23 November 2020

SysGroup plc
(“SysGroup” or the “Company” or the “Group”)

Half yearly results for the six months ended 30 September 2020

SysGroup plc (AIM:SYS), the multi award-winning managed IT services and cloud hosting provider, is pleased to announce its unaudited half year results for the six months ended 30 September 2020 (“H1 2021”).

Financial highlights

- Revenue of £9.01m (H1 2020: £9.26m)
- Recurring Managed IT Services revenue represented 83% of total revenue (H1 2020: 80%)
- Adjusted EBITDA[1] increased 19% to £1.41m (H1 2020: £1.18m)
- Adjusted profit before tax[2] increased by 52% to £0.99m (H1 2020: £0.65m)
- Statutory profit before tax of £0.13m (H1 2020: loss of £0.37m)
- Adjusted basic EPS[3] of 1.7p (H1 2020: 1.1p)
- Basic profit per share of 0.2p (H1 2020: loss per share 0.9p)
- Operational cashflows increased 83% to £1.56m (H1 2020: £0.85m)
- Cash of £3.02m at 30 September 2020 (30 September 2019: £2.65m)
- Net cash[4] at 30 September 2020 of £1.17m (30 September 2019: net debt of £(0.72)m)

Operational highlights

- Resilient COVID-19 response with all team members continuing to work remotely
- Certus and HNS integration completed on time
- Project Fusion progressing according to plan to deliver a unified platform of systems across the Group
- Closure of Bristol satellite office to reflect new homeworking practices

Adam Binks, Chief Executive Officer, commented:

“I am pleased to be able to report on a period that has demonstrated the stability, agility and relevance of our business during a global crisis which has resulted in considerable uncertainty for many businesses. Our team has worked tirelessly to continue to provide a robust and uninterrupted service to our customers whilst adapting to new ways of working and, for that effort, I am extremely grateful.

Whilst COVID-19 has had a marked impact on many sectors, it has created a huge opportunity for the IT services sector. The value of robust, flexible and secure IT has never been so important to businesses; outsourced managed services has been recognised as a key component of many businesses’ success, growth and continuity. We look forward to capitalising on that trend in the years to come.”

Notes

1. Adjusted EBITDA is earnings before interest, taxation, depreciation, amortisation of intangible assets, exceptional items and share based payments.
2. Adjusted profit before tax is profit before tax after adding back amortisation of intangible assets, exceptional items and share based payments.
3. Adjusted basic EPS is profit after tax after adding back amortisation of intangible assets, exceptional items, share based payments and associated tax,divided by the number of shares in issue.
4. Net cash represents cash balances less bank loans, lease liabilities and contingent consideration.

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About SysGroup

SysGroup is a leading provider of Managed IT Services, Cloud Hosting, and expert IT Consultancy. The Group delivers solutions that enable clients to understand and benefit from industry leading technologies and advanced hosting capabilities. SysGroup focuses on a customer's strategic and operational requirements - enabling clients to free up resources, grow their core business and avoid the distractions and complexity of delivering IT services.

The Group has offices in Liverpool, London, Newport and Telford.

For more information, visit http://www.sysgroupplc.com

Introduction

The Group delivered solid results in the first half of FY21 including a 19% increase in Adjusted EBITDA to £1.41m despite the challenging economic environment which continues to be clouded by the COVID-19 pandemic. Total revenue was largely flat YOY at £9.01m with lower Value Added Resale ("VAR") sales which was partially offset by a slight increase in recurring managed IT services revenue which represented 83% of the Group's total revenue (H1 2020: 80%). Our VAR sales, which contributed 17% of the total revenue, were impacted in Q1 due to customers cautiously withholding capex expenditure whilst they assessed the impact of COVID-19 to their own businesses. As decision makers become more confident with the economic landscape, we expect to see this figure recover in the second half of the year and early evidence of this is already being seen.

Following the acquisitions in 2019, the integration of Certus IT Limited ("Certus") and Hub Network Services Limited ("HNS") is now fully complete and the benefits to the Group are starting to be realised. In keeping with our business model of focussing on the UK mid-market, we have exited some lower margin customer contracts that came with these acquisitions. Whilst this has had a small impact on revenue the impact to the Group's profitability is minimal.

As part of the integration, significant efforts have been made to complete the rebranding of the acquired businesses to reflect our operating model of a single go-to-market offering, known as "one SysGroup". I am pleased to report that Certus and HNS are now functioning under the SysGroup brand, with all systems fused onto a single platform providing greater visibility across the enlarged customer base. This has not only provided fast and accurate access to greater business intelligence across the entire Group, but the consolidated platform will enable future acquisitions to be integrated with relative ease going forward.

We have continued to invest in people during the period including in new hires to support future growth and development. In addition, we have continued to invest in training for our sales and leadership teams to ensure they can continue to confidently engage with our customers. Training has been particularly important during the pandemic as staff continue to adapt to different ways of working.

Combined with this we have been particularly pleased to have supported our staff throughout the pandemic and have had no need to make use of the furlough scheme or any of the government backed financial support mechanisms. We also took the decision early on in the pandemic to maintain our fully remote working model through to at least the new calendar year on the basis that a second lockdown would be likely after the summer. In doing so, we have been able to give our staff clarity and peace of mind, which has resulted in a stabilised workforce who have been able to concentrate on continuing to support our customers to the high standards to which they are accustomed.

Strategy

The Group's strategy remains consistent: to expand its position as a trusted provider of managed IT services to businesses in the UK mid-market. The Board believes that a business focused on the provision of managed IT services offers the highest growth opportunity and the potential for increased margins and longer-term contracts, thereby providing greater revenue visibility.

To deliver against this strategy, the Group has positioned itself as an extension of a customer's existing IT department, with an emphasis on consultative-led sales to guide customers through the complexities and developments in the managed IT services and cloud hosting marketplace. Our primary purpose is to remain abreast of developments in technology and advise our customers accordingly. This leading role is supplemented by exceptional customer service and support, resulting in strong client engagement and embedding SysGroup into their organisations. The Group continues to invest in R&D to ensure its clients are making use of the latest and best solutions available to them whilst maintaining its vendor agnostic approach.

The Company's route to execute this strategy is through a combination of organic and acquisitive growth whilst ensuring cross-selling opportunities are created throughout the acquired customer bases, providing a single go-to-market offering under the SysGroup brand. Whilst COVID-19 has temporarily impacted our ability to acquire quality businesses to add to our platform for the short term, we will continue to assess strategic acquisitions going forward which fit our strict criteria and believe there will be further opportunities in due course.

Results and trading
During the period, the Group delivered revenue of £9.01m (H1 2020: £9.26m), a decrease of 3%, and Adjusted EBITDA of £1.41m (H1 2020: £1.18m), an increase of 19%.

Managed IT services revenue of £7.46m was slightly higher than H1 2020's £7.38m with the decline in Group revenue driven by lower VAR sales in the period. VAR revenue in H1 2021 was £1.55m compared to £1.88m in H1 2020 and sales were affected in Q1 by customers withholding capex expenditure as an early precaution in response to the impact of COVID-19 on their businesses and markets. This has led to a shift in revenue mix to 83% managed IT services and 17% VAR revenue in the period (H1 2020: 80%:20%) which we see as a temporary position. We have seen VAR sales and orders begin to recover during the latter part of Q2 and cautiously anticipate this to continue into H2 2021 which would lead to a full year revenue mix more similar to FY20.

Gross profit was £5.38m with a gross margin of 59.7% (H1 2020: £5.47m and 59.1% respectively). The higher gross margin reflects the increase in revenue mix towards managed IT services in the period. Adjusted operating expenses of £3.97m were £0.32m below the same period last year (H1 2020: £4.29m) which is due to the benefit of acquisition synergies and the capitalisation of R&D costs for Project Fusion, discussed in the Operations section below. We have made no use of the government furlough scheme and whilst we have implemented a Group wide recruitment freeze, in certain areas of our business we have continued to make strategic hiring decisions to support continued future growth.

The Group has reported a statutory profit before tax of £0.13m which compares to a loss before tax of £(0.37)m in H1 2020. This movement is principally due to the increase in Adjusted EBITDA and lower level of exceptional costs in the period.

Adjusted basic earnings per share for H1 2021 was 1.7 pence (H1 2020: 1.1 pence). Basic profit per share for H1 2021 was 0.2 pence (H1 2020: loss per share of 0.9 pence).

The Group has a strong net cash position of £1.17m post IFRS16 (H1 2020: net debt £(0.72)m), and £1.63m pre-IFRS16 (H1 2020: £0.14m). The Group's cash balance at 30 September 2020 was £3.02m (30 Sept 2019: £2.65m) reflecting good working capital control. During the period the Company paid the final earn-out consideration relating to the acquisition of Certus. The full earn-out profit target was achieved and £0.975m cash consideration was paid to the vendors of Certus. The Group has made no use of any of the government backed COVID-19 assistance schemes other than to defer the payment of Q1 VAT which amounts to £0.28m which will be paid in full prior to 31 March 2021.

Working capital has been managed well with a net £0.31m cash inflow in the period (H1 2020: £0.04m) and a cash conversion rate of 115% (H1 2020: 96%). On a like for like basis, excluding the benefit of the VAT deferral, cash conversion remains strong at 95% (H1 2020: 96%). This performance has been achieved despite providing financial support to a small number of customers during the period.

Share Option Grants
In July this year, we announced the implementation of a new 2020 SysGroup Long Term Incentive Plan ("2020 LTIP"), together with an initial grant of 400,000 performance shares (the "Award") under the 2020 LTIP. The Remuneration Committee granted 250,000 performance shares to Adam Binks, Chief Executive Officer, and 150,000 performance shares to Martin Audcent, Chief Financial Officer (together the "Executive Directors"). The 2020 LTIP replaced in its entirety the incentive plan set up in June 2018 ("2018 LTIP") and the 1.6 million performance shares granted to the Executive Directors under the 2018 LTIP vested with immediate effect.

In addition to the grant of the 400,000 performance shares to the Executive Directors, 450,000 share options were granted in April 2020 to senior management under the existing 2018 SysGroup EMI Scheme.

Market Opportunity
Despite a subdued market environment, with many prospects hesitant to sign new contracts until they have increased visibility on their own operations, we believe the long term market opportunity for SysGroup remains buoyant, underpinned by the visible need for digital transformation. The accelerated shift towards flexible and remote working has forced many companies to rethink how they operate and adapt their working practices for both the short and long term. This has positioned SysGroup well for the future – now more so than ever,

businesses are relying on proven technology to ensure the smooth running of their operations and are seeing the value of outsourced managed IT services. We therefore anticipate significant sales opportunities over the coming years as businesses realise the importance of enhanced IT processes within their operations. We are well placed to support our customers through this period of global change which will be further supported by our buy-and-build strategy.

Operations

During H1 we completed the integration of the Certus and HNS businesses and have already begun to see encouraging results. Following completion of phase one of Project Fusion, the unified platform of systems across the Group will enable more efficient working practices and higher quality operating and reporting information. Project Fusion has multiple workstreams for systems covering Customer Relationship Management, Service Desk, Financial Accounts, Marketing and Risk Management, and will greatly benefit the Group as it not only provides enhanced business intelligence but also makes the integration of future acquisitions simpler and easier.

Our customer engagement strategy which was launched in the prior year is designed to help us better identify customer motivations and preferences to ensure we maintain our excellent customer retention rates. Naturally, we have found it difficult to progress this to the fullest extent whilst customers and team members are working remotely, however, we have invested considerable time and resources in training our sales teams to enable them to strengthen customer relationships virtually. Whilst we have started to see initial progress, we see this as a long-term process, which will start to deliver tangible results in future periods.

Following the integration of the HNS business and owing to the success of our homeworking capability, we made the decision to close our Bristol office and transition the team members based from that location to become permanent homeworkers. We expect to see a small operational saving as a result of the closure.

Outlook

The first half of FY21, whilst clouded with some uncertainty, has demonstrated the resilience of our business model and the clear need for our offering. The integration of the acquired businesses has both streamlined and enhanced our services, providing a consolidated platform from which to operate and we believe this will greatly benefit the Group for the remainder of the year as well as future periods.

The swift invocation of our business continuity plan following the global outbreak of COVID-19 and the transition of all employees to homeworking, has proved to be successful, with our teams providing uninterrupted service and support to our customers throughout the period. The decision to keep all team members working from home has ensured consistency throughout whilst having minimal disruption on the day-to-day running of the Group. I would like to thank our entire team for their continued hard work and dedication through what has been a very challenging time for everybody.

Despite the economic uncertainty that is still apparent, with guidance now re-established in the market, the Board is confident that the Company will meet full year expectations.

Adam Binks
Chief Executive Officer

INDEPENDENT REVIEW REPORT TO SYSGROUP PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 which comprises the consolidated interim statement of comprehensive income, the consolidated interim statement of financial position, the consolidated interim statement of cash flows and the notes to the consolidated interim financial statements.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the Company a conclusion on the set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

BDO LLP

BDO LLP
Chartered Accountants
Manchester, UK
20 November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED 30 SEPTEMBER 2020

	Notes	Unaudited six months to 30-Sep-20 £'000	Unaudited six months to 30-Sep-19 £'000	Audited year to 31-Mar-20 £'000
Revenue	2	**9,007**	**9,260**	**19,492**
Cost of sales		(3,629)	(3,788)	(8,291)
Gross profit	2	**5,378**	**5,472**	**11,201**
Operating expenses before depreciation, amortisation, exceptional items and share based payments		(3,971)	(4,291)	(8,387)
Adjusted EBITDA		**1,407**	**1,181**	**2,814**
Depreciation		(369)	(427)	(847)
Amortisation of intangible assets		(671)	(636)	(1,321)
Exceptional items	4	(36)	(288)	(475)
Share based payments		(155)	(95)	(199)
Administrative expenses		(5,202)	(5,737)	(11,229)
Operating profit/(loss)		**176**	**(265)**	**(28)**
Finance costs		(51)	(103)	(206)
Profit/(loss) before taxation		**125**	**(368)**	**(234)**
Taxation		(30)	(59)	112
Total comprehensive profit/(loss) attributable to the equity holders of the company		**95**	**(427)**	**(122)**
Basic earnings per share (pence)	3	0.2p	(0.9p)	(0.2p)
Fully diluted earnings per share (pence)	3	0.2p	(0.9p)	(0.2p)

All the results arise from continuing operations.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Notes	Unaudited 30-Sep-20 £'000	Unaudited 30-Sep-19 £'000	Audited 31-Mar-20 £'000
Assets				
Non-current assets				
Goodwill		15,554	15,578	15,554
Intangible assets		5,766	6,704	6,188
Plant, property and equipment		1,548	1,977	1,824
		22,868	**24,259**	**23,566**
Current assets				
Trade and other receivables	6	2,492	2,283	2,726
Cash and cash equivalents		3,021	2,647	3,036
		5,513	**4,930**	**5,762**
Total Assets		**28,381**	**29,189**	**29,328**
Equity and Liabilities				
Equity attributable to the equity shareholders of the parent				
Called up share capital		494	494	494
Share premium		9,080	9,080	9,080
Other reserve		2,483	2,226	2,328
Translation reserve		4	4	4
Retained earnings		8,258	7,856	8,163
		20,319	**19,660**	**20,069**
Non-current liabilities				
Lease liabilities		296	540	441
Deferred taxation		1,082	1,288	1,200
Bank loan		951	1,284	1,146
		2,329	**3,112**	**2,787**
Current liabilities				
Trade and other payables	7	3,892	3,575	3,488
Deferred income		1,238	1,297	1,465
Contingent consideration		-	1,000	1,000
Lease liabilities		270	321	268
Bank loan		333	224	251
		5,733	**6,417**	**6,472**
Total Equity and Liabilities		**28,381**	**29,189**	**29,328**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
SIX MONTHS ENDED 30 SEPTEMBER 2020

	Attributable to equity holders of the parent					
	Share capital	Share premium	Other reserve	Translation reserve	Retained profit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2019	**494**	**9,080**	**2,129**	**4**	**8,370**	**20,077**
Loss and total comprehensive expense for the period	-	-	-	-	(427)	(427)
Share-based payment charge	-	-	97	-	-	97
Adjustment on adoption of IFRS16	-	-	-	-	(87)	(87)
At 30 September 2019	**494**	**9,080**	**2,226**	**4**	**7,856**	**19,660**
Profit and total comprehensive income for the period	-	-	-	-	307	307
Share-based payment charge	-	-	102	-	-	102
At 31 March 2020	**494**	**9,080**	**2,328**	**4**	**8,163**	**20,069**
Profit and total comprehensive income for the period	-	-	-	-	95	95
Share-based payment charge	-	-	155	-	-	155
At 30 September 2020	**494**	**9,080**	**2,483**	**4**	**8,258**	**20,319**

The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Other reserve	Amount reserved for share-based payments to be released over the life of the instruments and the amount subscribed for share capital in excess of nominal value of acquisition of another company
Retained earnings	All accumulated profits and losses arising net of distributions to shareholders
Share premium	Amounts subscribed for share capital in excess of the nominal value

CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS
SIX MONTHS ENDED 30 SEPTEMBER 2020

	Unaudited six months to 30-Sep-20 £'000	Unaudited six months to 30-Sep-19 £'000	Audited Year to 31-Mar-20 £'000
Cashflows used in operating activities			
Net profit/(loss) after taxation	95	(427)	(122)
Adjustments for:			
Depreciation and amortisation	1,040	1,063	2,168
Finance costs	51	103	206
Share based payments	155	95	199
Taxation	30	59	(112)
Operating cashflows before movements in working capital	**1,371**	**893**	**2,339**
Decrease in trade and other receivables	223	942	501
Increase/(decrease) in trade and other payables	83	(902)	(533)
Operating cashflows before interest and tax	**1,677**	**933**	**2,307**
Interest paid	(51)	(103)	(205)
Taxation (paid)/refunded	(69)	21	(172)
Operational cashflows	**1,557**	**851**	**1,930**
Cashflows from investing activities			
Payments to acquire property, plant & equipment	(95)	(180)	(353)
Payments to acquire intangible assets	(246)	-	(190)
Acquisition of subsidiary companies	(975)	(1,911)	(1,911)
Amounts received in respect of previous acquisitions	-	252	252
Cash acquired with acquisitions	-	609	609
Net cash used in investing activities	**(1,316)**	**(1,230)**	**(1,593)**
Cashflows from financing activities			
Repayment of loan facility including fees	(112)	(113)	(224)
Capital repayment of lease liabilities	(144)	(237)	(453)
Net cash from financing activities	**(256)**	**(350)**	**(677)**
Net decrease in cash and cash equivalents	**(15)**	**(729)**	**(340)**
Cash and cash equivalents at the beginning of the period	3,036	3,376	3,376
Cash and cash equivalents at the end of the period	**3,021**	**2,647**	**3,036**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED 30 SEPTEMBER 2019

1. ACCOUNTING POLICIES

The accounting policies used in the preparation of the unaudited consolidated interim financial information for the six months ended 30 September 2020 are in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") as adopted by the European Union and are consistent with those that will be adopted in the annual statutory financial statements for the year ended 31 March 2021.

While the financial information included has been prepared in accordance with the recognition and measurement criteria of IFRS, as adopted by the European Union, these financial statements do not contain sufficient information to comply with IFRSs.

The accounting policies adopted in the interim financial statements are consistent with those adopted in the financial statements for the year ended 31 March 2020.

Exceptional items
The Group presents as exceptional items on the face of the Statement of Comprehensive Income those material items of income and expense which the Directors consider, because of their size or nature and expected non-recurrence, merit separate presentation to facilitate financial comparison with prior periods and to assess trends in financial performance. Exceptional items are included in Administration expenses in the Consolidated Statement of Comprehensive Income but excluded from Adjusted EBITDA as management believe they should be considered separately to gain an understanding of the underlying profitability of the trading businesses.

Going concern
The Directors have prepared the financial statements on a going concern basis which assumes that the Group and the Company will continue to meet liabilities as they fall due.

The Board recognises that whilst the Group is trading in an uncertain economy following the onset of the COVID-19 pandemic, the Group has demonstrated in its H1 results both operational and financial resilience. The Group has an operating model with circa 75% of revenue deriving from contracted managed IT services which is a continuous service supply to customers and this has been largely uninterrupted by the impact of COVID-19. Cash conversion remains strong and the Group has a resilient financial position with a cash balance of £3.02m and a net cash position of £1.17m at 30 September 2020.

The Directors performed stress tests on the Group's financial forecasts during the period which allowed the Board to assess a significant downside scenario. The projected trading forecasts and resultant cashflows, together with the confirmed loan facilities and other sources of finance, taking account of reasonably possible changes in trading performance, show that the Group can continue to operate within the current facilities available to it.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the financial statements.

2. SEGMENTAL REPORTING

The chief operating decision maker for the Group is the Board of Directors and the Group reports in two segments:

- Managed IT Services – this segment provides all forms of managed services to customers and includes professional services.
- Value Added Resale (VAR) – this segment provides all forms of product and licence sales procured from supplier partners.

The monthly management accounts reported to the Board of Directors are reviewed at a consolidated level with the operating segments representative of the business model for growth of recurring contract income in Managed IT Services and VAR sales as a complementary business activity. The Board review the results of the operating segments at a revenue and gross profit level since the Group's management and operational structure supports these operational segments as unified Group functions.

All segments are continuing operations and there are no transactions between segments.

	Unaudited six months to 30-Sep-20 £'000	Unaudited six months to 30-Sep-19 £'000	Audited year to 31-Mar-20 £'000
Revenue			
Managed IT Services	7,462	7,382	15,092
Value Added Resale	1,545	1,878	4,400
	9,007	**9,260**	**19,492**
Gross Profit			
Managed IT Services	5,049	5,073	10,281
Value Added Resale	329	399	920
	5,378	**5,472**	**11,201**

3. EARNINGS PER SHARE

	Unaudited six months to 30-Sep-20 £'000	Unaudited six months to 30-Sep-19 £'000	Audited year to 31-Mar-20 £'000
Profit/(loss) for the financial year attributable to shareholders	95	(427)	(122)
Adjusted profit for the financial period	823	562	1,657
Weighted number of equity shares in issue	51,584,007	49,419,690	51,374,950
Adjusted basic earnings per share (pence)	1.7p	1.1p	3.4p
Basic earnings per share (pence)	0.2p	(0.9p)	(0.2p)
Diluted earnings per share (pence)	0.2p	(0.9p)	(0.2p)

	Unaudited six months to 30-Sep-20 £'000	Unaudited six months to 30-Sep-19 £'000	Audited year to 31-Mar-20 £'000
Profit/(loss) after tax used for basic earnings per share	95	(427)	(122)
Amortisation of intangible assets	671	636	1,321
Exceptional items	36	288	475
Share based payments	155	95	199
Tax adjustments	(134)	(30)	(216)
Adjusted profit used for adjusted earnings per share	**823**	**562**	**1,657**

4. EXCEPTIONAL ITEMS

	Unaudited six months to 30-Sep-20 £’000	Unaudited six months to 30-Sep-19 £’000	Audited year to 31-Mar-20 £’000
Integration and restructuring	61	204	390
Acquisitions	(25)	84	85
	36	**288**	**475**

Integration and restructuring costs relate to the exit of the Bristol office and costs incurred for integrating the Certus business operations. The credit of £25,000 for acquisitions is the difference between the £1m contingent consideration accrued at 30 March 2020 for the Certus earn-out payment and the sum actually paid to the Sellers in H1 of £975,000.

5. ALTERNATIVE PERFORMANCE MEASURES

Reconciliation of operating profit to Adjusted EBITDA	Unaudited six months to 30-Sep-20 £'000	Unaudited six months to 30-Sep-19 £'000	Audited year to 31-Mar-20 £'000
Operating profit/(loss)	176	(265)	(28)
Depreciation	369	427	847
Amortisation of intangible assets	671	636	1,321
EBITDA	**1,216**	**798**	**2,140**
Exceptional items	36	288	475
Share based payments	155	95	199
Adjusted EBITDA	**1,407**	**1,181**	**2,814**

Reconciliation of profit before tax to Adjusted Profit before Tax	Unaudited six months to 30-Sep-20 £'000	Unaudited six months to 30-Sep-19 £'000	Audited year to 31-Mar-20 £'000
Profit/(loss) before tax	125	(368)	(234)
Amortisation of intangible assets	671	636	1,321
Exceptional items	36	288	475
Share based payments	155	95	199
Adjusted Profit Before Tax	**987**	**651**	**1,761**

Cash conversion	Unaudited six months to 30-Sep-20 £'000	Unaudited six months to 30-Sep-19 £'000	Audited year to 31-Mar-20 £'000
Operational cashflows	1,557	851	1,930
Adjustments:			
Acquisitions, integration and restructuring cashflows	61	288	492
Cash generated from operations	**1,618**	**1,139**	**2,422**
Adjusted EBITDA	**1,407**	**1,181**	**2,814**
Cash conversion	115%	96%	86%

Net Cash/(debt)	Unaudited six months to 30-Sep-20	Unaudited six months to 30-Sep-19	Audited year to 31-Mar-20
	£'000	£'000	£'000
Cash balances	3,021	2,647	3,036
Bank loans - current	(333)	(224)	(251)
Bank loans - non-current	(951)	(1,284)	(1,146)
Lease liabilities	(566)	(861)	(708)
Contingent consideration	-	(1,000)	(1,000)
Net Cash/(debt)	**1,171**	**(722)**	**(69)**

6. TRADE AND OTHER RECEIVABLES

	Unaudited six months to 30-Sep-20	Unaudited six months to 30-Sep-19	Audited year to 31-Mar-20
	£’000	£’000	£’000
Trade debtors	1,469	1,166	1,427
Prepayments and accrued income	1,023	1,117	1,299
	2,492	**2,283**	**2,726**

7. TRADE AND OTHER PAYABLES

	Unaudited six months to 30-Sep-20	Unaudited six months to 30-Sep-19	Audited year to 31-Mar-20
	£’000	£’000	£’000
Trade payables	1,648	1,622	1,847
Corporation tax	237	451	158
Other taxes and social security	992	626	552
Accruals	1,015	876	931
	3,892	**3,575**	**3,488**

8. ACQUISITIONS

In February 2019, the Company acquired 100% of the share capital of Certus IT Limited (“Certus”), and the parties agreed an earn-out mechanism for a period of twelve months post-acquisition based on profit performance targets. In February 2020 the earn-out period was completed and Certus successfully achieved the maximum EBITDA target. The company paid £975,000 to the Sellers in full settlement of the contingent consideration during H1 FY21.

9. AVAILABILITY OF INTERIM REPORT

Copies of this report are available on the Company’s website at http://www.sysgroupplc.com