

4 March 2025

SYNECTICS

Synectics plc
("Synectics", the "Company" or the "Group")

Final results for the year ended 30 November 2024

*Strong performance in FY24 with positive momentum in all key markets
Robust order book at year-end underpins confidence for FY25 and beyond*

Synectics plc (AIM: SNX), a leader in advanced security and surveillance solutions, announces its audited final results for the year ended 30 November 2024 ("FY24").

Financial highlights

- Revenue increased by 13.6% to £55.8 million (FY23: £49.1 million)
- Underlying operating profit¹ increased by 56.8% to £4.8 million (FY23: £3.1 million)
- Underlying EBITDA² increased by 27.2% to £6.2 million (FY23: £4.8 million)
- Underlying earnings per share³ increased significantly to 21.6p (FY23: 14.2p)
- Record cash balance at 30 November 2024 of £9.6 million with no bank debt⁴ (30 November 2023: £4.6 million, no bank debt)
- Strong order book at 30 November 2024 of £38.5 million (30 November 2023: £29.2 million)
- Recommended final dividend of 2.5 pence per share (FY23: 3.0p) giving an increased total dividend up 50% to 4.5p per share (FY23: 3.0p)

¹ Underlying operating profit represents profit before tax, finance costs and non-underlying items; see note 4 to the financial statements.

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

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

⁴ Excluding IFRS 16 lease liabilities.

Operational highlights

- Strong results, with record gross margins and adjusted profit before tax being materially ahead of recently upgraded market expectations⁵, supported by a solid year of growth in all sectors, particularly within Gaming
- Strong order book, boosted by consistent contract wins across all of the Group's sectors, which has continued into FY25
- New AI capabilities with the launch of Synergy DETECT and upcoming launch of Synergy SEARCH
- Rebrand of Synectics Security to Ocular Integration ("Ocular"), reflecting a broader transformation programme designed to sharpen Ocular's focus on delivering cutting-edge security solutions and innovations across its focus sectors

⁵ Prior to the release of this announcement, FY 2024 market expectations were for revenue of £57.0m and adjusted profit before tax of £4.3m

The footnotes above apply throughout this announcement.

Post-period end events & outlook

- Continued momentum in contract wins, including material Gaming awards announced in the US and South-East Asia worth an aggregate 4.9 million
- Product enhancement initiatives underway to support the development of additional AI capabilities for Synergy, along with an alternative COEX range suitable for the offshore renewables market
- Strategic redefinition of its focus sectors will enable the Group to better align with current market dynamics and opportunities

Commenting on the results, Amanda Larnder, Chief Executive Officer and Chief Financial Officer, said:

"I am immensely proud of our strong performance in FY24 and the positive momentum we have built heading into FY25, which is backed by a robust order book. During FY25, we are investing in strategic initiatives across our products, operations, and in

strengthening customer and partner relationships to ensure sustainable growth in future years.

"We are confident that our commitment to delivering operational excellence combined with our innovative offerings position us to be a trusted leader in our chosen markets, enabling us to seize new and exciting business opportunities."

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About Synectics plc

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

It transforms customer operations by seamlessly integrating systems, technologies, and data into a unified solution-enhancing safety, improving efficiency, and enabling smarter, faster decision-making and response capabilities.

With its technical expertise, decades of experience, and strong partnerships, Synectics sets itself apart by delivering innovation and service that drive real value and long-term success.

Find out more at www.synecticsplc.com.

Chair's Statement

I am delighted to announce that revenues increased in the year to £55.8 million (FY23: £49.1 million) with underlying EBITDA² up 27.2% to £6.2 million (FY23: £4.8 million). We ended the year with both a record cash balance of £9.6 million (FY23: £4.6 million) and a record order book of £38.5 million (£29.2 million).

I was appointed as Chair of the Board in April 2024, taking over from Steve Coggins who had served the Company excellently for 20 years. Subsequently, in July 2024, Jon Kempster was appointed as an independent Non-executive Director and as Chair of the Audit Committee.

In August 2024, we received the sad news of the sudden death of the CEO, Paul Webb. Paul played a fundamental role in the growth of the Company. Amanda Larnder, the CFO, took over the role on an interim basis and was appointed as the permanent CEO in November.

We are in advanced discussions to appoint a permanent CFO to support Amanda which we hope to announce in due course. In the meantime, we have recruited an interim Group Finance Director to provide support in the intervening period.

Throughout the year, we reaffirmed our status as a leading security and surveillance provider supporting global businesses. Our growing reputation was evidenced by the large number of contract wins announced throughout the year. Our expertise, particularly in the oil and gas, gaming and public sectors, provides excellent growth opportunities for expansion into adjacent markets and sectors.

Our focus remains clear in building our reputation further by delivering solutions that customers can rely on to meet the challenges that they envisage in these rapidly evolving and challenging times. Product development remains a key focus with management at all levels looking to ensure that Synectics remains at the forefront of innovation and first-class customer support.

The Board is committed to bringing future success for the Company.

It would be remiss of me not to thank our shareholders, and all our employees for their commitment in providing both these excellent results and future opportunities.

I look forward to bringing news of further successes to you in due course.

Bob Holt

Non-Executive Chair
3 March 2025

Chief Executive Officer's Statement

I am pleased to present my first report as Chief Executive Officer, for the financial year ended 30 November 2024 ("FY24").

FY24 was a strong year for Synectics, with growth in all sectors. We made encouraging operational and financial progress, underpinned by positive momentum in our key markets. We are strategically investing in our people, operations and products to ensure that we are well-positioned for growth, and I am excited to be leading the next stage of our story.

I am extremely proud of the team's achievements in FY24, which have enabled the positive progress that we made. I would like to express my sincere thanks to all our employees for their continued hard work and dedication.

Having recently been appointed as the Company's CEO, I want to take a moment to honour the legacy of our former CEO and friend, Paul Webb, who passed away in August 2024. Paul was a dedicated leader who steered Synectics with passion and vision. I am committed to carrying forward his legacy by upholding the values in which he believed and pursuing a future

for the Company that he would be proud of.

Financial Summary

It is particularly pleasing to report double-digit revenue and underlying operating profit growth in FY24. Revenue increased by 13.6% to £55.8 million (FY23: £49.1 million) with record gross margins of 42.9% (FY23: 40.7%). Underlying operating profit was up by 56.8% to £4.8 million (FY23: £3.1 million), materially ahead of recently upgraded market expectations⁵.

Underlying EBITDA² increased by 27.2% to £6.2 million (FY23: £4.8 million), with underlying EPS up significantly to 21.6 pence (FY23: 14.2 pence). The order book at 30 November 2024 was robust at £38.5 million (30 November 2023: £29.2 million).

Our financial position remains strong. Synectics is debt free and the excellent cash generation in the year led to a record cash balance of £9.6 million (FY23: £4.6 million) at the year end, providing sufficient funds to deliver our plans for future organic growth and take advantage of opportunities as they arise.

As a result of the strong performance, the Board is recommending (subject to shareholder approval) the payment of a final dividend of 2.5 pence per share (FY23: 3.0 pence per share), to be paid on 16 May 2025 to shareholders on the register at the close of business on 25 April 2025 (ex-dividend date of 24 April 2025). Following the reinstatement of the payment of an interim dividend of 2.0 pence per share (FY23: nil), this will take the total dividend payable for FY24 to 4.5 pence per share (FY23: 3.0 pence per share).

Refresh of strategy

During the last few months, we have been undertaking a review of the existing strategy to better align our long-term objectives and growth ambitions with market opportunities.

This renewed focus on excellence and innovation is encapsulated in our guiding principles of "Know More. Serve Better. Innovate Always." Our primary goal is to accelerate organic growth to achieve sustainable increases in revenue, EBITDA, and cash flow. To support this, we may also explore targeted strategic acquisitions that enhance our existing capabilities or customer base. In addition, we will be introducing subscription pricing for our core Synergy technology by the end of FY25, aiming to drive increased levels of recurring revenues and deepen customer engagement.

Our growth strategy is categorised into the following priorities:

- Expanding our market presence in our existing markets as well as into new or adjacent markets by clearly focusing on target sectors where Synectics possesses the highest level of skill and knowledge;
- Investing in technology to position ourselves as leaders in technological advancements, enabling us to capitalise on bringing innovative solutions to our customers;
- Maintaining excellent customer relationships by providing the highest quality service; and
- Developing our existing partner relationships and building new ones to provide an effective channel to our global markets.

Progress is being made across each of these strategic priorities, particularly in expanding our market presence. We have strengthened our sales organisation, investing in new resource to target key sectors, including North American gaming, tribal gaming (casinos located on reservation land), UK transport and infrastructure and international business development. We have identified promising growth potential in new markets and geographies such as the UAE, Infrastructure in North America and Asia, global datacentres, and renewable energy, and we are currently performing a comprehensive competitive analysis to determine our ability to compete in these markets.

Partnerships remain a cornerstone of our strategy, and we are committed to developing strong relationships with system integrators and complementary technology companies. The launch of a unified partner programme has been kickstarted with an online portal and improved training. During 2025, we will invest in a Programme Lead to manage our partner relationships and ensure that our partners are empowered to promote our solutions effectively.

As we move into 2025, we have strategically redefined our sector focus to better align with current market dynamics and emerging opportunities. Our new sectors are now critical infrastructure, energy, public space, transport, and leisure and hospitality (previously reported as oil & gas, gaming and public space, transport and infrastructure ("PSTI")), and the Company's FY25 results will be reported in this way. This evolution reflects our commitment to expanding our reach and expertise in areas where we can deliver the most value and innovation, whilst also addressing growing demands for enhanced security and surveillance solutions in these critical domains.

Ensuring that we have the optimal go-to-market strategy for both existing markets and new opportunities is crucial to our success. As we move forward, we are confident that our refreshed strategy will drive significant progress and ensure that we capitalise on the growing opportunities within our markets.

Continued innovation

Ongoing innovation is essential. In markets characterised by evolving regulations, rising security and safety threats and the emergence of new technologies, we have to be able to help customers in navigating these transformations effectively.

We made significant investment during FY24 into our proprietary software, Synergy, to ensure it can continue to meet the challenging and demanding needs of our customers.

In April, we announced the latest version of Synergy, 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.

In November, we announced the launch of Synergy DETECT, offering new AI capabilities including twelve AI-powered tools to streamline real-time detection and analysis.

Integrations have always been at the heart of how Synectics operates. We are seeing this become increasingly important across our markets, where the trend towards connectivity and unified platforms is becoming more prevalent and provides better management and response capabilities, as well as efficiencies and cost savings. Synergy can evolve swiftly to accommodate and integrate new technology developments as they emerge, to ensure that it always remains a leading solution for customers. We will continue to invest in this area.

Current areas of investment include AI capabilities for event notification and forensic searching, hybrid Synergy, focus on SaaS, our Transport offering, edge-based Video Analytics in our COEX4K cameras and an alternative COEX range suitable for offshore renewables.

Business Review - Synectic Systems

Synectic Systems 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 a proprietary software platform, Synergy, that is tailored to the unique requirements of each customer, and specialist hardware for oil and gas markets built on our COEX camera range.

	FY24	FY23	Inc/dec
Revenues - EMEA	£18.4m	£15.0m	22%
Revenues - North America	£7.1m	£5.0m	43%
Revenues - Asia-Pacific	£10.4m	£12.0m	(13)%
Total revenue	£35.9m	£32.0m	12%
Gross margin	49.4%	46.4%	3.0 ppts

Underlying operating profit ⁶	£6.1m	£4.1m	50%
Underlying operating margin	17.0%	12.7%	4.3 ppts

Demand for our solutions remained strong and our ability to meet the precise requirements of our customers remains a key market differentiator.

Throughout FY24, contract momentum was positive, and we have announced several large contract wins, underpinned by a good level of repeat business from our existing customer base for upgrades and new installations.

A key contract signed in the year was a 13.2 million project for the upgrade and expansion of one of the world's most successful and highest-profile gaming resorts in South-East Asia. Synectic Systems has been working with this customer since 2014, and this contract reflects the strength of Synergy's proven expertise in delivering tailored, high-performance and reliable solutions. Furthermore, we expanded our presence in North America with a series of contract wins across both large and medium-sized casinos, while also strengthening our footprint in other regions, including the Philippines and Cambodia.

Revenues in Synectic Systems increased by 12.1% to £35.9 million (FY23: £32.0 million), with underlying operating profit¹ up 49.8% to £6.1 million (FY23: £4.1 million), reflecting a solid year of growth and performance.

The significant increase in operating profit is reflective of the high level of operational gearing, combined with the sector mix of higher margin gaming sales replacing slightly lower margin oil and gas sales as a proportion of the business' total revenue.

Revenues in oil and gas have increased by 5% year-on-year. The oil and gas market is closely linked to global economic conditions and geopolitical events, which in turn have driven fluctuating demand, in particular due to energy transitions and geopolitical tensions. Oil and gas infrastructure remains critical to national economies with an increasing need for enhanced security measures. Threats are increasing to both digital and physical infrastructure due to risks of sabotage, theft and terrorism; therefore we expect investment in security and surveillance solutions to rise in order to protect these critical assets.

In FY23, we noted that there was a continued delay, particularly in North America, in the refurbishment of large casinos following the pandemic leading to an overall slower than expected recovery in the gaming market. However, we started to see an increase in this activity in FY24 and overall good momentum in global gaming as regulatory conditions continue to evolve and there is a focus on preventing fraud, as well as enhancing the player experience. Revenues in gaming increased by 20% year-on-year, predominantly due to the sector's recovery in North America.

The tribal gaming market, which covers casinos that are located on reservation land, represents the other major source of US gaming, although this is not an area from which Synectic Systems had previously generated revenues. During the year, we hired specific sales resources to focus on this part of the gaming market and we are making good inroads here.

Revenues in PSTI increased by 11% compared to FY23. Despite ongoing challenges in the public space sector, driven by budgetary constraints, local authorities still need to prioritise resilience against various threats, including crime and public safety. In addition, it is recognised that significant investment is needed in infrastructure, including utilities, healthcare and prisons, in the UK, and globally. During the year, Synectic Systems was awarded a £0.8 million contract with a new customer, a major UK utility provider, to deliver a multi-site deployment of Synergy, further work was undertaken with National Grid, and Synergy is now deployed in five NHS Trusts.

Demand is continuing to increase for both new projects and investment in existing infrastructure, including upgrades and expansions, in all our market sectors. Operating in growing markets, and with a low market share, significant opportunities exist to further expand our footprint within these core markets. In addition, we are also actively exploring adjacent sectors to drive future growth.

We are establishing a presence in the UAE and have recently received a trade licence in this region. The UAE is projected to see significant investment in the coming years across various sectors, particularly mega-resorts, infrastructure development, and gated communities. As the country aims to diversify its economy and enhance its position as a global tourism and investment hub, substantial funds are being directed toward hospitality and infrastructure. Given the deep expertise we have in these sectors, we should be well poised to capitalise on the opportunities in this region.

Additionally, we are exploring opportunities in two potential new sectors: datacentres, as the UK Government has recently designated this sector as Critical National Infrastructure ("CNI"), thus increasing compliance requirements in relation to security measures and operational standards for datacentres; and the offshore renewable energy sector, which tends to share similar security challenges to offshore oil and gas, and lends itself to an alternative range of our COEX cameras, which have been proven to work in the most challenging environments.

⁶After research and development expenditure, but before non-underlying costs (see note 4 to the financial statements) and allocated central costs.

Business Review - Ocular

Ocular 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

	FY24	FY23	Inc/(dec)
Revenue	£21.3m	£18.3m	17%
Gross margin	29.2%	28.3%	0.9 ppts
Underlying operating profit ⁷	£1.6m	£1.3m	22%
Underlying operating margin	7.4%	7.1%	0.3 ppts

The business, previously known as Synectics Security, was rebranded as Ocular Integration ("Ocular") in November 2024. This rebranding signifies a broader transformation programme designed to sharpen Ocular's focus on delivering cutting-edge security solutions and innovations across identifiable sectors, including public space, transport, and critical national infrastructure. The change also creates a clearer distinction between Synectic Systems and Ocular, as an independent systems integrator, providing enhanced clarity for stakeholders.

Progress since the re-branding has been positive, with the team focused on refining and developing Ocular's go-to-market strategy and ensuring its solutions directly address customer challenges. This includes a targeted approach to key sectors where Ocular possesses a proven ability to provide excellent customer service and secure sales. In addition, as well as the appointment of a new Sales Director, we have invested in strengthening the wider sales team to support the future growth of the business.

Revenues in Ocular increased by 17% to £21.3 million in the year (FY23: £18.3m), with underlying operating profit up 22% to £1.6 million (FY23: £1.3 million).

This positive progress reflects the increased traction in transport sales, primarily driven by new vehicle registrations and the drive towards zero-emission vehicles. Security sales remained broadly flat year-on-year.

During the year, Ocular was awarded over £6.0 million worth of contracts, as part of an ongoing framework agreement, to deliver security improvement works for the National Grid estate. Ocular now supports 32 sites throughout National Grid's estate.

The UK transport market is moving towards a more sustainable, secure, and connected future, with substantial investment aimed at improving infrastructure and services. This includes investment in upgrading and integrating transport systems, increasing emphasis on the safety of passengers and communities, leading to enhancing surveillance systems, a shift towards the electrification of fleets and an increasing focus on smart transport solutions, which enable real-time communication between vehicles and central systems.

The UK security market continues to grow, fuelled by increasing investment, technological integration, a heightened focus on the importance of security, and active political support. Organisations are increasingly looking for innovative, flexible, and reliable security solutions to mitigate risks and enhance safety in an evolving threat landscape.

With a renewed leadership team and improved go-to-market strategy, Ocular is now focused on increasing market share in these growing markets by delivering a more focused strategy and leveraging its deep market expertise to deliver innovative technical solutions.

⁷ Before non-underlying costs (see note 4 to the financial statements) and allocated central costs.

People

Our people are critical to the success of the business, and we are committed to investing in and empowering them.

In the last year, we invested significantly in learning and development resources for our employees. In addition, recognising the importance of our leaders and managers, we have invested in a new Management Development Programme, aimed at supporting our managers to motivate and engage with their teams and to enhance overall organisational performance.

Employee well-being remains a top priority and we have expanded our mental health initiatives. I am extremely pleased that we have recently been accredited as a Real Living Wage employer, reflecting our commitment to ensuring fair pay and supporting the well-being of our valued team members.

I am committed to fostering a positive and inclusive culture that enhances employee well-being and enables our people to thrive. This is a top priority of mine in 2025 and beyond.

Sustainability

Another area in which we are making good progress is sustainability. The environment, and climate change in particular, is increasingly becoming a concern for businesses globally as the world transitions to net-zero.

I am pleased with our progress in this area as we have completed phase two of our four-phase sustainability plan. As part of this, we have analysed the materiality assessment performed in FY23 and developed our ESG framework, identifying our three ESG strategic pillars which will support our goal of becoming a responsible, reliable and sustainable partner to our customers and wider stakeholders. Our three pillars are: advancing governance and building trust; developing people and delivering social value; and reducing environmental footprint and playing a role in the low carbon transition.

Throughout FY25 we will be using our ESG framework to develop our roadmap and integrate sustainability across the business.

Outlook

Following a good start to FY25, trading to date is in line with the Board's expectations, with our strong order book underpinning confidence in FY25 and beyond.

The Board is focused on delivering sustainable growth and, as such, it is undertaking a number of strategic initiatives across the Group, which include ongoing product development, the strengthening of our sales channels, implementing operational efficiencies and developing out our subscription pricing models. These investments, which lay the foundations to unlock future opportunities and position the Group for sustained long-term success, will be reflected in FY25; while we expect to maintain double digit growth in FY25 and for the results to increase in line with upgraded market expectations, full margin potential will be achieved in future years when the returns on these investments are delivered.

We are confident that our commitment to delivering operational excellence positions us to be a trusted leader in our chosen markets, enabling us to seize new and exciting business opportunities. I am very enthusiastic about the Group's prospects and look forward to updating shareholders on further progress in due course.

Amanda Larnder

Chief Executive Officer and Chief Financial Officer
3 March 2025

Consolidated Income Statement

For the year ended 30 November 2024

	2024			2023		
		Underlying	Non-underlying items (note 4)		Underlying	Non-underlying items (note 4)
	Note	£000	£000	Total £000	£000	£000
Revenue	3	55,809	-	55,809	49,128	-
Cost of sales		(31,866)	-	(31,866)	(29,121)	-
Gross profit		23,943	-	23,943	20,007	-
Operating expenses		(19,151)	(531)	(19,682)	(16,951)	(302)
Operating profit		4,792	(531)	4,261	3,056	(302)
Finance income		25	-	25	-	-
Finance costs		(112)	-	(112)	(101)	-
Profit before tax		4,705	(531)	4,174	2,955	(302)
Income tax (charge)/credit	5	(1,049)	54	(995)	(559)	69
Profit for the year		3,656	(477)	3,179	2,396	(233)
Earnings per share	7					
Basic				18.8p		12.8p
Diluted				18.3p		12.8p

Consolidated Statement of Comprehensive Income

For the year ended 30 November 2024

	2024 £000	2023 £000
Profit for the year	3,179	2,163
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	83	(28)
Losses on net investment in a foreign operation taken to equity	(119)	-
	(36)	(28)
Tax on items that may be reclassified	30	-
Total comprehensive income for the year	3,173	2,135
Total comprehensive income for the year attributable to equity holders of the Parent	3,173	2,135

Consolidated Statement of Financial Position

As at 30 November 2024

	Note	2024 £000	2023 £000
Non-current assets			
Property, plant and equipment		3,801	3,739
Intangible assets		22,248	21,128
Deferred tax assets	5	1,488	2,262
		27,537	27,129
Current assets			
Inventories		9,244	5,069
Trade and other receivables		14,124	13,868
Contract assets		5,378	6,954
Cash and cash equivalents		9,559	4,604
		38,305	30,495
Total assets		65,842	57,624
Current liabilities			
Trade and other payables		(13,665)	(11,270)
Contract liabilities		(6,428)	(3,033)
Lease liabilities		(701)	(573)
Tax liabilities		(268)	(90)
Current provisions		(556)	(606)
		(21,618)	(15,572)
Non-current liabilities			
Non-current provisions		(741)	(794)
Lease liabilities		(1,189)	(1,365)
Deferred tax liabilities	5	(963)	(1,016)
		(2,893)	(3,175)
Total liabilities		(24,511)	(18,747)
Net assets		41,331	38,877
Equity attributable to equity holders of the Parent Company			
Called up share capital		3,559	3,559
Share premium account		16,043	16,043
Merger reserve		9,971	9,971
Other reserves		(1,417)	(1,436)
Currency translation reserve		906	912
Retained earnings		12,269	9,828
Total equity		41,331	38,877

Consolidated Statement of Changes in Equity

For the year ended 30 November 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 2022	3,559	16,043	9,971	(1,436)	940	7,925	37,002

Profit for the year	-	-	-	-	-	2,163	2,163
Other comprehensive income							
Currency translation adjustment	-	-	-	-	(28)	-	(28)
Total other comprehensive income	-	-	-	-	(28)	-	(28)
Total comprehensive income for the year	-	-	-	-	(28)	2,163	2,135
Transactions with owners in their capacity as owners							
Dividends paid	-	-	-	-	-	(338)	(338)
Share scheme interests realised in the year	-	-	-	-	-	-	-
Credit in relation to share-based payments	-	-	-	-	-	78	78
At 30 November 2023	3,559	16,043	9,971	(1,436)	912	9,828	38,877
Profit for the year	-	-	-	-	-	3,179	3,179
Other comprehensive income							
Currency translation adjustment	-	-	-	-	(36)	-	(36)
Tax relating to components of other comprehensive income	-	-	-	-	30	-	30
Total other comprehensive income	-	-	-	-	(6)	-	(6)
Total comprehensive income for the year	-	-	-	-	(6)	3,179	3,173
Transactions with owners in their capacity as owners							
Dividends paid	-	-	-	-	-	(845)	(845)
Share scheme interests realised in the year	-	-	-	19	-	-	19
Credit in relation to share-based payments	-	-	-	-	-	107	107
At 30 November 2024	3,559	16,043	9,971	(1,417)	906	12,269	41,331

Consolidated Cash Flow Statement
For the year ended 30 November 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Profit for the year		3,179	2,163
Income tax charge		995	490
Finance income		(25)	-
Finance costs		112	101
Depreciation and amortisation charge		1,360	1,779
Net foreign exchange differences		191	318
Non-underlying items		531	302
Inventory write down		-	316
Cash flow relating to non-underlying items incurred in current or previous years		(366)	(539)
Movement in provisions and other non-cash movement		3	41
Share-based payment charge		107	78
Operating cash inflow before movement in working capital		6,087	5,049
Increase in inventories		(4,292)	(1,166)
Decrease / (increase) in receivables and contract assets		1,132	(5,686)
Increase in payables and contract liabilities		5,636	4,403
Cash generated from operations		8,563	2,600
Tax (paid) / received		(47)	434
Net cash generated from operating activities		8,516	3,034
Cash flows from investing activities			
Purchase of property, plant and equipment		(407)	(273)
Capitalised development costs		(1,193)	(950)
Purchased software		(326)	(171)
Net cash used in investing activities		(1,926)	(1,394)
Cash flows from financing activities			
Lease payments		(754)	(835)
Interest received		25	-
Other interest paid		(33)	(13)
Dividends paid to equity holders of the parent	6	(845)	(338)
Net cash used in financing activities		(1,607)	(1,186)
Net increase in cash and cash equivalents		4,983	454
Effect of exchange rates on cash and cash equivalents		(28)	(106)
Cash and cash equivalents at the beginning of the year		4,604	4,256
Cash and cash equivalents at the end of the year		9,559	4,604

Notes to the financial statements

1 Basis of preparation

The information contained within this announcement has been extracted from the audited financial statements which have been prepared in accordance with UK-adopted International Accounting Standards and applicable law. They have been prepared using the historical cost convention except where the measurement of balances at fair value is required.

Going concern

The Directors have considered the Group's current activities and future prospects, financial performance, liquidity position and risks and uncertainties affecting the business, which are set out in the Strategic Report of the financial statements, in assessing the appropriateness of the going concern assumption. The Directors continue to monitor the effects of global events on the business and will react accordingly if any material risks arise.

When assessing the going concern assumption, the Directors have reviewed the year-to-date actual results, as well as detailed financial forecasts and the Group's funding position for the period through to August 2026. This review includes in depth scenario modelling and stress testing of budget and strategy planning.

Opportunities continue to emerge in the gaming sector, particularly in Asian and North American markets. Synectics'

credentials are reinforced through high profile wins in 2024, bolstered by the appointment of new, senior sales resources.

Oil & Gas remains highly active, generating very significant levels of pipeline opportunity. Our approach of leveraging existing relationships and developing new, cutting-edge digital solutions, alongside seeking procurement and cost engineering savings, will ensure that we are a technological leader, whilst remaining price competitive.

PSTI continues to be an active, competitive sector, with opportunities to grow our share in the On-Vehicle market through both new customers and new propositions, alongside ongoing activity in Utilities and contracts in aligned sectors such as Emergency Services, NHS and Universities.

Investment in both people and products in 2025, with a view to expanding our presence in existing and aligned sectors, reflects confidence in the external market opportunity and Synectics' ability to exploit this.

Forecasting and stress testing

The Directors have undertaken a rigorous budgeting and forecasting process with management to understand the impact of the economic environment on the future of the Group. The assumptions used in the financial forecasts are based on recent financial performance, management's extensive industry experience and reflect expectations of future market conditions.

The base case shows a positive cash balance throughout the year with no requirement to utilise the £3 million overdraft facility. Sensitivity and stress testing has been performed on the base case model; various plausible but severe downside scenarios were applied which considered general downturns resulting in reductions in revenue and margins and the related impact on working capital. Under these downsides, the Directors have not considered any mitigating factors that would be applied. The scenario testing applied confirmed that, even with no mitigating factors, the overdraft facility would not need to be utilised and that there would be sufficient headroom within the facility throughout the outlook period. The base case was then reverse stress tested and the level of deterioration required for the Group to become close to the banking headroom was deemed to be highly unlikely.

Cash and funding position

Positive cash balances were maintained throughout the year and ended the year at £9.6 million (2023: £4.6 million). Undrawn overdraft facilities of £3 million were held throughout the year. Despite the central forecast indicating that the Group should not require to draw upon the overdraft facilities for the foreseeable future, management is in the process of renewing, as a matter of prudence, the overdraft facility of £3 million with HSBC Bank until February 2026. Whilst the renewal process is still underway at the time of signing these accounts, the bank has indicated that the facilities are expected to be renewed as previously.

Conclusion

Based on the analysis above, the Group has sufficient liquidity headroom throughout the forecast period and therefore the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the outlook period without material uncertainty. Accordingly, the Directors conclude it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements.

2 Segmental

	2024				2023			
	Synectic Systems	Ocular	Central	Total	Synectic Systems	Ocular	Central	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Revenue								
External customers	35,881	21,349	-	57,230	32,015	18,261	-	50,276
Intra-Group	(1,421)	-	-	(1,421)	(1,148)	-	-	(1,148)
	34,460	21,349	-	55,809	30,867	18,261	-	49,128
Expenses								
Cost of inventories recognised as an expense	(12,114)	(10,850)	(81)	(23,045)	(11,896)	(9,144)	(1)	(21,041)
Employee benefit expenses	(11,416)	(5,650)	(2,007)	(19,073)	(9,739)	(5,231)	(1,678)	(16,648)
Amortisation of intangible assets	(380)	(2)	(9)	(391)	(707)	(1)	(7)	(715)
Depreciation of tangible assets - owned	(199)	(42)	(39)	(280)	(244)	(30)	(31)	(305)
Depreciation of tangible assets - right-of-use	(443)	(246)	-	(689)	(575)	(184)	-	(759)
Net foreign exchange losses	(171)	11	(40)	(200)	(327)	(1)	4	(324)
Movement in inventories provision recognised as an expense	(290)	(40)	-	(330)	(213)	(103)	-	(316)
Rental income received	-	46	-	46	-	50	-	50
Payroll support ⁸	242	-	-	242	-	-	-	-
Other	(3,621)	(2,987)	(689)	(7,297)	(3,115)	(2,317)	(582)	(6,014)
Underlying operating profit	6,068	1,589	(2,865)	4,792	4,051	1,300	(2,295)	3,056
Non-underlying items								
Legal costs	-	-	-	-	(156)	-	(51)	(207)
Write-off of deferred consideration	-	(100)	-	(100)	-	-	-	-

Pension buy-out costs	-	-	(21)	(21)	-	-	(81)	(81)
Restructuring and transformation costs	(250)	(103)	(57)	(410)	(10)	-	(4)	(14)
Total operating profit	5,818	1,386	(2,943)	4,261	3,885	1,300	(2,431)	2,754
Total assets	24,912	10,455	-	35,367	24,031	9,019	-	33,050
Total liabilities	(17,132)	(6,131)	-	(23,263)	(12,814)	(5,744)	-	(18,558)
Total segmental net assets	7,780	4,324	-	12,104	11,217	3,275	-	14,492
Goodwill	-	-	19,645	19,645	-	-	19,653	19,653
Cash and borrowings	-	-	9,559	9,559	-	-	4,604	4,604
Unallocated	-	-	23	23	-	-	128	128
Total net assets	7,780	4,324	29,227	41,331	11,217	3,275	24,385	38,877

⁸ Payroll support is a Covid related employee retention credit received in the US

No single customer contributed 10% or more to the Group's revenues in either year.

3 Revenue from contracts with customers

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Revenue by contract location 2024	Synectic Systems £000	Ocular £000	2024 £000
UK and Europe	9,781	21,291	31,072
North America	7,141	-	7,141
Middle East & Africa	7,165	49	7,214
Asia-Pacific	10,373	9	10,382
	34,460	21,349	55,809
Revenue by contract location 2023	Synectic Systems £000	Ocular £000	2023 £000
UK and Europe	9,127	18,013	27,140
North America	5,001	-	5,001
Middle East & Africa	4,750	238	4,988
Asia-Pacific	11,989	10	11,999
	30,867	18,261	49,128

Contract balances

	2024 £000	2023 £000
Contract assets	5,378	6,954
Contract liabilities	(6,428)	(3,033)

Contract assets relate to revenue earned from ongoing contracts not yet invoiced. Contract liabilities relate to payments in advance of revenue recognition in relation to ongoing projects and multi-year service and maintenance contracts. As such, the balance on these accounts varies and depends on: (i) the number of ongoing projects at the year-end; and (ii) the timing of payments under the terms of each individual contract, with payment sometimes before and sometimes after satisfaction of the corresponding performance obligation.

The decrease of £1.6m in contract assets is mainly driven by the reduction in projects ongoing at the year-end within Ocular. The £3.4m increase in contract liabilities is mainly driven by advanced invoicing on a large project within Synectic Systems. No expected credit loss has been recognised in relation to the contract assets as the Group's historical and forward-looking experience shows that no credit losses have been incurred.

Performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 November 2024 that are expected to be recognised over more than one year is £3.5 million (2023: £5.9 million). These performance obligations relate predominantly to the provision of service and maintenance contracts and are as follows:

	2024 £000	2023 £000
Less than two years	1,786	3,326
Two to five years	1,660	2,043
More than five years	55	569

4 Non-underlying items

	2024 £000	2023 £000
Costs associated with legal matters	-	207
Costs associated with restructuring and transformation	410	14
Write-off of deferred consideration	100	-
Costs associated with the buy-out of the defined benefit pension scheme	21	81
	531	302

Cost associated with legal matters in 2023 relate to a confidential legal matter in the US which has now been settled.

Costs associated with restructuring and transformation relate to team restructures and third-party transformational support aimed at enhancing operational efficiency and positioning the company for the future.

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.

Costs associated with the buy-out of the defined benefit pension scheme represent costs incurred by the Group in relation to winding up the scheme, which has now been fully wound-up.

5 Taxation

	2024 £000	2023 £000
Tax charge		
Current income tax		
UK tax	-	-
Overseas tax	346	91
Adjustments in respect of prior periods	(96)	-
Total current tax charge	250	91
Deferred tax		
Origination and reversal of temporary differences	727	431
Adjustments in respect of prior periods	18	(32)
Total deferred tax charge	745	399
Income tax charge reported in the consolidated income statement	995	490

Further analysed as tax relating to:

Underlying profit	1,049	559
Non-underlying items	(54)	(69)

Reconciliation of tax charge for the year

The corporation tax assessed for the year differs from the standard rate of corporation tax in the UK of 25% (2023: 23%). The differences are explained below:

	2024 £000	2023 £000
Profit before tax	4,174	2,653
Tax on profit on ordinary activities before tax at standard rate of 25% (2023: 23%)	1,044	610
Effects of:		
Differences in overseas tax rates	(172)	(98)
Tax losses not recognised	84	125
Utilisation of previously unrecognised tax losses	(2)	(94)
Research and development	(99)	(83)
Other differences	-	(15)
Effect of changes in tax rates and tax laws	39	33
Expenses not deductible for tax purposes	179	44
Adjustment in respect of prior periods	(78)	(32)
Total tax charge for the year	995	490

The Group's tax rate is sensitive to a geographic mix of profits and reflects a combination of higher rates in the UK and US and lower rates in Singapore and Macau along with R&D tax relief in the UK. The Group's effective tax rate has increased in 2024 as unrecognised tax losses in Singapore were fully utilised in 2023.

Deferred tax

The deferred tax in the Consolidated Statement of Financial Position relates to the following:

	Property, plant and temporary equipment differences £000	Other differences £000	Losses £000	Total £000
Deferred tax (liability)/asset				
At 1 December 2022	(566)	(76)	2,311	1,669
Credited/(charged) to the Income Statement	19	(92)	(326)	(399)
Currency translation adjustment	-	(2)	(22)	(24)
At 30 November 2023	(547)	(170)	1,963	1,246
(Charged)/credited to the Income Statement	(169)	18	(594)	(745)
Credited to the Statement of Comprehensive Income	-	30	-	30
Currency translation adjustment	-	-	(6)	(6)
At 30 November 2024	(716)	(122)	1,363	525

Factors that may affect future tax charges

Deferred tax assets of £1.4 million (2023: £2.0 million) have been recognised in relation to legal entities which suffered a tax loss in the current or preceding periods. The assets are recognised based upon future taxable profit forecasts for the entities concerned.

The Group has further losses which may be available to be carried forward for offset against the future taxable profits of certain Group companies amounting to approximately £3.9 million (2023: £3.8 million). No deferred tax asset (2023: £nil) in respect of these losses has been recognised at the year-end as the Group does not currently anticipate being able to offset these against future profits.

6 Dividends

The following dividends were paid by the Company during the year:

	2024 Pence per share	2023 Pence per share
	£000	£000
Final dividend paid in respect of prior year but not recognised as a liability in that year	3.0 516	2.0 344
Interim dividend paid in respect of current year	2.0 344	- -
	5.0 860	2.0 344
Total dividend paid, net of shares held by the share trust	5.0 845	2.0 338
Recommended final dividend for the year ended 30 November	2.5 430	3.0 515

Subject to shareholders' approval at the Company's forthcoming Annual General Meeting, which is to be held on 7 May 2025, the Directors recommend the payment of a final dividend of 2.5p per share (2023: 3.0p per share) to be paid on 16 May 2025 to shareholders on the register as at the close of business on 25 April 2025 (the shares being marked ex-dividend on 24 April 2025). The Company paid an interim dividend of 2.0p during the year (2023: £nil) and therefore the proposed FY24 total dividend is 4.5p per share (2023: 3.0p per share).

7 Earnings per share

	2024 Pence per share	2023 Pence per share
Basic earnings per share	18.8	12.8
Diluted earnings per share	18.3	12.8
Underlying basic earnings per share	21.6	14.2
Underlying diluted earnings per share	21.1	14.2

Profit per share has been calculated by dividing the profit attributable to equity holders of the Parent after taxation for each financial year by the weighted average number of ordinary shares in issue and ranking for dividend during the year.

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

	2024 £000	2023 £000
Earnings for basic and diluted earnings per share	3,179	2,163
Non-underlying items	531	302
Impact of non-underlying items on tax credit for the year	(54)	(69)
Earnings for underlying basic and underlying diluted earnings per share	3,656	2,396

	2024 000	2023 000
Weighted average number of ordinary shares - basic calculation	16,891	16,889
Dilutive potential ordinary shares arising from share options	471	1
Weighted average number of ordinary shares - diluted calculation	17,362	16,890

8 Company Information

The financial information set out herein does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 as it does not contain all the information required to be disclosed in the financial statements prepared in accordance with UK-adopted International Accounting Standards. The financial information for the year ended 30 November 2024 has been extracted from the Group's audited financial statements which were approved by the Board of Directors on 3 March 2025 and which, if adopted by the members at the Annual General Meeting, will be delivered to the Registrar of Companies for England and Wales.

The financial information for the year ended 30 November 2023 has been extracted from the Group's audited financial statements which have been delivered to the Registrar of Companies for England and Wales.

The reports of the auditors on both these financial statements were unqualified, did not include any references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

Copies of these results, and the full financial statements when published, will be available on the Company's website at www.synecticsplc.com and at the Company's registered office: Synectics plc, Synectics House, 3-4 Broadfield Close, Sheffield, S8 0XN.

Forward-looking statements

This report may contain certain statements about the future outlook for Synectics plc. Although the Directors believe their expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

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