30 April 2024

SysGroup plc

("SysGroup" or the "Group")

Year End Trading Update

"Total Transformation of Strategy, Execution and Leadership"

SysGroup plc (AIM:SYS), a leading technology partner specialising in the delivery and management of cloud, data and security services to power Artificial Intelligence ("AI") and Machine Learning ("ML") transformation, is pleased to provide a trading update for the year ended 31 March 2024.

Group Trading Performance

Group revenues increased 5% to £22.7m (FY23: £21.6m), driven by a significant 14% increase in the second half of the year (compared to the same period FY23), which offset a 3% decline in the first half. We continue to maintain the momentum into the new financial year across all our technology offerings. At the end of April, we closed the second largest contract in SysGroup's history, totalling £2.2m of revenue over three years, providing cyber security managed services to a leading challenger bank. Our AI/ML proposition continues to gain traction amongst both new and existing customers, with a growing pipeline of opportunities.

Following significant investment in technology and people to support our strategic growth, the Group expects to report Adjusted EBITDA[1] of approximately £2m.

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

Heejae Chae, Executive Chair, commented:

"Our strategy, execution and leadership has been totally transformed over the past nine months since I joined the Group. We have set a strategic vision to become the premier end-to-end data solution provider for small and medium sized businesses ("SMB") embarking on their AI/ML journey. We will provide further details on our strategy and progress in the year-end results announcement in July 2024.

In a short period of time, we have developed new capabilities in AI/ML, data management and cloud which are crucial in today's data driven world. Our progress is recognised by our partners, evidenced by achieving AWS Select Partner Status, approval for Zscaler Global MSSP Program, and working with one of UK's largest Valued Added Reseller to be their Machine Learning Partner of choice. Our customers, more importantly, are embracing our transformation and new capabilities as demonstrated by the double-digit organic growth following years of stagnation.

We believe that we are ideally positioned to participate in the most consequential development in technology. Evidence is becoming indisputable that adoption of AI is no longer an option for businesses. However, the challenge for SMBs to embark on the AI/data journey is significant. Our vision is to be the partner of choice for the UK business in their transformation."

Notes

1. Adjusted EBITDA is earnings before interest, taxation, depreciation, amortisation of intangible assets, exceptional items and share based payments.

2. Net debt represents cash balances less bank loans and lease liabilities.

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For further information please contact:

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About SysGroup

SysGroup plc is a managed service provider of end-to-end data solutions enabling us to take our customers on their AI data journey. The Group offers an integrated set of modern technologies that collectively meets our customers end-to-end data needs including connectivity, cloud hosting, delivery, analytics and governance of customer data, as well as a security layer for users and applications.

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

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

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