SysGroup

Annual report and accounts *2025*

SysGroup plc is a leading managed service provider delivering end-to-end, future-ready technology solutions designed to accelerate the growth and innovation of UK SMEs.

We specialise in cybersecurity, cloud services, connectivity and digital transformation – helping businesses scale efficiently, operate securely, and stay competitive in an increasingly data-driven world. Through strong partnerships with world-class technology providers, we deliver resilient, AI-ready infrastructures that position our customers for long-term success.

Our integrated suite of modern technologies supports the full spectrum of data needs, covering everything from infrastructure and applications to users and security.

As specialists in Artificial Intelligence (AI) and Machine Learning (ML) enablement, we help SMEs navigate common adoption challenges – such as developing a clear strategy or implementation roadmap. Whilst many providers focus primarily on large enterprises, SysGroup is uniquely positioned to support SMEs with tailored AI/ML solutions and practical, hands-on expertise.

As at 31 March 2025, SysGroup employed 100 staff across offices in Manchester, Edinburgh, London and Newport.

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Highlights

Financial

	2025	*2024*	*Change %*
Revenue	**£20.50m**	£22.71m	**(10%)**
Recurring revenue as a % of total revenue	**79%**	76%	**+3pp**
Gross margin %	**49%**	46%	**+3pp**
Adjusted EBITDA[1]	**£0.95m**	£2.01m	**(53%)**
Statutory loss before tax	**£(2.45)m**	£(6.57)m	**63%**
Basic EPS	**(2.2)p**	(12.1)p	**82%**
Adjusted basic EPS[2]	**0.3p**	2.1p	**(86%)**
Cash and cash equivalents	**£8.74m**	£1.94m	**351%**
Net cash/(debt)[3]	**£3.60m**	£(3.40)m	**206%**

Strategic and operational highlights

SysGroup has undergone a comprehensive transformation across strategy, operations, and financial architecture:

- **Strategic Repositioning:**
  Transitioned from legacy hosting and resale into a consultative, full-spectrum solutions provider at the intersection of cybersecurity and AI.
- **Enhanced Capabilities:**
  - Five integrated technology pillars now underpin SysGroup's offering, addressing the full technology lifecycle for SME customers.
  - Acquisition of the trade and assets of Crossword Consulting Limited ('CCL') added deep cybersecurity advisory services, expanding our reach into FTSE clients and enabling board-level engagement.
  - Strengthened partnerships with world leading technology providers to deliver integrated and complementary solutions.
- **Operational Restructuring:**
  Integrated prior acquisitions, closed two offices, and consolidated duplicated functions. Completed a full data infrastructure overhaul and drove data led actions across the service desk, driving material improvements in service quality and efficiency.
- **Cultural and Organisational Renewal:**
  Further strengthened the Board with the appointment of Davin Cushman and refreshed the senior leadership team to align leadership capabilities with the Group's strategic direction. 44% of current employees have tenure under two years, reinforcing the cultural shift towards innovation, execution, and agility.
- **Financial Strengthening:**
  Completed a successful £10.6m equity fundraise in June 2024, enabling strategic investments.

Financial Highlights (for the year ended 31 March 2025)

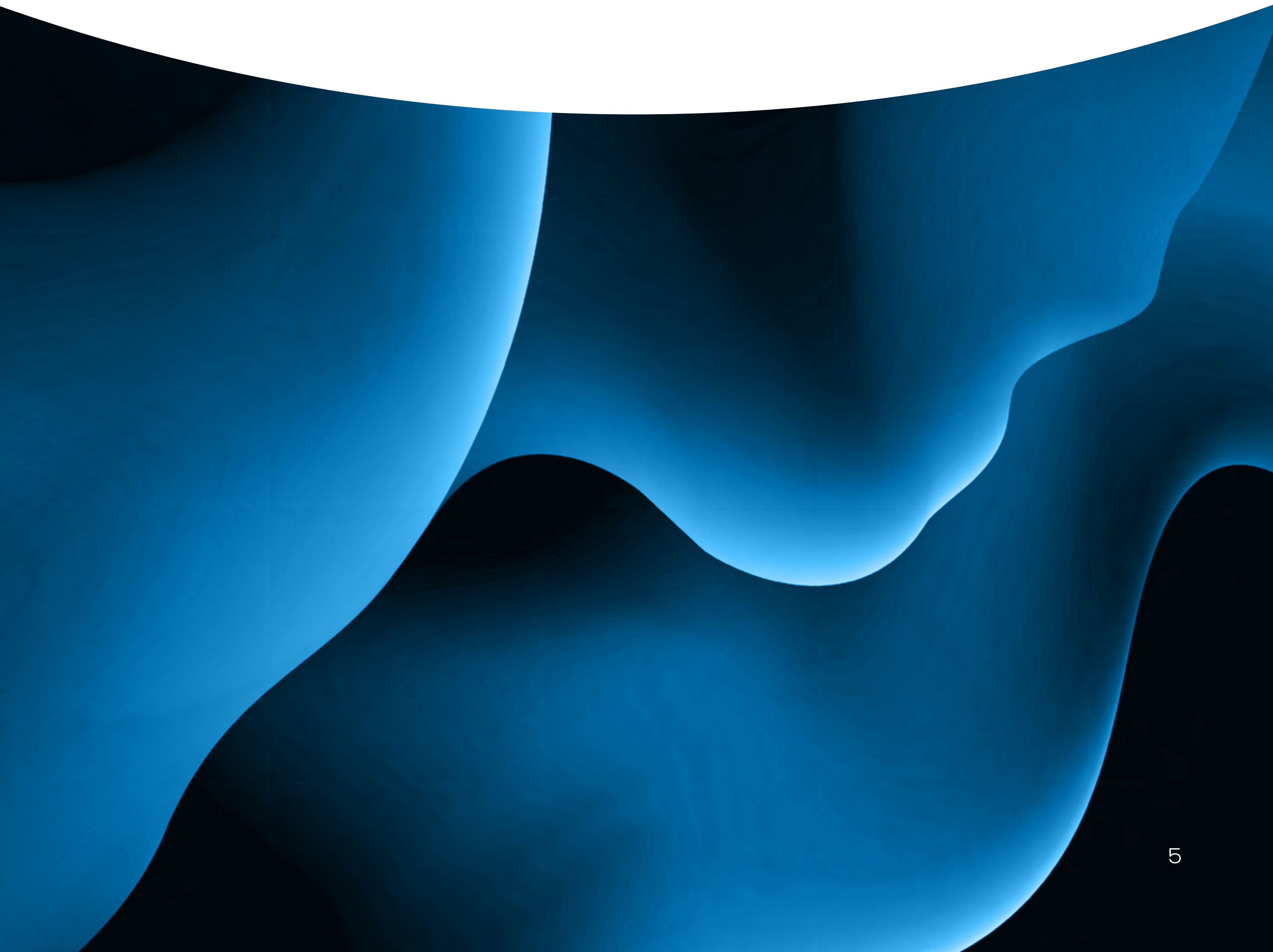
- **Revenue: £20.5m (FY24: £22.7m):** Reduction driven by churn and downsell of managed services contracts and low margin value add resale. The churn rate for FY26 has significantly reduced with sequential managed services growth over the last two quarters.
- **Gross Margin: 48.8% (FY24: 45.8%):** Improvement in quality of revenue driven by the acquisition of CCL and reduction of low margin value added resale.
- **Adjusted EBITDA[1]:** £0.9m (FY24: £2.0m): Reduction driven by investment in overheads to support the strategy to provide full technology solutions.
- **Gross Cash: £8.7m (FY24: £ 1.9m):** Successful £10.6m fundraise in H1, empowered the Group to make a series of strategic investments to drive future growth. These included:
  - £(1.8)m for the final earnout payment relating to the Truststream Cybersecurity acquisition in FY23.
  - £(0.7)m in capital investment, including investment in our bespoke AI service desk platform.
  - £(0.3)m for the acquisition of the trade and assets of Crossword Consulting Limited.

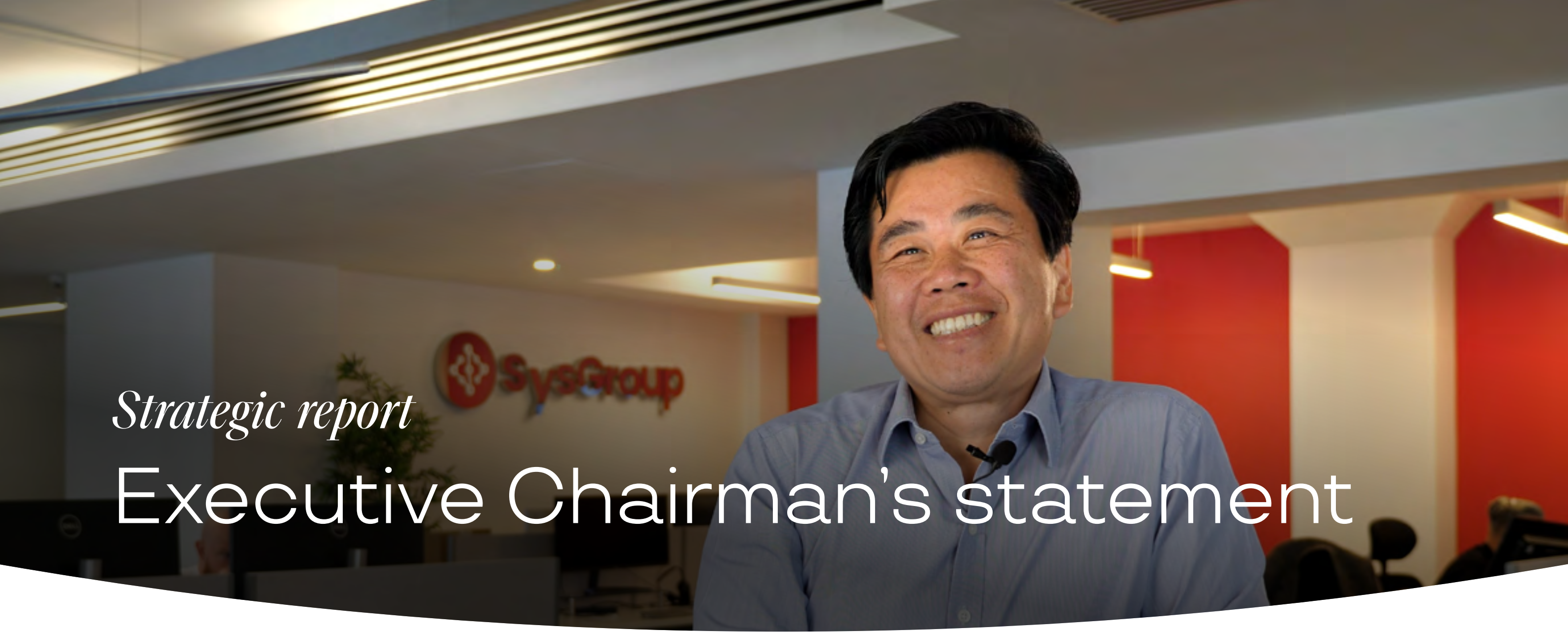
  Net Cash Position[3]: £3.6m (FY24: Net Debt position £(3.4)m) reflects the movements above.

[1] Adjusted EBITDA is defined as profit before net finance costs, tax, depreciation, amortisation, impairments, share-based payment charge, share set up costs and adjusting items

[2] Adjusted Basic EPS is profit after tax after adding back amortisation of intangible assets, exceptional items, share-based payments, share set up costs and associated tax, divided by the weighted average number of shares in issue.

[3] Net cash/(debt) represents cash balances less bank loans and lease liabilities excluding contingent consideration





Strategic report

Executive Chairman's statement

Introduction

When I joined the Company two years ago, we set on a mission to transform SysGroup from one of 11,000 generic UK Managed Service Providers (MSPs) to a trusted technology partner for UK SMEs delivering end to end solutions across their entire technology estate.

Based on my 20-year leadership experience of UK PLCs, I recognised a significant market need for an advisory led approach, that delivers wholistic interoperable and future-proof solutions. Technology is now recognised at boardroom level as a critical driver of business strategy, particularly with the advent of AI. The recent high profile cybersecurity incidents have further heightened the need for active board engagement in shaping and owning the technology agenda, making it a core part of their governance responsibilities.

The challenge for UK SMEs is that most IT MSPs are highly fragmented and generally operate a business model that is transactional, with limited differentiation or value beyond service execution. At the other end of the market, the large consulting firms who offer broader capabilities, typically target large enterprises and the public sector, with pricing and engagement models out of reach for most SMEs. As a result, many UK businesses are left navigating a confusing landscape of disconnected suppliers, creating inefficiencies, overlaps and gaps in their technology. Our vision at SysGroup is to be the trusted consultative advisor to SME boards in developing and shaping their strategy and working hand in hand with the business to deliver and support integrated, future-ready solutions.

During the past year, we have strategically repositioned the Company away from a structurally declining business to a solutions provider at the intersection of two high-growth markets: cybersecurity and digital transformation (AI). We have addressed numerous legacy operational challenges, laying a strong foundation for sustainable growth. Most importantly, we have transformed the financial position of the business, with a significantly strengthened balance sheet and a high-quality revenue base. We are now positioned to pursue scalable, margin-accretive growth opportunities in a rapidly evolving technology landscape.

Operational transformation

We have made meaningful operational improvements to strengthen our foundation for growth. We refreshed obsolete hardware and deployed the latest software to ensure compliance with evolving regulatory requirements. A complete data overhaul was undertaken to make us a data first organisation which is essential for AI readiness. We also successfully integrated fragmented historical acquisitions, closed two offices, resulting in the consolidation of various functions and created a streamlined focused business. We have established a structured sales approach enabling us to present a cohesive value proposition across our full portfolio of services. Improving customer service and engagement was a key priority for the business, addressing areas that have been driving unsustainable levels of customer churn.

By investing in our people and implementing in-house built AI tools we have benefitted from improved service levels with an increase in the resolved tickets per engineer of 30.1%. Most importantly our Net Promoter Score (NPS) improved from 8 in August 2024 to 15 in June

2025. These efficiencies were also achieved whilst reducing our service desk headcount by 33%. The net impact of customer churn on our FY25 revenue was £(1.7)m in overall downsell. However, the current churn run rate is now significantly below last year's, reflecting the early positive impact of our enhanced retention initiatives with the majority of our top accounts renewing their contracts.

We recognise that our success is built on the quality of our people. We have completed the refreshment of our Board ensuring the relevant skill set in strategy and governance and reconstituted our leadership team to reflect the dynamic technology and market environment. Across the business we have driven cultural change anchored to our core values of learning, integrity, kindness and entrepreneurship. Today, 44% of our employees have tenure of two years or less, a clear indication of the fresh talent and renewed energy propelling our transformation.

Strategic transformation

During the past year, significant progress has been made in transforming SysGroup from a traditional hosting provider to a trusted, full spectrum technology solutions provider. This transformation has been underpinned by a clear strategic focus on building core capabilities that deliver meaningful outcomes for our customers. We have defined five key technology pillars, that form the foundation of our end-to-end solutions, addressing customers' critical needs across their IT landscape. We have strengthened our existing platforms in hosting, protection and connectivity whilst strategically investing to develop our expertise in AI, cybersecurity and cloud services, these being areas of significant market demand and future potential growth.

In November 2024, we completed the acquisition of the trade and assets of Crossword Consulting (CCL) for a total consideration of £438,000, comprising an initial cash consideration of £311,000 and a deferred payment of £127,000 which has recently been settled. For the 12 months ending 30 September 2024, CCL generated unaudited revenues of circa £2.4m with more than 75% of revenues recurring. The business is a recognised leader in cybersecurity consulting, offering specialised services such as virtual CISO ('vCISO') support and Penetration Testing to medium and large enterprises. This acquisition significantly elevated our go-to-market model, enabling us to engage directly at C-suite and board level. As a result, SysGroup now operates as a strategic partner rather than merely a technical supplier, shaping top-down technology and risk management agendas.

By participating in our clients' long-term strategic planning, we are better positioned to design integrated, future-proof solutions aligned to their business objectives. Additionally, the acquisition brought a diverse client base, including FTSE 100, FTSE 250, and S&P-listed companies, which presents new cross-selling opportunities across multiple sectors. We believe that the fragmented market of MSPs represents exciting opportunities to further accelerate our growth strategy through selective acquisitions.

Our technical strategy is to partner with market leading technology providers to deliver best in class solutions to our customers. In Cybersecurity we have consolidated partnerships with global leaders that are complimentary to provide an end-to-end solution. SysGroup is the only UK Managed Service Provider with deep expertise and certified partnerships across three of the most trusted names in Zero Trust security – Zscaler, CyberArk, and Rubrik, which positions us uniquely in the market offering wholistic and interoperable solutions. We achieved Advanced Partner Status with CyberArk which is the highest level of partnership. We are one of only eight MSPs in the UK authorised to implement and support Zscaler solutions. Our recent appointment by Rubrik as their Advanced Partner brings data protection capabilities that are market leading in our offering. These partnerships give SysGroup a distinct competitive advantage, embedding us at the forefront of cybersecurity innovation. As Advanced Partners, we gain privileged access to technical roadmaps, joint solution development, and market development funds, enabling faster deployment, superior integration, and differentiated offerings. Together this positions SysGroup to outpace competitors with enterprise-grade security capabilities tailored for SMEs, whilst reinforcing our role as a trusted, strategic advisor in an increasingly crowded MSP landscape. We look to replicate the partnership strategy across all the technology towers.

Our AI strategy has evolved in response to the rapid acceleration and growing maturity of artificial intelligence across the business landscape. Whilst the potential of AI is now widely acknowledged, most UK SMEs continue to face structural barriers to adoption, including limited understanding of practical use cases, underdeveloped data environments, and the need for cultural and behavioural change. Informed by our success in cybersecurity, we have adopted a consultative, outcome-driven approach that helps clients move beyond AI awareness toward real, scalable impact. Through a structured discovery process, we identify high-impact, strategically aligned opportunities and work with clients to enhance their infrastructure, governance, and data maturity, ensuring they are not just 'AI ready,' but equipped to deploy AI solutions that deliver immediate and compounding business value.

Our approach is intentionally pragmatic. We integrate AI capabilities within clients' existing technology environments, blending embedded features, curated off-the-shelf tools, and bespoke solutions as needed. These are delivered through a simplified, unified interface that allows for centralised oversight, reduced complexity, and confidence in scaling multiple use cases. We also recognise that the success of AI hinges on organisational adoption, not just technical implementation. That's why we help raise internal AI literacy ('AIQ') and support leadership teams in embedding AI-first thinking into their culture and decision-making. Internally, we are applying this strategy across our own operations, most visibly in the service desk and M&A integration, where early results are already improving efficiency, consistency, and customer experience. Another important aspect of our AI strategy is our long-term commitment to becoming an AI-enabled organisation. We believe that adopting AI across our business operations will deliver significant value and provide a sustainable competitive advantage. The nature of our business, with a significant service desk component, makes it well suited to benefit from being AI driven, enhancing both capacity and services quality.

Our journey has reinforced an important lesson that the adoption of AI depends on the culture as much as the technology. As a result, we have invested heavily in raising the organisation's AIQ (AI awareness) through a series of structured presentations, training sessions, and staff engagement initiatives. This cultural investment ensures our teams are empowered to adopt AI-driven tools across all functions and positions SysGroup to lead by example in responsible, practical AI adoption within managed services. We have already seen significant improvement in our service desk delivery and efficiency metrics in short time. In addition, AI will play a key role in supporting our acquisition strategy, enabling us to integrate acquired businesses more efficiently. By automating and standardising service delivery and operational workflows, we can accelerate integration, reduce disruption, and unlock synergies more quickly, thereby ensuring a consistent, high-quality customer experience across the enlarged group. This reduces transitional disruption and accelerates the realisation of synergies from acquisitions.

Financial transformation

The most consequential transformation over the year has been financial. Following the successful £10.6m fundraise in H1, we strengthened our balance sheet and deployed capital to address legacy challenges whilst investing in future growth. This enabled the strategic acquisition of the trade and assets of Crossword Consulting Limited ('CCL'), significantly enhancing our cybersecurity proposition and providing the framework for our AI strategy. In parallel, we improved the quality and resilience of our revenue base. Whilst overall revenue declined to £20.5m (FY24: £22.7m), gross margin improved to 48.8% (FY24: 45.8%), driven by the acquisition of CCL (which is both gross margin and EBITDA accretive); the strategic reduction of low-margin Value Added Resale ('VAR') business; and targeted price increases.

Encouragingly, we have now seen two sequential increases in managed services revenue over the last two quarters, our first in two years. Improved customer engagement and enhanced service offerings significantly reduced churn and helped arrest historic downsell trends, particularly as clients moved away from legacy products. Looking ahead, we are actively progressing a number of initiatives, including an internal AI transformation programme, to drive operational efficiency. We believe we now have a strong platform in place to deliver sustainable, profitable growth.

Outlook

We have made significant progress in laying the foundation for sustainable growth – improving the quality of our revenue, enhancing our service offerings, and evolving our engagement model to a more consultative, value-led approach. Whilst we are proud of the strides we have made, we recognise there is still much work to be done, particularly in regaining our customers' trust and embedding the new culture. Cybersecurity and AI, our two areas of focus, are markets with significant growth potential. Recent high-profile cyber incidents have heightened awareness of cybersecurity threats, creating new opportunities to engage with both existing and prospective customers. At the same time, the ongoing momentum behind AI adoption strongly positions SysGroup to play a leading role in helping businesses harness this transformative technology.

In the near term, macroeconomic and geopolitical uncertainties continue to create a more complex and unpredictable outlook. During the first quarter, we experienced a significant slowdown of discretionary spend both in professional services and value-added resales, with customers postponing capital investment decisions. Nevertheless, we saw growth in our managed services for the first time in two years, reflecting the reduction of customer churn and downsell. Whilst we are seeing a recovery in pipeline activity heading into the second quarter, we remain mindful of the near-term environment. Decision-making cycles among SMEs continue to show signs of caution, particularly for discretionary or transformational IT investments.

With a strengthened financial foundation and an expanded portfolio of capabilities, SysGroup is well-positioned to drive through a blend of organic growth and targeted acquisitions. These strategic initiatives will deepen our expertise, expand our addressable market, and deliver long-term value for our shareholders.

On behalf of the Board, I would like to thank our employees, customers, and shareholders for their ongoing trust and commitment.

Heejae Chae
Executive Chairman
23 July 2025

Strategic report

Chief Financial Officer's report

Group statement of comprehensive income

The Group delivered revenue of £20.50m (FY24: £22.71m), Adjusted EBITDA of £0.95m (FY24: £2.01m) and a statutory loss before tax of £2.45m (FY24: £6.57m).

The Group underwent significant financial transformation during the year. In June 2024, we completed a £10.6m net fundraise, strengthening the balance sheet and enabling a series of strategic investments to support future growth. These included the final payment for Truststream Security Solutions Ltd ('Truststream', our FY23 cybersecurity acquisition), investment in our proprietary service desk AI platform, and the acquisition of the trade and assets of Crossword Consulting Ltd ('CCL'), providing us with first class cyber consultancy capabilities.

These investments supported a strategic shift towards cybersecurity and digital transformation, and away from structurally declining hosting services and lower margin Value Added Resale. Whilst this transition resulted in lower headline revenue for the year, it achieved our aim of a 3% improved gross margin %, demonstrating a more higher quality revenue base and positioning the Group for sustainable growth.

Managed IT services revenue of £17.70m (FY24: £18.59m) and Value Added Resale revenue of £2.81.m (FY24: £4.12m) reflected this move towards higher-value solution sales. The overall revenue mix stands at 86% managed IT services (including professional services) and 14% VAR (FY24: 82%:18%). This revised mix offers greater revenue certainty through its increased base of recurring managed income.

Revenue by operating segment	*2025 £'000*	*2024 £'000*	*%*
Managed IT services	17,696	18,592	–5%
Value-added resale	2,805	4,122	–32%
Total	**20,501**	**22,714**	**–10%**

Gross profit was £10.01m with a gross profit % of 49% (FY24: £10.4m and 46% respectively). Gross profit % improved due to margin gains in Value Added Resale, driven by the strategic shift from low-margin simple resale towards higher-value solutions.

Gross profit by operating segment	*2025 £'000*	*2024 £'000*	*%*
Managed IT services	9,186	9,733	–6%
Value-added resale	824	663	24%
Total	**10,010**	**10,396**	**–4%**

Gross profit % by operating segment	*2025 £'000*	*2024 £'000*	*%*
Managed IT services	52%	52%	–
Value-added resale	29%	16%	+13pp
Total	**49%**	**46%**	**+3pp**

Operating expenses (before depreciation, amortisation, impairments, exceptional items and share-based payments) of £9.07m were £0.68m higher than last year (FY24: £8.39m) as the Group continued to invest in people and systems to support our growth strategy.

Adjusted EBITDA was £0.95m for the twelve months to 31 March 2025 (FY24: £2.01m) which is an Adjusted EBITDA margin of 4.6% (FY24: 8.8%). The lower margin percentage reflects the reduced revenue combined with the additional investment in operating overhead detailed above.

The consolidated income statement includes £0.83m (FY24: £1.83m) of exceptional items:

Exceptional items	*2025 £'000*	*2024 £'000*
CEO exit and settlement	–	744
Integration and restructuring costs	420	571
Supplier charges in dispute	236	434
M&A projects	90	194
Fair value adjustment of contingent consideration liability	80	(117)
Total	**826**	**1,826**

Amortisation of intangible assets was £1.56m (FY24: £1.70m) in the year, of which £1.33m (FY24: £1.47m) relates to the amortisation of acquired intangible assets from acquisitions and £0.23m (FY24: £0.22m) relates to the amortisation of software development and licence costs.

There was no impairment of intangible assets in the year (FY24: £3.72m). The managed IT services cash-generating unit (CGU) goodwill is comprised of acquisitions dating from 2016 to 2022. Based upon a prudent assessment of the future performance of these acquisitions (being the 'managed IT services CGU'), management's view is that the CGU is not impaired (FY24: impairment of £3.72m).

Net finance costs decreased in the year to £0.10m (FY24: £0.57m) due to interest received of £0.37m (FY24: £0m) on the holding of cash reserves relating to the fund raising of £10.59m net during the year. The loan balance has increased to 31 March 2025 of £4.77m (31 March 2024: £4.74m). Finance costs also include £0.04m (FY24: £0.11m) of non-cash finance charges for the unwinding of discount on contingent consideration and the amortisation of the loan arrangement fee.

The share-based payments charge of £0.20m for the year (FY24: £0.19m) relates to charges for new share schemes introduced in the year (see over).

The reconciliation of operating profit to Adjusted EBITDA is shown in the table below. The Directors consider that Adjusted EBITDA is the most appropriate measure to assess the business performance since this reflects the underlying trading performance of the Group. Adjusted EBITDA is not a statutory measure and is calculated differently by each company.

Reconciliation of operating (loss) to Adjusted EBITDA	*2025 £'000*	*2024 £'000*
Operating (loss)	(2,349)	(5,996)
Depreciation	538	570
Amortisation of intangible assets	1,559	1,696
Impairment of intangible assets	–	3,718
EBITDA	**(252)**	**(12)**
Exceptional items	826	1,826
Share-based payments	197	194
Share scheme set-up costs	174	–
Adjusted EBITDA	**945**	**2,008**

Taxation

The Group has a tax credit of £0.62m this year (FY24: £0.67m) which principally arises from the deferred tax credit movement in the period. The corporation tax current debit of £0.01m (FY24: £0.08m credit) is as a result of R&D tax credits adjustment in relation to previous periods. The deferred tax movement is a £0.56m credit (FY24: £0.59m credit) due to the increase in amortisation of acquired intangibles recognised in the consolidated statement of comprehensive income.

Consolidated statement of financial position

At the year end, the Group's total net assets are £23.73m (FY24: £14.77m). The major driver of this movement was the fundraising mid-year of £10.59m (net of fees) completed fully via an equity placement, resulting in a corresponding increase in share reserves.

Non-current assets of £23.83m (FY24: £24.50m) include intangible assets of £22.39m (FY24: £22.66m).

Within intangible assets, there were additions of £0.33m ascribed to customer relationships and £0.39m ascribed to goodwill. These both wholly relate to the acquisition of the trade and assets of Crossword Consulting Limited. Payment was made via an up-front cash consideration of £0.31m, and a post conditional payment of £0.13m, now paid after the year end. The balance relates to a net liability position of £(0.28)m on the assets acquired at the acquisition date.

Within intangible assets, there were also systems development additions of £0.57m, which largely comprise the capitalisation of internal and external development costs related to our bespoke AI service desk platform, a major initiative in the year to put cutting-edge AI tooling in the hands of our service desk engineers.

An impairment of goodwill in the managed IT services CGU of £3.72m was recorded in the prior year only. The remaining movement year-on-year relates to ordinary amortisation and depreciation.

Property, plant and equipment was £1.44m (FY24: £1.85m), within which there were £0.18m of additions relating largely to computer and office expenditure (FY24: £0.45m).

The gross trade debtor balance of £2.94m compares to £1.58m in the previous year, with the increase driven by timing of invoicing on several large contracts. The prepayment balance of £2.37m (FY24: £2.32m) and the contract liabilities balance (i.e. 'deferred income') of £3.72m (FY24: £2.78m) have increased marginally. This is due to the working capital model of the Truststream business where customers are typically invoiced annually in advance and costs from suppliers are typically received annually in advance. Accordingly, the respective income and costs are deferred on the balance sheet and recognised over the period of the contracts.

Cash flow and net debt

The Group's financial position is a net cash position at 31 March 2025 of £3.60m (31 March 2024: net debt £(3.40)m). This includes contingent consideration at 31 March 2025 of £0.09m (31 March 2024: deferred consideration of £1.75m). The gross cash balance at 31 March 2025 was £8.74m (FY24: £1.94m). Following a fund raising of £10.59m (net of fees) in the year, cash balances have been utilised in satisfaction of: (i) £1.78m in the Truststream Year 2 earn-out (contingent consideration); (ii) £0.57m in relation to internal investment on internal systems; and (iii) £0.31m in relation to the acquisition of the trade and assets of Crossword Consulting.

The consolidated statement of cash flows reflects payment of £1.83m contingent consideration relating to the acquisition of Truststream (FY24: £0.89m). The cash outflow for property, plant and equipment of £0.18m (FY24: £0.45m) includes expenditure on internal hardware. The payments to acquire intangible assets of £0.57m (FY24: £0.11m) includes the capitalisation of internal development costs related to our bespoke AI service desk platform.

In FY24, the Company made a purchase of £0.76m shares into treasury, relating to the exit settlement terms of the previous CEO. There were no further purchases in FY25.

Net cash/(debt)	*2025 £'000*	*2024 £'000*
Cash balances	8,740	1,943
Bank loans – current	–	–
Bank loans – non-current	(4,770)	(4,738)
Net cash/(debt) before lease liabilities	**3,970**	**(2,795)**
Lease liabilities – property	(368)	(604)
Net cash/(debt)	**3,602**	**(3,399)**
Deferred/contingent consideration	(95)	(1,751)
Net cash/(debt) including deferred/contingent consideration	**3,507**	**(5,150)**

£8.0m revolving credit facility

The Company continues to hold a £8.0m RCF provided by Santander in April 2022, to provide financial flexibility for acquisitions and working capital requirements. The utilised balance stands at £4.8m. The Group drew down £4.5m of RCF funds to finance the acquisition of Truststream in FY23. There have been no further drawdowns with the balance relating to interest charges.

The banking facility has a five-year term which expires in April 2027 and carries an interest rate of base rate +3.25% on drawn funds and 1.3% on undrawn funds. The bank covenants in the RCF are tested quarterly and calculated on total net debt to Adjusted EBITDA leverage and minimum liquidity. All bank covenants were met during the year.

Share option grants

During the year, SysGroup established three new share-based plans being:

1. Value Creation Plan (VCP)
2. Performance Share Plan (PSP)
3. Save As You Earn Plan (SAYE)

The VCP is an equity-settled share-based payment scheme designed to incentivise Executive Directors and senior management. The VCP operates through SysGroup Holdings No 1 Limited (SGH), a wholly owned subsidiary, incorporated in FY25, that serves as a conduit vehicle for administering the plan. Under the VCP, participants receive nil cost options over 'A' ordinary shares in SGH at the commencement of the performance period (August 2024 to August 2029). Participants are entitled to share in the value appreciation of the Group's ordinary shares based on achieving specified performance hurdles. The plan includes service conditions (continued employment) and market-based performance conditions (share price hurdles).

Under the PSP, eligible employees receive options that vest subject to continued employment and the achievement of earnings per share (EPS) performance targets measured over a three-year period.

Under the SAYE scheme, employees are granted options to purchase ordinary shares at a discount to the market price at the date of invitation. Participation requires employees to enter into a savings contract with monthly contributions over a three-year period.

More detail is provided in the remuneration report and note 9 to the financial statements.

KPIs

The Board of Directors reviews the performance of the Group using the financial measures outlined below and an explanation of the financial results is provided in the financial review above.

	2025	*2024*	*Change %*
Revenue	**£20.50**	£22.71m	**(10)%**
Recurring revenue as a % of total revenue	**79%**	76%	**+3pp**
Gross profit	**£10.01m**	£10.40m	**(4)%**
Gross margin %	**49%**	46%	**+3pp**
Adjusted EBITDA[1]	**£0.95m**	£2.01m	**(53)%**
Statutory (loss) before tax	**£(2.45)m**	£(6.57)m	**63%**
Net cash/(debt)[2]	**£3.60m**	£(3.40)m	**206%**

[1] Adjusted EBITDA is defined as profit before net finance costs, tax, depreciation, amortisation, impairments, shared based payment charge, share scheme set-up costs and adjusting items.

[2] Net cash/(debt) represents cash balances less bank loans and lease liabilities.

Owen Phillips
Chief Financial Officer
23 July 2025

Strategic report

Principal risks and uncertainties

The Board holds ultimate responsibility for overseeing the Group's principal risks and uncertainties which are considered in the context of the nature, size and complexity of the business.

To support this oversight, the Audit Committee has delegated authority to a dedicated Risk Subcommittee. Operating within its Terms of Reference, the Subcommittee meets quarterly to review, analyse, and assess key risks. It reports findings and updates to the Audit Committee, ensuring effective risk monitoring and governance.

A detailed description of the principal risks and uncertainties faced by the Group, their potential impact, mitigating processes, and controls are set out below.

Principal risk	*Potential impact*	*How we mitigate the risk*
Impact on the business from a cyber-attack that prevents business operations Likelihood: **MEDIUM**	Cyber-attacks are becoming increasingly prevalent across all types of businesses – from SMBs to large multinational enterprises. These attacks are often financially motivated and may involve attempts to access confidential consumer or business data, infect systems with malware, or carry out Distributed Denial of Service (DDoS) attacks targeting IT infrastructure or websites. The consequences for businesses can be severe, ranging from disruption to core operating systems and halted online trading, to the threat of exposing sensitive information. Such incidents not only impact operations but can also damage customer trust and reputational integrity.	As a provider of cybersecurity services, SysGroup fully recognises the growing threat cyber-attacks pose to businesses of all sizes. We apply the same high standards internally as we deliver to our clients, with a robust IT security framework designed to mitigate risk and ensure operational resilience. Our infrastructure includes multiple firewalls equipped with advanced security features, and we have recently strengthened our internal defences through the adoption of a leading cloud-based security platform. To support business continuity and system resilience, we operate across multiple data centres, enabling effective failover and disaster recovery capabilities. Security awareness is embedded in our culture, with all employees receiving regular IT security training. This ensures continued vigilance against cyber threats, including phishing, social engineering, and best practices in physical and password security. Cybersecurity risk is a recognised business threat and forms a core part of the Group's Business Continuity Plan, ensuring that appropriate measures are in place to respond swiftly and effectively in the event of an incident.

Principal risk	*Potential impact*	*How we mitigate the risk*
Over-reliance on high-value customer contracts or high-value industry sectors Likelihood: **MEDIUM**	There is an inherent business risk associated with over-reliance on a limited number of key customers or concentration within specific industry sectors. This reliance can increase vulnerability to revenue fluctuations in the event of contract changes, client losses, or sector-specific downturns. A lack of diversification may limit resilience and expose the business to financial instability. Actively broadening the customer base and industry reach is a key focus in mitigating this risk and supporting long-term stability.	The Board actively monitors customer concentration throughout the year, with a target of ensuring that no single customer accounts for more than 5% of total revenue. This threshold was exceeded in the current financial year, with the Group's largest customer representing 7% of revenue. However, this risk is mitigated by the Group's diversified customer base across multiple industry sectors, which reduces exposure to sector-specific downturns. In addition, the business has expanded its service offerings, allowing it to attract a broader range of clients and deepen relationships with existing customers. This strategic growth supports revenue diversification and enhances long-term resilience.
Dependency on key suppliers and partners Likelihood: **LOW–MEDIUM**	The Group procures services from key suppliers that are critical to the ongoing operation of its business, most notably providers of third-party software and data centre services. There is a risk that over-reliance on a small number of critical suppliers or partners could adversely affect service delivery in the event of disruption, underperformance, or strategic change on their part. Such dependencies could impact our operational resilience, service continuity, and the overall client experience.	We carefully select suppliers and partners who align with our strategic journey, values, and ethos, and who are committed to delivering high-quality products and services to our clients. We maintain strong, ongoing relationships with key partners, actively monitoring their performance and ensuring their continued alignment with our goals. Where appropriate, we diversify our supplier base to mitigate concentration risk and implement contingency and exit plans to protect business continuity. Regular assessments of suppliers' financial stability, operational capability, and strategic fit further support the resilience of our supply chain.
Ability to attract and retain high-quality employees Likelihood: **MEDIUM**	The Group's success relies heavily on delivering high-quality service to customers, which in turn depends on maintaining a motivated and skilled workforce. High employee turnover or challenges in attracting talent pose a risk of skill shortages and a potential decline in service quality, which could impact overall business performance.	Our employees are central to the Group's success. We strive to recruit high-calibre individuals who possess the right skills, knowledge, and experience for their roles, whilst embodying our corporate values. The technology recruitment market is highly competitive, particularly for specialist skills. In response, the Group recognises and rewards employee contributions through annual pay reviews, career development, and enhanced responsibilities. We are committed to investing in skill development via both internal and external training programmes and offer a comprehensive benefits package. Across all levels, we encourage our people to embrace innovation and seek continuous improvement. Encouragingly, we have seen progress in attracting the key skills essential to our growth ambitions.
Failure in the Group's network infrastructure prevents SysGroup and our customers from operating key business systems Likelihood: **LOW**	The data centres we utilise are linked together by diverse fibre cables. Should the whole network fail, there would be an adverse impact on SysGroup's systems and the service provided to our customers.	The Group has designed its network to have no single point of failure: it connects with transit providers at different geographical locations with failover resilience.

Strategic report

s172 statement

The Directors and the Board as a whole consider that they have acted in a way that would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1) (a) to (f) of the Companies Act 2006) in the decisions taken during the year ended 31 March 2025.

The Directors recognise the Group's primary stakeholders as employees, customers, suppliers, shareholders, the community, and regulators. The Board actively seeks to understand the interests of these stakeholders to ensure they are appropriately considered in decision-making processes.

To fulfil their duties, the Directors ensure that robust governance structures and processes are embedded throughout the Group's operations. The Group's strategy is determined by the Board after reviewing materials and presentations from the Senior Leadership Team. This encompasses the impact on each of our main stakeholders and ensures alignment to the Group's culture, the cornerstones of which are Learning, Integrity, Kindness, and Entrepreneurship.

The Group's strategy and purpose is to be the technology partner of choice specialising in the delivery and management of cloud, data, and security services to power AI and 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 Directors meet for six scheduled Board meetings, in between which monthly update calls are held to ensure effective oversight and strategic direction. Board papers provide a comprehensive review of the Group's financial performance, operational developments, and plans, as well as an analysis of opportunities and threats within the external market.
In addition, the Board addresses key matters of strategic importance, including the delegation of authority, approval of the annual operating plan and forecasts, potential acquisitions, ESG strategy, capital structure and financing decisions, corporate governance, and the approval of the interim and annual report and accounts. The Board is also ultimately responsible for reviewing the effectiveness of the internal controls and risk management framework.

Board meetings are chaired by the Executive Chairman, Heejae Chae. The composition of the Board along with the diverse skills and experience that the individual Directors bring ensure that the Board is well placed in determining the strategic direction of the Group. The Board considers the interests of all key stakeholder groups, ensuring that decisions are both balanced and forward-looking.

The Board receives regular updates on the markets in which the business operates, ensuring a clear understanding of external dynamics and emerging market trends. Members of the Senior Leadership Team and senior management frequently present to the Board, providing insights into operational performance and strategic initiatives. The Board also holds dedicated sessions with the Senior Leadership Team to review progress on strategic priorities and key projects.

FY25 was a year of meaningful execution and strategic repositioning, as the Group adapted to meet the rapidly evolving demands of the technology market. Examples of key decisions taken in FY25 were:

- Consolidation of offices from six to four with the closure of the Liverpool and Bristol offices –reducing costs and improving efficiencies.
- Equity placing raising oversubscribed £11.2m (before transaction costs), which strengthened the Group's balance sheet.
- The strategic acquisition of Crossword Consulting expanded our portfolio to include cybersecurity consulting services, pentesting and VCISO capabilities. This not only strengthened our capabilities but also broadened our customer base, enabling us to deliver more comprehensive and integrated solutions.
- The implementation of our internal AI transformation, which integrates proprietary models with off-the-shelf solutions to streamline workflows and accelerate response times. To enhance AI awareness across the business, we are investing in roadshows, training programmes, and engagement initiatives, equipping teams with the knowledge and skills to leverage AI effectively.

Maintaining high standards of business conduct

Corporate governance

The Board recognises the importance of operating a robust corporate governance framework. Steps have been taken to further enhance these standards, and our compliance with the Quoted Companies Alliance Corporate Governance Code ('the QCA Code') is outlined on pages 34 to 40.

Employees

The Group's employees are key to the success of the business. We look to recruit high-calibre individuals and invest in their ongoing learning and development needs through internal and external training. The Group has a wide provision of employee benefits that is regularly monitored against the market and enhanced each year.

At SysGroup, we foster a culture of open communication, encouraging all employees to engage actively with their line managers and colleagues. The Senior Leadership Team meets on a weekly basis to ensure strategic alignment and maintain focus on key priorities.

To gain meaningful insight into the employee experience, we conduct staff surveys on an annual basis. The feedback gathered from these surveys plays a crucial role in shaping the decisions of both the Directors and the Senior Leadership Team. Notably, this has led to impactful initiatives such as the implementation of hybrid working patterns – enhancing employee wellbeing – and the introduction of a comprehensive personal development programme aimed at motivating staff and supporting long-term career progression.

At SysGroup, we work hard, move fast, and support one another. We measure our success by the success of our customers, and we hold ourselves –and each other – accountable to high standards, mutual respect, and exceptional delivery. There are no egos and no silos. We believe that enjoying the journey – whether with each other, our partners, or our customers – is a vital part of our culture.

Our organisational values form the foundation of our culture and guide how we operate with responsibility and purpose. These cornerstones drive the culture of our business and are:

<u>Learning</u>

We foster a culture of continuous learning, recognising that the development of talent strengthens our business by enhancing output quality and supporting employee retention with growth opportunities. Our comprehensive training and development programmes empower employees to achieve accreditations and professional qualifications across various fields. Additionally, we actively promote an environment where curiosity and knowledge sharing thrive, ensuring a dynamic and engaging workplace.

<u>Integrity</u>

Integrity is the cornerstone of any successful business, encompassing adherence to moral and ethical principles, honesty, and consistency in actions, values, methods, and outcomes. It is about making the right choices, even when unnoticed. Our governance standards serve as a strong foundation for upholding integrity, with leadership from the Board driving a culture of ethical responsibility throughout the organisation.

<u>Kindness</u>

Businesses thrive when they build and maintain strong relationships. By demonstrating appreciation and respect for others, we cultivate a culture of inclusivity and empathy that encourages positivity and support. Professionalism and thoughtfulness guide our interactions both within the organisation and with our external stakeholders. By embracing kindness, we create an environment where everyone feels valued, empowered, and supported.

Entrepreneurship

Innovation, risk-taking, and proactive thinking are vital to driving business growth and success. We empower employees to explore new concepts, take initiative, and tackle challenges with a solution-oriented mindset. By cultivating an entrepreneurial spirit within our organisation, we remain competitive and adaptable in an ever-evolving market landscape.

Customers and suppliers

The Board evaluates strategic decisions that could significantly impact our customers, including our service and product portfolio, supplier partnerships, and operational structure. These discussions are key to ensuring that we continue to deliver a service of value and excellence, aligning our offerings with customer needs and market demands.

Customers

Customer satisfaction is at the core of our operations. Our Account Managers, Chief Operations Officer and Chief Technology Officer regularly engage with customers to understand their IT needs, ensuring solutions are delivered efficiently and cost-effectively. Leading these efforts is our Head of Customer Experience, who works closely with customers to resolve IT challenges and enhance service quality. We actively measure and track customer feedback to uphold high standards and drive continuous improvement.

Suppliers

The Board is regularly briefed on strategies related to key suppliers and partners, ensuring a balance between strong relationships, delivering value to customers, and maintaining high-quality service levels. SysGroup conducts monthly payment runs to suppliers, supporting consistency in financial operations.

Our approach to supplier management focuses on securing high-quality, cost-effective goods and services for our customers. Engagement begins at the selection process, where product and service specifications are assessed to align with our requirements, supported by thorough due diligence. This collaboration continues throughout the procurement journey, reinforced by regular monthly or quarterly meetings to uphold standards and drive ongoing improvement.

Regulators

As an AIM-listed Company, we uphold high standards of regulatory compliance and internal governance as detailed in our Corporate Governance Report. We adhere to all applicable regulations, including the AIM rules, the Companies Act, the Market Abuse Regulation, Employment legislation, GDPR, Health & Safety, and Anti-Bribery and Corruption. Ensuring compliance is fundamental to our operations and reflects our commitment to ethical business practices.

The community and environment

We aim to have a positive impact on the local communities in which we operate. We encourage and support our employees to participate in charitable events. We partner with organisations to donate unused or refurbished laptops and donate office furniture and equipment to not-for-profit organisations.

Our Environmental, Social and Governance ('ESG') policy aims to embed and enhance ESG in the business, to improve our environmental impact and to make disclosures on our carbon footprint. Our ESG report can be found on pages 20–25.

SysGroup is generally a low-waste business, and our offices recycle to the fullest extent possible. We are committed to continually improving our practices to support sustainability and community welfare.

Shareholders

The Directors recognise the importance of shareholder engagement in ensuring the Company's strategy, business model and financial performance are well understood. Throughout the year, the Executive Chairman and Chief Financial Officer meet with investors to discuss key matters. Shareholders are encouraged to attend the Annual General Meeting, where all Board members are present to address questions relevant to the business of the meeting. Additionally, Non-Executive Directors remain accessible for shareholders wishing to raise any concerns.

The annual report and interim announcement serve as essential communication tools for our shareholders, offering a clear and comprehensive overview of business performance, financial position, organisational changes, and strategic direction. Additionally, our website provides regular updates, both regulatory and non-regulatory, ensuring transparency and accessibility of key information.

Strategic report

Environmental, social and governance (ESG) report

At SysGroup, we aim to continue to grow our business sustainably—delivering value to our stakeholders whilst minimising our environmental impact.

Whilst we are not currently subject to mandatory ESG regulatory reporting requirements due to our size, the Board has decided to proactively commit to reducing our environmental impact and supporting local communities. Consequently, an ESG Project was launched to understand the environmental and social impacts of our operations. The project includes disclosing our Greenhouse Gas (GHG) emissions and reporting on our social and governance activities.

Operating as a responsible business is at the heart of our purpose, culture, and core values. We are committed to acting with transparency and accountability across every aspect of our operations.

Governance

SysGroup delivers advanced technology solutions in cybersecurity, cloud services, connectivity and digital transformation—enabling businesses to scale and succeed in an increasingly data-driven world. Our services empower clients to understand and benefit from industry-leading technologies and advanced hosting capabilities for measurable success.

Our business structure and practices are aligned with our core values, ensuring we meet our strategic objectives with integrity. The SysGroup Board has overall responsibility for the Group's ESG strategy and ensures that the Group builds a business strategy that remains resilient in the face of climate change.

At SysGroup, we work hard, move fast, and support one another. We measure our success by the success of our customers, and we hold ourselves – and each other – accountable to high standards, mutual respect, and exceptional delivery. We believe that enjoying the journey – whether with each other, our partners, or our customers – is a vital part of our culture.

Our organisational values – Learning, Integrity, Kindness, and Entrepreneurship – form the foundation of our culture and guide how we operate with responsibility and purpose. These values are being actively embedded into our daily operations, shaping ethical decision-making, transparent communication, and a collaborative work environment.

Employees

Employee engagement

We recognise that a motivated and engaged workforce is fundamental to our sustained success. To support this, we actively encourage our management team to maintain regular face-to-face meetings with their team members, providing meaningful opportunities to discuss both professional goals and personal wellbeing.

Our People and Culture (P&C) team leads initiatives that encourage group-wide engagement whilst strengthening local connections across our office network. By empowering teams to drive activities, we create more inclusive, community-focused experiences that reflect the unique character of each location.

We have prioritised capturing employee feedback through engagement surveys, which offer critical insights into the employee experience and highlight opportunities for enhancement. Our most recent survey, conducted in March 2025, highlighted key areas to advance, particularly in professional growth, employee development and internal communication. In response, we have introduced a personal development programme for each employee closely aligned with our Skills Matrix and Objective and Key Results (OKR) framework. This initiative provides access to external resources to support continuous career development. To strengthen internal communication, we have launched a new fortnightly newsletter to share company updates, celebrate individual achievements and highlight relevant sector news. Additionally, we also host regular Townhall meetings. These sessions provide a platform for the Senior Leadership Team to deliver strategic updates and address current topics, whilst offering employees the opportunity to ask questions and share feedback.

To further strengthen unity and cross-team interaction, we actively encourage social engagement through fun and inclusive initiatives. These include inter-office quizzes, designed to spark friendly competition and collaboration across different sites. We also host board game clubs at each office – relaxed, informal spaces where colleagues can unwind, connect, and build relationships beyond their daily roles.

We remain committed to strengthening employee engagement across the Group and will continue to evolve our processes to ensure we foster a positive, inclusive, and supportive workplace culture.

Learning and development

We remain committed to developing our employees' technical skills. As part of the personal development programmes, we run a programme of training colleagues in ML and AI capability. Colleagues are granted permission to complete relevant training courses, to develop their knowledge and skills. In FY25, we supported employees through professional qualifications such as Augmentative and Alternative Communication (AAC), and technical certificates such as Cisco Certified Network Associate (CCNA) and similar from Microsoft and CyberArk. These efforts aim to provide tailored pathways for career advancement.

In partnership with Edinburgh Napier University, we deliver a Cyber Graduate Apprentice Programme, offering apprentices the opportunity to gain hands-on experience at SysGroup. Graduate apprentices spend four days a week working in the business and one day attending university. This year we are onboarding four additional graduates. This continued success of the programme highlights the effectiveness in nurturing talent and developing future professionals. Encouraged by these achievements, we are exploring opportunities to replicate this model across other areas of our business.

Employee welfare

At SysGroup, the wellbeing and welfare of our employees remain a top priority. This commitment shapes how we structure our operations and make decisions. We recognise that clear, purposeful communication and efficient meeting practices not only lead to stronger business outcomes but also help reduce stress, support work-life balance, and foster a more positive and inclusive working environment. By encouraging open dialogue and minimising unnecessary pressures or misunderstandings, we aim to enhance both individual welfare and overall team performance.

We operate a hybrid working model that empowers our teams to balance remote work with in-office collaboration – supporting productivity, connection, and overall wellbeing. When working on-site, employees have access to dedicated spaces for relaxation and informal interaction, including amenities such as table tennis and pool tables. These areas offer opportunities to recharge, strengthen team relationships, and unwind in a casual setting. Together, these elements help foster a positive, people-first culture where employees feel valued and supported both professionally and personally.

Employee benefits

At SysGroup, we aim to provide benefits to our employees wherever possible. All employees are offered the opportunity to sign up for a private medical insurance scheme upon completing their probation period. They can increase their level of insurance coverage and add their families to the Group scheme at a reduced rate compared to the external market rate.

In addition, we provide access to counselling services, offering professional support to help employees manage personal or work-related challenges. We also sponsor a scheme which provides financial reimbursement for holistic alternative therapies and health services, reflecting our commitment to the overall wellbeing of our employees. These benefits are designed to ensure that our employees have the resources they need to thrive both professionally and personally

Diversity, equality, and inclusion

Acknowledging the well-recognised underrepresentation of women in the IT industry, SysGroup is committed to fostering greater gender diversity and actively encouraging more women to pursue careers within the sector and at SysGroup specifically. To further support our efforts, we have introduced an enhanced maternity policy designed to better accommodate and support working mothers. Additionally, our adoption of hybrid working provides greater flexibility for all employees, helping to promote a healthier work-life balance and a more inclusive working environment. These initiatives reflect our broader commitment to creating a diverse, supportive, and equitable workplace for everyone.

Social

At SysGroup, we are committed to acting responsibly and making a positive impact on our employees and the communities in which we operate.

Charitable and local communities

We aim to have a positive impact on local communities. We try to 'buy local' and partner with local businesses, where possible, to support the local economies. We are committed to promoting the circular economy and therefore donate old furniture to not-for-profit organisations, providing them with good condition second-hand office equipment, alleviating significant costs for the organisations.

Environment

Responsible environmental operation is a core value embedded in our culture and integral to our evolving ESG strategy.

We are dedicated to continually developing and enhancing our ESG approach by deepening our understanding of ESG processes and assessing our environmental impact. To support this growth, we are committed to improving our data collection methods and introducing new initiatives aimed at making SysGroup a more sustainable business. This includes a focus on minimising our environmental footprint across all operations, particularly GHG emissions.

Given the nature of our business, our waste primarily consists of domestic waste. We actively promote recycling by providing clearly marked recycling bins throughout our offices and encouraging employees to recycle wherever possible through visible posters and signage.

When IT equipment is no longer needed and cannot be donated, we recycle it responsibly through Computer Equipment Recycling (CER). This partnership ensures compliance with General Data Protection Regulation (GDPR) by securely removing and restoring data before recycling. Profits from equipment retail sales through this collaboration are donated to UK charities. Furthermore, our partnership with Collecteco helps us reduce waste generation and supports the principles of a circular economy.

SysGroup remains steadfast in considering environmental impact in our business decisions and strives for sustainability at every opportunity.

Water

Although we do not operate in a high water-intensive sector, we try to ensure that water consumption by employees, across the Group, is kept to a minimum.

Materials

We recognise that our operations have an impact on the environment, and we aim to minimise the negative effects as much as possible. To this end, we aim to partner with companies that share our ethos or ESG values. When sourcing materials, we particularly engage with companies committed to operating responsibly, both environmentally and socially. For each office fit-out, we strive to source ethically and sustainably made products, including those that incorporate recycled materials.

Greenhouse Gas emissions

Reducing our greenhouse gas emissions is a key focus of our sustainability journey. We are working towards an ambition of achieving net zero for scope 1 and 2 emissions by 2030.

Our emissions are defined and classified as follows:

- Scope 1 emissions are direct GHG emissions that occur from sources that we control our own, i.e., gas usage and transport fuels. In FY2024/2025, our total Scope 1 emissions were 42.65 tCO2e.
- Scope 2 emissions are indirect GHG emissions associated with our purchase of electricity. Our offices and data centre racks consume electricity, which comprises 89% of our total Group emissions. In FY2024/2025, our total Scope 2 emissions were 337.22 tCO2e.

Table 1: SysGroup Scope 1 and Scope 2 emissions for FY2024/2025

Emissions scope	*FY2024/2025 emissions (tCO_2e)*	*Percentage of total emissions*
Scope 1	42.65	11%
Scope 2	337.22	89%
Total	**379.87**	**100%**

Data centres

Energy consumption in our data centres is a key contributor to our Scope 2 emissions, accounting for 337.22 tCO_2e in FY2024/2025. Whilst we have limited direct control over the energy infrastructure of the data centres we utilise, we are taking proactive steps to minimise our environmental impact.

This year, we streamlined our data centre footprint by exiting the Bristol data centre facility and migrating the majority of our services to the Vantage data centre in Cardiff. Vantage has made a public commitment to achieve net zero emissions by 2030. In the next financial year, we will focus on further improving energy efficiency in this area, supporting customers to optimise their use of rack space and avoid both under-utilisation and excessive power consumption.

We also intend to deepen our engagement with our data centre providers to better understand their energy consumption profiles and carbon reduction initiatives. Through these partnerships, we aim to support and accelerate their efforts towards sustainable operations, energy efficiency improvements, and emissions reductions across our cloud hosting environments.

Table 2: SysGroup Total Energy Consumption (kWh) for Scope 1 and Scope 2

	FY2024/2025 consumption kWh	*FY2023/2024 consumption kWh*	*FY2022/2023 consumption kWh*	*Percentage change from FY2024/2025 against baseline*
Utility and scope		**Total**		
Scope 1 total	**198,365**	**137,762**	**142,939**	**+39%**
Natural Gas (Scope 1)	28,500	35,175	85,136	–67%
Transportation (Scope 1)	169,865	102,587	57,803	+194%
Scope 2 total	**1,745,241**	**1,741,398**	**1,430,125**	**+22%**
Grid-Supplied Electricity (Scope 2)	1,745,241	1,741,398	1,430,125	+22%
Total	**1,943,606**	**1,879,160**	**1,573,064**	**+24%**

Table 3: SysGroup Total Location-based Emissions (tCO2e) Scope 1 and Scope 2

	FY2024/2025 consumption tCO_2e	*FY2023/2024 consumption tCO_2e*	*FY2022/2023 consumption tCO_2e (baseline)*	*Percentage change from FY2024/2025 against baseline (2022/2023)*
Utility and scope		**Total**		
Scope 1 total	**42.65**	**29.45**	**28.67**	**+49%**
Natural Gas (Scope 1)	5.22	6.43	15.54	–66%
Transportation (Scope 1)	37.43	23.02	13.13	+185%
Scope 2 total	**337.22**	**360.60**	**276.56**	**+22%**
Grid-Supplied Electricity (Scope 2)	337.22	360.60	276.56	+22%
Total	**379.87**	**390.05**	**305.23**	**+24%**

Travel increased during the year, reflecting new appointments both within the business and through new partnerships and supplier relationships. This resulted in a greater number of face-to-face meetings, supporting the development and strengthening of these important relationships.

The data centre consolidation exercise and the closure of two offices have resulted in a marginal improvement in electricity consumption. As outlined above, we expect to achieve further efficiencies through the continued optimisation of our data centre facilities, an area we will focus on in the coming year.

Table 4: SysGroup Total Emissions Intensity Metric

Intensity metric	*FY2024/2025 intensity metric*	*FY2023/2024 intensity metric*	*FY2022/2023 intensity metric*	*Percentage change from FY2024/2025 against baseline*
tCO_2e/£m turnover	**19.72**	**18.03**	**14.63**	**+35%**

Energy efficiency

We are focused on gaining a thorough understanding of our environmental impact and accurately measuring it. By deepening our insight into energy consumption and our carbon footprint, we can identify emissions hotspots and key areas of environmental impact across our operations. This knowledge empowers us to target improvements more effectively, implement sustainable practices, and reduce our overall carbon emissions.

Energy efficiency is embedded in our decision-making processes and driven throughout the business. Over the past year, we reviewed and consolidated our supplier base and streamlined operations by reducing the number of data centres we occupy – steps that contribute to both operational efficiency and environmental performance.

In-depth, ongoing reviews of our processes and policies have further informed the development of our ESG strategy, supporting the introduction of new social and environmental initiatives. Our people also play a vital role in driving change through a companywide sustainability initiative.

Methodology

Scope 1 and Scope 2 consumption and CO2e emissions data has been calculated, in line with the 2019 UK Government environmental reporting guidance and the GHG protocol – a Corporate Accounting and Reporting Standard. Government Emissions Factor Database 2023 version 1.1 has been used, utilising the current published gross calorific value (CV) and kgCO2e emissions factors relevant for reporting year 01/04/2024 – 31/03/2025. An intensity metric has been calculated using total tCO2e figures, and the selected performance indicator agreed with SysGroup PLC for the relevant report period (total turnover), which was £20.50m and £22.70m in FY2024/2025 and FY2023/2024, respectively.

Board of Directors

N

Heejae Chae
Executive Chairman

Heejae was appointed Executive Chairman on 26 June 2023. Prior to this, he served as the Chief Executive Officer of AIM-listed Scapa Group plc, a globally recognised supplier of healthcare and industrial products. Heejae is also a Non-Executive Director and Chairman of the Remuneration Committee at IP Group plc, as well as a Non-Executive Director at Elementis plc.

Owen Phillips
Chief Financial Officer

Owen was appointed Chief Financial Officer with effect from 11 March 2024. Owen is a Chartered Accountant, having qualified in 2007. Prior to this appointment, Owen was Director in the finance function at Matillion Limited, a leading provider of cloud data integration.

N R A

Mike Fletcher
Non-Executive Director

Mike was appointed as a Non-Executive Director on 8 January 2018. Mike has extensive public markets experience and is joint Managing Partner of Arete Capital LLP, a specialist venture and advisory business. Mike also sits on the Board of several privately owned growth companies.

N A

Mark Reilly
Non-Executive Director

Mark was appointed as a Non-Executive Director on 12 December 2023. Mark is currently Managing Partner at IP Group plc. Mark was previously a Non-Executive Director at Actual Experience plc and Mirriad Advertising plc.

N R A

Paul Edwards
Non-Executive Director

Paul was appointed as a Non-Executive Director on 25 September 2023. Paul is currently Chief Financial Officer of Tatton Asset Management plc and has previously served as Group Finance Director for a number of quoted companies, including Scapa Group plc and NCC Group plc.

N R A

Davin Cushman
Non-Executive Director

Davin was appointed as a Non-Executive Director on 10 June 2024 and has over 25 years of experience in the technology industry. He served as CEO at Ignite Technologies, an enterprise software company, and subsequently founded Brightrose Ventures to advise, acquire, and operate software companies.

Full biographical details of the Directors can be found on our website at **www.sysgroup.com**

Committee Membership

N Nomination Committee R Remuneration Committee A Audit Committee Committee Chairman

Directors' report

The Directors present their annual report and audited financial statements for the year ended 31 March 2025.

Principal activities

The principal activities of the business are the provision of managed IT services specialising in the delivery of cloud, data and security services to power AI and ML transformation.

Business review and future developments

A review of the Group's operations and performance for the 12 months to 31 March 2025, a summary of the financial position at the year-end, and an indication of the outlook for the future is contained in the strategic report.

Results and dividends

The consolidated statement of comprehensive income for the year is set out on page 52. The Directors do not propose the payment of a dividend for the year ended 31 March 2025 (FY24: £Nil).

Financial instruments

The Group uses various financial instruments. These include bank loans, lease contracts, cash and various items, such as trade receivables and trade payables, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's strategic growth and to manage finance for the day-to-day operations of the business. The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail in note 3 to the Accounts.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to manage cash assets safely and profitably. Cash flow forecasts are maintained and monitored as part of the Group's three-year, 12-month and monthly forecasts. Short-term flexibility is achieved through available cash balances and an overdraft facility.

Interest rate risk

The Group finances its operations and capital investments through operational cash generation. The Group has commercial lease agreements in place for office properties and occasionally leases are used for equipment purchases. The bank facility is on a variable interest rate, which the Directors consider appropriate in the current economic environment.

Foreign exchange risk

A small number of suppliers invoice in USD. Foreign exchange exposure is closely managed, including holding limited funds in USD. Alternate suppliers invoicing in GBP are also sought where suitable.

Credit risk

The Group's principal financial assets are cash, and trade and other receivables. These balances are actively monitored to avoid significant concentrations of credit risk; however, the total of the cash balances and trade and other receivables represents the maximum exposure to credit risk. Dedicated resources within the Finance team manage credit risk by utilising credit agency rating services to assess the creditworthiness of new customers, and to monitor and address customer credit risks on a continuing basis.

Directors

The Directors of the Company who held office during the year are as follows:

Name	*Position held*
Heejae Chae	Executive Chairman
Owen Phillips	Chief Financial Officer
Paul Edwards	Non-Executive Director
Mark Reilly	Non-Executive Director
Mike Fletcher	Non-Executive Director
Davin Cushman (appointed 10 June 2024)	Non-Executive Director

The interests of current Directors in shares and options are detailed in the Directors' remuneration report on pages 30 to 33.

Significant shareholdings

As at 23 July 2025, the Company has been notified of the following significant shareholdings:

Name	*Number of shares*	*Percentage holding*
Gresham House Asset Management Limited*	21,815,963	26.20%
Heejae Chae	8,657,575	10.39%
Canaccord Genuity Group Inc	8,000,000	9.61%
Darren Carter	5,788,158	6.95%
Herald Investment Management Ltd	4,194,581	5.04%
NR Holdings Limited	3,000,000	3.60%

* Relationship Agreement Gresham House Asset Management Limited.

Relationship agreement Gresham House Asset Management Limited

In June 2016, the Company entered into an agreement with Gresham House Asset Management Limited (formerly Livingbridge VC LLP) ('Gresham') (the 'Agreement'), under which Gresham is entitled to appoint a director to the Board for as long as it holds 10% or more of the Company's issued share capital, subject to diligence compliance by the Company's Nomad. Any such appointment would be on terms consistent with those of the other Non-Executive Directors. In the event of any conflict of interest, the Company will authorise it to the fullest extent permitted by law. Subject to applicable legal and regulatory requirements, the appointed director may share information, including sensitive or confidential material, with Gresham, provided it is necessary for Gresham to review its investment. Gresham is required to maintain the confidentiality of such information and comply with all relevant laws and regulations, including those relating to dealings in the Company's shares. To date, Gresham has not exercised its right to appoint a Director and the Company has not received any notice of intent to do so.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

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

On 31 March 2025, the Group had a gross cash balance of £8.7m and a net debt position excluding deferred consideration and lease liabilities of £4.0m. The Group has a £0.5m unused overdraft facility and £3.3m of undrawn headroom in its Revolving Credit Facility (RCF) loan facility which is available for working capital and acquisitions.

In order to assess whether the Group is a going concern, the Directors have reviewed the base business forecast and a sensitised version for the period to September 2026.

In the base forecast there is considered ample headroom in the bank covenants, with the business starting with a strong cash position of £8.7m on 31 March 2025, following a £10.6m equity raise in June 2024. When coupled with high levels of cash conversion, the cash balance steadily improves over time under the base forecast.

In the sensitised forecast, which includes assumptions for a significant decline in revenue and profits, the Group maintains a positive gross cash balance, reduces net debt, and stays within the bank covenants. The Group has a business model with a high degree of financial resilience, since c80% of revenue is derived from contracted managed IT services which is a continuous and business-critical service supply to customers, providing comfort that the sensitised forecast is unrealistic.

The forecasts show that even under a downside scenario, the Group has adequate cash reserves to continue to operate for the foreseeable future. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Auditors

Pursuant to s487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

By order of the Board

Wendy Baker
Company Secretary
23 July 2025

Directors' remuneration report

Remuneration Committee

Membership of the Remuneration Committee comprises Mike Fletcher (Chairman), Paul Edwards, Mark Reilly, and Davin Cushman. The Committee meets at least twice a year and is responsible for determining and reviewing the policy for the remuneration of the Executive Directors and designated members of the Senior Management Team.

The Remuneration Committee approves the design and determines targets for any performance-related pay schemes; reviews the design and determines the targets for any share incentive plans, including the awards made under these plans; and establishes the policy for, and scope of, pension arrangements for each Executive Director.

Remuneration policy

The Group's remuneration policy is designed to attract, retain, and motivate high-calibre individuals who are committed to driving business growth and maximising shareholder value. The policy applies to both Executive Directors and senior employees, with rewards closely aligned to individual performance and the value delivered to shareholders. The Group places particular importance on transparency and alignment with shareholder interests; accordingly, the Remuneration Committee actively engages with major shareholders and makes itself available for consultation on all material long-term equity incentive arrangements before they are implemented.

Remuneration consists of fixed and variable components. Fixed pay includes base salary, defined contribution pension, and employee benefits, whilst variable pay comprises an annual performance-related bonus and long-term incentives. To ensure competitiveness and alignment with market best practices, the Group engages independent professional advisers to provide benchmarking advice when reviewing or adjusting incentive schemes.

Directors' service contracts

Heejae Chae and Owen Phillips each have a service contract, with mutual termination provisions of up to six months' notice.

Non-Executive Directors are appointed under a letter of appointment which covers such matters as time commitment, duties, and involvement in other business interests. The remuneration of the Non-Executive Directors is determined by the Executive Directors on the Board, based on benchmarking and research, and within the limits set in the Company's Articles of Association. The Non-Executive Directors receive a basic fee for membership of the Board and its Committees.

2024 Management Incentive Plans

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

At the General Meeting held on 24 June 2024, shareholders unanimously approved two new incentive plans:

1. The SysGroup plc Value Creation Plan; and
2. The SysGroup plc Performance Share Plan

These plans are integral to the overall remuneration structure for senior employees, designed to incentivise the management team to deliver substantial value and realise the Group's growth ambitions.

Key features of the incentive plans are:

- **Long-term focus:** The long-term incentive arrangements are designed and intended to form a significant majority of remuneration for the senior team, if growth plans are realised.
- **Alignment with shareholder value:** The potential remuneration under these plans will be earned if the management team meets the stretching targets, creating significant shareholder value in return.

Awards were granted on 20 August 2024.

Alongside the long-term incentives, the remuneration package also includes fixed pay and short-term bonus plans.

SysGroup plc 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 that must be achieved before any value sharing occurs is 12.5% compound annual growth. In order for the sharing ratio to increase, share prices of £2.25 (i.e. c.47% compound annual growth) and £3.00 (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.

Under the VCP, participants were originally granted conditional share awards over 'A' ordinary shares of £0.01 each in a wholly owned subsidiary holding company, SysGroup Holding (No 1) Limited (company number 15880286).

The value of the 'A' shares was based on the Unrestricted Market Value of the shares, as calculated by an independent adviser, for UK tax PAYE best estimate purposes. Under the original terms of the arrangement, participants were required to pay subscription monies to acquire their allocated 'A' ordinary shares. Although the awards were granted, the 'A' ordinary shares were not issued at that time, nor have they been issued subsequently. On 21 March 2025, the Remuneration Committee approved a modification to the structure of the VCP. Under the revised arrangement, the conditional share awards would be delivered in the form of a nil-cost share option, eliminating the requirement for participants to pay subscription monies. This modification was implemented to address practical and administrative complexities associated with collecting subscription payments, and to better align the incentive arrangement with its intended motivational objectives. Whilst the delivery mechanism changed, the economic outcome remains the same in that upon vesting the 'A' shares will convert to ordinary shares in SysGroup plc.

Heejae Chae and Owen Phillips have interests in the following share awards under the VCP:

Director	*Value Creation Plan award options*	*Grant date*	*Exercised during the year*	*Lapsed during the year*	*Vesting period*	*Expiry date*
Heejae Chae	90	20 August 2024	–	–	26 June 2024 to 26 June 2029	26 June 2034
Owen Phillips	35	20 August 2024	–	–	26 June 2024 to 26 June 2029	26 June 2034

SysGroup plc 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 is built into Awards for employees who are participants in both the VCP and PSP, reducing the number of shares vesting under the PSP to reflect shares realised under the VCP. Participants in the VCP have received awards under the PSP which take the form of nil cost options over ordinary shares in the Company, and which vest subject to performance against financial targets over a three-year period. The PSP awards for these individuals will not be exercisable until 26 June 2029, the measurement date of the VCP. If the VCP awards vest, a corresponding reduction will be made to the number of shares that vest under the PSP awards to ensure that participants benefit from only one of the plans. This prevents participants being remunerated twice for the same performance.

Director	*PSP options over ordinary 0.01 share*	*Grant date*	*Exercised during the year*	*Lapsed during the year*	*Vesting period**	*Expiry date*
Heejae Chae	582,633	20 August 2024	–	–	20 August 2024 to 20 August 2027	20 August 2031
Owen Phillips	210,084	20 August 2024	–	–	20 August 2024 to 20 August 2027	20 August 2031

* Participants in both the PSP and VCP may not exercise shares vested under the PSP until the VCP has also vested – five years from the date of grant.

SysGroup Sharesave Plan (Save As You Earn 'SAYE')

On 1 October 2024, the Company launched a three-year SAYE Plan, giving all employees the opportunity to save towards buying shares in SysGroup plc at a discounted option price ('Option Price'). The Option Price of £0.26 was set on 5 August 2024, using the mid-market closing price to which a 20% discount was applied. During the year, the following SAYE share options were held by the Executive Directors:

Director	*Shares under option at 31 March 2024*	*Granted during the year*	*Exercised during the year*	*Lapsed during the year*	*Shares under option at 31 March 2025*
Heejae Chae	–	35,673	–	–	35,673
Owen Phillips	–	35,673	–	–	35,673

Directors' interests in ordinary shares of SysGroup plc

The Directors in office at the end of the year had interests in the ordinary share capital of the Company at the date of this report as shown below:

Director	*Number of ordinary shares*	*Percentage interest*
Heejae Chae	8,657,575	10.39%
Owen Phillips	60,606	0.07%
Mike Fletcher*	122,647	0.15%
Paul Edwards	151,515	0.18%
Mark Reilly	45,454	0.05%
Davin Cushman	303,030	0.36%

* Shares are held in the name of Colston Trustees Limited.

Directors' remuneration (audited)

The salaries of the Executive Directors are reviewed annually.

The annual salaries of the Executive Chairman and the Chief Financial Officer are £208,000 and £140,000 respectively.

A breakdown of salaries and benefits received by each Director (current and former), together with fees paid to the Non-Executive Directors, is set out below.

	2025					2024				
Director	*Salary/Fees £'000*	*Bonus £'000*	*Pension £'000*	*BIK £'000*	*Total £'000*	*Salary/Fees £'000*	*Bonus £'000*	*Pension £'000*	*BIK £'000*	*Total £'000*
Mike Fletcher	44	–	–	–	44	44	–	–	–	44
Heejae Chae	208	–	8	15	231	154	–	7	12	173
Owen Phillips	140	–	9	10	159	9	–	–	1	10
Paul Edwards	44	–	–	–	44	22	–	–	–	22
Mark Reilly	44	–	–	–	44	13	–	–	–	13
Davin Cushman	44	–	–	–	44	–	–	–	–	–
Michael Edelson*	–	–	–	–	–	22	–	–	–	22
Mark Quartermaine**	–	–	–	–	–	31	–	–	–	31
Adam Binks***	–	–	–	–	–	1,254	–	2	5	1,261
Martin Audcent****	–	–	–	–	–	128	50	6	12	196
Total	**524**	**–**	**17**	**25**	**566**	**1,677**	**50**	**15**	**30**	**1,772**

* Michael Edelson ceased employment as a Non-Executive Director on 22 September 2023 (prior year).
** Mark Quartermaine ceased employment as a Non-Executive Director on 12 December 2023 (prior year).
*** Adam Binks ceased employment as Chief Executive Officer on 26 June 2023 (prior year).
**** Martin Audcent ceased employment as Chief Financial Officer on 11 March 2024 (prior year).

The remuneration report was approved by the Board of Directors and signed on its behalf by:

Mike Fletcher
Chairman
Remuneration Committee
23 July 2025

Corporate governance report

Introduction

The Board is responsible for establishing the Group's values and standards, ensuring that its obligations to shareholders and other stakeholders, including customers, employees, communities, and suppliers, are understood and met.

To support the Company's governance framework, the Board has adopted the principles of the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). Details of the Company's compliance with the 10 principles of the QCA Code 2023 are outlined below.

Board of Directors

During the year, the composition of the Board consisted of an Executive Chairman, an Executive Director and four Non-Executive Directors. Details of the Directors' appointments, retirements, and resignations can be found on pages 26–28.

The Board considers all the Non-Executive Directors to be independent in accordance with the principles set out in the QCA Code, with supporting details provided below. The Non-Executive Directors bring a diverse range of skills, experiences, and sector-specific knowledge, enabling them to provide constructive challenge and strategic insight. Their collective expertise ensures a balanced and objective perspective, helping to safeguard the interests of shareholders and contributing to the effective delivery of the Group's long-term strategy.

The Board has established a Schedule of Matters Reserved for its consideration, which includes the following responsibilities:

- Approval and ongoing review of the Group's long-term objectives, strategy and operating policies
- Approval of the Annual Operating Plan
- Changes to the Group's capital structure and its listing status
- Approval of acquisitions
- Oversight of financial reporting and controls, including major capital projects and treasury policies
- Corporate governance and risk management
- Ensuring regulatory compliance
- Appointment and re-appointment or removal of external auditor
- Approval of material policies, including the Health & Safety and Whistleblowing policies
- Undertaking a formal and rigorous review of its own performance and that of its Committees and individual Directors
- Determining the remuneration of the Executive Directors(s)
- Appointment and removal of Company Secretary

These matters are reserved for the Board to ensure appropriate oversight and alignment with the Group's objectives, governance standards, and long-term success.

The Board formally meets six times a year, with Board update calls held in the intervening periods to ensure ongoing communication. Ad-hoc meetings are scheduled at short notice as and when required. During the year, the Board met 14 times. Attendance at the Board and Committee meetings during the year was as follows:

	Board	*Audit Committee*	*Remuneration Committee*	*Nomination Committee*
Meetings				
Heejae Chae	14	3*	6*	1
Owen Phillips	14	3*	6*	1*
Paul Edwards	14	3	6	1
Mike Fletcher	12	3	6	1
Mark Reilly	14	2	6	1
Davin Cushman (appointed 10 June 2024)	11	3	4	0

* Although not a member of the Audit and Remuneration Committees, Heejae Chae may be invited to attend meetings of those committees. Similarly, Owen Phillips may be invited to attend Audit Committee, Remuneration Committee and Nomination Committee when considered appropriate, and such attendance is reflected above.

Davin Cushman, who joined part-way through the year, attended all Board and Committee meetings held following his appointment.

On 20 September 2024, Mark Reilly stepped down as a member of the Remuneration Committee.

Internal controls

The Group maintains an ongoing process for identifying, evaluating, and managing significant risks to achieving its business objectives. The Group's system of internal controls is designed to manage, rather than eliminate, the risk of failure in meeting those objectives. Whilst these controls provide reasonable assurance against material misstatement or losses, they cannot entirely eliminate risk. In addition, the Group insures against various risks, with coverage reviewed annually.

The Directors believe that the system of internal controls has operated effectively throughout the financial year and up to 23 July 2025. Given the current size of the Group, the Board has determined that an internal audit function is not required at this time, although this decision is kept under regular review to ensure it remains appropriate.

QCA Code principles

1. Establish a purpose, strategy, and business model which promote long-term value for shareholders

At SysGroup, our mission is to future-proof the IT foundations of UK organisations by leveraging digital transformation and emerging technologies. We help businesses remain resilient, agile, and competitive by creating long-term technology strategies that drive performance and adaptability in an ever-changing landscape. Our focus includes modernising legacy systems, embracing AI and automation, strengthening cybersecurity, and enabling cloud-native operations.

We are building a unified digital platform to support UK organisations in evolving their technology environments with confidence. This strategy is underpinned by developing and acquiring capabilities that enhance and future-proof our clients' IT foundations. Our core capabilities include AI, Data Science & Machine Learning, Modern Data Infrastructure, Connectivity & Integration, Digital Engineering & Cloud Transformation, and Cybersecurity & Resilience.

Following our investment in people and technology, these capabilities are delivered through five integrated solution pillars: Analytics, Connectivity, Cybersecurity, Hosting & Protection, and End-to-End Services. Together, these pillars allow us to assess, architect, implement, and manage each solution through expert consulting, professional services, and operational support.

We also continue to explore strategic acquisitions that complement our ability to deliver future-ready solutions, including AI, cloud services, cybersecurity, and industry-specific expertise. For instance, in November 2024, we successfully acquired Crossword Consulting Limited, expanding our portfolio with cybersecurity consulting services. This acquisition not only strengthened our capabilities but also grew our customer base, positioning us to deliver more comprehensive and integrated solutions to our clients.

2. Promote a corporate culture that is based on ethical values and behaviours

The Directors are committed to high standards of corporate governance, ensuring transparency and accountability in managing the business. The Board fosters a culture of Learning, Integrity, Kindness and Entrepreneurship, which is embedded throughout the organisation. Further details relating to this can be found on pages 17–19.

We recently completed a skills matrix assessment to ascertain our current strengths and identify areas for development. This analysis confirms our commitment to investing in employee growth and career progression, ensuring they play an active role in our strategic journey. In addition, we have implemented OKRs (Objectives and Key Results) to ensure employees recognise and understand those strategic goals, with progress tracked and reported to the Board.

We have also conducted an employee engagement survey to gather valuable insights and improve our understanding of employee needs. In response, we have enhanced communication through newsletters, town hall meetings and in-person presentations. We have also introduced a comprehensive employee development plan designed to support continuous learning, upskilling and professional growth. This includes tailored training opportunities, support for gaining relevant qualifications, and clear pathways for career progression. These initiatives aim to increase employee engagement, foster stronger connections, and build a thriving, forward-thinking company culture.

3. Seek to understand and meet shareholder needs and expectations

Throughout the year, the Executive Directors engage with investors to discuss matters relevant to the Company. The Board recognises the importance of active shareholder engagement to ensure that shareholder needs and expectations are understood and addressed appropriately.

The AGM offers shareholders a valuable opportunity to engage directly with the Board, including the Chairs of the Board Sub-Committees.

Key information for shareholders, including the annual report (which includes the ESG report), interim announcement and other communications, is available on the Company's website. The Group also uses social media to share updates on the business, its strategy, and ongoing progress.

4. Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success

Our stakeholders play a crucial role in shaping our strategy and are integral to our success. A deep understanding of their needs and expectations enables the Board to fulfil its duties under Section 172 of the Companies Act 2006, ensuring that the interests, concerns, and potential impacts on each stakeholder group are carefully considered. This insight is gained through Executive Board papers, customer feedback, and regular surveys.

Central to our organisation is an unwavering commitment to our customers. We place a strong emphasis on delivering outstanding service and exceeding customer expectations, underpinned by a culture of innovation, entrepreneurship, and high performance. Our dedication to understanding and meeting customer needs drives everything we do, ensuring we remain agile and responsive in a competitive market.

We carefully select suppliers based on the quality of their offerings, competitive pricing, and service excellence. We value long-term relationships with our suppliers, as they allow for collaboration on value-creating opportunities. New suppliers undergo a thorough onboarding process, and the Group ensures timely monthly payments through a structured and reliable payment system.

Our employees are a key stakeholder group, and their success is fundamental to the business. We prioritise the recruitment of high-calibre individuals and are committed to their continuous development through both internal and external training opportunities. The Group offers competitive remuneration and benefits packages, recognising that a modern, dynamic work environment is essential for attracting, retaining, and motivating top talent.

We recognise the importance of operating as a responsible business, with growth that is sustainably beneficial to our stakeholders, the communities in which we operate, and the environment. We are committed to acting responsibly in all aspects of our business, ensuring long-term value for both our people and the planet (our ESG report can be found on pages 20 to 25).

5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

The principal risks and uncertainties facing the Group are detailed on pages 15 to 16 of this annual report. The Board is regularly updated at its meetings on any significant developments, including the actions taken by management to mitigate or resolve these issues.

The Directors acknowledge their responsibility for the effective operation of the Company's and Group's internal control systems, which are designed to safeguard the Group's assets and ensure the accuracy and reliability of financial information, both for internal decision-making and external reporting. This control framework is supported through rigorous financial reporting processes and robust oversight mechanisms.

In setting the Group's strategy, the Board carefully considers the exposure to risks, including those related to climate change, and determines the appropriate tolerance to risk. The Board ensures that the balance of risks is assessed on a proportionate and material basis, taking into account both immediate and long-term impacts. To further enhance the management of risks and internal controls, the Audit Committee delegates authority to a sub-committee within the business that specifically focuses on these areas and reports regularly to both the Committee and the Board.

6. Establish and maintain the Board as a well-functioning, balanced team led by the Chair

The Board comprises six Directors: two Executive Directors (including the Executive Chairman) and four Non-Executive Directors. The diverse mix of experience, skills, and capabilities on the Board supports the Company in achieving its strategic goals. Heejae Chae serves as the Executive Chairman, a role the Board deems appropriate for the foreseeable future, as Heejae leads the development and execution of the Group's strategy and works to enhance governance standards. The breadth of expertise on the Board enables it to effectively inform and oversee the execution of the Company's strategy, ensuring both robust decision-making and strategic alignment.

<u>Board meetings</u>

The Board meets at least six times per year. In addition to the regular meetings, the Board holds update calls during the intervening periods. Additional meetings are convened as needed. The Board also maintains ongoing communication with its advisers and strives to stay informed about the perspectives of the Company's major shareholders.

The Board has delegated authority to its sub-committees: the Audit Committee, the Remuneration Committee, and the Nomination Committee. Membership of these Committees consists primarily of Independent Non-Executive Directors, except for the Nomination Committee, which is chaired by Heejae Chae. Each Committee operates under a set of Terms of Reference, outlining its specific responsibilities, which are reviewed on an annual basis.

The Board is confident that it maintains an appropriate balance between Executive and Non-Executive Directors and is adequately resourced to effectively discharge its duties and responsibilities.

The Company has robust procedures in place to monitor and manage any potential conflicts of interest among its Directors, with all such matters being reported to and addressed by the Board.

Board papers are circulated in advance of each meeting to provide Directors sufficient time to review the materials. The Executive Chairman generally chairs the meetings, ensuring that all Directors have the opportunity to ask questions, deliberate on key issues, and challenge the Executives when appropriate.

A schedule of key issues, known as 'Matters Reserved for the Board', outlines the critical decisions and topics that must be considered and addressed by the Board. This schedule is reviewed annually. An overview of the contents of the current schedule is provided under Principle 1 above.

<u>Audit Committee</u>

The Company has established an Audit Committee that comprises Paul Edwards (Chairman), Mike Fletcher, Mark Reilly, and Davin Cushman. The Audit Committee meets at least three times a year and is responsible for reviewing the integrity of the Group's financial statements, compliance with legal and regulatory requirements, and the adequacy and effectiveness of the Group's internal financial controls and risk management processes, including the need for an internal audit review. It also reviews the external auditors' performance and independence, and makes recommendations to the Board on their appointment.

The Group's auditors, BDO, attend the Audit Committee Meetings.

During the year to 31 March 2025, there were three Audit Committee meetings and the principal items discussed were:

- Review of the BDO planning, and full year audit reports
- BDO auditor independence, audit fee and engagement letters
- Review of going concern
- Review and approval of the interim results and preliminary announcement
- Review and approval of the annual report and accounts
- Review and approval of the management letters of representation
- Reviewed its Terms of Reference which were then adopted by the Board

The Group has not included a separate Audit Committee report in its financial statements. However, the contents typically found in such a report – including principal risks and uncertainties, the role and structure of the Audit Committee, and corporate governance disclosures – are included throughout the report and have been reviewed by the Audit Committee.

Remuneration Committee

The Company has established a Remuneration Committee that comprises Mike Fletcher (Chairman), Paul Edwards, and Davin Cushman. The Committee meets at least twice a year and is responsible for determining the remuneration of the Executive Directors. The Remuneration Committee also approves the design of, and determines targets for, any performance-related pay schemes, reviews the design of any share incentive plans, and determines the awards to the Executive Directors and other senior members of management.

There were six Remuneration Committee meetings during the year, and the principal items discussed were:

- Management incentive plans (Value Creation Plan and Performance Share Plan)
- Revised Terms of Reference (minor changes to align with QCA code and best practice)
- Directors' remuneration report for annual report
- Performance targets for PSP 2024

Nomination Committee

The Company has established a Nomination Committee that comprises Heejae Chae (Chairman), Mike Fletcher, Paul Edwards, Mark Reilly, and Davin Cushman. The Nomination Committee meets at least once a year and is responsible for reviewing the structure, size, and composition of the Board, leading the process for appointments, ensuring plans are in place for orderly succession to both the Board and senior management positions, and overseeing the development of a diverse pipeline for succession.

There was one Nomination Committee meeting during the year and the principal items were to review the Board composition and discuss and approve the appointment of Davin Cushman to the Board.

7. Maintain appropriate governance structures and ensure that, individually and collectively, the Directors have the necessary up-to-date experience, skills and capabilities

The composition of the Board provides a diverse balance of skills, experience and knowledge, all of which are crucial to the business's ability to achieve its strategic goals. Appointments to the Board are made with careful consideration, ensuring that each Director's skills and experience align with the specific needs of the Group. Biographical details of each Director can be found on page 26 of this annual report, as well as on the Company's website.

The Audit and Remuneration Committees allow the Independent Non-Executive Directors to meet and discuss key matters without the presence of the Executive Directors. This ensures that an independent perspective is applied to critical decisions affecting the business.

All Board members receive training as required, both during their onboarding process and throughout their tenure, and are entitled to seek independent professional advice if needed. Each year, Zeus Capital LLP, the Company's Nomad, provides training on the AIM Rules and the Market Abuse Regulation. Notably, Nomad refresher training was delivered during the January Board meeting to ensure all Directors remain current with regulatory requirements. Additionally, all Directors have access to the Company Secretary and are encouraged to request further training as necessary.

At the forthcoming Annual General Meeting, all Directors will seek election or re-election, in line with the Company's governance practices.

8. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Executive Chairman is responsible for assessing the individual contributions of the Directors on an ongoing basis. The Executive Chairman is satisfied that all the Directors are making valued contributions, and the Board is working effectively together. Whilst the Company does not currently have a formal appraisal process for Directors, we intend to review our processes for Board performance evaluation over the next 12 months and to establish a more formalised framework for assessment and review.

9. Establish a remuneration policy which is supportive of long-term value creation and the Company's purpose, strategy, and culture

The Group's remuneration policy is designed to reward sustained performance by attracting, motivating, and retaining individuals of the highest calibre who are committed to growing the business and maximising shareholder value. This policy applies to both Executive Directors and senior employees, with rewards based on their individual performance and the value created for shareholders. The details of the remuneration policy, along with specific aspects of the remuneration structure, are outlined in the remuneration report, which can be found on pages 30 to 33.

10. Communicate how the Company is governed and is performing, by maintaining a dialogue with shareholders and other relevant stakeholders

The Board recognises that robust governance is essential to the success of the business. It believes that the composition of the Board, supported by its sub-committees, enables effective deliberation, discussion and execution of the Company's strategy. The Company is governed through clear, transparent processes that prioritise accountability and performance. Engaging in ongoing dialogue with shareholders and other key stakeholders is central to the Company's governance approach. This engagement helps the Board understand stakeholder needs and expectations, ensuring the Company's actions align with long-term strategic growth and shareholder value.

The ESG Report and the Remuneration Committee Report further demonstrate the Company's commitment to transparent governance. These reports provide detailed insights into how the Board monitors and addresses key areas such as financial integrity, environmental and social responsibility, and executive remuneration, reinforcing the Company's commitment to high standards of governance and stakeholder engagement. Financial integrity and other governance matters are overseen by the Board and the Audit Committee through regular monitoring and reporting.

Regular meetings are held with our principal shareholders to ensure open and transparent dialogue. The Executive Directors maintain these relationships on an ongoing basis, and the Chairmen of the Board Committees are available to engage with shareholders on key governance and strategic matters when appropriate. In addition, the Executive Directors communicates directly with institutional investors through management briefings, and analyst reports are regularly reviewed to gain insight into external perceptions of the Company. Shareholders are kept informed through a range of communications, including the full year and interim results announcements, the annual report and accounts, the annual general meeting, regulatory RNS updates, and other press releases. These channels ensure that shareholders receive timely and comprehensive information throughout the year, particularly following the release of financial results, when dedicated meetings with institutional investors are also held.

Shareholders can find information on the Board of Directors, Shareholder Circulars, Articles of Association, Admission Document, Financial Reports and Regulatory Announcements in the investor section of the website at **www.sysgroup.com**.

11. Rule 21 of The Aim Rules for Companies and MAR ('Market Abuse Regulation')

The Group complies with Rule 21 of the AIM Rules, which governs dealings in securities during close periods. A robust share dealing policy is in place to support this compliance. All employees are formally notified when the Company enters and exits a close period. Regardless of timing, the Group's dealing code requires employees to seek prior approval from designated individuals before undertaking any transactions in the Company's shares, ensuring a controlled and transparent approach to share dealing at all times.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the Group financial statements in accordance with UK adopted International Accounting Standards. The Directors have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether the Group financial statements have been prepared in accordance with UK adopted International Accounting Standards subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board

Wendy Baker
Company Secretary
23 July 2025

Independent auditor's report to the members of SysGroup plc

Opinion on the financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2025 and of the Group's loss for the year then ended;
- The Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- The Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of SysGroup plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2025 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cashflows and notes to the financial statements, including a summary of material accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the Directors' method of assessing going concern including the relevance and reliability of underlying data used to make the assessment, and whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other;
- Considering the adequacy of the Group's banking facilities and ability to meet key financial covenants;
- Testing the arithmetic accuracy of the model, challenging the assumptions applied and where possible agreeing the model to supporting documentation;

- Considering the appropriateness of the downside scenarios and challenging the Directors' on the completeness and level of downside assumptions based on our industry knowledge;
- Review of the Directors' downside scenario modelling forecasts, modelling scenarios to covenants and consideration of the likelihood of occurrence and feasible actions available to increase headroom;
- Reviewing the period assessed by the Directors' ensuring that it meets the requirements of the applicable accounting standards, and challenging the Directors' on whether there are any future events falling outside of the period considered that may impact the assessment completed;
- Reviewing the adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment; and
- Comparing the level of available financial resources with the Group's financial forecasts, including taking account of reasonably possible (but not unrealistic) adverse effects that could arise from risks, both individually and collectively, relating to the Group.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

		2025	2024
Key audit matter	Revenue recognition	✓	✓
	Impairment of goodwill and intangible assets	✓	✓
	Classification of items as exceptional items	✓	✓
Materiality	**Group financial statements as a whole** Materiality has been based on 1.25% (2024: 1.25%) of revenue, rounded to £256,000 (2024: £280,000)		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement of the financial statements. We also consider the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have resulted in a risk of material misstatement.

Components in scope

SysGroup plc has 5 separate active entities. The control environment is aggregated as the same IT systems, process, controls and finance team operate across the components in the group.

As part of performing our Group audit, we determined the components to be the Group's legal entities, each with its own discrete financial information.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- Procedures on the entire financial information of the component, including performing substantive procedures; and
- Specific audit procedures over certain balances.

Procedures performed at the component level

We performed procedures to respond to group risks of material misstatement at the component level that included the following:

- Procedures were performed on the entire financial information of 4 components;
- Specified procedures were performed at 1 component.

The Group engagement team has performed all procedures directly, and has not involved component auditors in the Group audit.

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls and similarity of the group's activities and business lines in relation to all financial statement areas. We therefore designed and performed procedures centrally.

The group operates a centralised IT function that supports IT processes for all components. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

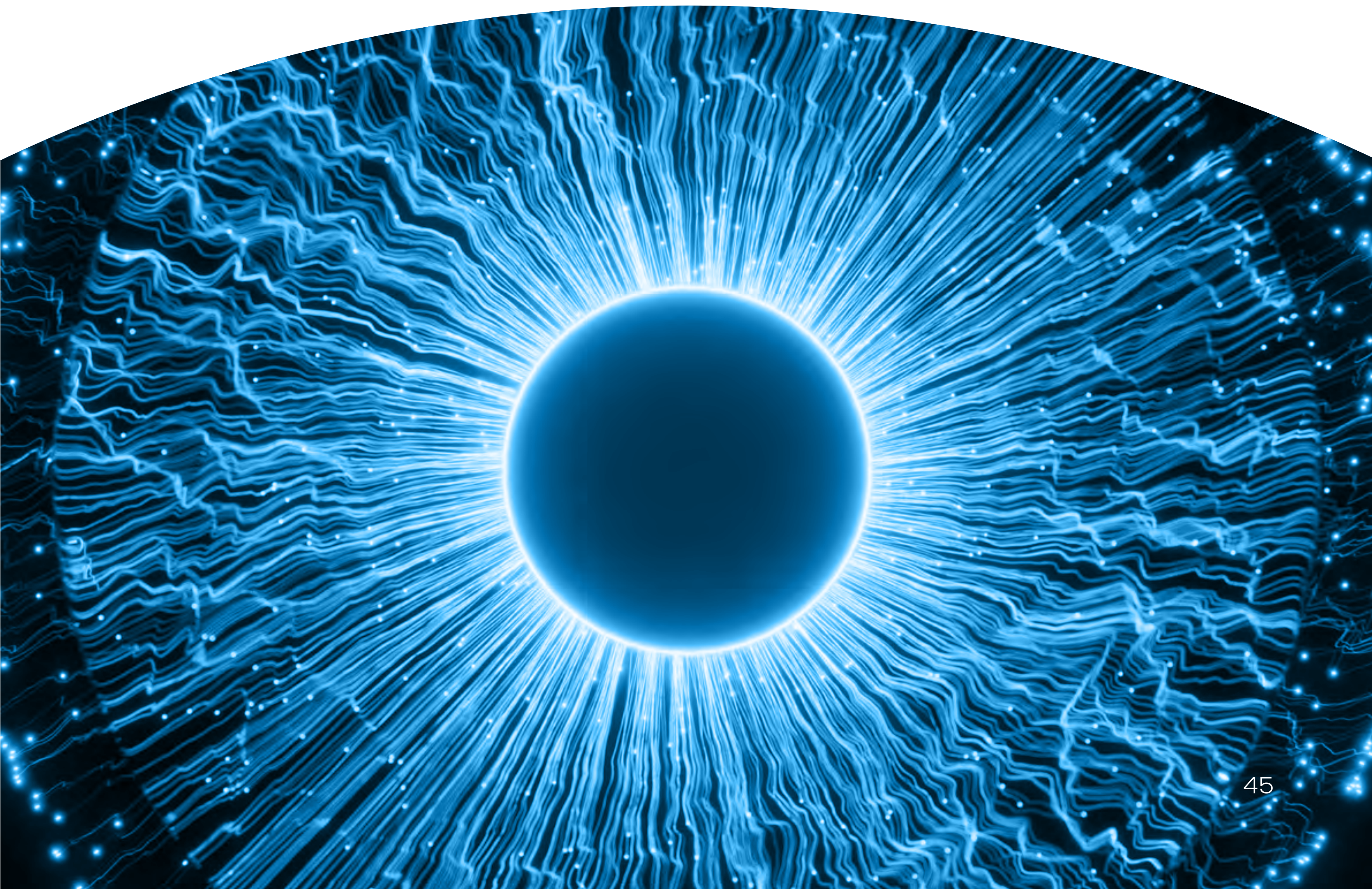
Changes from the prior year

The change in the group audit scope from the prior year is the inclusion of a new intermediate holding company, for which the group audit team performed specified procedures, and the inclusion of a newly acquired trading entity, for which the group audit team performed procedures on the entire financial information.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		*How the scope of our audit addressed the key audit matter*
Revenue recognition Note 4 See accounting policy in note 1	The Group has a number of different revenue streams, each of which have a different revenue recognition policy dependent on the specific terms of the transfer of goods or the service provided. There are a number of judgements involved in the application of IFRS 15, the revenue recognition accounting standard, including in relation to determining the appropriate timing of revenue recognition, and in the unbundling of contracts that relate to the provision of more than one service and/or product. As a result of this we determined revenue recognition to be a key audit matter. We assessed that risks of material misstatement could arise from: • Inappropriate use of journals to recognise revenue; • Improper recognition of contracts and allocation of transaction price to performance obligations; and • Improper revenue recognition before completion of performance obligations, with a heightened focus around year end cut-off for certain revenue streams. We therefore considered revenue recognition to be a key audit matter.	Our audit procedures included the following: • We reviewed the Group's revenue recognition policies for all revenue streams to consider whether they properly applied the provisions of the relevant accounting standards; • We evaluated Management's assessment of the performance obligations within a sample of revenue contracts in relation to the IFRS 15 criteria and whether revenue should be recognised at a point in time or over time by review of key terms in revenue contracts; • We tested the revenue recognised in the year for a sample of contracts, obtaining evidence of completion of work and that the revenue recognised was in accordance with IFRS 15. We also specifically checked a sample of revenue entries with performance obligation either side of year end, to contracts with customers and to confirmation of the delivery of the obligations in the year. Where contracts related to more than one revenue stream we checked whether these had been appropriately bundled or unbundled; and • For a sample of journal entries recorded in revenue throughout the year which fell outside of expectations, we assessed the validity of the transaction and its accounting by testing it to source documentation. **Key observations:** No issues were noted from the work performed.



Key audit matter		*How the scope of our audit addressed the key audit matter*
Impairment of goodwill and intangible assets Note 2 and 13 See accounting policy in note 1	There is a high degree of management judgement involved in assessing the value in use of the Cash Generating Units ("CGU") to which the Goodwill and Intangible Assets are allocated. This involved determining whether any impairment exists in relation to these assets. There is therefore a risk that any impairment of these assets is not appropriately recognised in accordance with applicable financial reporting standards. For these reasons, impairment of goodwill and intangible assets was considered to be a key audit matter.	Our audit procedures include: • An assessment of whether the Goodwill and other intangible assets were correctly allocated to CGUs for monitoring purposes and in line with the requirements of the applicable financial reporting standards; • Challenging future trading projections by reference to the current performance of the individual CGUs and the accuracy of prior year forecasting; • Determining whether the forecasts adopted in the impairment review were approved by the Board and were consistent with those used in the going concern assessment; • We assessed the appropriateness of the discount rate applied and challenged the assumptions using a range of sensitivities, with reference to market data and comparable entities; • Checking the impairment analysis for logical and arithmetic accuracy, and assessing whether it had been undertaken in accordance with the requirements of the applicable financial reporting standards; • Performing sensitivity analysis on key inputs, including growth projections, to understand the relative impact of changes in the key assumptions within the impairment model. **Key observations:** Based on our procedures we found management's assessment of the value in use for each CGU to be reasonable.
Classification of items as exceptional items Notes 2 and 8 See accounting policy in note 1	In reporting its results, the Group has presented various alternative profit measures ('APMs') of its financial performance, position or cashflows, which are not defined or specified under the requirements of the accounting standards. In doing so, the Group makes certain adjustments to the Group result in order to derive many of these APMs, including the use of exceptional items. The Group presents exceptional items on the face of the Consolidated Statement of Comprehensive Income and includes material items of expenditure, which the Directors consider, due to their size, nature and expected non-occurrence, merit separate presentation in the financial statements to facilitate financial comparison with prior periods and to assess trends in the financial performance of the Group. In the current year the Group has identified £826k of items that should be classified as exceptional items. There are a number of judgements involved in making this assessment. We have assessed that the risk of material misstatement could arise from: • Items being classified as exceptional that do not meet the definition within the Group's accounting policy; and • Consistency in the identification and presentation of these items. We therefore considered the classification of exceptional items to be a key audit matter.	The audit procedures included the following: • We challenged the rationale for the designation of certain items as exceptional items, and assessed such items against the Group's accounting policy, including the nature and magnitude of the amounts incurred, and consideration of whether they were one off in nature; • We assessed whether the accounting policy had been applied consistently in identifying exceptional items; and • We reviewed the Group's narrative disclosure of exceptional items and challenged whether the disclosure was sufficient. **Key observations:** Based on the procedures performed we did not identify any indicators that the classification of exceptional items, together with the related disclosures, were not appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Company financial statements	
	2025 £	*2024* £	*2025* £	*2024* £
Materiality	256,000	280,000	246,000	205,000
Basis for determining materiality	Based on 1.25% of revenue, then rounded	Based on 1.25% of revenue, then rounded	Based on 0.75% of gross assets, then rounded	Based on 0.75% of gross assets, then rounded
Rationale for the benchmark applied	Revenue was considered the most stable measure and to be of most relevance to the users of the financial statements. The percentage threshold was unchanged from the previous year due to no significant change in ownership or business model in the year.		The Parent Company does not recognise any external revenue and so a revenue basis was not considered appropriate and materiality was calculated based on gross assets. The same rationale was applied for the prior period.	
Performance materiality	167,000	182,000	159,900	133,250
Basis for determining performance materiality	65% of materiality	65% of materiality	65% of materiality	65% of materiality
Rationale for the percentage applied for performance materiality	We set performance materiality taking into account our assessment of the control environment, degree of estimation in the financial statements, the history of misstatements and management's attitude to proposed adjustments. This was unchanged from the prior year.			

Component materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, based on a percentage of between 44% and 95% (2024: 34% and 88%) of Group performance materiality dependent on a number of factors such as our assessment of the risk of material misstatement in those components. Component performance materiality ranged from £73,000 to £158,000 (2024: £61,725 to £159,275).

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £11,000 (2024: £11,200). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds..

Other information

The directors are responsible for the other information. The other information comprises the information included in the document entitled 'Annual report and accounts' other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • The information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • The Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • The Parent Company financial statements are not in agreement with the accounting records and returns; or • Certain disclosures of Directors' remuneration specified by law are not made; or • We have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management, those charged with governance and the Audit Committee;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting framework, the Companies Act 2006, UK tax legislation and the AIM Listing Rules.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amounts or disclosures in the financial statements, for example through the imposition of fines or litigation. We identified such laws and regulations to be Health and Safety, Data Protection Act and the Bribery Act 2010.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Made inquiries of legal counsel; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, those charged with governance and the Audit Committee regarding any known or suspected instances of fraud
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;

- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be posting inappropriate journal entries, management bias in accounting estimates and revenue cut-off for certain revenue streams.

Our procedures in respect of the above included:

- Identifying and testing journal entries to source documentation, in particular any journal entries posted with unusual account combinations;
- Assessing revenue recognised on certain revenue streams for a defined period around the year end, selecting a sample of revenue items within this defined period and identifying whether the transactions have been reflected in the correct period in line with when the performance obligation was met;
- Challenging the rationale for the designation of certain items as exceptional items, and assessing such items against the Group's accounting policy, including the nature and magnitude of the amounts incurred, and consideration of whether they were one off in nature;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Holding discussions with those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing minutes of Board meetings throughout the year for instances of non-compliance with laws and regulation or fraud;
- Agreement of the financial statement disclosures to underlying supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: **frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Daniel Wilbourn (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, United Kingdom
23 July 2025

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

Consolidated statement of comprehensive income

For the year ended 31 March 2025

	Notes	2025 Group £'000	2024 Group £'000
Revenue	4	**20,501**	**22,714**
Cost of sales		(10,491)	(12,318)
Gross profit		**10,010**	**10,396**
Operating expenses before depreciation, amortisation, impairment of intangibles, exceptional items, share-based payments and share scheme set-up costs		(9,065)	(8,388)
Adjusted EBITDA*		**945**	**2,008**
Depreciation	14	(538)	(570)
Amortisation of intangibles	13	(1,559)	(1,696)
Impairment of intangibles	13	–	(3,718)
Exceptional items	8	(826)	(1,826)
Share-based payments	9	(197)	(194)
Share scheme set-up costs		(174)	–
Administrative expenses		(12,359)	(16,392)
Operating (loss)		**(2,349)**	**(5,996)**
Finance income	6	371	–
Finance expense	6	(472)	(574)
(Loss) before taxation		**(2,450)**	**(6,570)**
Taxation	12	616	670
Total comprehensive (loss) attributable to the equity holders of the Company		**(1,834)**	**(5,900)**
Adjusted earnings per share (EPS)**	11	0.3p	2.1p
Basic earnings per share (EPS)	11	(2.3)p	(12.1)p
Diluted earnings per share (EPS)	11	(2.3)p	(12.1)p

*Adjusted EBITDA, which is defined as profit before net finance costs, tax, depreciation, amortisation, impairments, share-based payment charge, share scheme set-up costs and adjusting items is a non-GAAP metric used by management and is not an IFRS disclosure

**Adjusted EPS is loss after tax after adding back amortisation of intangible assets, impairments, exceptional items, share-based payments and associated tax, divided by the weighted average number of shares in issue.

Consolidated statement of financial position

As at 31 March 2025

Assets	*Notes*	*2025 Group £'000*	*2024 Group £'000*
Non-current assets			
Goodwill	13	18,342	17,948
Intangible assets	13	4,047	4,708
Property, plant and equipment	14	1,441	1,846
		23,830	**24,502**
Current assets			
Trade and other receivables	16	5,376	4,003
Cash and cash equivalents		8,740	1,943
		14,116	**5,946**
Total assets		**37,946**	**30,448**
Equity and liabilities			
Equity attributable to the equity shareholders of the parent			
Called up share capital	21	855	515
Share premium reserve		19,329	9,080
Treasury reserve		(842)	(984)
Other reserve		3,481	3,300
Retained earnings		908	2,856
		23,731	**14,767**
Non-current liabilities			
Lease liabilities	19	180	400
Contract liabilities	20	1,649	143
Contingent consideration	17	–	–
Provisions	18	295	148
Deferred taxation	12	288	849
Bank loan	19	4,770	4,738
		7,182	**6,278**
Current liabilities			
Trade and other payables	17	4,674	4,813
Lease liabilities	19	189	204
Contract liabilities	20	2,075	2,635
Deferred consideration	10	95	–
Contingent consideration	17	–	1,751
		7,033	**9,403**
Total equity and liabilities		**37,946**	**30,448**

Consolidated statement of financial position (contd.)

As at 31 March 2025

Financial statements

The financial statements on pages 52 to 97 were approved by the Board and authorised on 23 July 2025.

Owen Phillips
Director
23 July 2025

Registered number 06172239

Company statement of financial position

As at 31 March 2025

Assets	*Notes*	*2025 Company £'000*	*2024 Company £'000*
Non-current assets			
Investments	15	25,962	26,399
Intangible assets	13	599	47
Property, plant and equipment	14	212	331
Deferred tax asset		689	364
		27,462	**27,141**
Current assets			
Trade and other receivables	16	1,197	105
Cash and cash equivalents		5,201	118
		6,398	**223**
Total assets		**33,860**	**27,364**
Equity and liabilities			
Equity attributable to the equity shareholders of the parent			
Called up share capital	21	855	515
Share premium reserve		19,329	9,080
Treasury reserve		(842)	(984)
Other reserve		3,481	3,300
Retained earnings		166	2,087
		22,989	**13,998**
Non-current liabilities			
Lease liabilities	19	–	49
Provisions	18	25	68
Bank loan	19	4,770	4,738
		4,795	**4,855**
Current liabilities			
Trade and other payables	17	6,031	6,717
Lease liabilities	19	45	43
Contingent consideration	17	–	1,751
		6,076	**8,511**
Total equity and liabilities		**33,860**	**27,364**

Company statement of financial position (contd.)

As at 31 March 2025

As permitted by section 408 of the Companies Act 2006, the Company's statement of comprehensive income has not been included in the financial statements. For the year ended 31 March 2025, the Company made a loss of £1,807,000 (FY24: loss of £9,548,000).

Owen Phillips
Director
23 July 2025

Registered number 06172239

Consolidated statement of changes in equity

For the year ended 31 March 2025

	Attributable to equity holders of the parent					
	Share capital £'000	*Share premium account £'000*	*Treasury reserve £'000*	*Other reserve £'000*	*Retained earnings £'000*	*Total £'000*
As at 1 April 2023	**494**	**9,080**	**(201)**	**3,205**	**8,657**	**21,235**
Comprehensive loss						
Loss for the period	–	–	–	–	(5,900)	(5,900)
Total comprehensive loss	**–**	**–**	**–**	**–**	**(5,900)**	**(5,900)**
Distributions to owners						
Issue of share capital	21	–	–	–	–	21
Purchase of own shares into Treasury	–	–	(783)	–	–	(783)
Share options charge	–	–	–	194	–	194
Reserves transfer on forfeiture of share options	–	–	–	(99)	99	–
Total distributions to owners	**21**	**–**	**(783)**	**95**	**99**	**(568)**
At 31 March 2024	**515**	**9,080**	**(984)**	**3,300**	**2,856**	**14,767**
As at 1 April 2024	**515**	**9,080**	**(984)**	**3,300**	**2,856**	**14,767**
Comprehensive loss						
Loss for the period	–	–	–	–	(1,834)	(1,834)
Total comprehensive loss	**–**	**–**	**–**	**–**	**(1,834)**	**(1,834)**
Distributions to owners						
Issue of share capital	340	10,249	–	–	–	10,589
Purchase of own shares into Treasury	–	–	142	–	(142)	–
Share options charge	–	–	–	197	–	197
Deferred tax on share options	–	–	–	12	–	12
Reserves transfer on forfeiture of share options	–	–	–	(28)	28	–
Total distributions to owners	**340**	**10,249**	**142**	**181**	**(114)**	**10,798**
At 31 March 2025	**855**	**19,329**	**(842)**	**3,481**	**908**	**23,731**

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

Reserve	*Description and purpose*
Share premium reserve	Amount subscribed for share capital in excess of nominal values.
Other reserve	Amount reserved for share-based payments to be released over the life of the instruments and the equity element of convertible loans.
Treasury reserve	Company owned shares held for the purpose of settling the exercise of employee share options.
Retained earnings	All other net gains and losses, and transactions with owners (e.g. dividends) not recognised elsewhere.

Company statement of changes in equity

For the year ended 31 March 2025

	Share capital £'000	*Share premium account £'000*	*Treasury reserve £'000*	*Other reserve £'000*	*Retained earnings £'000*	*Total £'000*
As at 1 April 2023	**494**	**9,080**	**(201)**	**3,205**	**11,536**	**24,114**
Comprehensive loss						
Loss for the period	–	–	–	–	(9,548)	(9,548)
Total comprehensive loss	**–**	**–**	**–**	**–**	**(9,548)**	**(9,548)**
Distributions to owners						
Issue of share capital	21	–	–	–	–	21
Purchase of own shares into Treasury	–	–	(783)	–	–	(783)
Share options charge	–	–	–	194	–	194
Reserves transfer on forfeiture of share options	–	–	–	(99)	99	–
Total distributions to owners	**21**	**–**	**(783)**	**95**	**99**	**(568)**
At 31 March 2024	**515**	**9,080**	**(984)**	**3,300**	**2,087**	**13,998**
As at 1 April 2024	**515**	**9,080**	**(984)**	**3,300**	**2,087**	**13,998**
Comprehensive loss						
Loss for the period	–	–	–	–	(1,807)	(1,807)
Total comprehensive loss	**–**	**–**	**–**	**–**	**(1,807)**	**(1,807)**
Distributions to owners						
Issue of share capital	340	10,249	–	–	–	10,589
Purchase of own shares into Treasury	–	–	142	–	(142)	–
Share options charge	–	–	–	197	–	197
Deferred tax on share options	–	–	–	12	–	12
Reserves transfer on forfeiture of share options	–	–	–	(28)	28	–
Total distributions to owners	**340**	**10,249**	**142**	**181**	**(114)**	**10,798**
At 31 March 2025	**855**	**19,329**	**(842)**	**3,481**	**166**	**22,989**

Consolidated statement of cash flows

For the year ended 31 March 2025

	Notes	*2025 Group £'000*	*2024 Group £'000*
Cash flows used in operating activities			
(Loss) after tax		(1,834)	(5,900)
Adjustments for:			
Depreciation and amortisation	13,14	2,097	2,266
Impairment of intangibles	13	–	3,718
Net finance costs	6	101	574
Share-based payments		197	194
Fair value adjustment to contingent consideration		80	–
Increase in provisions	18	140	–
Taxation (credit)	12	(616)	(670)
Operating cash flows before movement in working capital		**165**	**182**
Increase/decrease in trade and other receivables		(1,321)	819
Increase in trade and other payables		496	103
Cash flow from operations		**(660)**	**1,104**
Taxation received/(paid)		40	(439)
Net cash (used in)/from operating activities		**(620)**	**665**
Cash flows from investing activities			
Payments to acquire property, plant and equipment	14	(179)	(450)
Payments to acquire intangible assets	13	(570)	(109)
Acquisition of subsidiary net of cash acquired	10	(311)	–
Interest received on cash deposits		371	–
Net cash used in investing activities		**(689)**	**(559)**
Cash flows from financing activities			
Payment of contingent consideration on acquisitions	22	(1,862)	(885)
Repurchase of shares into treasury		–	(762)
Net proceeds from issue of share capital		10,589	–
Capital/principal paid on lease liabilities	22	(162)	(199)
Interest paid on loan facility	22	(438)	(475)
Interest paid on lease liabilities	22	(21)	(28)
Net cash from/(used in) financing activities		**8,106**	**(2,349)**
Net increase/(decrease) in cash and cash equivalents		**6,797**	**(2,243)**
Cash and cash equivalents at the beginning of the year		1,943	4,186
Cash and cash equivalents at the end of the year		**8,740**	**1,943**

Notes to the consolidated financial statements

For the year ended 31 March 2025

1. Accounting policies

SysGroup Plc (the 'Company') is a Company incorporated and domiciled in the United Kingdom. The Company's registered office is at 55 Spring Gardens, Manchester M2 2BY. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

Statement of compliance

These Group financial statements have been prepared in accordance with UK adopted International Accounting Standards ('endorsed IFRS') and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under endorsed IFRS. The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework', issued by the Financial Reporting Council (FRC).

Basis of preparation – Group

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost basis, except for the revaluation of certain financial liabilities and share-based payments, which have been valued in accordance with IFRS 9 and IFRS 2, respectively.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2. The financial statements are presented in pounds sterling (£), rounded to the nearest thousand, unless otherwise stated.

Basis of preparation – Company

The Company financial statements are prepared under the historical cost convention, except for certain financial instruments that are measured at fair value. The Company's financial statements are presented in pounds sterling (£), which is also the functional currency of the Company.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in applying the Company's accounting policies. Significant judgements and estimates are disclosed in the relevant notes to the financial statements.

The Company has elected to take advantage of certain disclosure exemptions available under FRS 101, including:

- A cash flow statement and related notes under IAS 7 'Statement of cash flows'
- Certain disclosures required by IFRS 7 'Financial Instruments: Disclosures'
- Disclosures in respect of the fair value of financial instruments under IFRS 13 'Fair Value Measurement'

Going concern

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

On 31 March 2025, the Group had a gross cash balance of £8.7m and a net cash position excluding deferred consideration and lease liabilities of £4.0m. The Group has a £0.5m unused overdraft facility and £3.3m of undrawn headroom in its Revolving Credit Facility (RCF) loan facility, which is available for working capital and acquisitions.

In order to assess whether the Group is a going concern, the Directors have reviewed the Base business forecast, and a Sensitised version for the period to September 2026.

In the Base forecast, there is considered ample headroom in the bank covenants, with the business starting with a strong cash position of £8.7m on 31 March 2025, following a £10.6m equity raise in June 2024. When coupled with high levels of cash conversion, the cash balance steadily improves over time under the Base forecast.

In the Sensitised forecast, which includes assumptions for a significant decline in revenue and profits, the Group maintains a positive gross cash balance, reduces net debt, and stays within the bank covenants. The Group has a business model with a high degree of financial resilience since c79% of revenue is derived from contracted managed IT services which is a continuous and business-critical service supply to customers, providing comfort that the Sensitised forecast is unrealistic.

The forecasts show that even under a downside scenario, the Group has adequate cash reserves to continue to operate for the foreseeable future. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

New standards and interpretations

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the annual reporting periods beginning 1 January 2025:

- Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The following amendments are effective for the annual reporting periods beginning 1 January 2026:

- Amendment to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

The following standards and amendments are effective for the annual reporting periods beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

The Group is currently assessing the effect of these new accounting standards and amendments.

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Group does not expect to be eligible to apply IFRS 19.

IFRS 16 – Leases

The Group has no activities acting as a lessor. The Group recognises right-of-use assets in relation to the lease of office space and equipment.

Lease liabilities	*Land & buildings £'000*
At 1 April 2024	604
Additions	–
Disposals	(43)
Interest expense	(9)
Lease payments	(183)
At 31 March 2025	**369**

Repayment of lease liabilities are analysed as follows:	*2025 £'000*
Due within one year	189
Instalments due after one year but no more than five years	180
Instalments due after five years	–

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease terms. The discount rate is determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. The interest rate used was 4%. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets	*Land & buildings £'000*
At 1 April 2024	751
Additions	–
Disposals	(46)
Depreciation	(207)
At 31 March 2025	**498**

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before the commencement of the lease
- Initial direct costs incurred
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 18)

The property lease rentals are fixed payments over the rental terms.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee; exposure to variable returns from the investee; and the ability of the investor to use its power to affect those variable returns. Control is re-assessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries ('the Group') as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquirer's identifiable assets, liabilities, and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Business combinations

All business combinations are accounted for by applying the purchase method. On acquisition, all the subsidiaries' assets and liabilities that exist at the date of acquisition are recorded at their fair values, reflecting the conditions at that date. The results of subsidiaries acquired in the period are included in the income statement from the date on which control is obtained.

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities, and contingent liabilities acquired. Goodwill is not amortised but is capitalised as an intangible asset, with any impairment in carrying value being charged to the consolidated statement of comprehensive income. In determining the fair value of consideration, the fair value of equity issued is the market value of equity at the date of completion. The fair value of contingent consideration is based on the expected future cash flows based on whether the Directors believe performance conditions will be met and, thus, the extent to which the further consideration will be payable. Where the fair value of identifiable assets, liabilities, and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs, for which there are separable identifiable cash flows that are largely independent of the cash flows from the other assets or groups of assets). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, giving rise to the goodwill.

The estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the consolidated statement of comprehensive income. The results of foreign subsidiaries that have a functional currency different from the Group's presentation currency are translated at the average rates of exchange for the year. Assets and liabilities of foreign subsidiaries that have a functional currency different from the Group's presentation currency, are translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising from the translation of the results of foreign subsidiaries and their opening net assets are recognised as a separate component of equity.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group. Revenue represents the fair value of amounts received or receivable for goods and services provided net of trade discounts and VAT.

The Group has three principal categories of performance obligation: managed services, professional services and value-added resale. All customer sales are signed as contracts or orders, which separately specify the services and products to be delivered, and these are mapped to one of the three revenue recognition categories. The contracts or orders specify, by service and product, the sales price and the contracted term of the services. As such, the separate performance obligations and allocation of transaction price can be identified clearly from the customer sales contracts.

The revenue recognition policies can be summarised as follows:

Revenue category	*Performance delivery*	*Revenue recognition*
Managed services	Contracted managed services are delivered from an agreed commencement date and for a contracted term of one to three years. Managed services comprise multiple streams of service including cloud hosting and support, and operating licences. Due to the nature of this revenue, the streams are considered inter-dependant. The services are delivered uniformly over the duration of the contract and invoiced annually, quarterly, or monthly in advance of the service delivery period.	Revenue is recognised evenly over the duration of the contract period based on the sales price as specified in the customer sales contract. This is on the basis that the customer receives and consumes the services evenly over the term of the contract. Amounts invoiced in advance of service delivery periods are accounted for as contract liabilities and recognised as revenue in the consolidated statement of comprehensive income to match the period in which the services are delivered.
Professional services	Professional services are delivered by a team of technical consultants based on a scope of work agreed and signed with a customer. The scope of work includes a specification of the work to be delivered, an estimation of the number of consultancy days required, and a sales value based on a day rate. Professional services are invoiced either in advance of work performed, in arrears after the service is delivered, or as part of a larger project contract milestone.	Revenue is recognised based on chargeable days delivered using the sales day rate specified in the customer contract. Revenue recognition is therefore matched to the timing of when the customer receives the benefit of the consultancy services which is in line with the day the work is performed. Professional services are either invoiced in arrears for the actual days delivered or invoiced in advance. When invoiced in advance, the sales value is treated as contract liabilities and recognised as revenue in the consolidated statement of comprehensive income in the period in which the consultancy days are delivered.
Value-added resale	Value-added resale ('VAR') comprises sales of IT hardware and licences where the Group satisfies its performance obligation by procuring the products from suppliers for delivery to the customer. There are no further or ongoing obligations to the Group after delivery. The sales price for each product is separately specified in the customer sales contract. VAR sales are either invoiced in full in advance of delivery or invoiced according to an agreed contract milestone if part of a larger contract.	Revenue is recognised on delivery of the products from the supplier. Invoices are typically raised in advance of delivery and treated as contract liabilities until delivery has been fulfilled. At this point, the revenue and associated purchase cost is recognised in the consolidated statement of comprehensive income.

For managed services and professional services revenue, these are recognised over time, as the entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date.

Note that some contracts with customers combine a mix of managed services, professional services and value-added resale. When this is the case, performance obligations are identified and recognised in line with the policies described above.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

Alternative profit measures

In reporting its results, the Directors have presented various alternative profit measures (APMs) of financial performance, position, or cash flows, which are not defined or specified under the requirements of IFRS. On the basis that these measures are not defined by IFRS, they may not be directly comparable with other companies. The key APMs that the Group uses include recurring revenue as a percentage of revenue, Adjusted EBITDA, Adjusted EPS, and Net cash.

The Group makes certain adjustments to the statutory profit in order to derive many of these APMs. These include exceptional items and share-based payments. The Group presents as exceptional items on the face of the Statement of Comprehensive Income those material items of income and expense which the Directors consider, because of their size or nature and expected non-recurrence, merit separate presentation. This is to facilitate financial comparison with prior periods and to assess trends in financial performance. Exceptional items are included in Administration expenses in the consolidated statement of comprehensive income but excluded from Adjusted EBITDA as management believes they should be considered separately to gain an understanding of the underlying profitability of the trading businesses on a consistent basis from year to year.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets

The Group's financial assets comprise trade and other receivables, and cash and cash equivalents in the consolidated statement of financial position. Trade receivables are stated at their nominal value and an expected lifetime credit loss will be recognised using the simplified approach and shown in administrative expenses in the consolidated statement of comprehensive income. Impairment reviews for other receivables, including those due from related parties, use the general approach whereby twelve-month expected credit losses are provided for and lifetime credit losses are only recognised where there has been a significant increase in credit risk, by monitoring the credit worthiness of the other party. Cash and cash equivalents include cash in hand.

Contract assets

Costs incurred to fulfil a contract are recognised as an asset if and only if all of the following criteria are met:

- The costs relate directly to a contract (or a specific anticipated contract)
- The costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future
- The costs are expected to be recovered

These include costs such as direct labour, direct materials, and the allocation of overheads that relate directly to the contract.

The asset recognised in respect of the costs to obtain or fulfil a contract is amortised on a systematic basis that is consistent with the pattern of transfer of the goods or services to which the asset relates.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments and are recorded at the proceeds received, net of direct issue costs. Proceeds of any share issue in excess of the nominal value of the share capital are recognised within the share premium account.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which it was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss
This category comprises only contingent consideration. They are carried in the statement of financial position at fair values with changes in fair value recognised in the consolidated income statement.

Other financial liabilities
Other financial liabilities include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Fair value measurement hierarchy

IFRS 9 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value to reflect the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

(a) Quoted prices in active markets for identical assets or liabilities (Level 1)

(b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2)

(c) Inputs from the asset or liability that are not based on observable market data (Level 3)

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Share-based payments

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on SysGroup's estimate of the shares that will eventually vest, allowing for the effect of non-market-based vesting conditions.

Fair value is measured using the Black-Scholes or the Monte Carlo pricing models, based on observable market prices. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All outstanding Share Plans are subject to some performance conditions. The element of the income statement charge relating to market performance conditions is fixed at the grant date.

At the end of the reporting period, SysGroup revises its estimates for the number of awards expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Property, plant, and equipment

Items of property, plant, and equipment are stated at cost less depreciation. Depreciation is provided at annual rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office equipment – 20%–33% straight line

Freehold property – 2% straight line

Right-of-use assets – over the period of the lease

Investment in subsidiaries

Fixed asset investments in the Parent Company are shown at cost less any provision for impairment as necessary.

Research and development

Research expenditure is written off to the consolidated statement of comprehensive income in the year in which the expenditure occurs. Development expenditure is treated in the same way unless the Directors are satisfied as to the technical, commercial, and financial viability of individual projects, there is an intention to complete and sell the product, and the costs can be easily measured. In this situation, the expenditure is capitalised, and the amortised expense is included in administrative expenses in the consolidated statement of comprehensive income over the years during which the Group is to benefit.

Intangible assets

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual /legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

The significant intangibles recognised by the Group, their estimated useful economic lives, and the methods used to determine the cost of intangibles acquired in business combinations are as follows:

Intangible assets	*Estimated UEL*
Customer relationships	5–10 years
System development	5 years

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future

Recognition of deferred tax assets is restricted to those instances where it is highly probable that relief against taxable profit will be available.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities, and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the same taxable Group Company; or different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously. This applies in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax liabilities are recognised on intangible assets and other temporary differences recognised in business combinations.

2. Significant accounting estimates and judgements

The preparation of this financial information requires management to make estimates and judgements that affect the amounts reported for assets and liabilities at the period end date, and the amounts reported for revenues and expenses during each period. The nature of the estimation or judgement means that actual outcomes could differ from the estimates and judgements taken in the preparation of the financial statements.

Significant accounting estimates

<u>Impairment of goodwill and other intangibles</u>

The Group tests goodwill for impairment annually and in line with the stated accounting policy. This involves judgement regarding the future development of the business and the estimation of the level of future profitability and cash flows to support the carrying value of goodwill.

An impairment review has been performed at the reporting date, taking into account sensitivities around future business performance, covering a range of outcomes and risks over levels of revenue, cost, and cash generation. See note 13 for details. No impairment is required.

Valuation of intangible assets acquired in business combinations

Determining the fair value of customer relationships acquired in business combinations requires estimation of the value of the cash flows related to those relationships and a suitable discount rate in order to calculate the present value.

Impairment of investments (Company)

The Company holds investments in subsidiaries. In line with the Company accounting policies, investments are assessed for impairment when there is an impairment trigger.

An impairment review has been performed at the reporting date, considering sensitivities around future business performance, covering a range of outcomes and risks over levels of revenue, cost, and cash generation. See note 15 for details. An impairment of £440k has been recorded.

Capitalised development costs

The Group has capitalised £570k of development costs in the year (FY24: £Nil). The capitalisation of development costs requires judgement to determine (1) the technical, commercial and financial viability of individual projects, (2) that there is an intention to complete and use/sell the product and (3) the costs can be reliably measured.

Significant accounting judgements

Revenue

Management makes judgements in determining the appropriate application of revenue recognition policies to the sale of services and products. An explanation of the Group's revenue recognition policy is included in note 1.

Assessment of CGUs and carrying value of intangible assets

A cash-generating unit (CGU) is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets, and the Board of Directors use their judgement to identify the CGUs of the Group. When SysGroup acquire a company, the newly acquired business is usually allocated its own CGU for the first year and until such time as either the business and assets have been hived up into the main SysGroup trading company or when the systems, finances, and management of the business have been successfully integrated, whichever is earlier. For the current year, there are three CGUs, being the legacy SysGroup managed services acquisitions, which operate as one CGU, Truststream, and the newly acquired Truststream Cybersecurity Limited. See note 13 for details.

Useful economic lives of intangible assets

Intangible assets are amortised over their useful economic lives. Useful lives are based on management's estimates of the period over which the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in changes in the carrying values and hence amounts charged to the income statement in particular periods, which could be significant. The Group have capitalised system development expenditure in the current year and the intangible asset is being amortised over a five-year useful life, which the Directors consider appropriate.

IFRS 16 – Leases

Management makes judgements in their assessment of lease contract agreements to ensure the appropriate lease accounting recognition under IFRS 16 – Leases. The main elements of judgement are:

- Determining the inherent rate of interest which applies to each lease or family of leases with similar characteristics
- Establishing whether or not it is reasonably certain that an extension option will be exercised

Exceptional costs

The classification of costs as being exceptional, and their quantum, is viewed as a key management judgement. For details of exceptional costs in the year, see note 8.

3. Financial instruments – risk management

The Group's financial instruments comprise cash and liquid resources, and various items such as trade receivables and trade payables that arise directly from its operations. There have been no substantive changes in the Group's objectives, policies, and processes for managing those risks or the methods used to measure them from previous periods. The Group's objective is to ensure adequate funding for continued growth and expansion.

All the Group's financial instruments are carried at amortised cost with the exception of contingent consideration. There is no material difference between the carrying and fair value of its financial instruments, in the current or prior year, due to the instruments bearing interest at fixed rates or being of a short-term nature.

The Group faces a financial risk that such financial assets are not recovered but a provision is made where recoverability is in doubt.

A summary of financial instruments held by category is shown below:

	Group		Company	
Financial assets	*2025 £'000*	*2024 £'000*	*2025 £'000*	*2024 £'000*
Assets held at amortised cost				
Cash and cash equivalents	8,740	1,943	5,201	119
Amounts due from subsidiaries	–	–	–	–
Trade receivables	2,938	1,577	–	–
Total financial assets	**11,678**	**3,520**	**5,201**	**119**

	Group		Company	
Financial liabilities	*2025 £'000*	*2024 £'000*	*2025 £'000*	*2024 £'000*
Amortised cost				
Trade and other payables	3,697	4,472	372	805
Amounts due to subsidiaries	–	–	4,418	5,830
Loans and other borrowings	5,139	5,341	4,815	4,830
At fair value	**8,836**	**9,813**	**9,605**	**11,465**
Deferred consideration	95	–	–	–
Contingent consideration	–	1,751	–	1,751
Total financial liabilities	**8,931**	**11,564**	**9,605**	**13,216**

Contingent consideration	*£'000*
At 1 April 2024	1,751
Fair value adjustment	80
Payment of Year 1 earn-out consideration	(1,831)
At 31 March 2025	**–**

Fair value of financial instruments

The Group has adopted the following fair value hierarchy in relation to its financial instruments that are carried in the balance sheet at the fair values at the year-end:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

The following table sets out the fair value of all financial assets and liabilities that are measured at fair value:

	2025			2024		
Group & Company	*Level 1 £'000*	*Level 2 £'000*	*Level 3 £'000*	*Level 1 £'000*	*Level 2 £'000*	*Level 3 £'000*
Liabilities measured at fair value						
Contingent consideration	–	–	–	–	–	1,751
Total	**–**	**–**	**–**	**–**	**–**	**1,751**

The provision for contingent consideration is in respect of the Truststream acquisition and was settled in full in the year.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges, and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group prepare cash flow forecasts during the month and working capital forecasts on a monthly basis. These allow the Directors to make an assessment of the cash position and the future requirements of the Group to manage liquidity risk. Cash resources are managed in accordance with planned expenditure forecasts and the Directors have regard to the maintenance of sufficient cash resources to fund the Group's operating requirements and capital expenditure.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

Group At 31 March 2025	*Up to 3 months £'000*	*Between 3&12 months £'000*	*Between 1&2 years £'000*	*Between 2&5 years £'000*	*Over 5 years £'000*
Trade and other payables	3,697	–	–	–	–
Loans and borrowings	47	142	180	4,770	–
Contingent consideration	–	–	–	–	–
Total	**3,744**	**142**	**180**	**4,770**	**–**
At 31 March 2024					
Trade and other payables	4,472	–	–	–	–
Loans and borrowings	51	153	400	4,738	–
Contingent consideration	–	1,751	–	–	–
Total	**4,523**	**1,904**	**400**	**4,738**	**–**

Company *At 31 March 2025*	*Up to 3 months £'000*	*Between 3&12 months £'000*	*Between 1&2 years £'000*	*Between 2&5 years £'000*	*Over 5 years £'000*
Trade and other payables	372	–	–	–	–
Amounts due to subsidiaries	4,418	–	–	–	–
Loans and borrowings	11	33	–	4,770	–
Contingent consideration	–	–	–	–	–
Total	**4,801**	**33**	**–**	**4,770**	**–**
At 31 March 2024					
Trade and other payables	805	–	–	–	–
Amounts due to subsidiaries	5,830	–	–	–	–
Loans and borrowings	11	31	50	4,738	–
Contingent consideration	–	1,751	–	–	–
Total	**6,646**	**1,782**	**50**	**4,738**	**–**

The Amounts due to subsidiaries shown in the 'up to 3 months' category in the table above are payable on demand (Note 17).

Interest rate risk

The Group and Company finance their operations through a combination of retained profits and bank borrowings. The Group's RCF Bank loan with Santander has an interest charge of 3.25% above bank base rate 'and accordingly' the interest charge the Group incurs fluctuates according to any movement in the bank base rates.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group receives payments either from automated banking receipts or from customers paying on direct debit, or 30-day credit terms. The Group has a dedicated credit control function to manage customer payments and uses an external credit rating agency to assess customers and prospects for creditworthiness. Doubtful debts are provided for in accordance with IFRS 9. For cash and cash equivalents, the Group only uses recognised banks with high credit ratings of a negative or above on the Standard & Poor's rating system.

Foreign exchange risk

A small number of suppliers invoice in USD. Foreign exchange exposure is closely managed, including holding limited funds in USD. Alternate suppliers invoicing in GBP are also sought where suitable.

Capital disclosures

The Group monitors capital, which comprises all components of equity (i.e. share capital, share premium, and retained earnings).

The Group's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders in future periods and benefits for other stakeholders. It also aims to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions, as well as the risk characteristics of the underlying assets.

4. Segmental analysis

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

- Managed IT services – this segment provides all forms of managed services to customers and includes professional services
- Value-added resale (VAR) – this segment provides all forms of VAR sales where the business sells products and licences from supplier partners

The monthly management accounts reported to the Board of Directors are reviewed at a consolidated level with the operating segments representative of the business model for growth of recurring contract income in managed IT services and VAR sales as a complementary business activity. The Board review the results of the operating segments at a revenue and gross profit level since the Group's management and operational structure supports both operational segments as Group functions. In this respect, assets and liabilities are also not reviewed on a segmental basis. All assets are located in the UK. All segments are continuing operations and there are no transactions between segments.

Revenue by operating segment	*2025 £'000*	*2025 %*	*2024 £'000*	*2024 %*
Managed IT services	17,696	86%	18,592	82%
Value-added resale	2,805	14%	4,122	18%
Total	**20,501**	**100%**	**22,714**	**100%**

No individual customer accounts for more than 7% of the Group's revenue.
The revenue by geographic location for where services are delivered to customers is shown below.

	2025 £'000	*2025 %*	*2024 £'000*	*2024 %*
UK	20,379	99%	22,573	99%
Rest of world	122	1%	141	1%
Total	**20,501**	**100%**	**22,714**	**100%**

	2025 £'000	*2024 £'000*
Revenue		
Managed IT services	17,696	18,592
Value-added resale	2,805	4,122
Total	**20,501**	**22,714**
Gross Profit		
Managed IT services	9,186	9,733
Value-added resale	824	663
Total	**10,010**	**10,396**

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2025 £'000	*2024 £'000*
Contract liabilities relating to deposits from customers	3,725	2,778
Release of contract liability recognised in revenue which was included in the contract liability balance at the beginning of the year	**1,262**	**1,509**

There were no sales between the two business segments, and all revenue is earned from external customers. The business segments' gross profit is reconciled to profit before taxation as per the consolidated income statement. The Group's overheads are managed centrally by the Board and consequently there is no reconciliation to profit before tax at a segmental level. The Group's assets are also managed centrally by the Board and consequently there is no reconciliation between the Group's assets per the statement of financial position and the segment assets.

5. Operating loss

	2025 £'000	*2024 £'000*
Operating loss is after charging the following:		
Audit – Group	184	116
Audit – Company	5	5
Assurance related – interim review	–	12
Auditor's remuneration	**189**	**133**
Depreciation of tangible fixed assets	538	570
Amortisation of intangible assets	1,559	1,696
Impairment of intangible assets	–	3,718
Staff costs (note 7)	6,454	5,763
Share-based payments (note 7, 9)	197	194
Short-term lease costs	17	20
Exceptional items (note 8)	826	1,826

6. Finance income and expense

Finance income	*2025 £'000*	*2024 £'000*
Interest received on cash deposits	371	–
Total	**371**	**–**

Finance expense	*2025 £'000*	*2024 £'000*
Interest payable on bank loan	438	440
Unwind of discounting on contingent consideration	–	72
Interest payable on lease liabilities	(9)	28
Arrangement fee amortisation on bank loan	36	34
Other interest	7	–
Total	**472**	**574**

7. Staff numbers and costs

The average monthly number of full-time persons employed by the Group, including Executive Directors during the year was:

	2025	*2024*
Technical support	70	70
Sales and marketing	11	23
Administration	19	18
Total	**100**	**111**

The aggregate payroll costs including Executive Directors were as follows:

	2025 £'000	*2024 £'000*
Wages and salaries	5,586	5,034
Social security costs	679	520
Benefits in kind	23	41
Pension benefits	166	168
Share-based payment expense	197	194
Total	**6,651**	**5,957**

The aggregate payroll costs for Executive and Non-Executive Directors were as follows:

Directors	*2025 £'000*	*2024 £'000*
Fees and salaries	524	970
Social security costs	55	101
Benefits in kind	25	29
Pension benefits contributions	17	17
Share-based payment expense	197	162
Total	**818**	**1,279**

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group; they are the Directors of the Company. The emoluments, including any contractual settlement fees, of the highest-paid Director are £231,000 (FY24: £504,038).

The Group does not operate a defined benefits pension scheme and Executive Directors who are entitled to receive pension contributions may nominate a defined contribution scheme into which the Company makes pension contributions. The fees relating to Non-Executive Directors are, in some cases, payable to third parties in connection with the provision of their services. The balance outstanding at 31 March 2025 was £Nil (FY24: £Nil).

Within the year £460,000 of staff costs were capitalised as intangible assets (FY24: £Nil).

8. Exceptional items

	2025 £'000	2024 £'000
CEO exit and settlement	–	744
Integration and restructuring costs	420	571
Supplier charges in dispute	236	434
M&A projects	90	194
Fair value adjustment of contingent consideration liability	80	(117)
Total	**826**	**1,826**

The CEO exit and settlement relate to the settlement of the former CEO's contractual terms. This is considered material and non-recurring and has therefore been classified as exceptional.

The integration and restructuring costs relate to costs associated with the restructuring within the Group, which includes the closure of the Bristol office and offshoring of our monitoring team. This is considered non-recurring and has therefore been classified as exceptional.

The supplier charges relate to disputed items for which the Company is actively pursuing settlement and recovery of any amounts paid. For outstanding supplier charges in dispute, we are actively seeking resolution. These items are considered non-recurring and have therefore been classified as exceptional.

The M&A projects' expenditure relates to costs associated with the evaluation of potential acquisition targets. This is considered material and has therefore been classified as exceptional.

The adjustment to the contingent consideration liability relates to the purchase of Truststream Security Solutions Limited in the prior year. This is considered non-recurring and has therefore been classified as exceptional.

All of the items above, based upon the judgement of the management team, meet the definition of an exceptional item as defined within the Group's accounting policies (note 2 – Alternative Performance Measures).

9. Share-based payments

New schemes

During the year, SysGroup established three new share-based plans being:

1. Value Creation Plan (VCP)
2. Performance Share Plan (PSP)
3. Save As You Earn Plan (SAYE)

The VCP is an equity-settled share-based payment scheme designed to incentivise Executive Directors and senior management. The VCP operates through SysGroup Holdings No 1 Limited (SGH), a wholly owned subsidiary that serves as a conduit vehicle for administering the plan. Under the VCP, participants receive 'A' ordinary shares in SGH at the commencement of the performance period (August 2024 to August 2029). Participants are entitled to share in the value appreciation of the Group's ordinary shares based on achieving specified performance hurdles. Settlement occurs through either the issuance of SysGroup ordinary shares or cash equivalent, at the Company's discretion. The plan includes service conditions (continued employment) and market-based performance conditions (share price hurdles).

Under the PSP, eligible employees receive options that vest subject to continued employment and the achievement of earnings per share (EPS) performance targets measured over a three-year period. The options vest on the third anniversary of the grant date but cannot be exercised until the fifth anniversary for employees who are also in the VCP, creating an effective five-year service condition. Awards are subject to forfeiture if the employee ceases to be in relevant employment before the exercise period commences.

For employees who also participate in VCP, the number of PSP shares that may be acquired is reduced by any value received under the VCP. The PSP provides the Group with flexibility to settle awards either through the issue of new shares or through cash payments equivalent to the gain on exercise. However, the Group intends to settle awards through the issue of shares, and the awards are therefore accounted for as equity-settled share-based payments.

Under the SAYE scheme, employees are granted options to purchase ordinary shares at a discount to the market price on the date of invitation. Participation requires employees to enter into a savings contract with monthly contributions ranging from £5 to £500 over a 3-year or 5-year period. Options are granted with an exercise price set at not less than 80% of the market value of the Group's shares on the date invitations are issued. The options vest upon completion of the relevant savings contract period and continued employment with the Company. Vested options may be exercised within six months of the bonus date, after which they lapse. SAYE awards are accounted for as equity-settled share-based payments as they are settled through the issuance of new ordinary shares or transfer of existing shares.

The key terms and conditions of the new share-based arrangements are as follows:

	VCP	*PSP*	*SAYE*
Grant date	August 2024	August 2024	October 2024
Vesting period	5 years (August 2024 to August 2029)	5 years (Employees part of both PSP and VCP arrangement) 3 years (Employees part of only PSP arrangement)	3 years
Settlement method	Equity-settled (Entity's choice between shares or cash)	Equity-settled (Entity's choice between shares or cash)	Equity-settled (Entity's choice between shares or cash)
Performance hurdles	£0.60 (15% value sharing) £2.25 (20% value sharing) £3.00 (25% value sharing)	25% of the award vests at EPS of 2.16 pence 100% of the award vests at EPS of 2.95 pence Vesting occurs on a straight-line basis between these two points	Not applicable
Service condition	Continuous employment until August 2029	Continuous employment until August 2029 (Employees part of both PSP and VCP arrangement) Continuous employment until August 2027 (Employees part of only PSP arrangement)	Continuous employment until August 2027 (3 year saving plan)
Other condition	50% of shares subject to one-year holding period	Not applicable	Monthly contribution requirement to the saving plan
Number of participants	2 Executive Directors and 3 senior management	2 Executive Directors and 13 employees	2 Executive Directors and 28 employees

A reconciliation of award movements over the year is shown below:

Grant date	*Exercise period*	*Exercise price*	*At 31 March 2024*	*Granted*	*Forfeited*	*Expired / Withdrawn*	*Exercised*	*At 31 March 2025*
*VCP**								
20 August 2024	20 August 2029 to 20 August 2034	–	–	230	–	(230)	–	–
21 March 2025	20 August 2029 to 20 August 2034	–	–	230	–	–	–	230
PSP								
20 August 2024	20 August 2027 to 20 August 2034	–	–	624,600	(36,364)	–	–	588,236
20 August 2024	20 August 2029 to 20 August 2034	0.60	–	1,328,451	–	–	–	1,328,451
SAYE								
1 October 2024	1 October 2027 to 1 April 2028	0.26	–	777,664	(201,194)	–	–	576,470

*The VCP share scheme represents awards granted of SGH as a reference unit. Each reference unit represents an entitlement to participate in the value appreciation of one SysGroup ordinary share. The actual number of SysGroup shares issued upon settlement will vary based on share price performance and hurdle achievement. Participants were originally granted awards over 'A' ordinary shares in SGH on 20 August 2024. Under the original terms of the arrangement, participants were required to pay subscription monies to acquire their allocated shares, and this subscription obligation was incorporated into the fair value calculation at the grant date, effectively reducing the fair value of the awards by the amount participants were required to contribute. Although the awards were granted, the 'A' ordinary shares were not issued at that time, nor have they been issued subsequently.

On 21 March 2025, SysGroup's Remuneration Committee approved a modification to the structure of the VCP. Under the revised arrangement, the Conditional Share awards would be delivered in the form of a nil-cost share option and the requirement for participants to pay subscription monies was eliminated. This modification was implemented to address practical and administrative complexities associated with collecting subscription payments and to better align the incentive arrangement with its intended motivational objectives. Accordingly, the 'A' ordinary shares are presented as granted (but unissued) and subsequently withdrawn in the summary table above, reflecting their replacement with the nil-cost share options. The share options balance, therefore, effectively represents the change from the original 'A' ordinary shares to share options pursuant to the modified arrangement.

The modification has been accounted for in accordance with IFRS 2, which requires recognition of any incremental fair value created by the modification. Since participants no longer need to pay subscription monies, the fair value of their awards has increased compared to the original arrangement. This incremental fair value represents additional economic benefit being provided to participants and will be recognised as share-based payment expense over the remaining vesting period, which continues to be five years from the original grant date of 20 August 2024.

VCP awards were valued using the Monte Carlo option pricing model. Performance conditions were included in the fair value calculations, which were based on observable market prices at the grant date. All options granted under VCP have an exercise price of £Nil. Using a Monte Carlo model, the total fair value of the awards with a market condition is calculated to be £1.7m, resulting in £7.4k per share (before adjustment for the subscription price payable by participants in the VCP):

The fair value per award(s) granted and the assumptions used in the calculation are as follows:

Model inputs and fair value

Model	Monte Carlo
Grant date	20/08/2024
Exercise price (£)	0.00
Share price (£)	0.36
Expected volatility (%)	39.4%
Risk free rate (%)	3.7%
Time to vest (years)	4.9
Total fair value (£)	**1,714,900**
Number of shares	230
Fair value per Ordinary 'A' Share (£)	**7,456**

PSP awards were valued using the Black Scholes model. The fair value of the awards with non-market conditions was calculated as £0.36 per award. For the individuals who are participants in both the VCP and PSP, a separate PSP fair value is calculated, using a series of Black Scholes models which capture the negative market condition relating to the clawback of PSP awards where the VCP vests.

The fair value per award(s) granted and the assumptions used in the calculation are as follows:

Model inputs and fair value

Model	Black Scholes
Grant date	20/08/2024
Exercise price (£)	0.00
Share price (£)	0.36
Expected volatility (%)	38.8%
Risk free rate (%)	3.8%
Time to vest (years)	3.0
Fair value per award (£)	**0.36**
Number of options	624,600
Total fair value (£)	**224,856**

Model inputs and fair value	*BS A (participants in PSP only)*	*BS B (participants in PSP and VCP)*
Model	Black Scholes	Black Scholes
Grant date	20/08/2024	20/08/2024
Exercise price (£)	0	0.60
Share price (£)	0.36	0.36
Expected volatility (%)	39.4%	39.4%
Risk free rate (%)	3.7%	3.7%
Time to vest (years)	5.0	5.0
Fair value from BS model	**0.36**	**0.09**
BS A minus BS B		**0.27**
Number of options		1,328,451
Total fair value (£)		**358,682**

Volatility assumption in the models is based on the observed volatility of SysGroup and a set of listed comparable peer company share prices over a historical period consistent with the expected time to exercise at the valuation date.

SAYE awards were valued using the Black Scholes model. All options granted under SAYE have an exercise price of £0.26. Fair value of the options were calculated to be £0.14 for the three-year SAYE scheme and £0.17 per option for the five-year SAYE scheme.

The fair value per award(s) granted and the assumptions used in the calculation are as follows:

Model inputs and fair value	*3 year scheme*	*5 year scheme*
Model	Black Scholes	Black Scholes
Grant date	01/10/2024	01/10/2024
Exercise price (£)	0.26	0.26
Share price (£)	0.325	0.325
Expected volatility (%)	38.8%	39.4%
Risk free rate (%)	3.8%	3.7%
Time to vest (years)	3.0	5.0
Fair value per award (£)	**0.14**	**0.17**

Historic schemes

The EMI and Executive LTIP schemes from prior years still have historic participants but will not be used as part of the Group's incentive structure going forward, with the only activity in the year being options lapsing (due to participants leaving the Group) or the exercise of options (Executive LTIP only).

EMI scheme

Share options can be granted to employees of the Group at the discretion of and with approval from the Remuneration Committee. For EMI share options to vest, the employee must be employed by the Group at the vesting date. The weighted average exercise price of options in issue is 42.2p per share.

			Number of ordinary shares			
Grant date	*Exercise period*	*Exercise price*	*At 31 March 2024*	*Granted*	*Waived*	*At 31 March 2025*
21/02/2016	21/02/2019 to 20/02/2026	55.2p	5,000	–	–	5,000
26/11/2018	26/11/2021 to 25/11/2028	42.5p	150,000	–	(60,000)	90,000
06/04/2021	06/04/2024 to 05/04/2031	41.0p	131,000	–	(56,000)	75,000
Total			**286,000**	**–**	**(116,000)**	**170,000**

The inputs to the share valuation model utilised at the grant of the option are shown in the table below. Management has determined volatility using its knowledge of the business.

The options have been valued using the Black Scholes method and using the following assumptions:

Number of instruments granted	11,875	215,000	206,000
Grant date	21/02/2016	26/11/2018	06/04/2021
Expiry date	20/02/2026	25/11/2028	05/04/2031
Contract term (years)	10	10	10
Exercise price	55.2p	42.5p	41.0p
Share price at granting	70.8p	42.5p	41.0p
Annual risk-free rate (%)	0.5%	0.5%	0.5%
Annual expected dividend yield (%)	0.0%	0.0%	0.0%
Volatility (%)	27%	27%	27%
Fair value per grant instrument	30.2p	17.9p	26.0p

Executive LTIP options

The Remuneration Committee is responsible for establishing the Executive LTIP Schemes and also sets the targets by which the performance of the Executive Directors is measured. The award of share options to the Executive Directors is governed by the LTIP Scheme Rules. Further information on the Schemes is presented in the Directors' remuneration report. The weighted average exercise price of options in issue is 1.0p per share.

Grant date	*Exercise period*	*Exercise price*	*At 31 March 2024*	*Granted*	*Exercised*	*At 31 March 2025*
				Number of ordinary shares		
28/06/2018	28/06/2021 to 27/06/2028	1.0p	–	–	–	–
06/07/2018	16/07/2021 to 15/07/2028	1.0p	450,000	–	(300,000)	150,000
15/07/2019	15/07/2022 to 14/07/2029	1.0p	150,000	–	–	150,000
08/07/2020	08/07/2022 to 07/07/2030	1.0p	150,000	–	–	150,000
21/06/2021	21/06/2023 to 20/06/2031	1.0p	107,805	–	–	107,805
21/06/2022	21/06/2024 to 20/06/2032	1.0p	170,406	–	–	170,406
17/04/2023	17/04/2025 to 16/04/2033	1.0p	204,024	–	–	204,024
Total			**1,232,235**	**–**	**(300,000)**	**932,235**

The inputs to the share valuation model utilised at the grant of the option are shown in the table below. Management has determined volatility using its knowledge of the business.

The options have been valued using the Black Scholes method and using the following assumptions:

Number of instruments granted	750,000	450,000	400,000	400,000	287,480	454,416	566,733
Grant date	28/06/18	16/07/18	15/07/19	08/07/20	21/06/21	21/06/22	17/04/23
Expiry date	27/06/28	15/07/28	14/07/29	07/07/30	20/06/31	20/06/32	16/04/33
Contract term (years)	10	10	10	10	10	10	10
Exercise price	1.0p	1.0p	1.0p	1.0p	1.0p	1.0p	1.0p
Share price at granting	41.5p	46.5p	42.0p	33.0p	42.0p	27.0p	27.5p
Annual risk-free rate (%)	0.5%	0.5%	0.5%	0.5%	0.5%	4.0%	4.0%
Annual expected dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Volatility (%)	27%	27%	27%	27%	27%	41%	41%
Fair value per grant instrument	40.9p	43.7p	41.4p	32.0p	41.0p	26.0p	26.0p

The total charge for the year relating to employee share-based payment plans was £197,408 (2024: £194,000), all of which related to equity-settled share-based payment transactions.

10. Acquisitions

Crossword Consulting Limited (rebranded as Truststream Cybersecurity Limited)

On 18 November 2024, the Group acquired the trade, assets, and specific liabilities of Crossword Consulting Limited (in administration) for an initial cash consideration of £311,000, with deferred consideration of £127,000 to be paid within one year (both funded by the Group's cash reserves). Crossword Consulting Limited is a recognised leader in cybersecurity consulting, offering specialised services such as virtual CISO ('vCISO') support and Penetration Testing to medium and large enterprises.

This acquisition strengthens our capabilities with the addition of 12 seasoned cybersecurity consultants, who will expand SysGroup's customer offerings in cybersecurity and compliance. CCL brings a diverse client base of customers, including FTSE 100, FTSE 250, and S&P-listed companies, which presents new cross-sell opportunities across multiple sectors for the Group.

Recognised amounts of net assets acquired and liabilities assumed	*Book value £'000*	*Fair value adj. £'000*	*Fair value £'000*
Customer relationships	–	328	328
Trade and other receivables	117	–	117
Trade and other payables	(282)	–	(282)
Contract liabilities	(37)	–	(37)
Deferred tax	–	(82)	(82)
Identifiable net assets			44
Goodwill			394
Total net assets			438
Satisfied by:			
Cash consideration – paid on acquisition			311
Deferred consideration			127
Total consideration			**438**

The Directors have considered the intangible assets acquired for the Crossword Consulting Limited acquisition and have recognised an intangible asset for customer relationships. This has been calculated using a discounted cash flow method, based upon the estimated level of profit to be generated from the customer bases acquired. A post-tax discount rate of 10.8% was used in the valuation and the customer relationships are being amortised over their estimated useful life of 10 years. The goodwill arising from the acquisition is attributable to the technical skills of the workforce and the cross-selling opportunities achievable from combining the acquired customer bases and trade with the existing Group.

The goodwill and intangible assets of Crossword Consulting Limited have been allocated to a new CGU called 'Truststream Cybersecurity Limited'. This is following the rebranding of the business to 'Truststream Cybersecurity Limited' post-acquisition.

The Group incurred professional fees of £53,000 in relation to the acquisition. These costs are included as Exceptional costs in the Group's consolidated statement of comprehensive income.

No cash was acquired as part of the acquisition. Further, no fair value adjustments have been made to the trade and other receivables acquired (which relate entirely to accrued income). All amounts are considered collectable. Of the total deferred consideration of £127k, £32k was paid in the year, leaving a balance unpaid at 31 March 25 of £95k.

Crossword Consulting Limited contributed £0.9m to Group revenue and £0.2m profit before tax for the 12 month period to 31 March 2025. If the acquisition had been made on 1 April 2024, then Crossword Consulting Limited would have contributed £2.1m of revenue and £0.5m of profit before tax to the Group. This would mean the Group's combined revenue and loss before tax would have been £21.7m and (£1.8m) respectively.

11. Earnings per share

	2025	2024
(Loss) for the financial year attributable to shareholders	(£1,834,000)	(£5,900,000)
Adjusted (loss)/profit for the financial year	(£233,000)	£1,010,000
Weighted number of issued equity shares	79,829,723	48,923,389
Weighted number of equity shares for diluted EPS calculation	82,948,985	50,710,251
Adjusted basic earnings per share (pence)	0.3p	2.1p
Basic earnings per share (pence)	(2.3)p	(12.1)p
Diluted earnings per share (pence)	(2.3)p	(12.1)p

	2025 £'000	2024 £'000
(Loss) after tax used for basic earnings per share	(1,834)	(5,900)
Amortisation of intangible assets	1,559	1,696
Impairment of intangible assets	–	3,718
Exceptional items	826	1,826
Share-based payments	197	194
Share scheme set-up costs	174	–
Total add back (pre-tax)	**2,756**	**7,434**
Tax adjustments	(689)	(929)
Adjusted profit used for adjusted earnings per share	**233**	**605**

12. Taxation

Current tax	2025 £'000	2024 £'000
Current tax – current year	16	–
Adjustments in respect of prior years	(2)	(84)
Total current tax charge	**14**	**(84)**
Deferred tax		
Deferred tax – timing differences	(491)	(609)
Adjustments in respect of prior years	(139)	23
Total deferred tax	**(630)**	**(586)**
Total tax (credit)	**(616)**	**(670)**

The effective tax rate for the year to 31 March 2025 is higher (2024: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2025 £'000	2024 £'000
(Loss) on ordinary activities before tax	**(2,450)**	**(6,570)**
(Loss) on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 25%	(612)	(1,643)
Effects of:		
Expenses not deductible	456	274
Income not taxable	–	899
Short-term timing differences	16	374
Deferred tax on share-based payments	–	31
Other deferred tax movements	(333)	(368)
Deferred tax (charged)/credited directly to equity	13	–
Adjustments in respect of prior years	(141)	(61)
Other permanent differences	(15)	(177)
Total tax (credit)	**(616)**	**(670)**

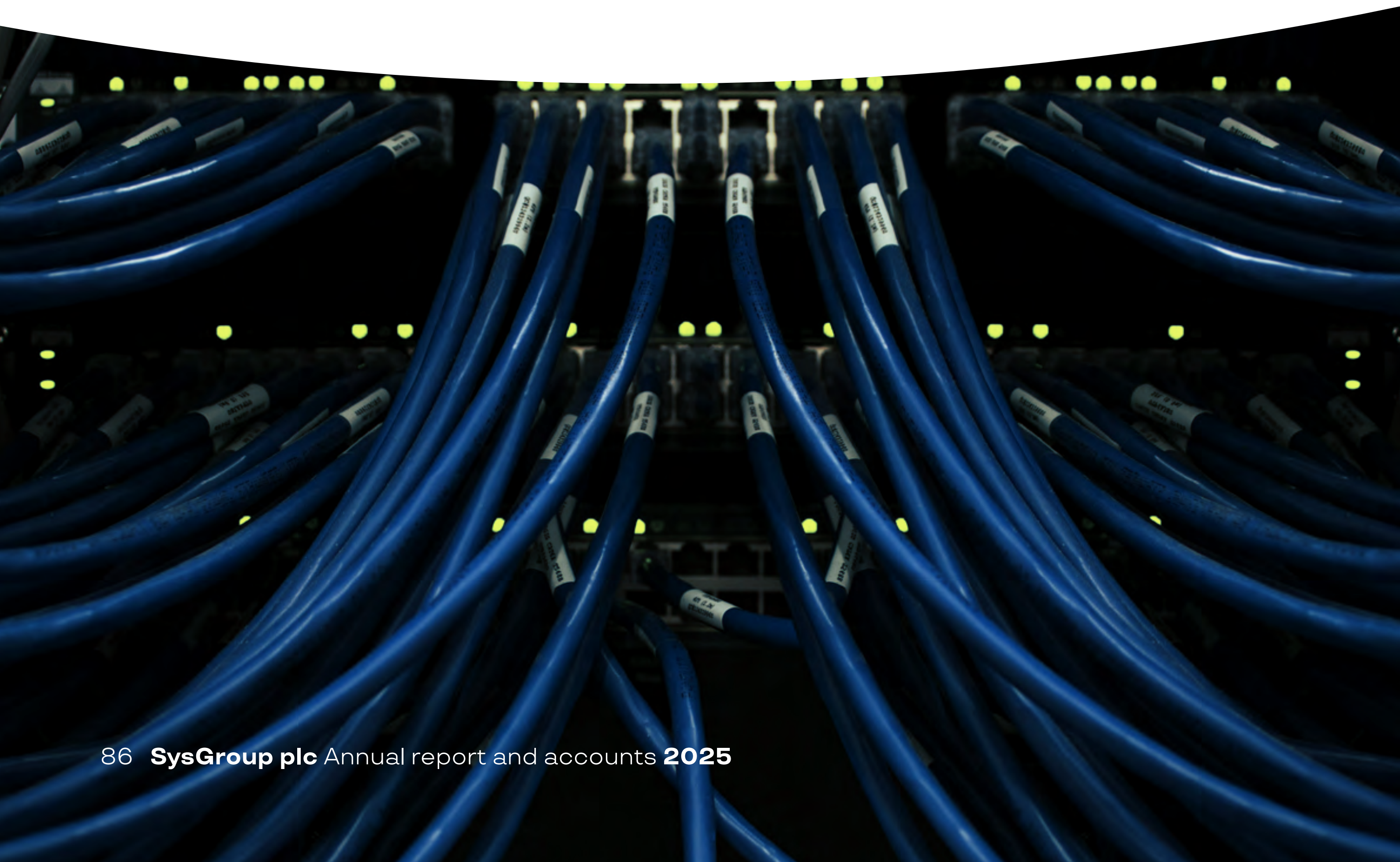
The Group recognised deferred tax assets and liabilities as follows:

	2025 £'000	2024 £'000
Deferred tax on customer relationships	–	(1,042)
Deferred tax asset on share-based payments	–	100
Fixed asset timing differences	206	(196)
Short-term timing differences	(134)	21
Losses	(574)	268
Other	790	–
Deferred tax liability	**288**	**(849)**

Recognition of deferred tax assets is restricted to those instances where it is highly probable that relief against taxable profit will be available. There are no unrecognised deferred tax assets.

Deferred tax balances are recognised at 25% (2024: 25%):

	Losses £'000	*Fixed asset timing differences £'000*	*Short-term timing differences*	*Share-based payments*	*Customer relationships £'000*	*Total £'000*
Balance at 1 April 2024	268	(197)	22	100	(1,042)	(849)
Movement in deferred tax on share-based payments	–	–	–	19	–	19
Movement in deferred tax on share-based payment recognised in equity	–	–	–	12	–	12
Deferred tax on business acquisition	–	–	–	–	(82)	(82)
Movement in deferred tax on amortisation of intangible assets	–	35	–	–	333	368
Fixed asset and other timing differences	272	(9)	(19)	–	–	244
Balance at 31 March 2025	**540**	**(171)**	**3**	**131**	**(791)**	**(288)**



13. Intangible assets

Group cost	*Systems development £'000*	*Software licences £'000*	*Customer relationships £'000*	*Positive goodwill £'000*	*Total £'000*
At 1 April 2023	1,011	–	12,709	21,666	35,386
Additions	109	–	–	–	109
Impairment	–	–	–	(3,718)	(3,718)
At 31 March 2024	**1,120**	**–**	**12,709**	**17,948**	**31,777**
At 1 April 2024	1,120	–	12,709	17,948	31,777
Additions	570	–	328	394	1,292
At 31 March 2025	**1,690**	**–**	**13,037**	**18,342**	**33,069**
Accumulated amortisation					
At 1 April 2023	356	–	7,069	–	7,425
Charge for the year	224	–	1,472	–	1,696
At 31 March 2024	**580**	**–**	**8,541**	**–**	**9,121**
At 1 April 2024	580	–	8,541	–	9,121
Charge for the year	226	–	1,333	–	1,559
At 31 March 2025	**806**	**–**	**9,874**	**–**	**10,680**
Net book value					
At 31 March 2024	**540**	–	**4,168**	**17,948**	**22,656**
At 31 March 2025	**884**	**–**	**3,163**	**18,342**	**22,389**

Company cost	*Systems development £'000*	*Total £'000*
At 1 April 2023	28	28
Additions	37	37
At 31 March 2024	**65**	**65**
Additions	569	569
At 31 March 2025	**634**	**634**
Accumulated amortisation		
At 1 April 2023	2	2
Charge for the year	16	16
At 31 March 2024	**18**	**18**
Charge for the year	17	17
At 31 March 2024	**35**	**35**
Net book value		
At 31 March 2024	**47**	**47**
At 31 March 2025	**599**	**599**

All amortisation and impairment charges are included in the depreciation, amortisation, and impairment of non-financial assets classification, which is disclosed as administrative expenses in the statement of comprehensive income. Customer relationships have a remaining amortisation period of between two and five years.

Cash-generating units (CGUs)

Goodwill and intangible assets are allocated to CGUs in order to be assessed for potential impairment. The Group has a core CGU of 'managed IT services' and as the Group acquires new businesses they form their own CGU until they have been integrated into the Group's core operational structure.

The Group has a Senior Leadership Team that manages the SysGroup business within a single operational and delivery structure. Whilst the Truststream and Truststream Cybersecurity Limited businesses have been integrated within the SysGroup leadership structure and onto the Group system platforms, the businesses continue to operate their own cash transactions and balances and therefore remain as distinct cash-generating units of the Group. As such, the Directors consider Truststream and Truststream Cybersecurity Limited to be separate CGUs.

The allocation of goodwill and carrying amounts of assets for each CGU is as follows:

	Allocation of goodwill		**Carrying value of assets**	
	2025 £'000	*2024 £'000*	*2025 £'000*	*2024 £'000*
Managed IT services	12,346	12,346	14,817	17,213
Truststream Security Solutions	5,602	5,602	5,892	6,583
Truststream Cybersecurity Limited	394	–	850	–
Total	**18,342**	**17,948**	**21,559**	**23,796**

Impairment review

When assessing impairment, the recoverable amount of each CGU is based on value-in-use calculations (VIU). VIU calculations are an area of material management estimate as set out in note 2. These calculations require the use of estimates, specifically: post-tax cash flow projections; long-term growth rates; and a post-tax discount rate. Cash flow projections are based on the Group's budget for the forthcoming financial year which has been approved by the Board.

The VIU calculation is determined based on a risk adjusted discounted cash flow basis prepared for each individual cash-generating unit. Cash flows beyond the forthcoming financial year use estimated growth rates which are stated below. The assumptions for growth rates and margins are based on management's experience of growth and knowledge of the industry sector, markets and our own internal opportunities for growth. The projections beyond five years use an estimated long-term growth rate of 2.0% (FY24: 2.0%) for net post-tax cash flows. This represents management's best estimate of a long-term annual growth rate aligned to an assessment of long-term GDP growth rates. A higher sector-specific growth rate would be a valid alternative estimate. A different set of assumptions may be more appropriate in future years dependent on changes in the macroeconomic environment.

The discount rates used are based on management's calculation of the WACC using the capital asset pricing model to calculate the cost of equity. The same rate is used for each CGU in the VIU calculation, and the rates reflect management's assessment on the level of relative risk in each respective CGU. Discount rates can change relatively quickly for reasons both inside and outside management control. Those outside management direct control or influence include changes in the Group's Beta, changes in risk-free rates of return and changes in Equity Risk Premia. Matters inside management control are the delivery of performance in line with plans or budgets and the production of high or low risk plans.

At the year-end reporting date, goodwill was reviewed for impairment in accordance with IAS 36 'Impairment of Assets' and no impairment has been recorded against the legacy CGU.

Managed IT services CGU

The managed IT services CGU goodwill is comprised of acquisitions dating from 2016 to 2022, as listed below:

- System Professional – 2016
- Rockford IT – 2017
- Certus IT – 2019
- Hub Network – 2020
- Orchard IT – 2022

Based upon a conservative assessment of the future performance of these acquisitions (being the 'Managed IT Services CGU'), which includes risk adjusting forecasted cash flows, management's view is that the CGU is not impaired.

The VIU model is sensitive to changes in key assumptions and changes in these assumptions can lead to significant changes in the VIU:

- The impairment model assumes a fall in revenue of 5.0% in Year 1, followed by revenue growth of 7% in Years 2 to 5 (in line with IT managed service sector industry expectations). If Year 1 revenue growth was reduced by a further 1%, the headroom would decrease by £0.6m, assuming no changes in other assumptions. Equally, if Year 1 revenue growth was increased by 1%, then headroom would increase by £0.6m.
- If the gross margin percentage of 48% is reduced by 1% then the VIU would reduce by £1.3m and an impairment of £0.4m would be required, assuming no changes in other assumptions. Equally, if the gross margin percentage was increased by 1%, then headroom would increase by £1.3m.
- If the discount rate of 11.8% increased by 1% then the VIU would reduce by £1.6m and an impairment of £0.7m would be required, assuming no changes in other assumptions. Equally, if the discount rate was increased by 1%, then headroom would increase by £1.9m.

Management is comfortable with the revenue growth rates, gross margin percentage and discount rate used in the VIU model.

Truststream CGU

The Truststream CGU is comprised of only Truststream Security Solutions, which was acquired in 2022. Based upon a conservative assessment of the future performance, which includes risk adjusting forecasted cash flows, management's view is that the CGU is not impaired.

The VIU model is sensitive to changes in key assumptions and changes in these assumptions can lead to significant changes in the VIU:

- The impairment model assumes flat revenue in Year 1, followed by revenue growth of 11.8% in years 2 to 5 (in line with industry expectations). If Year 1 revenue growth was reduced by 1%, headroom would decrease by £0.3m, assuming no changes in other assumptions. Equally, if Year 1 revenue growth was increased by 1%, then headroom would increase by £0.3m.
- If the gross margin percentage of 49% is reduced by 1% then the VIU would reduce by £0.6m, but still leaving £5.1m of headroom, assuming no changes in other assumptions. Equally, if the gross margin percentage was increased by 1%, then the headroom would increase by £0.6m.
- If the discount rate of 11.8% increased by 1% then the VIU would reduce by £1.2m but still leaving £4.6m of headroom, assuming no changes in other assumptions. Equally, if the discount rate was decreased by 1%, then headroom would increase by £1.4m.

Management is comfortable with the revenue growth rates, gross margin percentage and discount rate used in the VIU model.

Truststream Cybersecurity Limited CGU

The trade and assets of Crossword Consulting Limited were acquired by the Group in November 2024 and has since been rebranded as Truststream Cybersecurity Limited. Based upon an assessment of the future performance, which includes risk adjusting forecasted cash flows, management's view is that the CGU is not impaired.

The VIU model is sensitive to changes in key assumptions and changes in these assumptions can lead to significant changes in the VIU:

- The risk adjusted impairment model assumes flat annualised revenue in Year 1, followed by revenue growth of 10.4% in Years 2 to 5 (in line with industry expectations). If Year 1 revenue growth was reduced by 1%, headroom would remain consistent.
- If the gross margin percentage of 69% is reduced by 1% then the VIU would reduce to £Nil, assuming no changes in other assumptions. Equally, if the gross margin percentage was increased by 1%, then the headroom would increase by £0.2m.
- If the discount rate of 11.8% increased by 1% then the VIU would reduce by £0.1m but still leaving £0.1m of headroom, assuming no changes in other assumptions. Equally, if the discount rate was decreased by 1%, then headroom would increase by £0.1m.

Management is comfortable with the revenue growth rates, gross margin percentage and discount rate used in the VIU model.

The assumptions used for the impairment review are detailed below:

2025	*Legacy managed IT services*	*Truststream*	*Truststream Cybersecurity Limited*
Discount rate post-tax	11.80%	11.80%	11.80%
Revenue growth rate Year 2 to Year 5	7.00%	11.80%	10.40%
Terminal growth rate	2.00%	2.00%	2.00%
2024			
Discount rate post-tax	10.30%	10.30%	–
Revenue growth rate Year 2 to Year 5	3.50%	6.00%	–
Terminal growth rate	2.00%	2.00%	–

14. Property, plant, and equipment

Group cost	*Office equipment £'000*	*Right-of-use lease £'000*	*Freehold property £'000*	*Total £'000*
At 1 April 2023	1,200	1,265	382	2,847
Additions	450	–	–	450
Disposals	–	–	–	–
At 31 March 2024	**1,650**	**1,265**	**382**	**3,297**
At 1 April 2024	1,650	1,265	382	3,297
Additions	179	–	–	179
Disposals	–	(114)	–	(114)
At 31 March 2025	**1,829**	**1,151**	**382**	**3,362**
Accumulated depreciation				
At 1 April 2023	579	269	33	881
Charge for the year	317	245	8	570
Disposals	–	–	–	–
At 31 March 2024	**896**	**514**	**41**	**1,451**
At 1 April 2024	896	514	41	1,451
Charge for the year	323	207	8	538
Disposals	–	(68)	–	(68)
At 31 March 2025	**1,219**	**653**	**49**	**1,921**
Net book value				
At 31 March 2024	**754**	**751**	**341**	**1,846**
At 31 March 2025	**610**	**498**	**333**	**1,441**

Company cost	*Office equipment £'000*	*Right-of-use lease £'000*	*Total £'000*
At 1 April 2023	172	393	565
Additions	163	–	163
Disposals	–	–	–
At 31 March 2024	**335**	**393**	**728**
At 1 April 2024	335	393	728
Additions	23	–	23
Disposals	–	–	–
At 31 March 2025	**358**	**393**	**751**
Accumulated depreciation			
At 1 April 2023	36	204	240
Charge for the year	82	76	158
Disposals	–	–	–
At 31 March 2024	**118**	**280**	**398**
At 1 April 2024	118	280	398
Charge for the year	87	54	141
Disposals	–	–	–
At 31 March 2025	**205**	**334**	**539**
Net book value			
At 31 March 2024	**217**	**113**	**330**
At 31 March 2025	**153**	**59**	**212**

15. Investments

Company	*2025 £'000*	*2024 £'000*
At start of year	26,399	34,034
Acquisitions	–	–
Investment in subsidiaries	3	–
Impairment	(440)	(7,635)
At 31 March	**25,962**	**26,399**

The recoverable amounts have been determined from discounted cash flow calculations. The principal assumptions can be found in note 13.

In line with the rationale and conclusions drawn in note 13 regarding the Legacy Managed IT Services CGU, an impairment of the SysGroup Trading Limited investment of £0.4m is required and has been recorded in the period. Following this impairment, the investment balance in SysGroup Trading Limited is £18.1m. The remaining balance of £7.9m relates to Truststream Security Solutions Limited.

The Company's subsidiary undertakings all of which are wholly owned and included in the consolidated accounts are:

Undertakings	*Registration*	*Principal activity*
SysGroup Trading Limited	England & Wales	Managed IT services
Truststream Security Solutions Limited	Scotland	Managed IT services
Certus IT Limited	England & Wales	Non-trading
Hub Network Services Limited	England & Wales	Non-trading
Netplan LLC*	USA	Non-trading
Orchard Computers Limited	England & Wales	Dormant
Independent Network Solutions Limited	England & Wales	Non-trading
Netplan Internet Solutions Limited	England & Wales	Dormant
Rockford IT Limited	England & Wales	Dormant
System Professional Limited	England & Wales	Dormant
SysGroup (DIS) Limited	England & Wales	Dormant
SysGroup Holding (No.1) Limited**	England & Wales	Holding
Truststream Cybersecurity Limited***	England & Wales	Cybersecurity consultancy

* Netplan LLC is a wholly owned subsidiary of Netplan Internet Solutions Limited.

** SysGroup Holding (No.1) Limited was incorporated as a fully owned subsidiary of SysGroup plc on 6 August 2024.

*** Truststream Cybersecurity Limited was incorporated as a fully owned subsidiary of SysGroup Holding (No.1) on 29 October 2024. See note 10 for details regarding its acquisition of the trade and assets from Crossword Consulting Limited.

The registered office of all subsidiaries is the same as the registered office of the Parent Company with the exception of:

Netplan LLC
whose registered office is:

c/o USA Corporate Services Inc,
19 West 34th Street, Suite 1018,
New York, 10001, USA

Truststream Security Solutions Limited
whose registered office is:

8th Floor, Sugar Bond House,
Anderson Place, Leith, Edinburgh,
Scotland, EH6 5NP.

16. Trade and other receivables

Amounts due within one year	*Group 2025 £'000*	*Company 2025 £'000*	*Group 2024 £'000*	*Company 2024 £'000*
Trade debtors	2,938	–	1,577	–
Amounts due from subsidiaries	–	1,076	–	–
Other debtors	39	24	26	–
Corporation tax asset	30	–	84	–
Prepayments and accrued income	2,369	97	2,316	105
Total	**5,376**	**1,197**	**4,003**	**105**

Amounts due from subsidiaries are due on demand and incur no interest.

The carrying value of trade and other receivables approximates to their fair value.

Debtor impairment	*Group 2025 £'000*	*Company 2025 £'000*	*Group 2024 £'000*	*Company 2024 £'000*
Trade debtors	3,132	–	1,692	–
Impairment provision	(194)	–	(115)	–
Total	**2,938**	**–**	**1,577**	**–**

Amounts due from subsidiaries are due on demand and incur no interest.

The carrying value of trade and other receivables approximates to their fair value.

The Group have applied the simplified approach to calculate its impairment of trade receivables. In completing this review, the Group have segregated its receivables into categories based on the number of days past due for each invoice and used this to estimate the expected lifetime credit loss, with the historic credit losses being adjusted for expected forward cash flows given the current economic environment.

	Group			**Company**		
	Current £'000	*Over 1 month past due £'000*	*Total £'000*	*Current £'000*	*Over 1 month past due £'000*	*Total £'000*
Trade debtors	998	2,134	3,132	–	–	–
Expected credit loss	–	(194)	(194)	–	–	–
Net carrying amount	**998**	**1,940**	**2,938**	**–**	**–**	**–**

17. Trade and other payables

Amounts due within one year	*Group 2025 £'000*	*Company 2025 £'000*	*Group 2024 £'000*	*Company 2024 £'000*
Trade payables	2,666	45	3,132	293
Amounts due to subsidiaries	–	5,494	–	5,830
Accruals	1,031	327	1,340	512
Total financial liabilities, excluding loans and borrowings measured at amortised cost	**3,697**	**5,866**	**4,472**	**6,635**
Corporation tax	–	–	–	–
Other taxes and social security costs	977	165	341	82
Total	**4,674**	**6,031**	**4,813**	**6,717**

Amounts due to subsidiaries are due on demand and incur no interest charge.

Contingent consideration Amounts due within one year	*Group 2025 £'000*	*Company 2025 £'000*	*Group 2024 £'000*	*Company 2024 £'000*
Contingent consideration	–	–	1,751	1,751
Amounts due after one year				
Contingent consideration	–	–	–	–
Discounted value	–	–	–	–
Discounted contingent consideration	**–**	**–**	**–**	**–**

In FY24, the contingent consideration is stated at its discounted fair value and was paid in full in FY25.

To the extent trade payables and other payables are not carried at fair value in the consolidated balance sheet, book value approximates to fair value at 31 March 2025 and 31 March 2024. The maturity of the financial liabilities, excluding loans and borrowings, classified as financial liabilities and measured at amortised cost is shown in note 3.

18. Provisions

	Group 2025 £'000	*Company 2025 £'000*	*Group 2024 £'000*	*Company 2024 £'000*
Dilapidations provision	155	25	148	68
Supplier charges provision	140	–	–	–
Total	**295**	**25**	**148**	**68**

The dilapidation provision is for the estimated aggregate cost of returning the Group's offices to their original condition on the expiry and exit of the property leases. Currently the leases extend to between 2026 and 2028.

The supplier charges provision relates to items in dispute for which the Company is actively seeking settlement and recovery of any fees paid. Any cash outflow is expected in the forthcoming year.

19. Loans and borrowings

Non-current	*Group 2025 £'000*	*Company 2025 £'000*	*Group 2024 £'000*	*Company 2024 £'000*
Lease liabilities	180	–	400	49
Bank loan	4,770	4,770	4,738	4,738
Total	**4,950**	**4,770**	**5,138**	**4,787**

Current	*Group 2025 £'000*	*Company 2025 £'000*	*Group 2024 £'000*	*Company 2024 £'000*
Lease liabilities	189	45	204	43
Bank loan	–	–	–	–
Total	**189**	**45**	**204**	**43**

The Company has an RCF banking facility with a term of five years to April 2027, an interest rate of Base Rate +3.25% margin on drawn funds and covenants that will be tested quarterly relating to total net debt to Adjusted EBITDA leverage and minimum liquidity. The Group drew down £4.5m of RCF funds for the Truststream acquisition in April 2022.

20. Contract liabilities

Contract liabilities	*Group 2025 £'000*	*Company 2025 £'000*	*Group 2024 £'000*	*Company 2024 £'000*
Current – contract liabilities	2,075	–	2,635	–
Non-current – contract liabilities	1,649	–	143	–
Total	**3,724**	**–**	**2,778**	**–**

21. Share capital

Group and Company	*Number*	*£'000*
Allotted, called up and fully paid ordinary shares of £0.01 each		
At 1 April 2023	49,419,690	494
Issue of share capital	2,076,394	21
At 31 March 2024	**51,496,084**	**515**
Issue of share capital	34,019,007	340
At 31 March 2025	**85,515,091**	**855**

22. Reconciliation of net cash flow movements in net debt

	1 April 2024 £'000	*Non-cash flow movements £'000*	*Cash flow £'000*	*Right-of-use movement £'000*	*Maturity reclass £'000*	*31 March 2025 £'000*
Cash and cash equivalents	1,943	–	6,798	–	–	8,741
Debt due in less than one year:						
Bank loans	–					
Contingent consideration	(1,751)	(80)	1,831	–	–	–
Deferred consideration	–	(127)	32	–	–	(95)
Lease liabilities	(204)	52	183	–	(220)	(189)
Debt due in more than one year:						
Bank loans	(4,738)	(470)	438	–	–	(4,770)
Contingent consideration	–	–	–	–	–	–
Lease liabilities	(400)	–	–	–	220	(180)
Net cash/(debt)	**(5,150)**	**(625)**	**9,282**	**–**	**–**	**3,507**

The maturity reclass movements show the change in classification of the debt item maturity periods due to contractual changes or new contracts incepted in the year.

23. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Group and other related parties are disclosed below:

Arete Capital Partners, a Company of which Mike Fletcher (Non-Executive Director) is a partner, invoiced SysGroup plc £1,228 (2024: £420) for a shared cost of corporate services received by SysGroup plc and Arete Capital Partners. At 31 March 2025, the balance outstanding was £Nil (31 March 2024: £Nil).

24. Ultimate controlling party

The Directors consider that the Group and Company have no controlling shareholder and no ultimate controlling party.

25. Contingent asset

As disclosed in note 8 the Group has incurred £0.50m (FY24: £0.43m) in relation to charges in dispute with a third-party supplier over the past two financial periods, which the Group is actively seeking recovery of. The Group considers the probability of recovery of the charges as possible. As the recovery is not virtually certain, an asset has not been recorded on the balance sheet.

Company information

Registered office

55 Spring Gardens,
Manchester M2 2BY

Company number

06172239

Legal entity identifier (LEI)

213800D18GPZZJR9SH55

Company website

www.sysgroup.com

Nominated adviser & broker

Zeus Capital Ltd
82 King Street,
Manchester M2 4WQ

Legal advisers

Hill Dickinson LLP
No.1 St Michael's, Jackson's Row,
Manchester M2 5WD

Independent auditor

BDO LLP
Eden Building, Irwell Street,
Manchester M3 5EN

Bankers

Santander (UK) plc
298 Deansgate,
Manchester M3 4HH

HSBC Innovation Banking
Alphabeta, 14–18 Finsbury Square,
London EC2A 1BR

Registrar

Computershare Investor Services plc
The Pavilions, Bridgwater Road,
Bristol BS99 6ZZ


125.32
904.59
937.89
875.73
486.10
226.34
711.43
370.65
724.75
245.21

SysGroup

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Company number
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