*This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**MAR**"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.*

24 July 2025

SysGroup plc

('SysGroup' or the 'Company' or the 'Group')

Final results for the year ended 31 March 2025

SysGroup plc (AIM:SYS), the trusted partner for cloud, cybersecurity, and AI enablement, delivering end to end solutions at the intersection of cybersecurity and digital transformation for the UK mid-market, today announces its audited results for the year ended 31 March 2025 ('FY25' or the 'Period').

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 aconsultative, 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 ofthe 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 down sell 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[2]: £3.6m (FY24: Net Debt position £(3.4)m) reflects the movements above.

Notes:

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

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

Heejae Chae Executive Chairman commented:

"We have laid strong foundations for sustainable, scalable growth through strategic, operational, and financial transformation. Our shift to a consultative, outcome-led model is gaining traction, reflected in the return to growth in managed services and improved pipeline activity. Whilst near-term conditions remain uncertain-with cautious SME spending and elongated decision cycles-we are stabilising our core and rebuilding customer trust. Given current visibility, we expect FY26 performance to be broadly in line with FY25, though we remain cautiously optimistic.

Looking ahead, we are confident in our direction. Cybersecurity and AI are structural growth markets where SysGroup is well-positioned to lead. Heightened awareness of cyber risk and accelerating AI adoption present clear opportunities to support customers. With disciplined execution-organically and through targeted acquisitions-we are building a resilient, future-ready organisation that delivers sustained value."

For further information please contact:

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Heejae Chae, Executive Chair
Owen Philips, Chief Financial Officer

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Jordan Warburton
Nick Cowles
Emma Burn
Nick Searle

About us

SysGroup plc is a managed service provider of end-to-end data solutions enabling us to take our customers on their digital transformation 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, Edinburgh, London, Manchester and Newport.

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

Executive Chairman's Review

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 delivery 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 down sell. 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

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 £2.81m (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:

	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 below).

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 fund-raising 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.

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)

The Consolidated Statement of Cashflows 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.

£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. Saye 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 3-year period.

More detail is provided in the Remuneration Report and note 9 to the financial statements.

KPIs

The Board of Directors review 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

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, shared based payment charge, share scheme setup 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

	Notes	2025 Group £'000	2024 Group £'000
Assets			
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**

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

	Notes	2025 Company £'000	2024 Company £'000
Assets			
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**

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).

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
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**
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 CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 Group £'000	2024 Group £'000
Cashflows 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 cashflows 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
Cashflow from operations		**(660)**	**1,104**
Taxation received/(paid)		40	(439)
Net cash (used in)/from operating activities		**(620)**	**665**
Cashflows 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)**
Cashflows from financing activities			
Payment of contingent and deferred 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

This consolidated financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the financial year ended 31 March 2024 are an extract of the Company's statutory accounts for the year ended 31 March 2024, prepared in accordance with International Financial Reporting Standards (IFRS), approved by the Board of Directors on 23 June 2024 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

The statutory accounts for the year ended 31 March 2025 will be delivered to the Registrar of Companies following the

Company's Annual General Meeting. The Auditors have reported on those accounts; their report was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

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). While the financial information included in this annual financial results announcement has been prepared in accordance with the recognition and measurement principles of international accounting standards in conformity with the requirements of Companies Act 2006, this announcement does not contain sufficient information to comply with IFRS and FRS 101.

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 c86% 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	-
Disposal	(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 term, with the discount rate 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, and the fair value of contingent consideration is based on the expected future cashflows 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 exceed 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 and 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 comprises 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	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

	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.	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 cashflows, 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 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 believe 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 is 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 the 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 behavioral 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

- 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 measurable. 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 asset	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, 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

Impairment of goodwill and other intangibles

The Group tests goodwill for impairment annually and in line with the stated accounting policy. This involves judgement

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 CGU's 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
- Considering whether or not it is reasonably certain that a termination option will not 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 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	
	2025	2024	2025	2024
Financial Assets	£'000	£'000	£'000	£'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	
	2025	2024	2025	2024
Financial Liabilities	£'000	£'000	£'000	£'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 and Company	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000	£'000	£'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 cashflow 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 cashflows) of financial liabilities:

Group	Up to 3 months	Between 3 & 12 months	Between 1&2 years	Between 2&5 years	Over 5 years
At 31 March 2025	£'000	£'000	£'000	£'000	£'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	Up to 3 months	Between 3 & 12 months	Between 1&2 years	Between 2&5 years	Over 5 years
At 31 March 2025	£'000	£'000	£'000	£'000	£'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 '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 are 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, and 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 and 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.

	2025	2025	2024	2024
Revenue by operating segment	£'000	%	£'000	%
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	2025	2024	2024
	£'000	%	£'000	%
UK	20,379	99%	22,573	99%
Rest of World	122	1%	141	1%
	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

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

	2025	2024
	£'000	£'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	**2024**
	£'000	**£'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**	**2024**
	£'000	**£'000**
Interest received on cash deposits	371	-
	371	**-**

Finance expense

	2025	**2024**
	£'000	**£'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	-
	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	2024
	£'000	£'000
Wages and salaries	5,586	5,034
Social security costs	679	520

Social security costs	[illegible]	[illegible]
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:

	2025	2024
Directors	£'000	£'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	2024
	£'000	£'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**

CEO exit and settlement relates 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 relate 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. Saye 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 at 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 1-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 - 20 August 2034	-	-	230	-	(230)	-	-

	2034							
21 March 2025	20 August 2029 - 20 August 2034	-	-	230	-	-	-	230
PSP								
20 August 2024	20 August 2027 - 20 August 2034	-	-	624,600	(36,364)	-	-	588,236
20 August 2024	20 August 2029 - 20 August 2034	0.60	-	1,328,451	-	-	-	1,328,451
SAYE								
1 October 2024	1 October 2027 - 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 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 awards 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 that are participants in both the VCP and PSP, a separate PSP fair value is calculated, using a series of Black Scholes models which captures the negative market condition relating to the clawback of PSP awards where the VCP vests.

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 forwards, 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.

No. of Ordinary Shares

Grant date	Exercise period	Exercise price	At 31 March 2024	Granted	Waived	At 31 March 2025
21/02/2016	21/02/19 to 20/02/26	55.2p	5,000	-	-	5,000
26/11/2018	26/11/21 to 25/11/28	42.5p	150,000	-	(60,000)	90,000
06/04/2021	06/04/24 to 05/04/31	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 their 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-Feb16	26-Nov18	06-Apr21
Expiry date	20-Feb26	25-Nov28	05-Apr31
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.

				No. of Ordinary Shares		
Grant date	Exercise period	Exercise price	At 31 March 2024	Granted	Exercised	At 31 March 2025
28/06/2018	28/06/21 to 27/06/28	1.0p	-	-		-
6/07/2018	16/07/21 to 15/07/28	1.0p	450,000	-	(300,000)	150,000
15/07/2019	15/07/22 to 14/07/29	1.0p	150,000	-	-	150,000
08/07/2020	08/07/22 to 07/07/30	1.0p	150,000	-	-	150,000
21/06/2021	21/06/23 to 20/06/31	1.0p	107,805	-	-	107,805
21/06/2022	21/06/24 to 20/06/32	1.0p	170,406	-	-	170,406
17/04/2023	17/04/25 to 16/04/33	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 their 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-Jun-18	16-Jul-18	15-Jul-19	08-Jul-20	21-Jun-21	21-Jun-22	17-Apr-23
Expiry date	27-Jun-28	15-Jul-28	14-Jul-29	07-Jul-30	20-Jun-31	20-Jun-32	16-Apr-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	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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 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 £'000s	Fair value adj £'000s	Fair value £'000s
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 cashflow 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 on 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 2025 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	2024
	£'000	£'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

	2025	2024
Current tax	£'000	£'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	2024
	£'000	£'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	2024
	£'000	£'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	**Fixed asset timing differences**	**Short term timing differences**	**Share based payments**	**Customer relationships**	**Total**
	£'000	**£'000**			**£'000**	**£'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 2025	**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 a 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	2024	2025	2024
	£'000	£'000	£'000	£'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 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 Security Solutions	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

	2025	2024
Company	£'000	£'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 cashflows given the current economic environment.

	Group			**Company**		
	Current	**Over 1 month past due**	**Total**	**Current**	**Over 1 month past due**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'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	Group	Company	Group	Company
	2025	2025	2024	2024
Amounts due within one year	£'000	£'000	£'000	£'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	Company	Group	Company
	2025	2025	2024	2024
	£'000	£'000	£'000	£'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

	Group	Company	Group	Company
	2025	2025	2024	2024
Non- current	£'000	£'000	£'000	£'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**

	Group	Company	Group	Company
	2025	2025	2024	2024
Current	£'000	£'000	£'000	£'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

	Group	Company	Group	Company
	2025	2025	2024	2024
Contract liabilities	£'000	£'000	£'000	£'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 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.

END

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