Pensions Teach-In

22 June 2026

Forward looking statements

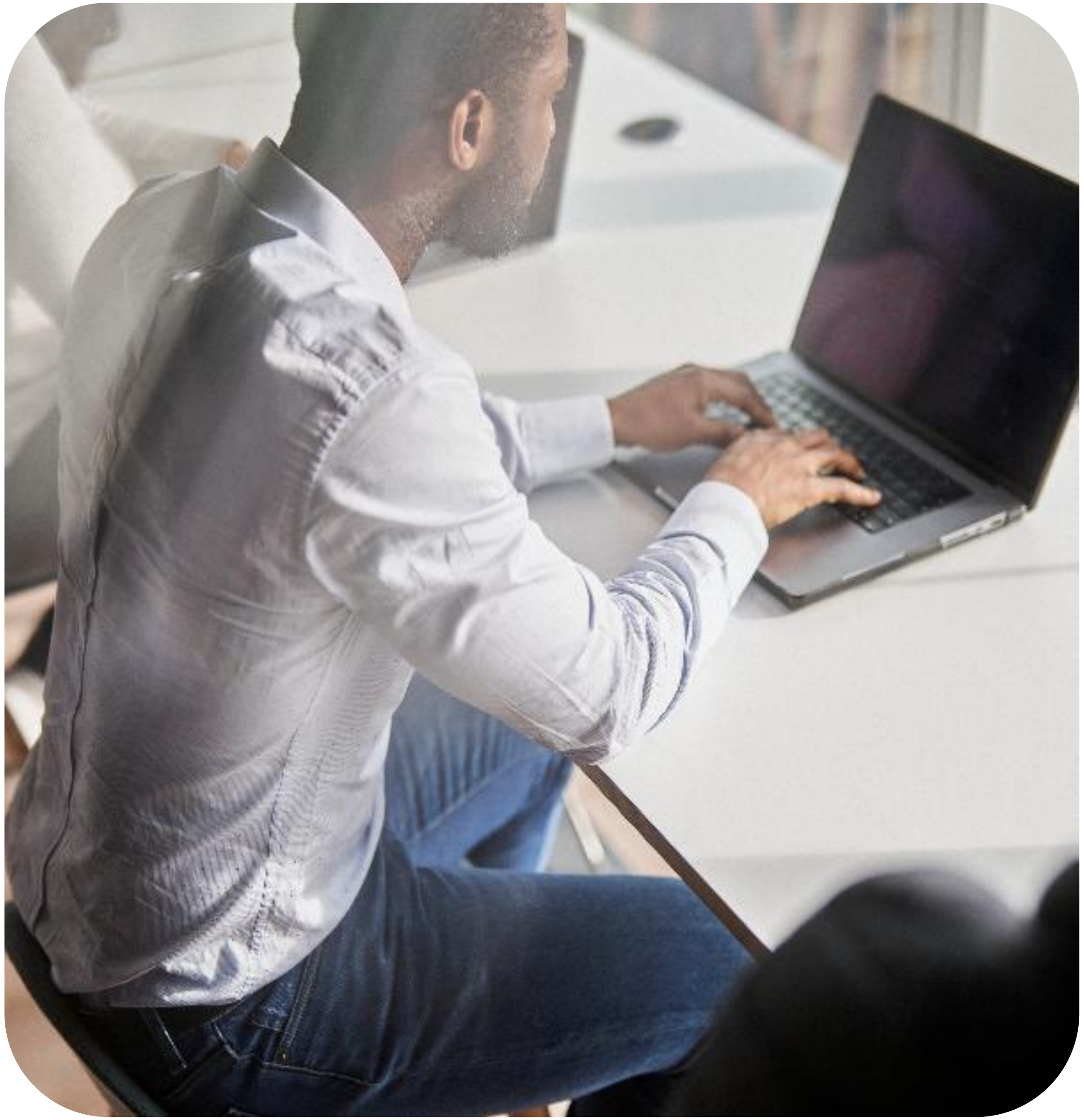
Certain information included in this slide deck is forward looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward looking statements. Forward looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations. Forward looking 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 slide deck are not guarantees of future performance. All forward looking statements in this announcement are based upon information known to the Company as of today.

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 slide pack shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

Neil Harris

Director, Corporate Finance

Agenda



Key messages

We use two methods to calculate our pension deficit:

- **IAS 19:** formulaic "best-estimate" measure; determines our balance sheet and used for rating agency metrics
- **Funding:** negotiated "prudent" measure; determines our cash payments

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De-risking has narrowed the range of funding outcomes, providing more certainty:

- The BT Pension Scheme (BTPS) , our largest defined benefit scheme, has de-risked consistently over the last decade with a growing allocation to bond-like assets which deliver more certain returns with known, contractual income
- Remaining growth asset exposure is expected to provide higher returns and reduces BT's contributions

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The 2020 and 2023 BTPS funding agreements provide a strong platform for 2026 valuation:

- The ABF switch-off and co-investment vehicle protect against future overfunding
- The downside stabiliser proactively deals with any increase in the deficit

Shan Abdullah

Pensions, Senior Manager

Overview of BT's pension plans

BTPS forms the majority of BT's obligation

Defined Benefit (DB)

BT Pension Scheme (BTPS)

- DB section closed to future benefit accrual in 2018
- 254,000 deferred members and pensioners

EE Pension Scheme (EEPS) and others

- EEPS: DB section closed to future accrual in 2014
- Others: primarily non-UK, in line with local markets and culture

Defined Contribution (DC)

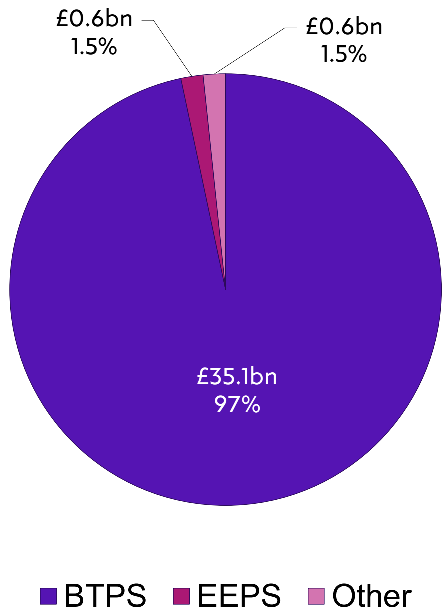
BT Retirement Saving Scheme (BTRSS)

- Principal DC arrangement
- Contract-based; operated by Standard Life
- 57,000 employee members

Other global retirement arrangements

- Primarily non-UK, in line with local markets and culture

Group IAS 19 liability
31 March 2026



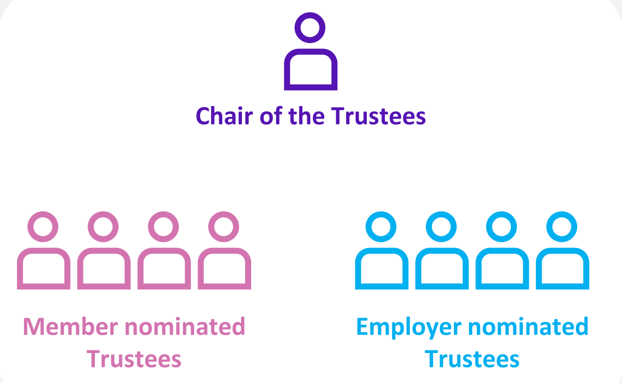
The BTPS is administered and managed by an independent Trustee

Trustee Duties

- Acting in beneficiaries' best interests
- Administering BTPS in line with Scheme rules
- Acting prudently, responsibly and honestly

▪ Nine Trustee directors

▪ Usually appointed for a three-year term for a maximum of three terms



Key Trustee powers

▪ Set the investment strategy
  - BT consultation required

▪ Set assumptions for evaluating the funding deficit and set the level / timing of deficit contributions
  - BT agreement required

Trustee supported by

Brightwell	Principal service provider (funding & fiduciary management, administration & other operational services)
Scheme Actuary	Carries out statutory roles, including performing triennial valuation
Independent advisers	Across a range of specialisms, including legal, covenant and investment

The Pensions Regulator

▪ Ensures scheme sponsors and pension schemes fulfil their duties to scheme members, e.g. intervenes if BT/Trustee can't agree funding assumptions, deficit and contribution plan

General

Benefits from the BTPS are expected to be paid over 60 years

Projecting future expected benefit payments involves significant judgement about uncertain events. e.g. inflation, life expectancy

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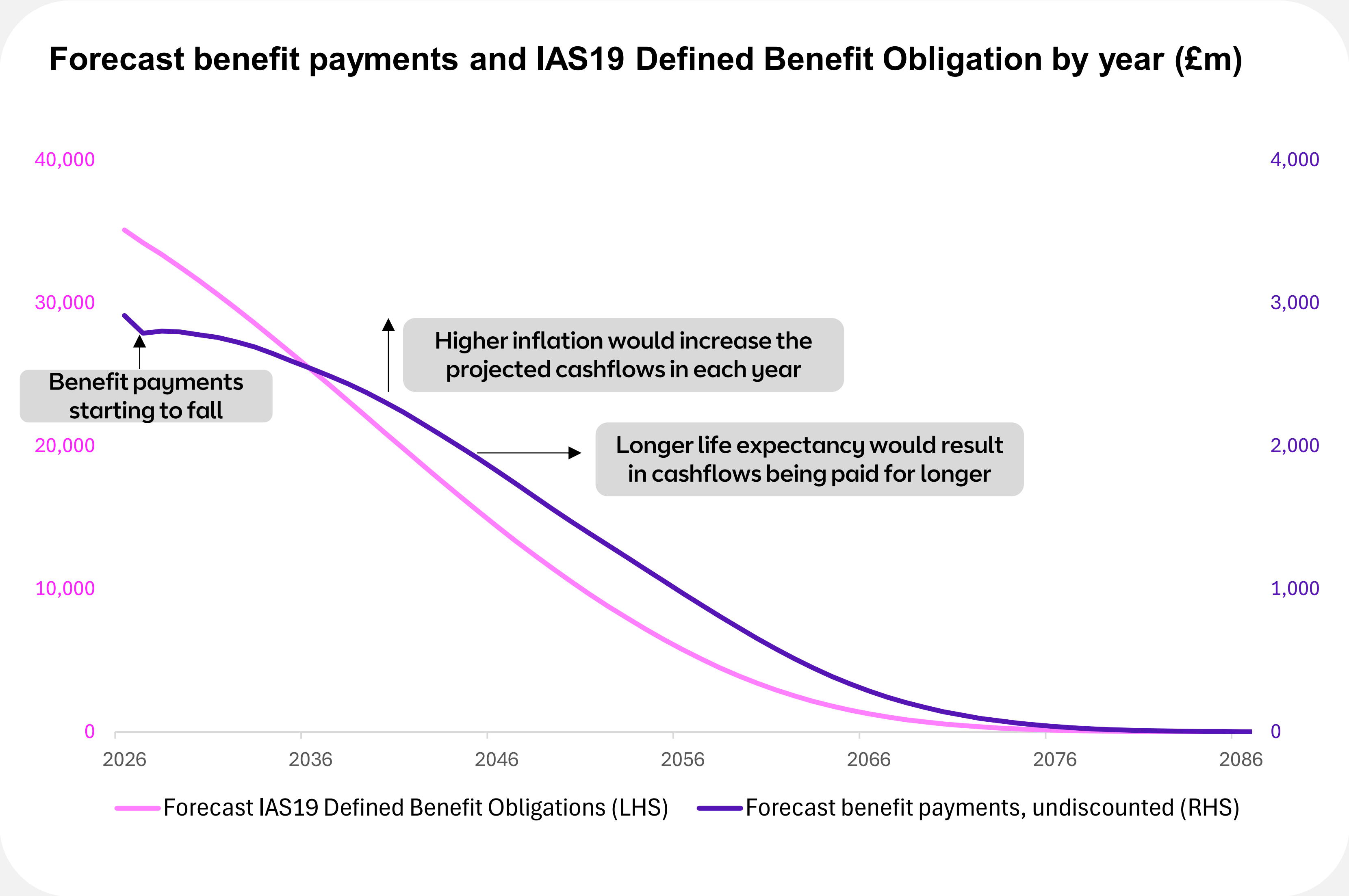
Although benefits will be paid over the next 60 years, the average term of the liabilities is ~10 years



Source: BT Group plc Annual Report 2026

Two key methods to value our obligations

	IAS 19	Funding
Purpose	**Balance sheet in BT Group accounts**	**Setting cash payments**
Regulation	IFRS standards	Pensions Acts
Frequency	Semi-annually	At least every three years
Key assumptions		
Determined by	BT	BT and Trustee agreement
Discount rate	Yield curve based on AA corporate bonds	Yield curve reflecting prudent[1] return expected from BTPS assets
Inflation	Best estimate	Prudent overall approach[1]
Mortality	Best estimate	Prudent overall approach[1]
Asset value	**Fair value**	**Fair value**
BT Bonds	Included	Included
ABF[2]	Excluded	Included

BTPS funding & de-risking plan aligned to regulatory requirement[3]:

- Requires schemes to de-risk by point of "significant maturity"

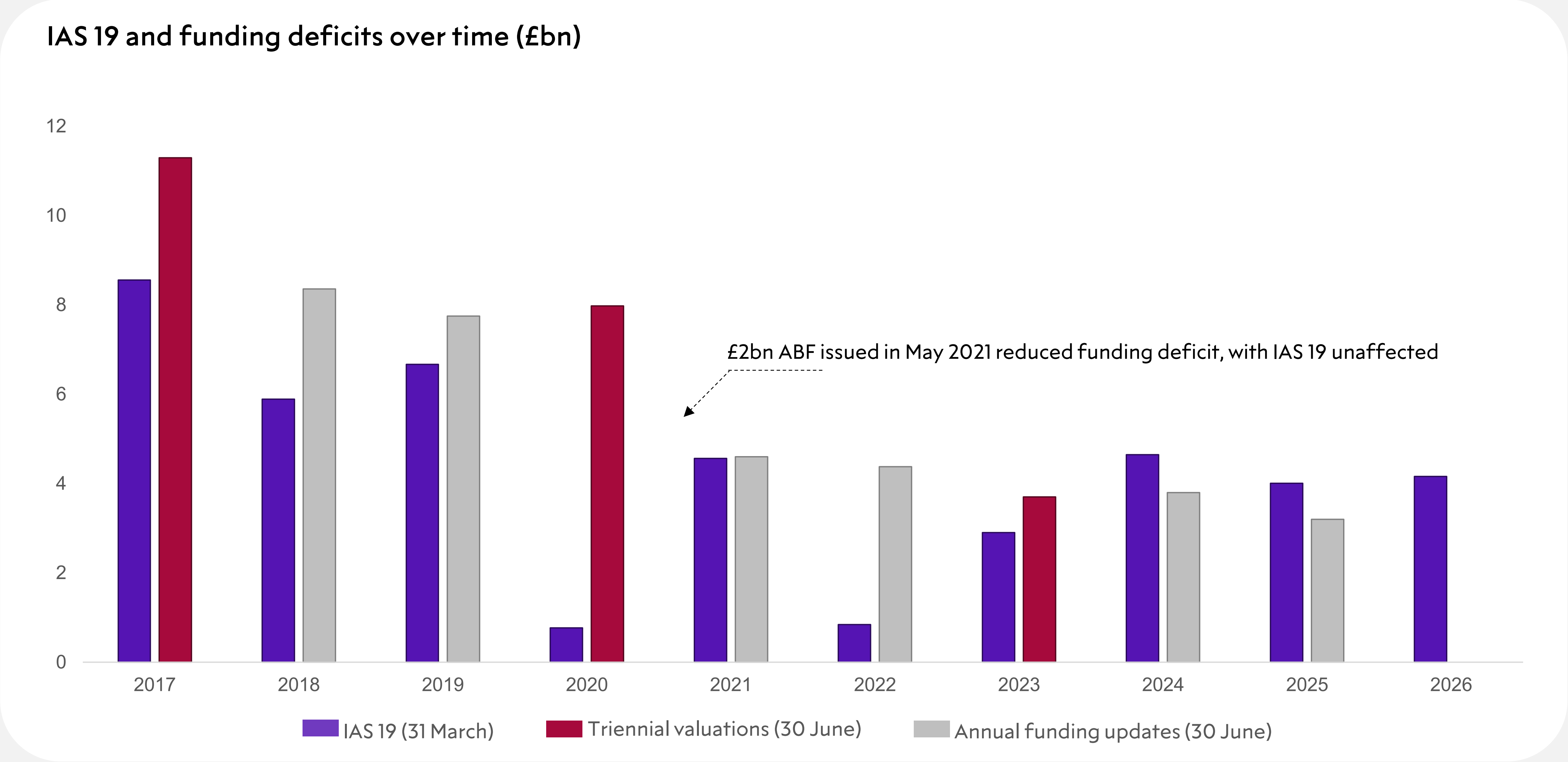
  "The funding and investment strategy must set out how the trustees or managers intend the scheme to reach the low dependency funding basis and be invested in low dependency investments by the relevant date."

- Requires schemes to clear deficits as quickly as reasonably possible

  "…trustees must follow the overriding principle that steps must be taken to recover deficits as soon as the employer can reasonably afford."

1. Prudence is not defined in legislation and is reviewed as part of each funding valuation. An increase in prudence would lead to higher liabilities and deficit; 2. Asset Backed Funding arrangement; 3. Source: TPR Funding Code, November 2024

Deficits have broadly reduced over time



Source: Funding deficits published in BT Pension Scheme annual funding statements, BT Group Annual Report

BTPS has a diversified investment strategy with 27% invested in growth assets

31 Mar 2026		Total (£bn)
Growth (27%)	Public equities	2.1
	Private equity & credit	2.9
	Property	2.1
	Absolute return	0.4
	Mature infrastructure	0.9
Liability matching, cash and other (73%)	UK government bonds	13.6
	Global investment grade credit	9.8
	Secure Income & Bond-Like	7.0
	Cash balances	0.9
	Financial derivative contracts	(5.0)
	Longevity insurance contract	(0.9)
	Other	(2.8)
	Total	31.0

Private equity & credit:

- Investments through funds in companies that are not publicly traded, providing equity-like returns
- Provides diversification from public equity

Property:

- Investments in office buildings, industrial parks, apartments, or retail complexes
- Examples: King's Cross, Birmingham Paradise, NOMA, Wellington Place Leeds

Absolute return:

- Investments in hedge funds providing diversification and performing well during periods of market stress

Mature infrastructure:

- Investments in "real assets", which contain physical assets such as energy networks
- Examples: Fallago Rig wind farm, Viridor (waste-to-energy & power generation), Cadent (gas distribution network)

Secure income & bond-like assets:

- Assets providing contractual cashflows to match benefit payments, e.g. high yield bonds, real estate debt, long-lease real estate

Source: BT Group plc Annual Report 2026;
Note: Further details on asset classes provided in Annual Report

Multi-layer assurance provides confidence over asset valuations

100% of assets valued at each 30 June annual update (for BTPS accounts)

c80% of assets valued as at 31 March (for BT Group accounts)

- All other assets valued within 3 months of 31 March

c£25bn of total assets have quoted market price

- Other assets have valuation inputs not directly observable and require judgement

Asset valuations

- Valued in line with the latest market guidelines (e.g. RICS)
- Funds operate controls and audit processes. Directly held illiquid assets externally valued

Fiduciary manager review

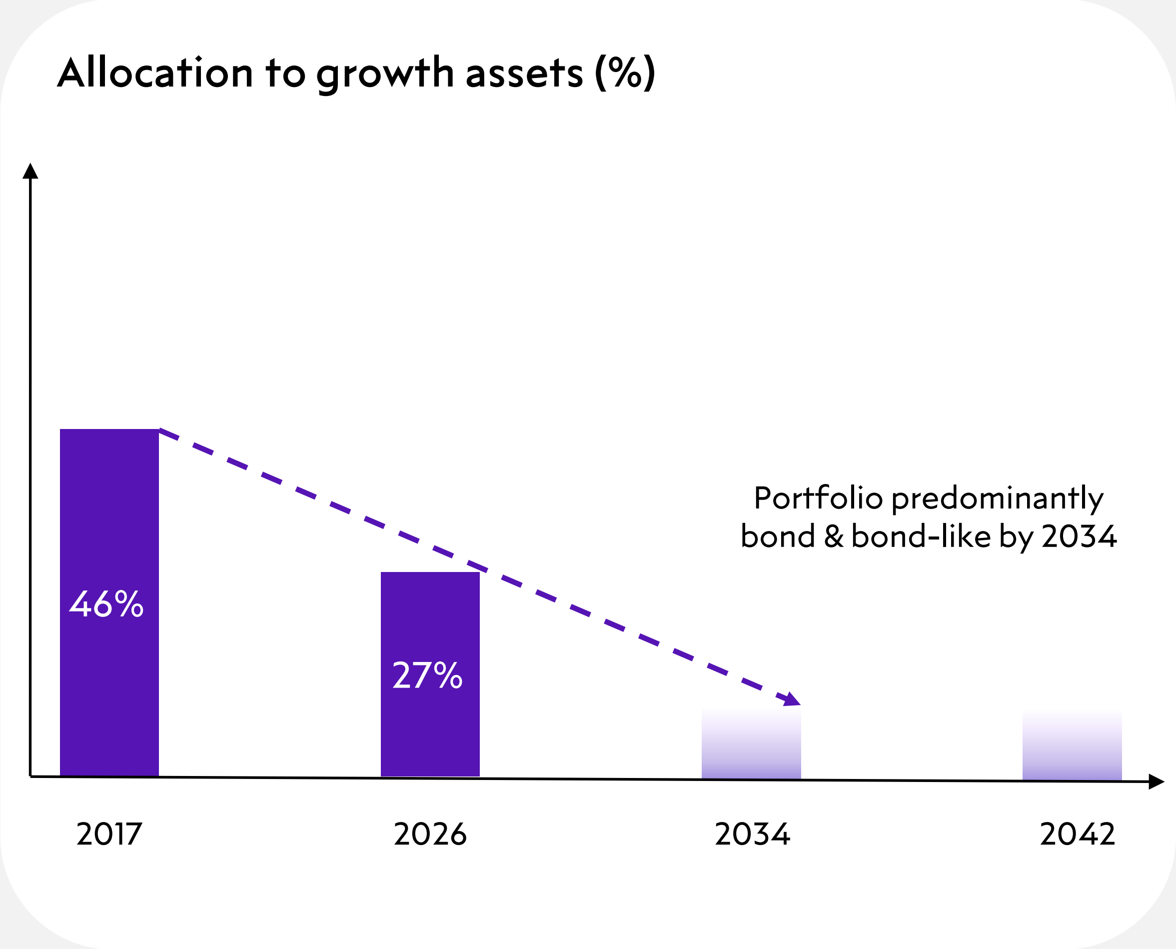
- Brightwell's controls, to ensure appropriate valuations
- Controls externally audited

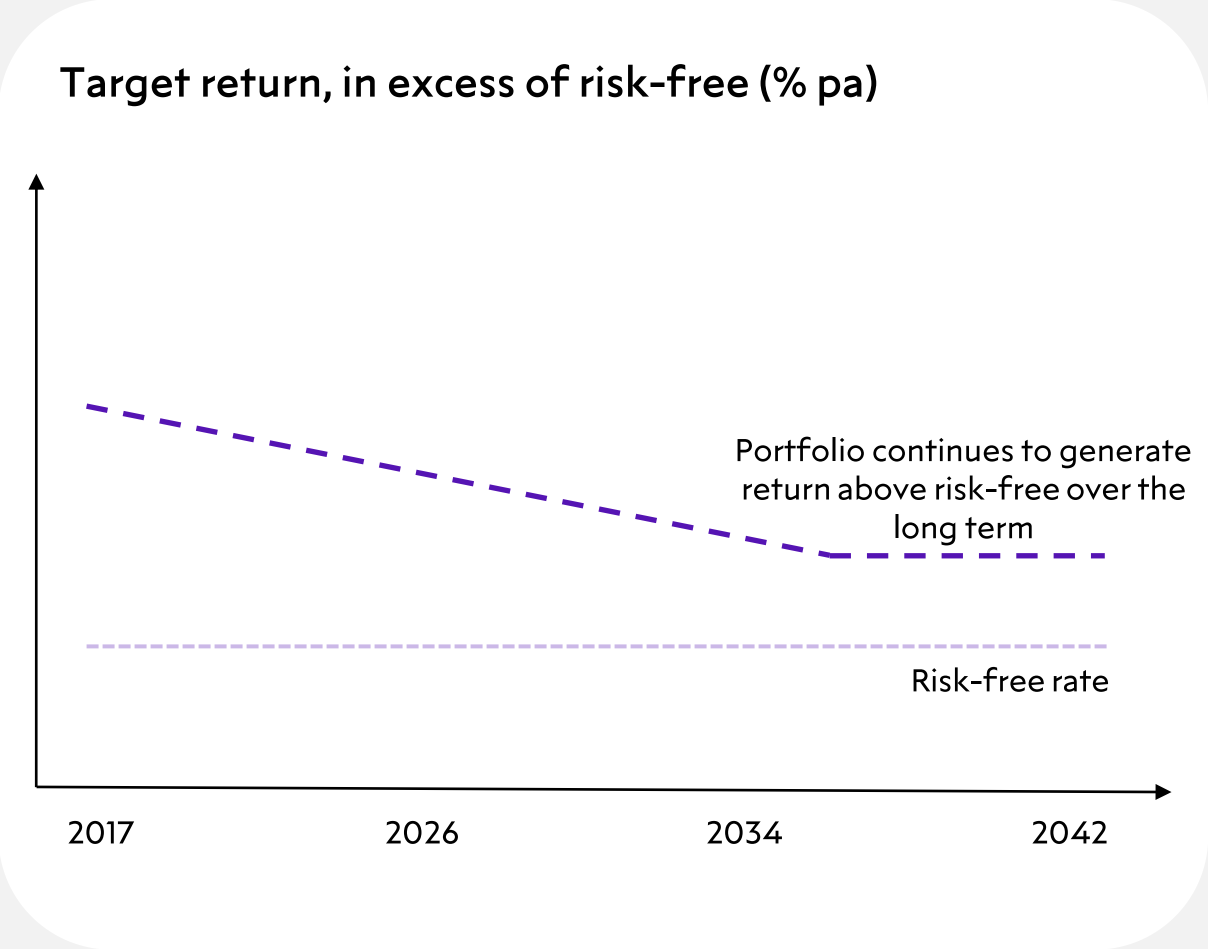
Audited by KPMG

- For both BTPS and BT Group accounts

Source: BT Group plc Annual Report 2026

Portfolio mainly bond-like by 2034, driving long-term stable returns





Source: BT Group plc Annual Reports, BT Pension Scheme Annual Reports

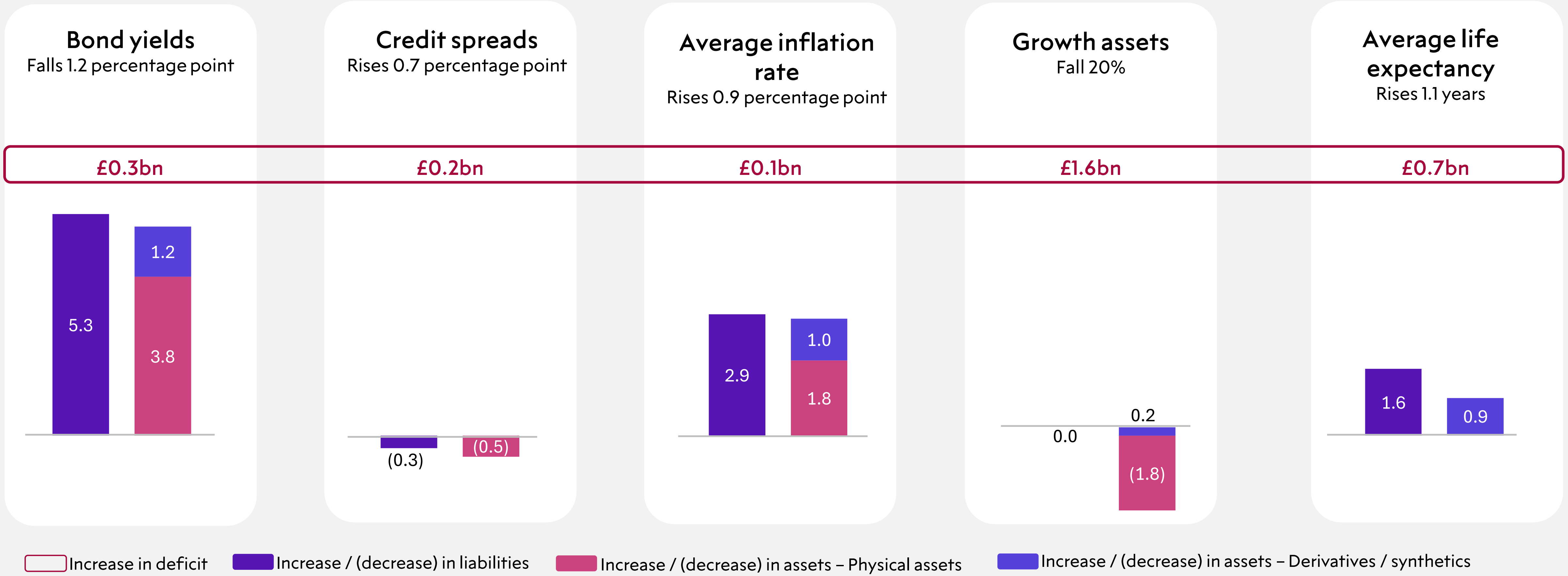
Note: Illustrative

Paul Rogers

Pensions and Insurance Director

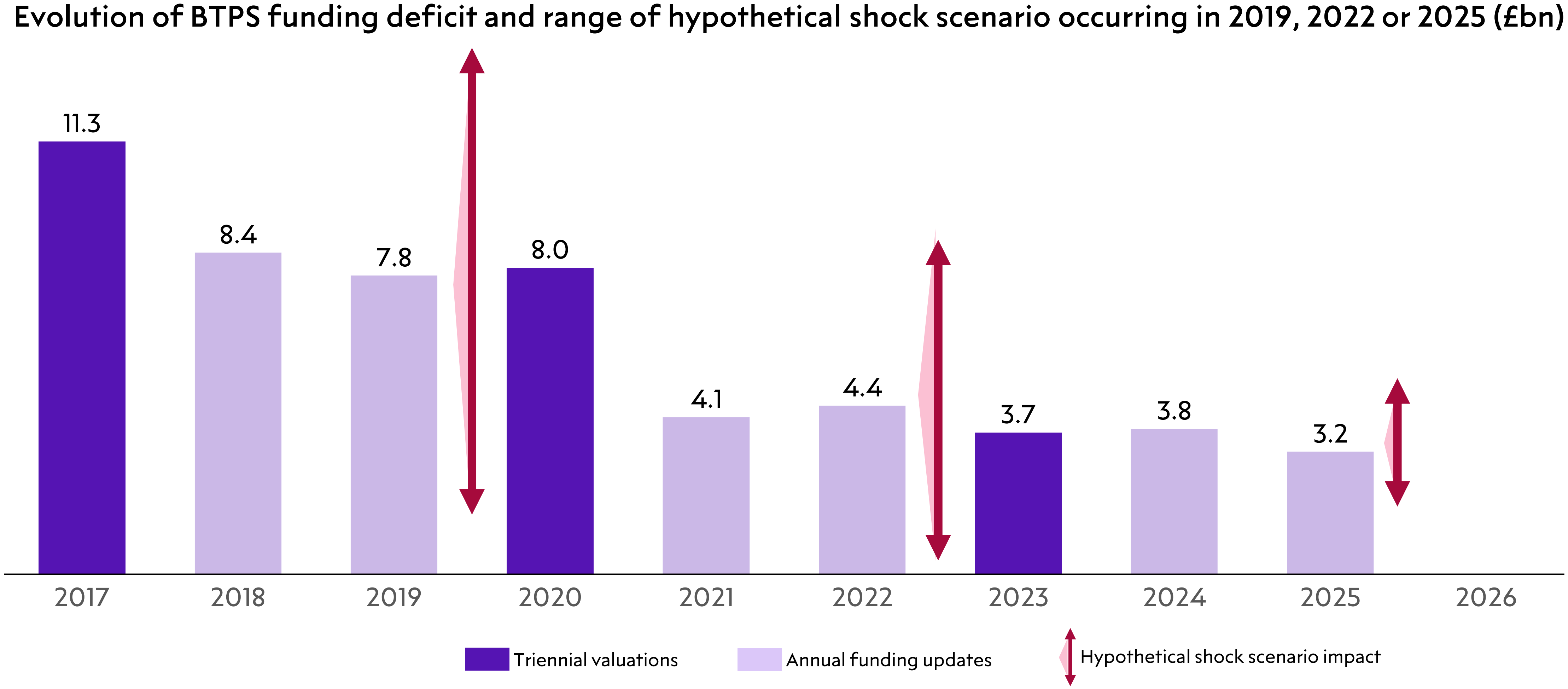
Interest rates and inflation are well hedged on a funding basis

Illustrative scenarios which might occur over the subsequent year with a 5% probability, based on 30 June 25 funding position



Source: BT Group plc Annual Report 2026; Note: The impact shown under each scenario looks at each event in isolation – in practice a combination of events could arise and the sensitivities shown are not additive or linear, e.g. the impact will be lower if the assets/liabilities are smaller.

De-risking has narrowed the range of funding outcomes

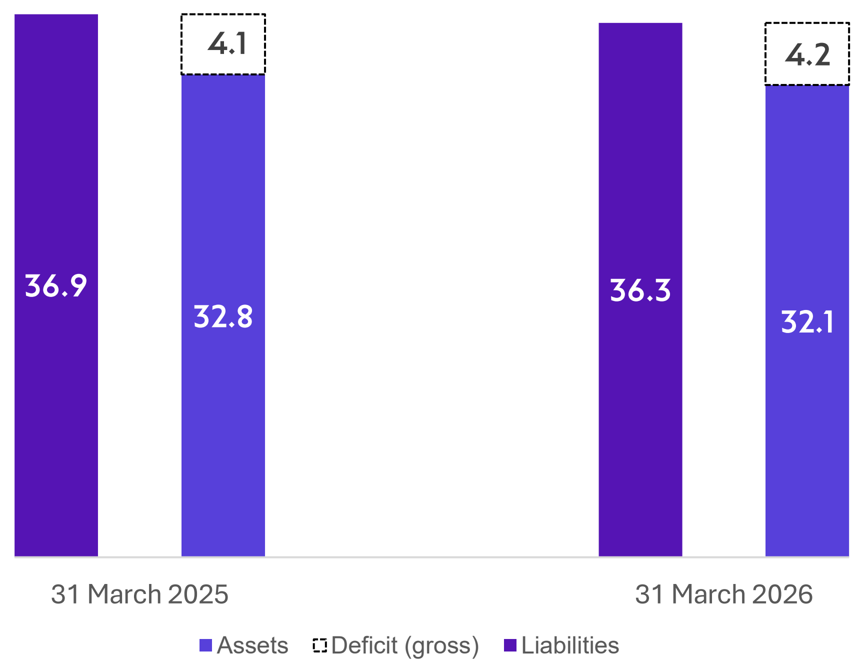


Note: Hypothetical shock illustrates a scenario with 1.0% change in real bond yields,, 15% change in growth assets and 0.5 year change in forecast life expectancy, additively applied ignoring interaction effects

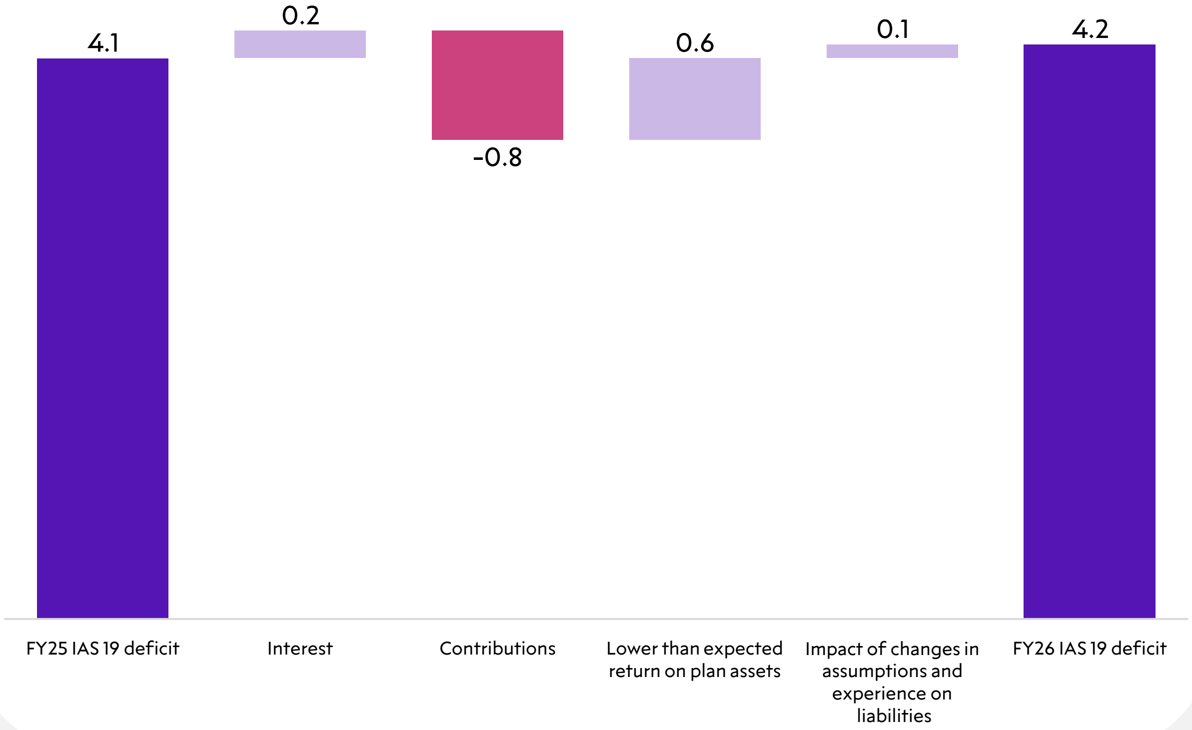
Source: Funding deficits published in BT Pension Scheme annual funding statements, sensitivities approximated using information published in BT Group plc Annual Reports

IAS 19 deficit up £0.1bn - lower asset returns and experience adjustments

Group IAS 19 position at 31 March 2025 and 2026 (£bn)



Key movement drivers (£bn)

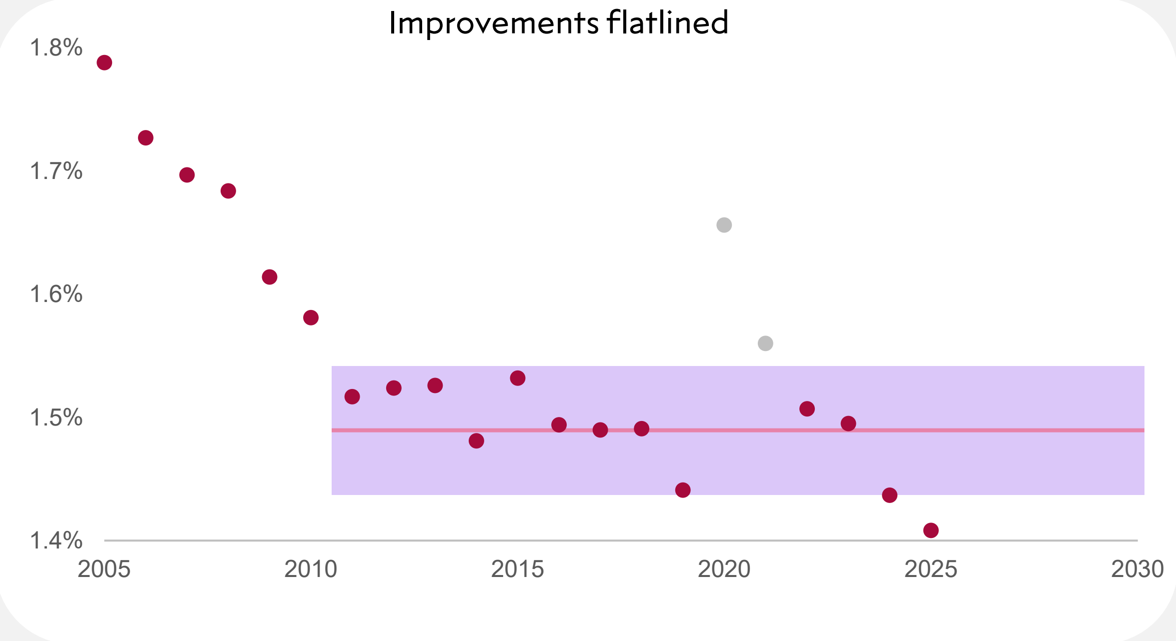


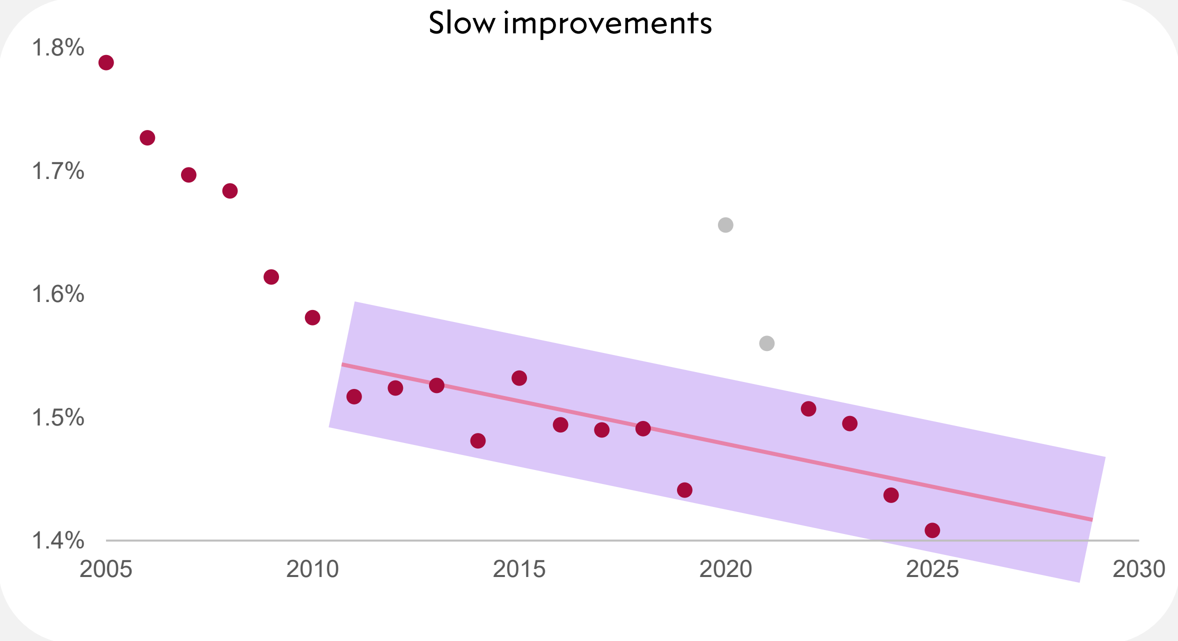
Source: BT Group plc Annual Report 2026. Figures reflect all DB schemes sponsored by BT

Forecasting mortality trends

- Mortality trends are impacted by a range of factors, e.g.:
  - How quickly impact of Covid-19 will dissipate over time
  - Health impact from cost-of-living crisis
  - Systemic strain on NHS
  - Take-up and impact of weight-loss drugs

Same mortality data – two possible trends





Source: Mortality death rates were sourced by WTW from the CMI 2025 model. The data underlying this model is obtained from the ONS. Chart illustrates standardised mortality rates (males aged 40-85)

BT pension plans summary

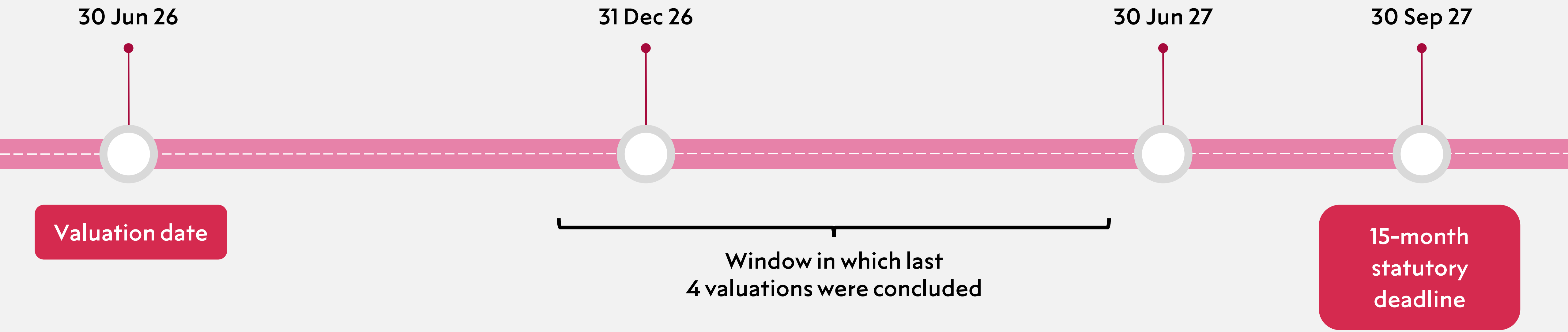
The BT Pension Scheme forms around 97% of our pension liabilities.

The BTPS has a diversified investment strategy which gradually de-risks by 2034, and allows investment returns to continue playing a role in eliminating the deficit.

We use two measures to evaluate the pensions deficit – IAS 19 and Funding.

Looking ahead to the 2026 valuation

Funding valuation: a budgeting exercise carried out every three years

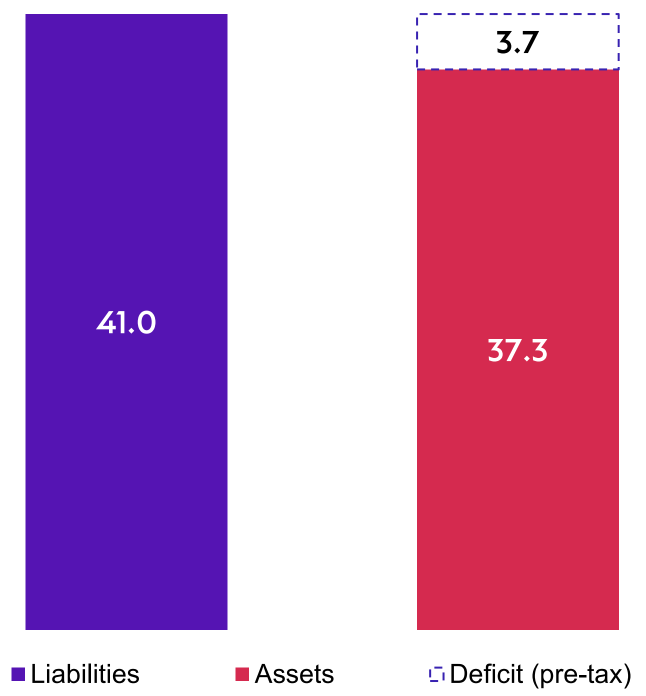


Steps include:

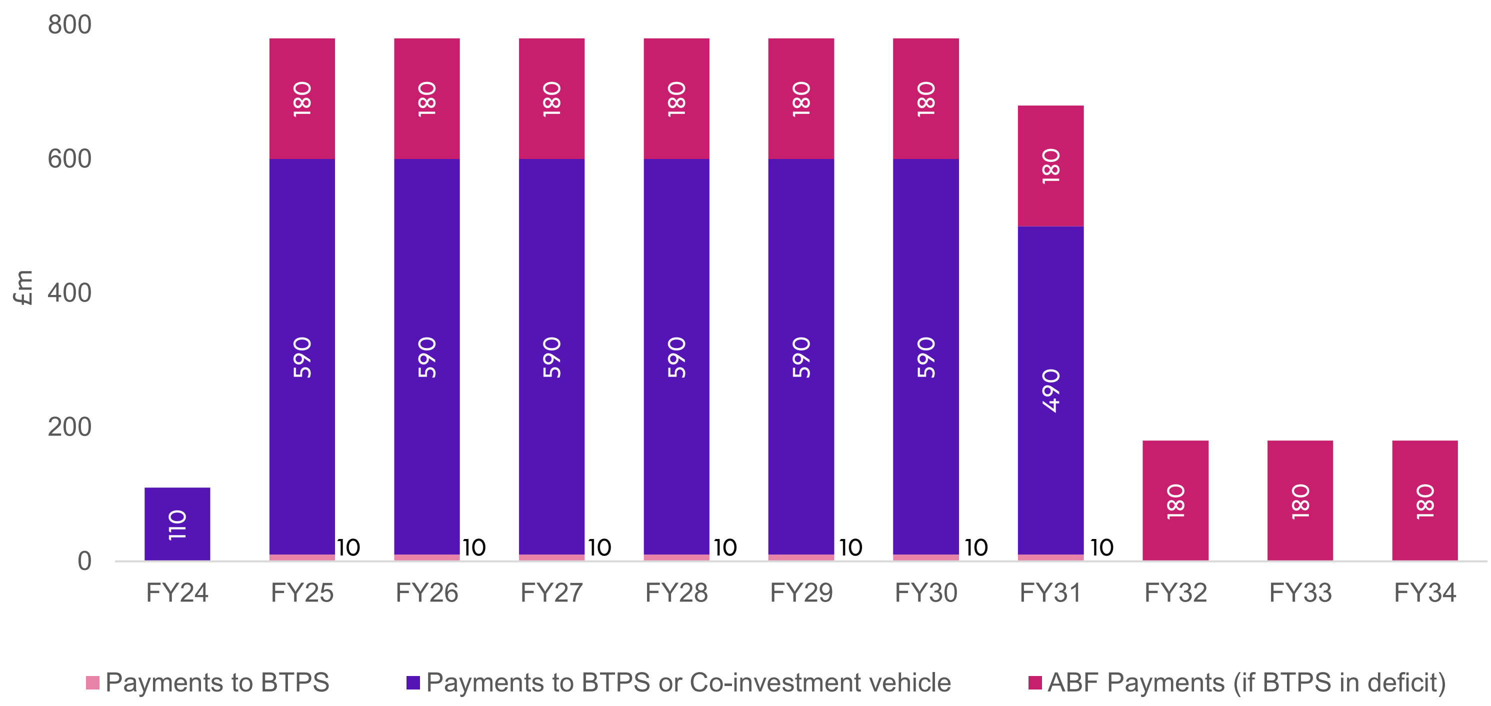
- assess changes in legislation & regulation
- collate and check membership data
- review company covenant
- determine any changes to assumptions / prudence level / approach
- member-by-member actuarial calculations using updated assumptions
- agree contribution schedule and any other legal protections
- valuation documents submitted to Pensions Regulator

Last two triennial valuations included an ABF and stabiliser mechanism

Funding deficit as at 30 June 2023 (£bn)



Payments from 1 July 2023 to address the £3.7bn funding deficit



Supported by **stabiliser** mechanism

Source: BT Group plc Annual Report 2026

The 2020 and 2023 valuations form a platform for the 2026 discussions

Asset-backed funding

- Payments of £180m pa secured on EE Limited
- Payments stop if BTPS fully funded at any 30 June

Co-investment vehicle

- Up to £4.2bn contribution
- Allows return of money to BT, if not needed by BTPS after 2032
- Invested as if part of overall BTPS portfolio
- £1.9bn contributed to date

Future funding commitment

- Additional payments of £150m-£300m pa if funding deficit >£1bn behind plan at two consecutive reviews
- Reviews carried out every June and December
- Payments stop once funding deficit is back on plan

Other protections

- Pensions legislation ensures corporate activity does not disadvantage DB pension schemes
- BTPS protections cover
  - Shareholder distributions
  - Corporate events
  - Negative pledge

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Q&A