

9 July 2024

## SYNECTICS

### Synectics plc

('Synectics', the 'Company' or the 'Group')

#### Interim results for the six months ended 31 May 2024

*Strong H1 performance built on a solid order book and early delivery of several projects*

Synectics plc (AIM: SNX), a leader in advanced security and surveillance systems, reports its unaudited interim results for the six months ended 31 May 2024 ("**H1 2024**" or the "**Period**").

#### Financial highlights

- H1 2024 revenue increased 20% to £26.3 million (H1 2023: £21.9 million)
- Underlying operating profit<sup>1</sup> increased by 183% to £2.2 million (H1 2023: £0.8 million)
- Underlying EBITDA<sup>2</sup> up 67% to £2.8 million (H1 2023: £1.7 million)
- Underlying earnings per share<sup>3</sup> up 170% to 10.0p (H1 2023: 3.7p)
- Net cash at 31 May 2024 of £6.4 million with no bank debt<sup>4</sup> (31 May 2023: £4.0 million)
- Order book at 31 May 2024 of £30.2 million (31 May 2023: £28.4 million)
- Interim dividend re-instated at 2.0p per share (H1 2023: nil)

<sup>1</sup> Underlying operating profit represents profit before tax, finance costs and non-underlying items; see note 4 of the financial statements.

<sup>2</sup> Underlying EBITDA represents profit before finance costs, tax, depreciation, amortisation and non-underlying items.

<sup>3</sup> Underlying earnings per share are based on underlying profit after tax but before non-underlying items.

<sup>4</sup> Excluding IFRS 16 lease liabilities.

#### Operational highlights

- Strong results bolstered by the early delivery of several projects by the Systems division
- Board expects financial performance in FY 2024 to be more evenly weighted than in prior years and comfortably in line with market expectations\*
- Core specialist markets continue to show momentum, with all sectors seeing investment in new projects alongside the renewal of existing systems
- Strong order book and robust pipeline of new opportunities support confidence for further progress in the medium-term
- Continued investment in technology maintains the Company's position as the go-to provider in key markets
- Appointment in late April 2024 of Bob Holt OBE as Non-Executive Chair strengthened the Board

#### Post-Period events

- Significant US\$10 million contract for high-profile Asian gaming resort announced in June 2024, expected to be delivered in FY 2025, supports market expectations for FY 2025
- Appointment on 1 July 2024 of Jon Kempster as independent Non-Executive Director and Chair of Audit Committee, further strengthening the Board

#### Commenting on the results, Paul Webb, Chief Executive of Synectics, said:

"We're delighted to have delivered a strong H1 2024 performance, driven by our Systems division completing delivery of several projects ahead of schedule.

Our robust order book and promising pipeline of new business opportunities, coupled with our reputation as a trusted partner, ideally position us to capitalise on exciting opportunities across our growing specialist end markets.

Against this positive backdrop, the Board remains confident in meeting market expectations for FY 2024\* and the Company's longer-term prospects."

*\*Analyst consensus immediately before this announcement for the year ending 30 November 2024 was revenue of £52.9 million and adjusted PBT of £3.5 million.*

**For further information, please contact:**

**Synectics plc**  
Paul Webb, Chief Executive Officer  
Amanda Larnder, Chief Financial Officer  
info@synecticsplc.com

Tel: +44 (0) 114 280 2828

**Shore Capital**  
Tom Griffiths / David Coaten / Rachel Goldstein

Tel: +44 (0) 20 7408 4090

**Vigo Consulting**  
Jeremy Garcia / Fiona Hetherington / Aisling Fitzgerald  
synectics@vigoconsulting.com

Tel: +44 (0) 20 7390 0230

## Investor Presentation

The Company will be holding a live presentation of its H1 2024 results via the Investor Meet Company platform on Monday 15 July 2024 at 11.00 a.m.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via the Investor Meet Company dashboard up until 9.00 a.m. the day before the meeting or at any time during the live presentation.

Investors can sign up for free and register to meet Synectics via:

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

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

## About Synectics

Synectics plc (AIM: SNX) is a leader in advanced security and surveillance systems that help protect people, property, communities, and assets around the world.

The Company's expertise is in providing solutions for specific markets where security and surveillance are critical to operations. These include gaming, oil and gas, public space, transport, and critical infrastructure.

Synectics has deep industry experience in these markets and works closely with customers globally to deliver solutions that are tailored to meet their needs. Technical excellence, combined with decades of experience and long-standing customer relationships, provides fundamental differentiation from mainstream suppliers and makes the Company a stand-out in its field.

Find out more at [www.synecticsplc.com](http://www.synecticsplc.com)

## Chief Executive Officer's Statement

### Introduction

Synectics specialises in delivering tailored security and surveillance solutions to a high-profile, global customer base, operating in environments that are often both technically and logistically demanding.

Its proprietary software, Synergy, manages and records over 250,000 channels across 270 locations worldwide, including high-security environments such as casinos, town and city centres, stadiums, tourist attractions and critical infrastructure sites.

In the global oil and gas market Synectics has over 10,000 specialist COEX camera stations safeguarding refineries, pipelines, offshore vessels, and platforms for industry giants including Saudi Aramco and Shell.

The Company also delivers market-leading solutions to major national and international transport providers, safeguarding over five billion passenger journeys each year.

Synectics' unwavering commitment to innovation and excellence ensures that it remains at the forefront of the security and surveillance industry, providing unmatched capability and expertise to its customers.

### Financial summary

The Company's robust performance in H1 2024 was built on a strong opening order book and as a result of the early delivery of several high-margin projects by the Systems division.

In H1 2024, revenues increased by 20% to £26.3 million (H1 2023: £21.9 million), resulting in a significant uplift in underlying operating profit to £2.2 million (H1 2023: £0.8 million).

Gross profit increased by 23% to £11.2 million compared to H1 2023 due to higher revenues and continued strong gross margins within both divisions, with underlying EBITDA up 67% to £2.8 million.

The increase in operating costs by 8% was as expected and was more than offset by the increase in gross profit, resulting in underlying profit before tax of £2.1 million, up from £0.7 million in H1 2023.

After taxation and excluding non-underlying items, earnings per share<sup>3</sup> were 10.0 pence (H1 2023: 3.7 pence).

The Company ended the Period with an increased order book, standing at £30.2 million (31 May 2023: £28.4 million; 30 November 2023: £29.2 million) with strong order intake across all key markets.

As at 31 May 2024, the Company had cash of £6.4 million (31 May 2023: £4.0 million), an increase of £1.8 million from £4.6 million at 30 November 2023.

<sup>3</sup> Underlying earnings per share are based on underlying profit after tax but before non-underlying items.

## Dividend

In light of Synectics' substantially improved profitability and strong cash position, the Board has declared a re-instated interim dividend of 2.0p per share to be paid on 23 August 2024 to shareholders on the register at 26 July 2024. This will be the Company's first interim dividend to be paid since 2019.

## Business review

The Company has continued its solid momentum from the prior year, delivering strong results in H1 2024, as well as securing significant additional business for H2 2024 and beyond.

As a result of the aforementioned early delivery of several projects by the Systems division in H1 2024, the Board expects that the Company will deliver a more evenly weighted financial performance in FY 2024 than previously expected and as in prior years.

Due to the strong performance in H1 2024, the Board is confident that the Company remains comfortably in line with market expectations for FY 2024\*.

The Company has started the second half of the year with a robust order book and, thanks to the early delivery of several projects in H1 2024, increased capacity for additional projects in H2 2024.

The Company will continue to focus on converting new business opportunities, ensuring consistent and sustained growth through:

- leveraging expertise in its core specialist markets;
- recruiting, developing and retaining talent;
- investing in new technology and product development;
- extending partnerships in each market and geography; and
- building on long-standing customer relationships.

Synectics relies on close collaboration with its channel partners and systems integrators to develop its pipeline of new business opportunities. These key partners are critical to Synectics, and the Company recognises the importance of developing and extending these partnerships, as well as building on long-standing relationships with its end customers.

*\*Analyst consensus immediately before this announcement for the year ending 30 November 2024 was revenue of £52.9 million and adjusted PBT of £3.5 million.*

## Divisional Review

**Synectics' Systems division** develops and delivers its proprietary, technology-led solutions to specialist markets globally - including gaming, oil and gas, public space, transport and critical infrastructure - through local systems integrators and channel partners. Capabilities centre around its Synergy software platform, with solutions tailored to the unique requirements of each customer, as well as specialist hardware for oil and gas markets built on the COEX camera range.

**Synectics' Security division** delivers integrated solutions, service and support directly to end-users in the UK and Ireland - principally within public space, transport, and national infrastructure - utilising a combination of the Group's proprietary technology and third-party products.

## Systems division

Synectics' Systems division delivered a strong performance during the Period, underpinned by a strong opening order book and supported by the early delivery of several projects. Gross margins remained very strong, and order intake was very healthy.

At the start of FY 2024, the Company refocused its attention on business development and restructured the team to ensure it was best placed to capitalise on market opportunities. This renewed focus is bearing fruit in both our existing core markets, and into adjacent sectors.

	H1 2024	H1 2023
Revenues - EMEA	£9.7m	£6.8m
Revenues - North America	£2.7m	£2.2m
Revenues - Asia Pacific	£5.0m	£4.8m
Total revenue	£17.4m	£13.8m
Gross margin	48.4%	49.4%
Operating profit	£2.9m	£1.4m
Operating margin	16.7%	9.9%

The Company saw sustained demand in the Period from the oil and gas sector. Key contracts delivered included a further part of the £5.5m contract for Zuluf, awarded in April 2023, along with projects for leading operators, including Saudi Aramco, Shell and MODEC.

Synectics typically has good visibility of new business in the oil and gas market, and with sustained high activity being seen in this sector, is well positioned to capitalise on upcoming opportunities in this year and beyond.

In the gaming sector, the Company previously noted weak demand and delays in North America, with operators postponing investment in new properties and the refurbishment of large casinos.

However, in April 2024 the Company announced that it had secured new contracts in the region with both existing and new customers. These included a \$1 million contract with Delta Bingo which, implementing the Company's Synergy software platform across 17 smaller sites, represents a different profile of gaming customer for Synectics with the potential to lead to similar opportunities in the medium term.

The Company continues to see good momentum with further contract awards in May and expects this to continue in the second half.

Gaming revenues in Asia-Pacific in the Period were sound, driven primarily by refurbishments and service contracts with existing customers.

Post-Period end, on 18 June 2024, Synectics announced that it had secured a US\$10 million contract to upgrade and expand its Synergy system at a major gaming resort in South-East Asia, one of the most successful and highest profile gaming resorts in the world. Delivery is anticipated to commence late in FY 2024 with completion expected by the end of FY 2025.

The Board believes the momentum seen in the gaming sector reflects the continued recovery of the market and, as momentum builds, is confident that Synectics' reputation, extensive global footprint, and market leading product offering ensure it is well placed to be awarded further projects when investment decisions are made.

The Company continues to make progress in deploying Synergy into critical national infrastructure in the UK, and in April 2024 announced it had been awarded a £0.8 million contract with a new customer - a major UK utility provider - to deliver a multi-site deployment of Synergy.

Despite ongoing challenges in public space, largely driven by customers' budgetary constraints, the Company successfully signed contracts with two London boroughs for the deployment of its Synergy software.

Synectics continues to explore opportunities to expand its reach into adjacent, complementary sectors. In the Period, it secured contracts to deploy Synergy in two further NHS Trusts and has a robust pipeline of opportunities going forward.

Whilst the core public space market remains challenging, the Company now boasts an established footprint into national infrastructure projects and has already seen success in actively developing adjacent markets.

#### Security division

Synectics' Security division delivered a sound performance in the Period, securing and delivering numerous projects for public space, critical infrastructure, and public transport customers. Results show a pleasing improvement versus the comparative period last year, with solid gross margins and strong order intake.

	H1 2024	H1 2023
Revenue	£9.7m	£8.7m
Gross margin	28.5%	26.2%
Operating profit	£0.7m	£0.4m
Operating margin	6.7%	4.9%

In January 2024, Synectics announced the award of additional contracts for National Grid worth £4.0 million, much of which is expected to be delivered in H2 2024. The Company was awarded its first contract under a framework agreement in October 2022, and these contracts will result in Synectics deploying its services into 20 sites across National Grid's estate. The Company continues to work with National Grid and is seeking to further extend its market share to deliver security and surveillance solutions to more national infrastructure sites.

Momentum continued in the transport sector, with good traction from customers including bus operators Stagecoach and NTA for the provision of on-vehicle surveillance technologies. There is the potential for further deployment of the Group's innovative new cloud services into the transport sector, benefitting all customers, irrespective of future fleet size.

Synectics' work with police forces, including the City of London and West Midlands, continues, and it is in discussions with other forces in the UK regarding the potential deployment of its solutions.

Despite well-publicised budget constraints for local authorities and the delay of some decisions ahead of the upcoming UK elections, there has been sustained interest from UK local authorities for Synectics' solutions, and the Company has successfully deployed system upgrades for several local authorities in the Period, as well as continuing to provide support to many more. Furthermore, the Group continues to serve adjacent sectors, including venues, stadia and tourist attractions, with upgrades delivered to the Queen Elizabeth Olympic Park amongst others during the Period.

As mentioned previously, work is progressing well on re-focusing this division, with a refreshed go-to-market strategy to be launched in the Autumn.

#### Technology

With technology central to its offering, the Company continues to invest in its development and in evolving its solutions to continually meet its customers' needs and demands.

In April 2024, Synectics announced the latest version of its Synergy software platform, which was launched with improved tools for incident management and team collaboration, a new mobile app, simplified web-based system access, and remote camera sharing - among the latest additions.

Synergy is built on an open architecture which enables Synectics to integrate leading third-party technologies including AI and analytics to enhance the overall proposition. Furthermore, the platform can evolve swiftly to accommodate and integrate new technology developments as they emerge, to ensure it always remains a leading solution for customers - which is critical to the retention of many long-term customers.

Synectics' product development team continues to focus on software platform enhancements alongside further developments to its COEX camera station portfolio for oil and gas customers.

Current areas of focus include:

- delivering AI and analytics natively and with third party tools, including video forensic search;
- extending the mobile application, and enhanced web features along with expanded cloud services; and
- enhancing camera performance, including 4K resolution and embedded AI analytics.

In H1 2024, Synectics spent £1.9 million on technology development (H1 2023: £1.6 million). Of this, £0.6 million was

In H1 2024, Synectics spent £1.8 million on technology development (H1 2023: £1.6 million). Of this, £0.6 million was capitalised (H1 2023: £0.4 million), and the remainder was expensed to the income statement. £0.2 million of previously capitalised development cost was amortised in the Period (H1 2023: £0.4 million). These figures are included in the results of the Systems division set out above.

## Board

In April 2024, the Company announced the appointment of Bob Holt OBE as Non-Executive Chair with effect from the conclusion of the Company's Annual General Meeting. Bob has over 35 years' experience in senior leadership roles, including as Chair of Mears Group PLC, which he led through a successful IPO on AIM and had a central role in establishing it as a market leader in its sector. Synectics looks forward to leveraging his experience to help the Company achieve its long-term potential.

Steve Coggins, who served as Interim Non-Executive Chair from October 2023, retired from the Board at the conclusion of the Company's Annual General Meeting. He was a Non-Executive Director of Synectics for almost twenty years, and the Company thanks him wholeheartedly for his significant contributions and commitment.

As announced on 21 June 2024, the Board has been strengthened further by the appointment of Jonathan "Jon" Kempster as an independent Non-Executive Director and chair of the Audit Committee. Jon, who has more than 20 years' experience as a public company director, is currently a Non-Executive Director of AIM quoted Norman Broadbent plc and Serinus Energy plc, and a Director of Delta Pension Nominees Limited.

In June 2024, Non-Executive Director, Dr Alison Vincent, was awarded a CBE in the King's Birthday Honours List in recognition of her dedication and services to Engineering and Technology.

## Outlook

The Board is pleased to report continued progress and momentum in the Company's performance, laying solid foundations for future growth.

Our key operating segments still have significant growth potential, and we are simultaneously exploring adjacent markets where the benefits of our software and expertise are valued, thereby building on our position as the go-to provider of security and surveillance systems for specialist applications.

In addition, the Company's strong cash position enables the funding of internal investment plans which support its strategic objective to achieve further sustainable growth and gives the Board the confidence to reinstate the declaration of an interim dividend, the first such since 2019.

The success of Synectics is dependent on our incredible team. Their dedication and commitment to delivering cutting edge technology to our customers drives the business forward. On behalf of the Board, I would like to thank every member of the team for their invaluable contributions to the Company's continued success.

The Company continues to see strong order intake and sales momentum, further underpinning the Board's confidence in the outlook for FY 2024 and beyond.

Paul Webb  
Chief Executive Officer  
8 July 2024

## Consolidated income statement For the six months ended 31 May 2024

	Unaudited six months ended 31 May 2024				Unaudited six months ended 31 May 2023			
	Notes	Underlying £'000	Non- underlying items (note 4) £'000	Total £'000	Underlying £'000	Non- underlying items (note 4) £'000	Total £'000	
Revenue	3	26,272	-	26,272	21,851	-	21,851	
Cost of sales		(15,095)	-	(15,095)	(12,736)	-	(12,736)	
Gross profit		11,177	-	11,177	9,115	-	9,115	
Operating expenses		(9,015)	(335)	(9,350)	(8,351)	(87)	(8,438)	
Operating profit		2,162	(335)	1,827	764	(87)	677	
Finance costs		(57)	-	(57)	(46)	-	(46)	
Profit before tax		2,105	(335)	1,770	718	(87)	631	
Income tax expense	5	(412)	59	(353)	(86)	20	(66)	
Profit for the period attributable to equity holders of the Parent		1,693	(276)	1,417	632	(67)	565	

<b>Earnings per share</b>	7		
<b>Basic</b>		8.4p	3.3p
<b>Diluted</b>		8.4p	3.3p

Consolidated statement of comprehensive income  
For the six months ended 31 May 2024

	Unaudited six months ended 31 May 2024 £000	Unaudited six months ended 31 May 2023 £000
Profit for the period	1,417	565
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translation of foreign operations	(6)	(8)
Losses on a hedge of a net investment taken to equity	(42)	(13)
	(48)	(21)
<b>Total comprehensive income for the period attributable to equity holders of the Parent</b>	<b>1,369</b>	<b>544</b>

Consolidated statement of financial position  
As at 31 May 2024

	Unaudited 31 May 2024 £000	Unaudited 31 May 2023 £000	30 Nov 2023 £000
<b>Non-current assets</b>			
Property, plant and equipment	3,508	4,359	3,739
Goodwill and intangible assets	21,473	20,801	21,128
Deferred tax assets	1,966	2,660	2,262
	26,947	27,820	27,129
<b>Current assets</b>			
Inventories	5,906	4,345	5,069
Trade and other receivables	10,794	9,688	13,868
Contract assets	8,078	6,917	6,954
Tax assets	-	5	-
Cash and cash equivalents	6,414	3,996	4,604
	31,192	24,951	30,495
<b>Total assets</b>	<b>58,139</b>	<b>52,771</b>	<b>57,624</b>
<b>Current liabilities</b>			
Trade and other payables	(11,037)	(7,861)	(11,270)
Contract liabilities	(3,327)	(2,477)	(3,033)
Lease liabilities	(571)	(683)	(573)
Tax liabilities	(185)	-	(90)
Provisions	(303)	(783)	(606)
	(15,423)	(11,804)	(15,572)
<b>Non-current liabilities</b>			
Provisions	(887)	(752)	(794)
Lease liabilities	(1,037)	(1,901)	(1,365)
Deferred tax liabilities	(1,009)	(1,072)	(1,016)
	(2,933)	(3,725)	(3,175)
<b>Total liabilities</b>	<b>(18,356)</b>	<b>(15,529)</b>	<b>(18,747)</b>
<b>Net assets</b>	<b>39,783</b>	<b>37,242</b>	<b>38,877</b>
<b>Equity attributable to equity holders of the Parent</b>			
Called up share capital	3,559	3,559	3,559
Share premium account	16,043	16,043	16,043
Merger reserve	9,971	9,971	9,971
Other reserves	(1,436)	(1,436)	(1,436)
Currency translation reserve	864	919	912
Retained earnings	10,782	8,186	9,828
<b>Total equity</b>	<b>39,783</b>	<b>37,242</b>	<b>38,877</b>

Consolidated statement of changes in equity  
For the six months ended 31 May 2024

	Called up share capital £000	Share premium account £000	Merger reserve £000	Other reserves £000	Currency translation reserve £000	Retained earnings £000	Total £000
At 1 December 2023	3,559	16,043	9,971	(1,436)	840	7,025	37,002

At 1 December 2022	3,559	16,043	9,971	(1,436)	940	1,923	37,002
Profit for the period	-	-	-	-	-	565	565
<b>Other comprehensive income</b>							
Currency translation adjustment	-	-	-	-	(21)	-	(21)
<b>Total other comprehensive income</b>	-	-	-	-	(21)	-	(21)
<b>Total comprehensive income</b>	-	-	-	-	(21)	565	544
Dividends paid	-	-	-	-	-	(338)	(338)
Credit in relation to share-based payments	-	-	-	-	-	34	34
<b>At 31 May 2023</b>	<b>3,559</b>	<b>16,043</b>	<b>9,971</b>	<b>(1,436)</b>	<b>919</b>	<b>8,186</b>	<b>37,242</b>
Profit for the period	-	-	-	-	-	1,598	1,598
<b>Other comprehensive income</b>							
Currency translation adjustment	-	-	-	-	(7)	-	(7)
<b>Total other comprehensive income</b>	-	-	-	-	(7)	-	(7)
<b>Total comprehensive income</b>	-	-	-	-	(7)	1,598	1,591
Credit in relation to share-based payments	-	-	-	-	-	44	44
<b>At 30 November 2023</b>	<b>3,559</b>	<b>16,043</b>	<b>9,971</b>	<b>(1,436)</b>	<b>912</b>	<b>9,828</b>	<b>38,877</b>
Profit for the period	-	-	-	-	-	1,417	1,417
<b>Other comprehensive income</b>							
Currency translation adjustment	-	-	-	-	(48)	-	(48)
<b>Total other comprehensive income</b>	-	-	-	-	(48)	-	(48)
<b>Total comprehensive income</b>	-	-	-	-	(48)	1,417	1,369
Dividends paid	-	-	-	-	-	(507)	(507)
Credit in relation to share-based payments	-	-	-	-	-	44	44
<b>At 31 May 2024</b>	<b>3,559</b>	<b>16,043</b>	<b>9,971</b>	<b>(1,436)</b>	<b>864</b>	<b>10,782</b>	<b>39,783</b>

Consolidated cash flow statement  
For the six months ended 31 May 2024

	Unaudited six months ended 31 May 2024 £000	Unaudited six months ended 31 May 2023 £000
<b>Cash flows from operating activities</b>		
Profit for the period	1,417	565
Income tax expense	353	66
Finance costs	57	46
Depreciation and amortisation charge	643	917
Net foreign exchange differences	134	156
Non-underlying items	335	87
Cash flow on non-underlying items	(235)	(87)
Inventory write down	121	-
Net movement in provisions	(209)	4
Share-based payment charge	44	34
<b>Operating cash flows before movement in working capital</b>	<b>2,660</b>	<b>1,788</b>
Increase in inventories	(961)	(126)
Decrease / (increase) in trade, other and contract receivables	1,809	(1,302)
Increase in trade, other and contract payables	94	420
<b>Cash generated from operations</b>	<b>3,602</b>	<b>780</b>
Tax received	28	418
<b>Net cash from operating activities</b>	<b>3,630</b>	<b>1,198</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(224)	(146)
Capitalised development costs	(555)	(430)
Purchased software	(2)	(11)
<b>Net cash used in investing activities</b>	<b>(781)</b>	<b>(587)</b>
<b>Cash flows from financing activities</b>		
Lease payments	(361)	(431)
Interest paid	(19)	-
Dividends paid	(507)	(338)
<b>Net cash used in financing activities</b>	<b>(887)</b>	<b>(769)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,962</b>	<b>(158)</b>
Effect of exchange rate changes on cash	(152)	(102)
Cash and cash equivalents at the beginning of the period	4,604	4,256
<b>Cash and cash equivalents at the end of the period</b>	<b>6,414</b>	<b>3,996</b>

## Notes

### For the six months ended 31 May 2024

#### 1 General information

These condensed consolidated interim financial statements were approved by the Board of Directors on 8 July 2024.

#### 2 Basis of preparation

These consolidated interim financial statements of the Group are for the six months ended 31 May 2024.

These interim financial statements do not include all the information and disclosures normally included in the annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the Group's annual financial statements for the year ended 30 November 2023.

These interim financial statements for the six months to 31 May 2024 have not been audited or reviewed by an auditor pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

The condensed consolidated interim financial statements have been prepared on the basis of the accounting policies expected to be adopted by the Group for the year ending 30 November 2024. The Group did not have to change its accounting policies as a result of adopting new standards.

AIM-listed companies are not required to comply with IAS 34 'Interim Financial Reporting' and accordingly the Company has taken advantage of this exemption.

#### 3 Segmental analysis

##### Revenue by operating segment

	Unaudited six months ended 31 May 2024	Unaudited six months ended 31 May 2023
	£000	£000
Systems	17,378	13,846
Security	9,718	8,676
Total segmental revenue	27,096	22,522
Reconciliation to consolidated revenue: Intra-Group sales	(824)	(671)
	26,272	21,851

##### Underlying operating result by operating segment

	Unaudited six months ended 31 May 2024	Unaudited six months ended 31 May 2023
	£000	£000
Systems	2,897	1,367
Security	650	429
Total segmental underlying operating profit	3,547	1,796
Reconciliation to consolidated underlying operating profit: Central costs	(1,385)	(1,032)
	2,162	764

Underlying operating profit is reconciled to total operating profit as follows:

	Unaudited six months ended 31 May 2024	Unaudited six months ended 31 May 2023
	£000	£000
Underlying operating profit	2,162	764
Non-underlying items	(335)	(87)
	1,827	677

#### 4 Non-underlying items

	Unaudited six months ended 31 May 2024	Unaudited six months ended 31 May 2023
	£000	£000
Costs associated with restructuring and transformation	235	-
Write-off of deferred consideration	100	-
Costs associated with legal matters	-	42
Costs associated with the buy-out of the defined benefit pension scheme	-	45
	335	87

As at 30 November 2022, a deferred consideration asset was recognised in relation to the contingent consideration payable on the sale of SSS Management Services Ltd ('SSS'). The consideration was contingent on certain performance criteria of SSS in the twelve months following the sale, which have not been met. Therefore, the consideration will no longer be received, and the asset has been written off.

#### 5 Taxation

The tax expense of £353,000 (2023: £66,000) for the Period is based on the estimated rate of corporation tax that is likely to be effective for the year ending 30 November 2024.

#### 6 Dividends

An interim dividend of 2.0p per share, totalling approximately £338,000 (2023: £nil) will be paid on 23 August 2024 to shareholders on the register at 26 July 2024.



## 7 Earnings per share

Earnings per share are as follows:

	Unaudited six months ended 31 May 2024 Pence per share	Unaudited six months ended 31 May 2023 Pence per share
Basic earnings per share	8.4	3.3
Diluted earnings per share	8.4	3.3
Underlying basic earnings per share	10.0	3.7
Underlying diluted earnings per share	10.0	3.7

The calculations of basic and underlying earnings per share are based upon:

	Unaudited six months ended 31 May 2024 £000	Unaudited six months ended 31 May 2023 £000
Earnings for basic and diluted earnings per share	1,417	565
Non-underlying items	335	87
Tax thereon	(59)	(20)
Earnings for underlying basic and diluted earnings per share	1,693	632

	Unaudited six months ended 31 May 2024 000	Unaudited six months ended 31 May 2023 000
Weighted average number of ordinary shares - basic calculation	16,889	16,889
Dilutive potential ordinary shares arising from share options	23	1
Weighted average number of ordinary shares - diluted calculation	16,912	16,890

## 8 Availability of results

Copies of this statement are available on the Group's website ([www.synecticsplc.com](http://www.synecticsplc.com)) and will be available shortly from Synectics plc, Synectics House, 3-4 Broadfield Close, Sheffield, England S8 0XN.

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