

THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser in the relevant jurisdiction. The whole of the text of this document should be read. If you have sold or otherwise transferred all of your Existing Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, this document should not be forwarded to, or transferred in or into, any Restricted Territory, or any other jurisdiction where to do so might violate the relevant laws or regulations in that jurisdiction. If you have sold or otherwise transferred only part of your holding of Existing Ordinary Shares, you should retain this document and consult your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The total consideration under the Retail Offer shall be less than €8 million (or an equivalent pounds sterling amount) in aggregate and so, in accordance with section 85 and schedule 11A of FSMA, the Retail Offer does not require the issue of a prospectus for the purposes of the Prospectus Regulation Rules. The Placing Shares are only available to qualified investors for the purposes of the Prospectus Regulation or otherwise in circumstances not resulting in an offer of transferrable securities to the public under section 102B of FSMA. Therefore, neither the Placing nor the Retail Offer constitutes an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Regulation Rules made by the FCA pursuant to sections 73A(1) and (4) of FSMA and has not been pre-approved by the FCA pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body and has not been approved for the purposes of section 21 of FSMA. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules. It is emphasised that no application is being made for the admission for the Existing Ordinary Shares or the New Ordinary Shares to the Official List of the FCA.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the FCA nor the London Stock Exchange has examined or approved the contents of this document.

The Existing Ordinary Shares are admitted to trading on AIM. Conditional on, *inter alia*, the Fundraising Resolutions being duly passed at the General Meeting and Admission, an application will be made for the New Ordinary Shares to be admitted to trading on AIM and it is expected that Admission will become effective and dealings in the New Ordinary Shares will commence on AIM on 26 June 2024. The New Ordinary Shares will, on Admission, rank in full for all dividends and other distributions thereafter declared, made or paid on the Ordinary Shares of the Company and will rank *pari passu* in all other respects with the Existing Ordinary Shares.

SYSGROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 06172239)

Conditional Placing and Subscription of 33,181,850 New Ordinary Shares at 33 pence per Share

Conditional Retail Offer of up to 1,515,151 Retail Offer Shares at 33 pence per Share

and

Notice of General Meeting

ZEUS

Nominated Adviser, Broker and Bookrunner

You are recommended to read the whole of this document and in conjunction with the accompanying Form of Proxy and the Notice of General Meeting set out at the end of this document. Your attention is drawn to the Letter from the Executive Chairman of the Company which is set out on pages 14 to 24 of this document and which contains, amongst other things, the Directors' unanimous recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

A summary of the action to be taken by Shareholders is set out in paragraph 12 in the Letter from the Executive Chairman of the Company contained in this Document. Please read this information carefully.

Notice of a General Meeting of the Company, to be held at the offices of Hill Dickinson LLP at 50 Fountain Street, Manchester, M2 2AS on 24 June 2024 at 1:00 p.m., is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed and returned in accordance with the instructions printed on it, or a proxy instruction transmitted through CREST or electronically by logging onto www.investorcentre.co.uk/eproxy and following the instructions, as soon as possible and, in any event, so as to reach the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than at 1:00 pm on 20 June 2024 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding weekends and any bank holidays)). Completion and return of Forms of Proxy or completion and transmission of CREST Proxy Instructions will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish and are so entitled.

If you have any questions relating to this document, the General Meeting or the completion and return of the Form of Proxy, please telephone SysGroup plc's registrars, Computershare, on 0370 707 1658 from within the UK or on +44 370 707 1658 if calling from outside the UK. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Fundraising nor give any financial, legal or tax advice.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "US Securities Act"), and may not be offered or sold in the United States, except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States, or under the securities laws of any Restricted Territory, or any state, province or territory thereof or any other jurisdiction outside the United Kingdom, except pursuant to

an applicable exemption from the registration requirements and in compliance with any applicable securities laws of any state, province or other jurisdiction of a Restricted Territory (as the case may be).

In addition, offers, sales or transfers of the New Ordinary Shares in or into the United States for a period of time following completion of the Fundraising by a person (whether or not participating in the Fundraising) may violate the registration requirement of the Securities Act.

No public offering of the New Ordinary Shares is being made in a Restricted Territory or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations.

The Directors, whose names and details are set out on page 11 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. A copy of this document is available at the Company's website (www.sysgroupplc.com). The contents of the Company's website or any website directly or indirectly linked to the Company's website do not form part of this document.

Zeus Capital Limited ("Zeus"), which is authorised and regulated in the UK by the FCA, as nominated adviser, broker and bookrunner, is acting exclusively for the Company and no one else in relation to the Fundraising. The responsibility of Zeus as nominated adviser for the purposes of the AIM Rules is owed solely to the London Stock Exchange and not to the Company or to any Director or to any other person or entity. Zeus is not taking responsibility for the commercial assessment of the Fundraising, which remains the sole responsibility of the Board, nor for any matters outside the duties of a nominated adviser, as prescribed by the AIM Rules, nor is it advising any other person and accordingly will not be responsible to any person other than the Company for providing the protections afforded to the clients of Zeus or for providing advice in relation to the matters described in this document. Zeus has not authorised the contents of this document and, apart from the responsibilities and liabilities, if any, which may be imported to Zeus by FSMA or the regulatory regime established thereunder, no liability is accepted, nor is any representation or warranty, express or implied made, by Zeus or any of its directors, officers, employees, agents or advisers for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document, for which the Company and the Directors are solely responsible.

The information contained in this document has been prepared solely for the purposes of the Fundraising and is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and, accordingly, no duty of care is accepted in relation to them.

IMPORTANT NOTICE

This document is being sent to all Shareholders for information purposes only, to enable them to exercise their rights as shareholders in connection with the General Meeting.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the Fundraising and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, Zeus, or their respective directors, partners, officers or employees.

Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company's and the Directors' current intentions, beliefs or expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the Group's markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and depend on circumstances that may or may not occur in the future. The Company's actual performance, achievements, financial condition, results and developments could differ materially from those expressed or implied by the forward-looking statements in this document. In addition, even if the Company's results of operations, performance, achievements, financial condition, results and development are consistent with the forward-looking statements in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements may and often do differ materially from actual results and are not guarantees of future performance. Any forward-looking statements in this document speak only as of the date of this document, are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, none of the the Company or the Directors undertake any obligation to update such statements or publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of the Company or any other person following the implementation of the Fundraising or otherwise, and no statement in this document should be interpreted to mean that earnings per share of the Company for the current or future years would necessarily match or exceed the historical published earnings per share of the Company.

Notice to overseas persons

The distribution of this document and/or the Form of Proxy and the offer of New Ordinary Shares in certain jurisdictions may be restricted by law. Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons outside of the UK into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute or form part of any offer or invitation to sell or issue or a solicitation of any offer to acquire, purchase or subscribe for New Ordinary Shares in a Restricted Territory or any other jurisdiction. This document must not be distributed to any "U.S. person" (as such term is defined in Regulation S under the US Securities Act or within or into the United States or any other Restricted Territory. The New Ordinary Shares have not been and will not be registered under the Securities Act or qualified under the laws of any state or other jurisdiction of the United States or any other Restricted Territory, and therefore may not be offered, sold subscribed, taken up, delivered or transferred, directly or indirectly, in, into or within the United States or any other Restricted Territory or to any U.S. person or any national resident or citizen of any other Restricted Territory or any corporation, partnership or other entity created or organised under the laws thereof, except pursuant to an exemption from such registration or qualification requirements, if any. Shareholders who are residents or citizens of any country other than the United Kingdom and any person (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the United Kingdom should seek appropriate advice before taking any action. There will be no public offer of the New Ordinary Shares in any Restricted Territory.

UK Product Governance Requirements

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK MiFIR Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares have been subject to a product approval process, which has determined that the New Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in paragraphs 3.5 and 3.6 of COBS; and (ii) eligible for distribution through all permitted distribution channels (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the New Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Placing and/or the Retail Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Zeus will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of COBS; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the New Ordinary Shares and determining appropriate distribution channels.

Basis on which information is presented

In the document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom.

References to defined terms

Certain terms used in this document are defined and explained at the section of this document under the heading "Definitions".
All times referred to in this document are, unless otherwise stated, references to London time.

This document is published on 7 June 2024.

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DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“2023 AGM”	the annual general meeting of the Company held on 22 September 2023;
“Act”	the Companies Act 2006 (as amended);
“Admission”	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;
“AIM”	a market operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time;
“Bank” or “Santander”	Santander UK plc;
“Bookbuild” or “Bookbuild Platform”	the online platform through which the Retail Offer is being conducted;
“certificated” or “in certificated form”	the description of an Ordinary Share or other security which is not in uncertificated form (that is not in CREST);
“Circular” or “this document”	this circular giving (amongst other things) details of the Fundraising and incorporating the Notice of General Meeting;
“Closing Price”	the closing middle market price of an Existing Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange;
“Company” or “SysGroup”	SysGroup plc registered in England and Wales under number 06172239 whose registered office is at 55 Spring Gardens, Manchester M2 2BY;
“CREST”	the relevant system (as defined in the CREST Regulations) to facilitate transfer of the title to an interest in securities in uncertificated form operated by Euroclear;
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996, as amended);
“CREST member”	a person who has been admitted to CREST as a system-member (as defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended from time to time);
“CREST Sponsor”	a CREST participant admitted to CREST as a sponsor;
“CREST Sponsored Member”	a CREST Member admitted to CREST as a sponsored member;
“Directors” or “Board”	the directors of the Company whose names are set out on page 11 of this document, or any duly authorised committee thereof;
“Enlarged Share Capital”	the issued share capital of the Company immediately following Admission (comprising the Existing Ordinary Shares and the New Ordinary Shares, assuming full take-up under the Retail Offer);
“Euroclear”	Euroclear UK & International Limited;
“Existing Ordinary Shares”	the 51,496,084 Ordinary Shares in issue at the date of the Launch Announcement, all of which are admitted to trading on AIM and being the entire issued ordinary share capital of the Company prior to the Fundraising;
“FCA”	the Financial Conduct Authority of the United Kingdom;

“Form of Proxy”	the form of proxy for use in connection with the General Meeting, which accompanies this document;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“Fundraise” or “Fundraising”	together the Placing, the Subscription and the Retail Offer;
“Fundraising Resolutions”	the resolutions in relation to the Fundraising to be proposed at the General Meeting at the end of this document, being those resolutions numbered 1 and 2;
“General Meeting”	the general meeting of the Company convened for 1:00 p.m. on 24 June 2024 at the offices of Hill Dickinson LLP at 50 Fountain Street, Manchester, M2 2AS to approve the Resolutions, or any adjournment thereof, notice of which is set out at the end of this document;
“Group”	the Company and its subsidiaries as at the date of this document;
“Intermediaries”	any financial intermediaries that are appointed by Zeus as the “Retail Offer Coordinator” in connection with the Retail Offer;
“Issue Price”	33 pence per New Ordinary Share;
“Latest Practicable Date”	5 June 2024, being the latest practicable date prior to the release of the Launch Announcement;
“Launch Announcement”	the announcement published by the Company on 6 June 2024 containing details of the launch of the Fundraising;
“London Stock Exchange”	London Stock Exchange plc;
“Long Stop Date”	30 July 2024
“MIP Resolutions”	the resolutions in relation to the VCP and PSP, to be proposed at the General Meeting at the end of this document, being those resolutions numbered 5 and 6;
“New Ordinary Shares”	the new ordinary shares to be issued pursuant to the Placing, the Subscription and the Retail Offer;
“Notice of General Meeting”	the notice convening the General Meeting which is set out at the end of this document;
“Ordinary Shares”	ordinary shares of £0.01 (1 pence) each in the capital of the Company;
“Performance Share Plan” or “PSP”	Performance Share Plan of the Company proposed to be approved and adopted by Shareholders at the General Meeting (as summarised in the appendix to this Circular);
“Placee” or “Placees”	the persons with whom Placing Shares are placed pursuant to the Placing;
“Placing”	the proposed conditional placing of the Placing Shares by Zeus, as agent on behalf of the Company, at the Issue Price, in accordance with the Placing Agreement;
“Placing Agreement”	the agreement between the Company and Zeus dated 6 June 2024 in connection with the Placing;
“Placing Shares”	the 26,939,427 Ordinary Shares to be allotted by the Company credited fully paid pursuant to the Placing subject to the passing of the Fundraising Resolutions at the General Meeting;
“Prospectus Regulation”	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (which forms part of UK domestic law pursuant to the European Union (Withdrawal) Act 2018) on the requirements for a prospectus to be published when securities are offered to the public or admitted to trading;
“Prospectus Regulation Rules”	the prospectus regulation rules published by the FCA pursuant to section 73A of FSMA;
“Registrars”	Computershare Investor Services PLC;

“Regulation S”	Regulation S under the Securities Act;
“Regulatory Information Service”	a service approved by the FCA for the distribution to the public of AIM announcements and included within the list on the website of the FCA;
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting at the end of this document, and a reference to “Resolution” followed by a number is to the resolution so numbered in the Notice of General Meeting;
“Retail Investors”	existing Shareholders of the Company who are resident in the United Kingdom and who are a customer of an Intermediary who agree conditionally to subscribe for Retail Offer Shares in the Retail Offer;
“Retail Offer”	the proposed conditional offer of New Ordinary Shares to be subscribed for by Retail Investors via the Bookbuild Platform at the Issue Price, to be admitted to trading as part of Admission subject to and conditional upon the Fundraising Resolutions being passed at the General Meeting;
“Retail Offer Announcement”	the announcement made by the Company launching the Retail Offer on 7 June 2024;
“Retail Offer Shares”	up to 1,515,151 New Ordinary Shares to be issued pursuant to the Retail Offer, subject to, <i>inter alia</i> , the passing of the Fundraising Resolutions at the General Meeting;
“Restricted Territory”	the United States, Australia, Canada, The Republic of South Africa, Japan or any other jurisdiction in which release, publication or distribution of this document and any accompanying materials would be unlawful;
“Securities Act”	the United States Securities Act of 1933, as amended;
“Shareholders”	holders of Ordinary Shares from time to time;
“Subscribers”	persons procured by the Company to subscribe for Subscription Shares at the Issue Price pursuant to the provisions of the Subscription Agreements;
“Subscription”	the proposed conditional subscription of 6,242,423 New Ordinary Shares at the Issue Price by the Subscribers under the terms of the Subscription Agreements;
“Subscription Agreements”	the agreements entered into between the Company and the Subscribers in connection with the Subscription;
“Subscription Shares”	the 6,242,423 New Ordinary Shares proposed to be allotted and issued pursuant to the Subscription, subject to, <i>inter alia</i> , the passing of the Fundraising Resolutions at the General Meeting;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and any other area subject to its jurisdiction;
“US Person”	the meaning set out in Regulation S of the Securities Act;
“Value Creation Plan” or “VCP”	Value Creation Plan of the Company proposed to be approved and adopted by Shareholders at the General Meeting (as summarised in the appendix to this Circular); and
“Zeus”	Zeus Capital Limited, the Company’s nominated adviser for the purposes of the AIM Rules.

All references in this document to “£”, “pence”, “p”, or “pounds sterling” are to the lawful currency of the UK.

Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it.

Words importing the singular include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.

GLOSSARY

“Adjusted EBITDA”	earnings before interest, taxation, depreciation, amortisation, fair value adjustments and share based payments;
“AI”	Artificial Intelligence;
“EBITDA”	earnings before interest, taxation, depreciation and amortisation;
“FY”	Financial year ending 31 March;
“IT”	Information Technology;
“ML”	Machine Learning;
“MSP”	Managed Services Provider;
“SME”	small and medium-sized enterprise.

DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	Heejae Chae (<i>Executive Chairman</i>) Owen Phillips (<i>Chief Financial Officer</i>) Mike Fletcher (<i>Non-Executive Director</i>) Mark Reilly (<i>Non-Executive Director</i>) Paul Edwards (<i>Non-Executive Director</i>)
Company Secretary	Wendy Baker
Registered Office	55 Spring Gardens Manchester M2 2BY
Nomad and Broker	Zeus Capital Limited 82 King Street Manchester, M2 4WQ
Legal advisers to the Company	Hill Dickinson LLP 50 Fountain Street Manchester, M2 2AS
Legal advisers to Nomad and Broker	CMS Cameron McKenna Nabarro Olswang LLP 1 The Avenue Spinningfields Manchester, M3 3AP
Registrars	Computershare Investor Services PLC The Pavilions, Bridgwater Road Bristol, BS99 6ZY

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2024

Announcement of the Fundraising	5:11 p.m. on 6 June
Publication and posting of this document and Forms of Proxy	7 June
Launch of Retail Offer	8:00 a.m. on 7 June
Close of Retail Offer	4:30 p.m. on 13 June
Latest time and date for receipt of Forms of Proxy or electronic proxy appointments for the General Meeting	1:00 p.m. on 20 June
General Meeting	1:00 p.m. on 24 June
Results of the General Meeting announced	24 June
Admission and commencement of dealings in the New Ordinary Shares on AIM	8:00 a.m. on 26 June
CREST accounts expected to be credited with New Ordinary Shares in uncertificated form (uncertificated holders only)	26 June
Expected dispatch of definitive share certificates in respect of New Ordinary Shares to be issued in certificated form (certificated holders only)	<i>Within 10 business days of Admission</i>
Long Stop Date	30 July

Notes:

1. Each of the times and dates above are indicative only and are subject to change at the absolute discretion of the Company (with the agreement of Zeus). If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to the London Stock Exchange, and Shareholders will also be notified by announcement through a Regulatory Information Service.
2. All of the above times refer to London time unless otherwise stated.
3. All events listed in the above timetable following the General Meeting are conditional on, *inter alia*, the passing of the Fundraising Resolutions at the General Meeting.

ISSUE STATISTICS

Issue Price per New Ordinary Share	33 pence
Number of Existing Ordinary Shares as at the date of this document	51,496,084
Number of Placing Shares	26,939,427
Number of Subscription Shares	6,242,423
Maximum number of Retail Offer Shares	1,515,151
Enlarged Share Capital on Admission following the issue of New Ordinary Shares ⁴	86,193,085
New Ordinary Shares expressed as a percentage of the Enlarged Share Capital ⁴	40.3%
Gross proceeds of the Fundraising ⁴	£11,450,010
Gross proceeds of the Placing	£8,890,011
Gross proceeds of the Subscription	£2,060,000
Estimated gross proceeds of the Retail Offer	£500,000
Estimated net proceeds of the Fundraising ⁴	£10,688,000
Market capitalisation at the Issue Price on Admission ⁴	£27,598,458
ISIN	GB00BYT18182
SEDOL	BYT1818
LEI	213800D18GPZZJR9SH55
TIDM	SYS

Notes:

4. Assuming the Retail Offer is fully subscribed by qualifying shareholders

LETTER FROM THE EXECUTIVE CHAIRMAN OF SYSGROUP PLC

(incorporated and registered in England and Wales under the Companies Act 1985 with registered number 06172239)

Directors:

Heejae Chae (Executive Chairman)
Owen Phillips (Chief Financial Officer)
Mike Fletcher (Non-Executive Director)
Mark Reilly (Non-Executive Director)
Paul Edwards (Non-Executive Director)

Registered office:

55 Spring Gardens
Manchester
M2 2BY

7 June 2024

To holders of Ordinary Shares and, for information only, to holders of options over Ordinary Shares

Dear Shareholder,

Proposed Fundraising comprising:
Placing of 26,939,427 New Ordinary Shares
Subscription for 6,242,423 New Ordinary Shares
Retail Offer of up to 1,515,151 New Ordinary Shares
At an Issue Price of 33 pence per New Ordinary Share
and
Notice of General Meeting

1. Introduction

As announced on 6 June 2024, the Company has raised £11.0 million, before expenses, by way of a conditional Subscription and Placing of, in aggregate, 33,181,850 New Ordinary Shares, in each case at the Issue Price.

In addition, to provide Shareholders who did not take part in the Placing or the Subscription with an opportunity to participate in the Fundraising, the Company is providing all existing Shareholders with the opportunity to subscribe for up to 1,515,151 Retail Offer Shares at the Issue Price, via the Bookbuild Platform, to raise up to £0.5 million (before expenses), by way of the conditional Retail Offer.

The maximum total amount that the Company could raise under the Fundraising is therefore approximately £11.5 million (before expenses), assuming that the Retail Offer is fully subscribed.

The Fundraising comprises:

1. 26,939,427 Placing Shares conditionally placed by Zeus as agent of the Company with institutional investors at the Issue Price, conditionally raising proceeds of approximately £8.9 million (before commissions and expenses);
2. 6,242,423 Subscription Shares (in aggregate) subscribed for by the Subscribers at the Issue Price, raising proceeds of approximately £2.1 million (before fees and expenses); and
3. up to 1,515,151 Retail Offer Shares to be issued pursuant to the Retail Offer to Retail Investors through Intermediaries at the Issue Price, to conditionally raise proceeds of up to £0.5 million (before fees and expenses).

The Issue Price of 33 pence per New Ordinary Share represents a discount of 5.7 per cent. to the Closing Price on the Latest Practicable Date being 35.0 pence per Existing Ordinary Share.

The Subscription Shares, the Placing Shares and the Retail Offer Shares will represent, respectively, approximately 7.2 per cent., 31.3 per cent. and 1.8 per cent. of the Enlarged Share Capital.

The background to and reasons for the Fundraising and further details of the Placing, the Subscription and the Retail Offer are set out at paragraphs 4 and 5 below.

Approximately £2 million of the proceeds of the Fundraising is intended to be used to fund an internal transformation project to provide the Group with systems utilising AI driven technologies. This will enable the Company to be a true AI adopter and innovator, acting as a live real case study of best practice to customers. Rather than drawing the Group's existing Bank facility, a further £2 million will be used to meet the contingent earnout payment due in August 2024 in relation to the acquisition of Truststream Security Solutions Limited ("Truststream"). The remainder of the Fundraising proceeds will strengthen the balance sheet to provide for ongoing working capital requirements as the business continues to drive growth, as well as liquidity for M&A opportunities, whilst ensuring that the Company remains compliant at all times with its obligations under its existing financing arrangements.

The Fundraising is conditional upon, amongst other things, approval by Shareholders of the Fundraising Resolutions to be proposed at the General Meeting and Admission.

The Fundraising Resolutions must be passed by Shareholders at the General Meeting in order for the Fundraising to proceed.

If the conditions relating to the issue of the Placing Shares are not satisfied or the Placing Agreement is terminated in accordance with its terms, the Placing Shares will not be issued and the Company will not receive the associated Placing monies. In this scenario, the Subscription and the Retail Offer will similarly not proceed.

No part of the Fundraising is being underwritten.

The New Ordinary Shares will be issued fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares.

The main purpose of this document is to set out the background to, reasons for, and details of the Fundraising, to explain why the Directors consider that the Fundraising is in the best interests of the Company and its Shareholders as a whole and to unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, as they intend so to do in respect of their beneficial shareholdings amounting to 7,027,193 Ordinary Shares, representing approximately 14.36 per cent. of the existing issued ordinary share capital of the Company. The formal notice of the General Meeting is set out at the end of this document.

Your attention is drawn to the Notice of General Meeting at the end of this document and paragraphs 11 and 12 of this letter, which explain the purpose of the General Meeting and action to be taken by you in relation to the General Meeting.

2. Information on SysGroup

2.1. Introduction

SysGroup plc was incorporated in 2007 and is a technology partner specialising in the delivery and management of cloud, data and security services to power Artificial Intelligence ("AI") and Machine Learning ("ML") transformation. The Group offers an integrated set of modern technologies that collectively meets customers end-to-end data needs including connectivity, cloud hosting, delivery, analytics and governance of customer data, as well as a security layer for users and applications.

The Group has offices in Manchester, Edinburgh, London, Bristol and Newport.

While many SMEs are eager to adopt AI/ML, they often lack a clear strategy or implementation path. There is significant demand for a partner to support their development of an AI/ML strategy and enable its implementation.

To support this strategy, the Company has made significant investments in both technology and people. SysGroup has transformed its senior management team reducing it from thirteen to eight members, with six external appointments. The new management team has a strong track record in managing rapid growth, executing acquisitions and building sales teams. SysGroup has already hired four experienced salespeople from Softcat, implemented performance-driven commission schemes and built a blue-chip team of AI experts from JP Morgan, AWS, McLaren and Validus. Throughout the organisation, there is a culture of customer focus and outstanding service underpinned by innovation, entrepreneurialism and high performance.

The core MSP business, which has more than 70% recurring revenues provides a solid base from which the Company can expand.

2.2. Market Opportunity

Factors driving the AI/ML adoption generally include:

- the growing availability of data, crucial for training AI/ML algorithms. As the amount of data that companies collect continues to grow, so does the potential for AI and ML to deliver value;
- decreasing costs of computing power, making AI/ML algorithms more accessible across various company sizes and budgets; and
- the increasing sophistication and user-friendliness of AI/ML tools and technologies.

According to an IONOS / YouGov¹ study of 4,807 SME owners across the UK, US, France, Germany and Spain: (1) UK business leaders have the lowest number of people already using AI frequently for work (9% compared to 15% average); (2) only 7% of UK SMEs consider their level of AI knowledge to be very good compared to 32% in the US; (3) 48% of UK SMEs state their knowledge of the technology to be fairly poor or very poor; and (4) 56% of respondents have never used AI tools before in work, the highest percentages of the countries surveyed.

This failure to adopt is not due to a lack of desire to engage with technology, and there are a number of factors considered to be barriers to using AI more widely. AI/ML strategy requires a holistic approach where the outcome is delivered from both software and hardware solutions. Generally, AI projects fail because they have not taken a holistic approach, for example, by not defining the correct business case or not employing appropriate data architecture framed by the right technology infrastructure.

Underpinned by its relationships with customers, SysGroup proposes a modern unified data solution platform that is simple to sell and support and is simple for customers to consume and benefit from. This will comprise an integrated set of technologies that collectively meets the customer's end-to-end data needs. It will allow for connectivity, storage, preparation, delivery, analytics and governance of customer data, as well as a security layer for users and applications.

2.3. Acquisition strategy

SysGroup has a solid track record of acquiring and integrating managed IT services businesses, with its acquisitions supported by a company-wide sales and marketing, customer support and billing platform.

In order to build the size and scale of business the Company is looking to create, continuing to explore acquisitions will be core to the future growth strategy. The focus here will be on (i) expanding capabilities in certain areas of technology expertise as well as (ii) acquiring companies or businesses that have interesting and relevant customer bases; ideally opportunities will satisfy both criteria.

In executing the strategy, the Company screens the market using various industry databases (among other resources) to identify opportunities that meet its objectives. Thereafter more detailed analysis is done, narrowing down on key metrics (financials, organisational size, business profile, etc.) depending on the results of these searches.

The Company also receives inbound acquisition opportunities and enquiries and works closely with intermediaries who are aware of its focus and criteria.

3. Current Trading and Outlook

As recently reported in the Company's RNS announcement on 30 April 2024 entitled "Year End Trading Update", revenue for FY24 was marginally higher than prior year at £22.7m (FY23: £21.6m), driven by a significant increase of 14% in the second half of the year (compared with the same period in FY23), which offset a decline of 3% in the first half of FY24. At the end of April 2024, SysGroup closed the second largest contract in its history, totalling £2.2m of revenue over three years, providing cyber security managed services to a leading challenger bank. Its AI/ML proposition continues to gain traction amongst both new and existing customers, with a growing pipeline of opportunities.

Following significant investment in technology and people to support our strategic growth, the Group expects to report FY24 Adjusted EBITDA of approximately £2m (FY23: £3.3m*).

The Group finished the year with a gross cash balance of £1.9m (FY23: £4.2m) and a net debt position of £3.4m (FY23: net debt of £1.3m), excluding contingent consideration of £1.8m (FY23: £2.7m). Cash balances have been utilised in satisfaction of: (i) £0.9m in the Truststream Year 1 earn-out and (ii) £1.5m in settlement of the former CEO's contractual departure terms including the Company's purchase of 2,076,394 ordinary

¹ 30 October 2023

SysGroup shares (now held in treasury) following the exercise of share options and immediate sale of those shares.

**As part of the Group's FY24 audit process, which is still ongoing at the time of the publication of this Document, the Group is aware of a potential restatement to the FY23 reported accounts which is likely to reduce the FY23 Adjusted EBITDA by up to £0.2m.*

4. Background to and reasons for the Fundraise

As set out above, SysGroup aims to become partner of choice for SMEs in their AI and digital transformation.

The Board is confident that the Company is well positioned to fill the existing gap in the market and, with a strong AI offering and a large customer base, expects the new management team to continue accelerating sales growth and expand margins.

Approximately £2 million of the proceeds of the Fundraising is intended to be used to fund an internal transformation project to provide the Group with systems utilising AI driven technologies. This will enable the Company to be a true AI adopter and innovator, acting as a live real case study of best practice to customers. Rather than drawing the Group's existing Bank facility, a further £2 million will be used to meet the contingent earnout payment due in August 2024 in relation to the acquisition of Truststream Security Solutions Limited ("Truststream"). The remainder of the Fundraising proceeds will strengthen the balance sheet to provide for ongoing working capital requirements as the business continues to drive growth, as well as liquidity for M&A opportunities, whilst ensuring that the Company remains compliant at all times with its obligations under its existing financing arrangements.

5. Information on the Fundraise

5.1. Structure

At the 2023 AGM, certain resolutions were passed by Shareholders which granted the Directors the authority to allot, on a non-pre-emptive basis, Ordinary Shares up to an aggregate nominal amount of £25,748 (being approximately 5 per cent. of the issued share capital of the Company as at the date of the 2023 AGM).

Given the level of interest in the Fundraising and the limit on the Company's allotment authorities, the Fundraising will only be implemented if the new shareholder authorities being sought pursuant to the Fundraising Resolutions are duly passed at the General Meeting.

5.2. Placing

The Company has conditionally raised £8.9 million (before commissions and expenses) by way of a conditional, non-pre-emptive placing of 26,939,427 Placing Shares pursuant to the Placing Agreement at the Issue Price. The Placing Shares will be issued and allotted subject to the Fundraising Resolutions being duly passed at the General Meeting.

The Placing Shares, when issued, will represent approximately 31.3 per cent. of the Company's Enlarged Share Capital immediately following Admission. The Placing Shares will rank in full for all dividends with a record date on or after the date of Admission and otherwise equally with the Ordinary Shares in issue from the date of Admission. It is expected that the Placing Shares will be admitted to trading on AIM on 26 June 2024.

The Placing (which is not being underwritten) is conditional, amongst other things, upon:

- (a) the Placing Agreement becoming unconditional in all respects (save for Admission) and not having been terminated in accordance with its terms prior to Admission;
- (b) the passing of the Fundraising Resolutions at the General Meeting; and
- (c) Admission of the Placing Shares becoming effective on or before 8.00 am on 26 June 2024 or such later time and/or date as the Company and Zeus may agree, being no later than 8.00 am on the Long Stop Date.

If such conditions are not satisfied or, if capable of waiver, waived, by the date(s) and time(s) referred to above, the Placing will not proceed.

5.3. The Placing Agreement

In connection with the Placing, the Company and Zeus have entered into the Placing Agreement. Pursuant to the terms of the Placing Agreement, Zeus has conditionally agreed to use its reasonable endeavours, as

agent for the Company, to procure Placers for the Placing Shares at the Issue Price. The Placing is not being underwritten.

The Placing Agreement is conditional, amongst other things, upon the passing of the Fundraising Resolutions, the conditions in the Placing Agreement being satisfied or (if capable of waiver) waived and the Placing Agreement not having been terminated in accordance with its terms prior to Admission, Admission occurring on or before 8:00 a.m. on 26 June 2024 (or such later date as the Company and Zeus may agree, not being later than 8:00 a.m. on the Long Stop Date).

The Placing Agreement contains certain customary warranties given by the Company in favour of Zeus in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Company and its business.

In addition, the Company has agreed to indemnify Zeus in relation to certain liabilities its business may incur in respect of the Placing.

Zeus has the right to terminate the Placing Agreement in certain circumstances prior to Admission, including, in particular, in the event of a breach of the warranties given in the Placing Agreement, the failure of the Company to comply in any material respect with its obligations under the Placing Agreement or the occurrence of a *force majeure* event or a material adverse change affecting the financial position, business or prospects of the Company.

The Placing is not conditional on the Subscription or the Retail Offer proceeding or on any minimum take-up under the Retail Offer.

5.4. Subscription

The Company has conditionally raised approximately £2.1 million (before expenses) through the issue, in aggregate, of 6,242,423 Subscription Shares to the Subscribers at the Issue Price pursuant to the Subscription.

The Subscription Shares will be issued conditional upon the Fundraising Resolutions being duly passed at the General Meeting and Admission.

The Subscription has not been underwritten and, pursuant to the terms of the Subscription Agreements, is conditional, *inter alia*, upon the Placing proceeding and Admission becoming effective by no later than 8.00 a.m. on 26 June 2024 (or such later date as the Company and Zeus may agree, not being later than the Long Stop Date).

If such conditions are not satisfied, the Subscription will not proceed.

5.5. Retail Offer

The Company values its Shareholder base and believes that it is appropriate to provide its eligible Retail Investors in the United Kingdom the opportunity to participate in the Retail Offer. The Retail Offer will allow existing Retail Investors to participate in the Fundraising by subscribing for Retail Offer Shares at the Issue Price.

Pursuant to the terms of the Retail Offer, the Company has made the Retail Offer to Retail Investors only through Intermediaries via the Bookbuild Platform.

Conditional on, amongst other things, the Fundraising Resolutions being duly passed at the General Meeting, the Placing proceeding and Admission, up to 1,515,151 Retail Offer Shares will be issued to eligible Retail Investors by way of the Retail Offer at the Issue Price to raise proceeds of up to approximately £0.5 million (before expenses).

The Retail Offer Shares are not part of the Placing and are not Placing Shares. The Retail Offer is not underwritten. No prospectus will be published in connection with the Retail Offer.

If the Retail Offer is taken up in full, the Retail Offer Shares will represent approximately 1.8 per cent. of the Enlarged Share Capital. The Retail Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares then in issue.

Further information on the Retail Offer and how Retail Investors can participate in the Fundraising is contained in the Retail Offer Announcement which was made by the Company on 7 June 2024.

5.6. Settlement and dealings

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. Subject, amongst other things, to the passing of the Fundraising Resolutions at the General Meeting, it is expected that Admission will become effective and that dealings in the New Ordinary Shares will

commence on 26 June 2024 (or such later time and/or date as may be agreed between the Company and Zeus, being no later than 8:00 a.m. on the Long Stop Date).

The New Ordinary Shares will, following Admission, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will otherwise rank *pari passu* in all respects with the Existing Ordinary Shares in issue at the date of Admission.

For those Shareholders who hold New Ordinary Shares in uncertificated form, it is expected that on 26 June 2024 the CREST account of Zeus will be credited with New Ordinary Shares subscribed for in the Placing and the Retail Offer. Zeus will settle with investors from the Placing and the Retail Offer within CREST by delivery versus payment (DVP).

For New Ordinary Shares to be held in certificated form (if any), it is expected that certificates of title will be despatched within 10 business days of Admission.

Pending despatch of the share certificates or the crediting of CREST accounts, the Registrar will certify any instruments of transfer against the register.

6. Working Capital

The Directors are of the opinion, having made due and careful enquiry, that, taking into account the net proceeds of the Fundraising and the existing cash resources available to the Company, the Company has sufficient working capital for its present requirements, that is for at least 22 months from the date of Admission.

7. Incentive Arrangements

The Company's approach to incentivisation is to reward key contributors to Company performance with incentive structures that are tied to the delivery of Shareholder value over a sustained period and are funded through issuance of equity or equity-linked instruments.

These incentive plans will form part of the overall remuneration structure for senior employees within the Company, in order to incentivise the management team to deliver substantial value and realise its growth ambitions. It is envisaged that if these growth plans are realised, the long-term incentive arrangements would form the significant majority of remuneration for the senior team, alongside fixed pay and short term bonus plans. If the stretching targets are met, the majority of potential remuneration would be earned under the long-term incentive plans which are aligned with Shareholder value.

The Company is proposing to adopt two share incentive share schemes, for which it seeks shareholder approval which are summarised below. Further details relating to each scheme can be found in the appendix to this circular. Copies of the VCP and PSP scheme rules will be available at the General Meeting. In addition, the Company will adopt a SAYE (Save as you Earn) scheme for participation of all employees. This is expected to be approved by the Board, in the near future, and will not therefore be subject to Shareholder approval.

Value Creation Plan (VCP)

The VCP is a one-off leveraged plan, designed to incentivise the Executive Directors and senior management to deliver significant returns for Shareholders over a five-year period. Under the VCP, participants will receive (in the form of Ordinary Shares) a proportion of the returns delivered for Shareholders if a threshold rate is achieved. Subject to meeting the hurdle rates (as described below), participants in the VCP as a whole are eligible to receive between 15% and 25% share of the value created for Shareholders above the market capitalisation at the placing depending on the Company's share price at the end of the performance period. The minimum hurdle rate to be achieved before there is any value sharing is 12.5% compound annual growth and in order for the sharing ratio to increase, share prices of £2.25 (i.e. c.47% compound annual growth) and £3 (i.e. c.55% compound annual growth) must be reached. These targets have been set at a significant premium to the Issue Price to incentivise and drive substantial growth.

Performance Share Plan (PSP)

The PSP is a discretionary incentive plan allowing for the grant of a variety of awards over Ordinary Shares ("Awards") to be made to eligible employees of the Group on an annual basis, with targets set over rolling three-year periods. Awards made under the PSP may take the form of options to acquire Ordinary Shares, conditional share awards or awards of restricted shares. The vesting of Awards may be subject to the achievement of a performance target (which may comprise a combination of separate targets) measured over a specified three-year period. Awards may be satisfied by the issue of new Ordinary Shares or by the

transfer of Ordinary Shares held in treasury or by the trustee of an employee benefit trust.

An offset feature will be built into awards for employees who are participants in both the VCP and PSP to reduce the number of shares vesting under the PSP to reflect shares realised under the VCP. This will prevent participants being remunerated twice for the same performance.

The adoption by the Company of the VCP and PSP is subject to the MIP Resolutions being duly passed at the General Meeting.

8. Director and non-Board PDMR Participation in the Fundraise

The Directors and the Company Secretary have agreed to participate in the Fundraise, subscribing in aggregate for £410,000. Their interests as at today and following completion of the Fundraise are as follows:

<i>Director / PDMR</i>	<i>Position</i>	<i>Existing beneficial interest in Ordinary Shares</i>	<i>% of current share capital</i>	<i>New Ordinary Shares subscribed for</i>	<i>Ordinary Shares after Fundraise</i>	<i>% of Enlarged Share Capital¹</i>
Heejae Chae	Executive Chairman	6,950,000	14.2	757,575	7,707,575	9.2
Owen Phillips	Chief Finance Officer	-	-	60,606	60,606	0.1
Paul Edwards	Non-Executive Director	-	-	151,515	151,515	0.2
Mike Fletcher	Non-Executive Director	77,193	0.16	45,454	122,647	0.1
Mark Reilly	Non-Executive Director	-	-	45,454	45,454	0.1
Wendy Baker ²	Company Secretary	-	-	181,818	181,818	0.2

¹ Assuming the Retail Offer is taken up in full, and excluding shares held in treasury

² Shares will be registered in the name of Wendy Baker & Organon Pension Trustees Limited as Trustees of the Organon SIPP re W Baker

It was announced by the Company on 3 June 2024 that Davin Cushman is to be appointed as a Non-Executive Director with effect from 10 June 2024 and Davin Cushman has agreed to participate in the Fundraising, subscribing in aggregate for £99,999.90. Senior management have also participated in the Subscription in aggregate for £120,000.

9. Principal Risks and Uncertainties

The attention of Shareholders is drawn to the section of the Company's annual report and accounts for the year ended 31 March 2023 headed "*Principal Risks and Uncertainties*".

10. Related party transactions

Each of the Directors has agreed to participate in the Fundraising, subscribing in aggregate for 1,060,604 New Ordinary Shares (the "Directors' Participation"), which constitutes a related party transaction under the AIM Rules. Each Director is deemed to be independent of the undertakings by other Directors to participate in the Fundraise. Accordingly, the directors deemed to be independent in relation to each respective related party transaction (for the purposes of AIM Rule 13) consider, having consulted with the Company's nominated adviser, Zeus, that the terms of the Participating Employees' participation in the Fundraising is fair and reasonable insofar as Shareholders are concerned.

Gresham House Asset Management Limited, Canaccord Genuity Group Inc and Mr Darren Carter each hold an interest in more than 10 per cent. of the Company's Existing Ordinary Shares and are therefore considered related parties of the Company under the AIM Rules. Gresham House Asset Management Limited, Canaccord Genuity Group Inc and Mr Darren Carter have conditionally agreed to subscribe for 8,816,400 Placing Shares, 1,360,000 Placing Shares and 750,000 Placing Shares respectively.

In the case of participation by Gresham House Asset Management Limited and Canaccord Genuity Group Inc, all the Directors are considered to be independent for the purposes of AIM Rule 13. Having consulted with the Company's nominated adviser, Zeus, the Directors consider that the terms of the participation in the Placing by Gresham House Asset Management Limited, Canaccord Genuity Group Inc and Mr Darren Carter are fair and reasonable insofar as Shareholders are concerned.

11. General Meeting

The Company's existing shareholder authorities granted at the 2023 AGM do not give the Directors the authority necessary to allot the New Ordinary Shares. Accordingly, the Board is seeking the approval of Shareholders to provide the authority to allot New Ordinary Shares in respect of the Placing, the Subscription and the Retail Offer.

Set out at the end of this document is a notice convening the General Meeting to be held at the offices of Hill Dickinson LLP at 50 Fountain Street, Manchester, M2 2AS on 24 June 2024 at 1:00 p.m.. The General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions which are required to implement the Placing, the Subscription and the Retail Offer, together with certain other resolutions.

A summary of the Resolutions to be proposed as ordinary or special resolutions is set out below. Please note that this is not the full text of the Resolutions and you should read this section in conjunction with the Resolutions contained in the Notice of General Meeting at the end of this document.

Ordinary Resolution

1. THAT, the Directors of the Company be generally and unconditionally authorised for the purpose of section 551 of the Act to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company (such shares and rights being together referred to as **relevant securities**) in connection with the Placing, the Subscription and the Retail Offer up to an aggregate nominal value of £346,970.01 to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the articles of association of the Company), provided that this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is six months after the next accounting reference date of the Company (if earlier) save that the Directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

Special Resolution

2. THAT, subject to the passing of Resolution 1 above, the Directors of the Company be authorised to allot equity securities for cash and/or to sell equity securities held by the Company as treasury shares for cash under the authority given by that Resolution 1 as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to the allotment of equity securities in connection with the Placing, the Subscription and the Retail Offer up to an aggregate nominal amount of £346,970.01, representing approximately 40.25 per cent. of the Enlarged Share Capital of the Company, such authority to expire at the end of the next annual general meeting or on the date which is six months after the next accounting reference date of the Company (if earlier) save that, prior to its expiry, the Company may make offers and enter into agreements which would, or might, require equity securities to be allotted after the authority expires, and the Directors of the

Company may allot equity securities under any such offer or agreement as if the authority had not expired.

Ordinary Resolution

3. THAT, in substitution for all existing and unexercised authorities and powers (other than as set out in Resolutions 1 and 2 above), the Directors of the Company be generally and unconditionally authorised for the purpose of section 551 of the Act:
 - a. to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as relevant securities) up to an aggregate nominal value of £287,310 to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the articles of association of the Company); and further
 - b. to allot equity securities up to an aggregate nominal value of £574,620 (such amount to be reduced by the nominal value of any relevant securities allotted pursuant to the authority in paragraph 3a. above) in connection with a rights issue or similar offer in favour of holders of ordinary shares,

provided that this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is six months after the next accounting reference date of the Company (if earlier).

Special Resolution

4. THAT, subject to the passing of Resolution 3, the Directors of the Company be authorised to allot equity securities for cash under the authority given by that Resolution 3 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to:
 - a. the allotment of equity securities or sale of treasury shares in connection with a rights issue or similar offer in favour of the holders of ordinary shares; and
 - b. the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 4a. above) up to an aggregate nominal amount of £43,096, representing approximately 5 per cent. of the Enlarged Share Capital of the Company on Admission,

such authority to expire at the end of the next annual general meeting or on the date which is six months after the next accounting reference date of the Company (if earlier).

Ordinary Resolutions

5. THAT the rules of the SysGroup plc Value Creation Plan (as described in the appendix to this Circular and in the form produced in draft to the meeting and for the purposes of identification initialled by the Chairman of the meeting) are hereby approved and adopted and that the Directors are hereby authorised to do all such other acts and things as they may consider appropriate to implement the Value Creation Plan, including making any changes to the rules of the Value Creation Plan they consider necessary or desirable.
6. THAT the rules of the SysGroup plc Performance Share Plan (as described in the appendix to this Circular and in the form produced in draft to the meeting and for the purposes of identification initialled by the Chairman of the meeting) are hereby approved and adopted and that the Directors are hereby authorised to do all such other acts and things as they may consider appropriate to implement the Performance Share Plan, including making any changes to the rules of the Performance Share Plan they necessary or desirable.

An ordinary resolution requires the approval of a simple majority of Shareholders who vote at the General Meeting and a special resolution requires the approval of at least 75% of Shareholders who vote at the General Meeting, in order to be passed.

The Directors have concluded that proceeding with the Subscription, the Placing and the Retail Offer is the most suitable option available to the Company for raising additional funds through the issue of Ordinary Shares and that issuing the New Ordinary Shares under the Fundraising at a discount to the Closing Price as at the Latest Practicable Date is fair and reasonable so far as all Shareholders are concerned. The Issue

Price has been set by the Directors following their assessment of market conditions and following discussions with a number of institutional investors.

You have the right to appoint a proxy to vote at the General Meeting on your behalf. Details of how to appoint a proxy are set out below at '12. Action to be taken' below.

If the Fundraising Resolutions are passed, these authorities will enable the Directors to effect the Fundraising on a non-pre-emptive basis. If the Fundraising Resolutions are not passed by the requisite majority, the Fundraising will not proceed.

12. Action to be taken

Form of Proxy

The Form of Proxy for use at the General Meeting accompanies this document. Whether you intend to attend the meeting or not, the Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event so as to be received by no later than 1:00 p.m. on 20 June 2024 or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding weekends and any bank holidays).

You can vote either:

- (a) by logging on to www.investorcentre.co.uk/eproxy and following the instructions. Shareholders will need their shareholder reference number, PIN and control number to submit a proxy vote this way which will be provided on their paper form of proxy;
- (b) requesting a hard copy form of proxy directly from the registrars, Computershare Investor Services on Tel: 0370 707 1658; or
- (c) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

Electronic appointment of proxies through CREST

CREST members who wish to appoint a proxy or proxies for the General Meeting (or any adjournment of it) via the CREST electronic proxy appointment service may do so in accordance with the procedures set out in the CREST Manual. CREST Personal members or other CREST Sponsored Members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC (ID 3RA50) by no later than 1:00 p.m. on 20 June 2024 (or, in the case of an adjourned General Meeting, not less than 48 hours prior to the time and date set for the adjourned General Meeting (excluding weekends and any bank holidays)). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare Investor Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST Sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST personal member or CREST Sponsored Member or has appointed a voting service provider(s), to procure that his or her CREST Sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST Sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. **The completion and return of the Form of**

Proxy or appointment of a proxy via CREST will not preclude Shareholders from attending the General Meeting and voting in person should they so wish and are so entitled.

IMPORTANCE OF YOUR VOTE

The Fundraising Resolutions must be passed by Shareholders at the General Meeting in order for the Subscription, the Placing and the Retail Offer to proceed. If Shareholders do not approve the Fundraising Resolutions, the Net Proceeds in respect of the Subscription, the Placing and the Retail Offer will not be received by the Company. In those circumstances the Company would still require additional capital and would continue to seek financing from alternative sources including through drawing on its existing debt facilities.

Helpline

If you have any questions relating to this document (or any information incorporated into this document by reference from another source), the General Meeting or the completion and return of the Form of Proxy, please telephone Computershare Investor Services on +44 (0)370 707 1658. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside of the United Kingdom will be charged at the applicable international rate. Lines will be open between 8:30 a.m. and 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Computershare Investor Services cannot provide advice on the merits of the Fundraising nor give any financial, legal or tax advice.

13. Investor presentation

The Company will provide a live presentation and Q&A for investors and any other interested parties on Investor Meet Company at 11:00 a.m. on Monday 10 June 2024. Questions can be submitted pre-event via the Investor Meet Company dashboard up until 9:00 a.m. on 9 June 2024 or at any time during the live presentation.

Interested parties can register for the presentation for free at and add to meet SysGroup plc via:

<https://www.investormeetcompany.com/sysgroup-plc/register-investor>.

Investors who already follow the Company on the Investor Meet Company platform will automatically be invited.

14. Recommendation

The Directors consider the Fundraising, Admission and the Resolutions to be proposed at the General Meeting to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 7,027,193 Existing Ordinary Shares held, directly or indirectly, by them representing approximately 14.36 per cent. of the Existing Ordinary Shares.

The Fundraising is conditional, *inter alia*, upon the passing of the Fundraising Resolutions at the General Meeting. Shareholders should be aware that if any of the Fundraising Resolutions are not passed at the General Meeting, the Placing, the Subscription, and the Retail Offer will not proceed.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent advice.

Yours faithfully

Heejae Chae

Executive Chairman

SysGroup plc

SysGroup plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 06172239)

Notice of General Meeting

Notice is hereby given that a general meeting of SysGroup plc (**Company**) will be held at the offices of Hill Dickinson LLP at 50 Fountain Street, Manchester, M2 2AS on 24 June 2024 at 1:00 p.m., for the purpose of considering and, if thought fit, passing the following resolutions (**Resolutions**), of which Resolutions 1, 3, 5 and 6 will be proposed as ordinary resolutions and Resolutions 2 and 4 will be proposed as special resolutions (and in which, in each case, words and defined terms shall have the same meanings as words and defined terms in the Circular sent to the holders of Ordinary Shares dated 7 June 2024, to which this notice is attached).

Ordinary Resolution

1. THAT, the Directors of the Company be generally and unconditionally authorised for the purpose of section 551 of the Act to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company (such shares and rights being together referred to as **relevant securities**) in connection with the Placing, the Subscription and the Retail Offer up to an aggregate nominal value of £346,970.01 to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the articles of association of the Company), provided that this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is six months after the next accounting reference date of the Company (if earlier) save that the Directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

Special Resolution

2. THAT, subject to the passing of Resolution 1 above, the Directors of the Company be authorised to allot equity securities for cash and/or to sell equity securities held by the Company as treasury shares for cash under the authority given by that Resolution 1 as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to the allotment of equity securities in connection with the Placing, the Subscription and the Retail Offer up to an aggregate nominal amount of £346,970.01, representing approximately 40.25 per cent. of the Enlarged Share Capital of the Company, such authority to expire at the end of the next annual general meeting or on the date which is six months after the next accounting reference date of the Company (if earlier) save that, prior to its expiry, the Company may make offers and enter into agreements which would, or might, require equity securities to be allotted after the authority expires, and the Directors of the Company may allot equity securities under any such offer or agreement as if the authority had not expired.

Ordinary Resolution

3. THAT, in substitution for all existing and unexercised authorities and powers (other than as set out in Resolutions 1 and 2 above), the Directors of the Company be generally and unconditionally authorised for the purpose of section 551 of the Act:
 - a. to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as relevant securities) up to an aggregate nominal value of £287,310 to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the articles of association of the Company); and further
 - b. to allot equity securities up to an aggregate nominal value of £574,620 (such amount to be reduced by the nominal value of any relevant securities allotted pursuant to the authority in paragraph 3a. above) in connection with a rights issue or similar offer in favour of holders of ordinary shares,

provided that this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is six months after the next accounting reference date of the Company (if earlier).

Special Resolution

4. THAT, subject to the passing of Resolution 3, the Directors of the Company be authorised to allot equity securities for cash under the authority given by that Resolution 3 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to:
 - a. the allotment of equity securities or sale of treasury shares in connection with a rights issue or similar offer in favour of the holders of ordinary shares; and
 - b. the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 4a. above) up to an aggregate nominal amount of £43,096, representing approximately 5 per cent. of the Enlarged Share Capital of the Company on Admission,such authority to expire at the end of the next annual general meeting or on the date which is six months after the next accounting reference date of the Company (if earlier).

Ordinary Resolutions

5. THAT the rules of the SysGroup plc Value Creation Plan (as described in the appendix to this Circular of which the notice containing this resolution forms part and in the form produced in draft to the meeting and for the purposes of identification initialled by the Chairman of the meeting) are hereby approved and adopted and that the Directors are hereby authorised to do all such other acts and things as they may consider appropriate to implement the Value Creation Plan, including making any changes to the rules of the Value Creation Plan they consider necessary or desirable.
6. THAT the rules of the SysGroup plc Performance Share Plan (as described in the appendix to this Circular of which the notice containing this resolution forms part and in the form produced in draft to the meeting and for the purposes of identification initialled by the Chairman of the meeting) are hereby approved and adopted and that the Directors are hereby authorised to do all such other acts and things as they may consider appropriate to implement the Performance Share Plan, including making any changes to the rules of the Performance Share Plan they consider necessary or desirable.

Dated 7 June 2024

BY ORDER OF THE BOARD
Wendy Baker
Company Secretary

Registered office:

55 Spring Gardens
Manchester
M2 2BY

Notes:

1. Voting will take place by means of a show of hands unless a poll vote is demanded.
2. A shareholder may appoint one or more proxies to exercise their voting rights at the General Meeting, so long as each proxy is appointed to exercise voting rights attached to different shares. A proxy need not be a member of the Company.
3. To appoint a proxy, a member may complete, sign and date the enclosed proxy form and deposit it at the office of the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by 1:00 p.m. on 20 June 2024 or appoint a proxy electronically by logging on to www.investorcentre.co.uk/eproxy and following the instructions. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be enclosed with the proxy form.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so in relation to the meeting, and any adjournment(s) of that meeting, by utilising the procedures described in the CREST Manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's registrars, Computershare Investor Services PLC, (whose CREST ID is 3RA50) by the latest time for receipt of proxy appointments specified in note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
5. Appointing a proxy will not prevent you from attending the General Meeting and voting in person. However, if you decide to do so, any proxy previously appointed by you will not also be able to attend, speak and vote on your behalf. If you wish to attend the General Meeting in person, you should arrive in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity to the Company's registrar prior to being admitted to the General Meeting.
6. Any corporation which is a member of the Company may authorise one or more persons (who need not be a member of the Company) to attend, speak and vote at the meeting as the representative of that corporation. A certified copy of the board resolution of the corporation appointing the relevant person as the representative of that corporation in connection with the meeting must be deposited at the office of the Company's registrars prior to the commencement of the meeting.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders listed in the register of members of the Company as at the close of business on 20 June 2024 shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is the close of business on the day which is two days before the day fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
9. As at the date of this Notice the Company's issued share capital comprises 51,496,084 ordinary shares of £0.01 each, of which 2,561,394 are treasury shares in respect of which the Company is not permitted to exercise voting rights (such treasury shares equate to approximately 4.97 per cent of the Company's issued share capital (including treasury shares)). Each ordinary share carries one vote and therefore the total number of voting rights at 7 June 2024 was 48,934,690.
10. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, can be found at www.sysgroupplc.com.

Appendix

Summary of the principal features of the SysGroup plc Value Creation Plan (the "VCP")

Introduction

The VCP has been designed to incentivise the executive Directors and senior management to deliver returns for Shareholders over a five-year period (the "**Performance Period**"). Under the VCP, participants will receive (in the form of Ordinary Shares) a proportion of the returns delivered for Shareholders if a threshold rate is achieved (the "**Threshold Total Shareholder Return**"). Participants in the VCP as a whole are eligible to receive between 15% and 25% share of the value created for Shareholders above the market capitalisation at placing depending on the Company's share price at the end of the Performance Period (the "**VCP Allocation**").

Eligibility

All employees (including executive Directors) of the Group are eligible for selection to participate at the discretion of the Board. In practice, participation in the VCP will be focused on the executive Directors and senior management who are most able to impact the Company's shareholder returns. Participation in the VCP by any member of the Company's senior management team is supervised by the Remuneration Committee of the Board.

Participant Rate Percentage, making of VCP Conditional Awards and Measurement Dates

Under the VCP, the Board may grant an eligible employee a conditional right (a "**VCP Conditional Award**") to receive a proportion of the Company's total shareholder return if the Threshold Total Shareholder Return is achieved. The Threshold Total Shareholder Return is 12.5% compound annual growth rate measured from the Issue Price (the "**Initial Price**") for those VCP participants receiving an initial VCP Award to be made as soon as practicable following the Placing. Any future VCP Awards shall be set using the market price at the date of the relevant grant.

The proportion of the VCP Allocation to which the participant is entitled (the "**Participant Rate Percentage**") is set at the time the VCP Conditional Award is granted.

VCP Conditional Awards may be granted at any time, subject to any dealing restrictions.

At the time the VCP Conditional Award is granted, the Board will set the date (the "**Measurement Date**") by reference to which the value of the VCP Conditional Award which will normally be measured following the end of the fifth anniversary of the Placing date. The Board will determine the market value of an Ordinary Share (the "**Measurement Price**") in respect of the Measurement Date where market value will normally be calculated by reference to the average market value of the Ordinary Shares for the 90 days prior to the fifth anniversary of the Placing date.

VCP Conditional Awards may be granted in the form of an upfront award of restricted shares, which only have value if the Threshold Total Shareholder Return is achieved. For other VCP Conditional Awards, on or as soon as practicable following the Measurement Date, the VCP Conditional Award will convert into a nil cost option over Ordinary Shares ("**Nil Cost Option**") or conditional share award (i.e. conditional right to acquire Ordinary Shares) ("**Conditional Share Award**" and together with Nil Cost Options "**VCP Share Awards**") over Ordinary Shares with a value on conversion calculated in accordance with the following steps:

1. Calculate the Measurement Price at the Measurement Date;
2. Deduct the compounded Initial Price in respect of the Measurement Date ("**Compounded Initial Price**");
3. If the result of step two is more than zero (and if not, the Conditional Award shall lapse), multiply the positive difference between the Measurement Price and the Initial Price by the number of Ordinary Shares in issue on the Measurement Date;
4. Multiply the result of step three by the VCP Allocation (see below) representing the percentage of the value created attributable to participants;
5. Multiply the result of step four by the Participant Rate Percentage to determine the value attributable to the participant's VCP Conditional Award (the "**Participant Benefit**"); and
6. Determine the number of Ordinary Shares awarded by dividing the Participant Benefit by the Measurement Price.

The VCP Allocation will be as follows:

- 15% where the Measurement Price is between 12.5% compound growth per annum and c.47% compound growth per annum higher than the Initial Price;
- 20% where the Measurement Price is between c.47% compound growth per annum and c.55% compound growth per annum higher than the Initial Price;
- 25% where the Measurement Price is at least c.55% compound growth per annum higher than the Initial Price.

Conversion of VCP Conditional Awards

VCP Conditional Awards which were not granted as restricted shares will be converted to Nil Cost Options or Conditional Share Awards following the Measurement Date. No VCP Share Awards may be granted after the first anniversary of the Measurement date.

The Board shall retain the discretion to reduce the number of Ordinary Shares over which a VCP Share Award is granted if it considers that under certain limited circumstances it is appropriate to do so.

Vesting of VCP Share Awards

VCP Share Awards will normally vest immediately.

Any vesting of a VCP Share Award described above is subject to the discretion of the Board. In addition, the Board retains the discretion to defer the vesting of some or all of a VCP Share Award to a date later than as outlined above, if it considers that the circumstances make it appropriate to do so.

VCP Share Awards in the form of Nil Cost Options may normally be exercised during the period from vesting until the tenth anniversary of the grant date of the related VCP Conditional Award.

Holding period

50% of the Ordinary Shares subject to a VCP Share Award will be subject to a holding period ending on the first anniversary of the Measurement Date, during which they may not be transferred or sold (except to pay any income tax and NICs due on vesting or exercise).

Malus

At any time before a VCP Conditional Award has been determined or a VCP Share Award has vested (or, in the case of a Nil Cost Option, been exercised) the Board may reduce the potential value of the relevant award if any of the following events occur:

- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any member of the Group; and/or
- the assessment of any performance target or condition in respect of an award was based on error, or inaccurate or misleading information; and/or
- the discovery that any information used to determine the Participant Rate Percentage or the number of Ordinary Shares subject to a VCP Share Award was based on error, or inaccurate or misleading information; and/or
- action or conduct of a participant which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and/or
- events or behaviour of a participant have led to the censure of a member of the Group by a regulatory authority or have had a significant detrimental impact on the reputation of any member of the Group provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them; and/or
- a material failure of risk management of the Company, a member of the Group or a business unit of the Group; and/or
- the Company or any member of the Group or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of Ordinary Shares is materially reduced provided that the Board determines following an appropriate review of accountability that the participant should be held responsible (in whole or in part) for that insolvency or corporate failure.

Clawback

Where a VCP Share Award has vested (or, in the case of a Nil Cost Option, been exercised), the Board may require the participant to transfer all or a proportion of the value received on vesting or exercise in substantially the same circumstances as apply to malus (as described above) for a period of two years following the vesting date.

Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares back to the Company or as it directs, or by a cash payment.

Cessation of employment

Except in certain circumstances set out below, if a participant ceases to hold office or employment with a member of the Group, they will lose their entitlement to any VCP Conditional Award and any unvested VCP Share Award they hold.

However, if a participant ceases to hold office or employment because of their death, injury, ill health, disability, redundancy, retirement with the agreement of his or her employer, the sale of the participant's employing company or business out of the Group or in other circumstances at the discretion of the Board (a "**VCP Good Leaver Reason**"):

1. if the participant so ceases before the Measurement Date, the Board may allow the VCP Conditional Award to continue until the Measurement Date; and
2. any unvested VCP Share Award shall, unless the Board decides otherwise, continue to vest on the date when it would have vested as if they had not ceased office or employment.

Where a participant ceases to hold office or employment for a VCP Good Leaver Reason before the Measurement Date, the number of Ordinary Shares over which a VCP Share Award may be granted in respect of the VCP Conditional Award, unless the Board determines otherwise, be pro-rated to reflect the period between the start of the Performance Period and the date of cessation of office or employment as a proportion of the period between the start of the Performance Period and the Measurement Date.

If a participant ceases to hold office or employment for a VCP Good Leaver Reason, the Board may determine that the value of any outstanding VCP Conditional Award will be determined and any unvested VCP Share Awards will vest at such date as it determines on or after the date of such cessation on the same basis as set out above for VCP Good Leaver Reasons.

VCP Share Awards in the form of Nil Cost Options may (to the extent vested) be exercised following the participant's cessation of office or employment during a period determined by the Board.

Corporate events

In the event of a takeover, compulsory acquisition of shares in the Company, scheme of arrangement or winding up of the Company:

1. any unvested VCP Share Awards will vest; and
2. any outstanding VCP Conditional Award will be determined and the Measurement Price for any outstanding VCP Conditional Award will be equal to the offer price being recommended to shareholders.

Alternatively, the Board may decide that any outstanding VCP Conditional Awards and VCP Share Awards will be exchanged for equivalent awards agreed with the acquiring company.

If other corporate events occur such as a demerger, special dividend or other event determined by the Board, the Board may determine that:

1. VCP Conditional Awards will convert on such basis as it may determine, using the date of such event as the Measurement Date; and
2. VCP Share Awards will vest on the same basis as for a change of control.

Variation of share capital

If there is a variation of share capital of the Company or in the event of a demerger, special dividend or other event determined by the Board, the Board may make such adjustments as it may determine to:

1. the Threshold Total Shareholder Return, the VCP Allocation, the Participant Rate Percentage or the description of the shares that may be acquired in satisfaction of the VCP Conditional Award; and
2. the number or description of shares subject to VCP Share Awards.

Rights attaching to Ordinary Shares

Any Ordinary Shares allotted or transferred in connection with the VCP will normally rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue or transfer).

Awards not transferable

VCP Conditional Awards and VCP Share Awards are not transferable other than to a participant's personal representatives in the event of death.

Amendments

The Board may, at any time, amend the provisions of the VCP in any respect. To the extent required under the Listing Rules, the prior approval of the Company in general meeting must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, the persons to whom an award can be made, the basis for determining the entitlement to and the terms of Ordinary Shares provided under the VCP, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the VCP, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its other Group companies. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

Overseas plans

The Board may, at any time, establish further plans based on the VCP for overseas territories. Any such plan shall be similar to the VCP, but modified to take account of local tax, exchange control or securities laws. Any Ordinary Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the VCP.

Benefits not pensionable

The benefits received under the VCP are not pensionable.

Summary of the principal features of the SysGroup plc Performance Share Plan (the "PSP")

Introduction

The PSP is a discretionary incentive plan allowing for the grant of a variety of awards over Ordinary Shares ("**Awards**") to be made to eligible employees of the Group.

The Company will be responsible for the operation of the PSP.

Awards made under the PSP may take the form of options to acquire Ordinary Shares, conditional share awards or awards of restricted shares.

The vesting of Awards may be subject to the achievement of a performance target (which may comprise a combination of separate targets) measured over a specified period. Awards may be satisfied by the issue of new Ordinary Shares or by the transfer of Ordinary Shares held in treasury or by the trustee of an employee benefit trust.

Eligibility

A participant in the PSP must be an employee or director of the Group at the time an Award is made. Participation in the PSP will be at the discretion of the Board.

Dilution limits

An Award may not be made under the PSP if it would cause the number of Ordinary Shares issued or issuable under any employee share scheme operated by the Company (excluding the VCP) in the preceding 10 years to exceed 10% of the Company's issued ordinary share capital at that time.

The above limit excludes any Awards which lapse, as well as any Awards which are satisfied by the transfer of existing Ordinary Shares. However, for as long as is required by guidelines issued by the Investment Association, the transfer of treasury shares will be treated as an issue of new shares.

Grant of Awards

An Award may not be granted when prevented by restrictions on dealings in shares by directors or employees of the Group imposed by statute, order, regulation, Government directive or the Company's own code on dealings in its securities by directors and employees.

An Award may not be made more than 10 years after the date of Shareholder approval of the PSP. Otherwise, an Award may be made at any time.

No payment will be required for the grant of an Award and Awards are not transferable (except on death).

Awards are not pensionable.

Vesting of Awards

Awards will normally vest on a date specified when they are made (which will typically be three years after the date of grant), subject to the satisfaction of the applicable performance target.

An Award which is an option will lapse 10 years after the date on which it is granted.

Performance targets

An Award may be subject to a performance target which will be set by the Board at the time the Award is made, and which must be satisfied before the Award can vest.

The Board may vary or waive the performance target applying to an Award if an event occurs which causes the Board to consider that the performance target is no longer appropriate, provided that such variation or waiver is reasonable in the circumstances and, except in the case of a waiver, produces a fairer measure of performance and is not materially less difficult to satisfy.

Malus

At any time before an Award under the PSP has vested the Board may reduce the number of Ordinary Shares subject to the relevant award if any of the following events occur:

- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any member of the Group; and/or
- the assessment of any performance target or condition in respect of an Award was

based on error, or inaccurate or misleading information; and/or

- the discovery that any information used to determine the number of Ordinary Shares subject to an Award was based on error, or inaccurate or misleading information; and/or
- action or conduct of a participant which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and/or
- events or behaviour of a participant have led to the censure of a member of the Group by a regulatory authority or have had a significant detrimental impact on the reputation of any member of the Group provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them; and/or
- a material failure of risk management of the Company, a member of the Group or a business unit of the Group; and/or
- the Company or any member of the Group or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of Ordinary Shares is materially reduced provided that the Board determines following an appropriate review of accountability that the participant should be held responsible (in whole or in part) for that insolvency or corporate failure.

Clawback

Where an Award has vested (or, in the case of an Award which is an option, been exercised), the Board may require the participant to transfer all or a proportion of the value received on vesting or exercise in substantially the same circumstances as apply to malus (as described above) for a period of two years following the vesting date of an Award.

Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares back to the Company or as it directs, or by a cash payment.

Holding period

Ordinary Shares acquired under an Award may be subject to a holding period during which the participant may not transfer or sell the Ordinary Shares, except to cover any tax arising in relation to the vesting or exercise of the Award.

Leaving employment

If a participant ceases to be employed within the Group during the vesting period, then their Award will normally lapse.

If the reason for cessation of the participant's employment is death, any Awards held by them will vest immediately. If the reason for cessation of the participant's employment is injury or disability, redundancy, retirement, the sale of their employing business or company, or if the Board in its discretion determines in any other particular case, the Award will continue as normal.

Alternatively, the Board may determine that the Award will vest immediately upon the cessation of employment, subject to the Board's assessment of the extent to which any applicable performance target or other conditions applicable to the Award shall be deemed to be met at that time.

In either case, normally the vesting of the Award will be time pro-rated (according to the proportion of the vesting period which has then elapsed). The Board may vary the time pro-rating applied to allow a greater proportion of the Award to vest.

An Award which is an option will ordinarily lapse if it has not been exercised within 6 months of cessation of employment or 12 months of cessation of employment in the case that the participant has died or, if later, when it becomes exercisable.

Takeover, reconstruction etc.

In the event of a takeover, reconstruction, amalgamation or winding up of the Company or if the Board determines where the Company is affected by a demerger or similar other event (the "Event"), then subject to an Award having been granted 12 months prior to the Event, it will vest in full. Where the Award was granted less than 12 months prior to the Event, the Board will determine the extent to which it shall vest in its absolute discretion, taking into account factors including the time the Award has been held by the participant and any applicable performance target.

The Award may be exchanged for an award over shares in an acquiring company if an offer to exchange is made and accepted by the participant or if the Board, with consent of the acquiring company, determines that Awards should automatically be exchanged.

If the Board is aware that an event described above is likely to occur and will result in Awards vesting in circumstances where the Company's entitlement to a corporation tax deduction may be lost, the Board may determine that the time that Awards vest shall be immediately before such event takes place.

Variations of share capital

In the event of a variation of the share capital of the Company, including by way of a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue or any sub-division, consolidation, or reduction in the Company's share capital, either or both of the number of shares and the description of the shares subject to an Award may be adjusted in such manner as the Board determines.

Rights attaching to Ordinary Shares

An Award will not confer any shareholder rights (except for an Award of restricted shares) such as the right to vote or to receive any dividend, where the record date is prior to the allotment or transfer of Ordinary Shares to the participant following the vesting of the Award. A participant may be entitled to receive a payment in cash or Ordinary Shares upon the vesting of their Award in respect of dividends on the vested Ordinary Shares. The payment will be of an amount equal to any dividends paid on the number of shares acquired pursuant to the Award during the period from the date that the Award was made to the date of vesting.

A further payment may also be made in respect of interest on any such dividends from the date the dividend was paid to the date that the participant acquires the Ordinary Shares, at a rate determined by the Board.

Amendments

The Board may amend the rules of the PSP at any time. However, the provisions relating to eligibility requirements, dilution limits, the basis for determining a participant's entitlement to benefits under the PSP, the adjustments that may be made in the event of a variation of share capital and the amendment provisions themselves may not be made to the advantage of existing or future participants without the prior approval of Shareholders of the Company in general meeting.

There are exceptions for minor amendments to benefit the administration of the PSP or to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company or another member of the Group. Additionally, no amendment can be made which would adversely affect the rights of existing participants without their consent.

Overseas plans

The Board may, at any time, establish further plans based on the PSP for overseas territories. Any such plan shall be similar to the PSP, but modified to take account of local tax, exchange control or securities laws. Any Ordinary Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the PSP.