group HSE policy is underpinned by our standards and key controls and the HSE framework is reflected in our Code of Conduct.
- We train our people to make sure they're clear on their responsibilities and are competent to do their jobs.
- We make sure our people and their representatives participate in (and are consulted on) HSE issues.
- We lead our contractors to improve their own HSE performance.
- We allocate resources to develop, maintain and continually improve our HSE management system.

Our principal risks and uncertainties (continued)

OPERATIONAL

Major customer contracts

Sponsor: Chief Executive, BT Group

Enduring risks in this category

We're focused on delivering a wide mix of contracts which help our business perform and grow. In a dynamic, competitive market, we want to win and keep big private and public sector contracts.

We do that while navigating relationships and risk in complex agreements – delivering highly sensitive, critical or essential services.

Customer contractual terms can be onerous and challenging to meet, leading to delays, penalties and disputes. Delivery or service failures against obligations and commitments could damage our brand and reputation – particularly for critical infrastructure contracts or security and data protection services.

Not managing contract delivery, migrations, renewals, exits or disputes could cut profits and affect future customer relationships.

Our risk appetite

We want a blend of major contracts. To do that, we must build market share, target the right customers, sign good commercial and legal agreements and deliver services successfully.

As the market and business environment change, we must adjust our portfolio of services, countries and customers. This helps us avoid concentration risk, unattractive or uncompetitive products and services, stagnation and legacy dependency.

We know this means taking bigger risks sometimes – for example, complex customer agreements with obligations not fully covered by our standard portfolio, customised terms and conditions and/or delivery processes. We minimise the impact of this in bids and contract lifecycles.

Examples of dynamic risks

Point risks:

- Failing to deliver on highly bespoke customer data requirements could lead to potential breaches, fines and reputational harm.
- Retiring old products and launching new ones might create risks around fulfilling existing contractual commitments. It could also hamper our ability to deliver on our business strategy.

Emerging risks:

- Potential strengthening of both security and regulation around Government contracts, particularly in the defence sector.
- Escalating geopolitical risks impacting the supply chain, costs and delivery to our customers.
- The increasing prominence of AI might mean customers demanding stringent AI-related promises.

Examples of what we do to manage these risks

- We embed controls into the lifecycle of customer contracts.
- A clear operational governance framework helps us check new business opportunities, manage bids and monitor in-life contract risks.
- We manage external partners properly when they deliver services to our customers.
- We monitor how our customer contracts are performing.
- We support frontline contract managers with contract and obligation management tools.

Supply management

Sponsor: Chief Financial Officer

Enduring risks in this category

We work with a wide and diverse supplier base to make sure we deliver high-quality products and services to customers. Selecting, onboarding and managing suppliers properly is critical to keeping our standards high.

We make decisions using lots of supplier performance and risk dimensions. They include concentration, capability, resilience, security, sustainability, cost, and broader factors that could impact our business operations or reputation.

Our risk appetite

Our risk appetite underpins sourcing decisions. There are inherent risks with sole or dual sourcing. But, for some critical products and services, where there are no viable alternatives, these models are necessary.

To balance commercial value with operational resilience, we engage and challenge suppliers to get the best price – while making sure we don't introduce service or delivery risks.

Supplier management needs strong governance. So we have little appetite for working with suppliers who operate outside our defined policies, standards and processes.

We also have a very low tolerance for suppliers that could harm our brand. This includes avoiding, or ending, relationship with those that fail to meet our ethical standards, including those around human rights.

Examples of dynamic risks

Point risks:

- The Middle East conflict and broader geopolitical instability pose various risks to our supply chain. These include the potential for greater volatility in energy markets, and increased tariff and trade restrictions that could raise prices, reduce availability and disrupt our supply chain.[†]
- The impact on semiconductor and memory chip supply chains resulting from concentrated production, high demand and geopolitical tensions could raise costs, restrict availability and disrupt supply.

Emerging risk:

- Trade restrictions on critical minerals and metals could increase future commodity prices and create cost pressures across our supply chain.

Examples of what we do to manage these risks

- Our sourcing strategy has different ways of managing risk by category. They include standard terms and conditions and controls so we make good buying decisions.
- We have comprehensive supplier due diligence, contract management and onboarding processes. We're also reviewing and improving our in-life assessment process.
- We have robust supplier risk management, performance, renewal and termination processes.
- We do demand planning and forecasting, stock counts and inventory management so supplies are always available.
- We get assurance that the goods and services we buy are made, delivered and disposed of responsibly. That includes monitoring energy use, labour standards and environmental, social and governance impacts.

Task Force on Climate-related Financial Disclosures

RESILIENT TO CLIMATE CHANGE

Climate change is one of the biggest challenges of our time. It affects people, businesses and the environment we all depend on.

As a critical national infrastructure provider, we must make sure our networks and operations stay resilient as conditions change. So the essential services our customers rely on are available every day.

- The physical impacts of climate change, and moving to a lower-carbon economy, create both risks and opportunities for our business.
- By following the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, we want to show our commitment to creating a more resilient and sustainable BT for the future.
- In this section, we set out how we're responding – through a clear strategy, strong governance, robust risk management, and the metrics and targets we use to track progress on climate-related risks and opportunities.
- We're cutting our own emissions and working with customers, suppliers and partners to speed up decarbonisation across the wider economy.
- Managing climate-related risks and opportunities is a daily part of how we run the business. We don't always get everything right. But following a long-term strategy with clear governance and risk management processes helps guide our approach.

12 sites have onsite solar, reducing grid dependence and supporting our decarbonisation

1,200_{kW}
of installed capacity



Task Force on Climate-related Financial Disclosures (continued)

We believe our climate-related financial disclosures are consistent with the TCFD framework and comply with UK Listing Rule 6.6.6(8) and Companies Act – summarised in Table 1. We've reviewed the information in this section to a reasonable level of assurance against the ISAE 3000 assurance standard.

Table 1: TCFD Compliance Summary

TCFD Recommendation	Compliance Status	Section Reference
GOVERNANCE		
1 Board's oversight of climate-related risks and opportunities	Full	TCFD section: Our climate change governance – Board oversight on climate change (page 65) Corporate governance report: Our governance framework (page 75) and Responsible Business Committee report (page 97)
2 Management's role in assessing and managing climate-related risks and opportunities	Full	TCFD section: Our climate change governance – Management's roles and responsibilities (page 65) Corporate governance report: Our governance framework (page 75) and climate governance (page 97)
STRATEGY		
3 Climate-related risks and opportunities (short, medium, long term)	Full	TCFD section: Climate change strategy – Planning climate risks and opportunities across different time horizons, Our principal climate-related risks and opportunities (page 66)
4 Impact of climate-related risks and opportunities on the business, strategy, and financial planning	Full	TCFD section: Climate change strategy – Responding to risks and opportunities in our strategy and decision making (pages 67 to 68) Strategic report: Accelerate – Trusted leader for digital inclusion and sustainability (pages 30 to 31)
5 Resilience of the organisation's strategy, considering different climate-related scenarios, including a 2°C or lower scenario	Full	TCFD section: Climate change strategy – Climate resilience (pages 68 to 69)
RISK MANAGEMENT		
6 Processes for identifying and assessing climate-related risks	Full	TCFD section: How we manage climate risks (page 70) Strategic report: Risk management framework and Our principal risks and uncertainties (pages 54 to 62)
7 Processes for managing climate-related risks	Full	TCFD section: How we manage climate risks (page 70) Strategic report: Risk management framework and Our principal risks and uncertainties (pages 54 to 62)
8 Identifying, assessing, and managing climate-related risks, and integration into overall risk management	Full	TCFD section: How we manage climate risks (page 70) Strategic report: Risk management framework and Our principal risks and uncertainties (pages 54 to 62)
METRICS AND TARGETS		
9 Metrics to assess climate-related risks and opportunities in line with strategy and risk management processes	Full	TCFD section: Our climate metrics and targets – Measuring and monitoring climate risks and opportunities (page 70)
10 Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	Full	TCFD section: Our climate metrics and targets – Measuring and monitoring climate risks and opportunities (page 70) Strategic report: Accelerate – Trusted leader for digital inclusion and sustainability (pages 30 to 31) Responsible Business Addendum 2026 at bt.com/addendum
11 Targets used to manage climate-related risks and opportunities, and performance against targets	Full	TCFD section: Our climate metrics and targets – Measuring and monitoring climate risks and opportunities (page 70), Our worldwide energy use and greenhouse gas emissions (page 71) Strategic report: Accelerate – Trusted leader for digital inclusion and sustainability (pages 30 to 31) Responsible Business Addendum 2026 at bt.com/addendum

GOVERNANCE

Our climate change governance

We have internal governance bodies and processes to help us identify and manage climate-related risks and opportunities. You can read more in the corporate governance report on pages 73 to 119, including upcoming changes to the governance framework.

Board oversight on climate change

GOVERNANCE

The Board is responsible for stewarding BT Group on our sustainability strategy and approach to managing climate risks. You can read more about Board leadership and our company purpose on pages 80 to 82.

RESPONSIBLE BUSINESS COMMITTEE

Oversees our climate change strategy, programme and goals.

[Responsible Business Committee Chair's report on page 97](#)

AUDIT & RISK COMMITTEE

Checks our risk management and internal control systems' effectiveness on the Board's behalf. That includes climate-related risks.

[Audit & Risk Committee Chair's report on pages 91 to 96](#)

REMUNERATION COMMITTEE

Agrees the remuneration framework for the Chairman, Executive Directors, and some senior executives. A sustainability underpin applies to the Restricted Share Plan for Executive Directors and Executive Committee members.

[Remuneration Committee Chair's letter on pages 98 to 100](#)

Management's roles and responsibilities

CHIEF EXECUTIVE

Responsible for our environmental policy and performance. That includes climate-related issues. The Chief Executive approves our targets – including those on net zero and circularity.

GROUP HEALTH, SAFETY & ENVIRONMENT SUB-COMMITTEE (GHSE)

Meets quarterly and manages lots of risk and compliance issues – including climate change – on the Executive Committee's behalf. It's chaired by our Chief Security and Networks Officer (an Executive Committee member) and made up of senior leaders from across the business. It reports to the Executive Committee on performance and progress on our HSE strategy at least every six months and makes recommendations or reports to the Board as needed.

EXECUTIVE COMMITTEE

Advises the Chief Executive on our operational strategy on climate change and sustainability. It also monitors associated progress, performance and risks – supported by our responsible business team.

Task Force on Climate-related Financial Disclosures (continued)

STRATEGY

Climate change strategy

Understanding climate risks and opportunities over different time horizons

We think about climate risks and opportunities over the short, medium and long term. Those timeframes consider our risk management framework, financial planning processes, external legal and regulatory changes and the longer-term nature of physical climate changes.

Short term (0-3 years)

This timeframe considers things that might expose us to risk over the next three years, in line with point and emerging risks in our risk management framework.

Medium term (3-5 years)

This timeframe aligns to our financial planning process, which uses a five-year horizon. We also assess the impact of emerging risks over this timeframe.

Long term (5-20+ years)

This timeframe matches our investment timeframes for strategic assets like networks that we plan over longer periods – sometimes over 20 years. It also influences our strategy, targets and plans for responding to climate change's bigger risks and transitional implications. Our scenario analysis considers risks out to 2050, and our long-term climate targets extend to FY41.

Our principal climate-related risks and opportunities

We present our principal climate-related risks and opportunities in Table 2 below. We identify and assess them using our risk management framework and climate scenario analysis. You can see their relative financial impact in different climate scenarios on page 69.

Table 2: Our principal climate-related risks and opportunities

Risk / Opportunity	Type	Time horizon ^a	Current effects	Anticipated effects
Risk: Extreme weather affecting our networks	Physical	Long	Extreme weather across our networks causes power cuts, equipment damage, and can ultimately interrupt customers' services.	Increasingly severe and frequent extreme weather could mean higher maintenance and repair costs and payouts to customers for service disruption.
Risk: Extreme weather affecting our supply chain	Physical	Long	We haven't experienced any major effects so far.	We think extreme weather and disruption to the supply chain will worsen. That could mean delays, extra costs, and service disruption if we can't fix problems. If extreme weather limits the supply of key tech materials and components, it could affect overall availability and price.
Risk: Meeting customers' expectations on sustainability	Transition	Long	Business customers expect more sustainability and climate action and are putting that into bid evaluation criteria. We currently meet these expectations.	We think more business customers will include sustainability criteria in bid evaluations. If we lag behind peers on decarbonisation, fail to hit our targets, or don't respond to higher expectations on sustainability topics, we could win fewer bids and lose revenue.
Risk and opportunity: Fluctuating energy and fuel prices	Transition	Long	We respond to fluctuating energy prices which change due to lots of macroeconomic factors, including climate policies. These changes lead to higher or lower energy costs than we anticipate.	Both implementing and not implementing climate policies will affect energy costs. More national investment in renewable energy, storage, transmission and distribution networks and carbon pricing could all affect costs. This may raise short term energy prices, but we'd expect costs to fall as renewable energy capacity and storage grew. Ongoing work to lower our energy and fuel consumption – like shutting down old, inefficient networks, transitioning our fleet to EVs, and reducing gas consumption at sites – will cut our energy costs.
Opportunity: Selling more circular products and services	Transition	Medium	We generate revenue from our circular products and services like our device trade-in, refurbished devices, repair services, and from recovering and selling old network equipment and materials like copper.	We expect revenue from these products and services to grow as customer demand increases, technology develops, and policy incentives increase.

^a The time horizon where impact is potentially the greatest.

STRATEGY

Responding to risks and opportunities in our strategy and decision making

Responding to physical risks

Building our networks

Building networks the right way, in the right places, helps cut the impact of extreme weather on our services.

We start with rigorously testing our network equipment. Openreach's facility at Four Acre facility in Adastral Park is a high-tech field laboratory where engineers test and develop new communications technologies and innovations.

We test hardware such as cables and poles to withstand various environmental conditions. The insights we get help us to improve our network, the security of our assets and introduce exciting new innovations and ideas protecting the future of our network and services.

Fibre to the premises (FTTP) is a relatively new technology. So we monitor its performance in real-world conditions, do root cause analysis and incorporate engineer feedback to strengthen its protocols and resilience.

Rolling out FTTP and decommissioning old networks will mean fewer network sites. That means less exposure to physical climate risks – though it will also concentrate more services into fewer operational sites.

Investing in network climate adaptation

Part of our responsibility as a critical national infrastructure (CNI) provider is to make sure we stay prepared for evolving climate-related threats.

We bolster climate adaptation measures across our fixed estate by assessing climate scenarios to understand how flooding and other hazards could affect things like exchanges.

This ongoing analysis guides where we install or upgrade flood-detection systems, sump pumps and bulkheads. These help us prevent flooding, detect issues earlier, respond faster and cut the impact on operations.

We aim to sharpen the tools we use to judge medium and long-term flood risks. This helps us make better decisions about future strategic locations while safeguarding existing sites.

Alongside this, we have active fire-detection and response monitoring to guard against the threat of wildfire. And we explore ways of strengthening our drought resilience.

This year we invested more than £6m in cooling in our networks.

This includes upgrading and installing refrigerant cooling in our core network and mobile sites so they are designed to work well in up to 45°C external temperatures.

In local exchanges, we're upgrading and installing adiabatic units. These use fresh air and supplement the cooling effect with water evaporation, and work best in higher temperatures and low humidity.

Keeping services running

In extreme weather, our priority is to minimise service disruption for customers. We horizon-scan for early warnings of potential weather-related risks. If we spot one, we communicate it across the business so we can proactively implement defences.

Power cuts happen for lots of different reasons and can affect both fixed and mobile network sites, so we maintain backup power.

Most of our fixed network sites, including strategic locations, have generators for standby power. In our mobile network, some Radio Access Network (RAN) sites have generators or battery backup, and we deploy mobile generators to other RAN sites when there are power cuts. We also have battery backup in our cabinets.

Our Emergency Response team proactively and reactively protects critical UK network assets, safeguarding sites ahead of severe events and getting service back as quickly as possible if there's disruption. They also support affected communities with emergency communications facilities until normal service is resumed.

Openreach field engineers work around the clock, in all weather, up and down the UK, to make sure we fix service interruptions fast. We support them with strong health and safety protocols.

We use drones and remote control vehicles to inspect and repair network infrastructure. Our Storm Response unit learns from previous responses so it can respond more quickly and safely to future extreme weather.

Collaborating with our partners

We collaborate with the Environment Agency to manage and mitigate flood and coastal erosion risks.

For example, this year Openreach joined the Environment Agency for a flood incident exercise on the Thames corridor. It explored the impact of major flooding in Oxford, Guildford and surrounding areas – testing our business continuity plans, examining potential flood alleviation schemes and finding opportunities for sharing data and cutting risks.

This year Openreach also worked with the Climate Ready Infrastructure Scotland forum on boosting resilience across CNI. As part of this, they co-authored a peer reviewed paper on the cascading impact of extreme weather events across different sectors. The research highlighted many interconnected vulnerabilities – which will help us make better investments for climate-resilient CNI.

Managing supply chain disruption

Our supply management risk processes include due diligence on suppliers, dual sourcing, and supplier engagement.

Task Force on Climate-related Financial Disclosures (continued)

STRATEGY

Managing our transition risks and opportunities

Tackling energy and emissions across our value chain

Cutting value chain emissions and hitting our net zero and circularity targets should mitigate our transition risks and deliver on opportunities.

We're decarbonising our own operations, helping our suppliers cut carbon, and supporting our customers to reduce emissions using our solutions. You can read more on this on page 31, and in our climate transition plan.

[You can read more at \[bt.com/climate/transitionplan\]\(https://bt.com/climate/transitionplan\)](https://bt.com/climate/transitionplan)

To cut energy costs and emissions we must use less energy. But we're also exposed to fluctuating energy prices which we have to manage. Our target is for UK (excluding Northern Ireland) energy demand to be at least 80% hedged a quarter before the start of the next financial year – and 50% hedged for the financial year after that.

Every financial year we review our Power Purchase and virtual Power Purchase Agreement portfolios and explore 5-10 year contract opportunities. We complement that by monitoring markets and forward purchasing electricity when the time is right.

The impact of climate-related risks and opportunities on our financial planning

Our medium-term plan considers both capital and operating expenditure over a rolling five-year timeframe.

It includes investing in transforming our buildings estate, making our network more resilient and switching to a low carbon fleet. This helps us lessen the potential impact of bigger risks affecting our business – and supports our sustainability goals.

Climate resilience

Our scenario analysis process

Scenario analysis is a valuable tool to help us understand the possible range of effects we might face from climate change and climate policies.

This year, we updated our scenario analysis in line with our refreshed strategy. We modelled how the impacts of the principal climate risks and opportunities described in Table 2 might change in different climate scenarios.

The table below shows the different climate-related scenarios we've considered in our scenario analysis. Our scenarios use physical climate data primarily from CHESS-SCAPE^a. We source transition scenario data from the Network for Greening the Financial System (NGFS) and International Energy Agency (IEA), as well as some other sources^b.

For physical risks, we modelled financial effects on our UK sites and network at an exchange area level. That includes our fixed network estate, like our exchanges and switch sites. This year we've also included Openreach assets linked to our full fibre networks – like green cabinets, telegraph poles, and overhead cabling.

We didn't include mobile phone masts, or our legacy copper networks. We also didn't include climate change's secondary effects – like forced migration or geopolitical tensions.

For the supply chain, we looked at the top five regions by spend for our highest risk suppliers and used regional and country climate data from the World Bank.

We've presented the final outputs in annualised terms, compared to our medium-term plan. We've categorised the financial effects using our risk management framework and treated each risk and opportunity as mutually exclusive events.

Table 3: BT Group's Climate Scenarios

Transition scenarios			Physical scenarios		
Name	Description	Temperature (°C warming by 2100 above pre-industrial levels)	Name	Description	Temperature (°C warming by 2100 above pre-industrial levels)
Current policies (CP)	Intermediate emissions Emissions keep rising as no extra climate policies are implemented from today.	3	RCP8.5	High emissions Emissions keep rising at current rates	4
Delayed transition (DT)	Low emissions Emissions keep rising until 2030. After 2030, climate policies are put in place and are scaled rapidly to hit net zero by 2050.	1.7	RCP4.5	Intermediate emissions Emissions peak around 2060 and then fall.	2.5
Net zero (NZ)	Low emissions Climate policies are implemented from today and become more stringent over time, allowing society to hit net zero by 2050.	1.4	RCP2.6	Low emissions Emissions half by 2050, achieving net zero around 2075.	1.6

^a CHESS-SCAPE data is derived from four members of the UKCP18 12 km Regional Climate Model (RCM) ensemble, downscaled to 1 km and extended to cover four scenarios: RCP2.6, 4.5, 6.0 and 8.5. Other data sets include fluvial flooding data WRI-aqueduct and regional and country level climate data from the World Bank.

^b We modelled transition risks and opportunities using data from NGFS phase 4.

STRATEGY

The results of our analysis

We think that our strategy is resilient to climate risks and is well-positioned for climate opportunities.

The table below shows the assessed impact of climate risks and opportunities for the different scenarios we considered.

In physical scenarios, extreme weather is projected to lead to higher costs than today. We'll face more storms, meaning network infrastructure damage is more likely, meaning higher costs to repair damage and restore services. Our telephone exchange buildings are more resilient to wind gusts than our cable and pole infrastructure but repair costs are higher.

We think flooding from heavy rain will affect a larger number of assets. Whereas the impact of river and coastal flooding is more localised, affecting fewer assets. We proactively wrap our green cabinets when we expect flooding and have generators at the majority of our exchanges, reducing the risk of damage and service loss.

In our supply chain, extreme weather worsens in all physical scenarios although the financial impact is low.

We project that some areas where our suppliers produce goods will face more intense extreme weather from multiple climate hazards: water stress, flooding and cyclones.

Global supply chains are highly interconnected, and extreme weather could affect many tiers, from commodity and component parts to logistics. The resulting impact on the cost of goods we buy is highly uncertain but our supply management processes like dual sourcing, due diligence and engagement with our suppliers, aim to mitigate this.

In transition scenarios, we're well-positioned to respond to opportunities associated with the transition to net zero.

All transition scenarios project a fall in electricity price in the medium to long term. This, combined with declining energy consumption in our networks from closing our legacy networks and implementing energy efficiency measures, means that we can save on energy costs.

By transitioning the majority of our commercial fleet to electric or low-carbon vehicles by the end of FY31, we can also save costs as electricity prices fall but diesel prices increase in the DT and NZ scenarios. The benefit could be even greater as we explore commercial partnerships to charge the fleet more cheaply than the public charging network.

Our circular products and services cut electronic waste and put valuable materials back into supply chains.

Across transition scenarios, there is revenue growth in all our circular products and services as demand for secondary materials and devices rises and technology improves to enable recovery. Growth is highest in an NZ scenario since clean energy, electric vehicles, and electrification need critical metals, like copper.

Our customers, particularly in corporate and public sectors, are including sustainability requirements in bids and in contracts. In the mid-term, DT and NZ scenarios project that this could be a moderate risk if we don't achieve the decarbonisation outlined in our Climate Transition Plan. Our short-term plans are on track to meet our targets, minimising the risk.

We continue to monitor risks and opportunities we face from climate change and climate policy. We will use this analysis to explore where we can improve resilience in our networks to make sure that we minimise service loss and restore it as quickly as possible.

Table 4: Summary of our scenario analysis results

Risk / Opportunity	Financial impact modelled	Climate scenario	2030	2040	2050
Risk: Extreme weather affecting our networks	Higher costs to repair damaged assets and restore power More compensation payments from service loss	RCP8.5	L	L	L
		RCP4.5	L	L	L
		RCP2.6	L	L	L
Risk: Extreme weather affecting our supply chain	Higher cost for goods from suppliers experiencing disruption	RCP8.5	L	L	L
		RCP4.5	L	L	L
		RCP2.6	L	L	L
Risk: Meeting customers' expectations on sustainability	Drop in expected revenue – from winning fewer bids	CP	–	L	–
		DT	–	M	–
		NZ	–	M	–
Risk and opportunity: Fluctuating energy and fuel prices	Rise and fall in electricity and diesel fuel costs compared to expected	CP	L	M	M
		DT	L	L	M
		NZ	L	M	M
Opportunity: Selling more circular products and services	More revenue	CP	L	L	L
		DT	L	L	L
		NZ	L	L	L

Relative financial impact key

Risk	Limited (–)	Low (L)	Moderate (M)	High (H)	Very high (VH)
Opportunity	Limited (–)	Low (L)	Moderate (M)	High (H)	Very high (VH)
Financial impact	< £5m	£5m–£50m	£50m–£250m	£250m–£1bn	>£1bn

Task Force on Climate-related Financial Disclosures (continued)

RISK MANAGEMENT

How we manage climate risks

A structured and consistent approach to risk management

We manage climate-related risks through our risk management framework. You can read more about it on pages 54 to 62.

We identify climate-related risks in our Group Risk Categories (GRCs) like operational resilience, supply management and health, safety, and environment. This includes monitoring current and upcoming regulations. And we look both bottom-up and top-down.

We judge risks alongside other business risks by evaluating impact, likelihood, timeframe and our preparedness. Quantitative and qualitative measures – covering financial, operational, customer,

legal, compliance, reputational, and health and safety factors – help us prioritise each one.

Each identified risk has an owner who manages and reports on it, implementing controls, monitoring and acting as needed.

Our sustainability risk hub brings together teams from across the business to discuss evolving and complex risks, particularly those that are uncertain, long-term, or cover lots of business areas.

Climate-related risks get reported to the Executive Committee, Audit & Risk Committee and Responsible Business Committee.

METRICS AND TARGETS

Our climate metrics and targets

Measuring and monitoring climate risks and opportunities

In line with our risk management processes and strategy, we track lots of metrics to measure and manage the climate-related risks and opportunities in Table 5 below. We'll keep reviewing them in line with potential regulatory changes and guidance.

We have a sustainability underpin for awards under our Restricted Share Plan for Executive Directors. That means we must have made enough progress on our sustainability commitments for us to make any awards. You can read more on page 98.

Table 5: Climate-related risk and opportunity metrics, targets, and performance

Metric	Risk / opportunity	Target	FY26 performance
Strategic networks disruption (%)^a	Risk: Extreme weather affecting our networks	Network downtime limited to 0.01%	<0.01%
Scope 1, 2 and 3 emissions (tCO₂e)	Risk: Customers' changing expectations on sustainability	By FY31, to be a net zero carbon emissions business (90% reduction in Scopes 1 and 2 (location-based) vs FY17)	523,133 (-61% vs FY17)
		By FY31, to reduce our supply chain carbon emissions by 42%, compared to FY17 levels (Scope 3 categories 1–8)	2,113,642 (-33% vs FY17)
		By FY41, be net zero across our full value chain by end of March 2041, achieving a 90% reduction in absolute Scopes 1, 2 and 3 emissions, and commit to neutralising any residual emissions	3,027,197 (-45% vs FY17)
Networks' energy consumption (GWh)^b	Risk and opportunity: Fluctuating energy and fuel costs	Reduce our net networks' energy consumption annually	1,509 (-6% vs FY25)
% hedged energy costs	Risk and opportunity: Fluctuating energy and fuel costs	Have energy demand at least 80% hedged one quarter before the start of the next financial year, and 50% hedged for the following financial year	88% hedged one quarter before FY27 52% hedged for FY28
% UK electricity consumption covered by renewable power purchase agreements (PPAs)	Risk and opportunity: Fluctuating energy and fuel costs	N/A	34%
Takeback rate for distributed mobile devices	Opportunity: Selling more circular products and services	By 2030, increase takeback rate for distributed mobile devices to at least 20%	5%

^a Describes overall service disruption to our UK strategic networks, excluding legacy networks.

^b Refers to our UK on-site electricity consumption, which excludes consumption from MBNL and tenants.

Our worldwide energy use and greenhouse gas emissions^{ab}

For years ending 31 March

	Unit	FY26			FY25 ^c		
		UK	Non-UK	Total	UK	Non-UK	Total
Total Scope 1	Tonnes CO ₂ e	123,939	2,864	126,803	146,071	5,576	151,647
Total Scope 2 (Location-based)	Tonnes CO ₂ e	354,995	41,335	396,330	443,512	59,606	503,118
Total Scope 2 (Market-based)	Tonnes CO ₂ e	319,433	45,994	365,427	319,789	38,943	358,732
Total Scopes 1 & 2 (Location-based)	Tonnes CO ₂ e	478,934	44,199	523,133	589,583	65,182	654,765
Total Scopes 1 & 2 (Market-based)	Tonnes CO ₂ e	443,372	48,858	492,230	465,860	44,519	510,379
Total Scope 3	Tonnes CO ₂ e			2,504,064			2,691,172
Total emissions (Scopes 1,2,3)	Tonnes CO ₂ e			3,027,197			3,345,937
Total Scope 1 & 2 (Location-based) per £m adjusted revenue	Tonnes CO ₂ e/£m			26.63			32.14
Total energy consumption	GWh	2,536	143	2,678	2,780	208	2,989
Targets (SBTi validated)		Baseline FY17					
Reduce our Scope 1 and 2 (location-based) carbon emissions by 90% by FY31, compared to FY17	kTonnes CO ₂ e	1349	523			655	
% Change from baseline year FY17			(61%)			(51%)	
Reduce our supply chain carbon emissions ^d by 42% by FY31, compared to FY17 levels	kTonnes CO ₂ e	3164	2,114			2,210	
% Change from baseline year FY17			(33%)			(30%)	
Reduce our total emissions (Scopes 1,2 & 3) by 90% by FY41, compared to FY17 levels	kTonnes CO ₂ e	5483	3,027			3,346	
% Change from baseline year FY17			(45%)			(39%)	

^a Our ESG reporting is independently verified by LRQA against the internationally-recognised ISAE 3000 assurance standard.

^b GHG emissions are calculated using the GHG Protocol Corporate Standard (ghgprotocol.org).

^c Historical years' data is restated to replace estimates with actual figures and/or when we think subsequent information is materially significant as determined during audit (typically variances greater than one percentage point at category level).

^d Supply chain carbon emissions includes Scope 3 Categories 1-8.

Due to rounding some totals may not visually summate.

 **For full methodology and further environmental data, visit our website at bt.com/addendum**

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code 2024, the Directors have assessed the prospects and viability of the group.

The assessment has been based on the Company's strategy, balance sheet and financing position, including our £2.1bn undrawn committed borrowing facility which matures no earlier than January 2031, with the option to extend for one further year, and the potential impact of 'Our principal risks and uncertainties' (pages 56 to 62).

The Board has chosen to conduct its review for a period of five years to 31 March 2031. The Board believe that this is an appropriate timeframe as it aligns with the primary focus of our business and financial planning.

The assessment of viability is based on our medium term plan which forecasts the group's profitability, cash flows and funding requirements, and is approved by the Board at the end of each year. The medium term plan is built from bottom-up business plans and financial forecasts of each of our customer-facing units (CFUs) and our corporate functions (CFs) based on some central macroeconomic assumptions such as inflation and exchange rates. This is then supplemented by items managed at a group level. The macroeconomic assumptions are informed by independent third-party forecasts. The performance of the group, our CFUs and our CFs against these forecasts is monitored monthly and this is supplemented each quarter through a series of quarterly business reviews of each unit conducted by the Chief Executive and Chief Financial Officer.

Beyond our medium term planning horizon, the group also makes investments that have business cases covering a longer time period, such as our network investments. Significant capital expenditure investment cases are approved by the Chief Executive and, where appropriate, the Board, after taking into account longer-term risks and opportunities such as the economy, technology and regulation.

Approach

Our medium term plan has been stress tested in a series of individual severe but plausible downside scenarios, each aligned to our group risk categories as set out on pages 56 to 62. This was followed by stress testing our forecasts against a combined scenario of correlated risks using a stochastic model. Finally, we then identified several mitigations that could realistically be taken by the business to avoid or reduce the impact of the underlying risk.

Scenarios included in our combined severe but plausible stress test

Our hypothetical scenario included competition and performance-related risks to delivering our strategy, as well as a number of external events that would create significant financial losses for the group:

- Internal challenges in delivering critical transformation and modernisation programmes causes delays to digital channels and journeys, as well as defects which generate significant demand into service and delays to our replanned network closure dates.
- Competitive pressures from alternative FTTP network providers intensify, with a combination of market consolidation, aggressive pricing and soft broadband market conditions impacting the return on our FTTP investment.

- Intensifying competition across mobile market segments is compounded by not commercialising and effectively managing growing network traffic as well as not developing adequate value propositions.
- A state-sponsored threat actor carries out a successful physical and cyber attack and an organised criminal group is able to breach our physical security arrangements, both attacks result in the loss of data which includes customer information.
- Against the backdrop of geo-political uncertainty, disruption to global supply chains result in increased costs.
- Economic turbulence impacts pension funding volatility requiring increased contributions.
- Increasing societal and regulatory focus on resilience leads to the introduction of additional mobile service resilience requirements.

These events collectively lead to adverse customer experiences, reputational damage, reduced investor confidence, and significant financial losses for the group.

As a summation of the full impact of each of the individual scenarios in this stress test would be an extremely unlikely outcome we used a stochastic model to develop a more realistic severe but plausible combined scenario. We applied an 80th percentile confidence interval which allows for a stress test of the medium term plan with a plausible but still severe combination of events, without assuming the worst impact happens across all scenarios at the same time.

Results

Applying our severe but plausible combined scenario while solely utilising mitigations within our control, our analysis indicates that we would not experience a liquidity shortfall over the full five-year period of assessment.

The mitigations directly in our control include reducing operating and capital expenditure and dividend cash outflows. In addition, there are also several mitigations which are outside of our control that could be used by the group, like raising debt. The Board believes that it is reasonable to expect that it could continue to access debt capital markets to refinance a portion of our outstanding debt as it falls due. If access to debt markets wasn't available, then equity capital markets would be considered as an alternative to raise funds.

Based on the results of this analysis, the directors have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

The directors also considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements, as set out in the **Report of the directors** on page 114 and **Basis of preparation** on page 139.

CORPORATE GOVERNANCE REPORT

We're committed to delivering on our ultimate ambition to be the UK's most trusted connector of people, business and society.

We're focused on growing sustainable value for all our stakeholders and the communities we operate in, through effective Board leadership, strong corporate governance and a clear understanding of the broader telecommunications market.

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Compliance with the 2024 UK Corporate Governance Code (the Code)

In respect of the year ended 31 March 2026, BT Group plc was subject to the Code published by the Financial Reporting Council (FRC) on 22 January 2024 (available at [frc.org.uk](https://www.frc.org.uk)). The Code applies to financial years beginning on or after 1 January 2025 (with the exception of Provision 29, which applies to financial years beginning on or after 1 January 2026).

The Board confirms that BT Group has fully applied all the principles and complied with all the provisions of the Code throughout the year as set out below.

1. Board leadership and company purpose

A: Leadership, long-term sustainable success, generating value for shareholders and contributing to wider society	18-39, 63-71, 75-79, 84-85
B: Purpose, values, strategy and culture	18-39, 74, 80-85
C: Board decisions and their outcomes in the context of strategy and objectives	74, 80-81, 84-85
D: Effective engagement with shareholders and stakeholders	32-39, 82-85
E: Workforce policies and practices	34-36, 40-41, 80-84, 96, 110, 118-119

2. Division of responsibilities

F: Leadership of the Chairman	74, 76-77
G: Board composition and clear division of responsibilities	8-9, 75-79
H: Role and time commitment of Non-Executive Directors	76-79, 89, 109
I: Policies, processes, information, time and resources, and support of the Company Secretary	75, 79-80, 87, 89, 115

3. Composition, succession and evaluation

J: Board appointment process and effective succession planning	87-90
K: Board and Committee skills, experience, knowledge and tenure	76-79, 87-90
L: Annual Board and individual director evaluation	86, 90

4. Audit, risk and internal control

M: Independence and effectiveness of internal and external audit functions	91-96
N: Fair, balanced and understandable assessment of the company's position and prospects	81, 93, 113
O: Procedures to manage risk, oversee internal control framework and determine the nature and extent of principal risks	54-62, 91-96, 114-115

5. Remuneration

P: Remuneration policies and practices	98-101
Q: Procedure for developing policy on executive, director and senior management remuneration	98-112
R: Independent judgement and discretion in remuneration outcomes	99, 103

Chairman's governance letter



This year, the Board continued to focus on governing the group effectively and making decisions to better deliver for our customers, colleagues, owners and the country.

This Corporate governance report outlines how the Board has governed the group over the past year, including the discussions and decisions that have been made to better deliver for customers, colleagues, owners and the country. Upholding fairness, openness and transparency in serving our stakeholders and creating long-term, sustainable value continues to be the Board's core objective.

This year, we report against the Code. We're committed to applying the principles of the Code and I can confirm that we have complied with all the provisions.

Our Section 172 statement explains how the Board has discharged its duties during the year - see pages [84](#) and [85](#).

Board composition changes

Under the terms of the Relationship Agreement with Bharti Televentures UK Limited (Bharti), the Board approved the appointment of Sunil Bharti Mittal and Gopal Vittal as Non-Independent, Non-Executive Directors, and as nominated representatives of Bharti, with effect from 15 September 2025. Both Sunil and Gopal have brought extensive telecoms experience, strengthening the Board's breadth of expertise.

As previously announced, Patricia Cobian will join the Board as Chief Financial Officer (CFO) Designate and an Executive Director on 20 July 2026, and succeed Simon Lowth as CFO on 1 September 2026. Patricia will bring substantial telecoms and transformation experience and will be an excellent addition to the Board and the business. I'd like to take this opportunity to thank Simon for his outstanding contribution, leadership and commitment over the past ten years.

Diversity remains a priority for the Board and the group, and is a focus of all Board succession planning. Two of our senior Board positions defined under the UK Listing Rules are held by women - Allison Kirkby as Chief Executive and Dame Ruth Cairnie as Senior Independent Director. This will increase to three when Patricia Cobian becomes CFO. From this point, the Board will also comprise 42.9% female directors. We recognise the 40% target set externally and within our Board Diversity and Inclusion Policy.

Governance activities

With effect from 1 June 2026, the Board approved a number of changes to our governance framework as follows:

- with responsible business now being embedded within our strategic priorities, governance of this activity will transition from the *Responsible Business Committee* to a model where oversight sits with the Board, with specific topics monitored by the *Audit & Risk Committee* and the *Remuneration Committee*
- the creation of two new working groups to support our digital, workforce and cultural transformation - the Technology Working Group and the Workforce Working Group, with both Board and *Executive Committee* membership
- the appointment of Sir Alex Chisholm and Sara Weller as additional Designated Non-Executive Directors for Workforce Engagement
- the appointment of Maggie Chan Jones as a member of the *Remuneration Committee*.

The annual Board and Committee performance review, facilitated by Lintstock Limited, delivered positive outcomes. Actions have also been taken on last year's focus areas - see page [86](#).

Culture and our colleagues

This year, as a result of Allison and her leadership team gathering feedback from our colleagues through the Big Conversation, Your Say engagement surveys and other engagement channels, a new and measurable set of behaviours was introduced. These are: customer first, challenger, committed, clear and connected, and are designed to embed a one team with a customer first delivery culture, in support of our strategy.

Our culture is now centred on these behaviours and their adoption aims to influence the speed of our decision-making and the way problems are solved, so that we can deliver for our stakeholders. A cultural transformation plan is in place to embed these behaviours into day-to-day habits and routines - see page [34](#).

As the Designated Non-Executive Director for Workforce Engagement throughout the year, Maggie Chan Jones continued to engage with our colleagues through a structured programme of activities - see pages [82](#) and [83](#). Maggie shared her experiences and insights through regular updates to the Board, bringing the perspectives of our workforce into the boardroom.

We remain committed to inclusion and wellbeing, recognising how this enables high performance. This year's gender, ethnicity and disability representation can be found on page [35](#).

I would like to thank all our colleagues for their continued commitment and for living our behaviours every day. As always, I look forward to working with my fellow directors in the year ahead.

Adam Crozier
Chairman
20 May 2026

Our governance framework

Key decisions and matters reserved to the Board, including the group's long-term strategy and priorities, are outlined in our governance framework, which is reviewed regularly. This ensures there is clarity on who has the authority to make key decisions. The Chairman and Chief Executive can also bring any item they deem necessary to the Board for discussion.

The Board is supported by Committees in making decisions or recommendations on delegated matters, in line with each Committee's terms of reference.

Each Committee is comprised solely of Non-Executive Directors and is led by an experienced Chair. Meetings are structured to encourage open discussion and thorough consideration of proposals.

Certain matters are also reserved for decision by the Chief Executive.

Our governance framework as at 31 March 2026 is below.

THE BOARD

Responsible for the stewardship of the group, overseeing its conduct and affairs to deliver on our strategic objectives and creating long-term success to generate sustainable value for our shareholders and considering the interests of other stakeholders. The Board has established certain Committees to assist in discharging its responsibilities and delegates day-to-day responsibilities to the Chief Executive.

 **Board leadership and company purpose on pages 80 to 83**

AUDIT & RISK COMMITTEE

 **Audit & Risk Committee Chair's report on pages 91 to 96**

NOMINATIONS COMMITTEE

 **Nominations Committee Chair's report on pages 88 to 90**

REMUNERATION COMMITTEE

 **Remuneration Committee Chair's letter and Report on directors' remuneration on pages 98 to 112**

RESPONSIBLE BUSINESS COMMITTEE

 **Responsible Business Committee Chair's report on page 97**

National Security and Investigatory Powers Committee | National Security Committee

The *National Security and Investigatory Powers Committee* and its sub-committee, the *National Security Committee*, oversee our role in the use of official investigatory powers and our wider activities that touch UK national security interests.

Chief Executive

Responsible for running the business, setting and executing our group strategy.

BT INVESTMENT SUB-COMMITTEE

Provides input and recommendations that support the Chief Executive's decision making on investment cases and budgets.

EXECUTIVE COMMITTEE

Assists the Chief Executive in developing and executing our group strategy and budget, and monitors overall performance and how we're managing risks.

DISCLOSURE SUB-COMMITTEE

Ensures we meet our legal and regulatory disclosure obligations including reviewing and approving announcements before publication.

 **Matters reserved to the Board and its Committees' terms of reference can be found on our website at [bt.com/governance](https://www.bt.com/governance)**

Each Committee Chair formally reports to the Board following meetings and makes recommendations to the Board in line with that Committee's terms of reference. Papers and minutes are circulated to all Board members as appropriate, other than to those with a potential conflict of interest. Raphael Kübler, Deutsche Telekom's nominated director, and Sunil Bharti Mittal and Gopal Vittal, Bharti's nominated directors, owe a fiduciary duty to both BT Group and Deutsche Telekom and Bharti respectively. Rima Qureshi is also subject to an information sharing protocol between BT Group and Verizon. The *Conflicted Matters Committee* reviews papers ahead of sharing with these directors to identify potential or actual conflicts of interest - see page 116.

Board of directors

and division of responsibilities



Adam Crozier
Chairman

NS N

Appointed Chairman December 2021 and to the Board and as Chairman Designate November 2021

Experience

Previously Chairman of Whitbread, ASOS, Stage Entertainment and Vue International Cinema Group, and a Non-Executive Director of Sony. Adam has over 20 years' experience as a CEO: of ITV (2010-17), of Royal Mail (2003-10), of the Football Association (2000-02) and Joint CEO of Saatchi & Saatchi (1995-2000).

Relevant skills and contribution to the Board

Significant public company board leadership, team development and stakeholder management experience with a transformational and operational track record in large-scale executive roles, including successful turnarounds and leading high-performing management teams.

External appointments

Independent Non-Executive Director and Chair-Designate of Experian and Chair of Kantar Group.



Allison Kirkby
Chief Executive

E NS

Appointed Chief Executive February 2024 and to the Board March 2019

Experience

Allison was President & CEO of Telia (2020-24), President & CEO of TDC Group (2018-19), and CFO (2014-15) and President & CEO (2015-18) of Tele2. She was a Non-Executive Director of Greggs and Brookfield Asset Management, respectively chairing and sitting on the audit committees of each. Allison also held financial and operational

roles within 21st Century Fox, Virgin Media, Procter & Gamble and Guinness.

Relevant skills and contribution to the Board

Valuable international telecoms and media leadership experience, with a strong track record of business transformation, improving performance, customer service and shareholder value.

External appointments

Member of the GSMA Board, adviser to the UK Government's Board of Trade and a founding member of the UK Government's Women in Tech taskforce.



Simon Lowth
Chief Financial Officer

E

Appointed Chief Financial Officer and to the Board July 2016

Experience

Simon was CFO of BG Group prior to its takeover by Royal Dutch Shell in February 2016. Before that, he was CFO of AstraZeneca (2007-13). He was an Executive Director of ScottishPower (2003-07), having been appointed as the Finance Director in 2005. Before 2003, Simon was a director of McKinsey & Company.

Relevant skills and contribution to the Board

A strong background in finance, accounting, risk, corporate strategy and mergers and acquisitions. Simon has experience and a track record of implementing cost transformation and performance improvement programmes.

External appointments

Non-Executive Director and member of the Audit and Nomination & Governance Committees of Smith & Nephew.



Dame Ruth Cairnie
Senior Independent Non-Executive Director

A N R

Appointed to the Board April 2023

Experience

Ruth spent 37 years at Royal Dutch Shell in senior international line and functional roles, including responsibility for group strategy and planning. She was a Non-Executive Director of Associated British Foods (2014-23) and Senior Independent Director and Remuneration Committee Chair from 2018. She served on the Boards of Rolls-Royce (2014-19; Remuneration Committee Chair from 2015),

ContourGlobal (2018-19) and Keller Group (2010-17; Remuneration Committee Chair).

Relevant skills and contribution to the Board

Extensive leadership and board experience in the UK and internationally, alongside experience advising government on strategic development and capability building.

External appointments

Chair of the Board and Nominations Committee of Babcock International, Director of the Confederation of British Industry and Serendipity Capital Holdings, and a trustee of the White Ensign Association.



Maggie Chan Jones
Independent Non-Executive Director
and Designated Non-Executive Director
for Workforce Engagement

N RB

Appointed to the Board March 2023

Experience

Maggie has over 20 years' experience at some of the world's largest technology companies including Microsoft and SAP, where she was SAP's first female Chief Marketing Officer. Named one of the "Most Influential CMOs" in the world by Forbes, she later founded and led Tenshey as Chief Executive

(2017-24), advancing women and underrepresented talent into leadership roles.

Relevant skills and contribution to the Board

Deep international marketing and brand experience. Maggie is a recognised executive in business transformation, ESG and as an industry thought-leader in the marketing and technology sector.

External appointments

Non-Executive Director of Sage, board member of the United States Tennis Association (non-profit) and Non-Executive Board Advisor at Outinue.



Sir Alex Chisholm
Independent Non-Executive Director and Designated Non-Executive Director for Ofcom Engagement

A N RB

Appointed to the Board September 2024

Experience

Alex has 35 years’ regulatory, government and business expertise. Previously, he was Chief Operating Officer for the UK Civil Service and Cabinet Office Permanent Secretary (2020–24), Department for Business, Energy and Industrial Strategy Permanent Secretary, Chief Executive

of the Competition & Markets Authority and Chairperson of the Commission for Communications Regulation (Ireland). Earlier roles spanned media, technology, ecommerce and retail sectors.

Relevant skills and contribution to the Board

Extensive operational and regulatory leadership, with 35 years’ experience across government and industry.

External appointments

Non-Executive Chair of EDF Energy and senior adviser to the Boston Consulting Group and the Canadian Pension Plan Investment Board.



Steven Guggenheimer
Independent Non-Executive Director

N RB

Appointed to the Board October 2022

Experience

Steven has over 30 years’ technology leadership experience, including 27 years at Microsoft where he held a variety of senior roles. He spent over half his tenure as a Corporate Vice President leading the OEM, Developer/ISV, and AI Solutions organisations. Before Microsoft, Steven worked at Spectra-Physics Lasers.

Relevant skills and contribution to the Board

Accomplished technology executive with a strong track record advising businesses on digital transformation and extensive insight into technologies ranging from AI to cloud computing.

External appointments

Non-Executive Director of HSBC, Forrit and Leupold & Stevens. He is also an adviser to Tensility Venture Partners and Quantexa.



Matthew Key
Independent Non-Executive Director

A N R

Appointed to the Board October 2018

Experience

Matthew held senior positions at Telefónica (2007–14) including Chairman and CEO of Telefónica Europe and Telefonica Digital. He was O2 UK CFO and Strategy and Regulation Director (2002–04), becoming CEO in 2004. He was Vodafone UK’s Finance Director and Chairman of Tesco Mobile and held positions at Kingfisher, Coca-Cola/Schweppes, Grand Metropolitan and

Dallaglio RugbyWorks. He was Non-Executive Director and Audit Committee Chair of Burberry (2013–23).

Relevant skills and contribution to the Board

Strong strategic skills and a wealth of experience in finance and the telecoms sector. Matthew is also a director of the sports joint venture between BT Group and Warner Bros. Discovery.

External appointments

None.



Raphael Kübler
Non-Independent, Non-Executive Director

N

Appointed to the Board January 2024

Experience

Raphael is the Chief Operating Officer of Deutsche Telekom. Prior to this he held the position of Senior Vice President Controlling at Deutsche Telekom and Chief Finance Officer of T-Mobile Deutschland. Raphael has also been a director of T-Mobile USA since April 2013 and served on other boards of listed companies, including Ströer, Hellenic Telecommunications Organisation and SES Global.

Relevant skills and contribution to the Board

Extensive experience in the telecoms industry, including strategic transformation projects and mergers and acquisitions.

External appointments

Director of T-Mobile USA.

Our directors share collective responsibility for the activities of the Board. There is a clear division of responsibilities between the Chairman and the Chief Executive as required under the Code. Their responsibilities, as well as those of the Chief Financial Officer, Senior Independent Director and other key roles, along with the matters reserved to the Board, are set out on our website at [bt.com/governance](https://www.bt.com/governance)

Membership key

- C** Committee Chair
- A** Audit & Risk Committee
- E** Executive Committee
- NS** National Security and Investigatory Powers Committee

- N** Nominations Committee
- R** Remuneration Committee
- RB** Responsible Business Committee

Board of directors and division of responsibilities (continued)



Sunil Bharti Mittal
Non-Independent, Non-Executive Director

N

Appointed to the Board September 2025

Experience

Sunil is the Founder and Chairman of Bharti Enterprises, one of India's largest conglomerates with interests in telecoms, space communications, digital solutions, real estate and hospitality. He was Chair of GSMA and the International Chamber of Commerce (2016-18).

Relevant skills and contribution to the Board

Experience leading a wide-ranging business portfolio bringing numerous strategic skills, particularly in relation to the telecoms industries.

External appointments

Chairman of Bharti Airtel, Airtel Africa, Airtel Payments Bank and Bharti Airtel Foundation and Co-Chair of Eutelsat Communications. Member of the World Economic Forum's International Business Council and World Bank Group Private Sector Investment Lab.



Tushar Morzaria
Independent Non-Executive Director

A N R

Appointed to the Board May 2024

Experience

Tushar is a chartered accountant with over 25 years' strategic financial management experience. He was Group Finance Director of Barclays (2013-22) and held senior finance roles at JPMorganChase, including Chief Financial Officer of its Corporate & Investment Bank.

Relevant skills and contribution to the Board

A wealth of strategic financial management experience gained over 25 years. During this time, Tushar has overseen transformation programmes and strengthened risk and control frameworks.

External appointments

Non-Executive Director and Chair of the Audit Committee of BP and Legal & General.



Rima Qureshi
Independent Non-Executive Director

A N RB

Appointed to the Board March 2025

Experience

Rima was Chief Strategy Officer & Executive Vice President of Verizon Communications (2017-24) and spent over 20 years at Ericsson, latterly as President & Chief Executive of Ericsson North America. She was GSMA Deputy Chair (2020-22) and board member (2017-24), Non-Executive Director of Great West Life (2016-18), Wolters Kluwer (2013-16), Verizon Foundation (2017-24),

and a member of the McGill University Faculty Advisory Board (2018-24).

Relevant skills and contribution to the Board

Extensive operational, strategic and telecoms industry expertise gained over 30 years.

External appointments

Non-Executive Director of Mastercard and Loblaw Companies.



Gopal Vittal
Non-Independent, Non-Executive Director

Appointed to the Board September 2025

Experience

Gopal held various senior roles including as executive director at Hindustan Unilever (HUL) over a 20-year career spanning major markets throughout Asia. Prior to his role there, he held the roles of Vice Chairman, Managing Director, and CEO of Bharti Airtel, building a portfolio of businesses across mobile, B2B, home broadband, DTH and digital services.

Relevant skills and contribution to the Board

Gopal brings significant experience in the global telecoms and customer-focused products sectors, noted for his strategic planning acumen and business transformation programmes and revenue generation through customer segment innovation.

External appointments

Executive Vice Chairman of Bharti Airtel, Non-Executive Director of Airtel Africa and Airtel Payments Bank, Board Chair of GSMA and a member of the Deutsche Telekom advisory board.



Sara Weller
Independent Non-Executive Director

N R RB

Appointed to the Board July 2020

Experience

Sara was Managing Director of Argos (2004-11) and Deputy Managing Director of Sainsbury's (2000-04; J. Sainsbury plc board member 2002-04). She served as a Non-Executive Director at Virgin Money UK and Clydesdale Bank (2022-24), Lloyds Banking Group (2012-21) and United Utilities Group (2012-20), was a member of the Council at Cambridge University (2015-19) and held Lead Non-Executive roles in UK Government, in DCLG (2010-15) and DWP

(2017-20). She co-founded ActionAble in 2025, an organisation advocating for greater disability inclusion in business.

Relevant skills and contribution to the Board

Broad consumer perspective across retail, banking, utilities and consumer goods, with strong executive and non-executive board experience in regulated sector plc's, UK Government and the charitable sector.

External appointments

Chair of the Money & Pensions Service, Keep Britain Working Advisory Group member and Commissioner of the Institute of Directors' Commission: Business. A Force for Good?

**Patricia Cobian**

In line with our recent announcement, Patricia Cobian will join the Board as Chief Financial Officer Designate, an Executive Director and member of the *Executive Committee* on 20 July 2026 and will succeed Simon as Chief Financial Officer on 1 September 2026.

**Sabine Chalmers**
General Counsel,
Company Secretary
and Director
Regulatory Affairs

Sabine joined BT in April 2018 as General Counsel and was appointed as Company Secretary in September 2021.

FY26 Board and Committee meeting attendance

	Board	Audit & Risk Committee	Nominations Committee	Remuneration Committee	Responsible Business Committee
Adam Crozier	8/8		4/4		
Allison Kirkby	8/8				
Simon Lowth	8/8				
Ruth Cairnie	8/8	6/6	4/4	4/4	
Maggie Chan Jones	8/8		4/4		3/3
Alex Chisholm	8/8	6/6	4/4		3/3
Steven Guggenheimer	8/8		4/4		3/3
Matthew Key	8/8	6/6	4/4	4/4	
Raphael Kübler ^a	5/8		4/4		
Sunil Bharti Mittal ^b	4/5		2/2		
Tushar Morzaria	8/8	6/6	4/4	4/4	
Rima Qureshi ^c	8/8	4/6	4/4		2/3
Gopal Vittal ^d	5/5				
Sara Weller	8/8		4/4	4/4	3/3

^a Raphael sent apologies for the May and September Board meetings and the September strategy day due to pre-existing commitments.

^b Sunil joined the Board on 15 September 2025 and sent apologies for the December Board meeting due to a pre-existing commitment.

^c Rima sent apologies for the July and September *Audit & Risk Committee* meetings and the July *Responsible Business Committee* meeting due to pre-existing commitments.

^d Gopal joined the Board on 15 September 2025.

Membership key

■ Committee Chair
 [A] Audit & Risk Committee
 [E] Executive Committee
 [NS] National Security and Investigatory Powers Committee

[N] Nominations Committee
 [R] Remuneration Committee
 [RB] Responsible Business Committee

Board leadership and company purpose

Role of the Board

The Board is responsible for setting the group's strategy and oversees the purpose and culture by setting the tone from the top and monitoring how it is embedded across the organisation. Further details on our strategy, purpose, values and culture are on pages [18](#) to [31](#).

The Board also oversees operations, performance, governance and compliance with statutory and regulatory obligations. It sets the group's risk appetite and ensures robust risk management systems and internal controls. It is responsible for ensuring an effective leadership team is in place to deliver the group's strategy.

Certain key decisions and matters are reserved to the Board and are not delegated to any of its Committees, the Chief Executive or management.

 **The matters reserved to the Board are available on our website at [bt.com/governance](https://www.bt.com/governance)**

Board meetings

During the year, the Board held eight scheduled meetings (including a dedicated strategy day) and two ad hoc meetings. The Chairman also held private sessions with the Non-Executive Directors. The Company Secretary is Secretary to the Board and she, or her delegate, attends all meetings and provides guidance, advice and support as required. All directors, individually and collectively, have access to her and to independent professional advice if required.

Board and Committee papers, including any required actions, are provided in advance of meetings via a secure electronic portal. Directors are expected to attend all Board meetings and meetings of the Committee on which they serve, unless prevented by prior commitments, illness or a conflict of interest. When unable to attend, directors typically provide comments to the Chairman or Committee Chair ahead of the meeting.

Attendance at meetings can be found on page [79](#).

How the Board monitors culture

As outlined in my governance letter, the Chief Executive and her leadership team used insights from the Big Conversation, which gathered feedback from our colleagues informing the introduction of our new behaviours - see page [34](#). The Board was regularly updated on the themes identified and our five new behaviours - customer first, challenger, committed, clear and connected.

Alongside this cultural transformation programme, the Board monitors culture through:

- regular discussions with the Chief Executive and Chief People & Culture Officer
- reports to the *Audit & Risk Committee* on issues raised through our Speak Up whistleblowing service - see page [96](#)
- organisation-wide 'Join Allison' live Q&A sessions
- workforce insights from Maggie Chan Jones, as Designated Non-Executive Director for Workforce Engagement throughout the year - see page [82](#)
- breakfasts with colleagues from across the business, including graduates, apprentices and culture influencers
- visits to key BT locations.

The Board also reviewed the themes and insights from the Your Say engagement surveys and will continue to assess how our culture and new behaviours are embedded across our colleagues, systems and processes throughout FY27.

We remain confident that these indicators provide the Board with effective insight into the sentiment of our colleagues and the wider culture across the organisation. Further details are included on page [34](#).

Section 172 statement and stakeholders

Our Section 172 statement is set out on pages [84](#) and [85](#) and demonstrates our directors' consideration of the matters in section 172 of the Companies Act 2006 (2006 Act) in performing their duties, and how they have had regard to colleagues' interests and the need to foster business relationships with suppliers, customers and others.

See pages [82](#) and [83](#) for details on the Board's engagement with our colleagues and on pages [32](#) to [39](#) for additional details of how we engage with our key stakeholders.

Board focus in FY26

The Board meets regularly and focuses its time on effectively overseeing the execution of the group's strategy to better deliver for our colleagues, customers, stakeholders and the country.

Group strategy

During the year, the Board:

+ considered strategic initiatives and items of significant strategic importance in line with the matters reserved to the Board, including:

- our continued focus on UK operations, whilst accelerating trading and transformation initiatives in BT International
- the group's AI strategy and opportunities to accelerate execution
- the group's multi-brand strategy for the short to medium term, and the multi-year roadmap and end state
- confirming the expansion of our fibre investment to 30 million premises, and the associated stakeholder impacts.

+ held an offsite, full-day strategy meeting with management to consider:

- the external environment and market context
- the group's refreshed strategy and value-creation journey
- strategies and performance of each CFU, including Openreach
- key challenges and risks to delivering the group and CFU strategies, and plans to mitigate them
- customer experience for each CFU including brand and customer segment NPS - see page [26](#)
- our colleagues and culture
- the group's multi-brand strategy.

+ received and discussed the Chief Executive's report at each meeting, covering:

- performance across the units and the group overall
- progress against strategic priorities and goals
- competitive and external context and stakeholder feedback (including from owners, colleagues, Ofcom and Government)
- customer, colleague, regulatory, diversity and sustainability matters
- key business operations and matters important to the group's reputation.

During the year, the Board also considered and agreed not to progress certain proposed initiatives that were determined not to be strategically important or beneficial to the group.

Performance and execution of strategy

During the year, the Board discussed, reviewed and, where appropriate, approved:

- the full and half year results and Q1 and Q3 trading updates, including any external guidance. It also discussed feedback from investor meetings, including that received after the publication of each set of financial results. At each meeting, the Board reviewed financial and trading performance for the period against budget, consensus and the full year outlook, for each unit and the group
- the **Going concern** and **Viability statements** and the group's tax strategy
- the distribution policy and interim and final dividends (with final approval delegated to a sub-committee of the Board)
- regular updates on share register movements, share price performance relative to the market, investor relations activity and shareholder engagement
- the medium term plan, including consideration of key opportunities, challenges, strategic priorities and KPIs
- the group's public credit rating target, treasury strategy and annual debt funding plan
- the BT Pensions Scheme (BTPS) investment performance and options for the 2026 triennial valuation - see page [184](#)

- progress of the group's transformation programmes to drive efficiencies, opportunities and continued cost reductions
- developments in the Telecoms Access Review and related engagement
- any regulatory or competition investigations, significant litigation, and associated stakeholder and reputational impacts.

Risks, controls and governance

During the year, the Board discussed:

- the group risk management framework, with deep dives into key Group Risk Categories (GRCs) and the associated risk appetite, including any heightened risk in our point and emerging risks - see pages [54](#) to [62](#). In particular, the Board spent time discussing the evolving competitive and regulatory landscape, and cyber risk. The Board also received updates from the *Audit & Risk Committee* Chair after each meeting on its reviews of the effectiveness of the group's systems of risk management and internal controls, mitigation activities and any areas for improvement - see page [96](#), as well as GRCs not discussed by the Board
- progress of group-wide transformation programmes
- the Annual Report, which it approved on the *Audit & Risk Committee's* recommendation, that, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to accurately assess the group's position and performance, business model and strategy - see page [93](#)
- the themes and focus areas arising from the Board and Committee performance review - see page [86](#).

Culture and our people

During the year, the Board discussed with the Chief Executive, Chief People & Culture Officer, and other members of the *Executive Committee*, our cultural transformation plan, including:

- its importance to delivering the group's refreshed strategy
- the enablers needed for cultural change across leadership, performance, structure, capabilities, habits and talent
- the ownership of the culture by people leaders and how to ensure effective leadership role modelling
- organisation size, pace of change and plans to retrain the workforce where needed.

Several Non-Executive Directors held additional sessions outside of Board meetings with the Chief People & Culture Officer to share learnings and provide advice ahead of implementation.

As previously mentioned, the Board also reviewed outcomes from Your Say engagement surveys and received regular updates from Maggie Chan Jones, as the Designated Non-Executive Director for Workforce Engagement, on the channels through which we're engaging with our colleagues. Maggie undertook another comprehensive programme of activities with our colleagues this year - see pages [82](#) and [83](#). Likewise, Committee Chairs also reported back to the Board on any indicators relevant to the group's culture.

Board leadership and company purpose (continued)

Workforce engagement

Activities of the Designated Non-Executive Director for Workforce Engagement

This year, Maggie Chan Jones has continued in her role as the Designated Non-Executive Director for Workforce Engagement, listening to our colleagues in order to understand their views, feedback and perspectives on the key matters impacting them. Maggie is responsible for bringing the views she's gathered into the boardroom, ensuring this is fed into the Board's decision-making process.

During the year, Maggie received data-driven reports collated by the People, Data & Compliance team, which utilised a variety of sources reflecting our colleague's sentiment across the group. The reports highlighted the hot topics, any trends in the data, and key insights gathered across the Your Say engagement surveys, internal communications insights reports and inclusion and wellbeing data. These reports also included data on our Speak Up whistleblowing service, including volume of calls, time taken to complete investigations and any areas of concern.

Maggie engaged directly with our colleagues through both in-person and virtual meetings. During these sessions, participants were encouraged to share personal views and experiences, providing Maggie with a varied range of insights. Invitees were selected from a diverse cross-section of the business, including specific targeted sessions focused on senior leadership cohorts, the India management group and first-line managers. In addition, there were topical deep-dive sessions on specific matters including the People & Culture operating model with the People & Culture leadership team, Openreach people matters with the Openreach Designated Non-Executive Director for Workforce Engagement, wellbeing and culture, brand and transformation. She also met with representatives from our People Networks including the Faith Networks, the Pride Network, the Carers Network, the Gender Equality Network and the Ethnic Diversity Network.

In May 2025, Maggie visited the EE experience store in Bristol and held a session with a group of frontline teams based in stores across the South West region and also held a session with office based managers who have been recognised internally as talent.

In September 2025, Maggie visited Birmingham where she took part in a listening session in the 999 call centre and held sessions with the employment legal team, first-line managers and a group of colleagues from the Legal, Regulatory Affairs, Compliance & Company Secretarial teams based in Birmingham.

The insight Maggie gathered into our colleague's sentiment through these engagement activities was shared with the Chairman, the Chief Executive and the Chief People & Culture Officer, and she presented to the Board three times this year. This provided the Board with a more comprehensive view of sentiment across the group and contributed to their decision-making process. Any key action points were noted by management.

Key themes arising from this year's engagement sessions included:

- **Culture and inclusion:** the importance of inclusion across the group and examples of where best practice is leading to real improvements in representation were discussed. The benefits of a unified culture to foster better working relationships across the group and the challenges of building and maintaining this culture in hybrid or dispersed teams were also recognised.
- **AI:** the use of AI tools and openness to embrace these whilst also considering challenges and concerns including policy barriers, availability of training and examples of useful practical implementation.
- **Manager support and training:** the benefits of the training programmes available for managers, noting that the availability of these programmes sometimes led to gaps in the skills of managers across the group which can be particularly evident during periods of organisational change.
- **Career progression, engagement and talent retention:** concern around progression, especially from geographically isolated regions and for apprentices and graduates, was noted. The key role of secondments and lateral moves was also discussed, with observations expressed as to availability of these opportunities for those with specialist skills.
- **Reward and recognition:** the use and effectiveness of existing reward and recognition programmes was discussed.

The Board considers that the Code's Designated Non-Executive Director mechanism for workforce engagement continues to be effective. With effect from 1 June 2026, the Board approved the appointment of Alex Chisholm and Sara Weller as additional Designated Non-Executive Directors for Workforce Engagement, along with the creation of a Workforce Working Group with both Board and *Executive Committee* membership to support our workforce and cultural priorities. More information can be found on pages 84 and 85. The effectiveness of the chosen mechanism will continue to be reviewed throughout the year.

In FY27, Maggie, Alex and Sara will continue to receive data-driven reports and will conduct more group engagement sessions. They also plan to hold deep dive sessions on AI, brand and employee relations, as well as further group sessions including with our people in India and from the Ethnic Diversity Network.

FY26 engagement activities

	2025 Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2026 Jan	Feb	Mar
Engagement sessions with Maggie												
Feedback provided to the Board												
Breakfast engagement sessions												
Non-Executive Director visits												
‘Join Allison’ live Q&A sessions												
Your Say engagement surveys												

Activities of the Board

In addition to the activities of the Designated Non-Executive Director for Workforce Engagement, a selection of Board members held breakfast sessions with small groups of colleagues as an opportunity to engage directly and provide feedback on key matters. These breakfast sessions were held with graduates, apprentices and culture influencers where the Big Conversation and cultural changes were discussed.

The Non-Executive Directors visited BT’s Mobile Technology Operations Centre and Cyber Security Operations Centre at our Bristol Assembly hub during the year - see page 87.

Allison held ‘Join Allison’ live Q&A sessions regularly throughout the year giving colleagues the opportunity to hear from her directly about business developments and ask questions. Questions could either be pre-submitted with the most popular ones as voted by colleagues answered during the session, or sent in live. These sessions were hosted by colleagues from across the business, including a Technical Delivery Advisor and a Senior EE Guide, and held in locations ranging from BT One Braham to Bangalore, and Milton Keynes to Manchester. In January, an extended ‘Join Allison’ session focused on the launch of the new culture and behaviours - see page 34.

The results, insights and actions of the Your Say engagement surveys were discussed by the Board and the *Executive Committee*.

See page 118 for more details on the Board’s engagement with our colleagues and pages 84 and 85 for more details on how our colleagues, among other stakeholders, were considered in the Board’s decision making.



Engaging directly with our colleagues has provided valuable insight into what matters most to them and how their perspectives differ across roles, locations and experiences. Bringing this insight into the boardroom helps ensure colleagues’ views are an integral part of Board discussion and decision making. I look forward to working alongside both Alex and Sara and meeting more of our colleagues in the next year.

Maggie Chan Jones
Independent Non-Executive Director and Designated Non-Executive Director for Workforce Engagement

Section 172 statement

The directors present the Section 172(1) statement, describing how, in their discussions and decisions during FY26, they have acted in the way that they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole, having regard to the matters set out in Section 172(1)(a) to (f) of the 2006 Act.

The Board considers the matters set out in Section 172 of the 2006 Act in its discussions and decision-making, including:

The likely consequence of any decision in the long-term:

- The directors recognise that the decisions they make today will affect the group's long-term success. During the year, the Board had particular regard to this in its discussions on group strategy - see page 81. Our purpose and strategy demonstrate how we realise our ambition and grow value for all our stakeholders. This in turn guides the Board's decisions, specifically the balance between short- and long-term investments. More information on our strategy can be found on pages 18 to 31.

The interests of our colleagues, and the need to foster business relationships with our key stakeholders:

- The Board is cognisant that the successful achievement of the group's medium- and long-term strategy is only possible by working with customers and all stakeholders. Accordingly, the Board ensures that effective engagement with all stakeholders takes place across the group as a whole. Our colleagues are considered throughout the Board's discussions and decision-making along with regular updates from Maggie Chan Jones as the Designated Non-Executive Director for Workforce Engagement during the year, and the Chief People & Culture Officer. More information on the Board's engagement with our colleagues can be found on pages 82 and 83 and other workforce engagement channels are set out on page 118.
- While the Board itself engages directly with stakeholders on some issues, the size and distribution of BT Group and our stakeholder groups means that stakeholder engagement often happens below Board level. However, as required by the Board to better understand the impact of our operations, stakeholder interests, concerns, and views are required to be identified in all proposals it receives from across the group, both within papers and accompanying presentations.
- Based on this information, the directors have regard to the interests of our colleagues and the need to foster good relationships with other key stakeholders. We acknowledge that not every decision we make will necessarily result in a positive outcome for all stakeholders, so the Board must balance competing interests in reaching its decisions.

The impact of the group's operations on the community and environment:

- The group aims to accelerate growth through technologies that are responsible, inclusive, and sustainable, ensuring the group can continue to build trust and create value for its stakeholders. During the year, the *Responsible Business Committee* oversaw progress on this aim as well as the group's responsible business strategy and sustainability goals.
- Information as to how we have addressed the recommendation of the TCFD framework can be found on pages 63 to 71.

The desirability of maintaining a reputation for high standards of business conduct:

- The Board is deeply committed to ensuring that the group's reputation for high standards of business conduct is maintained and strengthened. It is responsible for establishing, supervising, and upholding the culture, ethics, reputation, standards, and values of the group to ensure that the obligations to all stakeholders are met. These considerations, in line with Section 172 of the 2006 Act, guide and inform the Board in its discussions and decision-making.
- Adherence to the group's policies and compliance framework is closely monitored by the Board and, where the group's businesses do not uphold the standards expected of them, the directors are committed to acting accordingly.
- Our colleagues are central to achieving these high standards and maintaining the reputation of the group and we're focused on building a culture where our colleagues can be their best. The General Counsel, People, Data & Compliance also issues regular reports to the *Audit & Risk Committee*, which carefully considers these in relation to our ethics and compliance policies and programmes, as well as issues raised through our Speak Up whistleblowing service - see page 96.

The need to act fairly between BT Group's shareholders:

- During FY26, the Chairman, certain Non-Executive Directors, Chief Executive, Chief Financial Officer, other executives and our investor relations team held 234 meetings with investors (see page 39 for more detail on our engagement with our owners). These meetings gave investors the opportunity to discuss views on all matters including:
 - our strategy and competitive position in key markets
 - our financial and operational performance, particularly around service revenue development, Openreach broadband line losses, pay and other costs, in-contract pricing and cash flow profile to 2030
 - capital investment, including FTTP and 5G
 - our capital allocation policy
 - developments at the top of the shareholder register
 - prospective governmental and regulatory policy decisions
 - our pension fund valuation.
- The Board is mindful of having a small number of significant shareholders within an otherwise widely dispersed shareholder base, but considers all shareholders in its decision-making process.

Decisions made since the last Annual Report

The Board made the following decisions which demonstrate how Section 172 matters have been taken into account as part of Board discussions and decision making:

Decision

What happened

Confirmed FTTP investment to 30 million

Further to our reporting in 2022, the Board has held a number of in-depth discussions with management on the level and pace of our full fibre build and the advantages and disadvantages of accelerating this, with a particular focus on our ability to fund the related large capital expenditure investment, the regulatory framework and the impact of this on our stakeholders.

In FY26, the Board considered the next phase of investment in network infrastructure, including the continued expansion of full fibre and 5G+ connectivity in the UK through to 2030. This phase of the programme represents £5bn of investment and forms part of its existing capital expenditure plans, with no change to its financial guidance.

In reaching its decision, the Board had regard to the long-term importance of maintaining and extending network capability, the interests of our colleagues involved in delivery of the programme, the needs of customers and wholesale customers who depend on the group's networks, and the broader benefits of improved connectivity for communities, including rural and harder-to-reach areas. The Board also had regard to the need to maintain high standards of business conduct, including constructive engagement with policymakers and regulators. Having considered these factors together, the Board concluded that continued investment in the group's networks would support its long-term success for the benefit of its members as a whole while also delivering wider benefits for key stakeholders.

Bharti Relationship Agreement

The Board considered the benefits of putting in place a Relationship Agreement (RA) to codify certain aspects of BT's relationship with its largest shareholder, Bharti, as we have with Deutsche Telekom. The proposed terms of the RA, including Bharti's right to propose nominee directors for appointment to the Board, were discussed with the Company's external advisors, and Section 172 matters, especially the interests of all of our shareholders, were taken into account.

The Board agreed that the proposed terms of the RA reflected a constructive framework for the conduct of BT and Bharti and, after careful consideration, agreed to BT entering into the RA. As a result, Bharti nominated two directors to join the Board, with the Board considering the proposed directors, including their experience and skills, and subsequently approving the appointments of Sunil Bharti Mittal and Gopal Vittal as Non-Independent, Non-Executive Directors and as nominated representatives of Bharti, with effect from 15 September 2025.

Governance framework changes

The Board approved a number of changes to the governance framework, with effect from 1 June 2026:

- with responsible business now being embedded within our strategic priorities, governance of responsible business delivery will move from the *Responsible Business Committee* to the Board, and incorporated within its regular reviews of strategy and performance. Additional oversight for specific topics will move to the *Audit & Risk Committee* for sustainability risks, controls and reporting, and to the *Remuneration Committee* for reward outcomes linked to responsible business performance
- the creation of two working groups – the Technology Working Group and the Workforce Working Group – to support our digital, workforce and cultural transformation. Both of these working groups will be made up of members from the Board and the *Executive Committee*
- the appointment of Alex Chisholm and Sara Weller as additional Designated Non-Executive Directors for Workforce Engagement, joining Maggie Chan Jones
- the appointment of Maggie Chan Jones as a member of the *Remuneration Committee*.

The Board considered how we could best support the next phase of BT's transformation and help ensure continued focus on delivering on our responsible business priorities, as well as strengthening Board oversight of technology and workforce transformation, both of which are fundamental to the delivery of our strategy. In reaching this decision, the Board had regard for the impact that this may have on the community and the environment, in particular, and were comfortable that steps had been taken to embed our responsible business commitments within our group strategy. The changes will enable us to leverage the full breadth of Board expertise and maintain robust assurance to ensure we continue to create value for our stakeholders. Additionally, the two working groups will take on a trust lens, to ensure that our customers and colleagues can trust that BT stays true to its ambition to become the UK's most trusted connector of people, business and society.

Board composition, succession and evaluation

Board and Committee performance review

In line with the Code, a formal and rigorous performance review of the Board, each of its Committees, the Chairman and individual directors is undertaken annually. This considers performance, composition, diversity and how effectively our Board works together.

We carried out an external performance review of our Board and Committees in FY25 facilitated by Lintstock Limited and this year we undertook a questionnaire-based review under our multi-year arrangement with Lintstock. Lintstock is an accredited Board Performance Reviewer of the Chartered Governance Institute, with no other links to the group or individual directors.

Progress against FY25 performance review feedback

Last year, key areas of focus were identified, which included enhancing our performance edge, supporting the *Executive Committee* and improving support for the Board. In response to this feedback, a number of actions have been taken, including facilitating sessions for Board and *Executive Committee* members with subject matter experts on key topics, refocusing the *Executive Committee* meetings to the strategic priorities and engagement has improved between the Chairman, Chief Executive and Company Secretary on Board meeting agenda planning. In addition, the September 2025 meetings were held offsite in Bristol, with opportunities to engage with groups of colleagues based there and participate in sessions at BT's Mobile Technology and Cyber Security Operations Centre – see page 87.

FY26 performance review

The FY26 review took place as follows:

- Questionnaires were circulated to the Board, *Executive Committee* and the CEO, Openreach. These were tailored to the relevant Committees for each Non-Executive Director, and the *Executive Committee* members and the CEO, Openreach were asked to provide their perspective on the effectiveness of their relationship with the Board.
- The questionnaires were prepared by Lintstock in line with best practice and covered a range of areas, notably composition, Board dynamics, support and areas of oversight. Consideration was also given to the Board's decision-making processes, focus of meetings and how stakeholders are taken into account as part of discussions.
- Lintstock prepared reports for the Board and each of its Committees outlining the outcome of the review, collating the responses to the questionnaires. The reports included a number of key observations and suggested priorities for FY27. These reports were compiled carefully to ensure the anonymity of respondents and were initially shared with the Chairman, who held a follow-up meeting with Lintstock to further understand key feedback and outcomes.
- Lintstock then attended a subsequent Board meeting to discuss the feedback with the Board. Each of the Committee Chairs were provided with their respective committee reports for discussion at the next meeting.
- In parallel, the Senior Independent Director also led a discussion with the Independent Non-Executive Directors, without the Chairman present, as well as individual sessions with the Executive Directors and Non-Independent, Non-Executive Directors. The purpose of these sessions was to obtain their feedback and views on the Chairman's performance throughout the year. The outcomes and recommendations were subsequently fed back to the Chairman.

Following discussions at the Board and Committee meetings, the following key areas of focus for FY27 were agreed:

Key areas of focus for FY27	Agreed actions/actions in progress
Strategic decision making and execution	– Where relevant, ensure that strategic decision making and oversight of delivery consider, among other factors, the external environment, customer perspectives, competitive dynamics and technology developments, and how these interact. – Increase Board visibility and consideration of key past decisions, especially where choices and trade-offs have been made. – Reduce time spent on operational or short-term matters, in favour of strategic decision making and execution.
Colleagues and culture	– Continue to strengthen Board support for talent development and internal succession planning, especially for key senior leaders. – Continue to support our workforce and cultural transformation.
Governance framework	– Consideration of the role of the <i>Responsible Business Committee</i>, given that responsible business is now embedded into our strategic priorities. The Board considered this at its May 2026 meeting and its decision is set out on page 85.

Board induction and training

On appointment, new directors complete a comprehensive induction programme to build a thorough understanding of the business. Inductions are tailored to reflect the director's experience and responsibilities relevant to their appointment, for example if they are a member of any Committees. The programme includes meetings with other Board members, *Executive Committee* members and the CEO, Openreach and senior management.

New directors also receive materials covering our strategy, including our strategic priorities, recent financial performance, governance framework, director responsibilities, the Commitments (made with Ofcom), regulatory environment, risk management and internal controls and key policies supporting our business practices.

New directors are encouraged to visit our hubs, contact centres and EE stores to understand our customer-facing operations, as well as spending time with the CEO, Openreach and Openreach engineers to experience the technical aspects of the group.

Director inductions

Rima Qureshi joined the Board on 2 March 2025 as an Independent Non-Executive Director and a member of the *Audit & Risk*, *Nominations* and *Responsible Business Committees*. Sunil Bharti Mittal and Gopal Vittal were appointed to the Board as Non-Independent, Non-Executive Directors, and nominated representatives of Bharti, with effect from 15 September 2025. Sunil is also a member of the *Nominations Committee*.

On each of their appointments, they received an induction pack of materials. At the date of this Report, Rima, Sunil and Gopal's induction sessions have covered a number of the following topics:

- Group strategy and change
- Consumer strategy including pricing
- Business
- International
- Openreach and the Commitments
- Networks strategy
- Financial processes, funding and risk management
- Ethics and compliance
- Customer service
- Corporate governance
- Colleagues and culture
- Regulatory context
- Responsible business and consumer fairness
- AI strategy

Sunil and Gopal's induction programme will continue into FY27 and an update will be provided in next year's Annual Report.

Director training and development

The Chairman and the Company Secretary keep directors' training and development needs under review. Non-Executive Directors regularly meet with management and participate in briefing sessions to deepen their understanding on certain matters or share learnings. Directors are encouraged to keep their skills and knowledge up to date and request support as needed.

Several Board members took part in additional sessions during the year on Global Fabric, customer-facing product innovation, AI, sustainability and diversity. A refresher session on the Commitments and the current regulatory context was held as part of one Board meeting, led by Alex Chisholm as the Designated Non-Executive Director for Ofcom Engagement, alongside members of the Regulatory Affairs team.

The Company Secretary, or her delegate, also provides key legal, regulatory and corporate governance updates at Board and Committee meetings. During the year, these covered updates on:

- FTSE Women Leaders Review
- Parker Review
- UK Stewardship Code
- FRC updated guidance and reviews
- Institutional investor guidelines.

Directors receive further updates on the external environment as required, with internal and external advisers attending meetings to provide specialist briefings as necessary.



Board offsite sessions in Bristol

As part of the September 2025 Board strategy day, the Board visited BT's Mobile Technology Operations Centre and Cyber Security Operations Centre at our Bristol Assembly hub. Directors met frontline cyber and network specialists and saw how BT monitors and responds to threats on a 24/7 basis, manages major cyber incidents, and works with Government partners to protect critical national infrastructure. Through these sessions, the Board gained a clearer view of the scale and complexity of the cyber and operational threats facing BT, and how specialist teams, proactive monitoring and regular exercising strengthen resilience. The visits reinforced Board oversight of how lessons from real incidents and major exercises are embedded into decision-making, response coordination and recovery across the group.

As part of this offsite, Maggie Chan Jones and Sara Weller also participated in a session as part of National Inclusion Week. This session was attended by over 75 colleagues and was structured as a panel discussion between Maggie, Sara and members of the Inclusion team, focusing on the principles and practicalities of inclusion by design and aiming to highlight how everyone, regardless of their role, can actively contribute. There was an emphasis on what inclusion means specifically within BT and how it impacts our colleagues. The conversation encouraged participants to reflect on their own responsibilities in fostering inclusion, both within their teams and across the wider organisation - see page 34.

Board composition, succession and evaluation (continued)

Nominations Committee Chair's report



This year, we've supported the Chief Executive in appointing new Executive Committee members and we've welcomed two Non-Executive Directors to the Board. I look forward to working with our newest leaders and Board members as we drive our long-term strategy to become the UK's most trusted connector of people, business and society.

Adam Crozier
Chair of the Nominations Committee
20 May 2026

Committee role

The Committee is responsible on behalf of the Board for reviewing:

- the structure, size and composition of the Board and its Committees to ensure an appropriate balance of skills, experience, diversity, independence and knowledge
- succession planning for the Board and recommending the appointment of Executive and Non-Executive Directors and the Chairman
- succession planning and performance of the *Executive Committee*.

 **The Committee's key responsibilities are set out in its terms of reference available at bt.com/governance**

Committee membership and meetings

All Non-Executive Directors, except Gopal Vittal, are members of the Committee. The Company Secretary is secretary to the Committee and she, or her delegate, attends all meetings and provides advice, guidance and support as required. The Chief Executive and the Chief People & Culture Officer attend meetings by invitation, where appropriate. Members and attendees do not attend discussions where any conflicts arise.

During the year, the Committee held four scheduled meetings and three ad hoc meetings. After each meeting I report back to the Board on the Committee's activities, the main matters discussed, highlight any matters of particular relevance and recommend any items for approval. Attendance at meetings can be found on page 79.

 **Details on the FY26 Board and Committee performance review can be found on page 86**

Chief Financial Officer appointment

The Committee has spent considerable time planning for Simon Lowth's successor throughout FY25 and FY26, ahead of his retirement. Spencer Stuart, an independent external search consultant, who has no other connection to BT Group, and who is a signatory of the Voluntary Code of Conduct for Executive Search Firms, was engaged to assist with the search for possible candidates for our next Chief Financial Officer (CFO).

The Committee considered the merits, skills and experience of a diverse set of candidates. A shortlist was created and potential candidates were interviewed by a selection of Non-Executive Directors and *Executive Committee* members, and a preferred candidate was identified. At this stage, the Committee spent time reviewing transition plans to ensure a managed handover post appointment. After due and careful consideration, the Committee agreed to recommend to the Board for approval, the appointment of Patricia Cobian as an Executive Director and as CFO and as a member of the *Executive Committee*. As recently announced,

Patricia will join the Board as CFO Designate, an Executive Director and a member of the *Executive Committee* on 20 July 2026. Patricia will succeed Simon as CFO on 1 September 2026. The Committee is confident that Patricia will bring substantial telecoms and transformation experience and be an excellent addition to the Board and BT.

Non-Executive Director appointments

In September 2025, Sunil Bharti Mittal and Gopal Vittal joined the Board as Non-Independent, Non-Executive Directors and as nominated representatives of Bharti. Ahead of their appointments, the Committee discussed the proposed terms of the Relationship Agreement under which these appointments are governed, together with Sunil and Gopal's specific skills, experience and external commitments, as Bharti's proposed nominated representatives. The Committee agreed that both directors would bring significant global telecoms experience, as well as continued diversity of expertise and viewpoints, and the Board subsequently approved their appointments. Under the Relationship Agreement, and in line with the process followed for our other Non-Independent, Non-Executive Director, information is assessed by our *Conflicted Matters Committee* ahead of sharing with Sunil and Gopal to ensure no conflicts exist.

The Committee also recognises that Matthew Key will reach nine years on the Board in FY28 and it will begin succession planning for the appointment of a new *Audit & Risk Committee* Chair as a successor to Matthew in due course. Alongside diversity, the Committee will consider Matthew's tenure, Board composition (including a change in CFO) and the refreshed strategy and culture, when assessing candidates.

Executive Committee succession and performance

The Committee also spent significant time during the year reviewing *Executive Committee* performance and succession with the Chief Executive and the Chief People & Culture Officer. The key focus of these processes were, and remain, on attracting, developing and retaining a diverse mix of internal and external talent and investing in strengthening leadership capability. The Committee also spent time discussing the impact that culture has on succession planning.

Following comprehensive assessment processes, the Committee approved the following *Executive Committee* appointments:

- Leslie McGibbon as Chief Corporate Affairs and Brand Officer
- Greg McCall as Chief Security and Networks Officer, succeeding Howard Watson
- Clive Selley as CEO, International, succeeding Bas Burger.

The Committee also noted Katie Milligan's appointment as CEO, Openreach, to succeed Clive. Katie, as with Clive before her, became an invitee of the *Executive Committee* on her appointment.

The Committee reviewed *Executive Committee* and senior leadership performance and were kept updated on the work of the Chief Executive, Chief People & Culture Officer and *Executive Committee* to identify critical roles and build stronger and broader diversity of experience, gender and ethnicity, as well as commercial, technology and transformation capabilities. It also considered proposed external appointments, in line with our policy in relation to external appointments for *Executive Committee* members (including Executive Directors) and the CEO, Openreach.

Time commitment

On accepting their appointments, new directors must confirm they can commit sufficient time to discharge their responsibilities effectively. Directors are expected to attend meetings of the Board and any committees of which they are members, as well as the AGM and Board offsites. Directors are also expected to devote sufficient time to prepare for each meeting and to participate in other site or office visits to understand the business better. Directors require prior approval of the Board before accepting any new external appointments.

Before recommending the appointments of Sunil Bharti Mittal, Gopal Vittal and Patricia Cobian, the Committee reviewed each of their external commitments. The Committee concluded that their external time commitments were reasonable and were comfortable that their other roles, where relevant, would not be detrimental to their ability to perform their duties as directors. Proxy agency overboarding guidelines were also considered when making these recommendations.

The Committee and the Board reviewed additional external appointments for directors, considering the time commitment these would require. During the year and up until the date of this Report, these included the following appointments:

- Adam Crozier’s appointment as Independent Non-Executive Director and Chair-Designate of Experian, ahead of becoming Chair in July 2026. The Committee was comfortable that Adam would still have sufficient time to dedicate to his role as BT Chairman
- Alex Chisholm’s appointment as a senior adviser of the Canadian Pension Plan Investment Board
- Sara Weller’s appointments as Chair of ImpactMatch, Keep Britain Working Advisory Group member and Commissioner of the Institute of Directors’ Commission: Business. A Force for Good?
- Simon Lowth’s appointment as an external adviser of Investwizz.

On balance, the Committee and the Board were satisfied that these external appointments would not be detrimental to the directors’ ability to perform their duties for the company or represent a conflict of interest.

Election and re-election of directors

The Committee considered each director’s skills, experience, time commitment and tenure when recommending directors to the Board for election or re-election at the 2026 AGM. The Board believes all directors it has recommended to shareholders for election or re-election at the 2026 AGM bring considerable knowledge, wide-ranging skills and experience to the Board, makes an effective and valuable contribution and continue to demonstrate commitment to their role.

On the Committee’s recommendation, the Board considered the continued independence of Non-Executive Directors as part of its re-election recommendations. The Board continues to consider all Non-Executive Directors as being independent in line with the Code, except Sunil Bharti Mittal and Gopal Vittal, nominated representatives of Bharti, and Raphael Kübler, the nominated representative of Deutsche Telekom. The Chairman was judged to be independent at the time of his appointment.

Openreach Limited Board succession

The Committee has a responsibility to consider changes to the Openreach Limited Board and recommend changes to the BT Group Board for approval. On recommendation from the Openreach Board, the Committee considered and approved:

- the appointment of Michael Jary as a Non-Executive Director of Openreach Limited in August 2025
- the extension of Edward Astle’s appointment as a Non-Executive Director of Openreach Limited and Chair of the Openreach Board Audit Risk and Compliance Committee to March 2028.

The Committee also noted the Openreach Limited Board’s decision to appoint Katie Milligan as CEO, Openreach and as an Executive Director of Openreach Limited to succeed Clive Selley from 1 April 2026.

During the year, the Committee confirmed that the Openreach Limited Chair and Non-Executive Directors continue to satisfy the independence criteria and should continue in their roles.

Inclusion

The BT Board Diversity and Inclusion Policy (Policy) sets out our approach to the diversity of the Board and our aim to have a well-balanced Board with the appropriate skills, knowledge, experience and diversity to meet our business needs and support our strategic aim of building the strongest foundations – see bt.com/governance

The Policy ensures we:

- apply an inclusion lens to all our decision-making processes
- monitor the impact of our decisions on diverse populations
- value and communicate the benefits that difference brings and are unapologetic in our pursuit of a diverse workforce at all levels
- actively seek out opportunities across the business to enhance and strengthen our approach to inclusion.

Candidates are appointed on merit and we continue to challenge our external search consultants to ensure that all forms of diversity are considered when drawing up candidate lists. This is a key consideration for our searches. We consider diversity in the broadest sense, including age, gender, nationality, independence, professional, social and ethnic backgrounds, business and geographic experience, as well as cognitive and personal strengths. These characteristics are considered in reviewing the composition of the Board and succession planning, and where possible, appropriately balanced. We believe a key driver in delivering our diversity commitments across the organisation begins with a Board which has this balance of skills, experience, diversity and knowledge.

As at 31 March 2026, the Board comprised five female directors, six directors from an ethnic minority background and one director with a disability. We recognise that the target under the UK Listing Rules and our Policy is 40% female directors on the Board. We will continue to look at our Board and Committee diversity as part of future Board succession planning. The Board will comprise 42.9% female directors when Patricia Cobian becomes CFO.

In addition, our Board meets the UK Listing Rules target to have at least one of the four senior Board positions held by a woman. As at 31 March 2026, Allison Kirkby is Chief Executive and Ruth Cairnie is Senior Independent Director. This will increase to three senior Board positions held by women when Patricia Cobian becomes CFO.

Details of the group’s approach to inclusion and wellbeing, including its plans and progress can be found on pages 34 to 36.

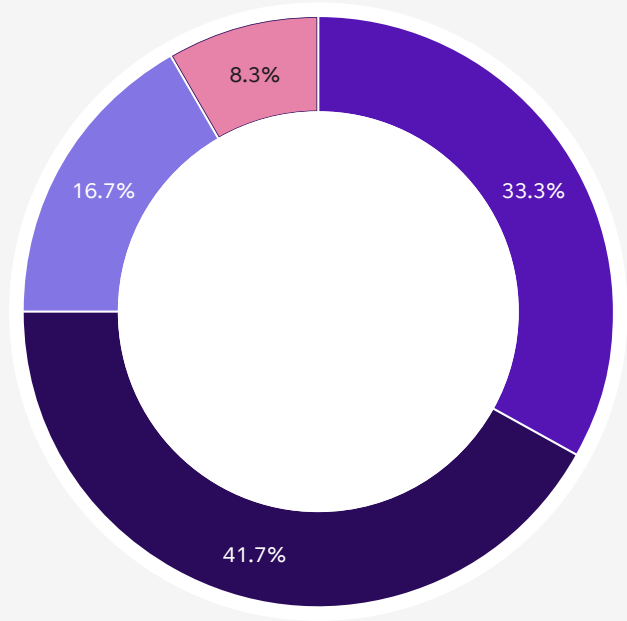
Board composition, succession and evaluation (continued)
Nominations Committee Chair’s report (continued)

Diversity as at 31 March 2026

Gender	BT Group plc Board		Senior positions on the Board (CEO, CFO, SID and Chair)		Executive management ^a	
Men	9	64.3%	2		8	66.7%
Women	5	35.7%	2		4	33.3%
Ethnicity						
White British or other White ^b	8	57.2%	4		11	91.7%
Mixed/multiple ethnic groups	1	7.1%	0		1	8.3%
Asian/Asian British	5	35.7%	0		0	0%
Black/African/Caribbean/Black British	0	0%	0		0	0%
Other ethnic group	0	0%	0		0	0%
Disability	1	7.1%	0		1	8.3%
Senior leadership team ^c						
Men	63	66%				
Women	32	34%				

^a This includes the *Executive Committee*, including the Executive Directors, the Company Secretary and the CEO, Openreach. As at the date of this Report, 41.7% of the Executive management are women and 58.3% are men.
^b This includes minority-White groups.
^c This comprises the *Executive Committee*, including the Company Secretary and the CEO, Openreach (the 2024 Code definition of Senior Management), and their direct reports. It excludes the Executive Directors, and any other senior leadership or administrative roles.

Chairman and Non-Executive Directors’ tenure



0-2 years – 4
2-4 years – 5
4-6 years – 2
6-8 years – 1
8+ years – 0

Board Committee gender diversity

Audit & Risk Committee			
3	60%	2	40%
Nominations Committee			
7	63.6%	4	36.4%
Remuneration Committee			
2	50%	2	50%
Responsible Business Committee			
2	40%	3	60%

Men Women

Audit, risk and internal control

Audit & Risk Committee Chair's report



During the year, the Committee oversaw the integrity of financial reporting, the effectiveness of the risk, control and assurance framework, and the performance and independence of the internal audit function and external auditor. The Committee also continued to monitor regulatory compliance with the Commitments and the effectiveness of the Speak Up whistleblowing service.

Matthew Key
Chair of the Audit & Risk Committee
20 May 2026

Committee role

The Committee is responsible on behalf of the Board for:

- monitoring the integrity of the financial statements and overseeing the financial reporting process
- reviewing the effectiveness of the group's systems of risk management and internal control
- reviewing the effectiveness of the internal audit function
- approving the appointment, reappointment, and remuneration of the external auditor, as well as the terms of engagement and provision of any non-audit services
- overseeing the external auditor's independence and effectiveness
- monitoring the effectiveness of the Speak Up whistleblowing service and compliance activities
- overseeing compliance with the Commitments made as part of the 2017 Digital Communications Review (DCR) with Ofcom and the Governance Protocol.

Based on the work undertaken during the year, the Committee is satisfied that the group's financial reporting, external and internal audit processes, and systems of risk management and internal controls operated effectively during the year.

 **The Committee's key responsibilities are set out in its terms of reference available at bt.com/governance**

Committee membership and attendance

The Committee members are all Independent Non-Executive Directors with a range of skills and the Committee as a whole has experience relevant to the telecoms sector. Both Tushar Morzaria and I have recent and relevant business and financial experience, in line with the Code and Disclosure Guidance and Transparency Rule 7.1.1AR, as set out in our biographies on pages 76 to 79. The Committee acts independently of management. The Company Secretary is secretary to the Committee and she, or her delegate, attends all meetings and provides guidance, advice and support as required.

The Chairman, Chief Executive, Chief Financial Officer, and General Counsel, Company Secretary and Director Regulatory Affairs and KPMG attend meetings as invitees. Other regular meeting attendees are the Director of Group Finance, Director of Group Audit, Risk & Controls, Director of Regulatory Affairs, Legal Director Competition and Regulatory Law, Legal Director Compliance & Litigation, and the Openreach Audit Risk and Compliance Committee Chair.

During the year, the Committee held six scheduled meetings. Private sessions with the Committee members and the internal and external audit teams were held at the start of Committee meetings without management present. The external auditor was not present at meetings when their appointment, performance and/or their remuneration was discussed. Attendance at meetings can be found on page 79.

Ahead of each Committee meeting I met with the KPMG lead audit partner and separately with management to discuss specific items of focus to report back to the Committee. After each meeting I report back to the Board on the Committee's activities, the main matters discussed, highlight any matters of particular relevance and recommend any items for approval.

 **Details on the FY26 Board and Committee performance review can be found on page 86**

Audit, risk and internal control (continued)

Audit & Risk Committee Chair's report (continued)

Overview of the year

Focus areas

Considered by the Committee

	2025 Apr	May	Jul	Sep	Nov	2026 Feb
Financial reporting						
– Results, trading updates and key accounting judgements						
– Corporate income tax accounting						
– Pensions accounting						
– Annual Report						
– Going concern assessment						
– Viability statement						
– Internal controls over financial reporting						
– Regulatory financial statements						
External audit						
– External auditor report						
– Audit and non-audit fees						
– Effectiveness						
– External audit plan						
– Independence and recommendation to reappoint						
– FRC Audit Quality Review						
– External Audit Partner						
– External Audit Tender						
Group internal audit and group risk						
– Group internal audit report						
– Internal audit charter						
– Internal audit annual plan						
– Group risks reports						
Commitments compliance and key regulatory matters						
– Reputational and Ofcom matters						
– Openreach Board Audit Risk and Compliance Committee Chair report and Commitments compliance report						
– Commitments and Governance Protocol monitoring and compliance report						
Other items						
– Litigation and major contentious matters update						
– UK Corporate Governance Code 2024 – Risk and internal controls reporting preparations						
– Terms of reference review						
– Committee performance review						
– Ethics update						
– Compliance priority risks						
– Cyber risk						
– Operational resilience						

Financial reporting

During the year the Committee exercised robust judgement and challenge in reviewing the full and half year results and the Q1 and Q3 trading updates, as well as the quality of accounting policies and practices and critical accounting estimates and judgements.

The Committee considered and was satisfied with:

- the processes supporting the preparation and consolidation of the financial statements, including the consistent application of the accounting policies and the ongoing verification by management and the external auditor
- management's accounting judgements and the appropriate application of the accounting policies with a potential focus on material matters and areas of significant judgement, having also discussed these with the external auditor.

The Committee exercised its judgement when considering the financial statements and recommended approval by the Board of each of the full and half year results, Q1 and Q3 trading updates and the Annual Report.

Fair, balanced and understandable

In May 2026, the Committee reviewed the Annual Report 2026, having provided feedback on earlier drafts. The Committee concluded that the Annual Report taken as a whole was fair, balanced and understandable and provided the information necessary for shareholders to assess the group's position, performance, business model and strategy, and the potential impact on forward-looking assumptions supporting the going concern and viability assessments.

In its assessment, the Committee considered that the following had been carried out and this formed the basis of its recommendation to the Board:

- a verification process covering the factual content performed by the internal audit team
- comprehensive reviews by different levels of management, including the *Executive Committee*, to consider the messaging and ensure consistency and overall balance
- independent reviews by the external auditor which did not highlight any material inconsistencies.

Significant matters related to the financial statements and how these were addressed

Group accounting policies, critical and key accounting estimates and significant judgements

The Committee considered the accounting policies and disclosures in the consolidated financial statements regarding critical and key accounting estimates and significant judgements as summarised in note 3 of the **financial statements**. More details on the Committee's oversight of the significant matters are set out below.

Goodwill impairment review

The Committee reviewed and discussed the key assumptions and judgements made by management as part of the goodwill impairment review, including the operating cash flow forecasts, the analysis of cash-generating units and the resulting headroom and sensitivity analysis. The Committee spent time understanding the judgements contained within the forecasts and understanding how balanced the forecasts were.

Business revenue

The Committee considered and discussed the risk of billing inaccuracy and an update on the control deficiencies that had been previously identified in the Business CFU in relation to legacy systems and processes. The Committee spent time understanding the status of management's remediation plan which has progressed in the year, the methodology of determining any potential revenue risk, the root causes, impact on customers and considered the approach of

estimating what the potential liability may be. The Committee considered and was satisfied with the estimates for the liability.

Pensions

The Committee considered the assumptions and judgements underlying the valuation of the pension assets and liabilities in the financial statements, as summarised in note 20 of the consolidated **financial statements**. It considered the range of reasonable assumptions and the associated impacts on the balance sheet, income statement and related disclosures. Further detail is disclosed in note 20 of the **financial statements**.

Sports joint venture (JV)

The Committee reviewed the judgements in relation to the sports JV with Warner Bros. Discovery, Inc., including assessments of the JV business performance, the impairment recognised in the joint venture, cash flow forecasts and the valuation of BT Group's interest in the JV.

Litigation provisions, contingent liabilities and regulatory provisions

The Committee discussed contingent liabilities associated with litigation, regulatory items and major contentious matters throughout the year. During the year, the Committee has placed focus on understanding and scrutinising legal assessments by the group's external and internal legal advisers of the claims that have materialised, to ensure the adequacy of its provisions.

Divestments

The Committee reviewed the judgements made in relation to the group's divestments, including the classification of held for sale, and the final profit or loss on disposal.

Going concern assessment

The Committee considered management's forecasts of group cash flows and net debt, as well as the group's liquidity requirements and borrowing facilities, including downside scenarios from the viability model as set out below. Following this review and a discussion of the sensitivities, it confirmed that the going concern basis of accounting continues to be an appropriate basis of preparation for the financial statements and recommended it for approval by the Board – see page 114.

Viability statement

The Committee reviewed the process and assessment of the group's prospects, taking into account the group's current position and principal risks. The Committee also considered the group risks in management's stress testing model, including the review of downside scenarios and a combined 'severe but plausible' scenario where multiple interconnected risks materialise. The Committee was satisfied that the **Viability statement** could be provided and recommended it for approval by the Board – see page 72.

Regulatory finance reporting

The Committee supported the processes and systems enhancements that were implemented to ensure that the group met its regulatory reporting obligations.

Other matters

The Committee reviewed specific items quarterly and considered and agreed that they were appropriately categorised. It considered management's view of the quality of earnings, definition of alternative performance measures, the control assessment over pension co-investment vehicles, the determination of key lease terms, and of the effective tax rate. It also considered a detailed assessment of provisions, and the Committee was satisfied with the analysis provided in relation to the results.

Audit, risk and internal control (continued)

Audit & Risk Committee Chair's Report (continued)

External audit

The Committee is responsible for making recommendations to the Board on the reappointment of the external auditor, reviewing their effectiveness, determining their independence from the group and its management, and agreeing the scope and fee for the audit. The Committee concluded that the reappointment of KPMG should be recommended to shareholders at the 2026 AGM.

BT Group confirms that it complies with the EU Regulation on Audit Reform and the Competition and Market Authority's Statutory Audit Services Order with regard to mandatory auditor rotation and tendering. The Committee also considered the FRC's External Audit: Minimum Standard. Following the audit tender in FY17, KPMG was appointed as BT Group's external auditor from the conclusion of the 2018 AGM. The FY26 audit is KPMG's eighth audit of BT Group.

An external auditor tender process is underway, which will be completed during FY27 to provide sufficient time for a transition should a new external auditor be selected. The FRC's guidance on external auditor tendering will be followed and the Committee will consider a number of factors in its decision-making process, including the most recent FRC Audit Quality Review reports, conflicts of interest and independence, the skills and experience of key individuals, and the audit strategy including the use of technology.

The key steps of the process include:

- ① In November 2025, the Committee delegated authority to a steering committee involving select Committee members and management to lead the day to day tender process. A request for information was issued to four shortlisted audit firms and two confirmed their intent to participate, independence and proposed partners.
- ② In January 2026, initial interviews took place with the proposed partners and feedback was shared with the Committee in February 2026.
- ③ In April 2026, the request for proposals were issued to the two audit firms who confirmed their intent to participate.
- ④ The process will continue to assess the suitable external auditor, including management meetings, workshops and presentations.
- ⑤ Once the assessment has been completed, the process will conclude and a recommendation will be made from the Committee to the Board to appoint the external auditor. Further reporting on the outcome of the external auditor tender will be included in next year's Annual Report.

Jon Mills has been the KPMG lead audit partner since the start of FY24. The Committee has continued to discuss candidates and prepare for a lead audit partner rotation and the Committee and management have had ongoing exposure to potential candidates throughout the year. During the year, I have met with the KPMG engagement partner to discuss the quality of the audit and lead audit partner candidates.

During the year, the Committee:

- considered and approved the proposed external audit fees for the year ended 31 March 2026 and the recurring audit fee for the regulatory financial statements and the interim review fee – see page 151
- reviewed with the external auditor, the scope of work, audit plan and strategy for FY26
- approved the engagement letter of the external auditor
- recommended approval by the Board of management's letters of representation
- reviewed rules around auditor rotation, and the expected timing for the next tender.

As part of my role as Committee Chair, I informed the Board of the outcome of the external audit within my year-end report.

Independence and non-audit services

The Committee discussed the external auditor's independence and potential areas that could give rise to a conflict of interest and considered the safeguards in place to prevent compromising their independence and objectivity. In particular, BT Group's provision of network and mobile services to KPMG UK was considered, and it was confirmed that the provision of these services is not material from an independence perspective.

BT Group's Non-Audit Services Policy is reviewed by the Committee as appropriate and sets out the non-audit services that can be provided by the external auditor, in line with the latest ethical standards. The external auditor is not permitted to perform any work which they may later be required to audit, or which might affect their objectivity and independence, or create a conflict of interest. Internal procedures describe the approval process for work performed by the external auditor, and the Committee monitored compliance with these in relation to KPMG, considering the business relationships, level and appropriateness of non-audit services and fees. The Committee will continue to keep under review BT Group's Non-Audit Services Policy which can be found at bt.com/governance

The Committee reviewed the information from KPMG on the arrangements it has in place to safeguard its independence and objectivity, which are consistent with the ethical standards published by the FRC, including specific safeguards where they provide permissible non-audit services. The nature of the non-audit services provided by KPMG are described in note 8 of the consolidated **financial statements**. These services were required by law or regulation to be carried out by an appointed auditor, or represented services that support us to fulfil obligations required by law or regulation, contractual requirements, or represented areas of assurance work where it was materially more efficient for the external auditor to be engaged, as opposed to another third party due to the work completed in relation to the audit. These were permitted to be performed by the external auditor under the Revised Ethical Standard 2019.

Audit related assurance services, as well as any approved non-audit services performed by KPMG, are considered a low threat to auditor independence. Non-audit services are predominantly made up of audit-related assurance services, such as the audit of the regulatory financial statements, the interim review and providing comfort letters for bond issuances. This work falls within the scope of limited permissible services, which are closely related to existing audit work that KPMG provides. Therefore, the proportion of 'other non-audit services' to 'total services' carried out by the external auditor is considered the most suitable measure of the non-audit services provided. These represented 0.1% of the total fees (FY25: 0.1%).

External auditor effectiveness and quality

Scope

The Committee assesses the effectiveness of the external audit process and the qualifications, expertise, resources, independence and objectivity of the external auditor, including the nature and extent of non-audit services throughout the year, focusing on:

- the quality of the audit and the financial reporting process, including how effective the external auditor is at identifying and addressing matters that could compromise the quality of BT Group's reporting

- the service of the external auditor and the relationships with the Committee, key members of management and the internal audit function
- whether the external auditor has demonstrated professional scepticism
- whether the external auditor has challenged management's assumptions where necessary.

Review process

The Committee reviewed the audit scope throughout the year and received regular reports from KPMG to enable them to assess the quality of the audit work. The Committee interacted with KPMG at meetings, as well as observing the communication and interactions between KPMG, management and internal audit. The Committee reviewed and monitored management's responsiveness to KPMG's request for information, and its findings and recommendations. I also met regularly with the lead audit partner.

During the year, a questionnaire was completed by the Committee and management to gather their perspectives on the effectiveness and quality of KPMG's work.

KPMG's audit of the Annual Report 2025 was selected by the FRC for Audit Quality inspection. The FRC's inspection focused on the accuracy of revenue due to complex billing systems in the Business CFU, the carrying amount of goodwill attributable to the BT Business cash generating unit and operating expenses. As part of the review, I met with the FRC's Audit Quality inspection team and the Committee discussed the final report which identified no key findings and noted one area of good practice.

Conclusion

In conclusion, the Committee agreed that:

- the external audit contributed to the integrity of the group's financial reporting
- the relationship between KPMG and both the Committee and management continues to be effective
- KPMG demonstrated an appropriate degree of professional scepticism and deployed a team with the required level of skill and expertise to enable an effective audit

- the audit strategy and plan was appropriately scoped, communicated and executed
- KPMG continues to be independent, and recommended to the Board that the reappointment of KPMG, as our external auditor, be put to our shareholders for approval at the 2026 AGM (this was subsequently approved by the Board).

Audit, risk and internal control (continued)

Audit & Risk Committee Chair's Report (continued)

Internal audit

Internal audit provides independent, objective and timely assurance to senior management and the Board, through the Committee, over the design and operational effectiveness of key processes and controls that manage the risks across the group.

During the year, the Committee:

- reviewed and approved the group internal audit plan, ensuring it aligned to the risks within the business
- reviewed the internal audit charter, which sets out internal audit's objectives, authority, rights of access, reporting lines, role and scope, and any restrictions on independence
- considered quarterly reports on internal audit's activities and progress made against the internal audit plan, enabling the Committee to monitor delivery of the internal audit plan
- discussed, with management, all internal audit reports where controls were assessed as 'inadequate' and the action plans in place to address these. Actions were tracked and the Committee spent time discussing the progress made in closing down overdue actions, as well as the reasons they remained open.

In April 2026, the Committee carried out its annual assessment of the performance of the internal audit function, including reviewing its activities, resources, organisational structure, objectivity and operational effectiveness. The Committee concluded that the function remains effective.

Risk management and internal controls systems

The risk, control and assurance framework has continued to be developed to enable the group to be smart with risk and make well-informed decisions. The Committee has overseen ongoing enhancements and simplification of the risk management framework – see pages 54 to 62.

The framework divides the risk landscape into dynamic risks and enduring risks which are managed through 13 GRCs covering strategic, financial reporting, operational and compliance risks. The Board monitored the effectiveness of the group's risk management and internal controls through reviews of the GRCs throughout the year. Discussion of the GRCs is split between the Board and this Committee, and I report any key matters from the Committee reviews to the Board.

Each GRC is owned by an *Executive Committee* member who attends the relevant Board or Committee meeting to discuss the status of risk and controls within their GRC. The Board or Committee robustly assessed both current, specific concerns (point risks) and uncertainties that may materialise in the future (emerging risks). The Board or Committee agreed with management any actions required to manage or mitigate these risks effectively. These discussions also include a consideration of risk appetite, the effectiveness of the controls and other mitigation activities, remediation plans and any further areas for improvement.

Each of the GRCs was discussed throughout the year, with a focus on resilience, potential reputational risk and priority areas for the business to address in order to mitigate risk, including updating legacy systems and continuing to engage with Government on key matters.

These activities enable the Committee to confirm that the group's systems of risk management and internal controls have been appropriately reviewed. Where considered necessary, targeted improvements have been planned or agreed in order to continue to transform the control environment and appropriately manage risk.

Throughout the year the Committee also considered the effectiveness of the internal controls systems and preparations underway to report in line with the updated Provision 29 of the Code from FY27. The agreed approach to material controls reflects our well-established framework and will support the Committee in focusing on the highest risk areas of the control framework where additional attention may be required. See page 55 for more information on the planned approach to material controls and reporting against Provision 29.

Commitments compliance

The Committee continued to oversee the group's compliance with the Commitments made as part of the 2017 DCR with Ofcom. During the year, the Committee scrutinised the behaviour of BT Group, including Openreach, to ensure it remains focused on living up to both the letter and spirit of the Commitments and the Governance Protocol. Regular reports are submitted to the Committee, outlining the outcomes of compliance reviews, any potential breaches and, where appropriate, remedial actions. The Committee is asked to review the circumstances around any potential breach and agree the severity of the breach. Breaches continue to remain at a low level across the group.

In addition, the Designated Non-Executive Director for Ofcom Engagement, Alex Chisholm, met with representatives from Ofcom to engage on Commitments compliance matters and ongoing regulatory developments. Quarterly meetings are scheduled with Ofcom and Alex reports back to the Committee, with any key updates included in my Committee update to the subsequent Board meeting. During the year, representatives from Ofcom attended one Committee meeting to discuss the Commitments and regulatory developments.

Ethics and compliance

The Committee reviewed half yearly reports on our ethics activity, including an assessment on whether we are within our risk appetite in relation to our Speak Up whistleblowing service.

Our Speak Up service is our confidential whistleblowing service operated by an independent company, available 24 hours a day, in multiple languages, for both written and telephone reports. The Committee ensures that arrangements are in place for the proportionate and independent investigation of these matters via the People, Data & Compliance team and relevant subject matter experts and was satisfied that reports were investigated appropriately.

The Committee also reviewed half yearly reports on our compliance priority risks in addition to the regular review of the GRCs. These reports highlighted, and the Committee discussed, updates on the data and cyber regulatory landscape, class action litigation trends and the Telecoms Access Review.

Responsible Business Committee Chair's report



After four years as Chair of the Committee, this will be its last report. BT has long been at the forefront of responsible business practice. Led by Allison Kirkby over the past two years, BT's work, as an innovator and leader in areas such as digital inclusion and sustainability, is now fully reflected in its refreshed strategy and has become an embedded part of the business-wide transformation.

Sara Weller
Chair of the Responsible Business Committee
20 May 2026

I am pleased to present the report on the Committee's activities in the past year. This year the Committee reflected on and refined its purpose, resulting in a sharper focus on digital inclusion and sustainability. This strengthened alignment with the refreshed group strategy as responsible business is further embedded.

During the year under review, the Committee was responsible on behalf of the Board for:

- bringing the group's purpose to life through the responsible business strategy
- providing advice and direction on corporate responsibility and sustainability risks to the group's operations and reputation
- supporting the development of expanded digital inclusion goals
- climate change and the environment
- aligning the group's longer-term business goals and the group's responsible business strategy and programmes
- monitoring the group's progress on its responsible business plans including those related to inclusion and representation
- overseeing consumer fairness matters by monitoring whether the group is living up to Ofcom's Fairness for Customers commitments.

 **The Committee's key responsibilities are set out in its terms of reference available at bt.com/governance**

The Committee members were all Independent Non-Executive Directors. The Company Secretary was secretary to the Committee and she, or her delegate, attended all meetings and provided guidance, advice and support as required.

The Chairman, Chief Executive, Chief Corporate Affairs and Brand Officer and the Responsible Business Director attended meetings as invitees.

During the year, the Committee held three scheduled meetings. After each meeting I reported back to the Board on the Committee's activities, the main matters discussed and highlighted any matters of particular relevance. Attendance at meetings can be found on page 79.

 **Details on the FY26 Board and Committee performance review can be found on page 86**

Committee focus in FY26

Digital inclusion and sustainability

During the year, the Committee:

- challenged and considered digital inclusion and sustainability goals and targets, and how they support our aims to become a trusted leader under our strategic priorities
- discussed our input into the Government's Digital Inclusion Action Plan and role as a founder member of The Connection Project – a newly-formed digital inclusion coalition

- received updates from Consumer, Business, Networks and Openreach on progress against their digital inclusion and sustainability ambitions
- discussed the launch of Safer SIMs and the protection and support it offers to children and families
- considered the support provided by Business for SMBs including digital skills
- discussed progress and risks on carbon reduction goals as we progress towards our FY31 and FY41 targets – see page 70
- reviewed progress against Openreach's 'Let's Reach Zero' ambitions, including the electric fleet transition – see page 53
- considered progress in circularity initiatives in Networks and Consumer
- discussed BT Sourced's progress in our supply chain ambitions, including opportunities for future improvements
- reviewed progress on sustainability goals including those forming part of the Restricted Share Plan underpin – see page 100.

Consumer fairness

The Committee considered consumer fairness matters, including regulatory requirements and emerging risks. It discussed matters such as pricing and how broadband speeds are communicated to customers, as well as considering the group's adherence to Ofcom's Fairness for Customers commitments. The Committee also considered updates on the All IP transition and Digital Voice migration, and more specifically on the migration of vulnerable customers and the support in place to assist them, including our work with charity partners.

Inclusion and wellbeing

Inclusion and wellbeing continue to be key priorities for BT and the Committee discussed and challenged the approach and priorities for the coming year and future direction of initiatives across the group.

Regulatory reporting

The Committee continued to receive updates on the impact of the EU's Corporate Sustainability Reporting Directive and other reporting frameworks to guide on reporting readiness and plans.

The Committee endorsed BT Group's Human Rights Policy.

Looking ahead

As responsible business has been increasingly embedded throughout the group, governance of this activity can now transition from a standalone committee and towards a model where oversight is provided through the Board and for specific topics, its Committees. This transition completed after the Committee's final meeting in Q1 of FY27.

Report on directors' remuneration



This year the Committee has supported the planned change in Chief Financial Officer and has also been active in considering the remuneration aspects of the several changes in *Executive Committee* membership. All decisions taken are in line with the clear and consistent approach to executive reward that has been established.

Dame Ruth Cairnie
Chair of the Remuneration Committee
 20 May 2026

Contents

Committee Chair's letter

Review of the year; Committee decisions; key outturns and plans for the year ahead – pages [98](#) to [100](#).

Remuneration at a glance

The key aspects of our remuneration structure, outcomes for FY26 and implementation of the shareholder approved Directors' Remuneration Policy (Policy) in FY27 – page [101](#).

Annual remuneration report

More detail on how we implemented the Policy during FY26 including the single figure table of remuneration for each director – pages [102](#) to [109](#).

Remuneration in context

How we take account of remuneration conditions across the group and the environment in which the Committee makes its decisions on executive pay – pages [110](#) to [112](#).

Directors' Remuneration Policy (Policy)

The Policy as approved by shareholders at the AGM on 11 July 2025 in accordance with section 439A of the Companies Act 2006 can be found online at [bt.com/annualreport](https://www.bt.com/annualreport)

Committee role

The Committee is responsible on behalf of the Board for:

- determining the salary and benefits for the Chairman, Executive Directors, members of the *Executive Committee* and the Company Secretary, and monitoring remuneration practices and policies for the wider workforce
- setting the performance targets for the annual bonus scheme for senior executives for the year ahead
- determining awards under the annual bonus scheme and the group's long-term incentive plans for senior executives
- reviewing and approving the Report on directors' remuneration
- reviewing and approving the Policy including seeking shareholder approval, on a binding basis, at least every three years
- ensuring that all remuneration decisions are made within the parameters of the approved Policy and align with our reward philosophy and our values. No senior executive is involved in any decision about their own remuneration.

 **The Committee's key responsibilities are set out in its terms of reference available at [bt.com/governance](https://www.bt.com/governance)**

Committee membership and attendance

The Committee members are all Independent Non-Executive Directors. The Company Secretary, or her delegate, attends all meetings and provides guidance and support.

The Chairman, Chief Executive, Chief People & Culture Officer, Director of Work, Reward & Employee Relations and the Total Reward Policy & Design Director are typically invited to attend meetings. They are not present when their own remuneration is discussed or in other circumstances where their attendance would not be appropriate.

Deloitte LLP, as the independent remuneration adviser to the Committee, also attends meetings.

During the year, the Committee held four scheduled meetings and two ad hoc meetings. After each meeting I report back to the Board on the Committee's activities, the main matters discussed and highlight any matters of particular relevance. Attendance at meetings can be found on page [79](#).

On behalf of the Committee, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 March 2026. This report describes the Committee's activities and remuneration outcomes for FY26. It also outlines the planned implementation of the Policy in FY27.

Performance and executive remuneration outcomes for FY26

FY26 annual bonus

For FY26, annual bonus performance was based on a revised annual bonus scorecard comprised of three financial metrics (70%) and a transformation scorecard (30%) aligned to our transformation strategy.

- **Adjusted EBITDA (27.5%)** – despite trading pressures, tight cost controls helped deliver EBITDA growth post-divestments, albeit between threshold and target for the year.
- **Normalised Free Cash Flow (NFCF) (27.5%)** – NFCF performance was in line with our guidance for the year, and just above our target of £1.5bn.
- **Adjusted Service Revenue (15%)** – likewise, we delivered adjusted service revenue of £17.3bn, just above our target for the year.

Our transformation scorecard accounted for the rest of the scorecard as follows:

- **Net Promoter Score (NPS) (10%)** – Group NPS reached a new record high during the year, with this measure finishing the year at 134% of target. However, the Committee considered this alongside other indicators of customer experience such as journey NPS and churn, and agreed that this outcome was not a fair reflection of the holistic experience of our customers during the year. The Committee therefore chose to exercise its discretion to reduce the outcome for the NPS measure to 116% of target.
- **Reduction in units on legacy networks (2.5%)** – performance against this measure was below threshold, due to complexities in transitioning the remaining PSTN customer cohorts, as well as delays to our supporting digital journeys.
- **Reduction in number of applications (2.5%)** – our target for the year was exceeded, with some plans being accelerated, offsetting delays in decommissioning other applications.
- **Digital channel share (5%)** – performance was below threshold, in part due to commercial decisions and re-prioritisation during the year.
- **Customer time on service issues (5%)** – despite progress in this area, performance was below threshold.
- **Colleague engagement index (5%)** – we achieved an increase in our engagement index of 2 pts between the September and March surveys, with the March result in line with our threshold target.

Further details on the FY26 annual bonus scorecard outcome can be found on page [103](#).

Prior to any adjustment, the overall formulaic outcome of the bonus scorecard was 83.7% of target; including the discretionary adjustment to the NPS result, this reduced the outcome to 81.9% of target (or 49% of maximum). The Committee considered the adjusted result in the context of wider business performance and agreed that the outcome was fair and reasonable.

Allison and Simon will therefore be awarded bonuses of £1,081,080 and £793,349 respectively. Following shareholder approval of the Policy last year, Executive Directors who meet the share ownership requirement (SOR) of 500% of salary will no longer be required to defer half of their award into shares for three years. As such, based on their shareholdings as at 31 March, both bonuses will be paid fully in cash in June.

Vesting of the 2023 Restricted Share Plan (RSP) awards

The Committee carried out an assessment of the two underpins applying to the 2023 awards, relating to ROCE^a performance and progress versus our sustainability commitments (for which input was provided by the *Responsible Business Committee*). It determined that performance was satisfactory in both cases. The Committee also considered the absolute value of the awards due to vest: although the share price has doubled since the awards were granted, the Committee assessed this to be a fair reflection of business performance and strategic progress driven by management, and therefore that the vesting values were appropriate.

All three tranches of the 2023 RSP awards will therefore vest in full in June 2026, 2027 and 2028 respectively. Tranches one and two remain subject to a holding requirement until June 2028.

More detail on the vesting of the 2023 RSP award can be found on page [104](#).

Executive Director changes Departure of Simon Lowth

Last July we announced Simon Lowth's intention to stand down from the Board, and that following a comprehensive global search, we had appointed Patricia Cobian as his successor. Simon will step down as Chief Financial Officer (CFO) on 1 September 2026 and will remain an employee of the group until 31 January 2027, during which time he will support the onboarding of Patricia to ensure a managed handover.

In line with the Policy and treatment of prior leavers retiring from executive life, Simon will be treated as a 'good leaver'. He will remain eligible for a pro-rata bonus for the portion of FY27 served, which will be paid in cash in June 2027. Outstanding shares under the Deferred Bonus Plan (DBP) and RSP will be preserved (the latter pro-rated for service) and will vest according to their normal schedule (subject to satisfaction of the RSP underpins). More details on Simon's outstanding DBP and RSP awards can be found on page [106](#).

Considering Simon's long tenure at BT, upcoming retirement and considerable shareholding, the Committee exercised its discretion to waive the holding requirement on outstanding RSP awards upon cessation of employment. Simon will however still be required to maintain a minimum shareholding equivalent to 500% of his salary for two years until 31 January 2029.

Appointment of Patricia Cobian

Patricia will join the Board as CFO Designate, an Executive Director and a member of the *Executive Committee* on 20 July 2026 and will succeed Simon as CFO on 1 September 2026.

Patricia has been appointed on a base salary of £750,000, with all other elements of her package in line with the Policy. The Committee also agreed to buy out certain elements of remuneration which would be forfeit on her departure from her previous role, with replacement awards made on a like-for-like basis. Further details will be included in the 2027 Report on Directors' Remuneration.

Wider workforce context

Last year our pay review budget was highly constrained. We were unfortunately not able to reach agreement with Prospect, who represent our UK manager-grade colleagues, on the 2025 pay review. To focus on ensuring our colleagues are paid as competitively as possible, we elected to award higher increases to those managers positioned lower compared with the market range for their role, thereby maximising the impact of the available budget. In light of the limited budget, both Allison and Simon agreed that they would not be eligible for an increase in 2025.

^a ROCE is defined on page [45](#).

Report on directors' remuneration (continued)

Over the last twelve months we have continued our mission to improve pay transparency and help our colleagues better understand how their pay is determined. This year we introduced a new digital total reward statement, ensuring all colleagues can see, understand and value all elements of their remuneration – particularly critical given the limited pay review budget in 2025.

In addition, all UK-based colleagues in management grades now have visibility of the market pay ranges for their roles. We believe this is a market-leading position of transparency which builds confidence and trust among our colleagues and drives improved fairness and consistency in how pay decisions are made.

The Committee is pleased that we were able to reach agreement with both of our unions in 2026; as a result, all of our UK colleagues earning £30,000 or less will receive a 4.1% increase, while a 3% budget is available for those on a salary above £30,000.

Policy Implementation in FY27

Base salary

As stated above, a 3% budget has been agreed for the majority of our UK colleagues in management grades this year. Allison will receive a 3% salary increase with effect from 1 June 2026, which is the first increase since her appointment in February 2024.

As he will soon step down from his role, Simon will not receive a salary increase.

Annual bonus

A few changes will be made to the FY27 annual bonus scorecard measures and weightings from FY26 to reflect the evolution of in-year priorities in support of our transformation strategy.

The updated leadership scorecard is as follows:

Category	Measure	Weighting
Financial	Adjusted EBITDA	27.5%
	Normalised Free Cash Flow	27.5%
	Adjusted UK Service Revenue	15%
Transformation scorecard	UK retail market share	5%
	Reduction in units on legacy networks	5%
	Customer time on service issues	5%
	Colleague engagement index	5%
	Group NPS	10%

Financial metrics

Financial metrics will continue to account for 70% of the bonus scorecard. EBITDA and normalised free cash flow have both been retained as-is, while Group service revenue has been revised to focus on the UK only. This change reflects the increased strategic focus on the core UK business.

Transformation metrics

As in prior years, the remaining 30% of the scorecard will be comprised of transformation metrics. In line with our normal practice, we have reviewed these metrics to reflect critical in-year priorities.

UK retail market share has been introduced, covering both mobile and broadband markets across all of our three retail brands. This reflects the importance of growth in market share as a critical part of our drive for sustainable long-term revenue growth.

The rest of the transformation scorecard continues this year's critical focus on simplification and driving improved customer experience: reduction in the units on legacy networks has been given an increased weighting of 5%, while time spent on customer service issues and Group NPS retain their 5% and 10% weightings respectively. Colleague engagement is also retained, to ensure that our colleagues remain front-of-mind during our continued transformation, our cultural refresh, and brand relaunch.

2026 RSP awards

Allison and Patricia (following her appointment) will be granted RSP awards of 200% of salary. In line with the Policy approved by shareholders in 2025, the awards will vest in a single tranche in June 2029, and will be subject to a two-year holding period until June 2031.

Simon will not be eligible to receive an RSP award for 2026.

RSP awards will be subject to the same two underpins as the 2025 awards, measured over the three-year vesting period:

- ROCE^a** – average return on capital employed must be at least 7%
- Sustainability** – the business must have made sufficient progress over the vesting period towards meeting our digital inclusion and sustainability commitments (this could include carbon emissions and circularity).

Chairman and Non-Executive Director fees

The Chairman and Executive Directors reviewed the fees payable to Non-Executive Directors in the year and concluded that the base fee will increase by 2% from 1 June 2026, the first increase in two years. The Chairman's fee was also reviewed and will also be increased by 2%, the first increase since Adam's appointment in 2021. Further details on the fee increases are set out on page 107, along with the fee payable for membership of the new Technology Working Group.

As always, the Committee and I wish to maintain an open dialogue on remuneration matters with our investors and I would welcome their comments or feedback, and support at the forthcoming AGM.

Dame Ruth Cairnie

Chair of the Remuneration Committee

20 May 2026

^a ROCE is defined on page 45.

Remuneration at a glance

Remuneration outcomes for FY26

FY26 salary review

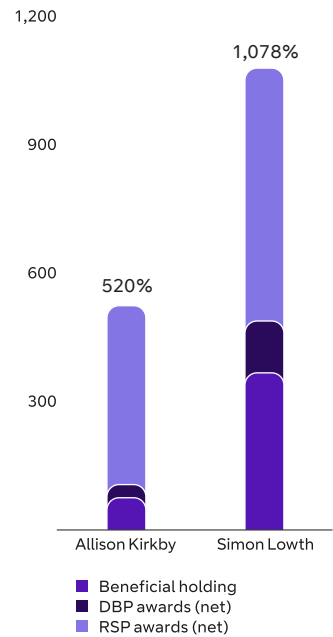
Given the limited budget, Allison and Simon agreed with the Committee that they would not be eligible for a salary increase for FY26.

2023 RSP

- All three tranches of the 2023 RSP award will vest in June 2026, 2027 and 2028 respectively
- Tranches one and two remain subject to a holding period until June 2028.

Share ownership

Percentage of salary as at 31 March 2026



Annual bonus outcome (post adjustment)

Measure and % weighting	Outcome (% of target)
Adjusted EBITDA (27.5%)	77%
Normalised free cash flow (27.5%)	102%
Adjusted service revenue (15%)	103%
NPS (10%)	116%
Strategic networks and platforms (5%)	31%
Sales & service transformation (10%)	0%
Colleague engagement index (5%)	25%
Total bonus outcome: 81.9% of target (49% of maximum)	

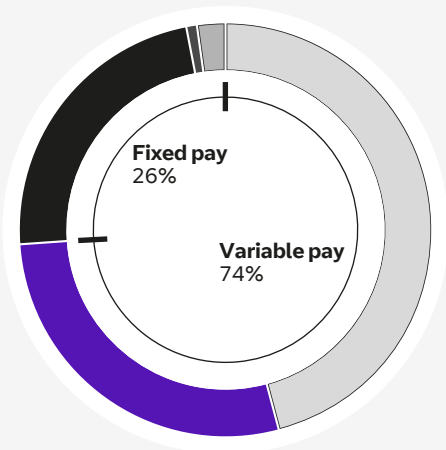
Remuneration Policy in FY27

Fixed pay (salary, 23%, pension, 2%, & benefits, 1%)

- Only a small proportion of pay is fixed; the rest is clearly linked to financial and strategic delivery
- A 3% increase was awarded to Allison for FY27
- No increase was awarded to Simon given he will soon step down from his role.

Annual bonus

- Target 120% of salary
- Maximum 200% of salary
- 50% deferred for three years; bonus deferral disapplied if share ownership requirement is met.

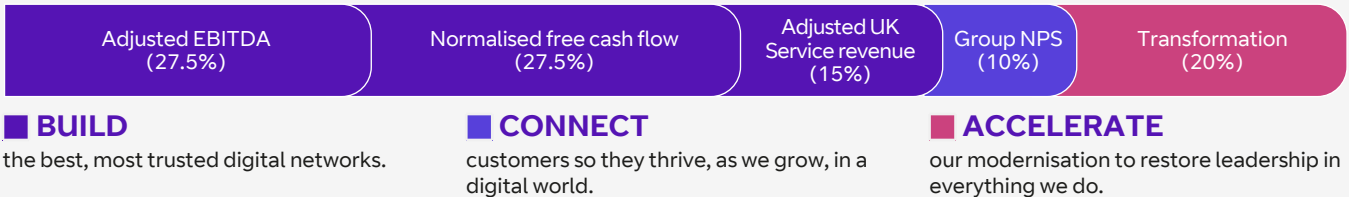


Restricted Share Plan

- 200% of salary
- Two underpins apply
- Vests after three years; two-year holding period applies.

Link between pay and strategy

One annual bonus scorecard reflecting our strategic priorities and increased accountability for delivery of our transformation:



Annual remuneration report

This section summarises all elements of the directors' remuneration in FY26. References to 'audited' refer to an audit performed in accordance with UK statutory reporting requirements.

Single total figure of remuneration (audited)

The following table sets out all emoluments received by directors for FY26 and FY25.

	Fixed pay								Variable pay							
	Basic salary and fees £000		Benefits ^a £000		Pension ^b £000		Total fixed pay £000		Annual bonus ^c £000		Long term incentives £000		Total variable pay £000		Total £000	
	FY26	FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26 ^d	FY25 ^e	FY26	FY25	FY26	FY25
Chairman																
Adam Crozier	700	700	24	37	—	—	724	737	—	—	—	—	—	—	724	737
Executive Directors																
Allison Kirkby	1,100	1,100	39	70	110	110	1,249	1,280	1,081	1,208	3,251	0	4,332	1,208	5,581	2,488
Simon Lowth	807	805	24	24	81	80	912	909	793	886	3,246	1,846	4,039	2,732	4,951	3,641
Non-Executive Directors																
Dame Ruth Cairnie	172	172					172	172							172	172
Maggie Chan Jones ^{f,h}	122	119	50	43			172	162							172	162
Sir Alex Chisholm ^g	140	76					140	76							140	76
Steven Guggenheimer ^{f,h}	105	104	58	50			163	154							163	154
Matthew Key	168	168					168	168							168	168
Raphael Kübler ⁱ	0	0					0	0							0	0
Sunil Bharti Mittal ^j	0						0								0	
Tushar Morzaria ^k	130	117					130	117							130	117
Rima Qureshi ^{f,h,l}	131	9	44				175	9							175	9
Gopal Vittal ^j	0						0								0	
Sara Weller ^h	130	134	4	1			134	135							134	135
Total	3,705	3,504	243	225	191	190	4,139	3,919	1,874	2,094	6,497	1,846	8,371	3,940	12,510	7,559

^a Benefits are provided in line with the Policy.

^b Pension allowance paid in cash for the financial year – see 'Pension allowance' on page 103.

^c For FY25, annual bonus shown includes both the cash and deferred share element. For FY26, in line with our Policy, both executives received their annual bonus fully in cash as they had met their shareholding requirement. Further details are set on page 104.

^d Values shown represent the estimated value of the RSP award granted in 2023, which reached the end of its three-year underpin period in March 2026. The estimated value is based on a three-month average share price from 1 January to 31 March 2026 of 199p. Further details are provided on page 104. Of the values shown, 86% and 74% were attributable to share price appreciation over the vesting period for Allison and Simon respectively. The value of tranches two and three will be further subject to share price movement until they vest in June 2028. The Committee did not exercise any discretion in relation to the vesting of the award or share price change.

^e The FY25 figure for Simon disclosed in the 2025 report, reflected the estimated value of the third and final tranche of his 2020 RSP award, the second tranche of his 2021 RSP award, and the first tranche of his 2022 RSP award based on the timing of each tranche vesting. The FY25 figure has been restated to reflect only all three tranches of the 2022 RSP award as the performance underpins were applied over the three-year period to the end of FY25, and therefore we determined that it was appropriate to make this disclosure in the single total figure of remuneration in respect of FY25. The change in methodology does not impact Simon's total remuneration, only the timing of disclosure in the single total figure of remuneration. The restated value has also been updated to reflect the actual share price at vesting of the 2022 RSP of 190p. (For reference: due to the methodology previously used and the change now adopted, the values at vesting of the 2020 RSP third tranche and the 2021 RSP tranches two and three, have not previously been disclosed and will not be in the future either.) The values at vesting of those RSP awards are as follows: 2020 RSP third tranche £931,371 (based on a share price of 209p), 2021 RSP tranche two £552,769 (based on a share price of 190p) and 2021 RSP tranche three £602,634 (based on an estimated share price of 199p). Further details are provided on page 106.

^f Includes an additional fee for regular intercontinental travel to attend Board and Board Committee meetings in line with the Policy.

^g Alex was appointed as a director on 16 September 2024 and the FY25 figure represents his pro-rated remuneration during the year.

^h Value shown relates to reimbursement of reasonable travelling and other expenses (including any relevant tax) incurred in carrying out their duties.

ⁱ Raphael was appointed as a director on 30 January 2024. Under the terms of the Relationship Agreement between BT and Deutsche Telekom and Raphael's letter of appointment, no remuneration is payable for this position.

^j Sunil and Gopal were appointed as directors on 15 September 2025. Under the terms of the Relationship Agreement between BT and Bharti Televentures UK Limited (Bharti) and Sunil and Gopal's letters of appointment, no remuneration is payable for this position.

^k Tushar was appointed as a director on 7 May 2024 and the FY25 figure represents his pro-rated remuneration during the year.

^l Rima was appointed as a director on 2 March 2025 and the FY25 figure represents her pro-rated remuneration during the year.

Additional disclosures relating to the single figure table (audited)

Salaries and fees

Executive Directors' salaries are reviewed annually, with any increases typically effective from 1 June. Given the limited budget, Allison and Simon agreed with the Committee that they would not be eligible for an annual salary increase for FY26 and their salaries remained unchanged at £1,100,000 and £807,233 respectively.

Adam's annual fee has been £700,000 since his appointment as Chairman on 1 December 2021. His fee has remained at this level throughout the year as the Chairman volunteered to waive any fee increase during FY26.

The fees for Non-Executive Directors reflect Committee-related or other additional responsibilities, including on a pro-rata basis for any appointments during the year. A full breakdown of Non-Executive Director fees is set out on page 107.

Pension allowance

Executive Directors receive an annual cash allowance, which can be put towards the provision of retirement benefits.

Both Executive Directors received an annual allowance of 10% of salary. This is aligned with the contribution rate available to the majority of our UK employees. We also provide death in service cover consisting of a lump sum equal to four times salary, and for Simon Lowth only, a dependants' pension equal to 30% of his capped salary.

Annual bonus

Both Executive Directors were eligible for an on-target bonus in respect of FY26 of 120% of salary with a maximum opportunity of 200% of salary. The annual bonus is based on performance against a scorecard of nine key financial and non-financial measures linked to our KPIs as set out on pages 42 to 45.

Performance Measure	Weighting	Threshold	Target	Stretch	Outcome
Financial					
Adjusted EBITDA (£m)^a	27.5%	8,146	8,270	8,518	£8,212m
					77% of target
Normalised free cash flow (£m)	27.5%	1,376	1,500	1,748	£1,508m
					102% of target
Adjusted service revenue (£m)^b	15%	17,009	17,268	17,786	£17,294m
					103% of target
Transformation scorecard					
Group NPS^c	10%	0	100	200	116
					116% of target
Reduction in units on legacy networks	2.5%	1,860	1,585	1,464	1,948
					0% of target
Reduction in number of applications	2.5%	1,251	1,220	1,121	1,201
					113% of target
Digital channel share	2.5%	26.0%	27.0%	28.0%	23.8%
	Consumer				0% of target
	2.5%	8.3%	8.9%	10.1%	8.4%
	Business				62% of target
Customer time on service issues	2.5%	21.8	21.5	20.9	23.0
	Consumer				0% of target
	2.5%	57.0	55.0	53.0	61.1
	Business				0% of target
Colleague engagement index %^d	5.0%	76%	77%	79%	76%
					25% of target
Total bonus outcome: 81.9% of target (49% of maximum)					

^a For scorecard purposes, the EBITDA result assumes an on-target bonus payout for all colleagues. Actual post-bonus EBITDA for FY26 is £8,230m.

^b Adjusted service revenue of £17,294m is calculated by adding International service revenue of £1,849m to Adjusted UK service revenue of £15,445m. See page 225 for a reconciliation of UK adjusted service revenue to its most directly comparable financial measure calculated and presented under IFRS.

^c The Committee exercised its discretion to reduce the NPS element to better reflect the experience of our customers in the year more holistically.

^d March 2026 result shown. The September 2025 result was below threshold. Performance for scorecard purposes has been averaged across the two results.

Annual remuneration report (continued)

The final bonus outturns for Allison and Simon are set out in the table below. These amounts will be delivered in cash in June 2026 as both executives have met their shareholding requirement as at 31 March 2026:

	Total bonus outcome	% of max	Value
Allison Kirkby	81.9% of target	49	£1,081,080
Simon Lowth	81.9% of target	49	£793,349

2023 RSP

The RSP is a conditional share award. Two underpins applied over the initial three-year vesting period:

- average ROCE^a must be at least 7%
- the business must have made sufficient progress over the vesting period towards meeting our sustainability commitments (which could include carbon emissions, carbon abatement and circularity).

^a ROCE is defined on page 45.

The Committee assessed performance against the two underpins at the end of the financial year and agreed that both had been satisfied. The Committee also considered the absolute value of the awards due to vest: although the share price has doubled since the awards were granted, the Committee assessed this to be a fair reflection of business performance and strategic progress driven by management, and therefore that the vesting values were appropriate.

As a result, all three tranches of the 2023 RSP award will vest in full in June 2026, 2027 and 2028 respectively. Tranches one and two remain subject to a holding requirement until June 2028.

Awards granted during the year (audited)

2025 RSP

The 2025 RSP awards were made in July 2025 and are set out below. RSP awards of 200% of salary were made to Allison and Simon in line with the normal Policy level.

Director	Date of award	RSP award (shares)	Grant price ^b	% of salary	Face value of award
Allison Kirkby	28 July 2025	1,028,037	214.00p	200	£2,199,999
Simon Lowth	28 July 2025	754,423	214.00p	200	£1,614,465

^b The grant price is calculated using the average middle-market price of a BT Group plc share for the three dealing days prior to grant.

These awards are conditional share awards. Two underpins apply over the initial three-year vesting period:

- average ROCE^c must be at least 7%
- the business must have made sufficient progress over the vesting period towards meeting our sustainability commitments (which could include carbon emissions and circularity).

^c ROCE is defined on page 45.

Should one or both underpins not be met, the Committee may at its discretion reduce the number of shares vesting, including to nil.

Awards will vest in a single tranche after three years and will be subject to a further two-year holding period (such that no shares may be sold until year five). At vesting, additional shares representing the value of reinvested dividends on the underlying shares are added.

Details of outstanding interests under the RSP are set out on page 106.

2025 deferred shares

In line with the Policy, 50% of the bonus awarded for FY25 was deferred into shares. The awards made to Allison and Simon under the deferred bonus plan (DBP) in June 2025 are set out below.

Director	Date of award	DBP award (shares)	Grant price ^d	Face value of award
Allison Kirkby	16 June 2025	330,000	183.00p	£603,900
Simon Lowth	16 June 2025	242,169	183.00p	£443,169

^d The grant price is calculated using the average middle-market price of a BT Group plc share for the three dealing days prior to grant.

Deferred shares are not subject to performance conditions and have a three-year vesting period. At vesting, additional shares representing the value of reinvested dividends on the underlying shares are added.

Details of outstanding interests under the DBP are set out on page 106.

Malus and clawback

Both the annual bonus and long-term incentive arrangements are subject to a standalone malus and clawback policy. Under the malus provision, the Committee may apply its discretion to reduce (including to nil) any DBP or RSP award prior to the award vesting, if circumstances arise which justify a reduction. In line with the 2024 UK Corporate Governance Code requirements, the Committee confirms that there was no application of malus and clawback provisions during FY26.

Under the clawback provision, the Committee has discretion to require an employee to pay back to BT part or all of the cash part of the annual bonus within three years of payment. The Committee also has discretion to require an employee to pay back part or all of a vested deferred bonus or long-term incentive plan award within two years of the award or respective tranche vesting. The malus and clawback periods are designed to align with the post-vesting holding period and bonus deferral period respectively.

The circumstances in which the Committee may consider it appropriate to apply clawback and/or malus include, but are not limited to those summarised below:

- behaviour by a participant which fails to reflect BT's governance and business values
- the extent to which any condition was satisfied was based on an error, or on inaccurate or misleading information or assumptions which resulted either directly or indirectly in an award being granted or vesting to a greater extent than would have been the case had that error not been made
- material adverse change in the financial performance of BT or any division in which the participant works and/or worked
- a material financial misstatement of BT's audited financial accounts (other than as a result of a change in accounting practice)
- any action which results in or is reasonably likely to result in reputational damage to BT or any subsidiary or associated company
- a material failure in risk management
- corporate failure
- negligence, serious misconduct, or gross misconduct of a participant; and/or
- fraud effected by or with the knowledge of a participant.

Payments for loss of office (audited)

No payments were made to directors during the year for loss of office.

Former directors (audited)

No other payments were made to former directors during the year.

Directors' share ownership (audited)

The Committee believes that the interests of the Executive Directors should be closely aligned with those of shareholders. The aim is to encourage the build-up of a meaningful shareholding in BT Group plc over time by retaining net shares received through the executive share plans or from market purchases.

The shareholding requirement for Executive Directors under the Policy is 500% of salary. Executive Directors are expected to meet this requirement within five years of the approval of the Policy in 2020 or, in the case of any new Executive Directors appointed, within five years of their date of appointment. As at 31 March 2026, both Executive Directors had met their shareholding requirement as set out in the table below and overleaf.

The shareholding requirement continues to apply in full for two years post-cessation of employment (or the total number of shares held at cessation, if lower). The post-cessation shareholding requirement will be calculated and expressed as a fixed number of shares by reference to the closing BT share price on the day immediately prior to the cessation date. The requirement is fixed as this number of shares for a period of two years and compliance will be measured at cessation and annually thereafter. In enforcing continued compliance post-cessation, the Committee may request that the Executive Director transfers any shares subject to the shareholding requirement to be held in trust until they no longer need to be retained.

We encourage the Chairman and Independent Non-Executive Directors to purchase, on a voluntary basis, BT Group plc shares with an aggregate value of £5,000 on average each year (based on acquisition price) to further align the interests of Non-Executive Directors with those of our shareholders. They are asked to hold these shares until they cease being a member of the Board.

This does not apply to the Bharti or Deutsche Telekom nominated representative directors appointed to the Board as Non-Independent, Non-Executive Directors under the terms of the relevant relationship agreements. This helps avoid any conflict of interest.

Directors' interests at 31 March 2026 or on cessation (audited)

The following tables show the beneficial interests in BT Group plc shares of directors and persons closely associated as at 31 March 2026 (or at the point of leaving for directors who left during the year).

The first table reflects interests held by the Executive Directors under BT Group plc's share plans. The numbers represent the maximum possible vesting levels.

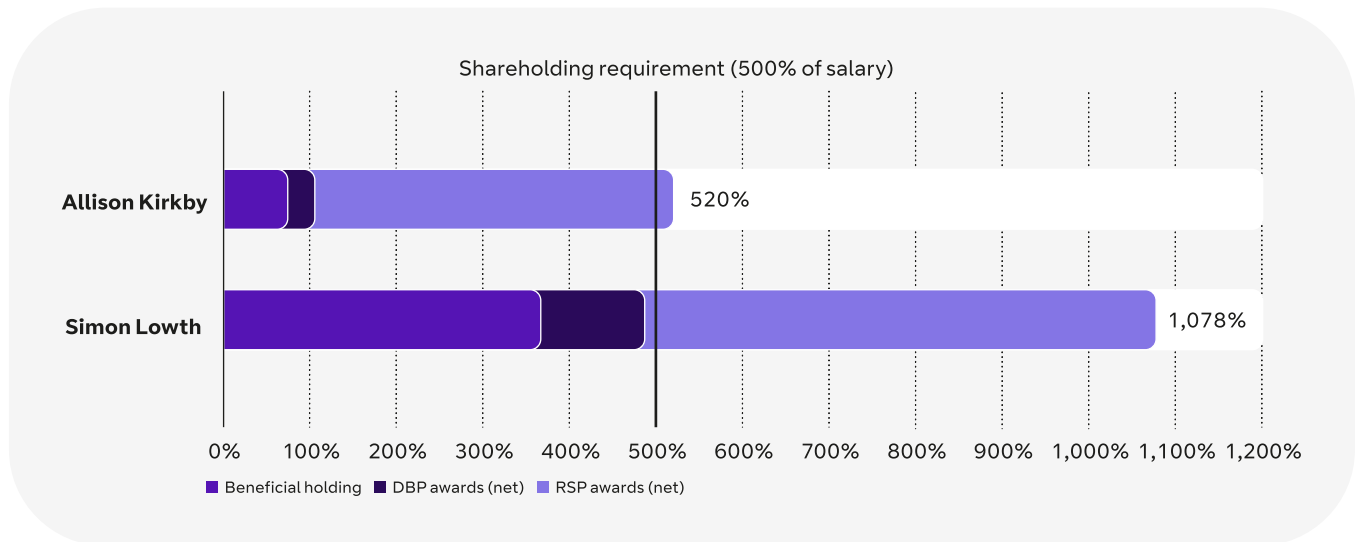
For Executive Directors we use the average BT Group plc share price over the preceding 12 months (or the share price at acquisition/ vesting date if higher) to determine whether the minimum shareholding requirement has been reached. Given that the awards are not subject to formal performance conditions, unvested DBP and RSP awards are counted towards achievement of the executives' shareholding requirements on a net of tax basis.

During the period 1 April 2026 to 20 May 2026, there were no movements in directors' beneficial holdings or other interests in shares. The directors, as a group, beneficially own less than 1% of BT Group plc's shares.

Executive Directors	Number of shares owned outright at 31 March 2026	RSP and DBP ^a	Shareholding requirement (% of salary)	Current shareholding (% of salary)
Allison Kirkby	525,000	2,594,540	500%	520
Simon Lowth	2,116,018	3,029,121	500%	1,078

^a Subject to continued employment and, for the RSP, two underpins over the initial three-year vesting period.

Annual remuneration report (continued)



	1 April 2025	Awarded during the year	Dividends reinvested	Vested	Lapsed	Total number of award shares at 31 March 2026
Allison Kirkby						
RSP	3,344,931	1,028,037	178,892			4,551,860
DBP	–	330,000	13,499			343,499
Simon Lowth						
RSP ^a	4,868,428	754,423	186,644	1,060,352		4,749,143
DBP ^a	971,734	242,169	37,971	285,694		966,180
yourshare 2021 ^b	247					247

^a The share price on the date of vesting of the first tranche of Simon Lowth's 2022 RSP award, second tranche of his 2021 RSP and his 2022 DBP award was 190p, and 209p for the final tranche of the 2020 RSP.

^b Awards granted on 24 June 2021 under the free share element of the BT Group Employee Share Investment Plan in which all eligible employees of the group were granted £500 worth of shares.

	Beneficial holding owned outright at 1 April 2025	Beneficial holding owned outright at 31 March 2026
Chairman		
Adam Crozier	62,500	62,500
Non-Executive Directors		
Ruth Cairnie	25,000	30,000
Maggie Chan Jones	70,000	70,000
Alex Chisholm	30,000	40,000
Steven Guggenheimer	4,700	9,700
Matthew Key	209,586	209,586
Raphael Kübler	0	0
Sunil Bharti Mittal ^a	n/a	0
Tushar Morzaria	100,000	100,000
Rima Qureshi	0	0
Gopal Vittal ^a	n/a	0
Sara Weller	47,000	52,932
Total	548,786	574,718

^a Sunil and Gopal were appointed as directors on 15 September 2025.

Implementation of the Policy in FY27

Base salary

A 3% budget was agreed for our UK people in management grades this year. Allison will receive a 3% salary increase with effect from 1 June 2026 which represents the first increase since her appointment in February 2024.

As he will soon step down from his role, Simon will not receive a salary increase.

Benefits

For Executive Directors, the Committee has set benefits in line with the Policy. No changes are proposed to the benefit framework for FY27.

Pension allowance

In line with the rate offered to the majority of our UK workforce, both Executive Directors receive an annual allowance equal to 10% of salary in lieu of pension provision.

Annual bonus

Both Executive Directors are eligible for an on-target and maximum bonus opportunity of 120% and 200% of salary respectively. Where an individual has not met their shareholding requirement, 50% of any bonus payable will be deferred into shares for three years. Where the individual has met their shareholding requirement, the bonus will be paid 100% in cash.

The Committee has reviewed in full the measures, weightings and targets used in the annual bonus scorecard. The FY27 annual bonus structure measures and weightings are set out below.

Category	Measure	Weighting
Financial	Adjusted EBITDA	27.5%
	Normalised free cash flow	27.5%
	Adjusted UK service revenue	15%
Transformation scorecard	UK retail market share	5%
	Reduction in units on legacy networks	5%
	Customer time on service issues	5%
	Colleague engagement index	5%
	Group NPS	10%

All of the annual bonus measures are linked to our KPIs as set out on pages 42 to 45.

In addition to the annual bonus scorecard, a health and safety underpin applies which allows the Committee to exercise its discretion to reduce the annual bonus payout result if there is a significant breach in health and safety.

We do not publish details of the targets in advance as these are commercially confidential. Targets will be disclosed in full in the 2027 Report on directors' remuneration.

RSP

When considering the grant levels each year, the Committee takes account of the share price performance over the preceding year. Following review, the Committee has agreed that awards will be granted this year at the normal Policy level of 200% of salary.

Allison will be granted an award under the RSP in June 2026 to the value of 200% of salary. As he will soon step down from his role, no RSP award will be made to Simon. Patricia Cobian will be granted an award, also of 200% of salary, shortly after joining.

RSP awards will be subject to similar underpins as the 2025 awards, measured over the three-year vesting period:

- average ROCE must be at least 7%^a
- the business must have made sufficient progress over the vesting period towards meeting our digital inclusion and sustainability commitments (which could include carbon emissions and circularity).

^a ROCE is defined on page 45.

Awards will vest at the end of the three-year restricted period in June 2029. The net number of shares vesting will be subject to a further two-year holding period. At vesting, additional shares representing the value of reinvested dividends on the underlying shares are added.

Malus and clawback provisions and overarching Committee discretion applies, as set out in the Policy.

Chairman and Non-Executive Director remuneration

The fees for Non-Executive Directors were reviewed in the year by the Chairman and Executive Directors, taking into consideration the role and requirements of BT Group, together with the fees paid to non-executive directors at companies of a similar size and complexity. Following the review it was agreed to increase the base fee by 2% to £91,800 a year with effect from 1 June 2026.

The Chairman receives a single all-inclusive fee of £700,000 for his role. The Committee reviewed the fee and agreed a 2% increase with effect from 1 June 2026 which represents the first increase since his appointment in 2021.

There are additional fees for membership and chairing a Board Committee, details of which are set out in the table below. The fee for membership of the *Nominations Committee* is included in the base fee. The fees are unchanged to the prior year.

Committee	Chair's fee	Member's fee
Audit & Risk	£35,000	£25,000
National Security and Investigatory Powers	n/a ^b	£8,000
Remuneration	£30,000	£15,000

^b Where the Chairman or Chief Executive acts as Chair of a Board Committee, no additional Committee Chair fee is payable.

Other fees payable include:

- an additional fee of £27,000 per annum to the Senior Independent Non-Executive Director
- an additional fee of £17,000 per annum to the Designated Non-Executive Director for Workforce Engagement
- an additional fee of £10,000 per annum to the Designated Non-Executive Director for Ofcom Engagement
- an additional fee of £17,000 per annum for membership of the Technology Working Group (effective from 1 June 2026)
- an additional fee of £20,000 per annum to the Director appointed to the sports joint venture between BT Group and Warner Bros. Discovery.

No element of Non-Executive Director remuneration is performance-related. Neither the Chairman nor the Non-Executive Directors participate in our bonus or all-employee share plans and nor are they members of any of the group pension schemes.

Annual remuneration report (continued)

Other remuneration matters

Advisers

Deloitte LLP were appointed by the Committee to advise on all aspects of the relevant executive remuneration matters. During the year, the Committee received independent advice on executive remuneration matters from Deloitte. The Committee is satisfied that the advice provided by Deloitte has been objective and independent. The Deloitte partner who provides remuneration advice to the Committee does not have any connections with BT Group plc that may impact their independence. Deloitte received £63,250 (excluding VAT) in fees for these services.

The fees are charged on a time-spent basis in delivering advice. That advice materially assisted the Committee in its consideration of matters relating to executive remuneration and the Policy.

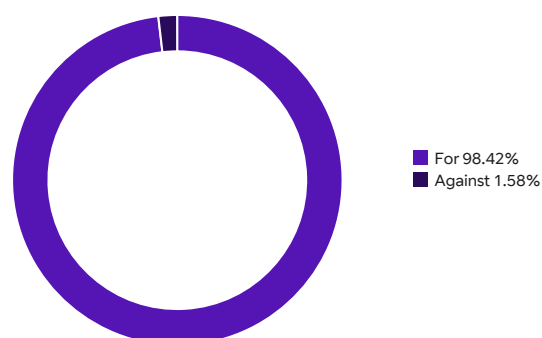
Deloitte is a founder member of the Remuneration Consultants Group and as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK.

In addition, during FY26, Deloitte provided the group with advice on taxation and also provided additional consultancy services across BT.

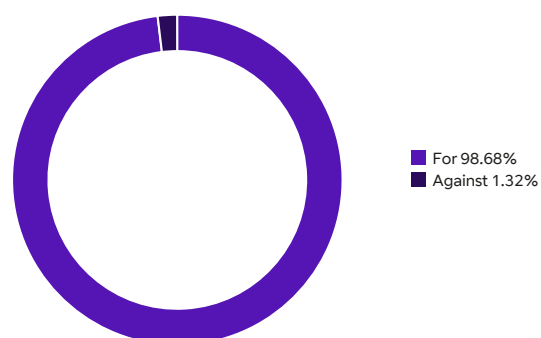
Previous AGM voting outcomes

The table below sets out the previous votes cast at the AGM in respect of the Annual remuneration report and the Policy.

Policy at the 10 July 2025 AGM



Report on directors' remuneration at the 10 July 2025 AGM



Withheld votes are not counted when calculating voting outcomes.

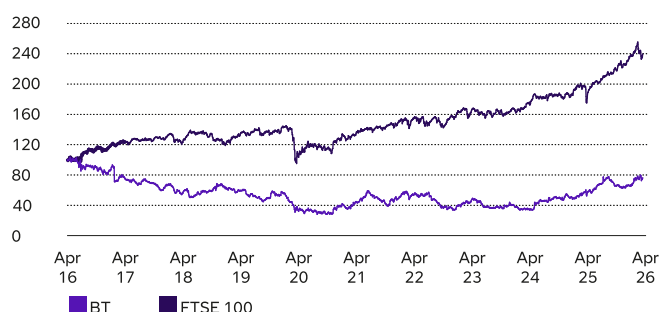
Committee review FY26

Details on the FY26 Board and Committee performance review can be found on page 86.

Comparison of Chief Executive remuneration to TSR

TSR is the measure of the returns that a company has provided for its shareholders, reflecting share price movements and assuming reinvestment of dividends. The graph below illustrates the performance of BT Group plc measured by TSR relative to a broad equity market index over the past ten years. We consider the FTSE 100 to be the most appropriate index against which to measure performance, as BT Group plc has been a member of the FTSE 100 throughout the ten-year period.

BT Group plc's TSR performance vs the FTSE 100



History of Chief Executive remuneration

Year end	Chief Executive	Total remuneration £000	Annual bonus (% of max)	ISP/RSP vesting (% of max)
2026	Allison Kirkby	5,581	49	100
2025	Allison Kirkby	2,488	54.8	n/a
2024	Allison Kirkby ^a	341	n/a	n/a
	Philip Jansen ^{b,c}	3,932	65.9	100
2023	Philip Jansen ^c	4,694	43.7	100
2022	Philip Jansen	3,460	60	19.1
2021	Philip Jansen	2,628	60	0
2020	Philip Jansen	3,248	50	n/a
2019	Philip Jansen	725	56	n/a
	Gavin Patterson ^d	1,719	28	0
2018	Gavin Patterson	2,307	54	0
2017	Gavin Patterson	1,345	0	0

^a Allison was appointed as a director on 15 March 2019 and became Chief Executive from 1 February 2024. Her first RSP award was granted in February 2024.

^b Philip was appointed as a Director on 1 January 2019 and became Chief Executive from 1 February 2019. His first ISP award was granted in February 2019. Philip stood down as Chief Executive on 31 January 2024.

^c Philip's total remuneration for 2023 and 2024 has been restated to align with the change in methodology set out in the single figure table of remuneration on page 102.

^d Gavin stood down as Chief Executive on 31 January 2019.

Directors' service agreements and letters of appointment

The following table sets out the dates on which directors' service agreements/initial letters of appointment commenced and termination provisions:

Executive Directors		
	Commencement date	Termination provisions
Allison Kirkby	1 February 2024	Directors’ service agreements do not contain fixed term periods and are terminable by BT on 12 months’ notice and by the director on six months’ notice.
Simon Lowth	4 July 2016	
Chairman and Independent Non-Executive Directors		
	Commencement date	Termination provisions
Adam Crozier	1 November 2021	The letter of appointment does not contain a fixed term period and is terminable by BT on 12 months’ notice and by the director on six months’ notice. Letters of appointment do not contain fixed term periods and are terminable by either party on three months’ written notice.
Ruth Cairnie	6 April 2023	
Maggie Chan Jones	1 March 2023	
Alex Chisholm	16 September 2024	
Steven Guggenheimer	1 October 2022	
Matthew Key	25 October 2018	
Tushar Morzaria	7 May 2024	
Rima Qureshi	2 March 2025	
Sara Weller	16 July 2020	
Non-Independent, Non-Executive Directors		
	Commencement date	Termination provisions
Raphael Kübler	30 January 2024	Appointed as a Non-Independent, Non-Executive Director under the terms of the Relationship Agreement between BT and Deutsche Telekom. The appointment is terminable immediately by either party. Appointed as Non-Independent, Non-Executive Directors under the terms of the Relationship Agreement between BT and Bharti. The appointment is terminable on five days’ notice by either party.
Sunil Bharti Mittal	15 September 2025	
Gopal Vittal	15 September 2025	

As announced on 24 July 2025, Simon Lowth will be stepping down from the Board as CFO. Patricia Cobian will join as CFO Designate, an Executive Director and member of the *Executive Committee* with effect from 20 July 2026 and will succeed Simon as CFO on 1 September 2026.

There are no other service agreements, letters of appointment or material contracts, existing or proposed, between BT and any of the directors. There are no arrangements or understandings between any director or executive officer and any other person pursuant to which any director or executive officer was selected to serve. There are no family relationships between the directors.

Independent Non-Executive Directors' letters of appointment

Each Independent Non-Executive Director has an appointment letter setting out the terms of his or her appointment. We ask each Non-Executive Director to allow a minimum commitment of 22 days each year, subject to Committee responsibilities, and to allow slightly more in the first year in order to take part in the induction programme. The actual time commitment required in any year may vary depending on business and additional time may be required during periods of increased activity.

The service agreements and letters of appointment are available for inspection by shareholders at BT Group plc's registered office.

Remuneration in context

Consideration of colleague and stakeholder views

Our colleagues are vital to our business and we believe in fairness throughout the group. There are several general reward principles which we apply at all levels:

- we aim to provide a competitive package with reference to the relevant market for each employee, as well as the skills and experience they bring to their role
- we ensure colleagues can share in the success of the business, and through the operation of all-employee share plans encourage colleagues to become shareholders
- where appropriate, variable remuneration is provided to incentivise employees towards driving the strategic aims of the business. Performance is based on both individual performance and the performance of the group, using a consistent framework for our senior management team and the majority of other colleagues
- we offer a range of employee benefits, many of which are available to all colleagues
- we aim for transparency and a fair cascade of remuneration throughout the group
- employment conditions for all colleagues reflect our values and are commensurate with those of a large publicly listed company, including high standards of health and safety, and a strong commitment to inclusion and wellbeing.

The Committee supports fairness and transparency of remuneration arrangements and the Policy has been designed to align with the remuneration philosophy and principles that underpin remuneration across the wider group. To support this, the Committee receives regular updates on colleagues and culture policies and reward practices for the wider workforce as well as updates on employee relations.

Whilst the Committee does not directly consult with our employees as part of the process of determining executive pay, the Board does receive feedback from employee surveys that take into account remuneration throughout the organisation. Maggie Chan Jones, our Designated Non-Executive Director for Workforce Engagement, also updates the Committee on sentiments being raised by our colleagues in relation to the remuneration of our workforce and related decisions.

When setting Executive Directors' remuneration, the Committee considers the remuneration of other senior managers and colleagues in the group more generally to ensure that arrangements for Executive Directors are appropriate in this context. When determining any salary increases for Executive Directors, the Committee considers the outcome of the wider pay review for the group.

Chief Executive pay ratio

The table below sets out the Chief Executive pay ratios as at 31 March 2026, as well as those reported in respect of the prior seven years. This report will build up over time to show a rolling ten-year period.

The ratios compare the single total figure of remuneration of the Chief Executive with the equivalent figures for the UK lower quartile (P25), median (P50) and upper quartile (P75) employees.

A significant proportion of the Chief Executive's remuneration is delivered through long term incentives, where awards are linked to share price movements over the longer term. This means that the ratios will depend significantly on long term incentive outcomes and may fluctuate from year to year. For example, the pay ratio exhibited in 2026 is materially higher than in prior years and 2025 in particular, as it includes all three tranches of Allison's first RSP award, granted in 2023, the value of which has benefitted from material share price appreciation since grant. We believe that these ratios are appropriate given the size and complexity of the business, and are a fair reflection of our remuneration principles and practices.

We have used the 'Option B' methodology (based on gender pay reporting), as the most robust way to identify the individual reference points within an organisation with multiple operating segments.

Total remuneration

	Chief Executive	Pay ratio		
		P25	P50	P75
2019	£2,444,000	71:1	59:1	47:1
2020	£3,248,000	93:1	77:1	63:1
2021	£2,628,000	74:1	63:1	52:1
2022	£3,350,000	94:1	84:1	68:1
2023	£2,956,000	80:1	74:1	58:1
2024	£3,953,000	110:1	105:1	74:1
2025	£2,487,000	66:1	60:1	47:1
2026	£5,581,000	137:1	126:1	97:1

Base salary

	Chief Executive	Pay ratio		
		P25	P50	P75
2026	£1,100,000	32:1	29:1	21:1

The total FTE remuneration paid during the year in question for each employee in each of the groups was then calculated, on the same basis as the information set out in the 'single figure' table for the Chief Executive. Bonus payments in respect of each year have been determined based on the latest available information at the time of analysis. The median total remuneration figure for each group was then used to determine the three ratios.

Percentage change in remuneration of the Executive and Non-Executive Directors and all employees

BT Group plc, our parent company, employs our Chairman, Executive and Non-Executive Directors only, and as such no meaningful comparison can be drawn based on the parent company alone, as is required by the reporting regulations.

Instead, we have chosen to present a comparison with our UK management and technical employee population, comprising around 20,000 colleagues.

We believe this is the most meaningful comparison given the nature of our workforce, as this group has similar performance-related pay arrangements as our Executive Directors. This is also consistent with prior year disclosures.

The salary/fee levels set out in the table below are in accordance with the Policy. Any increase in fees paid to the Non-Executive Directors reflects both the annual fee review as well as any changes in role including additional Committee responsibilities.

	FY26 (% change)			FY25 (% change)			FY24 (% change)		
	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus
Chairman									
Adam Crozier	0%	(35)%	–	0%	236%	–	0%	(8)%	–
Executive Directors									
Allison Kirkby	0%	(44)%	(10)%	0%	100%	–	130%	338%	–
Simon Lowth	0%	–	(10)%	4%	0%	(17)%	3%	4%	59%
Non-Executive Directors									
Ruth Cairnie	0%	0%	–	7%	0%	–	–	–	–
Maggie Chan Jones	3%	16%	–	20%	338%	–	0%	0%	–
Alex Chisholm	84%	–	–	–	–	–	–	–	–
Steven Guggenheimer	1%	16%	–	7%	4%	–	0%	140%	–
Matthew Key	0%	–	–	3%	(100)%	–	9%	100%	–
Raphael Kübler ^a	–	–	–	–	–	–	–	–	–
Sunil Bharti Mittal ^b	–	–	–	–	–	–	–	–	–
Tushar Morzaria	11%	–	–	–	–	–	–	–	–
Rima Qureshi	100%	–	–	–	–	–	–	–	–
Gopal Vittal ^b	–	–	–	–	–	–	–	–	–
Sara Weller	(3)%	300%	–	(4)%	100%	–	1%	0%	–
UK management colleagues	1%	0%	(3)%	4%	0%	(19)%	5.5%	0%	53%
	FY23 (% change)			FY22 (% change)			FY21 (% change)		
	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus
Chairman									
Adam Crozier	0%	1,100%	–	–	–	–	–	–	–
Executive Directors									
Allison Kirkby	1%	100%	–	0%	–	–	6%	–	–
Simon Lowth	2%	5%	(26)%	0%	(4)%	0%	0%	(5)%	(2)%
Non-Executive Directors									
Maggie Chan Jones	–	–	–	–	–	–	–	–	–
Steven Guggenheimer	–	–	–	–	–	–	–	–	–
Matthew Key	9%	100%	–	2%	–	–	13%	–	–
Sara Weller	5%	–	–	0%	–	–	–	–	–
UK management colleagues	3%	0%	(25)%	0%	0%	0%	0%	0%	18%

^a Under the terms of the Relationship Agreement between BT Group and Deutsche Telekom and the Directors' letter of appointment, no remuneration is payable for this position.

^b Under the terms of the Relationship Agreement between BT Group and Bharti and the Directors' letter of appointment, no remuneration is payable for this position.

Remuneration in context (continued)

Relative importance of the spend on pay

The table below shows the percentage change in total remuneration paid to all employees compared to expenditure on dividends and share buybacks.

Area	FY26 (£m)	FY25 (£m)	% change
Remuneration paid to all employees	4,550	4,796	(5.1)%
Dividends/share buybacks ^a	855	922	(7.3)%

^a Includes share purchases by the Trust as set out in note 21 to the consolidated financial statements.

Inclusion and wellbeing

Embracing inclusion and wellbeing is core to our people and culture strategy and critical to our growth. Our inclusion strategy is a programmatic, evidence-based approach to help us understand and remove bias and other cognitive barriers from policies, processes, systems and decision making.

It supports our aim to build the strongest foundations by making sure we apply an inclusion lens to everything we do and by promoting a culture where colleagues can thrive.

Gender pay gap reporting

At a group-level, our median hourly pay gap between male and female colleagues remains at 4.8% – the same level as 2024. This remains favourably below the UK national median of 13.4% (ONS provisional).

Our Gender Pay Gap statement sets out the key information required under legislation and is available on our website bt.com/genderpaygap

Dame Ruth Cairnie
Chair of the Remuneration Committee
20 May 2026

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 (the 2006 Act). The parent company meets the definition of a qualifying entity under FRS 100 and the company financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (FRS 101 "Reduced Disclosure Framework" and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company, and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable, relevant, reliable and, in respect of the parent company financial statements only, prudent
- state whether the group financial statements have been prepared in accordance with the UK-adopted international accounting standards
- state whether applicable UK accounting standards have been followed with regard to the parent company financial statements, subject to any material departures disclosed and explained in the parent company financial statements
- assess the group and parent company's ability to continue as a going concern and disclose, as applicable, matters related to going concern
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy, at any time, the financial position of the parent company, and enable them to ensure that its financial statements comply with the 2006 Act. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing an annual Strategic report, Report of the directors, Report on directors' remuneration and Corporate governance statement that comply with such law and regulation. The directors are aware of the requirement, in subsequent annual reports, to provide a separate declaration on the effectiveness of material controls in line with Provision 29 of the Code - see page 96.

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 statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule (DTR) 4.1.15R-4.1.18R, the financial statements will form part of the annual financial report prepared in XHTML and, where applicable, marked up using a taxonomy generally accepted in the UK. The auditor's report covers these financial statements but does not provide assurance over whether the annual financial report has been prepared or marked up in accordance with those DTR requirements.

Responsibility statement of the Board in respect of the annual financial report

We confirm, to the best of our knowledge, that:

- the **financial statements**, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the undertakings included in the consolidation taken as a whole
- the **Strategic report** and the **Report of the directors** include a fair review of the development and performance of the business and the position of the group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position, performance, business model and strategy.

This responsibility statement was approved by the Board on 20 May 2026 and was signed on its behalf by:

Allison Kirkby
Chief Executive

Simon Lowth
Chief Financial Officer

Report of the directors

The directors present the Report of the directors, together with audited financial information for the year ended 31 March 2026.

The Report of the directors also encompasses the entirety of our **Corporate governance report** on pages 73 to 119 for the purpose of Section 463 of the Companies Act 2006 (the 2006 Act). The Report of the directors together with the **Strategic report** on pages 1 to 72 form the Management report for the basis of Disclosure Guidance and Transparency Rule (DTR) 4.1.5R.

In accordance with DTR 4.1, the financial statements will form part of the annual financial report prepared and filed in XHTML with iXBRL tagging of the consolidated IFRS financial statements (including notes) using a taxonomy generally accepted in the UK, per FCA Primary Market Technical Note TN-507.2 (July 2025). The Auditor's report on these financial statements provides no assurance over the ESEF.

Material accounting estimates, key judgements and significant accounting policies

Our critical accounting estimates, key judgements and significant accounting policies conform with UK-adopted International Financial Reporting Standards (IFRS) and IFRSs issued by the International Accounting Standards Board (IASB) and are set out on page 140 of the consolidated **financial statements**. The directors have reviewed these policies and applicable estimation techniques and have confirmed that they are appropriate for the preparation of the FY26 consolidated **financial statements**.

Disclosure of information to the auditor

As far as each director is aware, there is no relevant audit information (as defined by Section 418(3) of the 2006 Act) that has not been disclosed to the auditor. Each of the directors confirms that all steps have been taken that ought to have been to make them aware of any relevant audit information and to establish that the auditor has been made aware of that information.

Going concern

In line with IAS 1 'Presentation of financial statements', and revised FRC guidance on 'risk management, internal control and related financial and business reporting', management has taken into account all available information about the future for a period of at least, but not limited to, twelve months from the date of approval of the financial statements when assessing the group's ability to continue as a going concern.

The **Strategic report** on pages 1 to 72 includes information on the group structure, strategy and business model, the performance of each CFU and the impact of regulation and competition. The **Group performance** section on pages 46 to 52 includes information on our group financial results, financial outlook, cash flow, net debt, and balance sheet position. Notes 24, 26, 27 and 29 of the consolidated **financial statements** include information on the group's investments, cash and cash equivalents, borrowings, derivatives, financial risk management objectives, hedging policies and exposure to interest, foreign exchange, credit, liquidity and market risks.

Our principal risks and uncertainties are set out on pages 56 to 62 and includes details of each risk and how we manage and mitigate them. The directors carried out a robust and detailed assessment of the group's risk profile, including both principal and emerging risks, and in particular those that could threaten our business model, future performance, insolvency or liquidity. This assessment is supported by ongoing risk management and

reporting processes and is reviewed regularly by the Board and the *Audit & Risk Committee*. The Board is satisfied that the group's risk management framework supports the effective identification, assessment and management of these risks. For further details of how the Board and *Audit & Risk Committee's* assessment of emerging and principal risks is carried out – see page 96.

This assessment is consistent with and has informed both the viability and going concern assessment, as set out on page 72. The viability assessment is based on the group's strategy, balance sheet and financing position, including our £2.1bn undrawn committed borrowing facility which matures no earlier than January 2031, with an option to extend for one further year, and the potential impact of **Our principal risks and uncertainties** on pages 56 to 62; and which estimates the financial impact for a severe but plausible outcome for each risk, both individually and in combination through stochastic risk modelling.

This stress testing confirmed that existing projected cash flows and cash management activities provide us with adequate headroom over the going concern assessment period.

Having assessed the principal and emerging risks, the directors considered it appropriate to adopt the going concern basis of accounting when preparing the **financial statements**. This assessment covers the period to May 2027, which is consistent with FRC guidance. When reaching this conclusion, the directors took into account the group's overall financial position (including trading results and ability to repay term debt as it matures without recourse to refinancing) and the exposure to principal risks (including severe but plausible downsides – see the **Viability statement** on page 72).

As at 31 March 2026, the group had cash and cash equivalents of £0.4bn and current asset investments of £1.5bn. The group also had access to committed borrowing facilities of £2.1bn. These facilities were undrawn at the period-end and are subject to renewal no earlier than January 2031, with an option to extend for one further year.

Systems of risk management and internal control

The Board is responsible for reviewing the group's systems of risk management and internal control each year, and for ensuring their effectiveness, including in respect of relevant assurance activities. These systems are designed to manage, rather than eliminate, risks we face that may prevent us from achieving our business objectives and delivering our strategy. Any system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Our group risk management framework is simple and consistent, and defines our risk based behaviours, risk process and activities and governance. The framework:

- provides the business with the tools to take on the right risks and make informed decisions
- supports the identification, assessment and management of the principal risks and uncertainties faced by the group
- is an integral part of BT Group's annual strategic review cycle.

The framework was designed in accordance with the FRC guidance on risk management, internal control and related financial and business reporting and has been in operation throughout the year and up to the date on which this document was approved. The framework was reviewed in FY26 and was deemed effective. Continuous improvements were made in FY26, including enhancing how enduring risks are managed through our key control framework. That included establishing our existing frameworks for each GRC as our 'Material Controls', as well as segmenting the underlying key controls in each GRC into different

priority levels depending on the size of the risk. This provides the Board with visibility over areas where the framework may require attention and help leaders and oversight bodies focus on the controls that underpin the biggest risks.

These prioritised areas of control are the main focus of an integrated assurance plan which involves our assurance teams assessing the design and operational effectiveness of our defined control activities.

More information on our group risk management framework can be found on pages 56 to 62

Internal audit carry out periodic assessments of the quality of risk management and control, promote effective risk management across all our CFUs and report to management and the *Audit & Risk Committee* on the status of specific areas identified for improvement. We do not cover joint ventures and associates not controlled by the group in the scope of our group risk management framework. Such third parties are responsible for their own internal control assessment.

Furthermore, the *Audit & Risk Committee*, on behalf of the Board, reviews the effectiveness of the systems of risk management and internal control across the group. The *Audit & Risk Committee* has applied the FRC Audit Committees and the External Audit: Minimum Standard on a 'comply or explain' basis, including its responsibilities for audit tendering, oversight of audit quality and shareholder engagement in audit scope.

Further details on how the *Audit & Risk Committee* fulfils its duties can be found on page 96

Capital Management and Funding Policy

The objective of our Capital Management Policy is to target an overall level of debt consistent with our credit rating objectives, while investing in the business, supporting our pension schemes and meeting our Distribution Policy.

The Board regularly reviews the group's capital structure. Management proposes actions and produces analyses which reflect the group's investment plans and risk characteristics, as well as the macroeconomic conditions in which we operate.

Our Funding Policy is to raise and invest funds centrally to meet the group's anticipated requirements. We use a combination of capital market bond issuance and committed borrowing facilities to fund the group. When issuing debt, in order to avoid refinancing risk, group treasury will take into consideration the maturity profile of the group's debt portfolio, financial market conditions as well as forecast cash flows.

See note 29 to the consolidated financial statements for details of our Treasury Policy

Financial instruments

Details of the group's financial risk management objectives, policies of the group and exposure to market risk (including interest rate risk, foreign exchange risk and energy price risk), liquidity risk and credit risk are given in note 29 to the consolidated financial statements.

Credit Risk Management Policy

We take proactive steps to minimise the impact of adverse market conditions on our financial instruments. In managing investments and derivative financial instruments, group treasury monitors the credit quality across treasury counterparties and actively manages any exposures that arise. Management within the CFUs also actively monitors any exposures arising from trading balances.

Off-balance sheet arrangements

Other than the financial commitments and contingent liabilities disclosed in note 32 to the consolidated financial statements, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on:

- our financial condition
- changes in financial condition
- revenues or expenses
- results of operations
- liquidity
- capital expenditure
- capital resources.

We use a supply chain financing programme with a limited number of suppliers with short payment terms to extend them a more typical payment term. More details are disclosed in note 18 to the consolidated financial statements.

Independent advice

The Board has a procedure that allows directors to seek independent professional advice at our expense. All directors also have access to the advice and services of the Company Secretary, or her nominated delegate.

Directors' and officers' liability insurance and indemnity

We routinely buy insurance cover for directors, officers and employees in positions of managerial supervision of BT Group plc and its subsidiaries. This is intended to protect against defence costs, civil damages and, in some circumstances, civil fines and penalties (provided they are insurable) following an action brought against them in their personal capacity. The insurance also covers individuals serving as directors of other companies or of joint ventures, or on boards of trade associations or charitable organisations at the group's request. The insurance protects the directors and officers directly in circumstances where, by law, BT Group plc cannot provide an indemnity. It also provides the group, subject to a retention, with cover against the cost of indemnifying a director or officer.

As at 20 May 2026, and throughout FY26, BT Group plc's wholly owned subsidiary, British Telecommunications plc, has provided an indemnity for a group of people similar to the group covered by the above insurance. Neither the insurance nor the indemnity provides cover where the individual is proven to have acted fraudulently or dishonestly.

As permitted by BT Group plc's Articles of Association, and to the extent permitted by law, the group indemnifies each of its directors and other officers against certain liabilities that may be incurred as a result of their positions within the group. The indemnity was in force throughout the tenure of each director during the last financial year, and remains in force.

Interest of management in certain transactions

Throughout FY26, none of BT Group plc's directors were materially interested in any material transaction in relation to the group's business. None are materially interested in any currently proposed material transactions.

Report of the directors (continued)

Power to authorise conflicts

All directors must avoid situations where they have, or could have, a direct or indirect conflict of interest with the group. BT Group plc's Articles of Association include provisions for managing conflicts of interest in line with the 2006 Act. Directors are regularly reminded of these duties and to declare any conflict with items on the agenda at the start of each Board or Committee meeting. The group has procedures to manage conflicts, requiring the Board to:

- consider each situation on its specific facts
- assess conflicts alongside directors' wider duties under the 2006 Act
- record and minute all authorisations and the scope of any approvals given
- regularly review conflict authorisation.

The Company Secretary maintains the register of directors' interests.

The *Conflicted Matters Committee* identifies to what extent Board and Committee materials relate to potential or actual conflicts of interest between BT Group plc and Deutsche Telekom and Bharti and determines what information can be shared with our Non-Independent, Non-Executive Directors. These directors owe duties to both BT Group, and Deutsche Telekom and Bharti respectively, and the *Conflicted Matters Committee* helps them manage their fiduciary duties, although responsibility ultimately rests with them.

The same process applies for Rima Qureshi, Independent Non-Executive Director, under the information sharing protocol between BT Group and Verizon.

Legal proceedings

The group is involved in various legal proceedings, including actual or threatened litigation and government or regulatory investigations. For further details of legal and regulatory proceedings to which the group is party – see note 19 to the consolidated **financial statements**.

Apart from the information disclosed in note 19 to the consolidated **financial statements**, the group does not currently believe that there are any legal proceedings, government or regulatory investigations that may have a material adverse impact on the operations or financial condition of the group. In respect of each of the claims described in note 19, the nature and progression of such proceedings and investigations can make it difficult to predict the impact they will have on the group. Many factors prevent us from making these assessments with certainty, including the fact that some such proceedings or investigations are in early stages, no damages or remedies have been specified, and/or the frequently slow pace of litigation.

Other information – UK Listing Rules

For the purposes of the UK Listing Rule (UK LR) 6.6.1R, in respect of UK LR 6.6.1R(11) and (12), the trustee of the BT Group Employee Share Ownership Trust (the Trust) agrees to waive dividends payable on the BT Group plc shares it holds for satisfying awards under the group's executive share plans.

Under the rules of these share plans, the dividends are reinvested in BT Group plc shares that are added to the relevant share awards.

No other information is required to be disclosed pursuant to UK LR 6.6.1R.

Other statutory information – the 2006 Act

Certain provisions of the 2006 Act (or regulations made pursuant thereto) require us to make additional disclosures within the **Report of the directors**. The disclosures referred to below are included elsewhere in this Annual Report and incorporated by reference into the **Report of the directors**:

Section information	Page
Future developments	<u>1 to 72</u>
Particulars of any important events affecting BT Group or any of its subsidiary undertakings which have occurred since the end of the financial year	n/a
Research and development activities	<u>15</u>
Directors and the role of the Board	<u>76 to 79</u> and <u>80</u>
How the directors have engaged with UK employees, had regard to UK employee interests, and the effect of that regard, including on principal decisions during the year	<u>30, 34, 36</u> and <u>82 to 84</u>
How the directors have had regard to the need to foster business relationships with suppliers, customers and others, and the effect of that regard, including on principal decisions during the year	<u>24 to 27, 32</u> to <u>39</u> and <u>82 to 84</u>
Greenhouse gas emissions, energy consumption and energy efficiency action	<u>31, 64</u> and <u>71</u>
Structure of BT Group plc's share capital (including the rights and obligations attaching to the shares)	<u>137</u>
Significant agreements to which BT Group plc is a party that take effect, alter or terminate upon a change of control following a takeover	n/a
Related undertakings	<u>219 to 223</u>

The following disclosures are not covered elsewhere in this Annual Report:

- BT Group has two employee share ownership trusts that hold BT Group plc shares for satisfying awards under our various employee share plans.
- The trustee of the BT Group Employee Share Investment Plan may invite participants, on whose behalf it holds shares, to direct it how to vote in respect of those shares. If there is an offer for the shares or another transaction that would lead to a change of control, such participants may direct the trustee to accept the offer or agree to the transaction.
- In respect of shares held in the BT Group Employee Share Ownership Trust, the trustee abstains from voting in respect of these shares if there is an offer for the shares. The trustee does not have to accept or reject the offer but will have regard to the interests of the participants, may consult with the participants to obtain their views on the offer, and may otherwise take any action with respect to the offer that it thinks is fair.
- EasyShare is the group's corporate sponsored nominee service, which allows UK and European Economic Area resident shareholders to hold BT Group plc shares electronically.
- EasyShare is administered by Equiniti Financial Services Limited. As at 20 May 2026, 413 million shares were held in EasyShare (4.15% of the issued share capital (4.14% excluding treasury shares)) on behalf of BT Group plc shareholders.
- The Global Nominee is a custody service administered by Equiniti Financial Services Limited, which allows employees to hold shares in an uncertificated format. The Global Nominee service extends to over 80 countries.
- No person holds securities carrying special rights with regard to control of the group.
- Our share registrar, Equiniti, must receive proxy appointment and voting instructions not less than 48 hours before any general meeting – see page 117.

- The business of BT Group is managed by the Board. The directors may exercise all the powers of BT Group plc, subject to the Articles of Association, legislation and regulation. This includes the ability to exercise the authority to allot or purchase BT Group plc shares pursuant to shareholders passing an ordinary resolution at the AGM.
- We have no agreements with directors providing for compensation for loss of office or employment as a result of a takeover. Similarly, there is no provision for this in our standard employee contracts.
- We're not aware of any agreements between shareholders that may result in restrictions on the transfer of shares or on voting rights.

Articles of Association

BT Group plc's current Articles of Association were adopted pursuant to a resolution passed at the BT Group plc AGM held on 15 July 2021 and contain, amongst others, provisions on the rights and obligations attached to BT Group plc's shares.

The Articles of Association may only be amended by special resolution at a general meeting of the shareholders in accordance with applicable legislation.

 **A copy of the current Articles of Association is available at bt.com/articles**

Directors' appointment, retirement and removal

The Articles of Association regulate the appointment and removal of directors, as does the 2006 Act and related legislation. The Board, and shareholders (by ordinary resolution), may appoint a person who is willing to be elected as a director, either to fill a vacancy or as an additional director. At every AGM, all directors must automatically retire. A retiring director is eligible for election or re-election, as applicable. In addition to any power of removal under the 2006 Act, the shareholders can pass an ordinary resolution to remove a director.

Raphael Kübler joined the Board in January 2024 as a Non-Independent, Non-Executive Director and as the nominated representative of Deutsche Telekom under the terms of the Relationship Agreement between BT Group plc and Deutsche Telekom. His appointment is terminable immediately by either party.

Sunil Bharti Mittal and Gopal Vittal joined the Board in September 2025 as Non-Independent, Non-Executive Directors and as nominated representatives of Bharti under the terms of the Relationship Agreement between BT Group plc and Bharti Televentures UK Limited. Their appointments are terminable with five business days' notice by either party.

Share rights

Voting rights

On a show of hands, every shareholder present in person or by proxy at any general meeting has one vote and, on a poll, every shareholder present in person or by proxy has one vote for each share they hold.

There are no restrictions on exercising voting rights except in situations where BT Group plc is legally entitled to impose such a restriction (for example where a notice under Section 793 of the 2006 Act has been served).

Variation of rights

If the share capital of BT Group plc were to be split into different classes of shares by special resolution, the special rights attached to any of those classes can be varied or withdrawn either: (i) with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class; or (ii) with the consent in

writing of the holders of at least 75% in nominal value of the issued shares of that class. BT Group plc can issue new shares and attach any rights and restrictions to them, as long as this is not restricted by special rights previously given to holders of any existing shares. Subject to this, the rights of new shares can take priority over the rights of existing shares, or existing shares can take priority over them, or the new shares and the existing shares can rank equally. BT Group plc currently has one class of shares.

Transfer of shares

There is no specific restriction on the transfer of BT Group plc shares in the group, which is governed by the Articles of Association and prevailing legislation.

AGM

Resolutions

At the 2026 AGM, shareholders will be asked to vote on all resolutions set out in the Notice of meeting 2026. The Notice of meeting 2026 is sent to all shareholders who have requested shareholder documents by post and includes explanatory notes on all resolutions to be proposed at the AGM on 9 July 2026. We notify all shareholders of the publication of these documents which are available on our website at bt.com/annualreport

Before the AGM, our share registrar, Equiniti, will count the proxy votes for and against each resolution as well as votes withheld. The voting results will be announced by way of a Stock Exchange announcement and published on our website as soon as reasonably practicable following the conclusion of the AGM. As at previous AGMs, we will take votes on all matters at the 2026 AGM by way of a poll.

Authority to purchase shares

The authority given at the 2025 AGM for BT Group plc to purchase in the market 996 million of its shares, representing 10% of BT Group plc's issued share capital (excluding treasury shares), expires at the conclusion of the 2026 AGM. We will ask shareholders to give a similar authority at the 2026 AGM.

During FY26 and up to and including 20 May 2026, no shares were purchased under this authority.

At the start of the year, 11 million shares (having a total nominal value of £565,000, and constituting 0.11% of the issued share capital (0.11% excluding treasury shares)) were held as treasury shares. During FY26, 10.8 million treasury shares (having a nominal value of £540,000, and constituting 0.10% of the issued share capital (0.10% excluding treasury shares)) were transferred to meet BT Group plc's obligations under its employee share plans. As at 31 March 2026, a total of 487,815 shares (having a total nominal value of £24,391, and constituting 0.004% of the issued share capital (0.004% excluding treasury shares)) were held as treasury shares (see note 21 to the consolidated **financial statements**).

Since 31 March 2026 (up to and including 20 May 2026) no further shares have been transferred to meet BT Group plc's obligations under its employee share plans.

As at 20 May 2026, a total of 487,815 shares (having a nominal value of £24,391, and constituting 0.004% of the issued share capital (0.004% excluding treasury shares)) were held as treasury shares.

In addition, during FY26 and up to and including 20 May 2026 the Trust purchased 19.3 million BT Group plc shares for a total consideration of £36.7m. The Trust held 114 million shares both at 31 March 2026 and 20 May 2026.

Report of the directors (continued)

Political donations

Our policy is that no company in the group will make contributions in cash or in kind to any political party, whether by gift or loan.

However, the definition of political donations used in the 2006 Act is significantly broader than the sense in which these words are ordinarily used. The 2006 Act's remit could cover making members of Parliament and others in the political world aware of key industry issues and matters affecting BT Group plc, and enhancing their understanding of the group.

The authority for political donations requested at the 2026 AGM is not intended to change this policy. It does, however, ensure that the group continues to act within the provisions of the 2006 Act, requiring companies to obtain shareholder authority before they make donations to political parties and/or political organisations as defined in the 2006 Act. During FY26, BT Group plc's wholly owned subsidiary, British Telecommunications plc, paid the costs of attending events at (i) the Labour Party Conference; (ii) the Conservative Party Conference; (iii) the Reform Party Conference; (iv) the Scottish National Party Conference; (v) the Plaid Cymru Conference; and (vi) the Welsh Labour Party Conference. These costs totalled £9,315 (FY25: £8,674). No company in the group made any loans to any political party.

Substantial shareholdings

As at 31 March 2026, BT Group plc had received notice, under the DTRs, in respect of the following holdings of 3% or more of the voting rights in its issued ordinary share capital:

	Date of notification	Shares	% of total voting rights
Bharti Televentures UK Limited	8 December 2025	2,486,900,000	24.95%
T-Mobile Holdings	23 March 2018	1,196,175,322	12.06%
BlackRock, Inc.	13 June 2023	470,325,337	4.73%
Control Empresarial de Capitaes, S.A. de C.V.	2 September 2024	428,495,186	4.30%

As at 20 May 2026, BT Group had not received any further such notices under the DTRs.

Workforce engagement

Engaging with our colleagues is critical to creating a culture where they can be their best and contribute to our purpose, ambition, strategy and long-term success.

Engaging with our colleagues takes many forms, including through:

- the Board receiving updates from the Chief Executive and Chief People & Culture Officer on topics including people strategy initiatives, culture, and sentiment across the organisation
- insight gathered from the Big Conversation – an open, online discussion with broad engagement from almost 27,000 of our people across the organisation – to shape the behaviours we've launched this year, putting our people at the heart of our culture refresh
- visits by Non-Executive Directors to locations throughout the year, including BT's Mobile Technology Operations Centre and Cyber Security Operations Centre at our Bristol Assembly hub – see pages 82 and 87
- our Designated Non-Executive Director for Workforce Engagement, Maggie Chan Jones, engaging with colleagues through a series of in-person and virtual meetings, during which colleagues were encouraged to share personal views and experiences, which provided Maggie with a varied range of opinions and insights from across the group – see pages 82 to 83
- informal breakfast sessions with members of the Board and groups of colleagues held before some Board meetings
- our half yearly Your Say engagement surveys which provide practical insights to people managers to help them understand what their teams are feeling and experiencing over time
- regular communications.

Colleagues are kept well informed on matters such as the strategy and performance of the group, including after certain key events such as results and trading updates.

We also work with our highly active, engaged and award-winning People Networks. These colleague-driven groups raise awareness and advocate for change both inside and outside BT Group. Maggie Chan Jones met with representatives of the People Networks – see page 82. We also maintain close relationships with formal representative groups and unions.

Despite the high levels of change and transformation, engagement has stayed strong at 76% (UK), above the UK external benchmark (70%).

We provide our colleagues with the opportunity to become BT shareholders through the operation of all-employee share plans. We annually consider which all-employee plans to offer, both in the UK and globally.

Additional Designated Non-Executive Directors for Workforce Engagement, Alex Chisholm and Sara Weller will be appointed with effect from 1 June 2026 – see pages 74 and 85.

Employees with disabilities

We're a Disability Confident Leader and actively encourage the recruitment, development, promotion and retention of disabled and neurodiverse people.

We know that workplace adjustments are crucial to allow disabled and neurodiverse colleagues to perform to their best and we're committed to making workplace adjustments for colleagues who need them.

In FY26, 1,821 colleagues were referred to the workplace adjustment process to ensure they had the necessary adjustments to enable them to succeed at BT.

This year, we migrated our Disability and Neurodiversity Hub to our central HR knowledge and information portal. The move provides colleagues with improved search functionality powered by AI, making it easier to find the support and guidance they need.

This is the third year that we've voluntarily reported our disability pay gap; it reflects our drive for equal opportunity across all characteristics. Disability is voluntarily disclosed and at the time of the snapshot date in April 2025, 75% of our UK colleagues were happy to disclose. The mean and median pay gaps were low, with a mean gap of +0.7% and 0.0% median gap. Further information can be found on page 35.

We continued our partnership with the Business Disability Forum, and we will be working to make sure that we're able to meet and exceed the commitments we made to obtain our Disability Confident leader status and our membership of Valuable 500.

 **Read more on inclusion and wellbeing at bt.com/inclusion-and-diversity**

Cross-reference to the Strategic report

We have chosen to include the following information in the **Strategic report** in line with the 2006 Act (otherwise required by law to be included in the **Report of the directors**):

- the final dividend proposed by the Board (page 47)
- an indication of likely future developments in the business of BT Group plc and its group (pages 1 to 72)
- an indication of our research and development activities (page 15)
- information about how the directors engaged with UK employees, had regard to UK employee interests, and the effect of that regard, including on principal decisions during the year (pages 30, 34 and 36)
- information about how the directors have had regard to the need to foster business relationships with suppliers, customers and others, and the effect of that regard, including on principal decisions during the year (pages 24 to 27 and 32 to 39)
- information about greenhouse gas emissions, energy consumption and energy efficiency action (pages 31 and 64 and 71).

By order of the Board

Sabine Chalmers

**Group General Counsel, Company Secretary and
Director Regulatory Affairs**

20 May 2026

FINANCIAL STATEMENTS

Look out for these throughout the report

-  [Significant accounting policies](#)
-  [Critical and key accounting estimates and significant judgements](#)

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KPMG LLP's Independent Auditor's Report to the members of BT Group plc

1. Our opinion is unmodified

In our opinion:

- the financial statements of BT Group Plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2026, and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and Parent Company financial statements of BT Group Plc ("the Company") for the year ended 31 March 2026 (FY26) included in the Annual Report, which comprise:

Group

- Group Income statement
- Group statement of comprehensive income
- Group balance sheet
- Group statement of changes in equity
- Group cash flow statement
- Notes 1 to 34 to the Group financial statements, including the accounting policies in Note 3.

Parent Company (BT Group Plc)

- Company balance sheet
- Company statement of changes in equity
- Notes 1 to 3 to the Parent Company financial statements, including the accounting policies in note 1.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit and Risk Committee ("ARC").

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2. Overview of our audit

Factors driving our view of risks

Our risk assessment is driven by understanding of the applicable financial reporting framework, our knowledge of the business, the industry and the wider economic environment in which BT Group plc operates.

Revenue from non-long term contracts remains a focus area due to the complexity arising from the large number of low value transactions managed through a number of distinct billing systems, and the complex IT landscape linking the billing systems together.

In addition, the bespoke nature of the pricing structure within some of Business' contracts means that there is a higher risk of processing error in relation to a proportion of Business' revenue derived from the billing systems and estimation uncertainty over the associated refund liabilities.

The carrying amount of goodwill attributable to the Business cash generating unit remains a focus area, in addition to which we have newly included the International cash generating unit, each due to the inherent uncertainty associated with forecasting cashflows, which forms the basis for evaluating recoverability.

The valuation of the BT pension scheme ("BTPS") defined obligation also remains a focus area as it is complex, relying on key actuarial assumptions such as discount rates, RPI, and mortality.

We continue to have a focus on the BTPS which holds diverse unquoted assets which are valued based on inputs not directly observable. The valuation of these assets requires the involvement of experts and significant judgement over the key unobservable input.

We continue to identify the recoverability of the Parent Company investment in subsidiaries as a focus area for the Parent Company's standalone accounts. This is due to the materiality of the Parent Company's investment in subsidiaries compared to the company's total assets.

Key Audit Matters	Vs FY25	Item
Accuracy of revenue due to complex billing systems in Business (Group)	↓	4.1
Carrying amount of Goodwill attributable to the Business and International CGUs (Group)	+	4.2
Valuation of defined benefit obligation of the BT Pension Scheme (BTPS) (Group)	↔	4.3
Valuation of unquoted assets in the BT Pension scheme (BTPS) (Group)	↔	4.4
Recoverability of Parent Company investment in subsidiaries (Parent Company)	↔	4.5

Audit and Risk Committee Interaction

During the year, the ARC met 6 times. KPMG are invited to attend all ARC meetings and are provided with an opportunity to meet with the ARC in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the ARC in section 4, including matters that required particular judgement for each.

The matters included in the Audit and Risk Committee Chair's report on page 91 to 96 are materially consistent with our observations of those meetings.

Our Independence

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

We have not performed any non-audit services during the year ended 31 March 2026 or subsequently which are prohibited by the FRC Ethical Standard.

We were first appointed as auditor by the shareholders for the year ended 31 March 2019. The period of total uninterrupted engagement is for the 8 financial years ended 31 March 2026.

The Group engagement partner is required to rotate every 5 years. As these are the third set of the Group's financial statements signed by Jonathan Mills, he will be required to rotate off after the FY28 audit.

The average tenure of component engagement partners is 1 year, with the shortest being 1 and the longest being 1.

KPMG LLP's Independent Auditor's Report to the members of BT Group plc (continued)

Total audit fee	£21.4m
Audit related fees (including interim review)	£2.4m
Other services	£0.0m
Non-audit fee as a % of total audit and audit related fee %	11.3%
Date first appointed	11 July 2018
Uninterrupted audit tenure	8 years
Next financial period which requires a tender	2029
Tenure of Group engagement partner	3 years
Average tenure of component engagement partners	1 year

Materiality (Item 6 below)

The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement ('RMM').

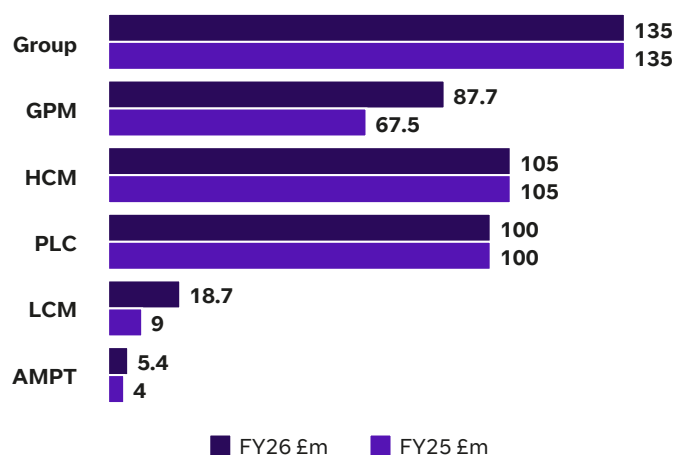
We have determined overall materiality for the Group financial statements as a whole at £135m (FY25: £135m) and for the Parent Company financial statements as a whole at £100m (FY25: £100m).

Consistent with FY25, we determined that Total Revenue remains the benchmark for the Group. In the context of the high levels of capital investment for future growth, Revenue is considered a more representative and stable measure of performance.

As such, we based our Group materiality on Total Revenue, of which it represents 0.69% (FY25: 0.66%).

Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company total assets, limited to be less than materiality for Group materiality as a whole. It represents 0.87% (FY25: 0.88%).

Materiality levels used in our audit



Group	Group Materiality
GPM	Group Performance Materiality
HCM	Highest Component Materiality
PLC	Parent Company Materiality
LCM	Lowest Component Materiality
AMPT	Audit Misstatement Posting Threshold

Group scope (Item 7 below)

We have performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, what audit procedures to perform at these components and the extent of involvement required from our component auditors around the world.

The total number of components in scope for risk assessment and audit procedures for FY26 is three.

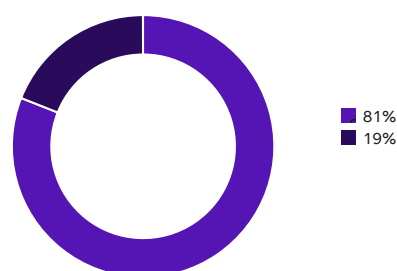
In addition, for the remaining components for which we performed no audit procedures, we performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

We consider the scope of our audit, as communicated to the Audit and Risk Committee, to be an appropriate basis for our audit opinion.

Coverage of Group financial statements

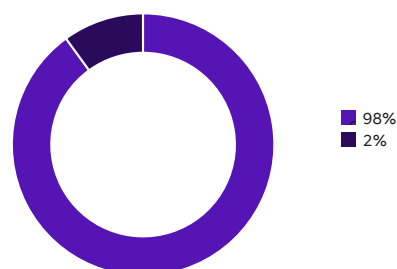
Our audit procedures covered 81% of Group revenue:

Group Revenue

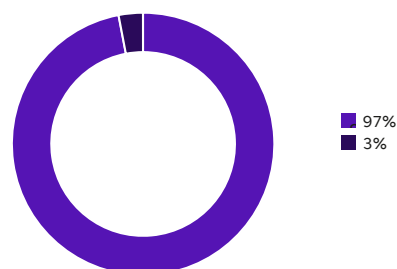


We performed audit procedures in relation to components that accounted for the following percentages:

Group profit before tax



Group Total assets



The impact of climate change on our audit

In planning our audit, we considered the potential impacts of climate change on the Group's business and its financial statements.

As set out in the Strategic Report, the Group has committed to be a net-zero business by 2031 and has also outlined several shorter-term climate change targets. As part of our audit, we have performed a risk assessment, including enquiries of management, to understand how the impact of commitments made by the Group in respect of climate change, as well as the physical and transition risks of climate change, may affect the financial statements and our audit.

The potential impacts of these matters relate to the forward-looking estimates, which include projections for impairment assessment of goodwill, useful economic life of vehicle fleet and infrastructure assets impacting on future depreciation charges, and significant assumptions used in pension asset valuations. Taking into account our risk assessment procedures, the remaining useful economic lives of relevant assets and the nature of the assumptions used in the pension valuation, and the financial impact of climate risk and opportunities on the forecasted cashflows, we have assessed that there is not a significant risk to the balances in the financial statements as a result of climate change. Therefore, there was no material impact on the Group's critical accounting estimates and our key audit matters.

We have read the disclosures of climate related information in the annual report and considered their consistency with the financial statements and our audit knowledge.

3. Going concern, viability and principal risks and uncertainties

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Going concern

We used our knowledge of the Group, its industry and the general economic environment to identify the inherent risks to the business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Parent Company's available financial resources over this period were:

- The impact of rising energy prices, supply shortages and inflationary pressures;
- The impact of significant supply chain disruptions driven by geopolitical factors;
- The impact of plans to deliver new initiatives required to meet savings commitments not being realised;
- The likelihood of existing legal matters/claims crystallising within the going concern period

We also considered less predictable but realistic second order impacts, such as a large scale cyber breach, the UK experiences a significant recession, adverse changes to telecoms regulation, which could result in a rapid reduction of available financial resources.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group's financial forecasts.

Our procedures also included an assessment of whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern. Accordingly, based on those procedures, we found the directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable.

Our conclusions

- We consider that the directors' use of the going concern basis of accounting in the preparation of the financial is appropriate;
- We have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period. We found the going concern disclosure in note 1 to be acceptable; and
- The related statement under the UK Listing Rules set out on page 116 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Summary of our conclusions

We found the directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Corporate governance report on page 173 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Emerging and Principal Risks disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability statement set out on page 72 under the UK Listing Rules.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

KPMG LLP's Independent Auditor's Report to the members of BT Group plc (continued)

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

4. Key audit matters

What we mean

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Accuracy of revenue due to complex billing systems in Business (Group)

Financial Statement Elements

	FY26	FY25
Business revenue	£5.0bn	£5.1bn
Refund liability	£47m	£51m

Our assessment of risk vs FY25

↓	In FY26, the risk has been focused on revenue billed through 2 (FY25 – 3) billing systems
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Our results

FY26: Acceptable	FY25: Acceptable
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Description of the Key Audit Matter

Processing error

The Group's non-long-term contract revenue consists of a large number of low value transactions. The Group operates a number of distinct billing and order-entry systems and the IT landscape underpinning the end-to-end revenue process is complex.

There are multiple products sold at differing rates with varying price structures in place. Products represent a combination of service-based products, such as fixed line telephony, as well as goods, such as the provision of mobile handsets.

The revenue recognition of non-long-term contract revenue is not subject to significant judgement. However, due to the large number of transactions, manual nature of order entry and complexity of the billing systems, this is considered to be an area of most significance in our audit. Within Business, we have identified a significant risk of processing error in relation to some billing systems. In addition, the bespoke nature of the pricing structure within some of Business' contracts means that there is a higher risk of processing error in relation to a proportion of Business' revenue derived from certain billing systems.

Subjective estimate of refund liabilities in Business

The bespoke pricing structure results in a risk of billing inaccuracies within a proportion of Business' revenue and so over the identification of financial liabilities for associated customer refunds. The Group has estimated refund liabilities based on the results of a sample of billing items leading to estimation uncertainty over the refund liabilities.

The effect of these matters is that, as part of our risk assessment, we determined the estimation of refund liabilities had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The estimate could be subject to manipulation, which is the reason why we have considered it as a key matter of our audit and a fraud risk.

In conducting our final audit work, we have concluded the degree of estimation uncertainty to be less than materiality.

Our response to the risk

Our procedures to address the risk included:

Process understanding: Obtaining an understanding of the revenue processes by observing transactions from customer initiation to cash received for material revenue streams.

Tests of detail: Comparing a sample of revenue transactions, including credit adjustments, to supporting evidence e.g. customer bills, contracts, price lists and cash received (where applicable). We performed an assessment of whether the overstatements of revenue identified through these procedures were material, taking into account findings from other areas of the audit and qualitative aspects of the financial statements as a whole.

Tests of detail: Agreeing year end trade receivables to cash received after year end.

Tests of detail: Within Business, we compared the results of our test of detail over revenue, including error rates by product, in the current and previous years' audits, to the liabilities held for customer refunds.

Tests of detail: We challenged the Group's assessment of refund liabilities, based on billing errors identified through our sample testing and using our revenue data analytics routine to test contract tenure, error rate and product type, the key assumptions used within their independent calculation. We also challenged the Group on the legal and regulatory risks in relation to billing errors for the products impacted.

Assessing transparency: Considering the adequacy of the Group's disclosures in respect of the sensitivity of the refund liability to error rates and legal risks.

We performed the detailed tests above rather than seeking to rely on the Group's controls because our knowledge of the design of these controls, indicated that we would be unlikely to obtain the required evidence to support reliance on controls.

Communications with the BT Group Plc's Audit and Risk Committee

Our discussions with and reporting to the Audit and Risk Committee included:

- Our definition of the Key Audit Matter and our audit approach, including the extent of our planned control reliance.
- The results from our process understanding, including controls gaps identified.
- The results from our substantive testing. We performed an assessment of whether the overstatements of revenue identified through these procedures were material, taking into account findings from other areas of the audit and qualitative aspects of the financial statements as a whole.

Areas of particular auditor judgement

We exercised judgement over the adequacy of liabilities for customer refunds in light of overstatements of revenue identified through our testing over pricing within Business. Particular judgement was needed over the applicable error rate and periods impacted and comparing it to the liabilities held for customer refunds

Our results

The result of our testing were satisfactory (FY25: satisfactory) and we considered the revenue relating to non-long-term contract revenue and the estimate of refund liabilities and related disclosures to be acceptable (FY25: acceptable).

Further information in the Annual Report and Accounts: See the Audit and Risk Committee Report on page 93 for details on how the Audit and Risk Committee considered the accuracy of revenue due to complex billing systems in Business as an area of significant attention, page 145 for the accounting policy on Revenue, note 5 for the financial disclosures

4.2 Carrying amount of goodwill attributable to the UK business cash generating units (Group)

Financial Statement Elements

	FY26	FY25
Carrying amount of goodwill:		
Business CGU	£2.97bn	£2.97bn
International CGU	£0.47bn	£0.47bn

Our assessment of risk vs FY25

+	In FY26, the risk has been focused on the judgements taken in respect to forecast revenue growth and cost savings of the Business and International CGUs.
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Our results

FY26: Acceptable	FY25: Acceptable
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Description of the Key Audit Matter

Forecast-based impairment assessment

There is uncertainty in relation to the Business and International CGUs' ability to achieve revenue targets, given their historic performance and the execution risk associated with the transition from legacy to next generation telecommunication products and services. In conjunction with ongoing cost reductions and uncertainty in relation to the economic outlook, this renders precise forecasting of the underlying cash flows challenging.

The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the forecast cashflows used to support the recoverable amount of the goodwill allocated to the CGUs has a high degree of estimation uncertainty, with a potential range of reasonable impairment outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

For the Business CGU, in conducting our final audit work, based on audit evidence obtained, including updated performance of the CGU during the year and increase in headroom, we concluded that reasonably possible changes to recoverable amount would not be expected to result in material impairment.

For the International CGU, the financial statements (note 13) disclose the key assumptions underlying the recoverable amount and the sensitivity of the calculation to changes in these assumptions.

There is a risk that the disclosures presented are not sufficient to explain the key assumptions that drive the valuation of the International CGU, and the key sensitivities that the Board has considered.

Our response to the risk

Our procedures to address the risk included:

Tests of detail: We tested the principles and integrity of the discounted cash flow model utilised to determine FVLCD. We compared the cash flows used in the impairment model to the output of the Group's budgeting process.

Our entity experience: We critically assessed the Group's assumptions of forecast revenue and cost, including savings from the ongoing cost saving programme, taking account of strategic plans approved by the Board. We assessed if these forecast cash flows were reasonable from the perspective of a market participant. This included benchmarking of revenue and EBITDA growth assumptions against externally derived data and analyst reports.

Historical comparison: We assessed the historical accuracy of the forecasts used in the impairment model by considering actual performance against prior year budgets. We assessed the forecast revenue and EBITDA growth with reference to the most recent results for FY25 and FY26, challenging if the forecast cashflows have been appropriately risk adjusted to reflect the downside risk and opportunities identified by the Group.

Sensitivity analysis: We performed sensitivity and break-even analyses for revenue and EBITDA growth rate individually and in combination with the discount rate and the long-term growth rate assumptions.

Comparing valuations: As an overall stand-back test we compared the combined value of the recoverable amount of all of the CGUs to the Group's market capitalisation to assess the reasonableness of the underlying cashflows, assessing and challenging the difference to understand whether the assumptions applied in the impairment test were acceptable. We also compared the implied EBITDA multiple for the CGUs against those of comparable companies.

Assessing consistency: We assessed the consistency of the forecasts used by the Group across different areas such as goodwill impairment testing and the viability assessment.

Assessing transparency: We evaluated the adequacy of disclosures related to the estimation uncertainty, and those related to key assumptions in determining the recoverable amount of the International CGU.

KPMG LLP's Independent Auditor's Report to the members of BT Group plc (continued)

We performed the detailed tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Communications with the BT Group Plc's Audit and Risk Committee

Our discussions with and reporting to the Audit and Risk Committee included:

- Our determination of which assumptions are associated with the significant risk in FY26, and our conclusions on appropriateness of assumptions in the impairment model.
- Updates to our risk assessment such that we do not consider there to be a significant risk of material impairment of the Business CGU.
- Our view on the disclosures included in the financial statements and the sensitivity of the International CGU recoverable amount to reasonably possible changes in assumptions.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- Whether the Group's cashflow forecasts for the International CGU, in particular those in respect of revenue growth and the timing and quantum of cost savings expected from delivery of the cost saving programme, fell within an acceptable range.
- Adequacy of sensitivity disclosures and assessment as to what would constitute a reasonably possible downside scenario for the International CGU.

Our results

We found the Group's conclusion that there is no impairment of the Business and International CGUs to be acceptable (FY25: acceptable).

We found the Group's disclosures of the sensitivities related to the Business and International CGU to be acceptable (FY25: acceptable).

Further information in the Annual Report and Accounts: See the Audit and Risk Committee Report on page 93 for details on how the Audit and Risk Committee considered impairment of goodwill as an area of significant attention, page 158 for the accounting policy on impairment of goodwill, and note 13 for the financial disclosures.

4.3 Valuation of defined benefit obligation of the BT Pension Scheme (BTPS) (Group)

Financial Statement Elements

	FY26	FY25
BTPS Obligation	£35.1bn	£35.7bn

Our assessment of risk vs FY25

↔ Our assessment of the risk is similar to FY25.

Our results

FY26: Acceptable FY25: Acceptable

Description of the Key Audit Matter

Subjective valuation

The valuation of the BT pension scheme ("BTPS") defined obligation is complex and requires a significant degree of estimation in determining the assumptions. It is dependent on key actuarial assumptions, including the discount rate, retail price index ("RPI") and mortality assumptions. A change in the methodology applied or small changes in the key actuarial assumptions may have a significant impact on the measurement of the defined benefit pension obligation.

The effect of these matters is that, as part of our risk assessment, we determined the valuation of the BTPS defined benefit obligation had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 20) disclose the key sensitivities of the defined benefit pension obligation to changes in key assumptions.

Our response to the risk

Our procedures to address the risk included:

Evaluation of the Group's experts: Evaluating the scope, competency and objectivity of the Group's external experts who assisted in determining the actuarial assumptions used to determine the defined benefit obligation.

Our actuarial expertise: With the support of our own actuarial specialists, we performed the following:

- Evaluating the judgements made and the appropriateness of methodologies used by the Group and the Group's expert in determining the key actuarial assumptions;
- Comparing the assumptions used by the Group to our independently compiled expected ranges based on market observable data points and our market experience.

Assessing transparency: Considering the adequacy of the Group's disclosures in respect of the sensitivity of the obligation to these assumptions.

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Communications with the BT Group Plc's Audit and Risk Committee

Our discussions with and reporting to the Audit and Risk Committee included:

- Our definition of the key audit matter relating to the valuation of the defined benefit obligation of the BTPS.
- Our audit response to the key audit matter which included the use of specialists to challenge key aspects of the Group's actuarial valuation.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- Subjective and complex auditor judgement was required in evaluating the key actuarial assumptions used by the Group (including the discount rate, retail price index and mortality assumptions).

Our results

We found the valuation of the defined benefit obligation of the BT Pension Scheme and related disclosures to be acceptable (FY25: acceptable).

 **Further information in the Annual Report and Accounts: See the Audit and Risk Committee Report on page 93 for details on how the Audit and Risk Committee considered the valuation of defined benefit obligation of the BTPS as an area of significant attention, page 177 for the accounting policy on the Retirement Benefit Plan (note 20) for the financial disclosures**

4.4 Valuation of unquoted assets in the BT Pension Scheme (BTPS) (Group)

Financial Statement Elements

	FY26	FY25
Longevity Insurance Contracts for the BTPS: included within the unquoted BTPS plan assets	£0.9bn	£0.9bn

Our assessment of risk vs FY25



Our assessment of the risk is similar to FY25.

Our results

FY26: Acceptable	FY25: Acceptable
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Description of the Key Audit Matter

Subjective valuation

The BTPS have unquoted plan assets in private equity, UK and overseas property, mature infrastructure, longevity insurance contracts, secure income and non-core credit assets which are classified as fair value level three assets.

Significant judgement is required to determine the value of a portion of these unquoted investments, which are valued based on inputs that are not directly observable. The Group engages valuation experts to value these assets.

A key valuation judgement was in respect of the longevity insurance contracts. The key unobservable inputs used to determine the fair value of the longevity insurance contracts include the discount rate and projected future mortality.

The effect of these matters was considered as part of our risk assessment in the current year and we determined that the valuation of longevity insurance contract assets held by the BTPS has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

The financial statements (note 19) disclose the key sensitivities of the valuation of plan assets to changes in key assumptions.

Our response to the risk

Our procedures to address the risk included:

Assessing valuers' credentials: Evaluating the scope, competency and objectivity of the Group's external experts who assisted in determining the key unobservable inputs and the valuation of a longevity insurance contract.

Comparing valuations: Challenging, with the support of our own actuarial specialists, the fair value of the longevity insurance contracts by assessing the company's estimated value using assumptions such as the discount rate and projected future mortality, based on external data. External data included market views of the impact from COVID and post pandemic mortality experience on future mortality, BT's own scheme mortality experience during the COVID-19 years, market discount rates and the demographic analysis.

Assessing transparency: Considering the adequacy of the Group's disclosures in respect of the sensitivity of the longevity insurance contract asset valuations to these assumptions.

We performed the detailed tests above rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls.

KPMG LLP's Independent Auditor's Report to the members of BT Group plc (continued)

Communications with the BT Group Plc's Audit and Risk Committee

Our discussions with and reporting to the Audit and Risk Committee included:

- Our definition of the key audit matter relating to the valuation of a longevity insurance contract.
- Our audit response to the key audit matter which included the use of specialists to challenge key aspects of the Group's valuation of longevity insurance contract assets.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- Subjective and complex auditor judgement was required in evaluating the key assumptions used by the Group (including the discount rate and projected future mortality).

Our results

We found the valuation of the longevity insurance contracts and related disclosures to be acceptable (FY25: acceptable).

Further information in the Annual Report and Accounts: See the Audit and Risk Committee Report on page 93 for details on how the Audit and Risk Committee considered the valuation of unquoted investments in the BTPS (including the longevity insurance contract) as an area of significant attention, page 177 for the accounting policy on Retirement benefit plans (note 20) for the financial disclosures.

4.5 Recoverability of Parent Company investment in subsidiaries (Parent Company)

Financial Statement Elements

	FY26	FY25
Investment in subsidiary	£11.44bn	£11.40bn

Our assessment of risk vs FY25

↔	Our assessment of the risk is similar to FY25.
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Our results

FY26: Acceptable	FY25: Acceptable
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Description of the Key Audit Matter

Low risk, high value

The carrying amount of the Parent company investment in subsidiary represents almost 100% (FY25: 100%), of the Parent Company's total assets.

The recoverability is not at a high risk of material misstatement or subject to significant judgement. However, due to its materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent company audit.

Our response to the risk

Our procedures to address the risk included:

Tests of detail: Comparing the carrying amount of the Parent company's investment, with the relevant subsidiary balance sheet to identify whether its net assets, being an approximation of their minimum recoverable amount, was in excess of its carrying amount and assessing whether that subsidiary Group has historically been profit-making.

Comparing valuations: Comparing the carrying amount of the Parent company's investment with the market capitalisation of the Group.

We performed the tests above rather than seeking to rely on any of the Parent company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Communications with the BT Group Plc's Audit and Risk Committee

Our discussions with and reporting to the Audit and Risk Committee included:

- Our definition of the key audit matter and our findings along with the procedures performed to address the corresponding risk.
- The result of our substantive testing.

Areas of particular auditor judgement

We did not identify any areas of particular auditor judgement.

Our results

We found the Parent Company's conclusion that there is no impairment of its investment in subsidiary to be acceptable (FY25: acceptable).

Further information in the Annual Report and Accounts: Refer to page 218 for the accounting policy on Investment in Subsidiary Undertaking

5. Our ability to detect irregularities, and our response

Fraud – Identifying and responding to risks of material misstatement due to fraud

Fraud risk assessment

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board, Audit and Risk Committee, Remuneration Committee and other Executive Committee minutes;
- considering remuneration incentive schemes and performance targets for management and directors including the EPS target for management remuneration;
- using analytical procedures to identify any unusual or unexpected relationships.

- Our forensic professionals assisted us in identifying key fraud risks. This included attending the Risk Assessment and Planning Discussion, holding a discussion with the engagement partner, engagement manager and engagement quality control reviewer, and assisting with designing relevant audit procedures to respond to the identified fraud risks. They also attended meetings with management to discuss key fraud risk areas.

Risk communications

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to all component engagement teams of relevant fraud risks identified at the Group level and request to component engagement teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

Fraud risks

As required by auditing standards, and taking into account possible pressures to meet profit targets, recent revisions to guidance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, and the risk of fraudulent revenue recognition in relation to the revenue streams in Business, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries; and
- the risk that the refund liability position in Business is not complete, given the high degree of estimation uncertainty in the calculation and the sensitivity of the liability position.

We did not identify any additional fraud risks.

Link to KAMS

Further details in respect of risk over the identification of refund liabilities for associated customers is contained within the Key Audit Matter disclosures in item 4.1 of this report.

Procedures to address fraud risks

In determining the audit procedures, we took into account the results of our results of design and implementation of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test at the Group level and for all components in scope based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted and approved by senior management personnel, and those containing keywords;
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias;
- Evaluating the business purpose for significant unusual transactions.

Laws and regulations – identifying and responding to risks of material misstatement relating to compliance with laws and regulations

Laws and regulations risk assessment

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussions with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and also discussed with the directors and other management, the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the Group's procedures for complying with regulatory requirements.

Risk communications

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component auditors of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Direct laws context and link to audit

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and pension legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items

Most significant indirect law/ regulation areas

The Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: anti-bribery laws, regulations affecting telecommunication providers, and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities (including compliance with Ofcom regulation) and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the legal matters discussed in note 18 we assessed disclosures against our understanding from legal correspondence.

Context

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

KPMG LLP's Independent Auditor's Report to the members of BT Group plc (continued)

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£135m (FY25: £135m)

Materiality for the Group financial statements as a whole

What we mean

A quantitative reference for the purpose of planning and performing our audit.

Basis for determining materiality and judgements applied

Materiality for the Group financial statements as a whole was set at £135m (FY25: £135m). This was determined with reference to a benchmark of Total Revenue (of which it represents 0.69% (FY25: 0.66%)).

Consistent with FY25, we determined that Group Total Revenue remains the main benchmark for the Group. In the context of the high levels of capital investment for future growth, Revenue is considered a more representative and stable measure of performance. As such, we based our Group materiality on Group Total revenue of £19.65 billion (FY25: £20.36 billion).

Our Group materiality of £135m was determined by applying a percentage to the Group Total Revenue. When using a benchmark of Total Revenue to determine overall materiality, KPMG's approach for listed entities considers a guideline range 0.5% – 1% of the measure. In setting overall Group materiality, we applied a percentage of 0.69% (FY25: 0.66%) to the benchmark.

Materiality for the Parent Company financial statements as a whole was set at £100m (FY25: £100m), determined with reference to a benchmark of Parent Company total assets, of which it represents 0.87% (FY25: 0.88%).

£87.7m (FY25: £67.5m)

Performance materiality

What we mean

Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Basis for determining performance materiality and judgements applied

We have considered performance materiality at a level of 65% (FY25: 50%) of materiality for BT Group Plc's Group financial statements as a whole to be appropriate.

The Parent Company performance materiality was set at £64m (FY25: £50m), which equates to 65% (FY25: 50%) of materiality for the Parent Company financial statements as a whole.

Performance materiality has been increased from 50% in the prior year to 65% in the current year, reflecting a reduced level of identified misstatements during the prior period and ongoing improvements in the control environment in the year.

£5.4m (FY25: £4.0m)

Audit misstatement posting threshold

What we mean

This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.

This is also the amount above which all misstatements identified are communicated to BT Group Plc's Audit and Risk Committee.

Basis for determining the audit misstatement posting threshold and judgements applied

We set our audit misstatement posting threshold at 4% (FY25: 3%) of our materiality for the Group financial statements. We also report to the Audit and Risk Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £135m (FY25: £135m) compares as follows to the main financial statement caption amounts:

Total Group Revenue

	FY26	FY25
Financial statement Caption	£19,654m	£20,358m
Group Materiality as % of caption	0.7%	0.7%

Group profit before tax

	FY26	FY25
Financial statement Caption	£1,436m	£1,334m
Group Materiality as % of caption	9.4%	10.1%

Total Group Assets

	FY26	FY25
Financial statement Caption	£49,976m	£50,982m
Group Materiality as % of caption	0.3%	0.3%

7. The scope of our audit**Group scope****What we mean**

In line with the revised group auditing standard, we performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 212 components, having considered our evaluation of the Group's operational structure, the Group's legal structure, the existence of common information systems, the existence of common risk profile across entities, business units, geographical locations, and our ability to perform audit procedures centrally.

Of those, we identified 2 quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

Additionally, having considered qualitative and quantitative factors, we selected 1 additional component with accounts and disclosures contributing to the specific RMMs of the Group financial statements.

The below summarises where we performed audit procedures:

Component type	Number of components where we performed audit procedures	Range of materiality applied
Quantitatively significant components	2	£85m – £105m
Other components where we performed procedures	1	£18.7m
Total	3	

We involved component auditors in performing the audit work on 1 component. We set the component materiality having regard to the mix of size and risk profile of the Group across the components. We also performed the audit of the parent Company.

Our audit procedures covered 81% of Group revenue.

We performed audit procedures in relation to components that accounted for 98% of the total profits and losses that made up group profit before tax and 97% of Group total assets.

For the remaining components for which we performed no audit procedures, no component represented more than 10% of Group total revenue, Group profit before tax or Group total assets. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

We have also performed risk assessment and/or audit procedures centrally across the Group, in the following areas:

- Testing of IT Systems
- Litigation and claims

These items were audited by the Group team for efficiency purposes, where the Group team has direct access to the underlying information. The Group team communicated the results of these procedures to the component teams.

KPMG LLP's Independent Auditor's Report to the members of BT Group plc (continued)

Impact of controls on our group audit.

As noted by the Audit and Risk Committee on page 96, Group's control environment is undergoing a program of transformation and improvement. BT's main financial system is supported by a number of legacy ERP applications.

In our previous audits, we identified pervasive General IT Control deficiencies in a number of legacy ERP systems.

In the current period, we obtained an understanding of these IT systems at the planning stage of our audit. The Group's IT landscape continued to undergo significant change during the period as part of the transformation and improvement programme and BT continue to rely on legacy IT systems for a number of key processes. Therefore, we did not plan to rely on the Group's general IT controls in the current year's audit.

We assessed the design of manual controls related to management override of controls and revenue, and as a result of our testing were unable to rely on controls in these areas and therefore performed additional substantive testing – our response in relation to revenue is described in our Key Audit Matter in Section 4.1.

Overall, considering the developing nature of the overall control environment and transformation project, we concluded that a fully substantive audit approach was appropriate in all aspects of the audit for the year ended 31 March 2026.

Group auditor oversight

What we mean

The extent of the Group auditor's involvement in work performed by component auditors.

In working with component auditors, we:

- Included the component auditors' engagement partners and managers in the Group planning discussions to facilitate inputs from component auditors in the identification of matters relevant to the Group audit.
- Issued Group audit instructions to component auditors on the scope of their work.
- We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed.
- Held risk assessment update discussions with component audit teams before the commencement of the final phases of the audit led by the Group engagement partner and engagement quality control partner.

8. Other information in the annual report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information

Our responsibility

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Our reporting

Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic report and directors' report

Our responsibility and reporting

Based solely on our work on the other information described above we report to you as follows:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

Our responsibility

We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Our reporting

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance disclosures

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit and Risk Committee, including the significant issues that the Audit and Risk Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the UK Listing Rules for our review.

Our reporting

Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.

We have nothing to report in this respect.

Other matters on which we are required to report by exception

Our responsibility

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Our reporting

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 113, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Mills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
 Chartered Accountants
 15 Canada Square
 London
 E14 5GL
 20 May 2026

Group income statement

Year ended 31 March 2026

	Notes	Before specific items (‘Adjusted’) £m	Specific items ^a £m	Total (Reported) £m
Revenue	4, 5	19,646	8	19,654
Operating costs	6	(16,291)	(466)	(16,757)
<i>Of which net impairment losses on trade receivables and contract assets</i>		(146)	—	(146)
Operating profit (loss)	4	3,355	(458)	2,897
Finance expense	28	(1,206)	(191)	(1,397)
Finance income	28	146	—	146
Net finance expense		(1,060)	(191)	(1,251)
Share of post-tax profit (loss) of associates and joint ventures	25	8	(218)	(210)
Profit (loss) before taxation		2,303	(867)	1,436
Taxation	10	(510)	151	(359)
Profit (loss) for the year		1,793	(716)	1,077
Earnings per share	11			
Basic		18.3p	(7.3)p	11.0p
Diluted		18.0p	(7.2)p	10.8p

Group income statement

Year ended 31 March 2025

	Notes	Before specific items (‘Adjusted’) £m	Specific items ^a £m	Total (Reported) £m
Revenue	4, 5	20,370	(12)	20,358
Operating costs	6	(17,094)	(772)	(17,866)
<i>Of which net impairment losses on trade receivables and contract assets</i>		(171)	—	(171)
Operating profit (loss)	4	3,276	(784)	2,492
Finance expense	28	(1,104)	(197)	(1,301)
Finance income	28	151	—	151
Net finance expense		(953)	(197)	(1,150)
Share of post-tax profit (loss) of associates and joint ventures	25	(8)	—	(8)
Profit (loss) before taxation		2,315	(981)	1,334
Taxation	10	(480)	200	(280)
Profit (loss) for the year		1,835	(781)	1,054
Earnings per share	11			
Basic		18.8p	(8.0)p	10.8p
Diluted		18.4p	(7.8)p	10.6p

^a Specific items are defined and analysed in note 9.

Group statement of comprehensive income

Year ended 31 March 2026

	Notes	2026 £m	2025 £m
Profit for the year		1,077	1,054
Other comprehensive income (loss)			
<i>Items that will not be reclassified to the income statement</i>			
Remeasurements of the net pension obligation	20	(736)	88
Tax on pension remeasurements	10	168	(22)
<i>Items that have been or may be reclassified to the income statement</i>			
Exchange differences on translation of foreign operations ^a	30	(39)	(50)
Fair value movements on assets at fair value through other comprehensive income	30	3	(6)
Movements in relation to cash flow hedges:			
– net fair value (losses)	30	(161)	(105)
– recognised in income and expense	30	(22)	329
Tax on components of other comprehensive income (loss) that have been or may be reclassified	10, 30	41	(56)
Share of post-tax other comprehensive income (loss) in associates and joint ventures	25	11	(5)
Other comprehensive (loss) income for the year, net of tax		(735)	173
Total comprehensive income for the year		342	1,227

^a Includes £17m (FY25: £nil) cumulative exchange gain recycled to the income statement upon disposal of foreign operations see note 23.

Group balance sheet

At 31 March 2026

	Notes	2026 £m	2025 ^a £m
Non-current assets			
Goodwill ^a	13	7,305	7,310
Other intangible assets ^a	14	4,663	5,123
Property, plant and equipment	15	24,650	23,380
Right-of-use assets	16	3,032	3,328
Derivative financial instruments	29	830	904
Investments	24	20	17
Joint ventures and associates	25	4	252
Trade and other receivables	17	681	655
Preference shares in joint ventures	25	—	234
Contract assets	5	382	306
Retirement benefit surplus	20	170	142
Deferred tax assets	10	1,124	959
		42,861	42,610
Current assets			
Inventories		366	331
Trade and other receivables	17	3,116	3,109
Preference shares in joint ventures	25	282	161
Contract assets	5	1,009	1,194
Assets classified as held for sale	23	—	245
Current tax receivable		433	355
Derivative financial instruments	29	68	130
Investments	24	1,482	2,631
Cash and cash equivalents	26	359	216
		7,115	8,372
Current liabilities			
Loans and other borrowings	27	420	2,092
Derivative financial instruments	29	85	106
Trade and other payables	18	5,895	5,955
Contract liabilities	5	963	899
Lease liabilities	16	779	705
Liabilities classified as held for sale	23	—	188
Current tax liabilities		66	82
Provisions	19	201	258
		8,409	10,285
Total assets less current liabilities		41,567	40,697
Non-current liabilities			
Loans and other borrowings	27	18,116	16,670
Derivative financial instruments	29	313	391
Contract liabilities	5	274	257
Lease liabilities	16	3,405	3,866
Retirement benefit obligations	20	4,379	4,230
Other payables	18	177	276
Deferred tax liabilities	10	1,969	1,717
Provisions	19	370	382
		29,003	27,789
Equity			
Share capital		499	499
Share premium		1,051	1,051
Own shares	21	(188)	(378)
Merger reserve		998	998
Other reserves	30	650	828
Retained earnings		9,554	9,910
Total equity		12,564	12,908
		41,567	40,697

^a We have presented Goodwill & Other intangible assets as separate line items, which were previously presented within Intangible Assets, see note 1.

The consolidated financial statements on pages 134 to 214 were approved by the Board of Directors on 20 May 2026 and were signed on its behalf by:

Adam Crozier
Chairman

Allison Kirkby
Chief Executive

Simon Lowth
Chief Financial Officer

Group statement of changes in equity

Year ended 31 March 2026

	Notes	Share capital ^{a,b} £m	Share premium ^c £m	Own shares ^d £m	Merger reserve ^e £m	Other reserves ^f £m	Retained earnings (loss) £m	Total equity (deficit) £m
At 1 April 2024		499	1,051	(311)	998	716	9,565	12,518
Profit for the year		—	—	—	—	—	1,054	1,054
Other comprehensive income (loss) – before tax		—	—	—	—	(161)	83	(78)
Tax on other comprehensive income (loss)	10	—	—	—	—	(56)	(22)	(78)
Transferred to the income statement		—	—	—	—	329	—	329
Total comprehensive income (loss) for the year		—	—	—	—	112	1,115	1,227
Dividends to shareholders	12	—	—	—	—	—	(791)	(791)
Share-based payments	22	—	—	—	—	—	62	62
Tax on share-based payments	10	—	—	—	—	—	18	18
Net buyback of own shares	21	—	—	(67)	—	—	(58)	(125)
Other movements		—	—	—	—	—	(1)	(1)
At 31 March 2025		499	1,051	(378)	998	828	9,910	12,908
Profit for the year		—	—	—	—	—	1,077	1,077
Other comprehensive income (loss) – before tax		—	—	—	—	(197)	(725)	(922)
Tax on other comprehensive income (loss)	10	—	—	—	—	41	168	209
Transferred to the income statement		—	—	—	—	(22)	—	(22)
Total comprehensive income (loss) for the year		—	—	—	—	(178)	520	342
Dividends to shareholders	12	—	—	—	—	—	(807)	(807)
Share-based payments	22	—	—	—	—	—	49	49
Tax on share-based payments	10	—	—	—	—	—	25	25
Net buyback of own shares	21	—	—	190	—	—	(142)	48
Other movements		—	—	—	—	—	(1)	(1)
At 31 March 2026		499	1,051	(188)	998	650	9,554	12,564

^a The allotted, called up, and fully paid ordinary share capital of BT Group plc at 31 March 2026 was £499m comprising 9,968,127,681 ordinary shares of 5p each (31 March 2025: £499m comprising 9,968,127,681 ordinary shares of 5p each).

^b The holders of ordinary shares are entitled to receive dividends as declared and entitled to one vote for each share which they hold at meetings.

^c The share premium account, comprising the premium on allotment of shares, is not available for distribution.

^d For further analysis of own shares, see note 21.

^e The merger reserve balance at 1 April 2024 includes £998m related to the group reorganisation that occurred in November 2001 and represented the difference between the nominal value of shares in the new parent company, BT Group plc, and the aggregate of the share capital, share premium account and capital redemption reserve of the prior parent company, British Telecommunications plc.

^f For further analysis of other reserves, see note 30.

Group cash flow statement

Year ended 31 March 2026

	Notes	2026 £m	2025 £m
Cash flow from operating activities			
Profit before taxation		1,436	1,334
Share of post-tax loss of associates and joint ventures		210	8
Net finance expense		1,251	1,150
Operating profit		2,897	2,492
Other non-cash charges ^a		35	130
Impairment loss on remeasurement of disposal groups		27	116
(Profit) loss on disposal of businesses		(30)	—
(Profit) loss on disposal of property, plant and equipment and intangible assets		(37)	(32)
Depreciation and amortisation, including impairment charges	6	4,913	4,978
(Increase) decrease in inventories		(35)	78
(Increase) decrease in trade and other receivables		(20)	235
Decrease (increase) in contract assets		100	219
Increase (decrease) in trade and other payables		28	(386)
Increase (decrease) in contract liabilities		77	99
(Decrease) increase in other liabilities ^b		(802)	(924)
(Decrease) increase in provisions		(65)	(51)
Cash generated from operations		7,088	6,954
Income taxes refunded (paid)		(58)	35
Net cash inflow from operating activities		7,030	6,989
Cash flow from investing activities			
Interest received		96	132
Dividends received from joint ventures, associates and investments		15	4
Proceeds on disposal of businesses ^c		125	25
Proceeds on disposal of current financial assets ^d		12,840	13,891
Purchases of current financial assets ^d		(11,695)	(14,158)
Proceeds from investment in preference shares in joint venture	25	112	63
Proceeds on disposal of property, plant and equipment and intangible assets		40	36
Purchases of property, plant and equipment and intangible assets ^e		(5,169)	(4,937)
Increase (decrease) in amounts owed by joint ventures		(44)	120
Settlement of minimum guarantee liability with sports joint venture	18	(191)	(187)
Prepayment for forward sale of copper ^f		99	—
Net cash outflow from investing activities		(3,772)	(5,011)
Cash flow from financing activities			
Equity dividends paid		(807)	(788)
Interest paid		(1,028)	(956)
Repayment of borrowings ^g		(2,347)	(2,095)
Proceeds from bank loans and bonds		1,843	2,552
Payment of lease liabilities		(731)	(739)
Cash flows from collateral received (paid) ^h		(3)	(11)
Proceeds from exercise of employee share options		96	6
Repurchase of ordinary share capital		(126)	(79)
(Decrease) increase in amounts owed to joint ventures	27	(3)	(1)
Net cash outflow from financing activities		(3,106)	(2,111)
Net increase / (decrease) in cash and cash equivalents		152	(133)
Opening cash and cash equivalents		214	356
Net increase / (decrease) in cash and cash equivalents		152	(133)
Effect of exchange rate changes		(10)	(9)
Closing cash and cash equivalentsⁱ	26	356	214

^a FY26 non cash items includes £1m of fair value loss (FY25: £75m) on A and C preference shares held in the sports JV and an impairment loss of £23m in respect of Group's equity interest in the Sports JV (FY25: £44m).

^b Includes pension deficit payments of £790m (FY25: £803m) see note 20 for further details.

^c FY26 includes £152m cash disposed as part of the sale of domestic operations in Italy and £178m of consideration received as part of the disposal of BT Radianz.

^d Primarily consists of investments and redemptions of amounts held in liquidity funds.

^e Property, plant and equipment, engineering stores and software additions of £5,114m (FY25: £4,857m), spectrum additions of £13m (FY25: £nil) (see note 4) and capital accrual movements of £42m (FY25: £80m). Purchases of property, plant and equipment is presented net of cash inflows from government grants of £90m (FY25: £98m).

^f During FY26 we received an upfront prepayment of £99m (FY25: £nil) from entering into a forward agreement to sell copper granules created from surplus copper cables. As this is expected to be the only cash flow that occurs as part of this transaction the cash receipt has been included as a separate line within cash flows from investing activities. See note 27 for further details.

^g Repayment of borrowings includes the impact of hedging.

^h Cash flows relating to cash collateral held in respect of derivative financial assets with certain counterparties.

ⁱ Net of bank overdrafts of £3m (FY25: £2m).

Notes to the consolidated financial statements

1. Basis of preparation

Preparation of the financial statements

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006.

The consolidated financial statements are prepared on a going concern basis.

This assessment is consistent with the assessment of our viability, as set out on page 72, which has been based on the Company's strategy, balance sheet and financing position. It also reflects our £2.1bn undrawn committed borrowing facility which matures no earlier than January 2031 with the option to extend for one further year, and the potential impact of 'Our principal risks and uncertainties' (pages 56 to 62). The viability assessment includes an estimate of the financial impact of a severe but plausible combined scenario. This stress testing confirmed that existing projected cash flows and cash management activities provide us with adequate headroom over the going concern assessment period.

Having assessed the principal and emerging risks, the directors considered it appropriate to adopt the going concern basis of accounting when preparing the group and parent company financial statements. This assessment covers the period to May 2027, which is consistent with the FRC guidance. When reaching this conclusion, the directors took into account the group's and parent company's overall financial position (including trading results and ability to repay term debt as it matures without recourse to refinancing) and the exposure to principal risks.

In preparing the financial statements, the directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosure on pages 63 to 71 this year. We have assessed and determined the risks associated with our TCFD disclosure including consideration of financial and monetary exposure as a business and concluded there is no material impact on these financial statements. The impacts of low carbon fleet were considered (see note 15).

These financial statements consolidate BT Group plc, the parent company, and its subsidiaries (together the 'group', 'us', 'we' or 'our').

The consolidated financial statements are prepared on the historical cost basis, except for certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in sterling, the functional currency of BT Group plc.

These financial statements cover the financial year from 1 April 2025 to 31 March 2026 ('FY26'), with comparative figures for the financial year from 1 April 2024 to 31 March 2025 ('FY25').

New and amended accounting standards effective during the year

The following amendments, which were effective during the year, have not had a significant impact on our consolidated financial statements:

- Lack of Exchangeability (Amendments to IAS 21)

IFRS Interpretations Committee agenda decisions

The IFRS Interpretations Committee (IFRIC) periodically issues agenda decisions which explain and clarify how to apply the principles and requirements of IFRS. Agenda decisions are authoritative and may require the group to revise accounting policies or practice to align with the interpretations set out in the decision.

We regularly review IFRIC updates and assess the impact of agenda decisions. No agenda decisions finalised during FY26 have been assessed as having a significant impact on the group.

New and amended accounting standards that have been issued but are not yet effective

The following new accounting standards and amendments to existing standards have been issued but are not yet effective or have not yet been endorsed by the UK Endorsement Board:

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation of the income statement, including specified totals and subtotals. Entities are required to classify all income and expenses in the income statement into one of five categories: operating, investing, financing, income taxes and discontinued operations, the first three of which are new.

It also requires disclosure of management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified roles of the primary financial statements and the notes.

In addition, amendments have been made to IAS 7 'Statement of Cash Flows', which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. There are also consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027 (i.e., FY28 for BT). Earlier application is permitted. IFRS 18 will apply retrospectively.

We are currently assessing the impacts that IFRS 18 and the amendments to other standards will have on the primary financial statements and notes to the financial statements.

Other

We are currently assessing the impact of the standards below, but they are not expected to have a material impact on the consolidated financial statements:

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Contracts referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards – Volume 11
- Subsidiaries without Public Accountability: Disclosures (IFRS 19)

Effective dates will be subject to the UK endorsement process. We have not adopted any other standard, amendment or interpretation that has been issued but is not yet effective.

Re-presentation of prior year comparatives Formation of the International segment and re-presentation of prior year comparatives

The International CFU was separated from the Business CFU forming a new CFU, effective from 1 July 2025. In line with the requirements of IFRS 8 Operating Segments, we have re-presented FY25 comparatives to reflect Business and International as separate reportable segments.

In addition, two re-presentations have been made to segmental revenue reporting, consistent with the information now provided to the Executive Committee, which is the key management committee and represents the 'Chief Operating Decision Maker' (CODM).

The re-presentations reflect Openreach pass-through services previously reported in Business, and a reclassification of an EE and BT Wholesale trading relationship as revenue from costs. These changes affect adjusted external revenue for the Openreach and Business CFUs.

The Group has revised its disaggregation of revenue (note 5) to better reflect the internal reporting provided to the CODM. Revenue previously reported under "Equipment and Other Services" has been split into separate categories: "Equipment" and "Other Services." Additionally, lease revenue is now disclosed

Notes to the consolidated financial statements (continued)

1. Basis of preparation

within our disaggregation of revenue. Our segmental revenue disclosures have also been updated to include internal revenue to more accurately reflect segment performance.

The impact of these re-presentations are reflected in the relevant notes.

Note 34 presents a bridge between previously published financial information and re-presented comparatives for the affected disclosures (segment revenue and profit; internal revenue and costs; and capital expenditure).

Also presented is a bridge in respect of the CFU normalised free cash flow and adjusted UK service revenue comparatives which are re-presented in the Additional Information on page 224.

Re-presentation of goodwill and other intangible assets

From FY26, we have disaggregated “Intangible Assets” into separate line items and notes for “Goodwill” and “Other Intangible Assets”.

Presentation of specific items

Our income statement and segmental analysis separately identify trading results on an adjusted basis, being before specific items. The directors believe that presentation of the group’s results in this way is relevant to an understanding of the group’s financial performance as specific items are those that in management’s judgement need to be disclosed by virtue of their size, nature or incidence.

This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the *Executive Committee* and assists in providing an additional analysis of our reporting of trading results. Specific items may not be comparable to similarly titled measures used by other companies.

In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors. Examples of charges or credits meeting the above definition and which have been presented as specific items in the current and/or prior years include significant business restructuring programmes such as the current group-wide cost transformation and modernisation programme, disposals of businesses and investments, charges or credits relating to retrospective regulatory matters, significant out of period contract settlements, litigation matters, impairment on remeasurement of the disposal groups to be held for sale, asset impairment charges, impairment charges in our Portfolio Businesses, net interest on our pension obligation, and the impact of remeasuring deferred tax balances. In the event that items meet the criteria, which are applied consistently from year to year, they are treated as specific items. Any releases to provisions originally booked as a specific item are also classified as specific. Conversely, when a reversal occurs in relation to a prior year item not classified as specific, the reversal is not classified as specific in the current year.

Movements relating to the sports joint venture (Sports JV) with Warner Bros. Discovery (WBD), such as fair value gains or losses on the A and C preference shares or impairment charges related to the equity-accounted investment are classified as specific. Refer to note 25 for further detail.

Specific items for the current and prior year are disclosed in note 9.

2. Critical and key accounting estimates and significant judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying our accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

Our critical accounting estimates are those estimates that carry a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year. We also make other key estimates when preparing the financial statements, which, while not meeting the definition of a critical estimate, involve a higher degree of complexity and can reasonably be expected to be of relevance to a user of the financial statements. Management has discussed its critical and other key accounting estimates and associated disclosures with the *Audit and Risk Committee*.

Significant judgements are those made by management in applying our material accounting policies that have a material impact on the amounts presented in the financial statements. We may exercise significant judgement in our critical and key accounting estimates.

Our critical and key accounting estimates and significant judgements are described in the following notes to the financial statements. They can be identified in the notes by the following symbol. 

Note	Critical estimate	Key estimate	Significant judgement
5. Estimate of customer refund liability		●	
10. Current and deferred income tax		●	
13. CGU identification for goodwill impairment			●
13. Valuation of recoverable amount for goodwill impairment	●		
16. Reasonable certainty and determination of lease terms			●
19. Identifying contingent liabilities			●
19. Provisions		●	●
20. Valuation of pension assets and liabilities	●		●
20. Control assessment over co-investment vehicles			●
22. Held for sale classification			●
25. Valuation of BT’s equity interest in the Sports joint venture		●	
25. Valuation of investment in A preference shares in Sports joint venture		●	

3. Material accounting policies that apply to the overall financial statements

The material accounting policies applied in the preparation of our consolidated financial statements are set out below. Other material accounting policies applicable to a particular area are disclosed in the most relevant note. They can be identified in the notes by the following symbol. 

We have applied all policies consistently to all the years presented, unless otherwise stated.

Basis of consolidation

The group financial statements consolidate the financial statements of BT Group plc and its subsidiaries, and include its share of the results of associates and joint ventures using the equity method of accounting. The group recognises its direct rights to (and its share of) jointly held assets, liabilities, revenues and expenses of joint operations under the appropriate headings in the consolidated financial statements.

All business combinations are accounted for using the acquisition method regardless of whether equity instruments or other assets are acquired.

A subsidiary is an entity that is controlled by another entity, known as the parent or investor. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Non-controlling interests in the net assets of consolidated subsidiaries, which consist of the amounts of those interests at the date of the original business combination and non-controlling share of changes in equity since the date of the combination, are not material to the group's financial statements.

The results of subsidiaries acquired or disposed of during the year are consolidated from and up to the date of change of control. Where necessary, accounting policies of subsidiaries have been aligned with the policies adopted by the group. All intra-group transactions including any gains or losses, balances, income or expenses are eliminated on consolidation.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The profit or loss on disposal is recognised as a specific item.

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control.

Interests in associates and joint ventures are initially recognised at cost (including transaction costs) except where they relate to a retained non-controlling interest in a former subsidiary, which is initially recognised at a deemed cost being the fair value of the retained interest. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Inventories

Network maintenance equipment and equipment to be sold to customers are stated at the lower of cost or net realisable value, taking into account expected revenue from the sale of packages comprising a mobile handset and a subscription. Cost corresponds to purchase or production cost determined by either the first in first out (FIFO) or average cost method. Inventories principally include finished goods including mobile and device stock.

Government grants

Government grants are recognised when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received.

Grants for the purchase or production of property, plant and equipment are deducted from the cost of the related assets and reduce future depreciation expense accordingly. Grants for the reimbursement of operating expenditure are deducted from the related category of costs in the income statement. Estimates and judgements applied in accounting for government grants received in respect of Building Digital UK (BDUK) and other rural superfast broadband contracts including Reaching 100% (R100), are described in note 15.

Once a government grant is recognised, any related deferred income is treated in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'.

Foreign currencies

The consolidated financial statements are presented in sterling, which is also the company's functional currency. Each group entity determines its own functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions and the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are recognised in the income statement line which most appropriately reflects the nature of the item or transaction.

On consolidation, assets and liabilities of foreign undertakings are translated into the group's presentation currency at year end exchange rates. The results of foreign undertakings are translated into sterling at the rates prevailing on the transaction dates. Foreign exchange differences arising on the retranslation of foreign undertakings are recognised directly in a separate component of equity, the translation reserve. There is no material exposure to companies operating in hyperinflationary economies.

In the event of the disposal of an undertaking with assets and liabilities denominated in a foreign currency, the cumulative translation difference associated with the undertaking in the translation reserve is charged or credited to the gain or loss on disposal recognised in the income statement.

Research and development

Research expenditure is recognised in the income statement in the period in which it is incurred. Development expenditure, including the cost of internally developed software, is recognised in the income statement in the period in which it is incurred unless it is probable that economic benefits will flow to the group from the asset being developed, the cost of the asset can be reliably measured and technical feasibility can be demonstrated, in which case it is capitalised as an intangible asset on the balance sheet.

Capitalisation ceases when the asset being developed is ready for use. Research and development costs include direct and indirect labour, materials and directly attributable overheads.

Termination benefits

Termination benefits (leaver costs) are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

Notes to the consolidated financial statements (continued)

4. Segment information

Material accounting policies that apply to segment information

Operating and reportable segments

Our operating segments are reported based on financial information provided to the Executive Committee, which is the key management committee and represents the 'Chief Operating Decision Maker'.

Our organisational structure reflects the different customer groups to which we provide communications products and services via our customer-facing units (CFUs). The CFUs are our reportable segments and generate substantially all of our revenue.

The International CFU was separated from Business forming a new CFU, effective from 1 July 2025. At 31 March 2026 the group had four CFUs: Consumer, Business, International and Openreach. The CFUs are supported by technology units (TUs) comprising Digital and Networks; and five corporate functions (CFs) Finance and Business Services; Strategy and Change; People and Culture; Legal, Regulatory Affairs, Compliance and Company Secretarial; Corporate Affairs and Brand. TUs and CFs are not reportable segments as they did not meet the quantitative thresholds as set out in IFRS 8 'Operating Segments' for any of the years presented.

We aggregate the remaining operations and include them in the 'Other' category to reconcile to the consolidated results of the group. The 'Other' category includes unallocated TU costs and our CFs.

Allocation of certain items to segments

Provisions for the settlement of significant legal and commercial disputes, which are negotiated at a group level, are initially recorded in the 'Other' segment. On resolution of the dispute, the full impact is recognised in the results of the relevant CFU and offset in the group results through the utilisation of the provision previously charged to the 'Other' segment. Settlements which are particularly significant or cover more than one financial year may fall within the definition of specific items as detailed in note 9, in which case they are not reflected in the results of the reportable segment in line with how they are reported to the Executive Committee.

The costs incurred by TUs and CFs are recharged to the CFUs to reflect the services provided to them. Depreciation and amortisation incurred by TUs in relation to the networks and systems they manage and operate on behalf of the CFUs is allocated to the CFUs based on their respective utilisation. Depreciation and amortisation incurred by CFs in relation to leased property managed on behalf of the CFUs is allocated to the CFUs based on their respective utilisation. Capital expenditure incurred by TUs for specific projects undertaken on behalf of the CFUs is allocated based on the value of the directly attributable expenditure incurred. Where projects are not directly attributable to a particular CFU, capital expenditure is allocated among them based on the proportion of estimated future economic benefits.

Specific items are detailed in note 9 and are not allocated to the reportable segments as this reflects how they are reported to the Executive Committee. Finance expense and income are not allocated to the reportable segments, as the central treasury function manages this activity, together with the overall net debt position of the group.

Measuring segment performance

Performance of each reportable segment is measured based on Adjusted EBITDA. Adjusted EBITDA is defined as profit or loss before specific items, net finance expense, taxation, depreciation and amortisation and share of post-tax profits or losses of associates and joint ventures. Adjusted EBITDA is considered to be a useful measure of the operating performance of the CFUs because it approximates the underlying operating cash flow by eliminating depreciation and amortisation and also provides a meaningful analysis of trading performance by excluding specific items, which are disclosed separately by virtue of their size, nature or incidence.

Revenue recognition

Our revenue recognition policy is set out in note 5.

Internal revenue and costs

Most of our internal trading relates to Openreach and arises on rentals, and any associated connection or migration charges, of the UK access lines and other network products to the other CFUs and is based on regulated prices. This occurs both directly, and also indirectly, through TUs which are included within the 'Other' segment. Business internal revenue arises from Consumer for mobile Ethernet access and TUs for transmission planning services. Intra-group revenue is generated from the sale of regulated products and services and is based on market price. Intra-group revenue from the sale of other products and services is agreed between the relevant CFUs and therefore the profitability of CFUs may be impacted by transfer pricing levels.

Geographic segmentation

The UK is our country of domicile and is where we generate the majority of our revenue from external UK customers. The geographic analysis of revenue is based on the country in which the customer is invoiced. The geographic analysis of non-current assets, which excludes derivative financial instruments, investments, preference shares in joint ventures, retirement benefit schemes in surplus and deferred tax assets, is based on the location of the assets, and goodwill is presented by geography based on the CGU to which it is allocated. The goodwill balance allocated to the International CGU is further disaggregated based on the relative value of operations in each geography.

4. Segment information (continued)

Segment revenue and profit

Year ended 31 March 2026	Consumer £m	Business £m	International £m	Openreach £m	Other £m	Total £m
Segment revenue	9,494	5,257	2,114	6,190	13	23,068
Internal revenue	(40)	(216)	(1)	(3,165)	—	(3,422)
Adjusted^a revenue from external customers	9,454	5,041	2,113	3,025	13	19,646
Adjusted EBITDA^b	2,602	1,266	145	4,225	(8)	8,230
Depreciation and amortisation ^a	(1,673)	(770)	(208)	(2,130)	(94)	(4,875)
Adjusted^a operating profit (loss)	929	496	(63)	2,095	(102)	3,355
Specific items (note 9)						(458)
Operating profit						2,897
Net finance expense ^c						(1,251)
Share of post-tax (loss) profit of associates and joint ventures						(210)
Profit before tax						1,436

Year ended 31 March 2025 (re-presented ^d)	Consumer £m	Business £m	International £m	Openreach £m	Other £m	Total £m
Segment revenue	9,695	5,348	2,499	6,156	12	23,710
Internal revenue	(42)	(200)	—	(3,098)	—	(3,340)
Adjusted^a revenue from external customers	9,653	5,148	2,499	3,058	12	20,370
Adjusted EBITDA^b	2,644	1,331	205	4,029	—	8,209
Depreciation and amortisation ^a	(1,832)	(721)	(240)	(2,032)	(108)	(4,933)
Adjusted^a operating profit (loss)	812	610	(35)	1,997	(108)	3,276
Specific items (note 9)						(784)
Operating profit						2,492
Net finance expense ^c						(1,150)
Share of post-tax (loss) profit of associates and joint ventures						(8)
Profit before tax						1,334

^a Before specific items.

^b Adjusted EBITDA is defined as profit or loss before specific items, net finance expense, taxation, depreciation and amortisation and share of post-tax profits or losses of associates and joint ventures.

^c Net finance expense includes specific interest expense on retirement benefit obligation of £191m (FY25: £197m). See note 9.

^d Comparative information for the year to 31 March 2025 has been re-presented to reflect the formation of the new International CFU and re-presentation of segmental revenue to reflect the nature of services and trading relationships between units. For more information see note 1 and for a bridge to prior period published financial information see note 34.

Internal revenue and costs

Year ended 31 March 2026	Internal cost recorded by					Total £m
	Consumer £m	Business £m	International £m	Openreach £m	Other £m	
Internal revenue recorded by						
Consumer	—	38	1	1	—	40
Business	138	—	9	34	35	216
International	—	—	—	—	1	1
Openreach	2,096	1,068	1	—	—	3,165
Total	2,234	1,106	11	35	36	3,422

Year ended 31 March 2025 (re-presented ^a)	Internal cost recorded by					Total £m
	Consumer £m	Business £m	International £m	Openreach £m	Other £m	
Internal revenue recorded by						
Consumer	—	40	1	1	—	42
Business	113	—	7	39	41	200
International	—	—	—	—	—	—
Openreach	2,089	1,008	1	—	—	3,098
Total	2,202	1,048	9	40	41	3,340

^a Comparative information for the year to 31 March 2025 has been re-presented to reflect the formation of the new International CFU and re-presentation of segmental revenue to reflect the nature of services and trading relationships between units. For more information see note 1, and for a bridge to prior period published financial information see note 34.

Notes to the consolidated financial statements (continued)

4. Segment information (continued)

Capital expenditure

Year ended 31 March 2026	Consumer £m	Business £m	International £m	Openreach £m	Other £m	Total £m
Intangible assets ^a	395	294	45	123	—	857
Property, plant and equipment ^b	760	322	64	3,048	63	4,257
Capital expenditure excluding spectrum	1,155	616	109	3,171	63	5,114
Purchase of spectrum ^a	10	3	—	—	—	13
Capital expenditure	1,165	619	109	3,171	63	5,127

Year ended 31 March 2025: (re-presented ^c)	Consumer £m	Business £m	International £m	Openreach £m	Other £m	Total £m
Intangible assets ^a	462	325	65	146	—	998
Property, plant and equipment ^b	745	257	75	2,692	90	3,859
Capital expenditure excluding spectrum	1,207	582	140	2,838	90	4,857
Purchase of spectrum ^a	—	—	—	—	—	—
Capital expenditure	1,207	582	140	2,838	90	4,857

^a Additions to intangible assets and purchase of spectrum as presented in note 14.

^b Additions to property, plant and equipment as presented in note 15.

^c Comparative information for the year to 31 March 2025 has been re-presented to reflect the formation of the new International CFU. For more information see note 1, and for a bridge to prior period published financial information see note 34.

Geographic segmentation

Revenue from external customers

Year ended 31 March	2026 £m	2025 £m
UK ^b	17,678	18,171
Europe, Middle East and Africa, excluding the UK	1,081	1,194
Americas	475	562
Asia Pacific	412	443
Adjusted^a revenue	19,646	20,370

^a Before specific items.

^b We present a reconciliation of our adjusted UK service revenue Alternative Performance Measure, of £15,445m (FY25: £15,568m), to revenue in the Additional Information section to this report.

Non-current assets

At 31 March	2026 £m	2025 £m
UK	39,876	39,369
Europe, Middle East and Africa, excluding the UK	458	557
Americas	230	260
Asia Pacific	153	168
Non-current assets^{ab}	40,717	40,354

^a Comprising the following balances presented in the group balance sheet: goodwill, intangible assets, property, plant and equipment, right-of-use assets, joint ventures and associates, trade and other receivables and contract assets.

^b Goodwill relating to the International CGU as detailed in note 13 is reported across the: Europe, the Middle East and Africa (excluding the UK); the Americas and Asia Pacific geographies.

5. Revenue

Material accounting policies that apply to revenue

Revenue from contracts with customers in scope of IFRS 15

Most revenue (excluding Openreach revenue) is recognised under IFRS 15 *Revenue from Contracts with Customers*. At contract inception we identify each distinct performance obligation within the contract. The transaction price is allocated to these performance obligations based on their relative standalone selling prices and revenue is recognised as each performance obligation is satisfied, either over time or at a point in time depending on the nature of the underlying goods or services.

The table below summarises the key performance obligations across our major service lines, including the timing of when they are satisfied and the associated revenue-recognition policy.

This note also provides information on revenue expected to be recognised in future periods in relation to unsatisfied performance obligations for contracts in place at 31 March 2026.

Openreach revenue

Revenue within Openreach is primarily within the scope of IFRS 16 and is recognised over the period of the lease in accordance with the underlying contractual terms.

Application of revenue accounting policies

Below, we include a description of principal activities from which the Group generates its revenue and the recognition policy applied to each.

Service line	Performance obligations	Revenue recognition policy
Information and communications technology (ICT) and managed networks	Provision of networked IT services, managed network services, and arrangements to design and build software solutions. Performance obligations are identified for each distinct service or deliverable for which the customer has contracted, and are considered to be satisfied over the time period that we deliver these services or deliverables. Commitments to provide hardware to customers that are distinct from the other promises are considered to be satisfied at the point in time that control passes to the customer.	Revenue for services is recognised over time using a measure of progress that appropriately reflects the pattern by which the performance obligation is satisfied. For time and materials contracts, revenue is recognised as the service is received by the customer. Where performance obligations exist for the provision of hardware, revenue is recognised at the point in time that the customer obtains control of the promised asset. For long-term fixed-price contracts, revenue is typically recognised based on the satisfaction of performance obligations measured by contract milestones and customer acceptance.
Fixed access subscriptions	Provision of broadband, TV and fixed telephony services including national and international calls, connections, line rental and calling features. Performance obligations exist for each ongoing service provided to the customer and are satisfied over the period that the services are provided. Installation services are recognised as separate performance obligations if they are distinct from other services in the contract. These are satisfied when the customer benefits from the service. Connection services are not distinct performance obligations and are therefore combined with the associated service performance obligation.	Fixed subscription charges are recognised as revenue on a straight-line basis over the period that the services are provided. Upfront charges for non-distinct connection and installation services are deferred as contract liabilities and are recognised as revenue over the same period. Variable charges such as call charges are recognised when the related services are delivered. Where installation activities are distinct performance obligations, revenue is recognised at the point in time that the installation is completed.
Mobile subscriptions	Provision of mobile postpaid and prepaid services, including voice minutes, SMS and data services. Performance obligations exist for each ongoing service provided to the customer and are satisfied over the period that the services are provided.	Subscription fees, consisting primarily of monthly charges for access to internet or voice and data services, are recognised as the service is provided. One-off services such as calls outside of plan and excess data usage are recognised when the service is used.
Other services	Provision of other services including mobile backhaul, security, and Media & Broadcast services. Performance obligations are identified based on the distinct services we have committed to provide and could be satisfied at a point in time, or over time.	Revenue is recognised when the related performance obligations are satisfied, which could be over time, in line with contract milestones, or at a point in time depending on the nature of the service.
Equipment	Provision of equipment including mobile phone handsets and hardware such as set-top boxes and broadband routers provided as part of customer contracts. Performance obligations are identified based on the distinct goods we have committed to provide and are satisfied at the point in time that control passes to the customer.	Revenue from equipment sales is recognised at the point in time that control passes to the customer. Where payment is not received in full at the time of the sale, such as with equipment provided as part of mobile and fixed access subscriptions, contract assets are recognised for the amount due from the customer that will be recovered over the contract period. Revenue to be recognised is calculated by reference to the relative standalone selling price of the equipment.

Notes to the consolidated financial statements (continued)

5. Revenue (continued)

We recognise revenue based on the relative standalone selling price of each performance obligation. Determining the standalone selling price often requires judgement and may be derived from regulated prices, list prices, a cost-plus derived price or the price of similar products when sold on a standalone basis by BT or a competitor. In some cases it may be appropriate to use the contract price when this represents a bespoke price that would be the same for a similar customer in a similar circumstance.

The fixed access and mobile subscription arrangements sold by our Consumer business are typically payable in advance, with any variable or one-off charges billed in arrears. Contracts are largely inflation-linked with price increases recognised when effective. Payment is received immediately for direct sales of equipment to customers. Where equipment is provided to customers under mobile and fixed access subscription arrangements, payment for the equipment is received over the course of the contract term. Payments received in advance are recognised as contract liabilities; amounts billed in arrears are recognised as contract assets.

We adopt variable consideration to allocate the transaction price to take account of the likelihood of the customer upgrading to a new handset during the contract term. Consideration is constrained to a period shorter than the contract term and is allocated to the handset and airtime based on relative standalone selling price. Certain Business and International long-term contracts offer rebates to our customers. Where this is the case we make an estimate of variable consideration at the outset of the contract based on assumed volumes. These rebates are normally settled monthly against service revenues.

We apply the practical expedient in IFRS 15 that permits revenue to be recognised on an “as-invoiced” basis where the amount we invoice corresponds directly with the value delivered to the customer for fixed access and mobile subscription services. We also apply the practical expedient not to disclose the transaction price allocated to remaining performance obligations for these contracts. The use of these expedients is consistent with prior periods.

We do not have any material obligations in respect of returns, refunds or warranties.

Where we act as an agent in a transaction, such as certain insurance services offered, we recognise commission net of directly attributable costs.

We exercise judgement in assessing whether the initial set-up, transition and transformation phases of long-term contracts are distinct from the other services to be delivered under the contract and therefore represent separate performance obligations. This determines whether revenue is recognised in the early stages of the contract, or deferred until delivery of the other services promised in the contract begins.

We recognise immediately the entire estimated loss for a contract when we have evidence that the contract is unprofitable. If these estimates indicate that a contract will be less profitable than previously forecast, contract assets may have to be written down to the extent they are no longer considered to be fully recoverable. We perform ongoing profitability reviews of our contracts in order to determine whether the latest estimates are appropriate. Key factors reviewed include:

- Transaction volumes or other inputs affecting future revenues which can vary depending on customer requirements, plans, market conditions and other factors such as general economic conditions.
- Our ability to achieve key contract milestones connected with the transition, development, transformation and deployment phases for customer contracts.
- The status of commercial relations with customers and the implications for future revenue and cost projections.
- Our estimates of future staff and third party costs and the degree to which cost savings and efficiencies are deliverable.

Revenue from lease arrangements in scope of IFRS 16

Presented within revenue is income from arrangements classified as operating leases under IFRS 16 and which represent core business activities for the group. Income predominantly relates to Openreach’s leases of fixed-line telecommunications infrastructure to communication providers, and leases of devices to Consumer customers as part of fixed access subscription offerings.

At inception of a contract, we determine whether the contract is, or contains, a lease following the accounting policy set out in note 16. Arrangements meeting the definition of a lease in which we act as lessor are classified as operating or finance leases at lease inception based on an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case then the lease is a finance lease; if not, it is an operating lease. For sub-leases, we make this assessment by reference to the characteristics of the right-of-use asset associated with the head lease rather than the underlying leased asset.

Income from arrangements classified as operating leases is presented as revenue where it relates to our core operating activities. Operating lease income from other arrangements is presented within other operating income (note 6).

We recognise operating lease payments as income on a straight-line basis over the lease term. Any upfront payments received, such as connection fees, are deferred over the lease term. Determining the lease term is subject to the significant judgements set out in note 16.

Where the contract contains both lease and non-lease components, the transaction price is allocated between the components on the basis of relative standalone selling price.

Where an arrangement is assessed as a finance lease we derecognise the underlying asset and recognise a receivable equivalent to the net investment in the lease. Finance lease receivables are presented in note 16. The receivable is measured based on future payments to be received discounted using the interest rate implicit in the lease, adjusted for any direct costs. Any difference between the derecognised asset and the finance lease receivable is recognised in the income statement. Where the nature of services delivered relates to our core operating activities it is presented as revenue. Where it relates to non-core activities it is presented within other operating income (note 6).

5. Revenue (continued)

Disaggregation of revenue

The following table disaggregates revenue by our major service lines and by reportable segment.

Year ended 31 March 2026	Consumer £m	Business £m	International £m	Openreach £m	Other £m	Internal Revenue	Total £m
ICT and managed networks	—	1,212	774	—	—	(33)	1,953
Fixed access subscriptions	4,054	2,010	950	—	—	(28)	6,986
Mobile subscriptions	3,539	816	21	—	—	(23)	4,353
Other services	38	763	100	193	12	(265)	841
Equipment revenue	1,641	454	264	—	1	(9)	2,351
Revenue from contracts with customers	9,272	5,255	2,109	193	13	(358)	16,484
Lease revenue ^a	222	2	5	5,997	—	(3,064)	3,162
Revenue before specific items	9,494	5,257	2,114	6,190	13	(3,422)	19,646
Specific items ^b (note 9)							8
Revenue^c							19,654

Year ended 31 March 2025 (re-presented ^d)	Consumer £m	Business £m	International £m	Openreach £m	Other £m	Internal Revenue	Total £m
ICT and managed networks	—	1,105	912	—	—	—	2,017
Fixed access subscriptions	4,265	2,097	1,116	—	—	(11)	7,467
Mobile subscriptions	3,531	830	32	—	—	(36)	4,357
Other services	7	815	94	133	12	(250)	811
Equipment revenue	1,807	491	336	—	—	(5)	2,629
Revenue from contracts with customers	9,610	5,338	2,490	133	12	(302)	17,281
Lease revenue ^a	85	10	9	6,023	—	(3,038)	3,089
Revenue before specific items	9,695	5,348	2,499	6,156	12	(3,340)	20,370
Specific items ^b (note 9)							(12)
Revenue^c							20,358

^a Lease revenue includes income from Openreach's fixed access subscription services.

^b Relates to regulatory matters classified as specific. See note 9.

^c We have further disaggregated the revenue presented here to derive the UK adjusted service revenue of £15,445m (FY25: £15,568m). Please refer to our adjusted UK service revenue reconciliation in the Additional Information section of this report for details. Adjusted UK service revenue includes some portion of equipment revenue where that equipment is sold as part of a managed services contract, or where that equipment cannot be practicably separated from the underlying service.

^d FY25 comparative information re-presented. Further information on the nature of these re-presentations is set out below. Note 34 presents a bridge between financial information for the year to 31 March 2025 as published on 22 May 2025 and the comparatives presented above.

Re-presentation of revenue

FY25 comparative revenue information has been re-presented to reflect a number of changes to the Group's external reporting. These include (i) the creation of the new International CFU following its separation from the Business CFU, (ii) changes in the Group's internal management reporting reviewed by the Chief Operating Decision Maker (CODM), and (iii) updates to segmental revenue to better reflect the nature of services provided and the underlying trading relationships between units.

As a result of these changes, disaggregated revenue has been re-presented to reflect updates to the CODM reporting structure, with 'Equipment' and 'Other Services' now shown separately and lease revenue disclosed distinctly. Internal CFU revenue is now included, and enhanced system data has enabled more granular categorisation being used to align service line reporting with the Group's accounting policies. Comparatives have been re-presented accordingly. Note 34 presents a bridge between financial information for the year to 31 March 2025 as published on 22 May 2025 and the comparatives presented above.

Remaining performance obligations

Revenue expected to be recognised in future periods for performance obligations that are not complete (or are partially complete) as at 31 March 2026 is £11,834m (FY25: £13,249m). Of this, £4,736m (FY25^e: £5,260m) relates to ICT and managed services contracts and equipment and other services which will substantially be recognised as revenue within three years. Fixed access and mobile subscription services typically have shorter contract periods and so £7,098m (FY25^e: £7,989m) will substantially be recognised as revenue within two years.

Lease income

Presented within revenue is £3,162m (FY25: £3,089m) income from arrangements classified as operating leases under IFRS 16 and which represent core business activities for the group. Income relates predominantly to Openreach's leases of fixed-line telecommunications infrastructure to external communications providers, classified as fixed access subscription revenue in the table above, and leases of devices to Consumer customers as part of fixed access subscription offerings, classified as equipment and other services.

^e FY25 comparative information has been re-presented to better align revenue categories, reflecting the wider revenue re-presentation of revenue referenced above.

Notes to the consolidated financial statements (continued)

5. Revenue (continued)

During the year we also recognised:

- £19m (FY25: £19m) operating lease income from non-core business activities which is presented in other operating income (note 6). Note 15 presents an analysis of payments to be received across the remaining term of operating lease arrangements.
- £19m (FY25: £12m) revenue in relation to upfront gains from arrangements meeting the definition of a finance lease. These arrangements meet the criteria for revenue recognition as they concern leases and sub-leases of telecommunications infrastructure that represent core business activities of the group.

£24m (FY25: £33m) of our lease income relates to the sub-leasing of right-of-use assets. These are primarily operating sub-leases of unutilised properties, and finance sub-leases of telecommunications infrastructure.

Key accounting estimates made in accounting for revenue

Estimate of customer refunds

There remains an accounting estimate in place to reflect a risk of billing inaccuracy where there is the presence of bespoke pricing. We have recognised a liability of £47m (FY25: £51m) in relation to this billing inaccuracy.

This is presented within note 18 and represents our best estimate required to cover ongoing billing adjustments to products relating to both current and prior periods.

Contract assets and liabilities

Material accounting policies that apply to contract assets and liabilities

We recognise contract assets for goods and services for which control has transferred to the customer before we have the right to bill. These assets mainly relate to mobile handsets provided upfront but paid for over the course of a contract. Contract assets are reclassified as receivables when the right to payment becomes unconditional and we have billed the customer.

Contract liabilities are recognised when we have received advance payment for goods and services that we have not transferred to the customer. These primarily relate to fees received for connection and installation services that are not distinct performance obligations.

Where the initial set-up, transition or transformation phase of a long-term contract is considered to be a distinct performance obligation we recognise a contract asset for any work performed but not billed. Conversely a contract liability is recognised where these activities are not distinct performance obligations and we receive upfront consideration. In this case eligible costs associated with delivering these services are capitalised as fulfilment costs, see note 17.

We provide for expected lifetime losses on contract assets following the policy set out in note 17.

Contract assets and liabilities are as follows:

At 31 March	2026 £m	2025 £m
Contract assets		
Current	1,009	1,194
Non-current	382	306
	1,391	1,500
Contract liabilities		
Current	963	899
Non-current	274	257
	1,237	1,156

£764m (FY25: £704m) of the contract liability at 31 March 2026 was recognised as revenue during the year. Impairment losses of £19m (FY25: £47m) were recognised on contract assets during the year.

The expected credit loss provisions recognised against contract assets vary across the group due to the nature of our customers; the expected loss rate at 31 March 2026 was 2% (FY25: 3%).

6. Operating costs

Year ended 31 March	Notes	2026 £m	2025 £m
Operating costs by nature			
Staff costs:			
Wages and salaries ^a		3,729	3,969
Social security costs		464	432
Other pension costs	20	308	333
Share-based payment expense	22	49	62
Total staff costs		4,550	4,796
Capitalised direct labour		(1,388)	(1,412)
Net staff costs		3,162	3,384
Indirect labour costs ^b		1,368	1,271
Capitalised indirect labour		(807)	(806)
Net indirect labour costs		561	465
Net labour costs		3,723	3,849
Product costs		3,240	3,330
External sales commissions		458	440
Payments to telecommunications operators		907	1,074
Property and energy costs		1,280	1,296
Network operating and IT costs		1,047	1,077
Provision and installation		351	379
Marketing and sales		244	330
Net impairment losses on trade receivables and contract assets ^c		146	171
Other operating costs		324	492
Other operating income		(304)	(277)
Depreciation and amortisation, including impairment charges		4,875	4,933
Total operating costs before specific items		16,291	17,094
Specific items	9	466	772
Total operating costs		16,757	17,866
Operating costs before specific items include the following:			
Leaver costs ^a		7	9
Research and development expenditure ^d		847	790
Foreign currency (gains)/losses		(4)	(3)
Inventories recognised as an expense		1,991	2,180

^a Leaver costs are included within wages and salaries, except for leaver costs of £262m (FY25: £278m) associated with restructuring costs, which have been recorded as specific items.

^b Indirect labour costs relate to subcontracted labour costs.

^c Consists of net impairment losses on trade receivables and contract assets in Consumer of £95m (FY25: £117m), in Business of £38m (FY25: £45m), in International of £3m (FY25: £1m), in Openreach of £8m (FY25: £7m) and in Other of £2m (FY25: £1m).

^d Research and development expenditure includes amortisation of £798m (FY25: £752m) in respect of capitalised development costs and operating expenses of £49m (FY25: £38m).

Notes to the consolidated financial statements (continued)

6. Operating costs continued

Depreciation and amortisation, which includes impairment charges, is analysed as follows:

Year ended 31 March	Notes	2026 £m	2025 £m
Depreciation and amortisation before impairment charges			
Intangible assets	14	1,274	1,300
Property, plant and equipment	15	2,969	2,939
Right-of-use assets	16	610	644
Impairment charges			
Intangible assets	14	7	5
Property, plant and equipment	15	12	43
Right-of-use assets	16	3	2
Total depreciation and amortisation before specific items		4,875	4,933
Impairment charges classified as specific items			
	9		
Intangible assets		32	2
Property, plant and equipment		—	29
Right-of-use assets		6	14
Total depreciation and amortisation		4,913	4,978

Who are our key management personnel and how are they compensated?

Key management personnel comprise Executive and Non-Executive Directors and members of the *Executive Committee*.

Compensation of key management personnel is shown in the table below:

Year ended 31 March	2026 £m	2025 £m
Short-term employee benefits	16.7	15.9
Post employment benefits ^a	0.6	0.6
Share-based payments	7.8	8.3
Termination benefits	—	0.2
	25.1	25.0

^a Post employment benefits include cash pension allowances paid to the Chief Executive and Chief Financial Officer. The group does not contribute to defined contribution or defined benefit pension schemes on behalf of key management personnel.

Key management personnel are compensated through cash and share-based payment arrangements. No key management personnel exercised saveshare options during the year (FY25: none), see note 22.

7. Employees

Number of employees in the group	2026			2025		
	Average ^a '000	Average ^b FTE '000	Year end ^b FTE '000	Average ^a '000	Average ^b FTE '000	Year end ^b FTE '000
UK	64.6	62.2	58.9	70.8	68.3	64.5
Non-UK	19.4	19.4	18.3	20.7	20.7	20.8
Total employees	84.0	81.6	77.2	91.5	89.0	85.3
Consumer	17.5	15.5	14.9	17.8	15.7	16.2
Business ^c	11.9	11.7	11.5	22.2	22.0	21.0
International ^c	8.7	8.7	8.5	n/a	n/a	n/a
Openreach	27.0	26.9	24.9	30.6	30.5	27.8
Other	18.9	18.8	17.4	20.9	20.8	20.3
Total employees	84.0	81.6	77.2	91.5	89.0	85.3

^a Average reflecting monthly average headcount.

^b Average reflecting the full-time equivalent of full- and part-time employees, excluding subcontract labour. There were 30.5k FTE agency and subcontract labour at the FY26 year-end (FY25: 31.0k).

^c Comparatives for the year ended 31 March 2025 have not been re-presented for the impact of the creation of our International CFU.

8. Audit, audit related and other non-audit services

The following fees were paid or are payable to the company's auditors, KPMG LLP and other firms in the KPMG network.

Year ended 31 March	2026 £000	2025 £000
Fees payable to the company's auditors and its associates for:		
Audit services^a		
The audit of the parent company and the consolidated financial statements	13,343	16,397
The audit of the company's subsidiaries	5,624	5,981
	18,967	22,378
Audit related assurance services^b	2,421	2,185
Other non-audit services	3	3
Total services	21,391	24,566

^a Services in relation to the audit of the parent company and the consolidated financial statements. This also includes fees payable for the statutory audits of the financial statements of subsidiary companies.

^b Includes services that are required by law or regulation to be carried out by an appointed auditor and services that support us to fulfil obligations required by law or regulation. This includes fees for the review of interim results and fee for the audit of the group's regulatory financial statements.

Fees payable to auditors other than KPMG for audits of certain overseas subsidiaries were £42,000 (FY25: £174,000).

The BT Pension Scheme is an associated pension fund as defined in the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) (Amendment) Regulations 2011. In FY26 KPMG LLP received total fees from the BT Pension Scheme of £2.1m (FY25: £2.3m) in respect of the following services:

Year ended 31 March	2026 £000	2025 £000
Audit of the financial statements of BT Pension Scheme and its subsidiary undertakings	2,058	2,093
Audit-related assurance services	17	128
Other non-audit services	47	32
Total services	2,122	2,253

Notes to the consolidated financial statements (continued)

9. Specific items

The following charges and credits were recognised in FY26 and FY25 as specific items: significant business restructuring programmes including the current group-wide cost transformation and modernisation programme, disposals of businesses and investments, charges or credits relating to retrospective regulatory matters, significant out of period contract settlements, litigation matters, impairment arising on remeasurement of the disposal groups to be held for sale, asset impairment charges, impairment charges in our Portfolio Businesses, net interest on our pension obligation, and the impact of remeasuring deferred tax balances. Movements relating to the sports joint venture (Sports JV) with Warner Bros. Discovery (WBD), such as fair value gains or losses on the A and C preference shares or impairment charges related to the equity-accounted investment are classified as specific, refer to note 25. See Note 1 (Basis of preparation) for details of the accounting policy relating to specific items.

Year ended 31 March	Ref.	2026 £m	2025 £m
Revenue			
Retrospective regulatory matters	A	(8)	12
Specific revenue		(8)	12
Operating costs			
Restructuring charges	B	336	448
Sports JV – related items	C	24	119
Divestment-related items	D	1	19
Retrospective regulatory matters	A	—	(7)
Out of period adjustments	E	—	32
Litigation matters	F	40	—
Impairment loss on remeasurement of disposal groups	G	27	116
Specific operating costs before depreciation and amortisation		428	727
Asset impairment charges	H	38	—
Impairment charges in our Portfolio Businesses	I	—	45
Specific operating costs		466	772
Specific operating loss		458	784
Net finance expense			
Interest expense on retirement benefit obligation	J	191	197
Specific net finance expense		191	197
Share of loss of associates and joint ventures	K	218	—
Net specific items charge before tax		867	981
Taxation			
Tax credit on specific items above	L	(151)	(200)
Net specific items charge after tax		716	781

A. Retrospective regulatory matters

We recognised an £8m net credit in relation to historical regulatory matters (FY25: net charge of £5m). These items represent movements in provisions relating to various matters.

B. Restructuring charges

We have incurred charges of £336m (FY25: £448m) relating to our group-wide cost transformation and modernisation programme. The majority of these expenses comprise leaver, third-party and property-related costs attributable to the programmes. Net cash flows from restructuring activities amounted to £311m (FY25: £423m).

In May 2024, a new transformation programme was announced which targeted £3bn gross annualised cost savings, with a total cost to achieve of £1bn which will run until the end of FY29. The benefits and costs of the final FY25 year of the previous May 2020 programme were absorbed into the new targets. We have now raised our overall transformation plan target to £3.7bn gross annualised cost savings from £3.0bn, and extended the programme by one year to FY30. The total cost to achieve is now expected to be £1.4bn, previously £1.0bn.

Within the year, this programme delivered an estimated £0.6bn in gross annualised cost savings at a cost to achieve of £0.3bn. Since the programme was announced we have achieved gross annualised cost savings of £1.5bn at a cost to achieve of £0.8bn. The total expected cash costs to achieve until FY30 is £1.4bn, of this we have incurred £0.3bn in the year and £0.7bn to date.

We do not consider the remaining estimated restructuring costs of £0.6bn, included within the £1.4bn referenced here, to constitute a sufficiently-detailed formal announcement of a restructuring programme that would trigger a provision under IAS 37. Costs are provided for when the IAS 37 recognition criteria are met.

C. Sports JV – related items

We have recorded a net charge of £24m, comprising an impairment loss of £23m (FY25: £44m) on our ordinary equity interest in the Sports JV and a fair value loss of £1m (FY25: £75m loss) on the A and C preference shares in the Sports JV. Refer to note 25 for further details.

9. Specific items (continued)

D. Divestment-related items

We recognised a £1m charge (FY25: £19m charge) relating to profit from our ongoing divestment activities as we progress towards becoming fully UK-focused. Of this, £30m relates to net profit on disposal and a £31m charge relates to other divestment and separation costs. The most significant transactions were the disposal of BT Radianz to Transaction Network Services in February 2026 and the disposal of our domestic operations in Italy to Retelit S.p.A in October 2025.

E. Out of period adjustments

In FY25 we recognised a £32m charge related to under accrual of historical costs, which came to light following a commercial settlement of certain aged balances within a sub-unit of our Business CFU. This was recognised as specific due to the nature and incidence of this item.

F. Litigation matters

In FY26 we have recognised £40m of costs associated with litigation claims brought against the group. This has been recognised as specific due to the size and incidence of these items.

G. Impairment loss on remeasurement of disposal groups

We recognised an impairment charge of £27m (FY25: £116m) for the remeasurement of disposal groups. Assets classified as held for sale under IFRS 5 are measured at the lower of their carrying amount and fair value less costs to sell, resulting in an impairment loss (see note 23).

H. Asset impairment charges

In FY26 we have recognised an impairment charge of £32m of intangible assets following the termination of an IT infrastructure transformation programme. This has been recognised as specific due to the size and incidence of these items. A further £6m impairment charge was recognised in relation to property rationalisation programmes, part of our group-wide cost transformation and modernisation programme and recognised as specific due to the nature and incidence of these charges.

I. Impairment charges in our Portfolio Businesses

In FY25 we recognised an impairment charge of £45m of non-current assets following a review of businesses within our Portfolio channel which sits within the International CFU.

J. Interest expense on retirement benefit obligation

During the year we incurred £191m (FY25: £197m) of interest costs in relation to our defined benefit pension obligations.

K. Share of loss of associates and joint ventures

In FY26 we recognised our share of impairment losses recorded within the Sports JV, amounting to £218m. This has been recognised as specific due to the size and incidence of these items. Refer to note 25 for further details.

L. Tax on specific items

A tax credit of £151m was recognised in relation to specific items (FY25: £200m).

Notes to the consolidated financial statements (continued)

10. Taxation

Material accounting policies that apply to taxation

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group's subsidiaries, associates and joint ventures operate and generate taxable income. We evaluate positions taken in tax returns where tax regulation is subject to interpretation, and establish provisions if appropriate based on the amounts likely to be paid to tax authorities.

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of our assets and liabilities and their tax base. Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The IASB amended the scope of IAS 12 to introduce a temporary mandatory exception from deferred tax accounting for top-up tax arising from the implementation of the OECD Pillar Two model rules.

Deferred and current income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it is probable that there will be suitable taxable profits against which the deductible temporary difference can be utilised. Deferred tax balances for which there is a right of offset within the same jurisdiction are presented net on the face of the group balance sheet as permitted by IAS 12, with the exception of deferred tax related to our pension schemes which is disclosed within deferred tax assets.

Key accounting estimates made in accounting for taxation

We seek to pay tax in accordance with the laws of the countries where we do business. However, in some areas these laws are unclear, and it can take many years to agree an outcome with a tax authority or through litigation. We estimate our tax on country-by-country and issue-by-issue bases. Our key uncertainties are whether our intra-group trading model will be accepted by a particular tax authority and whether intra-group payments are subject to withholding taxes. We are subject to regular tax authority review; we provide for the predicted outcome where an outflow is probable, but the agreed amount can differ materially from our estimates and it might change for future reporting periods. Approximately 69% by value of the provisions is under active tax authority examination and are therefore likely to be re-estimated or resolved in the coming 12 months. £67m (FY25: £96m) is included in current tax liabilities or offset against current tax assets where netting is appropriate.

Deciding whether to recognise deferred tax assets is judgemental. We only recognise them when we consider it is probable that they can be recovered. In making this assessment we consider evidence such as historical financial performance, future financial plans and trends and whether our intra-group trading model has been agreed by the relevant tax authority.

The value of the group's income tax assets and liabilities is disclosed on the group balance sheet. The value of the group's deferred tax assets and liabilities is disclosed below.

Analysis of our taxation expense for the year

Year ended 31 March	2026 £m	2025 £m
United Kingdom		
Corporation tax at 25% (FY25: 25%)	(51)	(17)
Adjustments in respect of earlier years	29	10
Non-UK taxation		
Current tax ^a	(60)	(71)
Adjustments in respect of earlier years	—	(6)
Total current taxation (expense)	(82)	(84)
Deferred taxation		
Origination and reversal of temporary differences	(292)	(238)
Adjustments in respect of earlier years	15	42
Total deferred taxation credit (expense)	(277)	(196)
Total taxation (expense)	(359)	(280)

^a Includes a current tax expense related to Pillar Two top-up tax of £3m (FY25: £3m).

10. Taxation (continued)

Factors affecting our taxation expense for the year

The taxation expense on the profit for the year differs from the amount computed by applying the UK corporation tax rate to the profit before taxation as a result of the following factors:

Year ended 31 March	2026 £m	2025 £m
Profit before taxation	1,436	1,334
Expected taxation expense at UK rate of 25% (FY25: 25%)	(359)	(334)
Effects of:		
Lower taxes on non-UK profits	11	18
Net permanent differences between tax and accounting ^a	(48)	(26)
Adjustments in respect of earlier years ^b	44	46
Prior year non-UK losses used against current year profits	9	9
Non-UK losses not recognised/(derecognised) ^c	(16)	7
Total taxation expense	(359)	(280)
Exclude specific items (note 9)	(151)	(200)
Total taxation expense before specific items	(510)	(480)

^a Includes UK income within the patent box regime of £54m (FY25: £55m), and expenses for which no tax relief is received including the share of impairment losses in the Sports JV of £55m in FY26 (FY25: £3m).

^b Reflects the differences between initial accounting estimates and tax returns submitted to tax authorities, including the release and establishment of provisions for uncertain tax positions.

^c Reflects losses arising in countries where it is not considered appropriate to recognise a deferred tax asset, as future taxable profits are not probable.

Tax components of other comprehensive income

Year ended 31 March	2026 Tax credit (expense) £m	2025 Tax credit (expense) £m
Taxation on items that will not be reclassified to the income statement		
Pension remeasurements	168	(22)
Tax on items that have been or may be reclassified subsequently to the income statement		
Exchange differences on translation of foreign operations	(4)	3
Fair value movements on cash flow hedges		
– net fair value gains or (losses)	45	(59)
Total tax recognised in other comprehensive income	209	(78)
Current tax credit ^a	3	10
Deferred tax (expense) credit	206	(88)
Total tax recognised in other comprehensive income	209	(78)

^a Includes £3m (FY25: £6m) relating to cash contributions in respect of retirement benefit obligations.

Tax credit (expense) recognised directly in equity

Year ended 31 March	2026 £m	2025 £m
Tax credit (expense) relating to share-based payments	25	18

Notes to the consolidated financial statements (continued)

10. Taxation (continued)

Deferred taxation

	Fixed asset temporary differences £m	Retirement benefit obligations ^a £m	Share- based payments £m	Tax losses £m	Other £m	Jurisdictional offset £m	Total £m
At 1 April 2024	4,581	(968)	(26)	(2,911)	(191)	—	485
Expense (credit) recognised in the income statement	194	(42)	(6)	118	(68)	—	196
Expense (credit) recognised in other comprehensive income	—	128	—	(98)	58	—	88
Expense (credit) recognised in equity	—	—	(18)	—	—	—	(18)
Exchange differences	3	—	—	3	1	—	7
At 31 March 2025	4,778	(882)	(50)	(2,888)	(200)	—	758
Non-current							
Deferred tax asset	—	(882)	(50)	(2,888)	(200)	3,061	(959)
Deferred tax liability	4,778	—	—	—	—	(3,061)	1,717
At 31 March 2025	4,778	(882)	(50)	(2,888)	(200)	—	758
Expense (credit) recognised in the income statement	35	(42)	8	267	9	—	277
Expense (credit) recognised in other comprehensive income	—	(149)	—	(16)	(41)	—	(206)
Expense (credit) recognised in equity	—	—	3	—	—	—	3
Exchange differences	(1)	—	—	(2)	6	—	3
Divestment related items	—	—	—	10	—	—	10
At 31 March 2026	4,812	(1,073)	(39)	(2,629)	(226)	—	845
Non-current							
Deferred tax asset	—	(1,073)	(39)	(2,629)	(226)	2,843	(1,124)
Deferred tax liability	4,812	—	—	—	—	(2,843)	1,969
At 31 March 2026	4,812	(1,073)	(39)	(2,629)	(226)	—	845

^a Includes a deferred tax asset of £nil (FY25: £nil) arising on contributions payable to defined contribution pension plans.

The majority of the deferred tax assets and liabilities noted above are anticipated to be realised after more than 12 months.

What factors affect our future tax charges?

We expect a large proportion of our capital spend to be eligible for full expensing under the UK capital allowances regime, which provides 100% tax relief in the year of spend on qualifying assets and reduces our current year UK tax liability. The enhanced and accelerated tax deductions arising under the Government's super-deduction regime for qualifying capital spend during FY22 and FY23, together with full expensing for FY24 to FY26 contributed to a net £4,812m deferred tax liability on fixed asset temporary differences, and a net £2,629m deferred tax asset relating to tax losses, after combining pension deficit contribution deductions, in the table above.

The group is within the scope of the OECD Pillar Two model rules. The UK and a number of other countries have enacted Pillar Two legislation. Under these rules, the group may be liable to pay a top-up tax to the 15% minimum rate. As the UK rate of corporation tax is 25%, and the group's business is primarily in the UK, the impact of these rules is not expected to be material for the group for the year ended 31 March 2026. Furthermore, the group has applied the temporary mandatory exception from deferred tax accounting for the impacts of the top-up tax and accounts for any top-up tax as a current tax when it is incurred.

What are our unrecognised tax losses and other temporary differences?

At 31 March 2026 we had operating losses and other temporary differences carried forward in respect of which no deferred tax assets were recognised amounting to £3.1bn (FY25: £3.5bn). Our other temporary differences have no expiry date restrictions. The expiry date of operating losses carried forward is dependent upon the tax law of the various territories in which the losses arose. A summary of expiry dates for losses in respect of which restrictions apply is set out below:

At 31 March 2026	£m	Expiry
Restricted losses		
Europe	2	2027 - 2040
Other	2	2027 - 2040
Total restricted losses	4	
Unrestricted operating losses	2,877	No expiry
Other temporary differences	179	No expiry
Total	3,060	

At 31 March 2026 we had UK capital losses carried forward in respect of which no deferred tax assets were recognised amounting to £16.8bn (FY25: £16.8bn). These losses have no expiry date, but we consider the future utilisation of significant amounts of these losses to be remote.

At 31 March 2026 the undistributed earnings of non-UK subsidiaries were £2.5bn (FY25: £2.5bn). No deferred tax liabilities have been recognised in respect of these unremitted earnings because the group is in a position to control the timing of any dividends from subsidiaries and hence any tax consequences that may arise. Under current tax rules, tax of £48m (FY25: £44m) would arise if these earnings were to be repatriated to the UK.

11. Earnings per share

How is earnings per share calculated?

Basic earnings per share is calculated by dividing the profit after tax attributable to equity shareholders by the weighted average number of shares in issue after deducting the own shares held by employee share ownership trusts and treasury shares.

In calculating the diluted earnings per share, share options outstanding and other potential shares have been taken into account where the impact of these is dilutive.

Year ended 31 March	2026	2025
Basic weighted average number of shares (millions)	9,818	9,779
Dilutive shares from share options (millions)	—	49
Dilutive shares from share awards (millions)	121	132
Diluted weighted average number of shares (millions)	9,939	9,960
Basic earnings per share	11.0p	10.8p
Diluted earnings per share	10.8p	10.6p

The earnings per share calculations are based on profit after tax attributable to equity shareholders of the parent company which excludes non-controlling interests. Profit after tax was £1,077m (FY25: £1,054m). Profit attributable to non-controlling interests is not presented separately in the financial statements as it is not material.

12. Dividends

What is the group's dividend policy?

The Board has adopted a new policy to grow the dividend by low to mid single digit percent per annum in FY27 and onwards until metrics consistent with a BBB+ credit rating are reached; thereafter residual cash flow will be available for enhanced distributions to shareholders.

What dividends have been paid?

A final dividend of 5.87p per share amounting to approximately £581m is proposed in respect of the year ended 31 March 2026 (FY25: final dividend of 5.76p per share amounting to £566m paid in respect of the year ended 31 March 2025). An interim dividend of 2.45p per share amounting to £241m was paid on 11 February 2026 (FY25: interim dividend of 2.40p per share amounting to £235m paid). This value may differ from the amount shown for equity dividends paid in the group cash flow statement, which represents the actual cash paid in relation to dividend cheques that have been presented over the course of the financial year.

Year ended 31 March	2026		2025	
	pence per share	£m	pence per share	£m
Final dividend in respect of the prior year	5.76	566	5.69	556
Interim dividend in respect of the current year	2.45	241	2.40	235
	8.21	807	8.09	791

Notes to the consolidated financial statements (continued)

13. Goodwill

Material accounting policies that apply to goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the identifiable net assets (including intangible assets) of the acquired business. Goodwill arising on the acquisition of a business is measured at cost less accumulated impairment losses. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill is allocated to CGUs that are expected to benefit from the synergies of the combination. Each CGU to which goodwill is allocated represents the lowest level within the group at which the goodwill is monitored for internal management purposes.

An impairment loss is recognised in profit or loss and presented as a specific item (note 9) if the carrying amount of the CGU exceeds its recoverable amount.

Significant judgements and critical accounting estimates made in reviewing goodwill for impairment

Determining our CGUs

The determination of our CGUs is judgemental. The identification of CGUs involves an assessment of whether the asset or group of assets generate largely independent cash inflows. The outcome of this assessment affects the allocation of goodwill and impairment test for the CGU to which goodwill is allocated. This involves consideration of how our core assets are operated and whether these generate independent cash inflows.

Following the creation of the International CFU from 1 July 2025 (see note 1), the Business CGU and International CGU align with the corresponding CFUs and reportable segments. Prior to that, both CGUs were part of Business.

There is no change to the Consumer CGU, which continues to align with its corresponding CFU and reportable segment.

Estimating recoverable amount

The outcome of the impairment test of goodwill of the International CGU is subject to significant estimation uncertainty, as the calculation of the recoverable amount and resultant headroom is sensitive to assumptions used in the discounted cash flow (DCF) model, which include future projections of operating cash flows and selections of discount rate and terminal growth rate, in combination.

Operating cash flow

The financial plan on which the DCF is based on is underpinned by various granular assumptions on operating cash flows, which collectively roll up to the projected Adjusted EBITDA over the forecast period. We consider that each of these granular assumptions do not individually give rise to significant estimation uncertainty that would result in a material change to the outcome of the impairment test of the International CGU. Projected Adjusted EBITDA CAGR, which is expressed as compound annual growth rate of projected Adjusted EBITDA within the 5-year forecast period, is considered as the most representative metric for the underlying assumptions on an aggregated level that gives the most meaningful sensitivity information.

Costs of disposal is not a key assumption that is sensitive to the recoverable amount.

Terminal growth rate

Long-term compound annual growth rates may be higher or lower than management's estimate due to market-specific factors including inflation expectations, the regulatory environment and competition intensity.

Discount rate

The discount rate used is adjusted for the risk specific to the asset for which the future cash flow estimates have not been adjusted. The discount rate could vary from management's estimate due to fluctuations in market conditions, which impact underlying assumptions such as the risk-free rate, equity market risk premium, asset beta, and leverage ratios.

13. Goodwill (continued)

Cash-generating units

The carrying amount of goodwill allocated to CGUs is shown below:

	Consumer £m	Business ^a £m	International ^a £m	Total £m
1 April 2024	3,874	3,560	—	7,434
Transfers	—	(470)	470	—
Transfer to assets held for sale	—	(99)	—	(99)
Exchange differences	—	(25)	—	(25)
31 March 2025	3,874	2,966	470	7,310
Exchange differences	—	(1)	(4)	(5)
31 March 2026	3,874	2,965	466	7,305

^a Business CGU and International CGU were previously named UK Business CGU and International Business CGU respectively in FY25.

At the end of FY25, in addition to Consumer CGU, we identified two separate CGUs to which goodwill is allocated within the Legacy Business segment. They consist of the UK-focused operation (“Business CGU”) and certain international operations (collectively “International CGU”) which individually represent the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs. Goodwill has been allocated between the Business and International CGUs on a relative fair value basis at the end of FY25, as this was deemed to best reflect the goodwill associated to the reorganised units.

There are no changes in identification of CGUs to which goodwill is allocated during FY26 and these are aligned with the corresponding CFU and operating segment.

As at 1 April 2024, 31 March 2025 and 31 March 2026, the total gross carrying amounts of goodwill were £7,922m, £7,798m and £7,793m respectively, before deducting accumulated impairment losses of £488m recognised in FY24. No impairment losses were recognised during the current or prior financial years.

The impairment test

The Group’s impairment test compares the carrying value of each CGU with its recoverable amount. For FY26, our recoverable amount is based on fair value less costs of disposal (FVLCD). In FY25, the recoverable amount of our Business and International CGUs were based on FVLCD and our Consumer CGU was based on value in use (VIU).

The fair value is determined using nominal cash flow projections derived from financial plans approved by the Board covering a five-year period. They reflect management’s expectations of revenue, EBITDA growth, capital expenditure, working capital, net savings from uncommitted restructuring (i.e. the group wide transformation programme announced in May 2024) and other operating cash flows, based on past experience and future expectations of business performance, further adjusted such that they represent a market participant’s view. Cash flows beyond the fifth year have been extrapolated using perpetuity growth rates. Forecasting risks are reflected in the cash flows. These cash flows are discounted to their present value using a pre-tax nominal discount rate. Costs of disposals are based on management’s estimate.

The FVLCD is categorised as level 3 under the fair value hierarchy.

As at 31 March 2026, the estimated recoverable amount of each CGU exceeded its respective carrying value (FY25: no impairment).

Key assumptions

Key assumptions used in determining the discounted cash flow forecasts for the Consumer, Business and International CGUs are summarised as follows:

Key assumptions	Approach to determine
Projected Adjusted EBITDA	Adjusted EBITDA is defined as the profit or loss before specific items, net finance expense, taxation, depreciation and amortisation and share of post-tax profits or losses of associates and joint ventures. The forecasts reflect past experience, and the trends and maturity of the industry that we operate in. Net savings from uncommitted restructuring are included in the projected Adjusted EBITDA.
Discount rate	The pre-tax discount rates applied to the cash flow forecasts are derived from our post-tax weighted average cost of capital. The assumptions used in the calculation of the group’s weighted average cost of capital are primarily benchmarked to externally available data and reflect the impact of those risks not already considered within cash flows, such as the risk-free rate, equity market risk premium, asset beta, and leverage ratios.
Long-term growth rate	The perpetuity growth rates are determined based on the forecast market growth rates of the regions in which the CGU operates, and reflect an assessment of the long-term growth prospects of that business and market. The growth rates have been benchmarked against external data for the relevant markets and analysts’ expectations. None of the growth rates applied exceed the expected average long-term growth rates for those markets or sectors.

Notes to the consolidated financial statements (continued)

13. Goodwill (continued)

The discount rates and long-term growth rates used in the impairment test for the Consumer, Business and International CGUs are as follows.

	2026			2025		
	Consumer	Business	International	Consumer	Business	International
Pre-tax discount rate	9.32 %	9.32 %	9.82 %	9.35 %	9.35 %	10.98 %
Long-term growth rate	1.0 %	1.0 %	0.0 %	1.0 %	1.0 %	0.0 %

Sensitivity analysis

The impairment testing as described is reliant on the accuracy of management's forecasts and the assumptions that underlie them, and on the selection of the discount and growth rates to be applied.

For the Consumer and Business CGUs, no reasonably possible change in key assumptions indicated an impairment would arise.

In light of the level of headroom (c.£0.1bn) and significance of estimation uncertainty for the International CGU, we considered the impact of the following changes in key assumptions in isolation, and the impact this would have on the observed level of headroom. For the long-term growth rate, such a change would eliminate headroom and result in an impairment.

In £m	Impact on headroom on International	
	Low scenario	High scenario
Projected Adjusted EBITDA CAGR ^a +/-1.0%	(89)	92
Pre-tax discount rate +/-0.5%	(69)	77
Long-term growth rate +/-1.0%	(100)	123

^a Projected Adjusted EBITDA CAGR is expressed as the compound annual growth rates of projected Adjusted EBITDA within the 5-year forecast period of the cash flow forecasts which are used to determine the recoverable amounts of the CGUs.

We set out below the changes to key assumptions, in isolation, that would be required to result in the recoverable amount being equal to the carrying value:

Increase/(decrease) by	Change required for recoverable amount to equal carrying value	
	International	
Projected Adjusted EBITDA CAGR		(1.0)%
Pre-tax discount rate		0.7 %
Long-term growth rate		(0.9)%

For the International CGU, adverse movements in key assumptions in combination could result in a material impairment.

14. Other intangible assets

Material accounting policies that apply to other intangible assets

We recognise identifiable intangible assets where we control the asset, it is probable that future economic benefits attributable to the asset will flow to the group, and we can reliably measure the cost of the asset. We amortise all intangible assets, other than goodwill (see note 13), over their useful economic life. The method of amortisation reflects the pattern in which the assets are expected to be consumed. If the pattern cannot be determined reliably, the straight-line method is used.

Acquired intangible assets – customer relationships and brands

Intangible assets such as customer relationships or brands acquired through business combinations are recorded at fair value at the date of acquisition and subsequently carried at amortised cost. Assumptions are used in estimating the fair values of these relationships or brands and include management's estimates of revenue and profits to be generated by them.

Telecommunications licences

Licence fees paid to governments, which permit telecommunications activities to be operated for defined periods, are initially recorded at cost and amortised from the time the network is available for use to the end of the licence period or where our usage can extend beyond the initial licence period, over the period we expect to benefit from the use of the licences, which is typically 20 years. Licences acquired through business combinations are recorded at fair value at the date of acquisition and subsequently carried at amortised cost. The fair value is based on management's assumptions of future cash flows using market expectations at acquisition date.

Computer software

Computer software comprises computer software licences purchased from third parties, and also the cost of internally developed software. Computer software licences purchased from third parties are initially recorded at cost. We capitalise costs directly associated with the production of internally developed software, including direct and indirect labour costs of development, only where it is probable that the software will generate future economic benefits, the cost of the asset can be reliably measured and technical feasibility can be demonstrated, in which case it is capitalised as an intangible asset on the balance sheet. Costs which do not meet these criteria and research costs are expensed as incurred.

Our development costs which give rise to internally developed software include upgrading the network architecture or functionality and developing service platforms aimed at offering new services to our customers.

Other

Other intangible assets include website development costs and other licences. Items are capitalised at cost and amortised on a straight-line basis over their useful economic life or the term of the contract.

Estimated useful economic lives

The estimated useful economic lives assigned to the principal categories of intangible assets are as follows:

– Computer software	2 to 10 years
– Telecommunications licences	2 to 20 years
– Customer relationships and brands	1 to 10 years

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment if events or changes in circumstances (assessed at each reporting date) indicate that the carrying amount may not be recoverable. When an impairment test is performed, the recoverable amount is assessed by reference to the higher of the net present value of the expected future cash flows (value in use) of the relevant cash generating unit and the fair value less costs to dispose.

Notes to the consolidated financial statements (continued)

14. Other intangible assets (continued)

	Customer relationships and brands ^a £m	Telecoms licences and other ^b £m	Internally developed software ^c £m	Purchased software ^c £m	Total £m
Cost					
At 1 April 2024	3,382	3,478	6,004	1,698	14,562
Additions	—	—	775	223	998
Disposals and adjustments ^d	—	6	(753)	(121)	(868)
Transfers ^g	—	—	124	(197)	(73)
Transfers to assets held for sale ^e	—	(43)	—	(83)	(126)
Exchange differences	—	(1)	—	(4)	(5)
At 31 March 2025	3,382	3,440	6,150	1,516	14,488
Additions ^f	—	13	757	100	870
Disposals and adjustments ^d	—	(1)	(414)	(380)	(795)
Transfers ^g	—	—	14	(46)	(32)
Transfer to assets held for sale ^e	—	—	—	—	—
Exchange differences	—	1	—	5	6
At 31 March 2026	3,382	3,453	6,507	1,195	14,537
Accumulated amortisation					
At 1 April 2024	2,931	1,266	4,006	873	9,076
Amortisation charge for the year	227	186	790	97	1,300
Impairment	—	—	6	1	7
Disposals and adjustments ^d	—	8	(749)	(125)	(866)
Transfers ^g	—	—	3	(32)	(29)
Transfers to assets held for sale ^e	—	(42)	—	(77)	(119)
Exchange differences	—	(1)	—	(3)	(4)
At 31 March 2025	3,158	1,417	4,056	734	9,365
Amortisation charge for the year	180	185	796	113	1,274
Impairment	—	—	37	2	39
Disposals and adjustments ^d	—	(1)	(482)	(327)	(810)
Transfers ^g	—	—	—	—	—
Transfer to assets held for sale ^e	—	—	—	—	—
Exchange differences	—	1	—	5	6
At 31 March 2026	3,338	1,602	4,407	527	9,874
Carrying amount					
At 31 March 2025	224	2,023	2,094	782	5,123
At 31 March 2026	44	1,851	2,100	668	4,663

^a Customer relationships and brands relate to separately identifiable intangible assets recognised on acquisition of EE.

^b Telecoms licences and other primarily represents spectrum licences. These include 2100 MHz licence with book value of £493m (FY25: £543m), 1800 MHz with book value of £452m (FY25: £498m), 700MHz with book value of £235m (FY25: £251m), 3400 MHz with book value of £194m (FY25: £210m) and 2600 MHz with book value of £143m (FY25: £164m). Spectrum licences are being amortised over a period between 14 and 20 years.

^c Includes a carrying amount of £492m (FY25: £506m) in respect of assets under construction, which are not yet amortised.

^d Disposals and adjustments include the removal of assets from the group's fixed asset registers following disposals and the identification of fully amortised assets (including £0.7bn in FY26 (FY25: £0.7bn) through operation of the group's annual asset verification exercise).

^e For a breakdown of assets held for sale see note 23.

^f Additions to telecoms licences and other assets in FY26 comprise £13m (FY25: £nil) recognised in relation to spectrum which represents the amount paid to Ofcom to secure the spectrum bands together with the related interference mitigation provision.

^g During FY26, assets with cost of £32m and accumulated depreciation of £nil were transferred from intangible assets to property, plant and equipment following review of asset registers. During FY25, assets with a cost of £73m and accumulated depreciation of £29m were transferred from property, plant and equipment to intangible assets.

15. Property, plant and equipment

Material accounting policies that apply to property, plant and equipment

Our property, plant and equipment is included at historical cost, net of accumulated depreciation, government grants and any impairment charges. Property, plant and equipment acquired through business combinations is initially recorded at fair value and subsequently accounted for on the same basis as our existing assets. We derecognise items of property, plant and equipment on disposal or when no future economic benefits are expected to arise from the continued use of the asset. The difference between the sale proceeds and the net book value at the date of disposal is recognised in operating costs in the income statement.

Included within the cost of network infrastructure and equipment are direct and indirect labour costs, materials and directly attributable overheads.

We depreciate property, plant and equipment on a straight-line basis from the time the asset is available for use, to write off the asset's cost over the estimated useful life taking into account any expected residual value. Freehold land is not depreciated.

Estimated useful economic lives

The estimated useful lives assigned to principal categories of assets are as follows:

Land and buildings

– Freehold buildings	14 to 50 years
– Short-term leasehold improvements	Shorter of 10 years or lease term
– Leasehold land and buildings	Shorter of unexpired portion of lease or 40 years

Network infrastructure

Transmission equipment	
– Duct	40 years
– Cable	3 to 25 years
– Fibre	5 to 20 years
Exchange equipment	2 to 13 years
Other network equipment	2 to 40 years

Other assets

– Motor vehicles	2 to 10 years
– Computers and office equipment	3 to 7 years

Residual values and useful lives are reassessed annually and, if necessary, changes are recognised prospectively.

Network share assets

Certain assets have been contributed to a network share arrangement by both EE and Hutchison 3G UK Limited, with legal title remaining with the contributor. This is considered to be a reciprocal arrangement. Our share of the assets on acquisition of EE was recognised at fair value within tangible assets, and depreciated in line with policy. Subsequent additions are recorded at cost.

Impairment of property, plant and equipment

We test property, plant and equipment for impairment if events or changes in circumstances (assessed at each reporting date) indicate that the carrying amount may not be recoverable. When an impairment test is performed, we assess the recoverable amount by reference to the higher of the net present value of the expected future cash flows (value in use) of the relevant asset and the fair value less costs to dispose. If it is not possible to determine the recoverable amount for the individual asset then we assess impairment by reference to the relevant cash generating unit as described in note 13.

Government grants

We receive government grants in relation to rural superfast broadband contracts including Building Digital UK (BDUK), Reaching 100% (R100) and Gigabit. Where we have achieved certain service levels, or delivered the network more efficiently than anticipated, we have an obligation to either re-invest or repay grant funding. Where this is the case, we recognise deferred income in respect of the funding that will be re-invested or repaid, and make a corresponding adjustment to the carrying amount of the related property, plant and equipment.

Assessing the timing of whether and when we change the estimated take-up assumption is judgemental as it involves considering information which is not always observable. Our consideration on whether and when to change the base case assumption is dependent on our expectation of the long-term take-up trend.

Our assessment of how much grant income to defer includes consideration of the difference between the take-up percentage agreed with the local authority and the likelihood of actual take-up. The value of the government grants deferred is disclosed in note 18.

Notes to the consolidated financial statements (continued)

15. Property, plant and equipment (continued)

		Network infrastructure				
	Land and buildings £m	Held by Openreach £m	Held by other units £m	Other ^a £m	Assets under construction ^f £m	Total £m
Cost						
At 1 April 2024	1,150	36,130	24,004	1,746	1,626	64,656
Additions ^b	2	1	43	10	3,803	3,859
Transfers ^e	123	3,021	990	318	(4,379)	73
Disposals and adjustments ^c	(70)	(191)	(1,725)	(40)	(37)	(2,063)
Transfer to assets held for sale ^d	(151)	—	(610)	(81)	(2)	(844)
Exchange differences	(8)	—	(45)	(4)	(1)	(58)
At 31 March 2025	1,046	38,961	22,657	1,949	1,010	65,623
Additions ^b	2	—	47	6	4,202	4,257
Transfers ^e	47	2,869	600	325	(3,809)	32
Disposals and adjustments ^c	(38)	(1,710)	(1,380)	(296)	(193)	(3,617)
Transfer to assets held for sale ^d	—	—	—	—	—	—
Exchange differences	9	—	54	(2)	—	61
At 31 March 2026	1,066	40,120	21,978	1,982	1,210	66,356
Accumulated depreciation						
At 1 April 2024	732	20,431	19,607	1,294	30	42,094
Depreciation charge for the year	68	1,554	1,050	267	—	2,939
Impairment	1	—	44	10	17	72
Transfers ^e	—	—	29	—	—	29
Disposals and adjustments ^c	(42)	(182)	(1,836)	(32)	(4)	(2,096)
Transfer to assets held for sale ^d	(118)	—	(563)	(63)	—	(744)
Exchange differences	(6)	—	(41)	(4)	—	(51)
At 31 March 2025	635	21,803	18,290	1,472	43	42,243
Depreciation charge for the year	62	1,653	919	335	—	2,969
Impairment	5	—	8	(1)	—	12
Transfers ^e	—	—	2	(2)	—	—
Disposals and adjustments ^c	(43)	(1,668)	(1,560)	(298)	(6)	(3,575)
Transfer to assets held for sale ^d	—	—	—	—	—	—
Exchange differences	7	—	51	(1)	—	57
At 31 March 2026	666	21,788	17,710	1,505	37	41,706
Carrying amount						
At 31 March 2025	411	17,158	4,367	477	967	23,380
At 31 March 2026	400	18,332	4,268	477	1,173	24,650

^a 'Other' comprises plant and equipment, motor vehicles, computers, and fixtures and fittings.

^b Net of government grants of £134m (FY25: £103m).

^c Disposals and adjustments include the removal of assets from the group's fixed asset registers following disposals and the identification of fully depreciated assets including £2.5bn in FY26 (FY25: £1.5bn) through operation of the group's annual asset verification exercise). They also include adjustments between gross cost and accumulated depreciation following review of fixed asset registers, and adjustments resulting from changes in assumptions used in calculating lease-end obligations where the corresponding asset is capitalised.

^d Transfers to assets held for sale are detailed in note 23.

^e During FY26, assets with cost of £32m and accumulated depreciation of £nil were transferred from intangible assets to property, plant and equipment following review of asset registers. During FY25, assets with a cost of £73m and accumulated depreciation of £29m were transferred from property, plant and equipment to intangible assets.

^f Assets under construction (AUC) cost includes a carrying amount of £61m (Gross cost of £99m and accumulated depreciation of £38m) at 31 March 2026 and £73m (Gross costs £108m and accumulated depreciation of £35m) at 31 March 2025 which relates to engineering stores.

15. Property, plant and equipment (continued)

Included within the disclosure are assets used in arrangements which represent core business activities for the group and which meet the definition of operating leases:

- £18,332m (FY25: £17,158m) of the carrying amount of the network infrastructure asset class represents Openreach's network infrastructure. The majority of the associated assets are used to deliver fixed-line telecommunications services that have been assessed as containing operating leases, to both internal and external communications providers. Network infrastructure held by Openreach is presented separately in the table above; however it is not practicable to separate out infrastructure not used in operating lease arrangements.
- Plant and equipment, within other assets, includes devices with a carrying amount of £268m (FY25: £238m) that are made available to retail customers under arrangements that contain operating leases. These are not presented separately in the table above as they are not material relative to the group's overall asset base.

The carrying amount of land and buildings, including leasehold improvements, comprised:

At 31 March	2026 £m	2025 £m
Freehold	72	67
Leasehold	328	344
Total land and buildings	400	411

Network infrastructure

Some of our network assets are jointly controlled by EE Limited with Hutchison 3G UK Limited. These relate to shared 3G network and certain elements of network for 4G rural sites. The net book value of the group's share of assets controlled by its joint operation MBNL is £795m (FY25: £791m) and is recorded within network infrastructure.

BT Tower

In FY24 we agreed to the sale of the BT Tower for headline consideration of £275m, as part of the simplification of the group's property portfolio. The carrying amount of the BT Tower asset is £2.1m as at 31 March 2026 (FY25: £2.9m). The asset continues not to meet the IFRS 5 criteria for classification as held for sale at the reporting date, reflecting the extent of decommissioning work needed to provide vacant possession of the site.

The transfer of legal title is anticipated to take place in a three year window between 2028 and 2031 subject to achieving vacant possession of the site. BT continues to enjoy exclusive rights to occupy and access the site prior to completion. The useful economic lives of assets associated with the BT Tower have been reassessed in light of the anticipated disposal in FY30.

Low carbon fleet

As reported in our TCFD statement on page 69, we're working hard and investing to transition the majority of our commercial fleet to electric or zero emission vehicles by the end of FY31. This plan does not trigger a significant impairment of fleet assets as internal combustion engines (ICE) commercial vehicles held by the group at 31 March 2026 will be substantially depreciated ahead of FY31.

Notes to the consolidated financial statements (continued)

16. Leases

Material accounting policies that apply to leases

Identifying whether a lease exists

At inception of a contract, we determine whether the contract is, or contains, a lease. A lease exists if the contract conveys the right to control the use of an identified asset, for a period of time, in exchange for consideration. In making this assessment, we consider whether:

- The contract involves the use of an identified asset, either explicitly or implicitly. The asset must be physically distinct or represent substantially all the capacity of a physically distinct asset. Assets that a supplier has a substantive right to substitute are not considered distinct.
- The lessee (either the group, or the group's customers) has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The lessee has the right to direct the use of the asset, in other words, has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Where practicable, and by class of underlying asset, we have elected to account for leases containing a lease component and one or more non-lease components as a single lease component. Where this election has been taken, it has been applied to the entire asset.

Lessee accounting

We recognise a lease liability and right-of-use asset at the commencement of the lease.

Lease liabilities are initially measured at the present value of lease payments that are due over the lease term, discounted using the group's incremental borrowing rate.

The lease term is the non-cancellable period of the lease adjusted for the impact of any extension options that we are reasonably certain that the lessee will exercise, or termination options that we are reasonably certain that the lessee will not exercise.

The incremental borrowing rate is the rate that we would have to pay for a loan of a similar term, and with similar security, to obtain an asset of similar value.

Lease payments include:

- fixed payments
- variable lease payments that depend on an index or rate
- amounts expected to be paid under residual value guarantees
- the exercise price of any purchase options that we are reasonably certain to exercise
- payments due over optional renewal periods where we are reasonably certain to renew
- penalties for early termination of the lease where we are reasonably certain to terminate early

Lease liabilities are subsequently measured at amortised cost using the effective interest method. They are remeasured if there is a change in future lease payments, including changes in the index or rate used to determine those payments, or the amount we expect to be payable under a residual value guarantee.

We also remeasure lease liabilities where the lease term changes. This occurs when the non-cancellable period of the lease changes, or on occurrence of a significant event or change in circumstances within the control of the lessee and which changes our initial assessment in regard to whether the lessee is reasonably certain to exercise extension options or not to exercise termination options. Where the lease term changes we remeasure the lease liability using the group's incremental borrowing rate at the date of reassessment. Where a significant event or change in circumstances does not occur, the lease term remains unchanged and the carrying amounts of the lease liability and associated right-of-use asset will decline over time.

Right-of-use assets are initially measured at the initial amount of the corresponding lease liabilities, adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of any decommissioning costs that have been recognised as provisions, less any lease incentives received. They are subsequently depreciated using the straight-line method to the earlier of the end of the useful life of the asset or the end of the lease term. Right-of-use assets are tested for impairment following the policy set out in note 15 and are adjusted for any remeasurement of lease liabilities.

We have elected not to recognise lease liabilities and right-of-use assets for short-term leases that have a lease term of 12 months or less, and leases of low-value assets with a purchase price under £5,000. We recognise payments for these items as an expense on a straight-line basis over the lease term.

Any variable lease payments that do not depend on an index or rate, such as usage-based payments, are recognised as an expense in the period to which the variability relates.

16. Leases (continued)

Lessor accounting

At inception or on modification of a contract that contains a lease component, we allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When we act as a lessor, we determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, we make an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, we consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

When we are an intermediate lessor, we account for our interests in the headlease and the sublease separately. We assess the lease classification of a sublease with reference to the right-of-use asset arising from the headlease, not with reference to the underlying asset. If a headlease is a short-term lease to which we apply the exemption described above, then we classify the sublease as an operating lease.

If an arrangement contains lease and non-lease components, then we apply IFRS 15 to allocate the consideration in the contract.

We apply the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. We further regularly review estimated unguaranteed residual values used in calculating the gross investment in the lease.

We recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'lease revenue' or 'other operating income'.

🔍 Significant judgements made in accounting for leases

The lease term is a key determinant of the size of the lease liability and right-of-use asset recognised where the group acts as lessee; and the deferral period for any upfront connection charges where the group acts as lessor. Determining the lease term requires judgement to evaluate whether we are reasonably certain the lessee will exercise extension options or will not exercise termination options. Key facts and circumstances that create an incentive to exercise those options are considered; these include:

- Our anticipated operational, retail and office property requirements in the mid and long term.
- The availability of suitable alternative sites.
- Costs or penalties associated with exiting lease arrangements relative to the benefits to be gained, including costs of removing leasehold improvements or relocating, and indirect costs such as disruption to business.
- Significant investments in leased sites, in particular those with useful lives beyond the lease term.
- Costs associated with extending lease arrangements including rent increases during secondary lease periods.

Our definition of 'reasonable certainty', and therefore the lease term, will often align with the judgements made in our medium-term plan, in particular for leases of non-specialised property and equipment on rolling (or 'evergreen') arrangements that continue until terminated and which can be exited without significant penalty.

Following initial determination of the lease term, we exercise judgement in evaluating whether events or changes in circumstances are sufficiently significant to change the initial assessment of whether we are reasonably certain the lessee will exercise extension options or will not exercise termination options; and in the subsequent reassessment of the lease term.

Significant judgements exercised in setting the lease term

The quantum of the lease liability and right-of-use asset currently recognised on our balance sheet is most significantly affected by the judgement exercised in setting the lease term for the arrangement under which the bulk of our operational UK property estate is held. Setting the lease term for our leased cell sites has also involved the use of judgement, albeit to a lesser degree.

Notes to the consolidated financial statements (continued)

16. Leases (continued)

UK operational property portfolio

Substantially all of our leased property estate is held under an arrangement which can be terminated in 2031, at which point we may either vacate some or all properties or purchase the entire estate. If neither option is taken the lease continues to the next unilaterally available break point in 2041. The lease liability recognised for the arrangement reflects a lease end date of 2031.

On initial recognition we concluded that, although the majority of these properties are expected to be needed on a long-term basis, we couldn't be reasonably certain that we wouldn't exercise the termination option or that we would exercise the purchase option. In coming to this conclusion, we had due regard to material sub-lease arrangements relating to the estate.

As time progresses our assessment may change; if this happens, we will remeasure the lease liability and right-of-use asset to reflect either the rentals due for any properties we will continue to occupy, or the cost of purchasing the estate, using an updated discount rate. There would be no overall impact on net assets.

If the assessment were to change at the balance sheet date of 31 March 2026:

- Exercising the purchase option would lead to an estimated increase in the lease liability and right-of-use asset of between £3bn and £5bn.
- Continuing to lease the estate beyond 2031 until the next available break in 2041 would lead to an estimated increase in the lease liability and right-of-use asset of between £1bn and £2bn.

Our assessment will be directly linked to future strategic decisions, which will be resolved at some time prior to 2031, around the development of the fixed network and the associated rationalisation of our exchange estate. The breadth of the ranges reflects the significant uncertainty around key variables used to determine cash outflows, especially future inflation and which properties the group will be able to exit prior to or in 2031.

Estimates are based on discounted cash outflows and do not reflect the likely and significant impact of cash inflows generated from the disposal, repurposing or subleasing of properties retained post-2031.

We are permitted to hand a limited number of properties back to the lessor prior to 2031. On initial adoption of IFRS 16 we were not reasonably certain which properties would be handed back and as such the lease term did not reflect the exercise of these options. Subsequently we exercise judgement in identifying significant events that trigger reassessment of our initial conclusion. We exercise similar judgement in identifying events triggering reassessment of whether we are reasonably certain we will not exercise termination options associated with other leased properties.

In doing so we consider decisions associated with our ongoing workplace rationalisation programme, in particular decisions to exit a particular location or lease an alternative property. Generally we remain reasonably certain that we will not exercise a termination option until implementation of the associated business plan has progressed to a stage that we are committed to exiting the property. At that point we reassess the lease term by reference to the time we expect to remain in occupation of the property and any notice period associated with exercise of the option.

Cell sites

Most of the liability recognised in respect of leased cell sites relates to multi-site arrangements with commercial providers. The fixed-term nature of these arrangements means it has not been necessary to exercise significant judgement when determining the lease term. Where the arrangements offer extension options we have been required to conclude whether the options are reasonably certain to be exercised. Although the balance sheet could be materially affected by the conclusion reached in regard to these options, we have not been required to exercise a significant degree of judgement in arriving at the lease term having regard to the period of time covered by the options, the difficulty in predicting the group's long-term network requirements, and the relatively high threshold that 'reasonably certain' represents.

A smaller proportion of the cell site liability relates to arrangements with individual landlords which are either rolling or can be exited with notice. When setting the initial lease term for these arrangements we exercised significant judgement in establishing the period that we are reasonably certain to require use of the site. We broadly aligned lease terms with our medium-term planning horizon after assessing the relative strengths of the following factors:

- Long-term economic incentives to remain on sites including existing capital improvements;
- A need to maintain flexibility in our ability to develop and manage our network infrastructure to react quickly to technological developments and evolving capacity requirements; and
- Incentives to renegotiate arrangements in the medium term to gain more security over sites to support future capital investment.

Although significant judgement has been exercised in determining the lease term, reaching an alternative conclusion would not have a material impact on the balance sheet having regard to the most feasible alternative lease terms.

Subsequently, we consider key events that trigger reassessment of lease terms to be developments which resolve uncertainty around our economic incentive to remain on individual sites in the long term. These are primarily lease renegotiations and significant capital investments, for example that associated with our 5G rollout and other capital refresh programmes.

16. Leases (continued)

Right-of-use assets

Most of our right-of-use assets are associated with our leased property portfolio, specifically our office, retail and exchange estate. We also lease a significant proportion of our network infrastructure, including mobile cell and switch sites.

	Land and buildings £m	Network infrastructure £m	Motor vehicles £m	Other £m	Total £m
At 1 April 2024	3,156	98	387	1	3,642
Additions ^a	362	25	121	2	510
Depreciation charge for the year	(490)	(30)	(122)	(2)	(644)
Impairment	(2)	(14)	—	—	(16)
Transfer to assets held for sale	(32)	(44)	(1)	—	(77)
Other movements ^b	(78)	(2)	(6)	(1)	(87)
At 31 March 2025	2,916	33	379	—	3,328
Additions ^a	179	25	184	—	388
Depreciation charge for the year	(467)	(20)	(123)	—	(610)
Impairment	(6)	(3)	—	—	(9)
Disposals	—	—	—	—	—
Transfer to assets held for sale	—	—	—	—	—
Other movements ^b	(44)	2	(23)	—	(65)
At 31 March 2026	2,578	37	417	—	3,032

^a Additions comprise increases to right-of-use assets as a result of entering into new leases, and upwards remeasurement of existing leases arising from lease extensions or reassessments and increases to lease payments.

^b Other movements primarily relate to terminated leases and downwards remeasurements of right-of-use assets arising from reductions or reassessments of lease terms and decreases in lease payments.

Lease liabilities

Lease liabilities recognised are as follows:

Year ended 31 March	2026 £m	2025 £m
Current	779	705
Non-current	3,405	3,866
	4,184	4,571

The following amounts relating to the group's obligations under lease arrangements were recognised in the income statement in the year:

- Interest expense of £133m (FY25: £135m) on lease liabilities.
- Variable lease payments of £39m (FY25: £38m) which are not dependent on an index or rate and which have not been included in the measurement of lease liabilities.

Expenses relating to leases of low-value assets and short-term leases for which no right-of-use asset or lease liability has been recognised were not material.

The total cash outflow for leases in the year was £864m (FY25: £874m). Our cash flow statement and normalised free cash flow reconciliation present £731m (FY25: £739m) of the cash outflow as relating to the principal element of lease liability payments, with the remaining balance of £133m (FY25: £135m) presented within interest paid.

Note 29 presents a maturity analysis of the payments due over the remaining lease term for lease liabilities currently recognised on the balance sheet. This analysis only includes payments to be made over the reasonably certain lease term. Cash outflows are likely to exceed these amounts as payments will be made on optional periods that we do not currently consider to be reasonably certain, and in respect of leases entered into in future periods.

Notes to the consolidated financial statements (continued)

16. Leases (continued)

Other information relating to leases

At 31 March 2026 the group was committed to future minimum lease payments of £36m (FY25: £229m) in respect of leases which have not yet commenced and for which no lease liability has been recognised.

The following table analyses cash payments to be received across the remaining term of operating lease arrangements where BT is lessor:

At 31 March 2026	To be recognised as revenue (note 5) ^a £m	To be recognised as other operating income (note 6) £m	Total £m
Less than one year	434	13	447
One to two years	100	12	112
Two to three years	37	3	40
Three to four years	11	1	12
Four to five years	11	1	12
More than five years	7	1	8
Total undiscounted lease payments	600	31	631

At 31 March 2025			
Less than one year	435	19	454
One to two years	100	12	112
Two to three years	30	10	40
Three to four years	2	3	5
Four to five years	2	2	4
More than five years	—	5	5
Total undiscounted lease payments	569	51	620

^a Future operating lease income to be recognised as revenue primarily relates to income from Openreach's fixed access subscription services which meet the definition of leases under IFRS 16 and which typically are expected to have a lease period term of one year or less.

17. Trade and other receivables

Material accounting policies that apply to trade and other receivables

Trade receivables are recognised where the right to receive payment from customers is conditional only on the passage of time. We initially recognise trade and other receivables at fair value, which is usually the original invoiced amount. They are subsequently carried at amortised cost using the effective interest method. The carrying amount of these balances approximates to fair value due to the short maturity of amounts receivable.

We provide services to consumer and business customers, mainly on credit terms. We know that certain debts due to us will not be paid through the default of a small number of our customers. Because of this, we recognise an allowance for doubtful debts on initial recognition of receivables, which is deducted from the gross carrying amount of the receivable. The allowance is calculated by reference to credit losses expected to be incurred over the lifetime of the receivable. In estimating a loss allowance we consider historical experience and informed credit assessment alongside other factors such as the current state of the economy and particular industry issues. We consider reasonable and supportable information that is relevant and available without undue cost or effort.

Once recognised, trade receivables are continuously monitored and updated. Allowances are based on our historical loss experiences for the relevant aged category as well as forward-looking information and general economic conditions. Allowances are calculated by individual CFUs in order to reflect the specific nature of the customers relevant to that CFU.

The group utilises factoring arrangements for selected trade receivables. Trade receivables that are subject to debt factoring arrangements are derecognised if they meet the conditions for derecognition detailed in IFRS 9 'Financial instruments' and the related cash flows received are presented as cash flows from operating activities. Where a portfolio of trade receivables are either sold or held to collect the contractual cash flows, they are recorded at fair value through other comprehensive income.

Contingent assets such as any insurance recoveries are recognised within trade and other receivables only when their receipt is virtually certain.

17. Trade and other receivables (continued)

At 31 March	2026 £m	2025 £m
Current		
Trade receivables	1,442	1,490
Prepayments	636	613
Accrued income	132	173
Deferred contract costs	459	415
Finance lease receivables	29	29
Amounts due from joint ventures	91	46
Other assets ^a	327	343
	3,116	3,109
Non-current		
Deferred contract costs	315	291
Prepayments	145	120
Finance lease receivables	74	91
Other assets ^a	147	153
	681	655

^a Other assets include £275m (FY25: £262m) of Flex Pay receivables and £6m (FY25: £35m) of deferred cash consideration mainly relating to the FY23 disposal of BT Sport.

Amounts due from joint ventures relates to a sterling Revolving Credit Facility (RCF) provided to the Sports JV, see note 31. The expected loss provision is immaterial.

The company has a facility with a third party for the sale of mobile handset receivables. Under this facility, the Group transfers substantially all of the risks and rewards to the third party, and therefore has derecognised the transferred receivables. During FY26, we received net cash flows of £159m (FY25: £420m) through this facility. The cashflows are included within the '(Increase) decrease in trade and other receivables' line in the 'Statement of Cash Flows'. The net impact of working capital programmes on normalised free cash flow is set out in the Group's Alternative Performance Measures. We use handset-related programmes to manage the cash flow impact of extending handset contract lives from 24-month to 36-month customer contracts, better aligning cash receipts with the timing of revenue recognition.

Trade receivables are stated after deducting allowances for doubtful debts, as follows:

	2026 £m	2025 £m
At 1 April	171	169
Expense	128	124
Utilised	(141)	(122)
Exchange differences	1	—
At 31 March	159	171

The expected credit loss allowance for trade receivables was determined as follows:

At 31 March	Not past due £m	Trade receivables specifically impaired net of provision £m	Past due and not specifically impaired				Total £m
			Between 0 and 3 months £m	Between 3 and 6 months £m	Between 6 and 12 months £m	Over 12 months £m	
2026							
Expected loss rate %	—%	21%	14%	31%	50%	63%	10%
Gross carrying amount	1,031	110	267	64	58	71	1,601
Loss allowance	(5)	(23)	(37)	(20)	(29)	(45)	(159)
Net carrying amount	1,026	87	230	44	29	26	1,442
2025							
Expected loss rate %	1%	22%	7%	38%	53%	85%	10%
Gross carrying amount	919	94	467	61	53	67	1,661
Loss allowance	(7)	(21)	(35)	(23)	(28)	(57)	(171)
Net carrying amount	912	73	432	38	25	10	1,490

Notes to the consolidated financial statements (continued)

17. Trade and other receivables (continued)

Trade receivables not past due and accrued income are analysed below by CFU.

	Trade receivables not past due		Accrued income	
	2026 £m	2025 £m	2026 £m	2025 £m
At 31 March ^a				
Consumer	362	276	60	76
Business ^a	202	220	1	2
International ^a	446	409	1	—
Openreach	10	5	68	89
Other	6	2	2	6
Total	1,026	912	132	173

^a Comparative information for the year to 31 March 2025 has been re-presented to reflect the formation of the new International CFU. For more information see note 1.

Given the broad and varied nature of our customer base, the analysis of trade receivables not past due and accrued income by CFU is considered the most appropriate disclosure of credit concentrations.

Deferred contract costs

Material accounting policies that apply to deferred contract costs

We capitalise certain costs associated with the acquisition and fulfilment of contracts with customers and amortise them over the period that we transfer the associated services.

Connection costs are deferred as contract fulfilment costs because they allow satisfaction of the associated connection performance obligation and are considered recoverable. Sales commissions and other third party contract acquisition costs are capitalised as costs to acquire a contract unless the associated contract term is less than 12 months, in which case they are expensed as incurred. Capitalised costs are amortised over the minimum contract term. A portfolio approach is used to determine contract term.

Where the initial set-up, transition and transformation phases of long-term contractual arrangements represent distinct performance obligations, costs in delivering these services are expensed as incurred. Where these services are not distinct performance obligations, we capitalise eligible costs as a cost of fulfilling the related service. Capitalised costs are amortised on a straight-line basis over the remaining contract term, unless the pattern of service delivery indicates a more appropriate profile. To be eligible for capitalisation, costs must be directly attributable to specific contracts, relate to future activity, and generate future economic benefits. Capitalised costs are regularly assessed for recoverability.

The following table shows the movement on deferred costs:

	Deferred connection costs £m	Deferred contract acquisition costs – commissions £m	Deferred contract acquisition costs – dealer incentives £m	Transition and transformation £m	Total £m
At 1 April 2024	13	147	349	103	612
Additions	41	128	365	55	589
Amortisation	(15)	(121)	(303)	(49)	(488)
Impairment	(1)	(4)	(3)	—	(8)
Other	21	(2)	—	(18)	1
At 31 March 2025	59	148	408	91	706
Additions	25	196	326	56	603
Amortisation	(23)	(148)	(299)	(48)	(518)
Impairment	(1)	(2)	(4)	—	(7)
Other	—	21	(22)	(9)	(10)
At 31 March 2026	60	215	409	90	774

18. Trade and other payables

Material accounting policies that apply to trade and other payables

We initially recognise trade and other payables at fair value, which is usually the original invoiced amount. We subsequently carry them at amortised cost using the effective interest method.

We use a supply chain financing programmes as described below. We assess these arrangements against indicators to assess if debts which vendors have sold to the funder under the supplier financing schemes continue to meet the definition of trade payables or should be classified as borrowings. At 31 March 2026 under the terms of the arrangement the funder's payment to the supplier does not legally extinguish our obligation to the supplier so it remains within trade and other payables. Cash flows only occur when the trade payable is extinguished and are therefore presented in cash flows from operating activities.

At 31 March	2026 £m	2025 £m
Current		
Trade payables	3,825	3,727
Other taxation and social security	432	484
Minimum guarantee with sports joint venture ^a	101	201
Accrued expenses	614	519
Deferred income ^b	378	418
Other payables ^c	545	606
	5,895	5,955
Non-current		
Minimum guarantee with sports joint venture ^a	—	87
Deferred income ^b	160	164
Other payables	17	25
	177	276

^a Liability recognised on the minimum revenue guarantee in BT's distribution agreement with the sports joint venture (see note 25). Movement in the liability driven by £191m (FY25: £187m) payments made during the year less £5m (FY25: £10m) finance cost recorded from unwinding the impact of discounting.

^b Deferred income includes £44m (FY25: £98m) current and £21m (FY25: £44m) non-current liabilities relating to BDUK, R100 and Gigabit initiatives, for which government grants received by the group may be subject to re-investment or repayment depending on the level of take-up.

^c Includes £47m (FY25: £51m) relating to an estimate of customer refunds, refer to note 5.

Supplier Financing Arrangements

BT Group entered into arrangements with the following terms and conditions:

1. The group participates in a supply chain financing programme using bills of exchange, where the trade payables have been factored. Under the arrangement, a finance institution agrees to pay amounts to a participating supplier in respect of invoices owed by the group and receives settlement from the group at a later date. The facility size of £350m remains consistent with prior periods. This programme is used with a limited number of suppliers with short payment terms. The principal purpose of this programme is to extend their payment terms to BT standard payment terms.
2. In a separate supply chain financing programme, the group allows suppliers the opportunity to receive funding earlier than the invoice due date to assist the supplier with their cash flows. The principal purpose of this programme is to allow suppliers to receive payment earlier than BTs standard payment terms.

Notes to the consolidated financial statements (continued)

18. Trade and other payables (continued)

	Bills of Exchange		Other programme	
	2026 £m	2025 £m	2026 £m	2025 £m
Carrying amount of liabilities that are part of supplier financing arrangements				
Presented within trade and other payables ^a	271	—	838	990
– Of which suppliers have received payment from finance providers	271	—	257	223
Range of payment due dates				
Liabilities which have received payment from finance providers	up to 120 days after invoice date	up to 121 days after invoice date	up to 135 days after invoice date	up to 135 days after invoice date
Comparable trade payables	up to 120 days after invoice date	up to 120 days after invoice date	up to 135 days after invoice date	up to 135 days after invoice date

Non-cash changes

There were no material business combinations or foreign exchange differences in either period or foreign exchange differences or other non-cash transfers relating to the carrying amount of liabilities subject to supplier finance arrangements.

^a Other programme balances disclosed relate to invoices that are eligible for the supplier financing arrangement.

19. Provisions & contingent liabilities

Our provisions principally relate to obligations arising from property rationalisation programmes, asset retirement obligations, network assets, third party claims, litigation and regulatory risks. Contingent liabilities primarily arise from litigation and regulatory matters that are not sufficiently certain to meet the criteria for recognition as provisions.

Material accounting policies that apply to provisions & contingent liabilities

We recognise provisions when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Where these criteria are not met we disclose a contingent liability if the group has a possible obligation, or has a present obligation with an outflow that is not probable or which cannot be reliably estimated.

Provisions are determined by discounting the expected future cash flows at a nominal pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Cash flows are adjusted for the effect of inflation where appropriate.

Significant judgements made in identifying contingent liabilities

Contingent liabilities are not recognised as liabilities on our balance sheet. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. We assess the likelihood that a potential claim or liability will arise and also quantify the possible range of financial outcomes where this can be reasonably determined.

In identifying contingent liabilities we make key judgements in relation to applicable law and any historical and pending court rulings, and the likelihood, timing and cost of resolution.

Establishing contingent liabilities associated with litigation brought against the group may involve the use of significant judgements and assumptions, in particular around the ability to form a reliable estimate of any probable outflow. We provide further information in relation to specific matters in the 'contingent liabilities' section below.

19. Provisions & contingent liabilities (continued)

🔍 Key accounting estimates and significant judgements made in accounting for provisions

We exercise judgement in determining the quantum of all provisions to be recognised. Our assessment includes consideration of whether we have a present obligation, whether payment is probable and if so whether the amount can be estimated reliably.

When measuring provisions we reflect the impact of inflation as appropriate, particularly in relation to our property, asset retirement obligation and third party claims provisions. Although this involves a degree of estimation, it does not represent a significant source of estimation uncertainty having regard to the quantum of the balances in question and the anticipated timing of outflows.

Property provisions relate to obligations arising in relation to our property portfolio, in particular costs to restore leased properties on vacation where this is required under the lease agreement. In measuring property provisions, we have made estimates of the costs associated with the restoration of properties by reference to any relevant guidance such as rate cards. Cash outflows occur as and when properties are vacated and the obligations are settled.

Asset retirement obligations (AROs) relate to obligations to dismantle equipment and restore network sites on vacation of the site. The provision represents the group's best estimate of the costs to dismantle equipment and restore the sites. Obligations are settled as and when sites are vacated and the timing is largely influenced by the group's network strategy.

Our regulatory provision represents our best estimate of the cost to settle our present obligation in relation to historical regulatory matters. The charge/credit for the year represents the outcome of management's re-assessment of the estimates and regulatory risks across a range of issues, including price and service issues. The prices at which certain services are charged are regulated and may be subject to retrospective adjustment by regulators. When estimating the likely value of regulatory risk we make key judgements, including in regard to interpreting Ofcom regulations and past and current claims. The precise outcome of each matter depends on whether it becomes an active issue, and the extent to which negotiation or regulatory and compliance decisions will result in financial settlement. The ultimate liability may vary from the amounts provided and will be dependent upon the eventual outcome of any settlement.

Litigation provisions represent the best estimate to settle present obligations recognised in respect of claims brought against the group. The estimate reflects the specific facts and circumstances of each individual matter and any relevant external advice received. Provisions recognised are inherently judgemental and could change over time as matters progress. During the year we have merged the 'third party claims' and 'litigation claims' into one category 'Third party and litigation claims' due to their similarities in nature, timing and uncertainties.

Third party claims provisions represent our exposure to claims from third parties, with latent disease claims from former colleagues and motor vehicle claims making up the majority of the balance. We engage an independent actuary to provide an estimate of the most likely outcomes in respect of latent disease and third party motor vehicle accident claims, and our in-house insurance teams review our exposure to other risks.

Other provisions do not include any individually material provisions.

For all risks, the ultimate liability may vary materially from the amounts provided and will be dependent upon the eventual outcome of any settlement. The range of estimation uncertainty for each class of provision is not material.

	Property £m	Network ARO £m	Regulatory £m	Third party and litigation claims ^a £m	Other £m	Total £m
1 April 2024 (re-presented)^a	156	133	86	197	77	649
Additions	10	37	37	76	39	199
Unwind of discount	1	8	—	1	—	10
Utilised	(38)	(2)	(45)	(51)	(2)	(138)
Released	(7)	—	(34)	(34)	(4)	(79)
Transfers	—	—	—	—	—	—
Exchange differences	(1)	—	—	—	—	(1)
At 31 March 2025	121	176	44	189	110	640
Additions	25	—	1	118	28	172
Unwind of discount	—	20	—	1	—	21
Utilised	(30)	(3)	(24)	(73)	(4)	(134)
Released	(4)	(26)	(11)	(65)	(23)	(129)
Transfers	—	—	—	—	1	1
Exchange differences	—	—	—	—	—	—
At 31 March 2026	112	167	10	170	112	571

^a We have re-presented third party claims and litigation claims following a review of our provisions. 'Third party claims' (FY26: £146m; FY25: £146m) and 'Litigation claims' (FY26: £24m; FY25: £43m) have been combined into a single category given the claim types are of similar nature, timing and uncertainty.

Notes to the consolidated financial statements (continued)

19. Provisions & contingent liabilities (continued)

At 31 March	2026 £m	2025 £m
Analysed as:		
Current	201	258
Non-current	370	382
	571	640

Contingent liabilities and legal proceedings

In the ordinary course of business, we are periodically notified of actual or threatened litigation, and regulatory and compliance matters and investigations. We have disclosed below a number of such matters where we believe a material adverse impact on the operations or financial condition of the group is possible and the likelihood of a material outflow of resources is more than remote.

Where the outflow of resources is considered probable, and a reasonable estimate can be made of the amount of that obligation, a provision is recognised for these amounts and reflected in the table above. Where an outflow is not probable but is possible, or a reasonable estimate of the obligation cannot be made, a contingent liability exists.

In respect of each of the claims below, the nature and progression of such proceedings and investigations can make it difficult to predict the impact they will have on the group. There are many reasons why we cannot make these assessments with certainty, including, among others, that they are in early stages, no damages or remedies have been specified, and/or the often slow pace of litigation.

Class action claim – combined mobile and handset services

In November 2023, Justin Gutmann, represented by law firm Charles Lyndon applied to the Competition Appeal Tribunal to bring a proposed class action claim for damages on behalf of customers who purchased combined handset and airtime contracts who are outside their minimum contract terms but who continue to pay the same price as during their minimum contract terms. The claim alleges this approach was an anti-competitive abuse of a dominant position. Similar claims have also been brought against Vodafone, Three and O2. The case was certified by the Competition Appeals Tribunal in November 2025, meaning it can proceed to trial.

The Tribunal also ruled that the period of the claim prior to 1 October 2015 was time-barred such that the damages claimed by the class representative reduced by 62% and are now estimated at £418m inclusive of simple interest, with total damages claimed against all mobile network operators now estimated at £1.4bn (inclusive of simple interest).

BT filed its defence in February 2026 and intends to defend itself vigorously. At the reporting date we are not aware of any evidence to indicate that a present obligation exists such that any amount should be provided for.

Italian business

Milan Public Prosecutor prosecutions: In FY20 proceedings were initiated against BT Italia for certain potential offences, namely the charge of having adopted, from 2011 to 2016, an inadequate management and control organisation model for the purposes of Articles 5 and 25 of Legislative Decree 231/2001. BT Italia disputed this and maintained in its defence that: (a) BT Italia did not gain any interest or benefit from the conduct in question; and (b) in any event, it had a sufficient organisational, management and audit model that was circumvented/overridden by individuals acting in their own self-interest. BT Italia was acquitted of all charges at first instance and the convictions of its former employees have now been overturned on appeal in the Italian courts.

Accounting misstatement claims: a law firm acting on behalf of a group of investors made claims under s.90A of the Financial Services & Markets Act 2000, alleging that untrue or misleading statements were made in relation to the historical irregular accounting practices in BT's Italian business.

Those proceedings have now been resolved and covered by our insurance, and BT and those investors are no longer in dispute with each other regarding the subject matter of those claims. We no longer recognise the issues that arose from the accounting conduct in our Italian business as a contingent liability.

20. Retirement benefit plans

20.1 Background to BT Group's pension plans

The group has both Defined Benefit and Defined Contribution retirement benefit plans. The group's main plans are in the UK:

- The BT Pension Scheme (BTPS) is the largest UK Defined Benefit plan sponsored by BT Group, constituting 97% of BT Group's IAS 19 liability. It was closed to future benefit accrual in 2018 for the majority of members.
- The EE Pension Scheme (EEPS) has a Defined Benefit section that was closed to future benefit accrual in 2014. The Defined Contribution section was closed to future accrual in 2023 and was subsequently wound up and transferred out in 2025. The Defined Benefit section constitutes 2% of BT Group's IAS 19 liability.
- The BT Retirement Saving Scheme (BTRSS) is a Defined Contribution, contract-based, plan operated by Standard Life which new UK employees join. There are around 57,000 employees currently contributing to the BTRSS.

The group also has retirement arrangements around the world in line with local markets and culture; the principal ones being in the Netherlands and Germany.

Types of retirement benefit plans

Defined Benefit (DB) plans

DB plan benefits are determined by the plan rules, typically dependent on factors such as years of service and pensionable pay, but not on the value of actual contributions made by the group or members. The group is exposed to investment and other experience risks and may need to make additional contributions where it is estimated that the benefits will not be met from assets held, regular contributions and expected investment income.

The net defined benefit liability, or deficit, is the present value of all expected future benefit cash flows to be paid by each plan, calculated using the projected unit credit method by professionally qualified actuaries (also known as the Defined Benefit Obligation, DBO or liabilities) less the fair value of the plan assets. A net defined benefit asset, or surplus, occurs when the fair value of assets exceeds the liabilities.

Defined Contribution (DC) plans

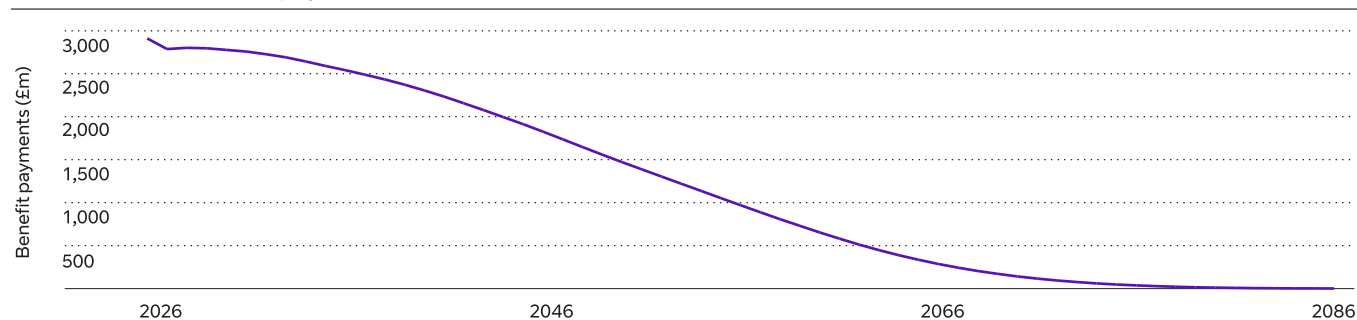
DC plan benefits are linked to the value of each member's fund, which is based on contributions paid and the performance of each individual's chosen investments. The group has no exposure to investment and other experience risks (including longevity).

20.2 Background to BTPS

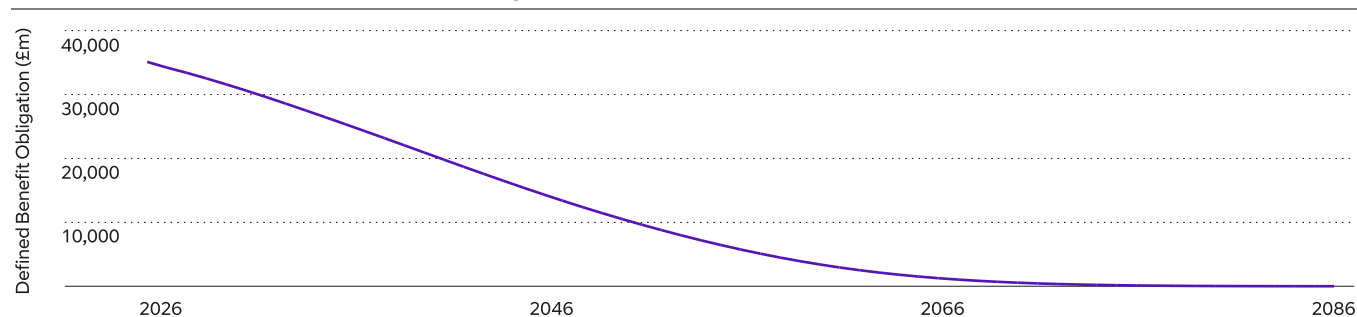
BTPS has 41,000 deferred members and 213,000 pensioners. All BTPS members receive pension benefits at retirement based on salary and years of service; some members also receive a lump sum payment at retirement. Increases for the majority of benefits are linked to either the Retail Price Index (RPI) or the Consumer Price Index (CPI).

Members currently receiving pension benefits make up 80% of the liabilities and 84% of the membership by number. The charts below illustrate forecast benefits (projected using the IAS 19 assumptions) payable from the BTPS and the IAS 19 liabilities.

Forecast BTPS benefit payments at 31 March 2026 (unaudited)



Forecast BTPS IAS 19 Defined Benefit Obligation at 31 March 2026 (unaudited)



Notes to the consolidated financial statements (continued)

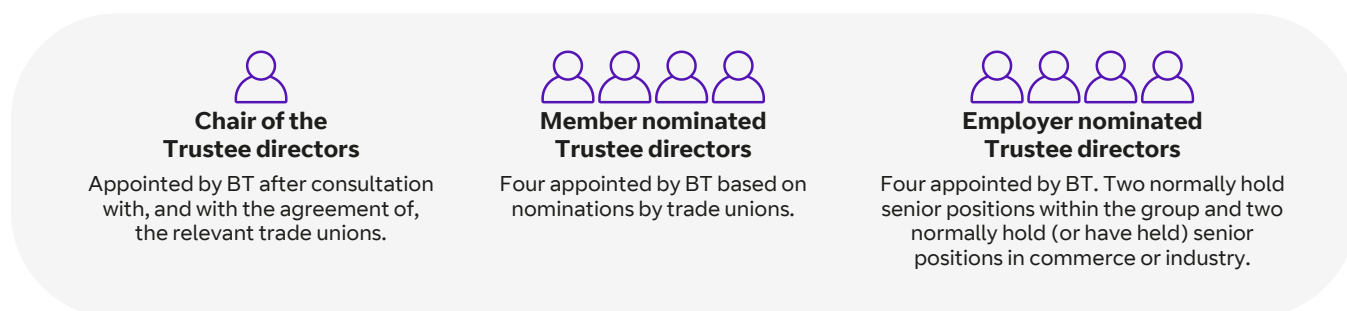
20. Retirement benefit plans (continued)

The estimated duration of the BTPS liabilities, which is an indicator of the weighted average term of the discounted future payments, is 10 years (FY25: 10 years) using the IAS 19 assumptions.

How is the BTPS governed and managed?

BT Pension Scheme Trustees Limited (the Trustee) has been appointed by BT Group as an independent trustee to administer and manage the BTPS on behalf of the members in accordance with the terms of the BTPS Trust Deed and Rules and relevant legislation (principally the Pensions Acts of 1993, 1995, 2004 and 2021 – as well as the Pension Schemes Act 2026, which received Royal Assent on 29 April 2026). The Trustee's key powers include setting the investment strategy of the BTPS (after consultation with BT Group) and agreeing with BT Group the actuarial assumptions to be used when assessing the BTPS funding position and the resulting contributions that will be paid.

There are nine Trustee directors, all of whom are appointed by BT Group, as illustrated below. Trustee directors are usually appointed for a three-year term but are then eligible for re-appointment.



How are the BTPS assets invested?

The Trustee regularly reviews the allocation of assets between different investment classes, taking into account current market conditions and trends. The allocations reflect the Trustee's views on a range of areas, including:

- I. the balance between returns and risk;
- II. the extent to which the assets should be allocated to match movements in the liabilities due to changes in interest rates, inflation and/or longevity (i.e. liability-driven investments, or LDI);
- III. the extent to which the assets should provide cash flows to meet expected payments to beneficiaries; and
- IV. liquidity needed to meet benefit payments and collateral requirements for derivatives contracts.

Financial derivatives (e.g. swaps) are used to reduce the mismatch between movements in the liabilities and the assets from changes in interest rates, inflation, longevity, and exchange rates. The Trustee adopts a defensive approach to investing growth assets, using hedges where appropriate. Defensive approaches are designed to result in assets outperforming benchmarks in bear markets and underperforming benchmarks in bull markets. This improves the stability of the funding position, and therefore the deficit contributions that may be required from BT Group. The sensitivity chart on page 188 simplistically illustrates how the use of some of these derivatives adjusts outcomes for the BTPS.

While the use of derivatives reduces funding risk it also increases the BTPS's liquidity requirements which is then factored into the overall investment strategy. The BTPS manages its liquidity risk by monitoring potential and actual liquidity requirements on an ongoing basis, ensuring that sufficient cash resources can be made available for its projected cash requirements. At 31 March 2026 (and 31 March 2025), the BTPS complied with the minimum Bank of England and the Pensions Regulator requirements.

20.3 Overview of the group's financial statements under IAS 19

Group income statement

The expense arising from the group's retirement benefit arrangements as recognised in the group income statement is shown below.

Year ended 31 March	2026 £m	2025 £m
Recognised in the income statement before specific items (note 6)		
Current service cost:		
– DB plans ^a	7	12
– DC plans	283	305
DB administration expenses and PPF levy	18	16
Subtotal	308	333
Recognised in the income statement as specific items (note 9)		
Interest on pensions deficit	191	197
Subtotal	191	197
Total recognised in the income statement	499	530

^a FY25 allows for an estimated £3m impact of the NTL Pension Scheme vs Virgin Media Ltd court ruling on pensions in 2024. We previously identified that the trustees of our UK DB plans have available the relevant certification for historical scheme amendments in respect of the vast majority of our IAS 19 liability, and therefore recognised an allowance for the potential impact of this ruling during FY25. On 29 April 2026, the Pensions Scheme Act 2026 passed into law. Whilst this gives affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards, the trustees are continuing in their investigation and expect to conclude on this in FY27. We have therefore continued to recognise the loading for this ruling, in line with the prior year.

20. Retirement benefit plans (continued)

Group balance sheet

The net defined benefit liability in respect of DB plans reported in the group balance sheet is set out below. Plans in surplus are presented within non-current assets and plans in deficit within non-current liabilities.

At 31 March	2026			2025		
	Assets £m	Liabilities £m	Surplus/ (Deficit) ^a £m	Assets £m	Liabilities £m	Surplus/ (Deficit) ^a £m
Recognised in non-current liabilities						
BTPS	30,951	(35,113)	(4,162)	31,683	(35,690)	(4,007)
Unfunded plans	—	(81)	(81)	—	(82)	(82)
Other funded plans	17	(153)	(136)	18	(159)	(141)
Sub-total	30,968	(35,347)	(4,379)	31,701	(35,931)	(4,230)
Recognised in non-current assets						
EEPS	748	(603)	145	732	(601)	131
Other funded plans ^a	395	(370)	25	400	(389)	11
Sub-total	1,143	(973)	170	1,132	(990)	142
Total	32,111	(36,320)	(4,209)	32,833	(36,921)	(4,088)

^a Figures shown net of a £2m (FY25: £3m) adjustment in relation to IFRIC 14 (i.e. an adjustment made to reflect surplus that cannot be recovered). With the exception of some of the group's smaller plans, the group is not required to limit any pension surplus or recognise additional pension liabilities in individual plans as economic benefits are available in the form of either future refunds or reductions to future contributions or expense payments. The trustees of the BTPS and EEPS cannot unilaterally enhance benefits or wind-up the scheme so surplus assets would be available to the company as a refund following the gradual payment of members' benefits.

The table below shows the group's defined benefit plan balance sheet position net of tax.

At 31 March	2026 £m	2025 £m
Balance sheet position (net of tax)		
Surplus/(deficit)	(4,209)	(4,088)
Deferred tax asset (note 10)	1,073	882
Total (net of tax)	(3,136)	(3,206)

Notes to the consolidated financial statements (continued)

20. Retirement benefit plans (continued)

Movements in defined benefit plan assets and liabilities

The table below shows the movements in the defined benefit plan assets and liabilities and shows where they are reflected in the financial statements.

	Assets £m	Liabilities £m	Deficit £m
At 31 March 2024	36,554	(41,366)	(4,812)
Service cost (including administration expenses and PPF levy)	(16)	(12)	(28)
Interest on net pension deficit	1,752	(1,949)	(197)
Included in the group income statement			(225)
Return on plan assets (below) the amount included in the group income statement	(3,423)	—	(3,423)
Actuarial gain arising from changes in financial assumptions	—	3,734	3,734
Actuarial (loss) arising from changes in demographic assumptions	—	(88)	(88)
Actuarial (loss) arising from experience adjustments	—	(135)	(135)
Included in the group statement of comprehensive income			88
Regular contributions by employer	53	—	53
Deficit contributions by employer	803	—	803
Included in the group cash flow statement			856
Contributions by employees	—	—	—
Benefits paid	(2,883)	2,883	—
Other (e.g. foreign exchange)	(7)	12	5
Other movements			5
At 31 March 2025	32,833	(36,921)	(4,088)
Service cost (including administration expenses)	(18)	(7)	(25)
Interest on net pension deficit	1,839	(2,030)	(191)
Included in the group income statement			(216)
Return on plan assets (below) the amount included in the group income statement	(569)	—	(569)
Actuarial gain arising from changes in financial assumptions	—	152	152
Actuarial (loss) arising from changes in demographic assumptions	—	(186)	(186)
Actuarial (loss) arising from experience adjustments	—	(133)	(133)
Included in the group statement of comprehensive income			(736)
Regular contributions by employer	50	—	50
Deficit contributions by employer	790	—	790
Included in the group cash flow statement			840
Contributions by employees	—	—	—
Benefits paid	(2,812)	2,812	—
Other (e.g. foreign exchange)	(3)	(6)	(9)
Other movements			(9)
At 31 March 2026	32,110	(36,319)	(4,209)

20. Retirement benefit plans (continued)

20.4 Asset valuations for IAS 19

BTPS IAS 19 assets

Critical accounting estimates and significant judgements made when valuing the BTPS assets

Under IAS 19, plan assets are measured at fair value at the balance sheet date and include quoted and unquoted investments. The main assumptions impacting the asset values are: bond yields, credit spreads, inflation expectations, and life expectancy (see sensitivities for key assumptions in section 20.7).

Valuation approach for main quoted investments

- Equities listed on recognised stock exchanges are valued at closing bid prices.
- Bonds that are regularly traded are valued using broker quotes, based on sale/bid prices.
- Exchange traded derivative contracts are valued based on closing bid prices.

Valuation approach for main unquoted investments

A portion of unquoted investments are valued based on inputs that are not directly observable, which require more judgement. The assumptions used in valuing unquoted investments are affected by market conditions.

- Equities are valued using the International Private Equity and Venture Capital (IPEVC) guidelines where the most significant assumptions are the discount rate and earnings assumptions.
- Property investments are valued on the basis of open market value by an independent valuer using Royal Institution of Chartered Surveyors (RICS) guidelines. The significant assumptions used in the valuation are rental yields and occupancy rates.
- Bonds that are not regularly traded are valued by an independent valuer using pricing models making assumptions for credit risk, market risk and market yield curves.
- Holdings in investment funds are typically valued at the Net Asset Value provided by the fund administrator or investment manager. The significant assumption used in the valuation is the Net Asset Value.
- Infrastructure investments are valued by an independent valuer using a model-based valuation such as a discounted cash flow approach, or at the price of recent market transactions if they represent fair value. Where a discounted cash flow model is used, the significant assumptions used in the valuation are the discount rate and the expected cash flows.
- Over the counter derivatives are valued by an independent valuer using cash flows discounted at market rates. The significant assumptions used in the valuation are the yield curves and cost of carry.
- Through the four longevity swaps held, approximately half of the scheme's liabilities are hedged against longevity risk (as determined by the BTPS Scheme Actuary and not audited). The longevity swaps are valued by discounting the fixed cash flows payable by the BTPS, and the floating cash flows payable by the insurers (consistent with the approach used to value the collateral, which vary by contract). The significant assumptions used to value the assets are the discount rate (set as a margin above a risk-free rate to reflect credit and liquidity risk) and mortality assumptions.

£6.5bn of unquoted investments that are formally valued periodically by the investment manager have a latest valuation that precedes the balance sheet date. These assets consist of: £0.7bn investment grade credit and bond-like assets; £0.9bn mature infrastructure; £2.5bn private equity and credit; £2.2bn secure income assets; and £0.2bn property. These valuations have been adjusted for cash movements between the previous valuation date and 31 March 2026. The valuation approach and inputs for these investments would only be updated where there were indications of significant movements, for example implied by public market indicators. No such adjustment was required at 31 March 2026.

Asset-Backed Funding (ABF) arrangement

The ABF arrangement, issued to the BTPS in May 2021, has a fair value of £1.1bn at 31 March 2026 (FY25: £1.1bn) calculated as the present value of the future stream of payments, allowing for the probability of the BTPS becoming fully funded and therefore the payments to the BTPS ending early. It is not recognised as a pension asset when measuring the group's IAS 19 net defined benefit liability as it is a non-transferable financial instrument issued by the group.

Notes to the consolidated financial statements (continued)

20. Retirement benefit plans (continued)

Co-investment vehicle

A co-investment vehicle was set up in 2021 which provides BT Group with some protection against the risk of overfunding and therefore enables BT Group to provide upfront funding with greater confidence. BT Group is eligible for future refunds if some or all of the co-investment vehicle funds are surplus to the BTPS's requirements, unless the BTPS, acting prudently but reasonably, decides to defer or reduce these payments. Assessments will be carried out over a series of dates between June 2032 and June 2041.

Payments made by BT Group into the vehicle will be invested as if part of the overall BTPS investment strategy. BT Group will receive tax relief in respect of any funds paid to the BTPS from the vehicle but does not receive tax relief when payments are made to the co-investment vehicle.

Our accounting assessment concluded that the co-investment vehicle is not controlled by BT Group (as defined by IFRS 10), and therefore should not be consolidated. The main factors that support this judgement are:

- Payments made by BT Group into the co-investment vehicle are invested as if part of the overall BTPS investment strategy (as set by the BTPS Trustee after consultation with BT Group), with BTPS contractually able to impose onerous penalties on BT Group if they are not, including losing the ability to benefit from the co-investment vehicle;
- Future returns of surplus to BT Group from the co-investment vehicle are dependent on the overall returns of the BTPS determined by the investment strategy set by the BTPS Trustee with the majority of assets sat outside the co-investment vehicle; and
- The Trustee can, acting prudently but reasonably, decide to defer or reduce payments to BT Group from the co-investment vehicle.

There is significant judgement involved in the assessment of determining the relevant activities that significantly affect BT Group's returns, and whether BT Group has power over these activities.

The interest in the co-investment vehicle held by the BTPS can only be used to fund employee benefits, and the assets in the vehicle are protected from BT Group's other creditors in the event of insolvency.

We therefore conclude that the BTPS's interest in the co-investment vehicle meets the definition of a plan asset.

BTPS IAS 19 assets

The table below analyses the fair value of the BTPS assets by asset category, subdivided by valuations based on a quoted market price in an active market, and those that are not (such as investment funds).

		2026		2025	
		Total assets ^a £bn	of which quoted £bn	Total assets ^a £bn	of which quoted £bn
At 31 March					
Growth					
Equities	Global Developed	2.1	1.1	2.5	1.1
Private equity and credit		2.9	—	3.0	—
Property	UK	1.8	—	2.1	—
	Overseas	0.3	—	0.4	—
Other growth assets	Absolute Return ^b	0.4	—	0.6	—
	Mature Infrastructure	0.9	—	0.9	—
Liability matching					
Government bonds ^c	UK	13.6	13.6	13.0	13.0
Investment grade credit	Global	9.8	9.3	10.1	8.3
Secure income assets ^d		5.5	0.6	5.2	0.6
Bond like ^e		1.5	—	1.6	—
Cash, derivatives and other					
Cash balances		0.9		0.7	
Financial derivative contracts ^f		(5.0)		(5.3)	
Longevity insurance contract ^g		(0.9)		(0.9)	
Other ^h		(2.8)		(2.2)	
Totalⁱ		31.0	24.6	31.7	23.0

^a At 31 March 2026, the BTPS held nil (FY25: nil) equity issued by the group and £1.6bn (FY25: £1.5bn) of bonds issued by the group.

^b This allocation seeks to generate a positive return in all market conditions.

^c Around 79% (FY25: 85%) of these are index-linked gilts with the remainder in conventional gilts.

^d This allocation consists of assets which aim to provide the BTPS with contractual bond-like income, often inflation-protected. The assets include property, infrastructure and investment-grade private credit.

^e This allocation includes a range of credit investments, including emerging market, sub-investment grade and unrated credit. The allocation seeks to exploit investment opportunities within credit markets using the expertise of a range of specialist investment managers.

^f Predominantly relate to interest rate and inflation swaps and further information on the economic exposure of these derivatives is provided in the sensitivities chart in section 20.7.

^g The value reflects experience to date on the contracts from higher than expected deaths; this has partly offset a corresponding reduction in BTPS's liabilities over the same period.

^h Other balances comprise net amounts receivable/(payable) by the BTPS, including balances due to investment counterparties relating to repurchase agreements.

ⁱ Of which held in the co-investment vehicle: £1.4bn (FY25: £0.7bn).

 Further information on the BTPS assets is available in the BTPS annual report.

20. Retirement benefit plans (continued)

20.5 Liability valuations for IAS 19

Critical accounting estimates and significant judgements made when valuing our pension liabilities

The measurement of liabilities involves judgement on bond yields, credit spreads, inflation expectations and the life expectancy of members (see sensitivities for key assumptions in section 20.7). We use estimates for all of these uncertainties. Our assumptions reflect historical experience, market expectations, actuarial advice and our judgement regarding future expectations at the balance sheet date. While assumptions are made, actual benefit payments in a given year may be higher or lower than the assumption, for example if inflation is higher or lower than expected. The liabilities are the present value of the future expected benefit payments.

BTPS IAS 19 Liabilities

What are the most significant assumptions, and how have they been set?

The most significant assumptions used to calculate the IAS 19 liabilities for the BTPS are summarised in the table below.

At 31 March	2026	2025
Discount rate	6.00%	5.75%
Inflation – RPI	3.25%	3.10%
Inflation – CPI	2.90%	2.60%
Life expectancy – male aged 60 in lower pension bracket	25.3 years	25.0 years
Life expectancy – male aged 60 in higher pension bracket	27.1 years	26.7 years
Life expectancy – female aged 60	27.7 years	27.6 years
Average additional life expectancy for a male member retiring at age 60 in 10 years' time	0.5 years	0.5 years

While the financial assumptions used for other schemes are scheme-specific, the average financial assumptions weighted by liabilities across all schemes are within 0.05% of the figures shown in the table above.

The table below summarises how these assumptions have been set, including key changes over the year.

Detail	
Discount rate	The discount rate assumption is calculated by applying the projected BTPS benefit cash flows to a corporate bond yield curve constructed by our external actuary based on the yield on AA-rated £-denominated corporate bonds at the balance sheet date. In setting the yield curve, judgement is required on the selection of appropriate bonds to be included in the universe and the approach used to then derive the yield curve. The discount rate model has been refined to include bonds callable within one year of maturity to enhance the robustness of the bond universe. This refinement primarily reflects the changing composition of the corporate bond market over recent years. The impact of the change at 31 March 2026 leads to an increase of c.10bps in the discount rate (c. £0.3bn decrease in liability). The increase in the discount rate over the year also reflects changes in the market yield of corporate bonds.
RPI and CPI inflation	RPI inflation expectations are calculated by applying the projected BTPS benefit cash flows to an inflation curve derived from market yields on UK government bonds, and making a deduction for an inflation risk premium (to reflect the extra premium paid by investors for inflation linked assets) of 0.2% p.a. before 2030 and 0.4% p.a. thereafter (FY25: 0.2% and 0.4% respectively). CPI inflation expectations are set with reference to the RPI inflation assumption taking into account market data and independent estimates of the expected difference. Before 2030, CPI inflation is assumed to be 0.9% lower than RPI inflation (FY25: 1.1%). RPI will be aligned with CPIH from 2030, and we assume a 0.1% (FY25: 0.1%) gap between CPI and CPIH inflation. The change in the expected difference between RPI and CPI for FY26 has increased the BTPS liabilities by £0.1bn.
Pension increases	Under the BTPS rules, benefits increase prior to retirement primarily with reference to CPI capped at 5%, and the majority of benefits increase after retirement linked to either CPI for Sections A and B or RPI with a 5% cap for Section C. Benefits are assumed to increase in line with the RPI or CPI inflation assumptions.
Longevity	The longevity assumption takes into account: – the actual mortality experience of the BTPS pensioners, based on a formal review carried out for the 2023 triennial funding valuation; and – future improvements in longevity based on the CMI's 2024 Mortality Projections model published by the UK actuarial profession. There continues to be significant uncertainty for future life expectancy assumptions following the Covid-19 pandemic. In setting our assumptions for future life expectancy, we have fully allowed for population mortality data from 2022, 2023 and 2024 but not data from 2020 and 2021 to exclude the impact of the pandemic. Allowing for the published 2024 CMI model has increased the BTPS liabilities by £0.3bn. We continue to assume mortality will improve in the long term by 1.0% per year.

Notes to the consolidated financial statements (continued)

20. Retirement benefit plans (continued)

20.6 Funding and Financial Support arrangements for the BTPS

Triennial funding valuation

A funding valuation is carried out for the Trustee by a professionally qualified independent actuary at least every three years. The funding valuation assesses the on-going financial health of the BTPS. If there are insufficient assets to meet the estimated future benefit payments to members (i.e. a funding deficit), BT Group and the Trustee agree the amount and timing of additional cash contributions. It is prepared using the principles set out in UK pension legislation, such as the 2004 and 2021 Pensions Acts, and uses a prudent approach overall when setting the actuarial assumptions. Some of the key differences compared to the IAS 19 deficit are set out in the table below.

	IAS 19	Funding
Purpose	Balance sheet in BT Group accounts	Assessing the on-going financial health and setting cash payments
Regulation	IFRS	UK pensions legislation
Frequency	Semi-annually	At least every three years
Key assumptions		
Determined by	BT Group	BT Group and BTPS agreement
Discount rate	Yield curve based on AA corporate bonds	Yield curve reflecting prudent return expected from BTPS assets
Other assumptions	Best estimate	Prudent overall approach
Assets	BT Group accounts excludes ABF value	Includes ABF value

The different purpose and principles lead to different assumptions being used, and therefore a different estimate for the liabilities and deficit.

The latest funding valuation was performed as at 30 June 2023. The next funding valuation will have an effective date of no later than 30 June 2026.

The results of the two most recent triennial valuations are shown below.

	30 June 2023 £bn	30 June 2020 £bn
Funding liabilities	(40.9)	(65.3)
Assets	37.2	57.3
BTPS Funding deficit	(3.7)	(8.0)
Percentage of accrued benefits covered by the BTPS assets at valuation date	91%	88%

Key assumptions at valuation date:

Discount rate ^a	5.3%	1.4%
Inflation – RPI	3.6%	3.2%
Inflation – CPI	3.2%	2.4%
Life expectancy – male aged 60 in lower pension bracket	25.5 years	25.8 years
Life expectancy – male aged 60 in higher pension bracket	27.2 years	28.0 years
Life expectancy – female aged 60	28.0 years	28.5 years
Average additional life expectancy for a male member retiring at age 60 in 10 years' time	0.8 years	0.9 years

^a The discount rate has been derived from prudent return expectations that reflect the investment strategy over time, allowing for the BTPS to de-risk to a portfolio consisting predominantly of bond and bond-like investments by 2034.

Deficit payments from the group

In November 2023, the 2023 triennial funding valuation was finalised, agreed with the Trustee, and certified by the Scheme Actuary. The funding deficit at 30 June 2023 was £3.7bn, down from £8.0bn at the 2020 funding valuation following £4.4bn of deficit contributions.

BT will pay £600m in each financial year until 31 March 2030, a final payment of £490m before 30 April 2030, and the £180m p.a. payments due under the ABF arrangement agreed at the 2020 valuation.

No payments are currently payable under the future funding commitment (see page 186).

These payments are summarised in the table below.

Year to 31 March (£m)	2027	2028	2029	2030	2031	2032	2033	2034
Payments from BT plc ^a	600 ^b	600 ^b	600 ^b	600 ^b	490	—	—	—
Future funding commitment payments	—	—	—	—	—	—	—	—
Payments from ABF	180	180	180	180	180	180	180	180
Total	780	780	780	780	670	180	180	180

^a Payments are due by 30 April each year.

^b £10m is directly payable to the BTPS, and BT Group currently intends to pay the balance into the co-investment vehicle.

20. Retirement benefit plans (continued)

ABF

Under the ABF, £180m p.a. is paid into the BTPS until June 2033, secured on EE Limited. If the BTPS reaches full funding as calculated by the Scheme Actuary at any 30 June, the ABF payments to the BTPS will cease. BT Group received tax relief at inception of the ABF based on the original market value of £1.7bn, and will receive further tax-relief if payments are made to the BTPS in excess of this amount.

Assuming they are all paid, future payments from the ABF have a present value of £1.1bn at 31 March 2026 (FY25: £1.2bn). The fair value of the ABF is £1.1bn at 31 March 2026 (FY25: £1.1bn). This value allows for the probability of the BTPS becoming fully funded, and the payments to the BTPS ending early.

The fair value of the ABF is included in the assets of the BTPS when assessing the funding deficit. Payments from the ABF to the BTPS are treated in the same way as coupon and redemption income received on bonds held by the BTPS, and do not affect the funding deficit when they are paid.

The fair value of the ABF is not included in the assets of the BTPS when assessing the IAS 19 deficit in the group consolidated accounts, as it is a non-transferable asset issued by the group. Payments from the ABF to the BTPS are treated as deficit contributions, and reduce the IAS 19 deficit, when they are paid.

Co-investment vehicle

A co-investment vehicle was set up in 2021 which provides BT Group with some protection against the risk of overfunding and therefore enables BT Group to provide upfront funding with greater confidence. BT Group is eligible for future refunds if some or all of the co-investment vehicle funds are surplus to the BTPS's requirements, unless the BTPS, acting prudently but reasonably, decides to defer or reduce these payments. Assessments will be carried out over a series of dates between June 2032 and June 2041.

Payments made by BT Group into the vehicle will be invested as if part of the overall BTPS investment strategy. BT Group will receive tax relief in respect of any funds paid to the BTPS from the vehicle but does not receive tax relief when payments are made to the co-investment vehicle.

Over the period, £0.6bn of contributions were paid into the co-investment vehicle which, along with asset returns, increased the value to £1.4bn at 31 March 2026 (£0.7bn at 31 March 2025).

Our accounting assessment concluded that the co-investment vehicle is not controlled by BT Group (as defined by IFRS 10), and therefore should not be consolidated. The main factors that support this judgement are:

- Payments made by BT Group into the co-investment vehicle are invested as if part of the overall BTPS investment strategy (as set by the BTPS Trustee after consultation with BT Group), with BTPS contractually able to impose onerous penalties on BT Group if they are not, including losing the ability to benefit from the co-investment vehicle;
- Future returns of surplus to BT Group from the co-investment vehicle are dependent on the overall returns of the BTPS determined by the investment strategy set by the BTPS Trustee with the majority of assets sat outside the co-investment vehicle; and
- The Trustee can, acting prudently but reasonably, decide to defer or reduce payments to BT Group from the co-investment vehicle.

There is significant judgement involved in the assessment of determining the relevant activities that significantly affect BT Group's returns, and whether BT Group has power over these activities.

The interest in the co-investment vehicle held by the BTPS can only be used to fund employee benefits, and the assets in the vehicle are protected from BT Group's other creditors in the event of insolvency. We therefore conclude that the BTPS's interest in the co-investment vehicle meets the definition of a plan asset.

If we had concluded that BT Group did control the co-investment vehicle, then instead of being included as a plan asset with movements through other comprehensive income, the assets of the vehicle would be consolidated on BT Group's balance sheet with movements through the income statement.

Notes to the consolidated financial statements (continued)

20. Retirement benefit plans (continued)

Protections for BTPS (going concern)

BT Group has agreed to provide the Trustee with certain protections to 2035.

Feature	Detail
Future funding commitment	BT Group will provide additional contributions, of between £150m p.a. and £300m p.a., should the funding deficit fall behind plan by more than an agreed threshold at any two consecutive reviews. The reviews will be carried out every June and December and until the 2026 valuation the threshold is £1bn. Payments are due within 12 months of the payments being switched on. Payments will stop once the semi-annual assessment shows the funding deficit is back on plan, i.e. outstanding deficit contributions are sufficient to address the funding deficit. At the 31 December 2025 assessment date, additional contributions were not triggered. The next test will be carried out as at 30 June 2026.
Shareholder distributions	BT Group will provide additional payments to the BTPS by the amount that shareholder distributions exceed a threshold. For the three years following the 2023 valuation, the threshold allows for 10% per year dividend per share growth based on dividends of 7.7p per share in FY23, adjusted to reflect the interim dividend declared at our 30 September 2023 results. BT Group has agreed to implement a similar protection at each subsequent valuation, with the terms to be negotiated at the time. BT Group will consult with the Trustee if: – it considers share buybacks for any purpose other than relating to employee share awards; – it considers making any shareholder distributions in any of the next three years if annual normalised free cash flow of the group is below £1bn in the year and distributions within the year would be in excess of 120% of the above threshold; or – it considers making a special dividend.
Material corporate events	In the event that BT Group generates net cash proceeds greater than a threshold from disposals (net of acquisitions) in any financial year, BT Group will make additional contributions to the BTPS. The threshold is £750m p.a. to 30 June 2026. The amount payable is one third of the total net cash proceeds. BT Group will consult with the Trustee if: – it considers making acquisitions with a total cost of more than £1.0bn in any 12-month period; – it considers making any disposal of more than £1.0bn; – it considers making a significant transaction which will have a material impact on the BTPS (acquisition or disposal); – it is likely to be subject to a takeover offer; or – there are any other corporate or third-party events which may have a materially detrimental impact on BT Group's covenant to the BTPS (in which case BT Group will use its best endeavours to agree appropriate mitigation). This obligation is ongoing until otherwise terminated.
Negative pledge	A negative pledge that future creditors will not be granted superior security to the BTPS in excess of £0.5bn, to cover any member of the BT Group. Business as usual financing arrangements are not included within the £0.5bn.

No additional contributions were triggered during FY26.

Protections for BTPS (insolvency)

The Scheme Actuary assumes that in the highly unlikely event that BT Group were to become insolvent, the Trustee would continue to run the Scheme with a low-risk, closely-matched investment strategy including additional margins for risk. On this basis and assuming no further contribution from BT Group, it was estimated that at 30 June 2023 the assets of the BTPS would have met around 80% of the liabilities.

Were this to occur, BTPS members would benefit from the following additional protections.

Feature	Detail
Crown Guarantee	The Crown Guarantee was granted by the Government when BT was privatised in 1984; it would only come into effect upon the insolvency of BT plc. In July 2014, the courts established that: – the Crown Guarantee covers BT plc's funding obligation in relation to the benefits of members of the BTPS who joined post-privatisation as well as those who joined pre-privatisation (subject to certain exceptions); and – the funding obligation to which the Crown Guarantee relates is measured with reference to BT plc's obligation to pay deficit contributions under the rules of the BTPS. The Crown Guarantee is not taken into account for the purposes of the actuarial valuation of the BTPS and is an entirely separate matter, only being relevant in the highly unlikely event that BT plc becomes insolvent.
Pension Protection Fund (PPF)	Further protection is also provided by the PPF which is the fund responsible for paying compensation in respect of schemes where the employer becomes insolvent.

20. Retirement benefit plans (continued)

20.7 Key risks to BT Group arising from the BTPS

Background

The BTPS Trustee has a detailed framework to manage the risks of running a large DB pension scheme. The key risks the group is exposed to as a result of sponsoring the BTPS include:

- **Funding and balance sheet risk** – a large increase in our pension scheme obligations or under-performance of assets could lead to an increased balance sheet and / or funding liability / deficit, resulting in additional contributions and/or potentially impacting our business plans.
- **Liquidity risk** – where our schemes request us to provide funding earlier than planned to avoid being a forced seller of scheme assets at depressed prices to fund member benefits. For example, the scale of the BTPS means that investment changes and any future de-risking actions need to be planned and executed carefully, potentially over an extended timeframe or multiple transactions.
- **Legislative risk** – changes in legislation or regulation could impact the value of the liabilities or assets.

Quantifying funding and balance sheet risk

Drivers which could worsen the balance sheet position or result in increased contributions to our pension schemes are:

- **Bond yields** – a decrease in government bond yields (and therefore future expected interest rates) will increase BTPS liabilities, although this will be predominantly offset by an increase in the value of bond-like assets and interest rate derivatives held by the BTPS.
- **Credit spreads** – a fall in credit spreads will increase the IAS 19 liabilities (as the discount rate is linked to the yield on corporate bonds) and a corresponding but smaller increase in both asset values and funding liabilities.
- **Inflation expectations** – an increase in average inflation expectations over the lifetime of the plan will increase BTPS liabilities (as a significant proportion of the benefits paid to members are linked to inflation). This will typically be offset by an increase in the value of inflation-linked bond-like assets (e.g. index-linked gilts) and inflation derivatives held by the BTPS, except where inflation is above the cap that applies to benefit increases or in deflationary environments.
- **Growth assets** – a significant proportion of the BTPS assets are invested in growth assets, such as equities and property (27% as at 31 March 2026). The deficit could increase if these assets underperform the discount rate used to calculate the liabilities. The BTPS has temporary hedges in place to partly offset the impact of a fall in equity markets, and adopts a diverse portfolio. A significant proportion of the BTPS assets are invested in illiquid assets, such as property and infrastructure. Insufficient liquidity could result in the forced selling of assets (at potentially depressed values) to meet benefit payments and/or collateral requirements.
- **Life expectancy** – an increase in the life expectancy of members will result in benefits being paid out for longer, leading to an increase in the IAS 19 and funding liabilities, although this will be partially offset by longevity insurance contracts the BTPS has in place.
- **Hedging mismatches** – the BTPS uses highly correlated assets to hedge certain risks which cannot be hedged directly, for example: hedging CPI-linked benefit increases using RPI-linked assets, as there is no deep market for CPI-linked assets. Mismatches between the movement in the assets and the risks they are intended to hedge could increase the deficit. A 0.25% p.a. decrease in CPI inflation expectations before 2030 (with no corresponding change in RPI inflation expectations) would reduce the IAS 19 deficit by c. £0.1bn as at 31 March 2026.
- **Member options** – members have certain options before and at retirement to reshape their benefits. We make assumptions on the take-up of these options based on historical scheme experience. Future experience differing from historical experience could lead to an increase or decrease in the IAS 19 and funding liabilities.

The potential negative impact of these drivers is illustrated by the following scenarios. These have been assessed by BT Group's independent actuary as scenarios that might occur over the next year with a probability of 5%. The scenarios have been updated to reflect market experience over the last year.

Scenario	5% probability scenario	
	2026	2025
1. Fall in bond yields ^a	1.2%	1.2%
2. Increase in credit spreads ^b	0.7%	0.7%
3. Increase to average inflation expectations over the lifetime of the plan ^c	0.9%	1.1%
4. Fall in growth assets ^d	20.0%	20.0%
5. Increase to life expectancy	1.1 years	1.1 years

^a Scenario assumes a fall in the yields on both government and corporate bonds.

^b Scenario assumes an increase in the yield on corporate bonds, with no change to yield on government bonds.

^c Scenario assumes average RPI and CPI inflation expectations over the lifetime of the plan increase by the same amount.

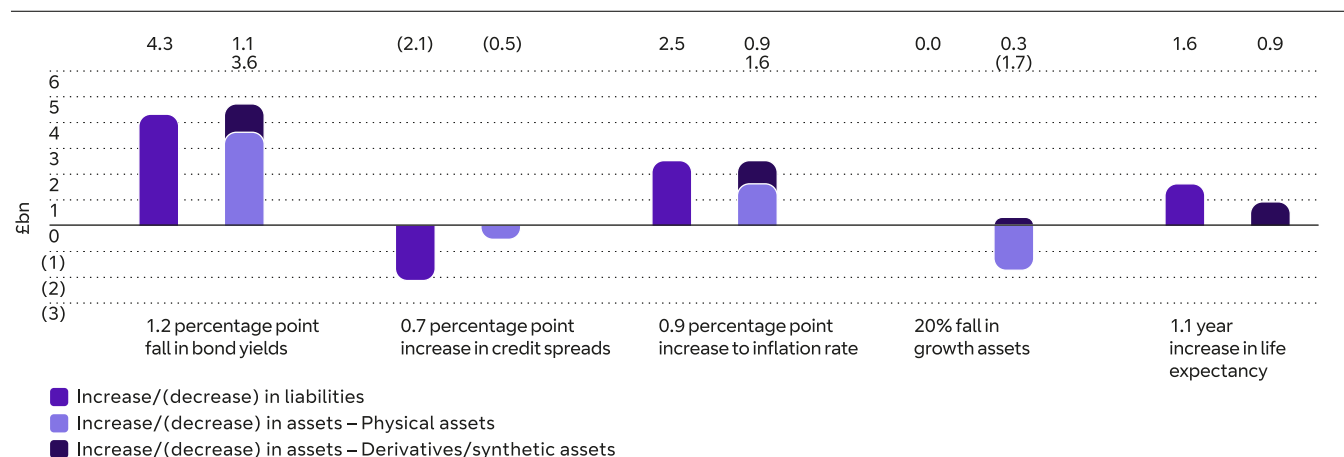
^d Impact includes the dampening effect of temporary equity hedges held by the BTPS. Scenario considers combinations of changes to the key inputs used to value the growth assets, leading to a 20% (FY25: 20%) fall in the aggregate value of the growth assets prior to temporary hedges held by the BTPS.

Notes to the consolidated financial statements (continued)

20. Retirement benefit plans (continued)

Impact of illustrative scenarios which might occur over the next year with a probability of 5%

Scenario analysis – IAS 19 position at 31 March 2026



The sensitivities have been prepared using the same approach as FY25 which involves calculating the liabilities and assets allowing for the change in market conditions assumed under the scenario as if they had occurred at the reporting date. The change in impact from FY25 is due to a combination of: change in scenarios, changes in asset and liability values over the year, and changes in the BTPS's investment strategy in line with the agreed de-risking plan.

Considerations when using sensitivities

The impact shown under each scenario looks at each simplistic event in isolation and reflects the liabilities, assets and investment strategy at 31 March 2026. In practice more complex events could arise throughout the year and further consideration should be given when using the sensitivities for areas such as:

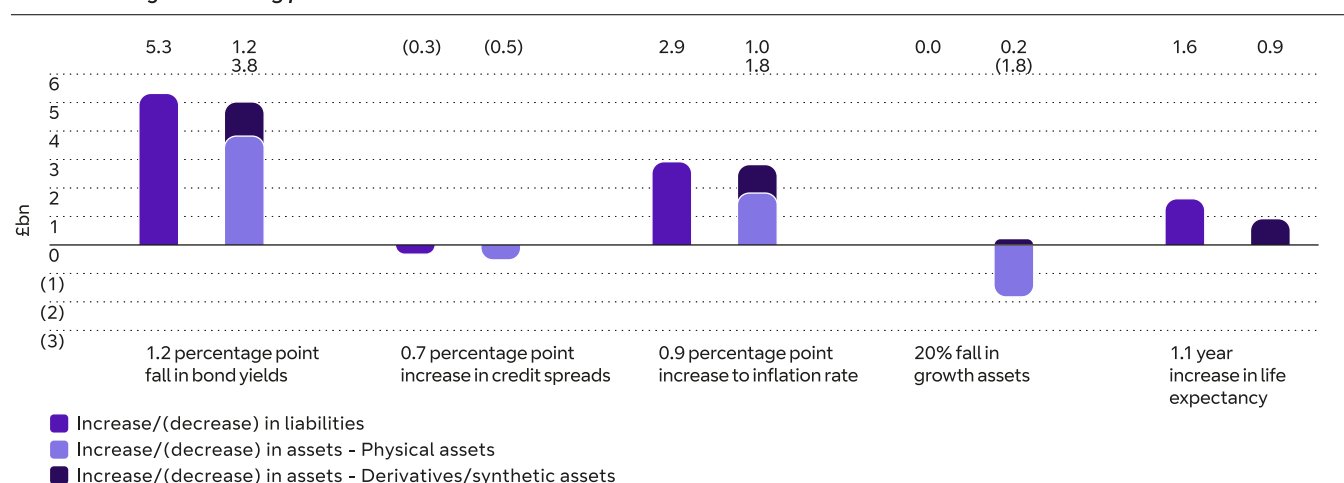
- Changes in the asset portfolio or hedges: the BTPS typically aims to hedge 90%–100% of interest rate and inflation risk (on a funding measure) and the actual hedge ratio could vary over the year within this range.
- Credit mismatch: the IAS 19 liabilities are calculated using a discount rate set with reference to the yield on AA rated corporate bonds. The corporate bonds held by the BTPS may have a different credit rating or duration to that of the discount rate.
- Use of market indices: movements in market indices may not provide an accurate representation of the performance of the BTPS assets (given their bespoke nature) or changes in the liabilities (as these are calculated using scheme specific assumptions).
- Long term expectations moving differently to short term expectations: although the sensitivities illustrate a uniform change for both short and long term expectations, in practice the change may not be uniform.
- Combination of different events: the effects are neither additive nor linear (e.g. doubling the change in bond yields assumed will not double the impact).

We note that these limitations are also applicable to the funding position scenario analysis below.

Scenario analysis of the funding position (unaudited)

The impact of changes in market conditions on the funding liabilities differs to the impact on the IAS 19 liabilities due to the size of the liabilities and how the assumptions are set. For example, the funding liabilities use a discount rate linked to a risk-free rate plus a margin based on the BTPS's investment strategy, whereas the IAS 19 liabilities use a discount rate based on corporate bond yields. The chart below illustrates the approximate impact of the scenarios set out above on the 30 June 2025 funding position. Note the same limitations as outlined above apply to these sensitivities.

Scenario analysis – Funding position at 30 June 2025



The figures shown in the graph apply to the BTPS assets and funding liabilities as at 30 June 2025; an increase in the assets or funding liabilities will increase the impact of the scenarios shown.

20. Retirement benefit plans (continued)

20.8 Funding and Financial Support arrangements for the EEPS

The most recent triennial valuation of the defined benefit section was performed as at 31 December 2024 and agreed in March 2026. This showed a funding surplus of £73m (funding level of 111%). As a result of the scheme being in surplus, no future deficit contributions are required. Over FY26 £8.3m (FY25: £20.0m) of deficit contributions were paid by the group to the EEPS.

At the triennial valuation date, the EEPS had a diversified investment strategy; a liability-driven portfolio (52%), property and illiquid alternatives (23%), an absolute return portfolio (15%) and cash/net current assets (10%).

21. Own shares

Material accounting policies that apply to own shares

Own shares are recorded at cost and deducted from equity. When shares held for the beneficial ownership of employees vest unconditionally or are cancelled they are transferred from the own shares reserve to retained earnings at their weighted average cost.

	Treasury shares ^a		Employee share ownership trust ^a		Total	
	millions	£m	millions	£m	millions	£m
At 1 April 2024	16	(42)	172	(269)	188	(311)
Own shares purchased ^b	—	—	87	(131)	87	(131)
Share options exercised ^b	(5)	14	(2)	3	(7)	17
Yourshare vestings	—	—	(3)	4	(3)	4
Share awards vested	—	—	(27)	43	(27)	43
At 31 March 2025	11	(28)	227	(350)	238	(378)
Own shares purchased ^b	—	—	25	(48)	25	(48)
Transfers	(10)	26	10	(26)	—	—
Share options exercised ^b	(1)	1	(116)	188	(117)	189
Share awards vested	—	—	(32)	49	(32)	49
At 31 March 2026	—	(1)	114	(187)	114	(188)

^a At 31 March 2026, 487,815 shares (FY25: 11,290,418) with an aggregate nominal value of £0.02m (FY25: £0.56m) were held at cost as treasury shares and 114,018,616 shares (FY25: 226,848,933) with an aggregate nominal value of £6m (FY25: £11m) were held in the Trust.

^b See group cash flow statement. The cash paid for the repurchase of ordinary shares was £126m (FY25: £79m). 50m shares (FY25: 50m) were purchased via forward contracts. At 31 March 2026, the group had no outstanding forward contracts to purchase own shares (FY25: 50m shares). The cash received from proceeds from exercise of employee share options was £96m (FY25: £6m).

The treasury shares reserve represents BT Group plc shares purchased directly by the group. The BT Group Employee Share Ownership Trust (the Trust) also purchases BT Group plc shares.

The treasury shares and the shares in the Trust are being used to satisfy our obligations under employee share plans, further details of which are provided in note 22.

22. Share-based payments

Material accounting policies that apply to share-based payments

We operate a number of equity-settled share-based payment arrangements, under which the group receives services from employees in consideration for equity instruments (share options and shares) of the group. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is recognised as an expense on a straight-line basis over the vesting period, based on the group's estimate of the options or shares that will eventually vest. Fair value of share option schemes is measured using a Binomial options pricing model.

Service conditions are vesting conditions. Any other conditions are non-vesting conditions which are taken into account to determine the fair value of equity instruments granted. When an award or option does not vest as a result of a failure to meet a non-vesting condition that is within the control of either counterparty, it is accounted for as a cancellation. Cancellations are treated as accelerated vesting and all remaining future charges are immediately recognised in the income statement. As the requirement to save under an employee saveshare arrangement is a non-vesting condition, employee cancellations, other than through a termination of service, are treated as an accelerated vesting.

No adjustment is made to total equity for awards that lapse or are forfeited after the vesting date.

Notes to the consolidated financial statements (continued)

22. Share-based payments (continued)

Year ended 31 March	2026 £m	2025 £m
Employee saveshare plans	2	7
Yourshare	—	2
Executive share plans:		
Deferred Bonus Plan (DBP)	4	8
Restricted Share Plan (RSP)	43	45
	49	62

What share incentive arrangements do we have?

Our plans include savings-related share option plans for employees and those of participating subsidiaries and several share plans for executives. All share-based payment plans are equity-settled. Details of these plans are set out below.

Employee Saveshare Plans

Under HMRC-approved savings-related share option plans, employees save on a monthly basis, over a three- or five-year period, towards the purchase of shares at a fixed price determined when the option is granted. This price is set at a 20% discount to the market price for five-year plans and 10% for three-year plans. The options must be exercised within six months of maturity of the savings contract, otherwise they lapse. Similar plans operate for our overseas employees. The scheme has not operated since FY21.

Yourshare

In FY21 and FY22, all eligible employees of the group were awarded £500 of BT shares. The shares are held in trust for a minimum period of three years, after which they are available to employees.

Deferred Bonus Plan (DBP)

Awards are granted annually to selected senior employees where a percentage of their bonus is deferred and awarded in shares in the group. The shares are transferred to participants at the end of a specified period provided they continue to be employed by the group. Dividends are reinvested in shares that are added to the relevant share awards.

Restricted Share Plan (RSP)

Awards are granted to selected employees. Shares in the group are transferred to participants at the end of a specified period provided they continue to be employed by the group. Dividends are reinvested in shares that are added to the relevant share awards.

Employee Saveshare Plans

Movements in Employee Saveshare options are shown below.

Year ended 31 March	Number of share options		Weighted average exercise price	
	2026 millions	2025 millions	2026 pence	2025 pence
Outstanding at 1 April	118	156	82	96
Granted	—	—	—	—
Forfeited	—	(5)	82	107
Exercised	(117)	(7)	82	82
Expired	(1)	(26)	90	161
Outstanding at 31 March	—	118	—	82
Exercisable at 31 March	—	—	—	—

The weighted average share price for all options exercised during FY26 was 193p (FY25: 141p). The normal dates of vesting for all saveshare plans expired in FY26.

Executive share plans

Movements in executive share plan awards are shown below:

	Number of shares (millions)		
	DBP	RSP	Total
At 1 April 2024	20	93	113
Awards granted	4	42	46
Awards vested	(7)	(20)	(27)
Awards lapsed	—	(10)	(10)
Dividend shares reinvested	1	6	7
At 31 March 2025	18	111	129
Awards granted	2	27	29
Awards vested	(7)	(25)	(32)
Awards lapsed	(1)	(13)	(14)
Dividend shares reinvested	1	4	5
At 31 March 2026	13	104	117

22. Share-based payments (continued)

Fair values

The fair values for the DBP and RSP were determined using the market price of the shares at the grant date. The weighted average share price for DBP awards granted in FY26 was 188p (FY25: 140p) and for RSP awards granted in FY26 was 190p (FY25: 140p).

23. Divestments and assets & liabilities classified as held for sale

Material accounting policies that apply to assets & liabilities classified as held for sale

We classify non-current assets or a group of assets and associated liabilities, together forming a disposal group, as 'held for sale' when their carrying amount will be recovered principally through disposal rather than continuing use and the sale is highly probable. A sale is considered to be highly probable when management are committed to a plan to sell the asset or disposal group and the sale should be expected to qualify for recognition as a completed divestment within one year from the date of classification. We measure non-current assets or disposal groups classified as held for sale at the lower of their carrying amount and fair value less costs of disposal. Intangible assets, property, plant and equipment and right-of-use assets classified as held for sale are not depreciated or amortised.

Upon completion of a divestment, we recognise a profit or loss on disposal calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest less costs incurred in disposing of the asset or disposal group, and (ii) the carrying amount of the asset or disposal group (including goodwill). The profit or loss on disposal is recognised as a specific item, see note 9.

In the event that non-current assets or disposal groups held for sale form a separate and identifiable major line of business, the results for both the current and comparative periods are reclassified as 'discontinued operations'.

Significant judgements in assessment of assets held for sale

During FY25, the group announced its intention to fully focus on UK connectivity and initiated an active programme to explore options to optimise its non-core or global business. At 31 March 2025, management was committed to a plan to sell five separate businesses within our non-core or global business. The sale of these businesses was considered to be highly probable and they were expected to complete within a year. Accordingly, the associated assets and liabilities had been presented as held for sale at 31 March 2025.

During FY26, the Group completed the disposal of all disposal groups classified as held for sale at 31 March 2025. These included:

- our datacentre business in Ireland, sold to Equinix;
- BT Communications Ireland Ltd, our Irish wholesale and enterprise business, sold to Speed Fibre Group;
- our domestic operations in Italy (which includes fibre networks and datacentres), sold to Retelit S.p.A;
- BT Federal Inc., our specialised unit serving US federal institution, sold to 22nd Century Technologies, Inc.; and
- our BT Radianz business, sold to Transaction Network Services.

There are no disposal groups classified as held for sale as at 31 March 2026.

Impairment on remeasurement of disposal groups held for sale

On classification of the disposal groups as held for sale, we remeasured the disposal groups to the lower of their carrying amount and fair value less costs of disposal. This measurement is reassessed at each reporting date while the disposal groups remain classified as held for sale, with further impairment recognised where applicable. During the year, a remeasurement of certain disposal groups resulted in the recognition of an impairment loss of £27m (FY25: £116m) and has been presented as a specific item in the income statement, see note 9. The impairment loss has been applied to reduce the carrying amount of intangible assets, property, plant and equipment and right-of-use assets within the impacted disposal groups.

Notes to the consolidated financial statements (continued)

23. Assets & liabilities classified as held for sale (continued)

Divestments

During the year, we completed the sale of all five disposal groups that had been classified as held for sale at 31 March 2025. We recorded a combined net profit of £30m on disposal. The most significant transactions were the disposal of BT Radianz to Transaction Network Services in February 2026 and the disposal of our domestic operations in Italy to Retelit S.p.A in October 2025.

Financial information in relation to the net profit arising from the disposal of these five disposal groups is set out below:

	2026 £m
Goodwill and other intangible assets	93
Property, plant and equipment	16
Right-of-use assets	34
Trade and other receivables	78
Cash and cash equivalents ^a	153
Trade and other payables	(94)
Lease liabilities	(71)
Net assets of operations disposed	209
less: recycling of foreign exchange from translation reserve	(17)
Net impact on the consolidated balance sheet	192
Profit on disposal	30
Net consideration	222
Satisfied by	
Proceeds received in the year per the cash flow statement ^b	242
Costs of disposal	(20)
Net consideration	222

^a Includes £152m cash disposed as part of the sale of the domestic operations in Italy.

^b Includes £178m of consideration received as part of the disposal of BT Radianz.

Assets and liabilities held for sale

There were no assets and liabilities classified as held for sale at the end of FY26.

In FY25, the disposal groups held for sale at the balance sheet date comprised the following assets and liabilities:

	2026 £m	2025 £m
At 31 March		
Assets		
Goodwill and other intangible assets ^a	—	94
Property, plant and equipment ^b	—	40
Right-of-use assets ^b	—	33
Trade and other receivables	—	78
Assets held for sale	—	245
Liabilities		
Trade and other payables	—	100
Lease liabilities	—	81
Current tax liability	—	4
Provisions	—	3
Liabilities held for sale	—	188

^a In FY25, goodwill of £99m and other intangible assets of £7m of the disposal groups are presented as assets held for sale above of which £8m and £4m, respectively, have been impaired.

^b In FY25, property, plant and equipment of £100m and right-of-use assets of £77m of the disposal groups are presented as assets held for sale above of which £60m and £44m, respectively, have been impaired.

24. Investments

Material accounting policies that apply to investments

Investments classified as amortised cost

These investments are measured at amortised cost. The carrying amount of these balances approximates to fair value. Any gain or loss on derecognition is recognised in the income statement.

Equity instruments classified as fair value through other comprehensive income

We have made an irrevocable election to present changes in the fair value of equity investments that are not held for trading in other comprehensive income. All gains or losses, aside from dividends, are recognised in other comprehensive income and are not reclassified to the income statement when the investments are disposed of, instead any balance remaining in other comprehensive income is transferred to retained earnings. Dividends are recognised in the income statement when our right to receive payment is established. Equity investments are recorded in non-current assets unless they are expected to be sold within one year.

At 31 March	2026 £m	2025 £m
Non-current assets		
Fair value through other comprehensive income	20	17
Total non-current asset investments	20	17
Current assets		
Investments held at amortised cost	1,482	2,631
Current asset investments	1,482	2,631

Investments held at amortised cost are denominated in sterling of £1,462m (FY25: £2,615m), in euros of £1m (FY25: £3m) and in US dollars of £19m (FY25: £13m). Within these amounts are investments in liquidity funds of £1,460m (FY25: £2,600m), collateral paid on swaps of £17m (FY25: £20m) and accrued interest on investments of £5m (FY25: £11m).

Fair value estimation

Fair value hierarchy At 31 March 2026	Level 1 £m	Level 2 £m	Level 3 £m	Total held at fair value £m
Non-current and current investments				
Fair value through other comprehensive income	—	—	20	20
Total	—	—	20	20
At 31 March 2025				
Non-current and current investments				
Fair value through other comprehensive income	—	—	17	17
Total	—	—	17	17

The three levels of valuation methodology used are:

Level 1 – uses quoted prices in active markets for identical assets or liabilities.

Level 2 – uses inputs for the asset or liability other than quoted prices that are observable either directly or indirectly.

Level 3 – uses inputs for the asset or liability that are not based on observable market data, such as internal models or other valuation methods.

Level 3 balances consist of investments classified as fair value through other comprehensive income of £20m (FY25: £17m) which represent investments in a number of private companies. If specific market data is not available, these investments are held at cost, adjusted as necessary for impairments, which approximates to fair value. Additionally, this category also includes investments in preference shares in Sports JV and power purchase agreements, for further details see notes 25 and 29.

During the year there were no significant changes in the measurement and valuation techniques, or transfers between the levels of fair value hierarchy.

Notes to the consolidated financial statements (continued)

25. Joint ventures and associates

At 31 March	2026 £m	2025 £m
Interest in joint ventures	2	240
Interest in associates	2	12
Total	4	252

Share of post-tax loss of associates and joint ventures included in the income statement of £210m (FY25: £8m loss) includes £223m loss (FY25: £11m loss) relating to our sports joint venture (Sports JV) with Warner Bros. Discovery (WBD) and £13m profit (FY25: £3m profit) relating to our other joint ventures and associates. Share of post-tax other comprehensive income in associates and joint ventures amounted to £11m (FY25: £5m loss), solely related to the Sports JV, resulting in a net £199m share of total comprehensive loss for the year (FY25: £13m loss). At the balance sheet date, the carrying amount of our equity-accounted interest in the Sports JV was nil (FY25: £238m), following recognition of our share of an impairment loss recorded within the JV, see below for further details. We hold no other material equity-accounted joint ventures or associates.

Sports JV

In FY23, the group formed a sports joint venture with WBD, known externally as TNT Sports, which combined BT Sport and WBD's Eurosport UK business. As part of the transaction, the group's wholly owned subsidiary, British Telecommunications plc (BT plc or BT) and WBD each contributed, sub-licensed or delivered the benefit of their respective sports rights and distribution businesses for the UK & Ireland to the Sports JV. Both parties each hold a 50% interest and equal voting rights in the Sports JV.

WBD have the option to acquire BT plc's 50% interest in the Sports JV at specified period during FY27 (Call Option). The price payable under the Call Option will be 50% of the fair market value of the Sports JV, to be determined at the time of the exercise, plus any unpaid fixed consideration and remaining earn-out as described below. If the Call Option is not exercised, BT plc will have the ability to exit its shareholding in the Sports JV either through a sale or IPO after the initial four-year period.

Key developments in the Sports JV during the year included the loss of UEFA broadcasting rights for the 2027-2031 cycle and the commencement of broadcasting under new FA Cup football rights.

The group holds both ordinary equity shares and preference shares in the Sports JV entity.

Material accounting policies that apply to the Sports JV

Assessment of whether BT has joint control over the Sports JV

The Sports JV is classified as a joint venture based on an assessment under IFRS 10 and 11 of the ownership, voting power and joint control established through the joint venture agreement between BT and WBD.

Key factors relevant to our assessment:

- Equal voting rights over the activities that most significantly impact the returns of the Sports JV, namely strategic direction following the loss of the UEFA rights, reassessment of future and existing sports rights and distribution arrangements.
- Unequal cash distribution during the first four years of the JV due to the earn-out mechanism.
- The likelihood of WBD's call option to acquire BT's 50% interest in the Sports JV being exercised before key decisions over material activities of the Sports JV are made.

The assessment whether joint control remains in place is reviewed at each reporting period.

Measurement of BT's equity interest in the Sports JV

On initial recognition, the group valued its interest in the Sports JV based on the estimated fair value at exit. The investment is subsequently accounted for using the equity method, where the consolidated financial statements include the group's share of the profit or loss and other comprehensive income of the Sports JV. It is subject to impairment testing at each reporting period, with any impairment losses recognised through specific items.

Measurement of investment in A preference shares

BT will receive an earn-out from the Sports JV (subject to liquidity and usual UK company law requirements). The earn-out cash flows to BT are dependent on the cash profit generation of the Sports JV over the earn-out period and is therefore akin to contingent consideration, initially recorded at fair value reflecting the present value of expected cash flows.

Subsequent to the initial recognition, the group's carried forward investment in A preference shares are remeasured to fair value at each reporting date.

25. Joint ventures and associates (continued)

Measurement of the minimum revenue guarantee in BT's distribution agreement with the Sports JV

BT plc entered into a distribution agreement with the Sports JV at formation to procure the sport content that is supplied to our broadband, TV and mobile customers. The agreement extends beyond 2030 and the first four years includes a minimum revenue guarantee of approximately £500m per annum, which runs to the end of July 2026. After this point it will change to a fully variable arrangement.

BT's obligation under the minimum revenue guarantee represents both a trading arrangement on market terms, and a financing arrangement for the off-market element of the revenue guarantee, which has been recognised as a financial liability initially recorded at fair value. The liability is subsequently measured at amortised cost and held within trade and other payables on the balance sheet (see note 18). The carrying amount at 31 March 2026 was £101m (FY25: £288m) after payments made to the Sports JV.

Accounting policies adopted by the Sports JV

In order to recognise our share of the Sports JV's results for our equity-accounted investment, we have prepared the Sports JV's financial information for the year ended 31 March 2026 after making certain adjustments to comply with IFRS and align with accounting policy choices made by BT.

The following were judgements made in the preparation of the Sports JV's financial information:

- IFRS 3 acquisition accounting should be applied by the Sports JV over the business combination achieved through the transfer of the BT Sport and Eurosport UK businesses from BT and WBD respectively, recognising acquired intangibles on the current and future value of programme rights, and goodwill.
- Revenues from the minimum guarantee in the Sports JV's distribution agreement with BT should be adjusted to reflect a trading agreement on market terms with a separate financing arrangement for the off-market portion accounted for under IFRS 9 – this mirrors the accounting treatment applied by BT.
- A and C preference shares issued by the Sports JV to BT should be classified as a financial liability at fair value through profit or loss under IFRS 9, as cash flows of the liability can be modified by both financial and non-financial factors that are not closely related to the instrument itself.
- Hedge accounting should be applied on the Sports JV's forward contracts with BT (see note 31) with fair value movements on the derivatives recognised in other comprehensive income and held in the cash flow hedge reserve until these are recycled on settlement of the forward contracts.
- Programme rights should be recognised on the balance sheet from the point at which the licence period begins and are consumed by the Sports JV on a straight-line basis over the programming period which is generally 12 months. This is consistent with accounting policy applied in our previous BT Sport operations that have been transferred to the Sports JV.

Accounting policies in other areas are consistent with those applied by the group.

🔍 Key accounting estimates made in accounting for the Sports JV

Valuation of investment in A preference shares

The fair value recorded is supported by forecasted cash flows of the Sports JV and an internal valuation model with the following key assumptions:

- Approximately 60% of revenues and 96% of costs during the remaining earn out period are contractually committed.
- Total premium sports subscriber base does not materially grow or decline over the remaining earn-out period.

The preference shares are held at Level 3 on the fair value hierarchy, reflecting a valuation methodology that does not use inputs based on observable market data – see note 24 for further details on the fair value hierarchy. Changes in key assumptions and inputs could result in changes in fair value.

Valuation of BT's equity interest in the Sports JV

At the balance sheet date, the valuation of the Group's equity interest in the Sports JV is no longer considered a key accounting estimate. Prior to the loss of the UEFA rights (see below), this valuation involved a high degree of judgement in estimating fair value and was therefore considered a key accounting estimate, as changes in assumptions could have resulted in different impairment outcomes in prior periods.

Notes to the consolidated financial statements (continued)

25. Joint ventures and associates (continued)

Ordinary equity shares

The following summarises the balances and movements of the ordinary equity interests in the Sports JV:-

	2026 £m	2025 £m
Carrying amount at 1 April	238	300
Share of total comprehensive loss for the year	(212)	(16)
Dividends during the year	(3)	(2)
Impairment loss for the year	(23)	(44)
Carrying amount at 31 March	—	238

An impairment loss was recognised in September 2025 in respect of the Group's equity interest in the Sports JV. The impairment arose following an impairment assessment which indicated that the recoverable amount of the investment was lower than its carrying amount. The impairment reflected revised expectations of the joint venture's future performance and market conditions.

Separately, in November 2025 the Sports JV lost the UEFA broadcasting rights for the 2027–2031 cycle. This constituted a trigger event requiring a re-assessment of the recoverability of the assets held by the Sports JV, as the loss of the rights would have a significant adverse effect on the future subscription revenue generated by the JV. This reassessment indicated a significant reduction in the recoverable amount of certain assets, resulting in impairment losses of £578m that were reflected in the JV's results. Immediately prior to this impairment, the carrying amount of our ordinary equity interest was £218m. As a result, and in line with the requirements under IAS 28, the Group only recognised £218m share of JV losses related to the impairment, reducing the carrying amount of our ordinary equity interest to nil.

We ceased recognising our share of losses once our net investment reached zero as no current obligation to fund the Sports JV exists. This will be monitored on an ongoing basis and should an obligation arise in a future period, additional losses would be recognised. We are tracking the unrecognised portion of share of total comprehensive JV losses off-balance sheet, these amount to £23m as at the balance sheet date.

The carrying amount of our preference shares and the revolving credit facility are not considered part of our net investment in the Sports JV, and these instruments continue to be measured at fair value. Movements on these instruments during the period are covered below.

The following is summarised and unaudited financial information for the Sports JV prepared in accordance with IFRS and including adjustments required to align with the group's accounting policies and fair value adjustments.

Summarised statement of total comprehensive income for year ended 31 March	2026 £m	2025 £m
Revenue	1,003	958
Loss for the year ^a	(496)	(22)
Other comprehensive income	26	(11)
Total comprehensive loss	(470)	(33)

Summarised balance sheet at 31 March	2026 £m	2025 £m
Current assets ^b	957	800
Non-current assets ^c	—	858
Current liabilities ^d	(529)	(435)
Non-current liabilities ^e	—	(308)
Net assets	428	915
Attributable to fair value of BT's A preference shares	(107)	(242)
BT's share of residual net assets (50%)	161	337
Cumulative proceeds from investment in preference shares in joint venture	(175)	(63)
Other fair value adjustments	14	8
Impairment loss for the year	(23)	(44)
Share of Sports JV losses not recognised	23	—
Carrying amount of interest in Sports JV	—	238

^a Includes amortisation of £38m (FY25: £52m) on acquired intangibles; impairment losses of £578m (FY25: £nil) on acquired intangibles and goodwill; net finance income of £6m (FY25: £7m); and tax credit of £36m (FY25: £25m) driven by current tax charge of £53m (FY25: £37m) offset by deferred tax credit of £89m (FY25: £62m).

^b Includes cash and cash equivalents of £10m (FY25: £10m).

^c Includes goodwill and acquired intangibles of £nil (FY25: £616m).

^d Includes current financial liabilities (excluding trade and other payables and provisions) of £198m (FY25: £222m) of which £91m (FY25: £46m) relates to the outstanding liability on the RCF provided by BT (see note 31).

^e Includes non-current financial liabilities (excluding trade and other payables and provisions) of £nil (FY25: £92m).

The Sports JV had a loss after tax for the year of £496m, after adjustments made to align with the group's accounting policies, and reflects the impairment of assets held by the JV during the period (see above). Underlying trading before these adjustments was profitable. In addition, the Sports JV had other comprehensive income of £26m relating to fair value movements on its foreign exchange hedging arrangement with the group (see note 31) that have been designated as cash flow hedges. As noted above, we have capped the recognition of BT's share of total comprehensive loss as our net investment reached zero and no current obligation to fund the Sports JV exists.

25. Joint ventures and associates (continued)

Preference shares

In addition to BT's ordinary shareholding, BT held the following investments in preference shares in the Sports JV that have not been included within the equity-accounted interest above.

At 31 March	2026 £m	2025 £m
Investment in A preference shares	107	242
Investment in C preference shares	175	153
Total	282	395

A net £113m movement has been recorded in the group's preference share investments driven by a £112m earn-out payment received from the Sports JV and recorded as a repayment of our investment in A preference shares; and a net £1m fair value loss. Value from these preference shares is expected to be recovered in the first half of FY27, as the entitlements expire at the end of August 2026.

26. Cash and cash equivalents

Material accounting policies that apply to cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to cash, are subject to insignificant risk of changes in value and have an original maturity of three months or less. All are held at amortised cost on the balance sheet, equating to fair value.

For the purpose of the consolidated cash flow statement, cash and cash equivalents are as defined above net of outstanding bank overdrafts. Bank overdrafts are included within the current element of loans and other borrowings (note 27).

At 31 March	2026 £m	2025 £m
Cash at bank and in hand	172	141
Cash equivalents		
Bank deposits	187	75
Total cash equivalents	187	75
Total cash and cash equivalents per the balance sheet	359	216
Bank overdrafts (note 27)	(3)	(2)
Cash and cash equivalents per the cash flow statement	356	214

The majority of cash at bank balance was held at counterparties with a credit rating of A2/A or above. Cash and cash equivalents include restricted cash of £123m (FY25: £33m), of which £11m (FY25: £17m) was held in countries where local capital or exchange controls currently prevent us from accessing cash balances. The remaining balance of £112m (FY25: £16m) was held in escrow accounts, or in commercial arrangements akin to escrow.

Notes to the consolidated financial statements (continued)

27. Loans and other borrowings

Material accounting policies that apply to loans and other borrowings

We initially recognise loans and other borrowings at the fair value of amounts received net of transaction costs. They are subsequently measured at amortised cost using the effective interest method and, if included in a fair value hedge relationship, are re-valued to reflect the fair value movements on the associated hedged risk. On de-designation of the hedge, the resulting amortisation of fair value movements is recognised in the income statement.

What's our capital management policy?

Our capital management policy targets an overall level of debt consistent with our credit rating target of BBB+/Baa1 and minimum rating of BBB/Baa2 while investing in the business, supporting the pension scheme and meeting our distribution policy. To meet this objective, we may issue or repay debt, issue or repurchase shares or adjust dividends paid to shareholders. We manage the capital structure and make adjustments to it to reflect changes in economic conditions and the risk characteristics of the group. The Board regularly reviews the capital structure and capital management policy and no changes were made in FY26. For details of share issues and repurchases in the year see note 21.

Our capital structure consists of net debt and shareholders' equity. The analysis below summarises the components which we manage as capital.

At 31 March	2026 £m	2025 £m
Net debt	19,966	19,816
Total parent shareholders' equity ^a	12,559	12,900
Capital structure	32,525	32,716

^a Excludes non-controlling interests of £5m (FY25: £8m).

Net debt and net financial debt

Net debt consists of loans and other borrowings, lease liabilities (both current and non-current) less current asset investments and cash and cash equivalents, including such items which have been classified as held for sale on the balance sheet. Amounts due to joint ventures, loans and borrowings recognised in relation to monies received from the sale of cash flows of contract assets and as prepayment for the forward sale of redundant copper are excluded. Currency-denominated balances within net debt are translated to sterling at swap rates where hedged. Fair value adjustments and accrued interest applied to reflect the effective interest method are removed. We explain the rationale for using net debt as a key performance indicator in Additional Information on page 224.

Net financial debt is defined as net debt excluding lease liabilities.

Net debt and net financial debt are considered to be alternative performance measures as they are not defined in IFRS. The most directly comparable IFRS measure is the aggregate of loans and other borrowings, lease liabilities (both current and non-current), current asset investments and cash and cash equivalents. A reconciliation from these IFRS measures to net debt and net financial debt is given below.

At 31 March	Notes	2026 £m	2025 £m
Loans and other borrowings ^a		18,536	18,762
Lease liabilities	16	4,184	4,571
Lease liabilities classified as held for sale	23	—	81
Less:			
Cash and cash equivalents	26	(359)	(216)
Current asset investments	24	(1,482)	(2,631)
		20,879	20,567
Adjustments:			
To retranslate debt balances at swap rates where hedged by currency swaps ^b		(444)	(288)
To remove fair value adjustments and accrued interest applied to reflect the effective interest method		(240)	(273)
Loans with joint ventures	31	(10)	(10)
Loans related to the forward sale of redundant copper		(177)	(93)
Loans related to sale of contract assets		(42)	(87)
Net debt		19,966	19,816
Lease liabilities	16	(4,184)	(4,571)
Lease liabilities classified as held for sale	23	—	(81)
Net financial debt		15,782	15,164

^a Includes overdrafts of £3m at 31 March 2026 (FY25: £2m).

^b The translation difference between spot rate and hedged rate of loans and borrowings denominated in foreign currency.

27. Loans and other borrowings (continued)

The table below shows the key components of net debt and the increase of £150m this year.

	At 31 March 2025 £m	Cash flows £m	Net lease additions ^a £m	Foreign exchange £m	Transfer to within one year £m	Other movements ^b £m	At 31 March 2026 £m
Loans and other borrowings due within one year ^c	2,092	(1,739)	—	(36)	43	60	420
Loans and other borrowings due after one year	16,670	434	—	184	(43)	871	18,116
Total loans and other borrowings	18,762	(1,305)	—	148	—	931	18,536
Lease liabilities due within one year	705	(864)	—	—	938	—	779
Lease liabilities due after one year	3,866	—	480	(3)	(938)	—	3,405
Lease liabilities classified as held for sale	81	—	—	1	—	(82)	—
Total lease liabilities	4,652	(864)	480	(2)	—	(82)	4,184
Gross debt	23,414	(2,169)	480	146	—	849	22,720
Less:							
Impact of cross-currency swaps ^d	(288)	—	—	(156)	—	—	(444)
Removal of fair value adjustments and accrued interest on listed bonds	(286)	—	—	—	—	41	(245)
Removal of loans with joint ventures	(10)	3	—	—	—	(3)	(10)
Removal of loans related to the forward sale of redundant copper	(93)	(99)	—	—	—	15	(177)
Removal of loans related to sale of cash flows related to contract assets	(87)	51	—	—	—	(6)	(42)
Cash and cash equivalents	(216)	(153)	—	10	—	—	(359)
Current asset investments	(2,631)	1,146	—	(2)	—	5	(1,482)
Removal of accrued interest on current asset investments	13	—	—	—	—	(8)	5
Net debt	19,816	(1,221)	480	(2)	—	893	19,966

	At 31 March 2024 £m	Cash flows £m	Net lease additions ^a £m	Foreign exchange £m	Transfer to within one year £m	Other movements ^b £m	At 31 March 2025 £m
Loans and other borrowings due within one year ^c	1,395	(2,190)	—	15	2,744	128	2,092
Loans and other borrowings due after one year	17,131	1,758	—	(234)	(2,744)	759	16,670
Total loans and other borrowings	18,526	(432)	—	(219)	—	887	18,762
Lease liabilities due within one year	766	(874)	—	—	813	—	705
Lease liabilities due after one year	4,189	—	496	(6)	(813)	—	3,866
Lease liabilities classified as held for sale	—	—	—	—	—	81	81
Total lease liabilities	4,955	(874)	496	(6)	—	81	4,652
Gross debt	23,481	(1,306)	496	(225)	—	968	23,414
Less:							
Impact of cross-currency swaps ^d	(512)	—	—	224	—	—	(288)
Removal of fair value adjustments and accrued interest on listed bonds	(286)	—	—	—	—	—	(286)
Removal of loans with joint ventures	(11)	(1)	—	—	—	2	(10)
Removal of loans related to the forward sale of redundant copper	(106)	—	—	—	—	13	(93)
Removal of loans related to sale of cash flows related to contract assets	(318)	251	—	—	—	(20)	(87)
Cash and cash equivalents	(414)	189	—	9	—	—	(216)
Current asset investments	(2,366)	(266)	—	—	—	1	(2,631)
Removal of accrued interest on current asset investments	11	—	—	—	—	2	13
Net debt	19,479	(1,133)	496	8	—	966	19,816

^a Net lease additions are net non-cash movements in lease liabilities during the period, and primarily comprise new and terminated leases, remeasurements of existing leases and lease interest charges.

^b Other movements in gross debt include movements relating to accrued interest, amortisation of transaction costs, fair value adjustments and held for sale assets and liabilities (see note 23).

^c Includes accrued interest and bank overdrafts.

^d Translation of debt balances at swap rates where hedged by cross-currency swaps.

Notes to the consolidated financial statements (continued)

27. Loans and other borrowings (continued)

The table below shows how cash flows from gross debt of £(2,169)m (FY25: £(1,306)m) in the table above reconciles to the line items presented in the group cash flow statement on page 138:

At 31 March	2026 £m	2025 £m
Repayment of borrowings	(2,347)	(2,095)
Proceeds from bank loans and bonds	1,843	2,552
Interest paid on loans and other borrowings due within one year ^a	(52)	(99)
Interest paid on loans and other borrowings due after one year ^a	(843)	(722)
Cash flows from collateral received (paid)	(3)	(11)
(Decrease) increase in amounts owned to joint ventures	(3)	(1)
Change in bank overdraft ^b	1	(56)
Total loans and other borrowings cash flows – financing activities	(1,404)	(432)
Prepayment for the forward sale of copper ^c	99	—
Total loans and other borrowings cash flows – investing activities	99	—
Total loans and other borrowings cash flows	(1,305)	(432)
Payment of lease liabilities	(731)	(739)
Interest paid on lease liabilities ^a	(133)	(135)
Total lease liability cash flows – financing activities	(864)	(874)
Total gross debt cash flows	(2,169)	(1,306)

^a Presented within interest paid in the group cash flow statement. The interest paid on loans and other borrowings due within one year and after one year is allocated based on the closing balances of loans and other borrowings at the relevant balance sheet date.

^b Presented within cash and cash equivalents in the group cash flow statement.

^c During FY26 we received an upfront prepayment of £99m (FY25: £nil) from entering into a forward agreement to sell copper granules created from surplus copper cables. As this is expected to be the only cash flow that occurs as part of this transaction the cash receipt has been included as a separate line within cash flows from investing activities in the group cash flow statement, see page 138. The related liability is recognised on balance sheet within loans and other borrowings.

27. Loans and other borrowings (continued)

The table below gives details of the listed bonds and other debt.

At 31 March	2026 £m	2025 £m
0.5% €419m bond due September 2025	—	351
1.75% €1,076m bond due March 2026	—	901
1.5% €1,150m bond due June 2027 ^a	1,015	971
2.75% €700m bond due August 2027 ^b	—	590
2.125% €500m bond due September 2028 ^a	441	422
5.125% \$700m bond due December 2028 ^a	538	550
5.75% £600m bond due December 2028	638	649
1.125% €750m bond due September 2029 ^a	656	627
3.25% \$1,000m bond due November 2029 ^a	765	780
9.625% \$2,670m bond due December 2030 ^a (minimum 8.625% ^c)	2,078	2,122
3.75% €800m bond due May 2031 ^a	720	690
3.125% £500m bond due November 2031	504	504
3.125% €850m bond due February 2032 ^a	740	708
3.375% €500m bond due August 2032 ^a	443	424
3.375% €850m bond due November 2032 ^a	747	—
4.25% €850m bond due January 2033 ^a	743	710
4.713% NOK1,000m bond due March 2033 ^a	78	—
3.64% £330m bond due June 2033	339	339
1.613% £330m index linked bond due June 2033	417	403
3.875% €895m bond due January 2034 ^a	784	750
3.75% €700m bond due January 2035 ^{a,d}	589	—
6.375% £500m bond due June 2037	523	523
3.883% £330m bond due June 2039	340	340
1.739% £330m index linked bond due June 2039	417	404
5.75% £450m bond due February 2041 ^{a,d}	435	446
5.625% £350m bond due December 2041 ^{a,d}	342	351
3.924% £340m bond due June 2042	350	350
1.774% £340m index linked bond due June 2042	430	416
2.08% ¥10,000m bond due February 2043 ^a	48	52
3.625% £250m bond due November 2047	251	251
4.25% \$500m bond due November 2049 ^a	383	388
5.125% €750m hybrid bond due October 2054 ^{a,e}	667	638
6.375% £400m hybrid bond due December 2055 ^e	405	—
1.874% €500m hybrid bond due August 2080 ^f	—	423
4.250% \$500m hybrid bond due November 2081 ^{a,e}	380	391
4.875% \$500m hybrid bond due November 2081 ^{a,e}	384	393
8.375% £700m hybrid bond due December 2083 ^e	713	711
Total listed bonds	18,303	18,568
Loans related to cash flows related to the sale of contract assets ^g	42	87
Loans related to the forward sale of redundant copper	177	93
Other loans	1	2
Amounts owed to joint ventures	10	10
Bank overdrafts (note 26)	3	2
Total other loans and borrowings	233	194
Total loans and other borrowings	18,536	18,762

^a Designated in a cash flow hedge relationship.

^b Redeemed under call option in March 2026.

^c The interest rate payable on this bond attracts an additional 0.25% for rating category downgrade by either Moody's or Standard & Poor's to the group's senior unsecured debt below A3/A- respectively. In addition, if Moody's or Standard & Poor's subsequently increase the ratings then the interest rate will be decreased by 0.25% for each rating category upgrade by either rating agency. In no event will the interest rate be reduced below the minimum rate reflected in the above table.

^d Designated in a fair value hedge relationship.

^e Includes call options between 0.7 years and 5.5 years.

^f Redeemed under call option in May 2025.

^g Performance obligations have been substantially delivered to the customer in relation to these cash flows related to contract assets that have been sold but the right to receive cash is dependent on the group's future performance in relation to airline and so a financial liability has been recognised. The related cash flows have been included within financing activities in the cash flow statement and the related cash flows from the customers remain classified as operating cash flows. £42m (FY25: £87m) of the liability relates to sales of cash flows related to contract assets and so is removed from our net debt measure.

Unless previously or currently designated in a fair value hedge relationship, all loans and other borrowings are carried on our balance sheet and in the table above at amortised cost. The fair value of listed bonds and other loans and borrowings is £17,778m (FY25: £18,132m) and £237m (FY25: £197m) respectively.

Notes to the consolidated financial statements (continued)

27. Loans and other borrowings (continued)

The fair value of our listed bonds is estimated on the basis of quoted market prices (Level 1), while the fair value of other loans and borrowings is determined using observable market inputs (Level 2) or the carrying amount where this equates to fair value due to the short maturity of these items.

The interest rates payable on loans and borrowings disclosed above reflect the coupons on the underlying issued loans and borrowings and not the interest rates achieved through applying associated cross-currency and interest rate swaps in hedge arrangements.

Loans and other borrowings are analysed as follows:

At 31 March	2026 £m	2025 £m
Current liabilities		
Listed bonds	315	1,975
Amounts owed to joint ventures	10	10
Other loans and borrowings ^a	95	107
Total current liabilities	420	2,092
Non-current liabilities		
Listed bonds	17,988	16,593
Other loans and borrowings	128	77
Total non-current liabilities	18,116	16,670
Total loans and other borrowings	18,536	18,762

^a Includes collateral received on swaps of £1m (FY25: £2m) and bank overdrafts.

The carrying values disclosed in the above table reflect balances at amortised cost adjusted for accrued interest and fair value adjustments to the relevant loans or borrowings. These do not reflect the final principal repayments that will arise after taking account of the relevant derivatives in hedging relationships which are reflected in the table below. All borrowings as at 31 March 2026 were unsecured. The principal repayments of loans and other borrowings at hedged rates amounted to £17,847m (FY25: £18,189m) and repayments fall due as follows:

	2026			2025		
At 31 March	Carrying amount ^a £m	Effect of hedging and interest £m	Principal repayments at hedged rates £m	Carrying amount ^a £m	Effect of hedging and interest £m	Principal repayments at hedged rates £m
Within one year, or on demand	799	(323)	476	2,092	(345)	1,747
Between one and two years	1,053	9	1,062	430	(17)	413
Between two and three years	2,307	22	2,329	1,583	63	1,646
Between three and four years	2,109	24	2,133	2,261	28	2,289
Between four and five years	2,425	(425)	2,000	2,030	63	2,093
After five years	9,939	(92)	9,847	10,412	(411)	10,001
Total due for repayment after more than one year	17,833	(462)	17,371	16,716	(274)	16,442
Total repayments	18,632	(785)	17,847	18,808	(619)	18,189
Non cash adjustments ^b	(96)			(46)		
Total loans and other borrowings	18,536			18,762		

^a Hybrid bonds are presented by their first call date rather than their final contractual maturity.

^b Fair value adjustments of £14m net debit (FY25: £39m net credit) and unamortised bond fees.

28. Finance expense and income

Year ended 31 March	2026 £m	2025 £m
Finance expense		
Interest on:		
Financial liabilities at amortised cost and associated derivatives	830	902
Lease liabilities	133	135
Derivatives	—	(2)
Fair value movements:		
Bonds designated as hedged items in fair value hedges	(42)	1
Derivatives designated as hedging instruments in fair value hedges	42	(1)
Derivatives not in a designated hedge relationship	(2)	(1)
Reclassification of cash flow hedge from other comprehensive income	171	51
Interest on tax balances	48	—
Unwinding of discount on provisions and other payables	26	19
Total finance expense before specific items	1,206	1,104
Specific items (note 9)	191	197
Total finance expense	1,397	1,301

28. Finance expense and income (continued)

Year ended 31 March	2026 £m	2025 (re-presented) ^a £m
Finance income		
Interest on financial assets at amortised cost	91	134
Interest on tax balances ^a	52	15
Other finance income ^a	3	2
Total finance income	146	151

^a FY25 comparatives have been re-presented to disclose interest on tax balances separately.

Year ended 31 March	2026 £m	2025 £m
Net finance expense before specific items	1,060	953
Specific items (note 9)	191	197
Net finance expense	1,251	1,150

29. Financial instruments and risk management

We issue or hold financial instruments mainly to finance our operations; to finance corporate transactions such as share buybacks and acquisitions; for the temporary investment of short-term funds; and to manage interest rate, currency and commodity risks. In addition, various financial instruments, for example trade receivables and payables arise directly from operations.

How do we manage financial risk?

Our activities expose us to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and energy price risk), liquidity risk and credit risk.

Treasury operation

We have a centralised treasury operation whose primary role is to manage liquidity and funding requirements as well as our exposure to associated market risks and credit risk.

Treasury policy

Treasury policy is set by the Board. Group treasury activities are subject to a set of controls appropriate for the magnitude of borrowing, investments and group-wide exposures. The Board has delegated authority to operate these policies to a series of panels responsible for the management of key treasury risks and operations. Appointment to and removal from the key panels requires approval from two of the following: the Chairman, the Chief Executive or the Chief Financial Officer.

There has been no change in the nature of our risk profile between 31 March 2026 and the date of approval of these financial statements.

How do we manage interest rate risk?

Management policy

Interest rate risk arises primarily from our long-term borrowings. Interest cash flow risk arises from borrowings issued at variable rates, partially offset by cash held at variable rates. Fair value interest rate risk arises from borrowings issued at fixed rates.

Our policy, as set by the Board, is to ensure that at least 70% of ongoing net financial debt (as defined in Additional Information on page 224) is at fixed rates. Short-term interest rate management is delegated to the treasury operation while long-term interest rate management decisions require further approval by the Chief Financial Officer, the Director of Corporate Finance or the Group Treasury Director who each have been delegated such authority from the Board.

Hedging strategy

In order to manage our interest rate profile, we enter into cross-currency and interest rate swap agreements to vary the amounts and periods for which interest rates on borrowings are fixed. The duration of the swap agreements matches the duration of the debt instruments. The majority of the group's long-term borrowings are subject to fixed sterling interest rates after applying the impact of these hedging instruments.

How do we manage foreign exchange risk?

Management policy

Foreign currency hedging activities protect the group from the risk that changes in exchange rates will adversely affect future net cash flows.

The Board's policy for foreign exchange risk management defines the types of transactions typically covered, including significant operational, funding and currency interest exposures, and the period over which cover should extend for each type of transaction.

The Board has delegated short-term foreign exchange management to the treasury operation and long-term foreign exchange management decisions require further approval from the Chief Financial Officer, the Director of Corporate Finance or the Group Treasury Director.

Hedging strategy

A significant proportion of our external revenue and costs arise within the UK and are denominated in sterling. Our non-UK operations generally trade and are funded in their functional currency which limits their exposure to foreign exchange volatility. We do not have a material exposure to hyperinflationary economies.

Notes to the consolidated financial statements (continued)

29. Financial instruments and risk management (continued)

We enter into forward currency contracts to hedge foreign currency capital purchases, purchase and sale commitments, interest expense, labour cost and foreign currency investments. The commitments hedged are principally denominated in US dollars, euros, Indian rupees and Hungarian forints. As a result, our exposure to foreign currency arises mainly on non-UK subsidiary investments and on residual currency trading flows.

We use cross-currency swaps to swap foreign currency borrowings into sterling. The table below reflects the currency and interest rate profile of our loans and other borrowings after the impact of hedging.

	2026			2025		
	Fixed rate interest £m	Floating rate interest £m	Total £m	Fixed rate interest £m	Floating rate interest £m	Total £m
At 31 March						
Sterling	15,999	1,846	17,845	16,967	1,220	18,187
Other	—	2	2	—	2	2
Total	15,999	1,848	17,847	16,967	1,222	18,189
Ratio of fixed to floating	90%	10%	100%	93%	7%	100%
Weighted average effective fixed interest rate – sterling	5.2%			5.1%		

The floating rate loans and other borrowings bear interest rates with reference to CPI and Alternative Reference Rates where applicable.

Sensitivity analysis

The income statement and shareholders' equity are exposed to volatility arising from changes in interest rates, foreign exchange rates and energy prices. To demonstrate this volatility, management has concluded that the following are reasonable benchmarks for performing sensitivity analysis:

- For interest, a 1% increase in interest rates and parallel shift in yield curves across sterling, US dollar and euro currencies.
- For foreign exchange, a 10% strengthening of sterling against other currencies.
- For energy, a 10% increase in energy prices.

The impact on equity, before tax and excluding any impact related to retirement benefit plans, of a 1% increase in interest rates, a 10% strengthening of sterling against other currencies, and a 10% increase in energy prices is as detailed below:

At 31 March	2026 £m Increase (reduce)	2025 £m Increase (reduce)
Sterling interest rates	446	509
US dollar interest rates	(211)	(258)
Euro interest rates	(367)	(350)
Sterling strengthening	(149)	(137)
Energy prices	24	26

A 1% decrease in interest rates, 10% weakening of sterling against other currencies and 10% decrease in energy prices would have broadly the same impact in the opposite direction.

The impact of a 1% change in interest rates on the group's annual net finance expense, 10% change in energy prices on group's income statement and our exposure to foreign exchange volatility in the income statement, after hedging (excluding translation exposures), would not have been material in FY26 and FY25.

Credit ratings

We continue to target a BBB+/Baa1 credit rating over the cycle, with a BBB/Baa2 floor. We regularly review the liquidity of the group and our funding strategy takes account of medium-term requirements. These include the pension deficit and shareholder distributions.

Our December 2030 bond contains terms that require us to pay higher rates of interest when our credit ratings are below A3 in the case of Moody's or A– in the case of Standard & Poor's (S&P). Additional interest of 0.25% per year accrues for each ratings category downgrade by each agency below those levels effective from the next coupon date following a downgrade. Based on the total notional value of debt outstanding of £2.0bn at 31 March 2026, our finance expense would increase/decrease by approximately £10m a year if the group's credit rating were to be downgraded/upgraded, respectively, by one credit rating category by both agencies.

Our credit ratings were as detailed below:

At 31 March	2026		2025	
	Rating	Outlook	Rating	Outlook
Rating agency				
Fitch	BBB	Stable	BBB	Stable
Moody's	Baa2	Stable	Baa2	Stable
Standard & Poor's	BBB	Stable	BBB	Stable

29. Financial instruments and risk management (continued)

How do we manage energy price risk?

Management policy

Globally energy prices remain volatile, with the recent conflict in the Middle East adding further pressure to an energy market still recovering from the ongoing war in Ukraine. Although Europe has largely replaced its dependency on Russian pipeline gas with Liquefied Natural Gas (LNG), it is now competing for LNG cargoes in the global market. In addition, several key LNG production assets in the Middle East have been targeted in 2026, driving gas and subsequently electricity prices to their highest levels since 2023.

Despite this ongoing volatility, BT's electricity hedging policy has continued to protect the group from these market conditions. Our strategy to be at least 80% hedged one quarter before the start of the next financial year, and 50% hedged for the following financial year has limited our exposure considerably. Over the longer term, our power purchase agreements (PPAs) and derivative virtual PPAs (vPPAs) provide further protection into the 2030s.

Hedging strategy

In each financial year, our electricity hedging strategy is underpinned by our existing PPA and vPPA portfolio. This is further complemented by forward electricity purchases in the wholesale markets when conditions are favourable, including selective use of near-term spot markets. In the forthcoming financial year ending 31 March 2027 the aim is to be 95% hedged, which allows for headroom for increased outputs from the renewable sources should weather conditions prevail.

How do we manage liquidity risk?

Management policy

We maintain liquidity by entering into short- and long-term financial instruments to support operational and other funding requirements, determined by using short- and long-term cash forecasts. These forecasts are supplemented by a financial headroom analysis which is used to assess funding adequacy for at least a 12-month period. On at least an annual basis the Board reviews and approves the long-term funding requirements of the group and on an ongoing basis considers any related matters. We manage refinancing risk by limiting the amount of borrowing that matures within any specified period and having appropriate strategies in place to manage refinancing needs as they arise. The maturity profile of our loans and borrowings at 31 March 2026 is disclosed in note 27. We have term debt maturities of £0.4bn in FY27, contingent on the exercise of hybrid call options.

Our treasury operation reviews and manages our short-term requirements within the parameters of the policies set by the Board. We hold cash, cash equivalents and current investments in order to manage short-term liquidity requirements. During the year we exercised the extension option on our £2.1bn (FY25: £2.1bn) undrawn committed borrowing facilities, extending the maturity by one year to no earlier than January 2031, with an option to extend for one further year.

The following table provides an analysis of the remaining cash flows including interest payable for our non-derivative financial liabilities on an undiscounted basis, which may therefore differ from both the carrying value and fair value.

Non-derivative financial liabilities At 31 March 2026	Loans and other borrowings ^a £m	Interest on loans and other borrowings £m	Trade and other payables £m	Lease liabilities £m	Total £m
Due within one year	484	822	5,038	779	7,123
Between one and two years	1,053	806	—	783	2,642
Between two and three years	2,307	791	—	736	3,834
Between three and four years	2,109	661	—	711	3,481
Between four and five years	2,425	597	—	680	3,702
After five years	9,939	2,074	—	1,023	13,036
	18,317	5,751	5,038	4,712	33,818
Interest payments not yet accrued	—	(5,436)	—	—	(5,436)
Fair value adjustments, unamortised bond fees	(96)	—	—	—	(96)
Impact of discounting	—	—	—	(528)	(528)
Carrying value on the balance sheet^{b,c}	18,221	315	5,038	4,184	27,758
At 31 March 2025					
Due within one year	1,786	784	5,007	705	8,282
Between one and two years	430	759	88	772	2,049
Between two and three years	1,583	742	—	729	3,054
Between three and four years	2,261	712	—	691	3,664
Between four and five years	2,030	582	—	669	3,281
After five years	10,412	2,436	—	1,613	14,461
	18,502	6,015	5,095	5,179	34,791
Interest payments not yet accrued	—	(5,709)	—	—	(5,709)
Fair value adjustments, unamortised bond fees	(46)	—	—	—	(46)
Impact of discounting	—	—	(6)	(608)	(614)
Carrying value on the balance sheet^{b,c}	18,456	306	5,089	4,571	28,422

^a Hybrid bonds are presented by their first call date rather than their final contractual maturity.

^b Foreign currency-related cash flows were translated at closing foreign exchange rates as at the relevant reporting date. Future variable interest cash flows were calculated using the most recent interest or indexation rates at the relevant balance sheet date.

^c The carrying amount of trade and other payables excludes £177m (FY25: £189m) of non-current trade and other payables which relates to non-financial liabilities, and £857m (FY25: £953m) of other taxation and social security, deferred income and other payables.

Notes to the consolidated financial statements (continued)

29. Financial instruments and risk management (continued)

Trade and other payables are held at amortised cost. The carrying amount of these balances approximates to fair value due to the short maturity of amounts payable.

The following table provides an analysis of the contractually agreed cash flows in respect of the group's derivative financial instruments. Cash flows are presented on a net or gross basis in accordance with settlement arrangements of the instruments.

Derivative financial liabilities At 31 March 2026	Net settled £m	Gross settled outflows £m	Gross settled inflows £m	Total £m
Due within one year	22	845	(768)	99
Between one and two years	22	312	(245)	89
Between two and three years	22	755	(687)	90
Between three and four years	17	922	(872)	67
Between four and five years	16	128	(93)	51
After five years	(11)	2,426	(2,312)	103
Total^{a,b}	88	5,388	(4,977)	499

At 31 March 2025

Due within one year	14	1,994	(1,829)	179
Between one and two years	14	578	(463)	129
Between two and three years	14	1,996	(1,860)	150
Between three and four years	15	718	(626)	107
Between four and five years	4	1,487	(1,373)	118
After five years	16	2,537	(2,343)	210
Total^{a,b}	77	9,310	(8,494)	893

^a Analysed by earliest payment date, certain derivative financial instruments contain break clauses whereby either the group or bank counterparty have the right to terminate the swap on certain dates. If the break clause was exercised, the mark to market position would be settled in cash.

^b Foreign currency-related cash flows were translated at closing foreign exchange rates as at the relevant reporting date. Future variable interest rate cash flows were calculated using the most recent rate applied at the relevant balance sheet date.

How do we manage credit risk?

Management policy

Our exposure to credit risk arises from financial assets transacted by the treasury operation (primarily derivatives, investments, cash and cash equivalents) and from trading-related receivables.

For treasury-related balances, the Board's defined policy restricts exposure to any one counterparty by setting credit limits based on the credit quality as defined by Moody's and Standard & Poor's. The minimum credit ratings permitted with counterparties in respect of new transactions are A3/A- for long-term and P1/A1 for short-term investments. If counterparties in respect of existing transactions fall below the permitted criteria we will take action where appropriate.

The treasury operation monitors the limits applied to counterparties and will adjust the limit according to the nature and credit standing of the counterparty, and in response to market conditions, up to the maximum allowable limit set by the Board.

Operational management policy

Our credit policy for trading-related financial assets is applied and managed by each of the customer-facing units (CFUs) to ensure compliance. The policy requires that the creditworthiness and financial strength of customers are assessed at inception and on an ongoing basis. Payment terms are set in accordance with industry standards. Where appropriate, we may minimise risks by requesting securities such as deposits, guarantees and letters of credit. We take proactive steps including monitoring credit ratings of counterparties to minimise the impact of adverse market conditions on trading-related financial assets.

Exposures

The maximum credit risk exposure of the group's financial assets at the balance sheet date is as follows:

At 31 March	Notes	2026 £m	2025 £m
Derivative financial assets		898	1,034
Investments	24	1,502	2,648
Trade and other receivables ^a	17	1,958	1,709
Contract assets	5	1,391	1,500
Cash and cash equivalents	26	359	216
Total		6,108	7,107

^a The carrying amount excludes £551m (FY25: £655m) of non-current trade and other receivables which relate to non-financial assets, and £1,288m (FY25: £1,400m) of prepayments, deferred contract costs, finance lease receivables and other assets.

The credit quality and credit concentration of cash equivalents, current asset investments and derivative financial assets are detailed in the tables below. Where the opinion of Moody's and Standard & Poor's (S&P) differ, the lower rating is used.

29. Financial instruments and risk management (continued)

Moody's/S&P credit rating of counterparty

At 31 March	2026 £m	2025 £m
Aa2/AA and above	1,464	2,610
Aa3/AA–	105	95
A1/A+	849	750
A2/A	132	245
A3/A–	—	—
Baa1/BBB+	—	—
Baa2/BBB and below ^a	17	40
Total^b	2,567	3,740

^a Baa2/BBB rated exposure represents the energy derivatives and carrying value of forward currency contracts with Sports JV.

^b We hold cash collateral of £1m (FY25: £2m) in respect of derivative financial assets with certain counterparties.

The concentration of credit risk for our trading balances is provided in note 17, which analyses outstanding balances by CFU. Where multiple transactions are undertaken with a single financial counterparty or group of related counterparties, we enter into netting arrangements to reduce our exposure to credit risk by making use of standard International Swaps and Derivatives Association (ISDA) documentation. We have also entered into credit support agreements with certain swap counterparties whereby, on a daily and weekly basis, the fair value position on notional £1,047m (FY25: £1,047m) of long-dated cross-currency swaps and interest rate swaps is collateralised.

Offsetting of financial instruments

The table below shows our financial assets and liabilities that are subject to offset in the group's balance sheet and the impact of enforceable master netting or similar agreements.

Financial assets and liabilities At 31 March 2026	Amounts presented in the balance sheet £m	Related amounts not set off in the balance sheet		
		Right of set off with derivative counterparties £m	Cash collateral £m	Net amount £m
Derivative financial assets	898	(256)	(1)	641
Derivative financial liabilities	(398)	256	17	(125)
Total	500	—	16	516

At 31 March 2025				
Derivative financial assets	1,034	(346)	(2)	686
Derivative financial liabilities	(497)	346	20	(131)
Total	537	—	18	555

Derivatives and hedging

We use derivative financial instruments mainly to reduce exposure to foreign exchange and interest rate risks. Derivatives may qualify as hedges for accounting purposes if they meet the criteria for designation as cash flow hedges or fair value hedges in accordance with IFRS 9.

Notes to the consolidated financial statements (continued)

29. Financial instruments and risk management (continued)

Material accounting policies that apply to derivatives and hedge accounting

All of our derivative financial instruments are held at fair value on the balance sheet.

Derivatives designated in a cash flow or fair value hedge

The group designates certain derivatives in a cash flow or fair value hedge relationship. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge. To qualify for hedge accounting, hedge documentation must be prepared at inception, the hedge must be in line with BT's risk management strategy and there must be an economic relationship based on the currency, amount and timing of the respective cash flows of the hedging instrument and hedged item. This is assessed at inception and in subsequent periods in which the hedge remains in operation. Hedge accounting is discontinued when it is no longer in line with BT's risk management strategy or if it no longer qualifies for hedge accounting.

The group targets a one-to-one hedge ratio. The economic relationship between the hedged item and the hedging instrument is assessed on an ongoing basis. Ineffectiveness can arise from subsequent change in the forecast transactions as a result of altered timing, cash flows or value.

Cash flow hedge

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. For cash flow hedges of recognised assets or liabilities, the associated cumulative gain or loss is removed from equity and recognised in the same line of the income statement and in the same period or periods that the hedged transaction affects the income statement. Any ineffectiveness arising on a cash flow hedge is recognised immediately in the income statement.

Fair value hedge

When a derivative financial instrument is designated as a hedge of the exposure in fair value of a recognised asset or liability, or an unrecognised firm commitment, the hedging instrument is measured at fair value with changes in fair value recognised in the income statement. The changes in fair value of the hedging instruments are recorded in the same line in the income statement, together with any changes in fair value of the hedged asset or liability that is attributable to the hedged risk which are remeasured to fair value. In a fair value hedge, any ineffectiveness is automatically recognised in the income statement because changes in the measurement of both the hedging instrument and the hedged item are reported through the income statement.

Other derivatives

Our policy is not to use derivatives for trading purposes. However, due to the complex nature of hedge accounting, some derivatives may not qualify for hedge accounting, or may be specifically not designated as a hedge because natural offset is more appropriate. We effectively operate a process to identify any embedded derivatives within revenue, supply, leasing and financing contracts, including those relating to inflationary features. These derivatives are classified as fair value through profit and loss and are recognised at fair value. Any direct transaction costs are recognised immediately in the income statement. Gains and losses on re-measurement are recognised in the income statement in the line that most appropriately reflects the nature of the item or transaction to which they relate.

Where the fair value of a derivative contract at initial recognition is not supported by observable market data and differs from the transaction price, a day one gain or loss will arise which is not recognised in the income statement. Such gains and losses are deferred and amortised to the income statement based on the remaining contractual term and as observable market data becomes available.

The fair values of outstanding swaps and foreign exchange contracts are estimated using discounted cash flow models and market rates of interest and foreign exchange at the balance sheet date.

	Current asset £m	Non-current asset £m	Current liability £m	Non-current liability £m
At 31 March 2026				
Designated in a cash flow hedge	51	792	68	258
Designated in a fair value hedge	1	4	2	20
Other	16	34	15	35
Total derivatives	68	830	85	313
At 31 March 2025				
Designated in a cash flow hedge	104	843	82	338
Designated in a fair value hedge	—	1	—	—
Other	26	60	24	53
Total derivatives	130	904	106	391

All derivative financial instruments are categorised at Level 2, with the exception of the energy contracts which are categorised at Level 3 of the fair value hierarchy as defined in note 24. These contracts are fair valued based on a discounted cash flow method using a mix of assumptions some of which are not observable in the market. The key inputs used in the internal valuation model are the developer's P90 generation volume forecast (where the output is forecasted to be exceeded 90% of the time over the contract's lifetime), publicly available electricity price data, inflation rates, and the group's weighted average cost of capital. A 10% increase or decrease in the significant non-observable inputs would increase or decrease the fair value of the contracts by approximately £3m. During the year no new energy contracts were signed or terminated, fair value movement was driven by monthly settlements and market movements.

29. Financial instruments and risk management (continued)

Instruments designated in a cash flow hedge include interest rate swaps and cross-currency swaps hedging sterling, euro, US dollar, Japanese yen and Norwegian krone denominated borrowings. Forward currency contracts are taken out to hedge step up interest on currency denominated borrowings relating to the group's 2030 US dollar bond. The hedged cash flows will affect the group's income statement as interest and principal amounts are repaid over the remaining term of the borrowings (see note 27).

Fair value hedges consist of interest rate swaps that are used to protect against changes in the fair value of certain fixed rate bonds due to movements in market interest rates. Gains and losses arising on fair value hedges are disclosed in note 28.

We hedge forecast foreign currency purchases, principally denominated in US dollars, euros, Indian rupees and Hungarian forints twelve months forward with certain specific transactions hedged further forward. The related cash flows are recognised in the income statement over this period.

PPAs and vPPAs are taken out to hedge our exposure to energy prices and provide long-term cost certainty. The hedged cash flows affect the income statement over the hedged period.

Floating to fixed commodity swaps were used in connection with our forward agreements to sell copper granules, enabling the receipt of upfront cash flows prior to the scheduled delivery dates.

All hedge relationships were fully effective in the period.

The amounts related to items designated as hedging instruments were as follows:

Hedged items At 31 March 2026	Notional principal £m	Asset (re-presented) ^g £m	Liability (re-presented) ^g £m	Balance in cash flow hedge related reserves (gain)/loss (re-presented) ^g £m	Fair value (gain)/ loss recognised in OCI (re-presented) ^g £m	Amount recycled from cash flow hedge related reserves to income statement (re-presented) ^g £m
Sterling, euro, US dollar, Japanese yen and Norwegian krone denominated borrowings ^a	12,869	820	(159)	(345)	54	50
Step up interest on the 2030 US dollar bond ^b	74	2	—	(12)	3	4
Foreign currency purchases, principally denominated in US dollars, euros, Indian rupees and Hungarian forints ^c	1,413	14	(55)	51	54	(13)
Energy contracts ^d		7	(35)	28	(15)	(17)
Forecast sale of redundant copper ^e		—	(77)	77	68	(5)
Other, individually insignificant hedged items		—	—	—	(3)	3
Total cash flow hedges	14,356	843	(326)	(201)	161	22
Sterling and euro denominated borrowings ^f	1,387	5	(22)			
Total fair value hedges	1,387	5	(22)			
Deferred tax		—	—	41		
Derivatives not in a designated hedge relationship		50	(50)	—		
Carrying value on the balance sheet		898	(398)	(160)		
At 31 March 2025						
Sterling, euro, US dollar and Japanese yen denominated borrowings ^a	14,278	933	(329)	(449)	86	(322)
Step up interest on the 2030 US dollar bond ^b	99	—	(1)	(19)	2	4
Foreign currency purchases, principally denominated in US dollars, euros, Indian rupees and Hungarian forints ^c	1,274	10	(15)	10	22	—
Energy contracts ^{d,g}		4	(61)	60	(16)	(11)
Forecast sale of redundant copper ^{e,g}		—	(14)	14	11	—
Other, individually insignificant hedged items ^g		—	—	—	—	—
Total cash flow hedges	15,651	947	(420)	(384)	105	(329)
Sterling denominated borrowings ^f	800	1	—			
Total fair value hedges	800	1	—			
Deferred tax		—	—	86		
Derivatives not in a designated hedge relationship		86	(77)	—		
Carrying value on the balance sheet		1,034	(497)	(298)		

^a Sterling, euro, US dollar, Japanese yen and Norwegian krone denominated borrowings are hedged using fixed to fixed cross-currency and interest rate swaps. Amounts recycled to income statement are presented within operating costs and finance expense. Range of hedged rates: sterling interest: 5.9% - 6.0% (FY25: 5.9% - 6.0%), euro: 1.12 - 1.20 (FY25: 1.12 - 1.29), US dollar: 1.28 - 1.80 (FY25: 1.28 - 1.80), Japanese yen: 156.92 - 156.92 (FY25: 156.92), Norwegian krone: 13.72 - 13.72.

^b Step up interest on US dollar denominated borrowings are hedged using forward currency contracts. Amounts recycled to income statement are presented within finance expense. Range of hedged rates: 1.34 - 1.35 (FY25: 1.27 - 1.30).

^c Foreign currency purchases, principally denominated in US dollars, euros, Indian rupees and Hungarian forints are hedged using forward currency contracts. Amounts recycled to income statement are presented within cost of sales or operating costs, in line with the underlying hedged item. Range of hedged rates: US dollar: 1.29 - 1.38 (FY25: 1.23 - 1.34), euro: 1.12 - 1.17 (FY25: 1.15 - 1.19), Indian rupees: 110.29 - 131.27 (FY25: 107.88 - 121.60), Hungarian forint: 451.72 - 464.33 (FY25: 472.12 - 492.24).

^d Energy contracts are hedged using contracts for difference including virtual power purchase agreements. Amounts recycled to income statement are presented within operating costs. Range of hedged rates: £60 - £119/MWh (FY25: £60 - £119/MWh).

^e Forecast sale of redundant copper is hedged using commodity swaps. Amounts recycled to income statement are presented within other operating income. Range of hedged rates: £6,219 - £6,671/Mt (FY25: £6,219 - £6,287/Mt).

^f Sterling and euro denominated borrowings are hedged using fixed to floating cross-currency and interest rate swaps. Fair value movements on bonds and swaps in fair value hedges are presented within finance expense. Range of hedged rates: sterling interest: SONIA+123.5 bps - 164.3 bps (FY25: SONIA+123.5 bps - 136.7 bps), euro: 1.19.

^g FY25 comparatives have been re-presented to disclose the amounts relating to energy contracts and forecast sale of redundant copper separately, which were previously included within Other.

Notes to the consolidated financial statements (continued)

30. Other reserves

	Other comprehensive income					Total £m
	Capital redemption reserve £m	Cash flow reserve ^a £m	Fair value reserve ^b £m	Cost of hedging reserve ^c £m	Translation reserve ^d £m	
At 1 April 2024	27	144	8	(11)	548	716
Exchange differences ^e	—	—	—	—	(50)	(50)
Net fair value gain (loss) on cash flow hedges	—	(105)	—	—	—	(105)
Movements on cash flow hedges recycled to income statement ^f	—	324	—	5	—	329
Fair value movement on assets at fair value through other comprehensive income	—	—	(6)	—	—	(6)
Tax recognised in other comprehensive income	—	(59)	—	—	3	(56)
At 31 March 2025	27	304	2	(6)	501	828
Exchange differences ^e	—	—	—	—	(39)	(39)
Net fair value gain (loss) on cash flow hedges	—	(166)	—	5	—	(161)
Movements on cash flow hedges recycled to income statement ^f	—	(28)	—	6	—	(22)
Fair value movement on assets at fair value through other comprehensive income	—	—	3	—	—	3
Tax recognised in other comprehensive income	—	45	—	—	(4)	41
At 31 March 2026	27	155	5	5	458	650

^a The cash flow reserve is used to record the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The transfer to realised profit includes a deferred tax adjustment.

^b The fair value reserve is used to record gains or losses on equity investments held at fair value through other comprehensive income. When these investments are disposed of any remaining gains or losses in other comprehensive income are transferred to retained earnings.

^c The cost of hedging reserve reflects the gain or loss on the portion excluded from the designated hedging instrument that relates to the currency basis element of our cross-currency swaps and forward points on certain foreign exchange contracts. It is initially recognised in other comprehensive income and accounted for similarly to gains or losses in the cash flow reserve.

^d The translation reserve is used to record cumulative translation differences on the net assets of foreign operations. The cumulative translation differences are recycled to the income statement on disposal of the foreign operation.

^e Excludes an insignificant amount of exchange differences in relation to retained earnings attributed to non-controlling interests. Includes £17m in FY26 (FY25: £nil) of cumulative exchange gain reclassified to the income statement upon disposal of a foreign operations.

^f Movements on cash flow hedge-related reserves recognised in the income statement include a net debit of £22m (FY25: net credit of £329m), comprising a net debit to other comprehensive income of £193m (FY25: net credit of £278m) which have been reclassified to operating costs, and a net credit of £171m (FY25: net credit of £51m) which have been reclassified to finance expense (see note 28).

31. Related party transactions

BT Group related parties include joint ventures, associates, investments and key management personnel.

Key management personnel comprise Executive and Non-Executive Directors and members of the *Executive Committee*. Compensation of key management personnel is disclosed in note 6.

Amounts paid into the group's retirement benefit plans are set out in note 20.

Associates and joint ventures related parties include the Sports JV with Warner Bros Discovery (see note 23). Sales of services to the Sports JV during FY26 were £3m (FY25: £9m), and purchases from the Sports JV were £331m (FY25: £305m) excluding £191m (FY25: £187m) additional payments made to settle the minimum guarantee liability (see note 18). The amount receivable from the Sports JV as at 31 March 2026 was £nil (FY25: £nil) and the amount payable to the Sports JV was £94m (FY25: £97m).

As part of the FY23 BT Sport transaction, the group has committed to providing the Sports JV with a sterling Revolving Credit Facility (RCF), up to a maximum for £200m (FY25: £200m), for short-term liquidity required by the Sports JV to fund its working capital and commitments to sports rights holders. Amounts drawn down by the Sports JV under the RCF accrue interest at a market reference rate, consistent with the group's external short-term borrowings. The outstanding balance under the RCF of £91m (FY25: £46m) is treated as a loan receivable and held at amortised cost, see note 17. There is also a loan payable to the Sports JV of £10m (FY25: £10m), see note 27.

The Sports JV has a foreign exchange hedging arrangement with the group to secure euros required to meet its commitments to certain sports rights holders; the group has external forward contracts in place to purchase the euros at an agreed sterling rate in order to mitigate its exposure to exchange risk. The group holds a £9m (FY25: £36m) derivative liability in respect of forward contracts provided to the Sports JV.

On 15 September 2025, Bharti Enterprises together with its subsidiaries became a related party of BT Group. Bharti Enterprises acquired approximately 24.5% of BT's share capital in 2024 and, pursuant to a relationship agreement, has nominated two non-executive directors to the Board from September 2025. During the period from 15 September 2025 to 31 March 2026, aside from ordinary dividends paid to Bharti Enterprises, there were no significant transactions between BT Group and Bharti Enterprises or its subsidiaries. There were net purchases during the period to 31 March 2026 from Bharti Enterprises of £6m and net payables of £1m.

31. Related party transactions (continued)

Transactions from commercial trading arrangements with associates and joint ventures, including the Sports JV, are shown below:

At 31 March	2026 £m	2025 £m
Sales of services to associates and joint ventures	21	12
Purchases from associates and joint ventures	358	348
Amounts receivable from associates and joint ventures	9	2
Amounts payable to associates and joint ventures	107	99

Other related party transactions include a dividend received from a joint venture of £12m (FY25: £nil).

32. Financial commitments

Financial commitments as at 31 March 2026 include capital commitments of £1,025m (FY25: £985m) and device purchase commitments of £213m (FY25: £198m).

The group's programme rights commitments for our BT Sport operations were transferred to the Sports JV formed with Warner Bros. Discovery (WBD) during FY23 (see note 25). Both the group and WBD have provided parent company guarantees for the Sports JV's obligations under certain programme rights commitments; the fair value of these guarantees is not material.

Other than as disclosed in note 19, there were no contingent liabilities or guarantees at 31 March 2026 other than those arising in the ordinary course of the group's business and on these no material losses are anticipated. We have insurance cover to certain limits for major risks on property and major claims in connection with legal liabilities arising in the course of our operations. Otherwise, the group generally carries its own risks.

Legal and regulatory proceedings

See note 19 for contingent liabilities associated with legal and regulatory proceedings.

33. Post balance sheet events

No material post balance sheet events have been identified that require an adjustment or disclosure within the financial statements.

Notes to the consolidated financial statements (continued)

34. Adjustments to prior period published financial information: Formation of International CFU and segmental re-presentations

Certain FY25 comparative information has been re-presented to reflect changes in the Group's internal reporting structure and the information reviewed by the Executive Committee, which represents the Group's Chief Operating Decision Maker (CODM). These changes comprise:

- the creation of a new International CFU following its separation from Business;
- updates to segmental revenue reporting to reflect revised trading relationships between CFUs; and
- revisions to the presentation of disaggregated revenue to align with the CODM reporting structure.

Creation of a new International CFU

With effect from 1 July 2025, the International CFU was separated from Business and established as a new CFU.

Updates to segmental revenue reporting

In addition, two changes have been made to segmental revenue reporting to ensure consistency with the updated internal reporting provided to the CODM.

– Reclassification of Openreach pass-through services

Openreach pass-through services previously reported as external revenue in Business have been reclassified to Openreach to reflect the customer relationship. As a result of this change the prior year comparatives have been re-presented to show revenue on a consistent basis resulting in a £89m reduction in Business segment revenue for the year to 31 March 2025, with no impact on Openreach segmental revenue due to the intra-group nature of the transaction.

– Update to EE and BT Wholesale trading relationship

Following an update to the commercial terms governing a trading relationship between EE and BT Wholesale, BT Wholesale will now recognise services provided to EE as part of this trading relationship as intersegmental revenue. Previously, these services were internally reported as cost recovery. This change results in the recognition of revenue within the Business segment. As a result of this change the prior year comparatives have been re-presented to present revenue and cost for the segment on a consistent basis. The effect of this change is to increase Business revenue by £87m, with a corresponding increase in cost.

Revisions to the presentation of disaggregated revenue

The presentation of disaggregated revenue has been revised to reflect the updated CODM reporting structure. Revenue previously reported within a combined "Equipment and Other Services" category has been split into two separate categories, "Equipment" and "Other Services", to provide greater clarity on the nature of the revenue streams. In addition, lease revenue is now disclosed separately to reflect its distinct contractual characteristics.

Disaggregation of revenue now includes internal revenue to better reflect the performance of each segment, consistent with the information reviewed by the CODM for decision-making purposes. Finally, as part of our ongoing improvement of finance systems we now have access to more granular information with which to better align revenue categories. Accordingly, we have re-presented the disaggregated revenue in note 5 to reflect this enhanced reporting.

Accounting treatment and comparative information

As explained in note 1 to the consolidated financial statements, the FY25 comparatives have been re-presented to reflect these changes in line with IFRS accounting requirements.

The tables below present a bridge between the previously published financial information for the year to 31 March 2025 (published on 22 May 2025) and the re-presented FY25 comparatives.

Other impacted disclosures and APMs

The note 17 'Trade and other receivables: trade receivables not past due and accrued income by CFU' disclosures are also impacted by the formation of the International CFU (re-presentations have been incorporated into the note).

The impact of these re-presentations on the Adjusted UK service revenue and Normalised free cash flow additional performance measures are included in the 'Additional Information' section on page [224](#).

34. Re-presentation of prior year comparatives (continued)

Note 4 Segment information: Segment revenue and profit

Year ended 31 March 2025: published

	Consumer £m	Business £m	International £m	Openreach £m	Other £m	Total £m
Segment revenue	9,695	7,842	—	6,156	12	23,705
Internal revenue	(42)	(106)	—	(3,187)	—	(3,335)
Adjusted revenue from external customers	9,653	7,736	—	2,969	12	20,370
Adjusted EBITDA	2,644	1,536	—	4,029	—	8,209
Depreciation and amortisation	(1,832)	(961)	—	(2,032)	(108)	(4,933)
Adjusted operating profit (loss)	812	575	—	1,997	(108)	3,276

Year ended 31 March 2025: adjustments for re-presentation

Segment revenue	—	(2,494)	2,499	—	—	5
Internal revenue	—	(94)	—	89	—	(5)
Adjusted revenue from external customers	—	(2,588)	2,499	89	—	—
Adjusted EBITDA	—	(205)	205	—	—	—
Depreciation and amortisation	—	240	(240)	—	—	—
Adjusted operating profit (loss)	—	35	(35)	—	—	—

Year ended 31 March 2025: re-presented

Segment revenue	9,695	5,348	2,499	6,156	12	23,710
Internal revenue	(42)	(200)	—	(3,098)	—	(3,340)
Adjusted revenue from external customers	9,653	5,148	2,499	3,058	12	20,370
Adjusted EBITDA	2,644	1,331	205	4,029	—	8,209
Depreciation and amortisation	(1,832)	(721)	(240)	(2,032)	(108)	(4,933)
Adjusted operating profit (loss)	812	610	(35)	1,997	(108)	3,276

Note 4 Segment information: Internal revenue and costs

Year ended 31 March 2025: published

	Internal cost recorded by					
Internal revenue recorded by	Consumer £m	Business £m	International £m	Openreach £m	Other £m	Total £m
Consumer	—	41	—	1	—	42
Business	26	—	—	39	41	106
International	—	—	—	—	—	—
Openreach	2,089	1,098	—	—	—	3,187
Total	2,115	1,139	—	40	41	3,335

Year ended 31 March 2025: adjustments for re-presentation

	Internal cost recorded by					
Internal revenue recorded by	Consumer £m	Business £m	International £m	Openreach £m	Other £m	Total £m
Consumer	—	(1)	1	—	—	—
Business	87	—	7	—	—	94
International	—	—	—	—	—	—
Openreach	—	(90)	1	—	—	(89)
Total	87	(91)	9	—	—	5

Year ended 31 March 2025: re-presented

	Internal cost recorded by					
Internal revenue recorded by	Consumer £m	Business £m	International £m	Openreach £m	Other £m	Total £m
Consumer	—	40	1	1	—	42
Business	113	—	7	39	41	200
International	—	—	—	—	—	—
Openreach	2,089	1,008	1	—	—	3,098
Total	2,202	1,048	9	40	41	3,340

Notes to the consolidated financial statements (continued)

34. Re-presentation of prior year comparatives (continued)

Note 4 Segment information: Capital expenditure

Year ended 31 March 2025: published

	Consumer £m	Business £m	International £m	Openreach £m	Other £m	Total £m
Intangible assets	462	390	—	146	—	998
Property, plant and equipment	745	332	—	2,692	90	3,859
Capital expenditure excluding spectrum	1,207	722	—	2,838	90	4,857

Year ended 31 March 2025: formation of International CFU and segmental re-presentations

Intangible assets	—	(65)	65	—	—	—
Property, plant and equipment	—	(75)	75	—	—	—
Capital expenditure excluding spectrum	—	(140)	140	—	—	—

Year ended 31 March 2025: re-presented

Intangible assets	462	325	65	146	—	998
Property, plant and equipment	745	257	75	2,692	90	3,859
Capital expenditure excluding spectrum	1,207	582	140	2,838	90	4,857

Note 5 Revenue: Disaggregation of revenue

Year ended 31 March 2025: published

	Consumer £m	Business £m	International £m	Openreach £m	Other £m	Internal revenue £m	Total £m
ICT and managed networks	—	3,078	—	—	—	—	3,078
Fixed access subscriptions	4,338	2,130	—	2,897	—	—	9,365
Mobile subscriptions	3,509	1,202	—	—	—	—	4,711
Equipment and other services	1,806	1,326	—	72	12	—	3,216
Total adjusted revenue	9,653	7,736	—	2,969	12	—	20,370
Specific items (note 9)							(12)
Total revenue							20,358

Year ended 31 March 2025: adjustments for re-presentation

ICT and managed networks	—	(1,973)	912	—	—	—	(1,061)
Fixed access subscriptions	(73)	(33)	1,116	(2,897)	—	(11)	(1,898)
Mobile subscriptions	22	(372)	32	—	—	(36)	(354)
Other service	(1,799)	(511)	94	61	—	(250)	(2,405)
Equipment revenue	1,807	491	336	—	—	(5)	2,629
Revenue from contracts with customers	(43)	(2,398)	2,490	(2,836)	—	(302)	(3,089)
Lease revenue	85	10	9	6,023	—	(3,038)	3,089
Other revenue	—	—	—	—	—	—	—
Revenue before specific items	42	(2,388)	2,499	3,187	—	(3,340)	—

Year ended 31 March 2025: re-presented

ICT and managed networks	—	1,105	912	—	—	—	2,017
Fixed access subscriptions	4,265	2,097	1,116	—	—	(11)	7,467
Mobile subscriptions	3,531	830	32	—	—	(36)	4,357
Other service	7	815	94	133	12	(250)	811
Equipment revenue	1,807	491	336	—	—	(5)	2,629
Revenue from contracts with customers	9,610	5,338	2,490	133	12	(302)	17,281
Lease revenue	85	10	9	6,023	—	(3,038)	3,089
Other revenue	—	—	—	—	—	—	—
Revenue before specific items	9,695	5,348	2,499	6,156	12	(3,340)	20,370
Specific items (note 5)							(12)
Total revenue							20,358

Financial statements of BT Group plc

BT Group plc company balance sheet at 31 March 2026

Registered number 4190816

At 31 March	Notes	2026 £m	2025 £m
Non-current assets			
Investment in subsidiary undertaking	2	11,447	11,401
		11,447	11,401
Current assets			
Cash and cash equivalents		7	7
		7	7
Current liabilities			
Trade and other payables ^a		15	91
		15	91
Total assets less current liabilities		11,439	11,317
Non-current liabilities			
Loans and other borrowings ^b		568	519
		568	519
Equity			
Ordinary shares		499	499
Share premium		1,051	1,051
Capital redemption reserve		27	27
Own shares		(188)	(378)
Profit and loss account ^c		9,482	9,599
Total equity		10,871	10,798
		11,439	11,317

^a Current trade and other payables consists of other payables of £15m (FY25: £91m). FY25 Other payables mostly comprise forward contracts to purchase own shares (FY26: £nil).

^b Loans and other borrowings consist of a loan from group undertakings of £568m (FY25: £519m). The loan attracts interest of Risk-Free Rate (SONIA) plus baseline CAS plus applicable lending margin (95 basis points) and is not due within the 12 months after the balance sheet date.

^c As permitted by Section 408(3) of the Companies Act 2006, no profit and loss account of the company is presented. The profit for the financial year, dealt with in the profit and loss account of the company was £783m (FY25: £756m).

The financial statements of the company on pages 215 to 218 were approved by the Board of Directors on 20 May 2026 and were signed on its behalf by:

Adam Crozier
Chairman

Allison Kirkby
Chief Executive

Simon Lowth
Chief Financial Officer

BT Group plc company statement of changes in equity at 31 March 2026

	Called up share capital ^{a,b} £m	Share premium account ^c £m	Capital redemption reserve £m	Own shares ^d £m	Profit and loss account ^e £m	Total £m
At 1 April 2024	499	1,051	27	(311)	9,633	10,899
Profit for the year	—	—	—	—	756	756
Dividends paid	—	—	—	—	(791)	(791)
Share-based payments	—	—	—	—	4	4
Capital contribution in respect of share-based payments	—	—	—	—	55	55
Net buyback of own shares	—	—	—	(67)	(58)	(125)
At 31 March 2025	499	1,051	27	(378)	9,599	10,798
Profit for the year	—	—	—	—	783	783
Dividends paid	—	—	—	—	(807)	(807)
Share-based payments	—	—	—	—	3	3
Capital contribution in respect of share-based payments	—	—	—	—	46	46
Net buyback of own shares	—	—	—	190	(142)	48
31 March 2026	499	1,051	27	(188)	9,482	10,871

^a The allotted, called up and fully paid ordinary share capital of the company at 31 March 2026 was £499m (31 March 2025: £499m), representing 9,968,127,681 (31 March 2025: 9,968,127,681) ordinary shares of 5p each.

^b The holders of ordinary shares are entitled to receive dividends as declared and entitled to one vote for each share which they hold at meetings.

^c The share premium account, comprising the premium on allotment of shares, is not available for distribution.

^d In FY26, 148,232,920 shares (FY25: 37,315,238) were issued from Own shares to satisfy obligations under employee share schemes and executive share awards at a cost of £239m (FY25: £63m). At 31 March 2026, 487,815 shares (FY25: 11,290,418) with an aggregate nominal value of £0.02m (FY25: £0.56m) were held at cost as treasury shares and 114,018,616 shares (FY25: 226,848,933) with an aggregate nominal value of £6m (FY25: £11m) were held in the Trust.

^e As permitted by Section 408(3) of the Companies Act 2006, no profit and loss account of the company is presented. The profit for the financial year, dealt with in the profit and loss account of the company, was £783m (FY25: £756m).

Notes to the company financial statements

1. BT Group plc accounting policies

Principal activity

The principal activity of the company is to act as the ultimate holding company of the BT Group.

Accounting basis

As used in these financial statements and associated notes, the term 'company' refers to BT Group plc (a public company limited by shares). These separate financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Financial statements

The financial statements are prepared on a going concern basis and under the historical cost convention. Refer to page 139 for further details of this assessment.

As permitted by Section 408(3) of the Companies Act 2006, the company's profit and loss account has not been presented.

New and amended accounting standard effective during the year

The following amendments, which were effective during the year, did not have a material impact on the financial statements of the company:

- Lack of Exchangeability (Amendments to IAS 21)

Exemptions

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payments, non-current assets held for sale, financial instruments, capital management, and presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. The company intends to continue to take advantage of these exemptions in future years. Further detail is provided below.

Where required, equivalent disclosures have been given in the consolidated financial statements of BT Group plc.

The BT Group plc consolidated financial statements for the year ended 31 March 2026 contain a consolidated cash flow statement. Consequently, as permitted by IAS 7 'Statement of Cash flows', the company has not presented its own cash flow statement.

The BT Group plc consolidated financial statements for the year ended 31 March 2026 contain related party disclosures. Consequently, the company has taken advantage of the exemption in IAS 24 'Related Party Disclosures' not to disclose transactions with other members of the BT Group.

The BT Group plc consolidated financial statements for the year ended 31 March 2026 contain financial instruments disclosures which comply with IFRS 7 'Financial Instruments: Disclosures'. Consequently, the company is exempt from the disclosure requirements of IFRS 7 in respect of its financial instruments.

Investment in subsidiary undertaking

The investment in the company's subsidiary undertaking is stated at cost and reviewed for impairment at each reporting date and if there are indicators that the carrying value may not be recoverable. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the investment or by continuing to hold the investment and benefiting from the net present value of its future cash flows.

Estimating recoverable amount and key assumptions used (projected Adjusted EBITDA, discount rate and growth rate) in performing the impairment assessment are in line with how we assess the group's goodwill in note 13 to the consolidated group financial statements. There is significant headroom between the carrying value of the investment and the calculated recoverable value. See Note 2 for further details.

Taxation

Full provision is made for deferred taxation on all temporary differences which have arisen but not reversed at the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that there will be sufficient taxable profits from which the underlying timing differences can be deducted. The deferred tax balances are not discounted.

Dividends

For final dividends, dividend distributions are recognised as a liability in the year in which they are approved by the company's shareholders. Interim dividends are recognised when they are paid. Dividend income is recognised on receipt.

Share capital

Ordinary shares are classified as equity. Repurchased shares of the company are recorded in the balance sheet as part of Own shares and presented as a deduction from shareholders' equity at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to cash and are subject to insignificant risk of changes in value and have an original maturity of three months or less.

Share-based payments

The issuance by the company of share options and awards to employees of its subsidiaries represents additional capital contributions to its subsidiaries. An addition to the company's investment in subsidiaries is recorded with a corresponding increase in equity shareholders' funds. The additional capital contribution is determined based on the fair value of options and awards at the date of grant.

Notes to the company financial statements (continued)

2. Investment in subsidiary undertaking

Cost	Total £m
At 1 April 2024	11,346
Additions	55
At 31 March 2025	11,401
Additions	46
At 31 March 2026	11,447

The company held a 100% investment in BT Group Investments Limited, a company registered in England and Wales, throughout FY26 and FY25. Additions of £46m (FY25: £55m) comprise capital contributions in respect of share-based payments.

Investment impairment is assessed at each reporting date to evaluate if there are indicators that the carrying value may not be recoverable. The impairment review was performed in line with the group goodwill impairment review as detailed in note 13 of the consolidated accounts.

Our FY26 assessment concluded that there remains significant headroom between the carrying value of the investment and the calculated recoverable value. We have exercised a number of assumptions in determining the future operating cash flows, discount rate and long-term growth rate to arrive at this conclusion.

Fair value less costs of disposal ('FVLCD') is estimated by discounting future cash flows. Future cash flows are calculated on a nominal basis and based on projections derived from the latest Board-approved five-year financial plans, representing management's best estimate of future growth. This includes the direct and indirect impacts of inflation and associated mitigations. Plans reflect management's expectations of revenue, EBITDA growth, capital expenditure, working capital, net savings from uncommitted restructuring (i.e., group-wide transformation programme announced in May 2024) and other operating cash flows, based on past experience and future expectations of business performance, and form the basis of outlook issued by the group.

The pre-tax discount rate used in performing the FVLCD calculation was 9.32%. The pre-tax discount rates applied to the cash flow forecasts are derived from our post-tax weighted average cost of capital. The assumptions used in the calculation of the group's weighted average cost of capital are benchmarked to externally available data.

In FY26 we have used perpetuity growth rates averaging 1% as determined based on the long-term growth prospects of each market. The growth rates have been benchmarked against external data for the relevant markets and analysts' expectations. None of the growth rates applied exceed the expected average long-term growth rates for those markets or sectors.

We consider there to be no reasonably possible scenario in which an impairment could occur within the next 12 months from the reporting date.

3. Other information

Dividends

An interim dividend of 2.45p per share amounting to £241m was paid on 11 February 2026 (FY25: interim dividend of 2.40p per share amounting to £235m paid). A final dividend of 5.87p per share amounting to approximately £581m is proposed in respect of the year ended 31 March 2026 (FY25: final dividend of 5.76p per share amounting to £566m paid in respect of the year ended 31 March 2025).

Employees and directors

The Chairman and the Executive and Non-Executive Directors of BT Group plc were the only employees and directors of the company during FY26 and FY25. The Directors' services were incidental to their service to the group as a whole and any allocation to the company would be de minimis.

The costs relating to qualifying services provided to the company's principal subsidiary, British Telecommunications plc, are recharged to that company.

Related undertakings

Company name	Group interest in allotted capital ^a	Share class
Held directly		
United Kingdom		
1 Braham Street, London, E1 8EE, United Kingdom		
BT Group Investments Limited	100%	ordinary
Held via other group companies		
Algeria		
20 Micro zone d'Activités Dar El Madina, Bloc B, Loc N01 Hydra, Alger, 16000, Algeria		
BT Algeria Communications SARL	100%	ordinary
Argentina		
Maipu No 1210, piso 8 (C1006), Buenos Aires, Argentina		
BT Argentina S.R.L.	100%	ordinary
Australia		
Level 20, 420 George Street, Sydney, NSW 2000, Australia		
BT Australasia Pty Limited	100%	ordinary
Austria		
Louis-Häfliger-Gasse 10, 1210, Wien, Austria		
BT Austria GmbH	100%	ordinary
Azerbaijan		
AZ 1025 The Azure Business Center, 20th Floor, c/o BDO Azerbaijan LLC, Z1025, Khatai district, Afiyaddin Jalilov 26, apt.177, Azerbaijan		
BT Azerbaijan Limited, Limited Liability Company	100%	ordinary
Bahrain		
Suite #2216, Building No. 2504, Road 2832, Al Seef, P.O. BOX 18259, Bahrain		
BT Solutions Limited (Bahrain Branch) ^b	100%	–
Bangladesh		
UTC Building, 19th Floor, Kawran Bazar, Dhaka, 1215, Bangladesh		
BT Communications Bangladesh Limited	100%	ordinary
Barbados		
3rd Floor, The Goddard Building, Haggatt Hall, St. Michael, BB11059, Barbados		
BT (Barbados) Limited	100%	ordinary
Belarus		
58 Voronyanskogo St, Office 89, Minsk 220007, Belarus		
BT BELRUS Foreign Limited Liability Company	100%	ordinary
Belgium		
Telecomlaan 9, 1831 Diegem, Belgium		
BT Global Services Belgium BV	100%	ordinary
Global Security Europe Limited – Belgian Branch ^b	100%	–
Rue des Guillemins 129, 4000 Liege, Belgium		
IP Trade SA	100%	ordinary

Company name	Group interest in allotted capital ^a	Share class
Bermuda		
Century House, 16 Par-la-Ville Road, Hamilton, HM08, Bermuda		
Communications Global Network Services Limited	100%	ordinary
Bolivia		
Avda. 6 de Agosto N° 2700, Torre Empresarial CADECO, Piso 4, La Paz, Bolivia		
BT Solutions Limited Sucursal Bolivia ^b	100%	–
Bosnia and Herzegovina		
Trg Heroja 10/1, Sarajevo, 71000, Bosnia and Herzegovina		
BTIH Teleconsult Društvo sa organiceom odgovornoscju za posredovanje i zastupanje d.o.o. Sarajevo	100%	–
Botswana		
Plot 2482b, Tshekedi Crescent, Extension 9, Gaborone, 211008, Bontleng, Botswana		
BT Global Services Botswana (Proprietary) Limited	100%	ordinary
Brazil		
Avenida Dr. Ruth Cardoso, 4777 – 14 andar, A parte, Pinheiros, São Paulo, SP, 05477-000, Brazil		
BT Communications do Brasil Limitada	100%	quotas
BT Global Communications do Brasil Limitada	100%	quotas
Bulgaria		
51B Bulgaria Blvd., fl. 4, Sofia, 1404, Bulgaria		
BT Bulgaria EOOD	100%	ordinary
BT Global Europe B.V. – Bulgaria branch ^b	100 %	–
Canada		
100 King Steet West, Suite 6200, 1 Canadian Place, Toronto ON M5X 1B8, Canada		
BT Canada Inc.	100%	common
Chile		
Rosario Norte 407, Piso 6, Las Condes, Santiago, Chile		
Servicios de Telecomunicaciones BT Global Networks Chile Limitada	100%	ordinary
China		
Building 16, 6th Floor, Room 602-B, No. 269 Wuyi Road, Hi-tech Park, Dalian, 116023, China		
BT Technology (Dalian) Company Limited	100%	registered
No. 3 Dong San Huan Bei Lu, Chao Yang District, Beijing, 100027, China		
BT Limited, Beijing Office ^b	100%	–
Room 2101-2103, 21/F, International Capital Plaza, No. 1318 North Sichuan Road, Hong Kou District, Shanghai, 200080, China		
BT China Limited-Shanghai Branch Office ^b	100%	–

Company name	Group interest in allotted capital ^a	Share class
1502-1503, AVIC Center, No.1008, Huafu Road, Futian District, Shenzhen, 518000, China		
BT China Limited – Shenzhen Branch ^b	100%	–
Room 3, 4, F7, Tower W3, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing, 100738, China		
BT China Limited	100%	registered
Unit 1537B, Floor 15th, No. 55, Xili Road, Shanghai Free Trade Zone, Shanghai, China		
BT China Communications Limited	50%	ordinary
Colombia		
Calle 113, 7-21,Torre A Oficina 1015 Teleport Business, Bogota, Colombia		
BT Colombia Limitada	100%	quotas
Costa Rica		
Provincia 01 San Jose, Canton 02 Escazu, San Rafael, Centro, Edificio A, Cuarto Piso, Oficinas Deloitte. Costa Rica		
BT Global Costa Rica SRL	100%	ordinary
Côte d'Ivoire		
Abidjan Plateau, Rue du commerce, Immeuble Nabil 1er étage, 01 BP 12721 Abidjan 01, Côte d'Ivoire		
BT Cote D'Ivoire	100%	ordinary
Cyprus		
Arch. Makarios III, 213, Maximos Plaza, Tower 3, Floor 2, Limassol, 3030, Cyprus		
BT Global Europe B.V. ^b	100%	–
Czech Republic		
Pujmanová 1753 / 10a, Nusle, 140 00, Prague 4, Czech Republic		
BT Global Europe B.V., odštěpný závod ^b	100%	–
Denmark		
Norre Farimagsgade 13, 4. th, 1364 Kobenhavn K, Denmark		
BT Denmark ApS	100%	ordinary
Dominican Republic		
Rafael Augusto Sanchez No. 86, Torre Roble Corporate Center, Piso 7, Dominican Republic		
BT Dominican Republic, S. A.	100%	ordinary
Ecuador		
Av. Amazonas N21-252 y Carrión, Edificio Londres, 4° Piso, Quito, Ecuador		
BT Solutions Limited (Sucursal Ecuador) ^b	100%	–
Egypt		
Unit no. 306 Administrative Second Floor, Al Saraya Mall, Al Mehwar Al- Markazy, Giza, Egypt		
BT Telecom Egypt LLC	100%	stakes
El Salvador		
Edificio Avante Penthouse Oficina, 10-01 Y 10-03 Urbanización, Madre Selva, Antiguo Cuscatlan, La Libertad, El Salvador		
BT El Salvador, Limitada de Capital Variable	100%	ordinary

Related undertakings (continued)

Company name	Group interest in allotted capital ^a	Share class
Finland		
Mannerheimvägen 12 B 6, 00100 Helsinki, Finland		
BT Nordics Finland Oy	100%	ordinary
France		
Tour Ariane, 5 place de la Pyramide, La Defense Cedex, 92088, Paris, France		
BT France S.A.S.	100%	ordinary
Germany		
Marcel-Breuer-Straße 6, 80807 Munich, Germany		
BT (Germany) GmbH & Co. oHG	100%	ordinary
BT Deutschland GmbH	100%	ordinary
BT Garrick GmbH	100%	ordinary
Hansepark, Hansestraße 61, 51149, Köln, Germany		
Global Security Europe Limited – Germany Branch ^b	100%	–
Ghana		
5th Floor, Vivo Place, Cantonments City, Rangoon Lane, P.O. Box MB 595, Accra, Ghana		
BT Ghana Ltd	100%	ordinary
Guatemala		
5ta avenida 5-55 zona 14, Edificio Europlaza World Business Center, Torre IV, nivel 7, oficina 702, Guatemala City, Guatemala		
BT Guatemala S.A.	100%	unique
Honduras		
Boulevard San Juan Bosco, Plaza Ficohsa 3ern nivel, Frente a Ruby Tuesday Lomas del Gujarró Sur Tegucigalpa Honduras		
BT Sociedad De Responsabilidad Limitada	100%	–
Hong Kong		
Unit 31-105, 31/F, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong		
BT Hong Kong Limited	100%	ordinary
Infonet China Limited	100%	ordinary
Hungary		
1112 Budapest, Boldizsár utca 4., Hungary		
BT Global Europe B.V. Magyarországi Fioktelepe ^b	100%	–
BT Limited Magyarországi Fioktelepe ^b	100%	–
BT ROC Kft	100%	business
India		
11th Floor, Eros Corporate Tower, Opp. International Trade Tower, Nehru Place, New Delhi, 110019, India		
BT (India) Private Limited	100%	ordinary
BT e-Serv (India) Private Limited	100%	equity
BT Global Communications India Private Limited	100%	ordinary
BT Telecom India Private Limited	100%	ordinary
A-47, Hauz Khas, New Delhi, Delhi-DL, 110016, India		

Company name	Group interest in allotted capital ^a	Share class
Orange Services India Private Limited	100%	ordinary
Indonesia		
Menara Astra, 37F. Jl. Jendral Sudirman Kav 5-6, Jakarta Pusat, Jakarta, 10220, Indonesia		
PT BT Indonesia	100%	ordinary
PT BT Communications Indonesia	95%	ordinary
Isle of Man		
Third Floor, St Georges Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man		
Belmullet Limited	100%	ordinary
Communicator Insurance Company Limited	100%	ordinary
Priestgate Limited	100%	ordinary
Israel		
Beit Oz, 14 Abba Hillel Silver Rd, Ramat Gan, 52506, Israel		
B.T. Communication Israel Ltd	100%	ordinary
Italy		
Viale Abruzzi n. 94, 20131 Milan, Italy		
Global Security Europe Limited ^b	100%	–
Via Filippo Sassetti 32, Milano, Italy		
BT Italia S.p.A.	99%	ordinary
Jamaica		
Suite #6, 9A Garelli Avenue, Half way tree, St. Andrew, Kingston 10, Jamaica		
BT Jamaica Limited	100%	ordinary
Japan		
ARK Mori Building, 12-32 Akasaka, 1-Chome, Minato-Ku, Tokyo, 107 – 6018, Japan		
BT Japan Corporation	100%	ordinary
Jersey		
IFC5, St Helier, JE1 1ST, Jersey		
BT Jersey Limited	100%	ordinary
Jordan		
Wadi AlSer – Dahiet Prince Rashid – King Abdullah Street, Building No. 391 – 3rd Floor, Jordan		
BT (International) Holdings Limited (Jordan)	100%	ordinary
Kazakhstan		
n.p.38b, Building 5, Kaiym Mukhamedkhanov Street, Nura District, Astana, Index 010000, Kazakhstan		
BT Kazakhstan LLP	100%	–
Kenya		
L R No, 1870/ 1/176, Aln House, Eldama Ravine close, off Eldama Ravine Road, Westlands, P O Box 764, Sarit Centre, Nairobi, 00606, Kenya		
BT Communications Kenya Limited	70%	ordinary

Company name	Group interest in allotted capital ^a	Share class
Korea		
Level 19, Hana Securities Building, 82, Uisadang-daero., Yeongdeungpogu, Seoul, 07321, Korea, Republic of Korea		
BT Global Services Korea Limited	100%	common
Latvia		
Muitas iela 1A, Riga, LV-1010, Latvia		
BT Latvia Limited, Sabiedriba ar ierobežotu atbildību	100%	ordinary
Lebanon		
Abou Hamad, Merheb, Nohra & Chedid Law Firm, Chbaro Street, 22nd Achrafieh Warde Building, 1st Floor, Beirut, P.O.BOX 165126, Lebanon		
BT Lebanon S.A.L.	100%	ordinary
Lithuania		
Aludariu str 2-33, LT-01113 Vilnius, Lithuania		
UAB BTH Vilnius	100%	ordinary
Luxembourg		
12 rue Eugene Ruppert, L 2453, Luxembourg		
BT Global Services Luxembourg SARL	100%	ordinary
BT Broadband Luxembourg Sàrl	100%	ordinary
Malawi		
KEZA Office Park Blocks 3, First Floor, Near Chichiri, Shopping Mall, Blantyre, Malawi		
BT Malawi Limited	100%	ordinary
Malaysia		
Suite 47A, Level 21, Menara 1 Sentrum, 201, Jalan Tun Sambanthan, Brickfields, Kuala Lumpur, 50470 W.P. Kuala Lumpur, Malaysia		
BT Global Technology (M) Sdn. Bhd.	100%	ordinary
BT Systems (Malaysia) Sdn Bhd	100%	ordinary
Mauritius		
c/o Deloitte, 7th Floor Standard Chartered Tower, 19-21 Bank Street, Cybercity, Ebene, 72201, Mauritius		
BT Global Communications (Mauritius) Limited	100%	ordinary
Mexico		
Boulevard Manuel Avila Camacho No. 32, 6th Floor, Lomas de Chapultepec III Section, Miguel Hidalgo, Mexico City CP11000		
BT LatAm México, S.A. de C.V.	100%	common
Montenegro		
Bulevar Svetog, Petra, Cetinjskog 149, Podgorica, Montenegro		
BT Montenegro DOO	100%	–
Morocco		
Bd. Abdelmoumen, Immeuble Atrium, n 374, Lot. Manazyl Al Maymoune, 5eme etage, Casablanca, 20390, Morocco		
BT Solutions Limited – Morocco Branch ^b	100%	–

Company name	Group interest in allotted capital ^a	Share class
Mozambique		
Rua Jose Mateus, No. 55, Ground Floor, City of Maputo, Mozambique		
BT Mozambique, Limitada	100%	quotas
Namibia		
Unit 3, 2nd floor, Ausspahn Plaza, Dr Agostinho Neto Road, Ausspahnplatz, Private Bag, Windhoek, 12012, Namibia		
BT Solutions Limited ^b	100%	–
Netherlands		
Herikerbergweg 2, 1101 CM, Amsterdam, Netherlands		
BT Global Europe B.V.	100%	ordinary
BT (Netherlands) Holdings B.V.	100%	ordinary
BT Nederland N.V.	100%	ordinary
Wegastraat 58, The Hague, 2516 AP, Netherlands		
Global Security Europe Limited ^b	100%	–
New Zealand		
c/o Deloitte, Level 20, 1 Queen Street, Auckland Central, Auckland, 1010, New Zealand		
BT Australasia Pty Limited – New Zealand Branch ^b	100%	–
Nicaragua		
De donde fué el Restaurante Marea Alta Ahora quesillos, El Pipe, 2 cuerdas al este, 10 Metros al norte, frente al, Hotel El Gran Marquez, Casa #351, Nicaragua, 2815, Nicaragua		
BT Nicaragua S.A.	100%	capital
Nigeria		
Civic Towers, Plot GA1, Ozumba Mbadiwe Avenue, Victoria Island, Lagos, Nigeria		
BT (Nigeria) Limited	100%	ordinary
North Macedonia		
Str. Dame Gruev no.8, 5th floor, Building “Dom na voenite invalidi”, Skopje 1000, North Macedonia		
BT Solutions Limited Branch Office in Skopje ^b	100%	–
Norway		
Munkedamsveien 45, Oslo, 0121, Norway		
BT Solutions Norway AS	100%	ordinary
Oman		
Maktabi Building, Building No. 458, Unit No. 413 4th Floor, Road No – R41, Block No. 203, Plot No. 107, Zone No. SW41, Complex No. 271, Al Watiyah, Bausher, Muscat, Sultanate of Oman, Oman		
BT International Holdings Limited & Co. LLC	100%	ordinary
Pakistan		
Cavish Court, A-35, Block 7&8, KCHSU, Shahrah-e-Faisal, Karachi, 75350, Pakistan		
BT Pakistan (Private) Limited	100%	ordinary
Panama		
50th and 74th Street, San Francisco, PH 909, 15th and 16th Floor, Panama City, Panama		
BT de Panama, S.R.L.	100%	ordinary

Company name	Group interest in allotted capital ^a	Share class
Paraguay		
Av. Brasilia N° 767 casi Siria, Asunción, Paraguay		
BT Paraguay S.R.L.	100%	quotas
Peru		
AV. Santa Cruz 830, Oficina 301, Miraflores, Lima, Peru		
BT Peru S.R.L.	100%	ordinary
Philippines		
11th Floor, Page One Building, 1215 Acacia Ave Madrigal Business Park, Ayala Alabang, Muntinlupa, Metro Manila, 1780, Philippines		
IT Holdings, Inc	100%	ordinary
40th Floor, PBCom Tower 6795, Ayala Avenue cor. Rufino St, Makati City, 1226, Philippines		
BT Communications Philippines Incorporated	100%	ordinary
c/o Sun Microsystems Phil Inc., 8767 Paseo de Roxas, Makati City, Philippines		
PSPI-Subic, Inc	51%	ordinary
Poland		
126/134 Marszałkowska St., Room 209, 00-008, Warsaw, Poland		
BT Poland Spółka Z Ograniczoną Odpowiedzialnością	100%	ordinary
Portugal		
Rua D. Francisco Manuel de Melo 21-1, 1070-085 Lisboa, Portugal		
BT Portugal – Telecomunicações, Unipessoal Lda	100%	ordinary
Puerto Rico		
Corporation Service Company Puerto Rico Inc., c/o RVM Professional Services LLC, A4 Reparto Mendoza, Humacao, 00791, Puerto Rico		
BT Communications Sales, LLC Puerto Rico branch ^b	100%	–
Qatar		
1413, 14th Floor, Al Fardan Office Tower, Doha, 31316, Qatar		
BT Global Services (North Gulf) LLC	49%	ordinary
Republic of Ireland		
5th Floor, 2 Grand Canal Plaza, Upper Grand Canal Street, Dublin 4, Ireland		
The Faraday Procurement Company Limited	100%	ordinary
2 Grand Canal Plaza, Upper Grand Canal Street, Dublin 4, Republic of Ireland		
BT Business Telecoms Ireland Limited	100 %	ordinary
BT Communications Ireland Group Limited	100%	ordinary
BT Communications Ireland Holdings Limited	100 %	ordinary
Whitestream Industries Limited	100 %	ordinary

Company name	Group interest in allotted capital ^a	Share class
Romania		
Cladirea A1, Biroul Nr. 52, Nr 35-37, Str. Ottenitei, Sector 4, Bucharest, Romania		
BT Global Services Limited Londra Sucursala Bucuresti ^b	100%	–
Russia		
Room 62, prem xx, Floor 2, Pravdy, 26, 127137, Moscow, Russian Federation		
BT Solutions Limited Liability Company	100%	–
Serbia		
Dimitrija Georgijevica Starike 20, Belgrade, 11070, Serbia		
BT Belgrade d.o.o	100%	ordinary
Sierra Leone		
84 Dundas Street, Freetown, Sierra Leone		
BT (SL) Limited	100%	ordinary
Singapore		
7 Straits View, #05-01, Marina One East Tower, 018936, Singapore		
BT (India) Private Limited Singapore Branch ^b	100%	–
BT Global Solutions Pte. Ltd.	100%	ordinary
BT Singapore Pte. Ltd.	100%	ordinary
Slovakia		
Pribinova 10, 811 09, Bratislava, mestské éast' Staré Mesto, Slovakia		
BT Slovakia s.r.o.	100%	ordinary
Slovenia		
Cesta v Mestni Log 1, Ljubljana, 1000, Slovenia		
BT GLOBALNE STORITVE, telekomunikacijske storitve, obdelava podatkov, podatkovnih baz; d.o.o.	100%	ordinary
South Africa		
74 Waterfall Drive, Building 5, Waterfall Corporate Campus, Midrand 2066, South Africa		
BT Communications Services South Africa (Pty) Limited	70%	ordinary
BT Building, Woodmead North Office Park, 54 Maxwell Drive, Woodmead, Johannesburg, 2191, South Africa		
BT Limited ^b	100%	–
Spain		
C/ María Tubau, 3, 28050 de Madrid, Spain		
BT Global ICT Business Spain SLU	100%	ordinary
Sri Lanka		
100, Braybrooke Place, Colombo 02, Sri Lanka		
BT Communications Lanka (Private) Limited	100%	ordinary
Sudan		
Alskheikh Mustafa Building, Parلمان Street, Khartoum, Sudan		
Newgate Communication (Sudan) Co. Ltd	100%	ordinary

Related undertakings (continued)

Company name	Group interest in allotted capital ^a	Share class
Sweden		
c/o BDO Sweden (Skatteavdelning), Box 6343, 102 35, Stockholm, Sweden		
BT Nordics Sweden AB	100%	ordinary
Switzerland		
Richtstrasse 5, 8304 Wallisellen, Switzerland		
BT Switzerland AG	100%	ordinary
Taiwan		
18F., No. 460, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.), 110501, Taiwan (Province of China)		
BT Limited Taiwan Branch ^b	100%	–
Tanzania		
Region Dar Es Salaam, District Kinondoni, Ward Msasani, Street Msasani Peninsula, Road 1 Bains Singh Avenue, Plot number 1403/1, Ground Floor, 14111, United Republic of Tanzania		
BT Solutions Limited – Tanzania Branch ^b	100%	–
Thailand		
No.63 Athenee Tower, 23rd Floor (CEO Suite, Room No.38), Wireless Road, Kwaeng Lumpini, Khet Pathumwan, Bangkok, 10330, Thailand		
BT Siam Communications Co., Ltd	49%	class B
No.63 Athenee Tower, 23rd Floor (CEO Suite, Suite 11), Wireless Road, Kwaeng Lumpini, Pathumwan, Bangkok, Thailand, 10330, Thailand		
BT Siam Limited	69%	ordinary
	69%	preference
Trinidad and Tobago		
2nd Floor CIC Building, 122-124 Frederick Street, Port of Spain, Trinidad and Tobago		
BT Solutions Limited ^b	100%	–
Tunisia		
Rue de l', Euro Immeuble Slim, Block A-2nd floor-Les berges du Lac, Tunis, 1053, Tunisia		
BT Tunisia S.A.R.L	100%	ordinary
Turkey		
Acıbadem Mahallesi Çeçen Sk. Akasya A, Kule Kent Etabı Apt. No: 25 A/28-, Üsküdar, İstanbul, Turkey		
BT Bilisim Hizmetleri Anonim Şirketi	100%	ordinary
BT Telekom Hizmetleri Anonim Şirketi	100%	common
Uganda		
1st Floor, Ericsson House, 24B Akii Bua Road, Nakasero, Uganda		
BT Solutions Limited ^b	100%	–
Ukraine		
Office 702, 34 Lesi Ukrainsky Boulevard, Kyiv 01042, Ukraine		
BT Ukraine Limited Liability Company	100%	stakes

Company name	Group interest in allotted capital ^a	Share class
United Arab Emirates		
Office no 315-318, DIC Building No. 10, Dubai Internet City, PO Box 25205, Dubai, United Arab Emirates		
BT MEA FZ-LLC	100%	ordinary
Office no.206 BLOCK B, Diamond Business Center 1, Al Barsha South Third, Dubai, P.O. BOX 25205, United Arab Emirates		
BT UAE Limited – Dubai Branch (1) ^b	100%	–
BT UAE Limited – Dubai Branch (2) ^b	100%	–
United Kingdom		
1 Braham Street, London, E1 8EE, United Kingdom		
Autumnwindow Limited	100%	ordinary
Autumnwindow No.2 Limited	100%	ordinary
Autumnwindow No.3 Limited	100%	ordinary
Belmullet (IoM) Limited ^b	100%	–
BPSLP Limited	100%	ordinary
British Telecommunications plc	100%	ordinary
Bruning Limited	100%	ordinary
BT (International) Holdings Limited	100%	ordinary
BT (RRS LP) Limited	100%	ordinary
BT Communications Ireland Group Limited – UK Branch ^b	100%	–
BT Corporate Trustee Limited	100%	limited by guarantee
BT European Investments Limited	100%	ordinary
BT Euston Holdings UK Limited	100%	ordinary
BT Fifty-One	100%	ordinary
BT Fifty-Three Limited	100%	ordinary
BT Finance plc	100%	ordinary
BT Global Security Services Limited	100%	ordinary
BT Global Services Limited	100%	ordinary
BT Group Nominees Limited	100%	–
BT Holdings Limited	100%	ordinary
BT IoT Networks Limited	100%	ordinary
BT Limited	100%	ordinary
BT Ninety-Seven Limited	100%	ordinary
BT Nominees Limited	100%	ordinary
BT Paddington Holdings UK Limited	100%	ordinary
BT Property Holdings (Aberdeen) Limited	100%	ordinary
BT Property Limited	100%	ordinary
BT Sixty-Four Limited	100%	ordinary

Company name	Group interest in allotted capital ^a	Share class
BT SLE Euro Limited	100%	ordinary
BT SLE USD Limited	100%	ordinary
BT Solutions Limited	100%	ordinary
BT UAE Limited	100%	ordinary
BT Quartz Euston Limited	100%	ordinary
BT Quartz Holdings UK Limited	100%	ordinary
Communications Global Network Services Limited – UK Branch ^b	100%	–
Communications Networking Services (UK)	100%	ordinary
EE (Group) Limited	100%	ordinary
EE Group Investments Limited	100%	ordinary
EE Limited	100%	ordinary
EE Pension Trustee Limited	100%	ordinary
ESAT Telecommunications (UK) Limited	100%	ordinary
Extraclick Limited	100%	ordinary
Global Security Europe Limited	100%	ordinary
Mainline Communications Group Limited	100%	ordinary
Mainline Digital Communications Limited	100%	ordinary
Newgate Street Secretaries Limited	100%	ordinary
Numberrapid Limited	100%	ordinary
Orange Furbs Trustees Limited	100%	ordinary
Orange Home UK Limited	100%	ordinary
Orange Personal Communications Services Limited	100%	ordinary
Radianz Limited	100%	ordinary
Southgate Developments Limited	100%	ordinary
Tudor Minstrel	100%	ordinary
Alexander Bain House, 15 York Street, Glasgow, Lanarkshire, G2 8LA, Scotland		
BT Corporate Limited	99%	ordinary
BT Falcon 1 LP	51 %	–
Holland House (Northern) Limited	100%	ordinary
6 Gracechurch Street, London, EC3V 0AT, United Kingdom		
Openreach Limited	100%	ordinary
Endeavour, Sheffield Digital Campus, 1a Concourse Way, Sheffield, S1 2BJ, United Kingdom		
Plusnet plc	100%	ordinary

Company name	Group interest in allotted capital ^a	Share class
United States		
c/o Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States		
BT Americas Holdings Inc.	100%	common
BT Americas Inc.	100%	common
BT Communications Sales LLC	100%	units
BT Procure L.L.C.	100%	units
BT United States L.L.C.	100%	units
BT Quartz Euston LLC	100%	units
BT Quartz Paddington LLC	100%	units
Infonet Services Corporation	100%	common
Uruguay		
Rincón 487 Piso 11, Montevideo, Zip Code 11.000, Uruguay		
BT Solutions Limited Sucursal Uruguay ^b	100%	–
Venezuela		
Calle Guaicaipuro, Urbanización El Rosal, Municipio Chacao, Oficina 11B, Piso 11, Torre Forum, Caracas, Venezuela		
BT LatAm Venezuela, S.A.	100%	ordinary
Vietnam		
16th Floor Saigon Tower, 29 Le Duan Road, District 1, Ho Chi Minh City, 710000, Socialist Republic of Vietnam		
BT (Vietnam) Co. Ltd.	100%	ordinary
Zambia		
Plot No. 11058, Haile Selassie Avenue, Zimbabwe, Lusaka, Lusaka Province, 34972, Zambia		
BT Solutions Limited ^b	100%	–
Zimbabwe		
6th Floor, Goldbridge Eastgate, Sam Nujoma Street Harare, Post Box 10400, Zimbabwe		
Numberrapid Limited ^b	100%	–

Associates (note 25)

Company name	Group interest in allotted capital ^a	Share class
Held via other group companies		
Philippines		
32F Philam Life Tower, 8767 Paseo de Roxas, Makati City, Philippines		
ePLDTSunphilcox JV, Inc	20%	ordinary
SunPhilcox JV, Inc	20%	ordinary
United Kingdom		
24/25 The Shard, 32 London Bridge Street, London, SE1 9SG, United Kingdom		
Digital Mobile Spectrum Limited	33%	ordinary
10 Stadium Business Court, Millennium Way, Pride Park, Derby, DE24 8HP, United Kingdom		
Midland Communications Distribution Limited	35%	ordinary
Phoneline (M.C.D) Limited	35%	ordinary
2nd Floor, Aldgate Tower, 2 Leman Street, London, E1 8FA, United Kingdom		
Youview TV Limited	20%	voting
2nd Floor, Churchill House, 26–30 Upper Marlborough Road, St Albans, AL1 3RD, United Kingdom		
AA Realisations Limited	23%	preference

Joint ventures (note 25)

Company name	Group interest in allotted capital ^a	Share class
Held via other group companies		
United Kingdom		
Chiswick Park Building 2, 566 Chiswick High Road, London, W4 5YB, United Kingdom		
TNT Sports Broadcasting Limited ^c	50%	ordinary
6th Floor, One London Wall, London, EC2Y 5EB, United Kingdom		
Internet Matters Limited	25%	–
80 Fenchurch Street, London, EC3M 4AE, United Kingdom		
Rugby Radio Station (General Partner) Limited	50%	ordinary
Rugby Radio Station (Nominee) Limited	50%	ordinary
Rugby Radio Station LP	50%	–

All joint ventures are governed by a joint venture agreement.

Joint operations

Company name	Group interest in allotted capital ^a	Share class
Held via other group companies		
United Kingdom		
450 Longwater Avenue, Green Park, Reading, Berkshire, RG2 6GF, United Kingdom		
Mobile Broadband Network Limited	50%	ordinary

EE Limited and Hutchison 3G UK Limited (together 'the Companies') each have a 50% share in the joint operation Mobile Broadband Network Limited ('MBNL'). MBNL's ongoing purpose is the operation and maintenance of radio access sites for mobile networks through a sharing arrangement. This includes: (i) the efficient management of shared infrastructure for both shareholders (ii) acquiring certain network elements for shared use, and (iii) coordinating the deployment of new sites, infrastructure and networks on either a shared or a unilateral basis (unilateral elements being network assets or services specific to one company only). The group is committed to incurring 50% of costs in respect of restructuring the shared MBNL network, a broadly similar proportion of the operating costs (which varies in line with usage), and 100% of any unilateral elements.

MBNL is accounted for as a joint operation.

Guarantees for the joint operation are given by British Telecommunications plc and CK Hutchison Holdings Limited.

The principal place of business of the joint operation is in the UK.

^a The proportion of voting rights held corresponds to the aggregate interest in percentage held by the holding company and subsidiaries undertaking.

^b No shares issued for a branch.

^c In addition to the 50% ordinary A shares we also hold A preference shares and C preference shares, see note 24 for more details.

Additional information

Alternative performance measures

Introduction

We assess the performance of the group using a variety of alternative performance measures that are not defined under IFRS and are therefore termed non-GAAP measures. The non-GAAP measures we use are:

- Adjusted revenue^a
- Adjusted operating costs^a
- Adjusted operating profit^a
- Adjusted finance expense^a
- Adjusted profit before tax^a
- Adjusted earnings per share^a
- Net debt and net financial debt
- Adjusted UK service revenue
- Adjusted EBITDA
- Return on capital employed; and
- Normalised free cash flow

The rationale for using these measures, along with a reconciliation from the nearest measures prepared in accordance with IFRS, is presented below.

The alternative performance measures we use may not be directly comparable with similarly titled measures used by other companies.

Specific items

Our income statement and segmental analysis separately identify trading results on an adjusted basis, being before specific items. The directors believe that presentation of the group's results in this way is relevant to an understanding of the group's financial performance as specific items are those that in management's judgement need to be disclosed by virtue of their size, nature or incidence.

This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee and assists in providing an additional analysis of our reporting trading results. Specific items may not be comparable to similarly titled measures used by other companies.

In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors. Examples of charges or credits meeting the above definition and which have been presented as specific items in the current and/or prior years include significant business restructuring programmes such as the current group-wide cost transformation and modernisation programme, disposals of businesses and investments, charges or credits relating to retrospective regulatory matters, significant out of period contract settlements, litigation matters, impairment on remeasurement of the disposal groups to be held for sale, asset impairment charges, impairment charges in our Portfolio Businesses, net interest on our pension obligation, and the impact of remeasuring deferred tax balances. In the event that items meet the criteria, which are applied consistently from year to year, they are treated as specific items. Any releases to provisions originally booked as a specific item are also classified as specific. Conversely, when a reversal occurs in relation to a prior year item not classified as specific, the reversal is not classified as specific in the current year.

Movements relating to the sports joint venture (Sports JV) with WBD, such as fair value gains or losses on the A and C preference shares or impairment charges on the equity-accounted investment are also classified as specific. Refer to note 25 for further detail.

Details of items meeting the definition of specific items in the current and prior year are set out in note 9.

Reported revenue, reported operating costs, reported operating profit, reported net finance expense, reported profit before tax and reported earnings per share are the equivalent IFRS measures. A reconciliation from these can be seen in the group income statement on page 134.

Net debt and net financial debt

Net debt consists of loans and other borrowings, lease liabilities (both current and non-current) less current asset investments and cash and cash equivalents, including such items which have been classified as held for sale on the balance sheet.

Amounts due to joint ventures, loans and borrowings recognised in relation to monies received from the sale of cash flows of contract assets and as prepayment for the forward sale of redundant copper are excluded, in line with ROCE definition and consistently with the treatment of related cash flows in normalised free cash flow. These liabilities do not reflect the group's indebtedness, as amounts due to joint ventures are more than offset by the asset balances due from the JVs, while the remaining liabilities will either be extinguished upon the transfer of ringfenced operational cash flows from end customers which management are confident will be received, or settled by the physical delivery of copper rather than cash or any other financial asset.

Currency-denominated balances within net debt are translated to sterling at swap rates where hedged. Fair value adjustments and accrued interest applied to reflect the effective interest method are removed.

Net debt is a measure of the group's net indebtedness that provides an indicator of overall balance sheet strength. It is a key indicator used by management to assess both the group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure.

Net financial debt is net debt excluding lease liabilities. It allows for the comparison to net debt measures reported before the introduction of IFRS 16 on 1 April 2019, and reflects a view that lease liabilities are operational debt in substance, rather than financing transactions.

Net debt and net financial debt are considered to be alternative performance measures as they are not defined in IFRS. The most directly comparable IFRS measure is the aggregate of loans and other borrowings, lease liabilities (both current and non-current), current asset investments and cash and cash equivalents. A reconciliation from these to net debt and net financial debt is set out in note 27.

^a These adjusted financial metrics exclude specific items. The rationale for using these metrics is covered under 'specific items' in this section and reconciled in the Group Income Statement on page 134.

Return on Capital Employed

We use a return on capital employed (ROCE) measure that serves as an indicator of how efficiently we generate returns from the capital invested in the business. It is a group KPI that is directly related to the outcome of investment decisions.

ROCE represents the group's returns as percentage of capital employed.

Returns are defined as adjusted earnings before interest and tax. We use an adjusted measure (before specific items) for the reasons explained in the 'specific items' section above.

Capital employed represents equity, debt and debt-like liabilities. We net the derivative financial instruments and cash and cash equivalent balances that we use to manage financial risk against gross debt, and exclude current and deferred tax balances as the measure is determined on a pre-tax basis.

We exclude amounts due to joint ventures, loans and borrowings recognised in relation to monies received from the sale of cash flows of contract assets and as prepayment for the forward sale of redundant copper, in line with the net debt definition on page 224.

While our long-term capital investment programmes such as our full fibre rollout deliver value-creating long-term returns, they suppress ROCE in the short- to medium-term.

The following table sets out the calculation of our ROCE measure. In doing so it reconciles returns to operating profit, the most directly comparable IFRS measure, and presents the components of capital employed.

Year ended 31 March	2026 £m	2025 £m
Reported operating profit for the period	2,897	2,492
Share of post-tax profits (losses) of associates and joint ventures	(210)	(8)
Specific items (non-finance and tax)	676	784
Return for the period	3,363	3,268
Equity, debt and debt-like liabilities		
Loans and other borrowings	18,536	18,762
Lease liabilities	4,184	4,571
Retirement benefit obligations	4,379	4,230
BDUK grant funding deferral	65	142
Total equity	12,564	12,908
Adjust for balances used to hedge financial risk		
Cash and cash equivalents	(359)	(216)
Investments	(1,502)	(2,648)
Net derivative financial instruments	(500)	(537)
Adjust for tax balances		
Net deferred tax liabilities	845	758
Net current tax receivable	(367)	(273)
Adjust in line with net debt definition		
Net loans with joint ventures	(10)	(10)
Loans related to sale of contract assets	(42)	(87)
Loans related to the forward sale of redundant copper	(177)	(93)
Capital employed	37,616	37,507
Return on capital employed	8.9%	8.7%

Adjusted UK service revenue

Adjusted UK service revenue is one of the group's key performance indicators by which our financial performance is measured.

Adjusted UK service revenue comprises all UK revenue less UK equipment revenue. Some revenue from equipment is included within adjusted UK service revenue where that equipment is sold as part of a managed services contract, or where that equipment cannot be practicably separated from the underlying service.

We consider adjusted UK service revenue to be an important indicator of the successful delivery of our refreshed corporate strategy because it measures the predictable and recurring revenue from our core UK business.

A reconciliation of reported revenue, the most directly comparable IFRS measure, to adjusted UK service revenue, is set out below.

Year ended 31 March	2026 £m	2025 (re-presented ^a) £m
Reported revenue	19,654	20,358
Specific revenue	(8)	12
Adjusted revenue	19,646	20,370
Of which International revenue	(2,114)	(2,499)
Adjusted UK revenue	17,532	17,871
Equipment revenue ^b (excluding International)	(2,087)	(2,303)
Adjusted UK service revenue	15,445	15,568

^a Comparative information for the year to 31 March 2025 has been re-presented to reflect the formation of the new International CFU and re-presentation of segmental revenue to reflect the nature of services and trading relationships between units. For more information see note 1 and for a bridge to prior period published financial information see page 227.

^b UK equipment revenue includes £nil (FY25: £10m) of equipment revenue recognised as lease revenue in Note 5.

Below we reconcile Adjusted UK service revenue by unit:

Year ended 31 March	2026 £m	2025 (re-presented ^a) £m
Consumer	7,853	7,888
Business	4,803	4,847
International	—	—
Openreach	6,190	6,156
Other	12	12
Intra-group items	(3,413)	(3,335)
Total	15,445	15,568

^a Comparative information for the year to 31 March 2025 has been re-presented to reflect the formation of the new International CFU and re-presentation of segmental revenue to reflect the nature of services and trading relationships between units. For more information see note 1 and for a bridge to prior period published financial information see page 227.

Additional information (continued)

Normalised free cash flow

Normalised free cash flow is one of the group's key performance indicators by which our financial performance is measured. It is primarily a liquidity measure. However, we also believe it is an important indicator of our overall operational performance as it reflects the cash we generate from operations after capital expenditure and financing costs, both of which are significant ongoing cash outflows associated with investing in our infrastructure and financing our operations.

Normalised free cash flow is defined as free cash flow (net cash inflow from operating activities after net capital expenditure) after net interest paid, payment of lease liabilities, net cash flows from the sale of cash flows related to contract assets, monies received as prepayment for the sale of redundant copper, dividends received from non-current asset investments, associates and joint ventures, and net purchase or disposal of non-current asset investments, before pension deficit payments (including their cash tax benefit), payments relating to spectrum, and specific items. It excludes cash flows that are determined at a corporate level independently of ongoing trading operations such as dividends paid, share buybacks, acquisitions and disposals, repayment and raising of debt, cash flows relating to short-term funding arrangements with joint ventures, and cash flows relating to the Building Digital UK demand deposit account which have already been accounted for within normalised free cash flow. For non-tax related items, other than for pension deficit payments, adjustments represent pre-tax cash flows and no allocation of tax refunded / (paid) relating to these adjustments has been included in or excluded from normalised free cash flow.

We have set out the impact of working capital programmes on NFCF and their relative impact.

Normalised free cash flow is not a measure of the funds that are available for distribution to shareholders.

A reconciliation from cash inflow from operating activities, the most directly comparable IFRS measure, to free cash flow and normalised free cash flow, is set out below.

Year ended 31 March	2026 £m	2025 £m
Cash generated from operations	7,088	6,954
Tax (paid) refunded	(58)	35
Net cash inflow from operating activities	7,030	6,989
Net purchase of property, plant and equipment and intangible assets	(5,129)	(4,901)
Free cash flow	1,901	2,088
Interest received	96	132
Interest paid	(1,028)	(956)
Payment of lease liabilities	(731)	(739)
Dividends received from joint ventures, associates and investments	15	4
Add back pension deficit payments	790	803
Remove cash tax benefit of pension deficit payments	(11)	—
Add back net cash flow from specific items	415	498
Net cash flows from sale of contract assets related to handsets	(51)	(251)
Cash flows relating to the BDUK demand deposit account	—	19
Prepayment for forward sale of copper	99	—
Add back payment in respect of Spectrum license auction	13	—
Normalised free cash flow	1,508	1,598

Below we reconcile normalised free cash flow by unit:

Year ended 31 March	2026 £m	2025 (re-presented ^a) £m
Consumer	1,273	1,025
Business	530	540
International	(117)	(34)
Openreach	792	839
Other	(970)	(772)
Normalised free cash flow	1,508	1,598

^a Comparative information for the year to 31 March 2025 has been re-presented to reflect the formation of the new International CFU and re-presentation of segmental revenue to reflect the nature of services and trading relationships between units. For more information see note 1 and for a bridge to prior period published financial information see page 227.

The net impact of working capital programmes on normalised free cash flow is set out below.

Year ended 31 March	2026 £m	2025 £m	Movement £m
Bills of exchange ^a	269	(101)	370
Supply chain programmes^b	269	(101)	370
Net cash flows from sale of contract	(51)	(251)	200
Sale of receivables ^d	159	420	(261)
Handset programmes	108	169	(61)
Copper forward sales ^e	99	—	99
Net working capital programmes	476	68	408

^a This supply chain financing programme is used with a limited number of suppliers with short payment terms to extend them to a more typical payment term. See note 18 Trade and other payables.

^b There is an additional separate supply chain financing programme, this allows suppliers opportunity to receive funding earlier than the invoice due date to assist the supplier with their cash flows. See note 18 Trade and other payables. This has no impact on Normalised Free Cash Flow.

^c Accelerates cash collection from handset sales on bundled contracts. Used to better align the timing of cash receipts with the payments to equipment manufacturers. See note 27 Loans and other borrowings.

^d Accelerates cash collection from handset sales on split contracts. Used to better align the timing of cash receipts with the payments to equipment manufacturers. See note 17 Trade and other receivables.

^e Forward sale of redundant copper to hedge copper sales and use the legacy copper asset to intensify our full fibre rollout. See note 27 Loans and other borrowings.

Working capital programmes are used to manage the timing of cash flows and support investment. Bills of exchange are used to normalise supplier payment terms and improve working capital efficiency. Handset-related programmes reflect the structural shift from 24-month to 36-month customer contracts, aligning cash receipts with revenue recognition. Copper forward sales support the accelerated fibre build by funding new network investment from legacy assets.

Adjusted EBITDA

In addition to measuring financial performance of the group and customer-facing units based on adjusted operating profit, we also measure performance based on Adjusted EBITDA. Adjusted EBITDA is defined as the group profit or loss before specific items, net finance expense, taxation, depreciation and amortisation and share of post-tax profits or losses of associates and joint ventures.

We consider Adjusted EBITDA to be a useful measure of our operating performance because it approximates the underlying operating cash flow by eliminating depreciation and amortisation. Adjusted EBITDA is not a direct measure of our liquidity, which is shown by our cash flow statement, and needs to be considered in the context of our financial commitments.

A reconciliation of reported profit for the period, the most directly comparable IFRS measure, to Adjusted EBITDA, is set out below.

Year ended 31 March	2026 £m	2025 £m
Reported profit for the period	1,077	1,054
Tax	359	280
Reported profit before tax	1,436	1,334
Net finance expense	1,251	1,150
Depreciation and amortisation, including impairment charges	4,913	4,978
Specific revenue	(8)	12
Specific operating costs before depreciation and amortisation	428	727
Share of post-tax losses (profits) of associates and joint ventures	210	8
Adjusted EBITDA	8,230	8,209

Adjustments to prior period published financial information: Formation of International CFU and segmental re-presentations

As explained in note 34, certain FY25 comparatives have been re-presented to reflect changes to the Group's internal reporting structure and to align segmental and revenue disclosures with the information now used internally for management reporting. These include the formation of the International CFU, updates to segmental revenue classifications, and refinements to the disaggregation of revenue following changes in system granularity. The related re-presentations have also been reflected in the Normalised free cash flow and Adjusted UK service revenue additional performance measures to ensure consistency with the revised basis of reporting.

Normalised free cash flow

Year ended 31 March 2025	Published £m	Re-presentation adjustment £m	Re-presented £m
Consumer	1,025	—	1,025
Business	506	34	540
International	—	(34)	(34)
Openreach	839	—	839
Other	(772)	—	(772)
Total	1,598	—	1,598

Adjusted UK service revenue

Year ended 31 March 2025	Published £m	Re-presentation adjustment £m	Re-presented £m
Consumer	7,888	—	7,888
Business	4,861	(14)	4,847
International	—	—	—
Openreach	6,156	—	6,156
Other	12	—	12
Intra-group items	(3,335)	—	(3,335)
Total	15,582	(14)	15,568

Cautionary statement regarding forward-looking statements

Certain information included in this Annual Report and Accounts is forward-looking in nature and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.

Forward-looking statements relate to all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations. These statements can be identified by the use of forward-looking terminology, including terms such as 'believes', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'plans', 'projects', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology.

Forward-looking statements in this Annual Report and Accounts are not guarantees of future performance. All forward-looking statements in this Annual Report and Accounts are based upon

information known to the Company on the date of this Annual Report and Accounts. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements, which speak only at their respective dates. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this Annual Report and Accounts shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

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