BT Group

Results for the full year to 31 March 2025

BT Group plc
22 May 2025

Allison Kirkby, Chief Executive, commenting on the results, said

"BT Group delivered strong progress against its strategic priorities in FY25, as we stepped up the pace of build of the UK's leading next generation networks. We set new record build and connect highs: our full fibre network now reaches more than 18m homes and businesses, with more than 6.5m already connected, and we were awarded the country's best mobile network for the 11th year in a row recognising EE's clear leadership in 5G. We also accelerated the pace of simplification and transformation, agreeing asset sales, improving customer satisfaction across all of our brands and business segments, and delivering over £900m of annualised cost savings.

"Although revenue declined year-on-year driven mainly by lower international sales and handsets, strong cost control and a step-up in focus and transformation resulted in growth in both EBITDA and normalised free cash flow, allowing us to increase our dividend for FY25 by 2% to 8.16p per share.

"The momentum in, and impact of, our full fibre programme is such that we are now raising our build target by 20% to up to 5m UK premises in FY26, keeping us comfortably on track to reach 25m by the end of 2026, while maintaining our cash flow guidance. We are now only one year away from our inflection to £2bn of normalised free cash flow, our target for FY27, and remain on track to deliver £3bn by the end of the decade.

"With the leadership team now in place to take our strategy forward, I am confident that as we build and connect at pace, our transformation will accelerate and deliver a better BT for all of us - our customers, our colleagues, the country and our owners."

Strong delivery against our strategy

- **Record FTTP build of 4.3m** premises passed in the year; FTTP footprint reached more than 18m premises, of which 4.9m in rural locations
- **Record demand for Openreach FTTP** with quarterly net adds above 500k for the first time; total premises connected over 6.5m, increasing our market-leading take up rate to 36%; Openreach broadband ARPU in the year grew by 6% to £16.0, driven by higher FTTP take-up, speed mix and CPI
- **Openreach broadband lines** fell 243k in Q4, driven by losses to competitors and a weaker broadband market; expect the H2 run rate to continue through FY26
- **New FTTP build target of up to 5m announced for FY26, to accelerate FTTP benefits** including take-up and underpinning the December 2026 target of 25m
- **UK's best mobile network** for the eleventh consecutive year as awarded by RootMetrics; tenth year of best network with umlaut connect; best 5G availability with speedtest; 5G standalone rolled out across 50 major UK towns and cities, covering over 40% of the population
- **Retail FTTP base** grew by 33% year-on-year to 3.4m, of which Consumer was 3.2m and Business was 0.2m; **5G base** reached 13.2m, up 15% year-on-year
- **Consumer customer bases relatively stable** in the year with a return to growth in the broadband base in Q4; Consumer broadband ARPU[1] up 2.4% year-on-year to £42.2; Consumer postpaid mobile ARPU[1] £19.4 in line year-on-year; Consumer fixed and mobile convergence grew to 24.6% from 22.9% last year
- **Business continued to refocus on the UK** with disposals of operations in Ireland and, after the period end, Italy; the Emergency Services Network contract was secured for another seven years
- **Transformation delivering ahead of plan** with £913m of gross annualised cost savings during FY25 at a cost to achieve in line with our plan of £448m; energy usage in our networks was down 4% and total labour resource was down 3% to 116k; we achieved a 10% reduction in Openreach repair volumes
- **BT Group NPS improved to 29.5**, up 4.7pts year-on-year, demonstrating further improving customer experience across all three customer facing units

Continued EBITDA growth in FY25 and normalised free cash flow[2] ahead of guidance

- **Reported and adjusted[2] revenue** £20.4bn, down 2%, mainly due to continued challenging trading conditions in our Global and non-UK Portfolio channels and weaker handset trading in Consumer, offsetting the benefit of FTTP growth in Openreach and price increases; **Adjusted UK service revenue[2]** £15.6bn, down 1%, largely due to legacy voice declines
- **Adjusted[2] EBITDA** £8.2bn, up 1%, driven by strong cost transformation
- **Reported profit before tax** £1.3bn, up 12%, primarily due to goodwill impairment in the prior year, offset by higher specific costs and net finance expense
- **Capital expenditure[2] ('capex')** £4.9bn broadly in line with the prior year
- **Net cash inflow from operating activities** £7.0bn; **normalised free cash flow[2]** £1.6bn, up 25% due to higher EBITDA and a lower working capital outflow
- **Net debt** £19.8bn (31 March 2024: £19.5bn), increased mainly due to our scheduled pension scheme contributions of £0.8bn partly offset by free cash flow
- **Gross IAS 19 pension deficit** of £4.1bn, a decrease from £4.8bn at 31 March 2024 mainly due to scheduled contributions
- **Final dividend** of 5.76 pence per share (pps) up from 5.69pps, bringing the full year dividend to 8.16pps, up 2%
- **FY26 Outlook**: Adjusted[2] group revenue c£20bn and adjusted[2] UK service revenue of £15.3-£15.6bn and EBITDA of £8.2-8.3bn; capital expenditure excluding spectrum c. £5.0bn; normalised free cash flow[2] c. £1.5bn
- **Mid-term guidance:** Adjusted[2] group revenue and adjusted[2] UK service revenue sustained growth from FY27 and EBITDA growth ahead of revenue, enhanced by cost transformation; capital expenditure excluding spectrum reducing by more than £1bn from FY26 level; normalised free cash flow[2] of c. £2.0bn in FY27 and c. £3.0bn by the end of the decade

[1] Consumer have reassessed the treatment of EE One and more specifically the standalone selling price of each good and service provided to the customer under the converged offering, and as such the allocation of the total transaction price to be received under the contract to each distinct product. This has resulted in a reclassification of revenues between product types.
[2] See Glossary on page 8.

BT Group plc
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Registered in England and Wales no. 4190816

Full year to 31 March	2025	2024	Change
Reported measures	**£m**	£m	%
Revenue	**20,358**	20,797	(2)
Profit before tax	**1,334**	1,186	12
Profit after tax	**1,054**	855	23
Basic earnings per share	**10.8p**	8.7p	24
Net cash inflow from operating activities	**6,989**	5,953	17
Full year dividend	**8.16p**	8.00p	2
Capital expenditure	**4,857**	4,880	—
Adjusted measures	**£m**	£m	%
Adjusted[1] revenue	**20,370**	20,835	(2)
Adjusted UK service revenue[1]	**15,582**	15,727	(1)
Adjusted[1] EBITDA	**8,209**	8,100	1
Adjusted[1] basic earnings per share	**18.8p**	18.5p	2
Normalised free cash flow[1]	**1,598**	1,280	25
Net debt[1]	**19,816**	19,479	2

Customer-facing unit updates

	Adjusted[1] revenue			Adjusted UK service revenue[1]		
Full year to 31 March	**2025**	2024	Change	**2025**	2024	Change
	£m	£m	%	**£m**	£m	%
Consumer	**9,695**	9,833	(1)	**7,888**	7,916	—
Business	**7,842**	8,128	(4)	**4,861**	4,937	(2)
Openreach	**6,156**	6,077	1	**6,156**	6,077	1
Other	**12**	16	n/m	**12**	11	n/m
Intra-group items	**(3,335)**	(3,219)	(4)	**(3,335)**	(3,214)	(4)
Total	**20,370**	20,835	(2)	**15,582**	15,727	(1)

	Adjusted[1] EBITDA			Normalised free cash flow[1]		
Full year to 31 March	**2025**	2024	Change	**2025**	2024	Change
	£m	£m	%	**£m**	£m	%
Consumer	**2,644**	2,672	(1)	**1,025**	1,023	—
Business	**1,536**	1,630	(6)	**506**	431	17
Openreach	**4,029**	3,827	5	**839**	590	42
Other	**—**	(29)	n/m	**(772)**	(764)	n/m
Total	**8,209**	8,100	1	**1,598**	1,280	25

	Adjusted[1] revenue			Adjusted UK service revenue[1]			Adjusted[1] EBITDA		
Fourth quarter to 31 March	**2025**	2024	Change	**2025**	2024	Change	**2025**	2024	Change
	£m	£m	%	**£m**	£m	%	**£m**	£m	%
Consumer	**2,361**	2,370	—	**1,928**	1,909	1	**659**	664	(1)
Business	**1,993**	2,001	—	**1,214**	1,191	2	**380**	421	(10)
Openreach	**1,505**	1,503	—	**1,505**	1,503	—	**942**	924	2
Other	**2**	4	n/m	**2**	3	n/m	**(7)**	(31)	n/m
Intra-group	**(812)**	(801)	1	**(812)**	(801)	(1)	**—**	—	—
Total	**5,049**	5,077	(1)	**3,837**	**3,805**	1	**1,974**	1,978	—

Performance against FY25 outlook

	FY25 outlook	FY25 performance
Change in adjusted[1] revenue	Down 1-2%	Down 2%
Adjusted[1] EBITDA	c. £8.2bn	£8.2bn
Capital expenditure[1]	<£4.8bn	£4.9bn
Normalised free cash flow[1]	c. £1.5bn	£1.6bn

[1]See Glossary on page 8.
n/m: comparison not meaningful

Overview of the full year to 31 March 2025

Progress against our strategic priorities

Our ambition is to become the UK's most trusted connector of people, business and society. By the end of the decade we aim to pass up to 30 million premises with full fibre, have over 30 million retail customer connections to our products and solutions, and generate £3bn of normalised free cash flow.

During FY25, we made strong progress against our strategic targets for FY28-FY30:

- FTTP premises passed increased by 4.3m to 18.1m; target of 25-30m
- Openreach take-up increased to 36% and retail take-up increased by 0.8m to 3.4m; targets of 40-55% and 6.5-8.5m respectively
- 5G UK population coverage increased to 85% and 5G retail connections increased by 1.7m to 13.2m; targets of >98% and 13.0m-14.5m respectively
- Total labour resource decreased by 4k to 116k; target of 75-90k
- Group Net Promoter Score of 29.5; target of 30-35

We are on track to deliver on our five-year £3bn cost reduction programme to FY29, with 30% of our target or £0.9bn gross annualised cost savings achieved in FY25 at a cost to achieve in line with our expectations of £0.4bn. The remainder of the c£1.0bn cost to achieve will be reasonably evenly spread across the remaining years. We now expect to have migrated all customers off the PSTN by the end of January 2027, allowing us to align the programme with full fibre broadband customer upgrades where available.

We disposed of non-UK assets in Ireland in FY25, and Italy after period end.

We are taking advantage of the efficiency of our full fibre build and provisioning machine and raising our build target for this financial year by 20% to up to 5 million homes and businesses as well as connecting customers beyond our initial targets. By the end of the decade capex will then decline by >£1bn from the FY26 level.

Financial outlook

- We remain well positioned to deliver a strong increase in cash flow and value through delivery of our focused strategy. Our outlook is underpinned by confidence in our unrivalled assets, leading network position, strong brands, ever-improving customer experience and continued focus on transformation.
- In FY26 we expect adjusted[1] group revenue of c. £20bn and adjusted UK service revenue[1] of between £15.3bn and 15.6bn, with adjusted[1] EBITDA between £8.2bn and £8.3bn. Capital expenditure excluding spectrum is expected to be around £5.0bn as we accelerate our FTTP build, offset by c. £100m of forward copper sales, with normalised free cash flow around £1.5bn.
- From FY27 to FY30, we expect sustained adjusted[1] group revenue and adjusted UK service revenue[1] growth as legacy voice drags abate, and EBITDA growth ahead of revenue enhanced by cost transformation. Capital expenditure will reduce by more than £1bn from the FY26 level. We expect to deliver c. £2.0bn in normalised free cash flow in FY27 and c. £3.0bn by the end of the decade.

	FY26 outlook	End of decade
Adjusted[1] group revenue	c. £20bn	Sustained growth from FY27
Adjusted UK service revenue[1]	£15.3-£15.6bn	Sustained growth from FY27
Adjusted[1] EBITDA	£8.2-£8.3bn	Consistent and predictable growth ahead of revenue enhanced by cost transformation
Capital expenditure[1]	c. £5.0bn	Reduces by >£1bn from FY26 level
Normalised free cash flow[1]	c. £1.5bn	c. £2.0bn in FY27 c. £3.0bn by end of decade

Dividend

- In line with our policy, we are today declaring a final dividend of 5.76 pence per share (pps), increasing our full year dividend to 8.16pps, a year-on-year increase of 2% (FY24: 8.00pps).
- We reconfirm our progressive dividend policy which is to maintain or grow the dividend each year whilst taking into consideration a number of factors including underlying medium-term earnings expectations and the level of business reinvestment
- The Board expects to continue with this policy for future years, and to declare two dividends per year with the interim dividend being fixed at 30% of the prior year's full year dividend
- The dividend will be paid on 10 September 2025 to shareholders on the register of members on 8 August 2025. The ex-dividend date will be 7 August 2025

[1] See Glossary on page 8.

Group results for the full year to 31 March 2025

Income statement

- Reported revenue was £20,358m, down 2% mainly due to continued challenging trading conditions in our Global and non-UK Portfolio channels and weaker handset trading in Consumer, offsetting the benefit of FTTP growth in Openreach and price increases in each CFU.
- Adjusted UK Service Revenue for the year was £15,582m (FY24: £15,727m). This is down 1% as growth in Openreach was more than offset by a decline in Business and Consumer largely due to legacy voice declines.
- Reported operating costs were £17,866m, down 4% year-on-year due to cost transformation and the prior year goodwill impairment, partly offset by cost inflation and specific costs including impairment of disposal groups, restructuring charges and adjustments to balances related to our Sports JV.
- Adjusted[1] EBITDA of £8,209m, up 1% driven by strong cost transformation.
- Reported profit before tax of £1,334m, up 12%, primarily due to goodwill impairment in the prior year, offset by higher restructuring charges, adjustments to balances related to our Sports JV and net finance expense in FY25.

Specific items (Note 5 to the condensed consolidated financial statements)

- Specific items resulted in a net charge after tax of £781m (FY24: £963m). The main components were restructuring charges of £448m (FY24: £388m), interest expense on retirement benefit obligation of £197m (FY24: £121m), Sports JV-related items £119m (FY24: £32m) and an impairment loss on reclassification of the disposal groups to held for sale of £116m; partly offset by a tax credit on specific items of £200m (FY24: £145m). Specific operating costs were £772m (FY24: £949m).

Tax

- The effective tax rate on reported profit was 21.0% (FY24: 27.9%) which is lower than the UK corporation tax rate of 25% primarily due to the UK patent box tax regime. The rate was higher in the prior period due to a non-deductible goodwill impairment.
- The effective tax rate on adjusted[1] profit was 20.7% (FY24: 20.7%) for the same reasons.
- Net corporation tax refund of £35m (FY24: £59m payment) comprised overseas tax payments of £60m offset by a UK tax refund of £95m following the closure of prior period tax returns.
- We expect a large proportion of our capital expenditure to be eligible for full expensing which will eliminate our current year UK tax liability.
- The charge for the period comprises deferred tax in the UK and current and deferred tax overseas.

Capital expenditure

- Capital expenditure[1] was £4,857m, broadly in line with prior year, with higher FTTP build and provision volumes in Openreach, some preparation for an acceleration in our build, and higher customer premises equipment in Consumer, being offset by lower build and provision unit costs.
- Cash capital expenditure is in line with prior year at £4,937m, with the difference to reported capital expenditure primarily due to government grant funding repayments.

Net cash inflow from operating activities and normalised free cash flow

- Net cash inflow from operating activities was £6,989m, up 17% driven by a lower working capital outflow.
- Normalised free cash flow[1] was £1,598m, up 25% driven by a lower working capital outflow and higher EBITDA, a reconciliation of our working capital programmes is shown in Additional Information on page 28.
- Net cash cost of specific items adjusted from normalised free cash flow[1] was £498m (FY24: £439m), primarily relating to restructuring payments.

Net debt and liquidity

- Net debt[1] at 31 March 2025 was £19.8bn (31 March 2024: £19.5bn), increasing mainly due to our scheduled pension scheme contributions of £0.8bn partly offset by free cash flow.
- Net financial debt (which excludes lease liabilities) at 31 March 2025 was £15.2bn (31 March 2024: £14.5bn).
- BT Group holds cash and current investment balances of £2.8bn; the current portion of loans and other borrowings is £2.1bn.
- Our £2.1bn undrawn committed borrowing facility, which matures no earlier than January 2030 with the option to extend for two further years, remains undrawn at 31 March 2025.
- We remain committed to our credit rating target of BBB+/Baa1 and minimum rating of BBB/Baa2.
- During FY25 all of the major agencies confirmed their ratings at BBB or equivalent with stable outlook.

Pensions (Note 6 to the condensed consolidated financial statements)

- The IAS 19 deficit has decreased to £4.1bn at 31 March 2025, net of tax £3.2bn (FY24: £4.8bn, net of tax £3.8bn), primarily due to scheduled contributions over the period.
- The 2023 BTPS funding valuation included a future funding commitment for BT to provide additional deficit contributions should the funding deficit be more than £1bn behind plan at two consecutive semi-annual assessment dates. At the 31 December 2024 assessment date, the funding position was within this limit.

Principal risks and uncertainties

Details of the group's principal risks and uncertainties is provided in note 14 .

[1] See Glossary on page 8.

Operating review

Measures discussed in the operating review are on an adjusted basis and unless otherwise stated commentary is on full year results.

Consumer: Trading well through known headwinds, with improving NPS and base trends

	Fourth quarter to 31 March				Full year to 31 March			
	2025	2024	Change		**2025**	2024	Change	
	£m	£m	£m	%	**£m**	£m	£m	%
Revenue[1]	**2,361**	2,370	(9)	—	**9,695**	9,833	(138)	(1)
Of which UK Service Revenue[1]	**1,928**	1,909	19	1	**7,888**	7,916	(28)	—
Operating costs[1]	**1,702**	1,706	(4)	—	**7,051**	7,161	(110)	(2)
EBITDA[1]	**659**	664	(5)	(1)	**2,644**	2,672	(28)	(1)
Depreciation & amortisation[1]					**1,832**	1,738	94	5
Operating profit[1]					**812**	934	(122)	(13)
Capital expenditure					**1,207**	1,175	32	3
Normalised free cash flow[1]					**1,025**	1,023	2	—

- Revenue[1] decline of 1% primarily driven by lower mobile handset trading volumes
- UK service revenue[1] marginally declined 0.4% for the year, with a return to growth in H2 of 0.7% (Q4 1.0%), as the expected challenging pricing comparator and increased competitor pricing pressures in postpaid mobile and broadband were partially offset by higher FTTP mix in broadband
- EBITDA[1] decline of 1% due to revenue flow through and higher input costs including National Living Wage. This was partially offset by continued strong cost control and one-offs in the mid tens of millions comprising other operating income and reimbursement of legal fees
- Depreciation and amortisation[1] was up driven by higher network, digital and customer equipment investment as we transition more customers to fibre
- Capital expenditure was higher due to increased investment in customer premises equipment, including the launch of WiFi 7
- Normalised free cash flow[1] was up driven by favourable working capital timing partly offset by higher capital expenditure and lower EBITDA
- Postpaid mobile ARPU[2] £19.4, flat year-on-year. Postpaid base was stable at 13.9m. Postpaid mobile churn remains low at 1.0% (FY24: 1.1%)
- Broadband ARPU[2] £42.2, up 2.4% year-on-year, with positive mix effects offsetting the expected tougher pricing comparative. Broadband base at 8.2m, churn was 1.2% (FY24: 1.1%) improving in the second half of the year. Broadband base fell 85k in the year, but Q4 saw net adds of 4k, the first time since December 2021 that broadband base has grown quarter-on-quarter, and with improvements across all three brands
- Our converged product base continues to grow with 24.6% (FY24: 22.9%) of all Consumer mobile or broadband households now taking both broadband and postpaid mobile
- Continued growth in the FTTP base with an increase of 427k in H2; the FTTP base was 3.2m customers, up 32% year-on-year. 5G Connected base was 10.8m customers, up 10% year-on-year
- EE won the RootMetrics UK's Best Network award for the eleventh consecutive year
- Customer NPS scores improved year-on-year in EE, BT and Plusnet for the first time in three years as we continue to focus on all of our Consumer brands

[1]Financials and commentary are based on adjusted measures; see Glossary on page 8.
[2] Consumer have reassessed the treatment of EE One and more specifically the standalone selling price of each good and service provided to the customer under the converged offering, and as such the allocation of the total transaction price to be received under the contract to each distinct product. This has resulted in a reclassification of revenues between product types.

Business: UK and International transformation progressing

	Fourth quarter to 31 March				Full year to 31 March			
	2025	2024	Change		**2025**	2024	Change	
	£m	£m	£m	%	**£m**	£m	£m	%
Revenue[1]	**1,993**	2,001	(8)	—	**7,842**	8,128	(286)	(4)
Of which UK Service Revenue[1]	**1,214**	1,191	23	2	**4,861**	4,937	(76)	(2)
Operating costs[1]	**1,613**	1,580	33	2	**6,306**	6,498	(192)	(3)
EBITDA[1]	**380**	421	(41)	(10)	**1,536**	1,630	(94)	(6)
Depreciation & amortisation[1]					**961**	984	(23)	(2)
Operating profit[1]					**575**	646	(71)	(11)
Capital expenditure					**722**	775	(53)	(7)
Normalised free cash flow[1]					**506**	431	75	17

- Revenue[1] decline of 4% driven principally by international trading in Global and Portfolio channels and a £56m foreign exchange drag
- UK service revenue[1] declined by 2% driven mainly by migration off legacy voice products which will be end of service in 2027 and from UK Portfolio declines, offset by an easier comparator following last year's revenue adjustment
- EBITDA[1] decline of 6% was driven by flow through of revenue from higher margin legacy products and managed contracts partly offset by tight cost management and ongoing modernisation activity
- Q4 revenue trend benefits from the £41m prior year revenue adjustment and higher international equipment sales, Q4 EBITDA benefit of this one-off is largely offset by the quarterly phasing of allocated corporate and network costs
- Depreciation and amortisation[1] decline was driven by reduced capex spend
- Capital expenditure was down 7% due to lower customer projects in our Corporate and Public Sector channel
- Normalised free cash flow[1] was up 17% driven by lower capital expenditure and beneficial working capital timing, partially offset by lower EBITDA
- The modernisation of Business continues to progress with over 20% reduction in the number of products we sell in year from 263 to 203, 98% of sales agents moved to the latest aligned sales platform since February 2024, and nearly 90% of our managed services onto the latest service platform
- Business announced in February that it has reached an agreement for the sale of its Irish wholesale and enterprise business unit to Speed Fibre Group. The transaction is subject to competition approval and is expected to complete in 2025. BT will retain a presence in the Irish market to deliver connectivity, cloud and security services to multinationals and large organisations.
- In February, BT Business announced that customer traffic is now live on Global Fabric, BT's brand-new network-as-a-service (NaaS) platform for multinational customers. A growing pipeline of customers, services and features are being added to the Global Fabric platform, with Global Fabric now installed across an international footprint of Equinix data-centres. In April, BT also announced a partnership with Google Cloud, combining the power of Global Fabric with that of Cloud WAN, Google Cloud's planet-scale network

[1] Financials and commentary are based on adjusted measures; see Glossary on page 8.

Openreach: **Revenue and EBITDA growth; Record FTTP demand and FTTP build on track**

	Fourth quarter to 31 March				Full year to 31 March			
	2025	2024	Change		**2025**	2024	Change	
	£m	£m	£m	%	**£m**	£m	£m	%
Revenue[1]	**1,505**	1,503	2	—	**6,156**	6,077	79	1
Of which UK Service Revenue[1]	**1,505**	1,503	2	—	**6,156**	6,077	79	1
Operating costs[1]	**563**	579	(16)	(3)	**2,127**	2,250	(123)	(5)
EBITDA[1]	**942**	924	18	2	**4,029**	3,827	202	5
Depreciation & amortisation[1]					**2,032**	2,052	(20)	(1)
Operating profit[1]					**1,997**	1,775	222	13
Capital expenditure					**2,838**	2,845	(7)	—
Normalised free cash flow[1]					**839**	590	249	42

- Revenue[1] growth of 1% was driven by CPI linked price increases, improving mix of FTTP in the broadband base and growth in the Ethernet base, partially offset by declines in the base of broadband and voice only lines. Q4 revenue growth was negatively impacted by the phasing of commercial and storm related rebates
- EBITDA[1] growth of 5% was driven by continued cost transformation, including the benefit of lower fault rates and lower total labour resource, revenue flow through, and lower energy costs, partially offset by pay inflation
- Depreciation and amortisation[1] was broadly flat year-on-year, with the growth in fibre depreciation being offset by a one-off impairment relating to the copper network in the prior year
- Capital expenditure[1] was broadly flat year-on-year with higher FTTP build and provision volumes being offset by lower build and provision unit costs and lower copper investment
- Normalised free cash flow[1] growth was primarily driven by higher EBITDA and the timing of working capital
- Q4 was the fifth consecutive quarter of Openreach passing over 1m premises with FTTP, at an average build rate of 84k per week in the quarter and a record of 4.3m premises passed in the year, exceeding the upgraded build target of 4.2m announced in November
- We have accelerated our build plan to increase our build target by 20% to up to 5m premises in FY26, towards our target to reach 25m by December 2026, while also continuing to provision lines at higher rates than previously expected
- FTTP footprint reached more than 18m premises of which 4.9m are in more rural and less competitive areas (Area 3 as defined by Ofcom[2]), well ahead of the proportion committed within our target of 25m by December 2026
- Record customer demand for Openreach FTTP with net adds above 500k for the first time at 529k in the quarter taking the full year to 1.8m, total lines connected 6.5m, a growth of 39% year-on-year; increasing our market-leading take up rate to 36%
- Openreach broadband lines declined by 243k in Q4 (including a step up quarter-on-quarter of 23k ceases of dual lines with a residual of 40k), driven by competitor losses and a weaker overall broadband market; we expect the H2 run rate to continue through FY26 while we continue to connect at pace
- Openreach broadband ARPU of £16.0 up 6% year-on-year, ahead of the CPI linked price increases, driven by a greater FTTP take-up and speed mix
- Across the full year Openreach achieved 30/30 Ofcom Copper Quality of Service measures and 5/5 Ethernet Ofcom Quality of Service measures
- Openreach delivered a solid performance for on time FTTP provision of 89% in Q4 despite the impact of storms Darragh, Éowyn and Herminia
- End customer satisfaction remained high in Q4 with 93% of our independent customer survey responses scoring Openreach between 8 and 10 (out of 10), helping to maintain an 'Excellent' Trustpilot rating based on over 172k reviews, with 82% of reviews rated as '5 star'

[1] Financials and commentary are based on adjusted measures; see Glossary on page 8.
[2] 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.

Glossary

Adjusted	Adjusted measures (including adjusted revenue, adjusted operating costs, adjusted operating profit, and adjusted basic earnings per share) are before specific items. Adjusted results are consistent with the way that financial performance is measured by management and assist in providing an additional analysis of the reporting trading results of the group.
Adjusted EBITDA	Earnings before interest, tax, depreciation and amortisation, before specific items, share of post tax profits/losses of associates and joint ventures and net finance expense.
Free cash flow	Net cash inflow from operating activities after net capital expenditure.
Capital expenditure	Additions to property, plant and equipment and intangible assets in the period.
Normalised free cash flow	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 assets 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 loans 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 the adjustments are made on a pre-tax basis.
Net debt	Loans and other borrowings and lease liabilities (both current and non-current), less current asset investments and cash and cash equivalents, including 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 into sterling at swapped rates where hedged. Fair value adjustments and accrued interest applied to reflect the effective interest method are removed.
Adjusted UK Service revenue	Adjusted UK Service revenue comprises all UK revenue less UK equipment revenue. Some revenue from equipment is included within adjusted UK service revenue where this is sold as part of a managed services contract or where that equipment cannot be practicably separated from the underlying service. Adjusted UK service revenue excludes revenues from our Global channel and international elements of our Portfolio channel within our Business segment, as they are international in nature.
Specific items	Items that in management's judgement need to be disclosed separately by virtue of their size, nature or incidence. In the current period these relate to our assessment of our provision for historic regulatory matters, impairment on remeasurement of the disposal groups to held for sale, impairment charges in our portfolio businesses, restructuring charges, divestment-related items, Sports JV-related items and net interest expense on pensions. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

We assess the performance of the group using a variety of alternative performance measures. Reconciliations from the most directly comparable IFRS measures are in Additional Information on pages 27 to 29.

Condensed consolidated financial statements

Group income statement

Full year ended 31 March 2025	Note	Before specific items (Adjusted)	Specific items (note 5)	Total (Reported)
		£m	£m	£m
Revenue	2,3	20,370	(12)	**20,358**
Operating costs	4	(17,094)	(772)	**(17,866)**
Of which net impairment losses on trade receivables and contract assets		*(171)*	—	***(171)***
Operating profit (loss)		3,276	(784)	**2,492**
Finance expense		(1,104)	(197)	**(1,301)**
Finance income		151	—	**151**
Net finance expense		(953)	(197)	**(1,150)**
Share of post tax profit (loss) of associates and joint ventures		(8)	—	**(8)**
Profit (loss) before tax		2,315	(981)	**1,334**
Taxation		(480)	200	**(280)**
Profit (loss) for the period		1,835	(781)	**1,054**
Earnings per share				
- basic		18.8p	(8.0)p	**10.8p**
- diluted		18.4p	(7.8)p	**10.6p**

Full year ended 31 March 2024	Note	Before specific items (Adjusted)	Specific items (note 5)	Total (Reported)
		£m	£m	£m
Revenue	2,3	20,835	(38)	**20,797**
Operating costs	4	(17,634)	(949)	**(18,583)**
Of which net impairment losses on trade receivables and contract assets		*(165)*	—	**(165)**
Of which impairment of goodwill		—	*(488)*	**(488)**
Operating profit (loss)		3,201	(987)	**2,214**
Finance expense		(1,067)	(121)	**(1,188)**
Finance income		181	—	**181**
Net finance expense		(886)	(121)	**(1,007)**
Share of post tax profit (loss) of associates and joint ventures		(21)	—	**(21)**
Profit (loss) before tax		2,294	(1,108)	**1,186**
Taxation		(476)	145	**(331)**
Profit (loss) for the period		1,818	(963)	**855**
Earnings per share				
- basic		18.5p	(9.8)p	**8.7p**
- diluted		18.2p	(9.6)p	**8.6p**

Group statement of comprehensive income

	Full year ended 31 March	
	2025	2024
	£m	£m
Profit for the period	**1,054**	855
Other comprehensive income (loss)		
Items that will not be reclassified to the income statement		
Remeasurements of the net pension obligation	88	(2,444)
Tax on pension remeasurements	(22)	600
Items that have been or may be reclassified subsequently to the income statement		
Exchange differences on translation of foreign operations	(50)	(66)
Fair value movements on assets at fair value through other comprehensive income	(6)	—
Movements in relation to cash flow hedges:		
– net fair value (losses) gains	(105)	(642)
– recognised in income and expense	329	356
Share of post tax other comprehensive income in associates and joint ventures	(5)	(11)
Tax on components of other comprehensive income that have been or may be reclassified	(56)	78
Other comprehensive income (loss) for the period, net of tax	**173**	(2,129)
Total comprehensive income (loss) for the period	**1,227**	(1,274)

Group balance sheet

	Note	31 March 2025	31 March 2024
		£m	£m
Non-current assets			
Intangible assets		12,433	12,920
Property, plant and equipment		23,380	22,562
Right-of-use assets		3,328	3,642
Derivative financial instruments		904	1,020
Investments		17	29
Joint ventures and associates	10	252	307
Trade and other receivables		655	641
Preference shares in joint venture	10	234	451
Contract assets		306	330
Retirement benefit surplus	6	142	70
Deferred tax assets		959	1,048
		42,610	43,020
Current assets			
Inventories		331	409
Trade and other receivables		3,109	3,565
Preference shares in joint ventures	10	161	82
Contract assets		1,194	1,410
Assets classified as held for sale	11	245	—
Current tax receivable		355	423
Derivative financial instruments		130	50
Investments		2,631	2,366
Cash and cash equivalents		216	414
		8,372	8,719
Current liabilities			
Loans and other borrowings		2,092	1,395
Derivative financial instruments		106	94
Trade and other payables		5,955	6,327
Contract liabilities		899	906
Lease liabilities		705	766
Liabilities held for sale	11	188	—
Current tax liabilities		82	92
Provisions		258	238
		10,285	9,818
Total assets less current liabilities		**40,697**	41,921
Non-current liabilities			
Loans and other borrowings		16,670	17,131
Derivative financial instruments		391	445
Contract liabilities		257	175
Lease liabilities		3,866	4,189
Retirement benefit obligations	6	4,230	4,882
Other payables		276	637
Deferred tax liabilities		1,717	1,533
Provisions		382	411
		27,789	29,403
Equity			
Share capital		499	499
Share premium		1,051	1,051
Own shares		(378)	(311)
Merger reserve		998	998
Other reserves		828	716
Retained earnings		9,910	9,565
Total equity		**12,908**	12,518
		40,697	41,921

Group statement of changes in equity

	Share Capital[1]	Share Premium[2]	Own Shares	Merger Reserve[3]	Other Reserves	Retained earnings	Total Equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2024	**499**	**1,051**	**(311)**	**998**	**716**	**9,565**	**12,518**
Profit for the period	—	—	—	—	—	1,054	1,054
Other comprehensive income (loss) before tax	—	—	—	—	(161)	83	(78)
Tax on other comprehensive (loss) income	—	—	—	—	(56)	(22)	(78)
Transferred to the income statement	—	—	—	—	329	—	329
Total comprehensive income (loss) for the period	—	—	—	—	112	1,115	1,227
Dividends to shareholders	—	—	—	—	—	(791)	(791)
Share-based payments	—	—	—	—	—	62	62
Tax on share-based payments	—	—	—	—	—	18	18
Net buyback of own shares	—	—	(67)	—	—	(58)	(125)
Other movements	—	—	—	—	—	(1)	(1)
At 31 March 2025	**499**	**1,051**	**(378)**	**998**	**828**	**9,910**	**12,908**

At 1 April 2023	**499**	**1,051**	**(422)**	**998**	**957**	**11,431**	**14,514**
Profit for the period	—	—	—	—	—	855	855
Other comprehensive income (loss) before tax	—	—	—	—	(708)	(2,455)	(3,163)
Tax on other comprehensive (loss) income	—	—	—	—	78	600	678
Transferred to the income statement	—	—	—	—	356	—	356
Total comprehensive income (loss) for the period	—	—	—	—	(274)	(1,000)	(1,274)
Dividends to shareholders	—	—	—	—	—	(757)	(757)
Share-based payments	—	—	—	—	—	71	71
Tax on share-based payments	—	—	—	—	—	(12)	(12)
Net buyback of own shares	—	—	111	—	—	(137)	(26)
Transfer to realised profit		—	—	—	33	(33)	—
Other movements	—	—	—	—	—	2	2
At 31 March 2024	499	1,051	(311)	998	716	9,565	12,518

1 The allotted, called up, and fully paid ordinary share capital of BT Group plc at 31 March 2025 was £499m comprising 9,968,127,681 ordinary shares of 0.05p each (31 March 2024: £499m comprising 9,968,127,681 ordinary shares of 0.05p each). 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.
2 The share premium account, comprising the premium on allotment of shares, is not available for distribution.
3 The merger reserve balance at 1 April 2023 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.

Group cash flow statement

	Full year to 31 March	
	2025	2024
	£m	£m
Cash flow from operating activities		
Profit before taxation	1,334	1,186
Share of post tax loss (profit) of associates and joint ventures	8	21
Net finance expense	1,150	1,007
Operating profit	**2,492**	2,214
Other non-cash charges[1]	130	76
Impairment loss on remeasurement of disposal groups	116	—
Loss (profit) on disposal of businesses[2]	—	(15)
(Profit) loss on disposal of property, plant and equipment and intangible assets	(32)	3
Depreciation and amortisation, including impairment charges[3]	4,978	5,398
Decrease (increase) in inventories	78	(60)
Decrease (increase) in trade and other receivables	235	(843)
Decrease (increase) in contract assets	219	157
(Decrease) increase in trade and other payables	(386)	(89)
Increase (decrease) in contract liabilities	99	39
(Decrease) increase in other liabilities[4]	(924)	(850)
(Decrease) increase in provisions	(51)	(18)
Cash generated from operations	**6,954**	6,012
Income taxes refunded (paid)	35	(59)
Net cash inflow from operating activities	**6,989**	5,953
Cash flow from investing activities		
Interest received	132	140
Dividends received from joint ventures, associates and investments	4	20
Proceeds on disposal of businesses	25	81
Proceeds on disposal of current financial assets[5]	13,891	12,389
Purchases of current financial assets[5]	(14,158)	(11,216)
Proceeds from investment in preference shares in joint venture	63	—
Proceeds on disposal of property, plant and equipment and intangible assets	36	2
Purchases of property, plant and equipment and intangible assets[6]	(4,937)	(4,969)
Prepayment for forward sale of copper[7]	—	105
Decrease (increase) in amounts owed by joint ventures	120	117
Settlement of minimum guarantee liability with sports joint venture	(187)	(211)
Net cash outflow from investing activities	**(5,011)**	(3,542)
Cash flow from financing activities		
Equity dividends paid	(788)	(759)
Interest paid	(956)	(865)
Repayment of borrowings[8]	(2,095)	(1,676)
Proceeds from bank loans and bonds	2,552	2,242
Payment of lease liabilities	(739)	(748)
Cash flows from collateral received (paid)	(11)	(532)
Changes in ownership interests in subsidiaries	—	(13)
Proceeds from exercise of employee share options	6	57
Repurchase of ordinary share capital	(79)	(133)
(Decrease) increase in amounts owed to joint ventures	(1)	(1)
Net cash outflow from financing activities	**(2,111)**	(2,428)
Net decrease in cash and cash equivalents	**(133)**	(17)
Opening cash and cash equivalents	356	381
Net decrease in cash and cash equivalents	(133)	(17)
Effect of exchange rate changes	(9)	(8)
Closing cash and cash equivalents[9]	**214**	356

1 FY25 non cash items include £75m of fair value loss (FY24: £22m) on A and C preference shares held in the sports JV and an impairment loss of £44m in respect of the Group's equity interest in the Sports JV.
2 FY24 net profit comprises £25m profit on divestments completing in the year less £10m net transaction costs in relation to the FY23 BT Sport disposal.
3 FY24 depreciation and amortisation includes goodwill impairment charges of £488m.
4 Includes pension deficit payments of £803m (FY24: £823m).
5 Primarily consists of investment in and redemption of amounts held in liquidity funds.
6 Property, plant and equipment, engineering stores and software additions of £4,857m (FY24: £4,880m) and capital accruals movements of £80m (FY24: £89m). Purchases of property, plant and equipment is presented net of cash inflows from government grants of £98m (FY24: £159m).
7 During FY25 we received an upfront prepayment of £nil (FY24: £105m) from entering into a forward agreement to sell copper granules created from surplus copper cables which are currently recognised within property, plant and equipment. 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.
8 Repayment of borrowings includes the impact of hedging.
9 Net of bank overdrafts of £2m (FY24: £58m).

Notes to the condensed consolidated financial statements

1. Basis of preparation and accounting policies

Basis of preparation

These condensed consolidated financial statements (the "financial statements") comprise the financial results of BT Group plc for the years to 31 March 2025 and 2024 together with the balance sheet at 31 March 2025 and 2024. Results for the year to 31 March 2025 have been extracted from the 31 March 2025 audited consolidated financial statements which have been approved by the Board of Directors. These have not yet been delivered to the Registrar of Companies but are expected to be published on 12 June 2025.

Management have produced forecasts which confirm the group has adequate resources to continue in operation for a period of at least twelve months from the date of approval of this report, notwithstanding the net current liabilities position of £1,913m at 31 March 2025 (£1,099m net current liabilities at 31 March 2024). Consequently, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements for the half year to 31 March 2025. When reaching this conclusion, the directors took into account:

- The group's overall financial position (including trading during the year and ability to repay term debt as it matures without recourse to refinancing); and
- Exposure to our principal risks and uncertainties; and
- The financial effect of a severe but plausible downside scenario

At 31 March 2025, the group had cash and cash equivalents of £214m (net of bank overdrafts) and current asset investments of £2,631m. The group also had access to committed borrowing facilities of £2.1bn, which matures no earlier than January 2030 with the option to extend for two further years.

The financial statements have been prepared in accordance with the accounting policies as set out in the financial statements for the year to 31 March 2025 and have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value.

The financial information set out above does not constitute the company's statutory accounts for the years to 31 March 2025 and 2024 but is derived from those accounts. A reference to a year expressed as FY25 is to the financial year ended 31 March 2025. The auditor has reported on those accounts; their report (i) was unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for the year to 31 March 2025 or 31 March 2024. Statutory accounts for the year to 31 March 2025 were approved by the Board of Directors on 21 May 2025, published on 12 June 2025 and have been delivered to the Registrar of Companies.

Accounting policies changes and restatements

Other than as stated below, the financial statements have been prepared in accordance with the accounting policies as set out in the financial statements for the year to 31 March 2025 and have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value.

New and amended accounting standards effective during the year

The following new and amended standards are effective during the year, none of which had a material impact on the financial statements of the group:

- Lease liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)
- Classification of liabilities as current or non-current and non current liabilities with covenants (Amendments to IAS 1 Presentation of Financial Statements)
- Disclosures for Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

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 standards. 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 in the during FY25 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 IASB has issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements. BT is evaluating the impact of this new standard on its financial statements. It will be effective for BT for the first time for FY28.

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:

- Lack of Exchangeability (Amendments to IAS 21)
- 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.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS S2 Climate-related Disclosures have been issued but not yet endorsed by the UK authorities. We will continue to monitor new disclosure requirements and update our disclosures as part of the TCFD reporting where relevant.

Restatement of operating costs

During FY25, following the roll-out of a new payroll system, we have identified employee pension contributions were incorrectly included in employer pension costs and should have been recorded as gross wages and salaries. Additionally, sales commissions were omitted from wages and salaries, being recognised in 'sales commissions'.

In FY24, following completion of a finance system transformation, we have more granular information with which to better align cost allocations with our accounting policies. As a result, we have identified certain reclassifications across our operating cost categories to the costs reported in FY24. Comparatives have been restated. See note 4 for details.

2. Operating results – by customer-facing unit

	Consumer	Business	Openreach	Other	Total
Full year to 31 March 2025	**£m**	**£m**	**£m**	**£m**	**£m**
Segment revenue	9,695	7,842	6,156	12	23,705
Internal revenue	(42)	(106)	(3,187)	—	(3,335)
Adjusted[1] external revenue	**9,653**	**7,736**	**2,969**	**12**	**20,370**
Adjusted EBITDA[2]	2,644	1,536	4,029	—	8,209
Depreciation and amortisation[1]	(1,832)	(961)	(2,032)	(108)	(4,933)
Adjusted[1] operating profit (loss)	**812**	**575**	**1,997**	**(108)**	**3,276**
Specific items (note 5)					(784)
Operating profit					**2,492**
Full year to 31 March 2024					
Segment revenue	9,833	8,128	6,077	16	24,054
Internal revenue	(47)	(71)	(3,101)	—	(3,219)
Adjusted[1] external revenue	**9,786**	**8,057**	**2,976**	**16**	**20,835**
Adjusted EBITDA[2]	2,672	1,630	3,827	(29)	8,100
Depreciation and amortisation[1]	(1,738)	(984)	(2,052)	(125)	(4,899)
Adjusted[1] operating profit (loss)	**934**	**646**	**1,775**	**(154)**	**3,201**
Specific items (note 5)					(987)
Operating profit					**2,214**

[1] Before specific items, see Glossary on page 8.
[2] Adjusted EBITDA is defined in the Glossary on page 8. For the reconciliation of adjusted EBITDA, see Additional Information on page 27.

3. Operating results - disaggregation of external revenue

Full year to 31 March 2025	Consumer	Business	Openreach	Other	Total
	£m	£m	£m	£m	£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[1] and other services	**1,806**	**1,326**	**72**	**12**	**3,216**
Total adjusted[2] revenue	**9,653**	**7,736**	**2,969**	**12**	**20,370**
Specific items (note 5)					**(12)**
Total revenue[3]					**20,358**
Full year to 31 March 2024					
ICT and managed networks	—	3,592	—	—	3,592
Fixed access subscriptions	4,333	2,149	2,900	—	9,382
Mobile subscriptions	3,557	1,187	—	—	4,744
Equipment and other services	1,896	1,129	76	16	3,117
Total adjusted[2] revenue	9,786	8,057	2,976	16	20,835
Specific items (note 5)					(38)
Total revenue[3]					20,797

[1] Includes UK equipment revenue of £2,310m (FY24: £2,391m).
[2] See Glossary on page 8.
[3] We have further disaggregated the revenue presented here to derive the UK adjusted service revenue of £15,582m (FY24: £15,727m). Please refer to our adjusted UK service revenue reconciliation in Additional Information on page 27. 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.

4. Operating costs

	Full year to 31 March	
	2025	2024 (Restated[1])
	£m	£m
Operating costs by nature		
Wages and salaries	3,969	4,197
Social security costs	432	425
Other pension costs	333	358
Share-based payment expense	62	71
Total staff costs	**4,796**	5,051
Capitalised direct labour	(1,412)	(1,432)
Net staff costs	**3,384**	3,619
Indirect labour costs	1,271	1,228
Capitalised indirect labour	(806)	(772)
Net indirect labour costs	**465**	456
Net labour costs	**3,849**	4,075
Product costs	3,330	3,449
External sales commissions	440	506
Payments to telecommunications operators	1,074	1,227
Property and energy costs	1,296	1,338
Network operating and IT costs	1,077	1,145
Provision and installation	379	378
Marketing and sales	330	367
Net impairment losses on trade receivables and contract assets	171	165
Other operating costs	492	323
Other operating income	(277)	(238)
Depreciation and amortisation, including impairment charges	4,933	4,899
Total operating costs before specific items	**17,094**	17,634
Specific items (note 5)	772	949
Total operating costs	**17,866**	18,583

[1] Comparatives for the full year to 31 March 2024 have been restated for employee pension costs, reclassification of sales commissions to wages and salaries, and other reclassifications between cost categories.

Depreciation and amortisation, which includes impairment charges, is analysed as follows:

	Full year to 31 March	
	2025	2024
	£m	£m
Depreciation and amortisation before impairment charges		
Intangible assets	1,300	1,248
Property, plant and equipment	2,939	2,892
Right-of-use assets	644	652
Impairment charges		
Intangible assets	5	—
Property, plant and equipment	43	108
Right-of-use assets	2	(1)
Total depreciation and amortisation before specific items	**4,933**	4,899
Impairment charges classified as specific items (note 5)		
Intangible assets	2	488
Property, plant and equipment	29	—
Right-of-use assets	14	11
Total operating costs	**4,978**	5,398

Restatement of operating costs

Employee pension contributions

During the year to 31 March 2025, we have rolled out a new payroll system. As part of the implementation of the new system, we identified that employee pension contributions that should have been included as part of gross wages and salaries were deducted from that category and mapped to employer pension costs.

In the year to 31 March 2024 an amount of £224m representing employee pension contributions for the period, which are not a cost of the Group, was incorrectly deducted from wages and salaries in the income statement and added to the amount disclosed as the Group's other pension cost. There was no effect on total staff costs. Comparatives have been restated.

Reclassification of sales commissions to wages and salaries

As part of an exercise to review cost categories for internal and external reporting we have revisited our classifications for sales commissions. Commissions paid to employees are now included within wages and salaries. Sales commissions paid to employees were previously mapped to the 'sales commissions' category but should have been included within staff costs. We have renamed the 'sales commissions' category in the operating cost note to 'external sales commissions' to clarify the content of this line.

Wages and salaries of £130m for the year to 31 March 2024 were included in 'sales commissions'. We have adjusted the comparative amounts for the year ended 31 March 2024 to show this amount in wages and salaries.

Other reclassifications between cost categories

During the year to 31 March 2025, following completion of finance system transformation, we have more granular information with which to better align cost allocations with our accounting policies. As a result of this, we have identified certain reclassifications across our operating cost categories to the costs reported in the year to 31 March 2024.

In particular:

- Equipment costs of £137m have been reclassified from provision and installation costs to product costs to reflect our policy of reporting customer equipment costs within product costs.
- Network solution costs of £215m to support our products have been reclassified from product costs to network operating costs to reflect the nature of the costs being incurred, being costs to develop network solutions to support our products.

	Full year to 31 March		
	2024 (Reported)	Restatement	2024 (Restated)
	£m		£m
Operating costs by nature			
Wages and salaries	3,843	354	4,197
Social security costs	425	—	425
Other pension costs	582	(224)	358
Share-based payment expense	71	—	71
Total staff costs	**4,921**	**130**	**5,051**
Capitalised direct labour	(1,432)	—	(1,432)
Net staff costs	**3,489**	**130**	**3,619**
Indirect labour costs	1,228	—	1,228
Capitalised indirect labour	(772)	—	(772)
Net indirect labour costs	**456**	**—**	**456**
Net labour costs	**3,945**	**130**	**4,075**
Product costs	3,527	(78)	3,449
External sales commissions	636	(130)	506
Payments to telecommunications operators	1,227	—	1,227
Property and energy costs	1,338	—	1,338
Network operating and IT costs	930	215	1,145
Provision and installation	515	(137)	378
Marketing and sales	367	—	367
Net impairment losses on trade receivables and contract assets	165	—	165
Other operating costs	323	—	323
Other operating income	(238)	—	(238)
Depreciation and amortisation, including impairment charges	4,899	—	4,899
Total operating costs before specific items	**17,634**	**—**	**17,634**
Specific items (note 5)	949	—	949
Total operating costs	**18,583**	**—**	**18,583**

5. 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, impairment on remeasurement of the disposal groups to held for sale, impairment of goodwill, charges or credits relating to retrospective regulatory matters, property rationalisation programmes, out of period balance sheet adjustments, historical property-related provisions, significant out of period contract settlements, 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 on the equity-accounted investment are classified as specific. Refer to note 10 for further detail.

	Full year to 31 March	
	2025	2024
	£m	£m
Specific revenue		
Retrospective regulatory matters	12	38
Specific revenue	**12**	38
Specific operating costs		
Restructuring charges	448	388
Sports JV-related items	119	32
Other divestment-related items	19	(22)
Retrospective regulatory matters	(7)	18
Historical property-related provisions	—	34
Out of period adjustments	32	—
Impairment loss on remeasurement of disposal groups	116	—
Specific operating costs before depreciation and amortisation	**727**	450
Impairment charges in our Portfolio Businesses	45	—
Impairment charges due to property rationalisation	—	11
Impairment of goodwill	—	488
Specific operating costs	**772**	949
Specific operating loss	**784**	987
Interest expense on retirement benefit obligation	197	121
Net specific items charge before tax	**981**	1,108
Tax charge (credit) on specific items	(200)	(145)
Net specific items charge after tax	**781**	963

Retrospective regulatory matters

We recognised net £5m impact in relation to historical regulatory matters, with £12m charges recognised in revenue offset by credits of £7m within operating costs (FY24: net charge of £56m). These items represent movements in provisions relating to various matters.

Restructuring charges

We have incurred charges of £448m (FY24: £388m) relating to projects associated with our group-wide cost transformation and modernisation programme. Costs primarily relate to leaver costs, consultancy costs, and staff costs associated with colleagues working exclusively on programme activity. The net cash cost of restructuring activity during the year was £423m (FY24: £348m).

This was the final year of the five year transformation programme which was announced in May 2020 and ran until the end of March 2025. A new programme of a further targeted £3bn gross annualised cost savings, with a total cost to achieve of £1bn, was announced in May 2024 which will run until the end of FY29. The benefits and costs of the final FY25 year of the previous May 2020 programme have been absorbed into the new programme. In FY25 we achieved an estimated £0.9bn of gross annualised cost savings at a cost to achieve of £0.4bn. The total expected cash costs to achieve is £1bn, of this we have incurred £0.4bn to date.

We do not consider the estimated restructuring costs to achieve of £1bn referenced here to constitute a sufficiently-detailed formal announcement of a restructuring programme such that would trigger a provision under IAS 37. Costs are provided for when the IAS 37 recognition criteria are met.

Sports JV-related items

We have recorded a net fair value loss of £75m (FY24: £22m) on the A and C preference shares held in the Sports JV (see note 10) and an impairment loss of £44m on ordinary equity interest in the Sports JV. In FY24 £10m of additional net costs related to the transaction.

Other divestment-related items

We recognised a £19m charge (FY24: £22m credit) relating to costs associated with ongoing divestment activities as we progress towards becoming fully UK focused.

Historical property-related provisions

In FY24 we recognised a provision of £34m as a specific item in relation to the cost of remediating and rectifying asbestos related property issues where we have a present obligation to do this.

Out of period adjustments

We have recognised £32m 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 has been recognised as specific due to the nature and incidence of this adjustment. The correction of aged balances, which do not relate to the current or prior year, would skew the results of the Business CFU.

Impairment loss on remeasurement of the disposal groups

In our Business CFU, during FY25, we recognised an impairment charge of £116m for the remeasurement of the 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.

Impairment charges in our Portfolio Businesses

We have recognised an impairment of £45m of non-current assets following a review of businesses within our Portfolio channel which sits within the Business CFU.

Impairment charges due to property rationalisation

During FY24, we recognised an impairment charge as specific of £11m, in relation to property rationalisation programmes. No impairment was recognised in FY25.

Impairment of goodwill

During FY24, we recognised an impairment charge £488m in respect of goodwill in our Business cash generating unit.

Interest expense on retirement benefit obligation

We incurred £197m (FY24: £121m) of interest costs in relation to our defined benefit pension obligations.

Tax on specific items

A tax credit of £200m was recognised in relation to specific items (FY24: £145m).

6. Pensions

	31 March 2025	31 March 2024
	£bn	£bn
IAS 19 liabilities – BTPS	**(35.7)**	(40.0)
Assets – BTPS	**31.7**	35.4
Other schemes	**(0.1)**	(0.2)
Total IAS 19 deficit, gross of tax[1]	**(4.1)**	(4.8)
Total IAS 19 deficit, net of tax	**(3.2)**	(3.8)
Discount rate (nominal)	**5.75 %**	4.90 %
Future inflation – average increase in RPI (p.a.)	**3.10 %**	3.25 %
Future inflation – average increase in CPI (p.a.)	**2.60 %**	2.80 %

[1] Of which £(4.2)bn relates to schemes in deficit (31 March 2024: £(4.9)bn) and £0.1bn relates to schemes in surplus (31 March 2024: £0.1bn).

The IAS 19 deficit decreased to £4.1bn at 31 March 2025 from £4.8bn at 31 March 2024 primarily due to scheduled contributions over the period.

The 2023 BTPS funding valuation included a future funding commitment for BT to provide additional deficit contributions of £150m - £300m p.a. should the funding deficit be more than £1bn behind plan at two consecutive semi-annual assessment dates.

At the 31 December 2024 assessment date, the funding position was within this limit.

7. Share capital

In the year to 31 March 2025, 37m shares (FY24: 106m) at a total cost of £64m (FY24: £194m), calculated at a weighted average cost per share, were transferred from own shares (comprising Treasury shares and shares held under the BT Group Employee Share Ownership Trust) to satisfy obligations under all-employee and executive share plans. We received cash proceeds of £6m (FY24: £57m) in respect of share options exercised.

Own shares of £131m (FY24: £83m) were purchased during the year.

8. Dividends

In line with the group's dividend policy, the Board has approved a final dividend for FY25 of 5.76p (FY24: 5.69p per share), which will be paid on 10 September 2025, giving a full year dividend of 8.16p per share (FY24: 8.00p per share). The ex-dividend date is 7 August 2025. An interim dividend of 2.40p per share amounting to £235m was paid on 5 February 2025 (FY24: interim dividend of 2.31p per share amounting to £227m paid).

9. 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 including any 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 – landline only services

In January 2021, Justin Le Patourel, represented by law firm Mishcon de Reya applied to the Competition Appeal Tribunal to bring a proposed class action claim for damages they estimated at £608m (inclusive of compound interest) or £589m (inclusive of simple interest) alleging anti-competitive behaviour through excessive pricing by BT to customers with certain residential landline services, so-called “stand-alone fixed voice services". Following certification of the claim to proceed to trial as an opt-out claim, Justin Le Patourel amended his claim seeking £1,307m (inclusive of compound interest) or £1,278m (inclusive of simple interest). A hearing took place between January and March 2024. In December 2024, the Competition Appeal Tribunal dismissed the claim, finding that there was no abuse of a dominance position because BT’s prices were not unfair. In January 2025, Justin Le Patourel applied to the Competition Appeal Tribunal for permission to appeal the judgment. In February 2025 the Competition Appeal Tribunal refused permission to appeal. In March 2025 Justin Le Patourel applied to the Court of Appeal for permission to appeal the judgment. We await the decision of the Court of Appeal as to whether to grant permission to appeal. 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.

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 estimated at £1.1bn (inclusive of simple interest) 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 with the total damages claimed £3.285bn (inclusive of simple interest). Class actions must be certified by the Competition Appeal Tribunal at a Collective Proceedings Order (CPO) hearing before proceeding to a substantive trial. A certification hearing took place in early April 2025 at which BT and the other proposed defendants contested certifications and applied to limit the time period of the claim. If the class action is certified the substantive trial will not conclude during FY26. BT 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 a defence brief filed in April 2019 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. The trial commenced on 26 January 2021. On 23 April 2021, the Court allowed some parties to be joined to the criminal proceedings as civil parties (‘parte civile’) – a procedural feature of the Italian criminal law system. These claims were directed at certain individual defendants (which include former BT/ BT Italia employees). Those parties successfully joined BT Italia as a respondent to their civil claims (‘responsabile civile’) on the basis that it is vicariously responsible for the individuals’ wrongdoing.

The first instance phase of the trial has now concluded with the Court handing down its decision on 25 January 2024. The Court convicted certain individuals (including certain former BT Italia employees) for manipulation of BT Italia’s financial statements for the financial year ending 31 March 2016 and for fraud against an Italian company, Sed Multitel S.r.l. The Court dismissed all charges that had been brought against BT Italia but ordered that BT Italia indemnify certain individual minority shareholders in the company and Sed Multitel for their losses. The Court has not quantified the indemnification amount, such that the indemnified parties must now seek to recover these amounts from BT Italia by agreement or separate civil proceedings. The quantum of those claims, if they are pursued successfully, is not anticipated to be material.

Accounting misstatement claims: a law firm acting on behalf of a group of investors has 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 (which have been the subject of previous disclosures). No value is stated and the matter is in the early stages. As mentioned in our earlier reports, the accounting issues in Italy have previously been the subject of class actions in the US that were dismissed by the US courts.

Phones 4U

Since 2015 the administrators of Phones 4U Limited have made allegations that EE and other mobile network operators colluded to procure Phones 4U’s insolvency. Legal proceedings for an unquantified amount were issued in December 2018 by the administrators. The trial on the question of liability/breach ran from May to July 2022. In November 2023 the High Court dismissed Phones 4U’s claim in its entirety. Phones 4U has subsequently appealed that judgment to the Court of Appeal and a hearing is scheduled for late May 2025 with a judgment expected some months later. We continue to dispute these allegations vigorously.

UK Competition and Markets Authority (CMA) investigation

On 12 July 2022 the CMA opened a competition law investigation into BT and other companies involved in the purchase of freelance services for the production and broadcasting of sports content in the UK. The investigation is focused on BT Sport. In March 2025, the CMA issued its final decision finding that BT and other sports broadcasters broke competition law through exchange of competitive sensitive information. It imposed a fine on BT of £1,738,453. BT agreed to settle the investigation with the CMA and accept liability for the infringement.

10. Joint ventures and associates

	31 March 2025	31 March 2024
	£m	**£m**
Interest in joint ventures	240	302
Interest in associates	12	5
Closing balance	**252**	**307**

Share of post tax loss of associates and joint ventures included in the income statement of £8m (FY24: £21m loss) includes £11m loss (FY24: £41m loss) relating to our sports joint venture (Sports JV) with Warner Bros. Discovery (WBD) and £3m profit (FY24: £20m profit) relating to our other associates and joint ventures. The Sports JV is the only material equity-accounted investment held by the group, see below for further details.

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 points during the first four years of the Sports JV (Call Option) from FY23. 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:

- Closure of the Eurosport brand, channels and streaming tier on discovery+ in the UK and Republic of Ireland in February 2025, with content being rationalised into TNT Sports service, which serves as a single premium sports proposition.
- A material customer contract was renewed, providing further revenue certainty in the medium term.

The group holds both ordinary equity shares and preference shares in the Sports JV entity; details on these are provided below. In addition, the Group has several other instruments associated with our interest in the Sports JV including deferred cash consideration (£29m), a net loan receivable due from the Sports JV (£36m) and a minimum guarantee liability (£288m).

Ordinary equity shares

Our retained ordinary equity interest in the Sports JV is held under the equity method of accounting, consistent with our accounting policy on joint ventures and associates.

	31 March 2025	31 March 2024
	£m	**£m**
Carrying amount at 1 April	300	352
Share of total comprehensive loss for the year	(16)	(52)
Dividends received during the year	(2)	—
Impairment loss for the year	(44)	—
Carrying amount at 31 March	**238**	**300**

An impairment loss was recognised as at 31 March 2025 in respect of the Group's equity interest in the Sports JV. The impairment arose following a fair value assessment which indicated that the recoverable amount of the investment was lower than its carrying amount. The impairment reflects revised expectations of the joint venture's future performance and market conditions. Changes in key assumptions, including EBITDA forecasts and market multiples, could result in further impairment losses or reversals in future periods.

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.

	31 March 2025	31 March 2024
	£m	**£m**
Investment in A preference shares	242	387
Investment in C preference shares	153	146
Total	**395**	**533**

A £138m movement has been recorded in the group's preference share investments driven by (1) £63m earn-out payment received from the Sports JV and recorded as a repayment of our investment in A preference shares; and (2) net £75m fair value loss, see below for further details.

- **A preference shares** – a £82m fair value loss has been recognised through specific items (see note 5), largely driven by a reduction in revenue after a material customer contract was renewed at a lower than expected value, leading to lower cash available for distribution under BT's earn-out entitlement.
- **C preference shares** – BT's return on the shares is driven by changes in the Sports JV's sports rights portfolio which in turn is dependent on changes in the wider sports rights market and the Sports JV's financial performance and are therefore held as a financial asset at FVTPL under IFRS 9. A £7m fair value gain has been recognised through specific items (see note 5) largely driven by the effect of discounting.

11. Assets and liabilities classified as held for sale

During FY25, the group announced its intention to fully focus on UK connectivity and has initiated an active programme to explore options to optimise its non-core or global business. At 31 March 2025, management is committed to a plan to sell five separate businesses within our non-core or global business. The sale of these businesses is considered to be highly probable and they are expected to complete within a year. Accordingly, the associated assets and liabilities have been presented as held for sale at 31 March 2025. A description of these businesses is as follows:

- We entered into agreement with Equinix to sell our datacentre business in Ireland for consideration of €59m (£49m). This disposal is expected to complete in FY26, subject to competition and regulatory clearance.
- We entered into an agreement with Speed Fibre Group for the sale of BT Communications Ireland Ltd, our Irish wholesale and enterprise business, for consideration of €22m (£18m). The disposal is expected to be completed in FY26, subject to certain completion conditions including competition and regulatory approvals.
- The proposed sale of our domestic operations in Italy, which includes fibre networks and datacentres, have commenced during FY25 and we considered the sale to be highly probable and expected to complete within a year at 31 March 2025 and as a result have presented the associated assets and liabilities as held for sale at 31 March 2025. Post year end, on 18 April 2025, BT have reached an agreement to sell this business to Retelit S.p.A. and the disposal is expected to complete in the second half of FY26, subject to competition and regulatory approvals.
- For the remaining two businesses, the sales are considered to be highly probable and expected to complete within a year. Accordingly, the assets and liabilities associated to these businesses have been presented as held for sale at 31 March 2025.

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 or fair value less costs of disposal. An impairment loss of £116m associated with the remeasurement of these disposal groups has been recognised, this is presented as a specific item, see note 5. 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.

The disposal groups held for sale comprised the following assets and liabilities:

	31 March 2025
	£m
Assets	
Intangible assets[1]	94
Property, plant and equipment[2]	40
Right-of-use assets[2]	33
Trade and other receivables	78
Assets held for sale	**245**
Liabilities	
Trade and other payables	100
Lease Liabilities <1yr	81
Current tax liability	4
Provisions	3
Liabilities held for sale	**188**

[1]Intangible assets of the disposal groups of £106m are presented as assets held for sale of which £12m has been impaired
[2]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.

There were no assets or liabilities held for sale in FY24.

12. Goodwill

An annual impairment test has been performed on all the cash-generating units (CGUs) to which goodwill is allocated, in accordance with IAS 36 Impairment of Assets. We determine that there is no impairment of goodwill at 31 March 2025 (FY24: impairment of £488m).

13. 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.

Associates and joint ventures related parties include the Sports JV with Warner Bros (see note 10). Sales of services to the Sports JV were £9m (31 March 2024: £33m) and purchases from the Sports JV were £305m (31 March 2024: £299m) excluding £187m (31 March 2024: £211m) additional payments made to settle the minimum guarantee liability. The amount receivable from the Sports JV as at 31 March 2025 was £nil (31 March 2024: £3m) and the amount payable to the Sports JV was £97m (31 March 2024: £94m).

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, (FY24: £300m) 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 £46m (31 March 2024: £163m) is treated as a loan receivable and held at amortised cost. There is also a loan payable to the Sports JV of £10m (31 March 2024: £11m).

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 £36m (31 March 2024: £29m) derivative liability in respect of forward contracts provided to the Sports JV.

Transactions from commercial trading arrangements with associates and joint ventures, including the Sports JV, are shown below:

	31 March 2025	31 March 2024
	£m	£m
Sales of services to associates and joint ventures	12	37
Purchases from associates and joint ventures	348	338
Amounts receivable from associates and joint ventures	2	5
Amounts payable to associates and joint ventures	99	95

Other related party transactions include a dividend received from a joint venture in the year ending 31 March 2024 of £12m.

14. Principal risks and uncertainties

Risk management is integral to our business and to achieving our strategic priorities. It helps us reach our goals, deliver our strategy, support our business model and protect our assets.
Our risk management framework gives us the processes and structure we need to manage and oversee risk consistently and effectively. The output supports quality decision-making against our expressed risk appetite. It monitors our exposures and gives vital early warning signs if something's about to go wrong.

As a business, we face a lot of external risks, which have been rapidly changing. They include competition, changing market dynamics, political and economic uncertainty, geo-political escalations and increasing cyber security threat. Navigating these uncertainties – while simultaneously undergoing a major modernisation programme – is fundamental if we want to achieve our strategic priorities.

The principal risks and uncertainties facing the group at 31 March 2025 are set out in detail within the strategic report section of the Annual Report 2025, published on 12 June 2025.

15. Post balance sheet events

As referred in note 11, on 18 April 2025, BT reached an agreement to sell its domestic operations in Italy to Retelit S.p.A. BT's domestic operation in Italy includes fibre networks and datacentres in Italy. The transaction is expected to be completed in the second half of FY26, subject to competition and regulatory approvals. Under the terms of the agreement, Retelit S.p.A. will acquire BT Italia's domestic operations in exchange for a contribution from BT based on an enterprise value range of €163m (£136m) to €188m (£157m), subject to the pace of completion. This contribution does not affect the amounts recognised in the financial statements for the year ended 31 March 2025.

About BT Group

BT Group is the UK's leading provider of fixed and mobile telecommunications and related secure digital products, solutions and services. We also provide managed telecommunications, security and network and IT infrastructure services to customers across 180 countries.

BT Group consists of three customer-facing units: Consumer serves individuals and families in the UK; Business covers companies and public services in the UK and internationally; Openreach is an independently governed, wholly owned subsidiary wholesaling fixed access infrastructure services to its customers - over 700 communications providers across the UK.

British Telecommunications plc is a wholly owned subsidiary of BT Group plc and encompasses virtually all businesses and assets of the BT Group. BT Group plc is listed on the London Stock Exchange.

For more information, visit www.bt.com/about

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We will hold the fourth quarter and full year FY25 results presentation for analysts and investors in London at 9:30am today and a simultaneous webcast will be available at www.bt.com/results.

We expect to publish the BT Group plc Annual Report 2025 on 12 June 2025. The Annual General Meeting of BT Group plc will be held on 10 July 2025.

We are scheduled to release our first quarter trading statement for FY26 on 24 July 2025.

Forward-looking statements – caution advised

Certain information included in this announcement 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 announcement are not guarantees of future performance. All forward looking statements in this announcement are based upon information known to the Company on the date of this announcement. 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 announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

Additional Information

Notes

Our commentary focuses on the trading results on an adjusted basis, which is a non-GAAP measure, 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 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 a meaningful analysis of the trading results of the group. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Reported revenue, reported operating profit, reported profit before tax, reported net finance expense and reported EPS are the equivalent unadjusted or statutory measures. Reconciliations of reported to adjusted revenue, operating costs, operating profit, profit before tax and EPS are set out in the group income statement. Reconciliations of adjusted UK service revenue, adjusted earnings before interest, tax, depreciation and amortisation, net debt and free cash flow from the nearest measures prepared in accordance with IFRS are provided in this Additional Information.

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 excludes revenues from our Global channel and international elements of our Portfolio channel within our Business segment, as they are international in nature. 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.

	Full year to 31 March	
	2025	2024
	£m	£m
Reported revenue	**20,358**	20,797
Specific revenue	12	38
Adjusted revenue	**20,370**	20,835
Of which non-UK[1] revenue	(2,478)	(2,717)
Adjusted UK revenue	**17,892**	18,118
UK equipment[2] revenue	(2,310)	(2,391)
Adjusted UK service revenue	**15,582**	15,727

1 UK revenue excludes revenue generated from international channels within our Business segment.
2 This includes Consumer equipment of £1,806m (FY24: £1,918m) and Business equipment of £504m (FY24: £473m), which is different to Note 3 where it is disaggregated based on product and segment.

Reconciliation of adjusted earnings before interest, tax, depreciation and amortisation

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.

	Full year to 31 March	
	2025	2024
	£m	£m
Reported profit for the period	**1,054**	855
Tax	**280**	331
Reported profit before tax	**1,334**	1,186
Net finance expense	**1,150**	1,007
Depreciation and amortisation	**4,978**	5,398
Specific revenue	**12**	38
Specific operating costs before depreciation and amortisation	**727**	450
Share of post tax (profits) losses of associates and joint ventures	**8**	21
Adjusted[1] EBITDA	**8,209**	8,100

1 See Glossary on page 8.

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 loans 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 the adjustments are made on a pre-tax basis.

New for 2025 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.

	Full year to 31 March	
	2025 £m	2024 £m
Cash generated from operations	**6,954**	6,012
Tax refunded (paid)	**35**	(59)
Net cash inflows from operating activities	**6,989**	5,953
Net purchase of property, plant and equipment and intangible assets	**(4,901)**	(4,967)
Free cash flow	**2,088**	986
Interest received	**132**	140
Interest paid	**(956)**	(865)
Payment of lease liabilities	**(739)**	(748)
Dividends received from joint ventures, associates and investments	**4**	20
Add back pension deficit payments	**803**	823
Add back net cash flow from specific items	**498**	439
Cash flows relating to the BDUK demand deposit account	**19**	75
Net cashflows from sale of contract assets related to mobile handsets	**(251)**	305
Prepayment for forward sale of copper	**—**	105
Normalised free cash flow	**1,598**	1,280

The net impact of working capital programmes on normalised free cash flow is set out below.

	Full year to 31 March		
	2025 £m	2024 £m	Movement £m
Bills of exchange[1]	**(101)**	(247)	146
Supply chain programmes[2]	**(101)**	(247)	146
Net cashflows from sale of contract assets related to handsets[3]	**(251)**	305	(556)
Sale of receivables[4]	**420**	76	344
Handset programmes	**169**	381	(212)
Copper forward sales[5]	**—**	105	(105)
Net working capital programmes	**68**	239	(171)

1 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.
2 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. This has no impact on Normalised Free Cash Flow.
3 Accelerates cash collection from handset sales on bundled contracts. Used to better align the timing of cash receipts with the payments to equipment manufacturers.
4 Accelerates cash collection from handset sales on split contracts. Used to better align the timing of cash receipts with the payments to equipment manufacturers.
5 Forward sale of redundant copper to hedge copper sales and use the legacy copper asset to intensify our full fibre rollout.

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 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. A reconciliation from loans and other borrowings, lease liabilities, cash and cash equivalents, and current asset investments, the most directly comparable IFRS measures to net debt and net financial debt, is set out below.

	31 March 2025	**31 March 2024**
	£m	£m
Loans and other borrowings	**18,762**	18,526
Lease liabilities	**4,571**	4,955
Lease liabilities classified as held for sale	**81**	—
Less:		
Cash and cash equivalents	**(216)**	(414)
Current asset investments	**(2,631)**	(2,366)
	20,567	20,701
Adjustments:		
To retranslate debt balances at swap rates where hedged by currency swaps[1]	**(288)**	(512)
To remove fair value adjustments and accrued interest applied to reflect the effective interest method	**(273)**	(275)
Loans with joint ventures	**(10)**	(11)
Loans related to forward sale of redundant copper	**(93)**	(106)
Loans related to sale of contract assets	**(87)**	(318)
Net debt	**19,816**	19,479
Lease liabilities	**(4,571)**	(4,955)
Lease liabilities classified as held for sale	**(81)**	—
Net financial debt	**15,164**	14,524

1 The translation difference between spot rate and hedged rate of loans and borrowings denominated in foreign currency.