



Annual report and accounts *2026*

SysGroup plc (AIM: SYS) is 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.

Four integrated technology pillars underpin our offering and address the full technology lifecycle for SME customers.

- SysAccess delivers fully Managed IT Services with AI-driven monitoring and 24/7 support.
- SysGuard provides CREST-certified continuous threat validation, automated XDR and SOC, and incident response.
- SysProve offers always-on compliance assurance across ISO 27001, Cyber Essentials and GDPR.
- SysVault delivers ultra-resilient data protection, backup, DRaaS and cyber recovery.

These are complemented by Saxis Group Limited (“Saxis”), the enterprise storage, data protection and hybrid infrastructure specialist acquired in December 2025, which strengthens our ability to support complex mid-market and regulated customers.

Our partner ecosystem is deliberately concentrated around market leaders, including Microsoft, Zscaler, Rubrik, NetApp, CyberArk, Tenable and Mimecast. SysGroup is one of the only UK Managed Service Providers (MSPs) with deep expertise and certified partnerships across three of the most trusted names in Zero Trust security: Zscaler, CyberArk and Rubrik.

Most MSPs still operate in the past. SysGroup is already operating at what we describe as MSP 3.0, embedding AI, data and automation across every service to predict problems, prevent incidents and proactively drive client outcomes. With more than 20 years of UK IT expertise, we combine deep technical capability with the accountability and continuity expected of a strategic partner rather than a transactional supplier.

As specialists in AI and machine learning enablement, we take 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, then strengthen infrastructure, governance and data maturity so customers are not merely ‘AI ready’, but equipped to deploy AI that delivers immediate and compounding business value. Large consulting firms typically target the upper end of the market with engagement models out of reach for most SMEs, while the wider MSP market remains highly fragmented and largely transactional. SysGroup occupies the space in between, further reinforced by the November 2024 acquisition of the trade and assets of Crossword Consulting Limited, which extended Board level cybersecurity advisory and vCISO capability across FTSE 100, FTSE 250 and other large enterprise clients.

As at 31 March 2026, SysGroup employed 83 staff, including Executive Directors, across offices in Manchester, Edinburgh, London, Pinewood and Newport.

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Highlights

Financial performance and key metrics

	2026	2025	Change %
Revenue	£22.07m	£20.50m	8%
Recurring revenue as a % of total revenue*	83%	86%	-3pp
Gross margin %	47%	49%	-2pp
Adjusted EBITDA ¹	£1.19m	£0.95m	26%
Statutory loss before tax	£(2.24)m	£(2.45)m	9%
Basic EPS	(2.2)p	(2.3)p	4%
Adjusted basic EPS ²	0.4p	0.3p	33%
Cash and cash equivalents	£7.74m	£8.74m	(11%)
Net cash ³	£2.70m	£3.60m	(25%)

*Managed IT Services as a % of total revenue excluding mid year Saxis acquisition: 87% (2025: 86%).

Strategic and operational highlights

Momentum has compounded through the year, with trading for the year ahead of expectations and AI moving from a discrete initiative to the Group's operating model.

SysGroup has continued its transition into an advisory-led, end-to-end Managed IT Service Provider positioned at the intersection of cybersecurity and AI. Cybersecurity grew to 45% of FY26 revenue (FY25: 40%), while Managed IT Services overall stood at 83.1% of the revenue mix (FY25: 86.3%), dropping slightly overall due to increased Value-Added Resale (VAR) in the period due to the acquisition of Saxis in December 2025, which is predominantly VAR. Excluding Saxis, Managed IT Services increased year on year to 87.3%.

• Enhanced capabilities:

- On 22 December 2025 the Group acquired Saxis for £1.25m in cash plus up to £0.50m in earn-out consideration, funded entirely from existing cash. Saxis is a UK specialist in enterprise storage, data protection and hybrid infrastructure, including NetApp technologies, which delivered unaudited revenue of c.£2.10m for the twelve months to September 2025.
- The first material post-acquisition win followed in February 2026, when Saxis was appointed by Dacorum Borough Council to deliver a full IT infrastructure refresh programme.

— Internally, the AI Conductor platform is emerging as an orchestration layer for service delivery and a faster, lower-cost integration engine for future acquisitions.

• Operational restructuring continued:

Service desk headcount has reduced from 36 at FY23 to 25 today while throughput per engineer has risen. Group headcount, including Executive Directors, has reduced from 107 in FY23 to 83 at the end of FY26 (77 excluding acquisition), all delivered while strengthening technical capability and absorbing two acquisitions. AI is now embedded across workflows, data and culture rather than sitting alongside them.

• Cultural and organisational renewal:

On 9 December 2025, the Board appointed Dr David K. Park as Advisor to the Board on Artificial Intelligence, bringing more than two decades of experience across AI, digital innovation and venture creation in his role as Managing Director of AI and Strategy at Warren Equity Partners.

• Financial strengthening:

Revenue rose 8% to c.£22.1m and adjusted EBITDA¹ improved to c.£1.19m (FY25: £0.95m), with H2 revenue up 17% year on year including £1.05m of contribution from Saxis. The Group ended the year with gross cash of c.£7.74m and net cash³ of c.£2.70m, having funded the Saxis transaction in full from available cash.

Financial highlights (for the year ended 31 March 2026)

• Group revenue increased by 8% to £22.07m (FY25: £20.50m):

Driven by a stronger second half of the financial year. Revenue in H2 increased by 17% compared with the same period in FY25, including £1.05m from the Saxis acquisition which completed in December 2025. On an organic basis, H2 revenue grew by 7% year on year.

• Gross margin: 47% (FY25: 49%):

Reduction in margin solely relates to the impact of changes in the mix towards security services and away from higher-margin legacy hosting business.

• Adjusted EBITDA¹ increased 26% to £1.19m (FY25: £0.95m):

Growing 8% on an organic basis (excluding Saxis), demonstrating the success of our AI-led strategy in driving efficiencies across our business.

• The £2.24m statutory loss before taxation (FY25: £2.45m):

Is driven principally by non-cash and non-recurring charges, chiefly £1.54m amortisation of intangibles, £0.51m of depreciation and £0.64m of exceptional items.

• Gross cash: £7.74m (FY25: £8.74m):

Following the net payment of £0.83m (£1.25m payment less cash acquired of £0.42m) in cash consideration relating to the acquisition of Saxis. Debt remains unchanged with the Net Cash Position³ of £2.70m (FY25: Net Cash position £3.60m) also reflecting the acquisition.

• Confidence in the direction of travel:

Underlined by the Executive Chair's purchase of 645,119 further Ordinary Shares in February 2026.

¹Adjusted EBITDA is profit before net finance costs, taxation, depreciation, amortisation, exceptional items, share-based payments and share scheme set-up costs

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

³Net cash represents cash balances less bank loans and lease liabilities excluding deferred and contingent consideration



Strategic report

Executive Chairman's statement

Introduction

FY26 has been a year of consolidation, where all the efforts of the past two years became visible in the numbers and set the upward trajectory of sustainable, profitable growth. We have been focused on rebuilding foundations, addressing legacy challenges and building a suite of capabilities focused on cybersecurity, managed services and AI-enabled operational delivery.

What we achieved is not just a restructuring of a legacy traditional MSP. We fully leaned in on the latest AI tools and technologies to transform SysGroup into a business with a differentiated strategy and an operating model that, I believe, sets us apart in a crowded and fragmented £10 billion addressable UK MSP market.

Group revenue grew 8% to £22.1m, driven by a particularly strong second half. H2 revenue increased 17% year on year, with organic growth of 7%. Adjusted EBITDA for the full year increased 26% to £1.2m, ahead of market expectations, with £1.0m delivered during the second half and margin level maintained into the first quarter of the new year. The cash generation was strong, with cash conversion of 105% (FY25: 54%) and gross cash of £7.7m (net cash of £2.7m) after payment of £1.25m for purchase of Saxis.

These results were not achieved in a favourable demand environment. SME discretionary spending remained cautious throughout the year. We have achieved our growth by increasing our share of wallet with our customers, reflected in average annual contract value per customer increasing 77% over two years. Additionally, we have been able to secure a new three-year managed service contract with The Scout Association whilst minimising churn, which has historically been high.

Delivering on what we said

Last year's statement highlighted an important inflection point: two sequential quarters of managed services revenue growth for the first time in two years, alongside a significant reduction in churn. The expectation was that those trends would sustain.

We are pleased to report that Managed IT Services revenue for FY26 increased £0.7m compared to £(0.9)m decline in FY25. Managed IT Services now accounts for 83% of the revenue mix (FY25: 86%), with Value-Added Resale (VAR) comprising 17% (FY25: 14%). Value-Added Resale (VAR) in the period increased slightly due to the acquisition of Saxis in December 2025, which is predominantly VAR. Excluding Saxis, Managed IT Services increased year on year to 87%.

The Group's revenue base is higher quality and more defensible than at any point in recent years.

On AI, last year's statement signalled that early service desk improvements would translate into structural efficiency gains and that AI would drive the operational model of the Company, leading not only to enhanced operational economics but also to a differentiated sales engine. Artificial intelligence moved from ambition to operational reality at SysGroup during FY26 as it is operationally embedded in every function of the business. In FY26, all functions reported active AI adoption against measurable outcomes, supported by a deliberate programme of structural work - integrated source data, secure AI bridges and a portfolio of custom AI applications - that turns off-the-shelf models into a SysGroup-specific operating engine. The work done in FY26 establishes the foundation for the AI-native operating model that underwrites the next phase of value creation at SysGroup.

We are already seeing measurable benefits of the new operational model. The Group delivered

£1.2m of annualised cost reduction without compromising service capability or reduction in service portfolio. We believe that the new cost base can support our growth ambition without significant increase in cost.

On cybersecurity, the Group continued to strengthen its position in a market where customer demand is being driven by increasing regulatory pressure, expanding threat landscapes and growing infrastructure complexity. Cybersecurity (which forms part of IT Managed Services) now represents 45% of total revenue, which is almost entirely Managed IT Services and remains one of the Group's most strategically important growth areas.

During the year, the Group deepened relationships with several world-leading technology partners, including Zscaler and Rubrik, enhancing both our technical capability and our ability to support customers with increasingly complex security, resilience and compliance requirements. These partnerships, alongside our consulting and advisory capability, deepen customer engagement, broaden our strategic relevance and reinforce SysGroup's position as a long-term partner rather than a transactional supplier.

On M&A, the fragmented MSP market was identified as an opportunity for selective, accretive acquisitions capable of being integrated efficiently through AI-enabled onboarding and operational tooling.

In December 2025, we completed the acquisition of Saxis Group Limited for a purchase price of £1.25m in cash, with a further earn-out of up to £0.5m. Saxis brought a high-quality public sector and regulated client base, deep expertise in enterprise storage and data protection, and long-standing customer relationships.

Integration has progressed materially faster than prior acquisitions. Revenue synergies are already emerging, with approximately 30% of Saxis's contract wins since acquisition generated through cross-sell of SysGroup's broader portfolio into Saxis accounts.

AI-led operating model

Our approach to artificial intelligence has evolved as quickly as the technology itself. We began by developing our own solutions, but soon recognised that the pace and scale of this generational shift could not be met by building it internally. We moved instead to adopt best-in-class tools — at first as discrete capabilities and increasingly as a connected network of solutions that work together across the business. Critically,

we resisted the temptation simply to automate what already existed. Before deploying AI at scale, we invested the time to understand how SysGroup actually operated: where the friction was, how work really got done and what had to change before technology could compound the gain. We reorganised around that understanding, restructuring the operating model first so that automation accelerated a better business rather than entrenching an old one. The same discipline now shapes the next phase: connecting our customer, service and assurance data into a single, governed view of operational reality, so that our AI can reason and act across the whole picture of a customer rather than within the limits of any one system. That connected foundation is what turns AI from a collection of productivity gains into a genuine operating advantage.

The service desk: operational leverage in practice

The service desk is where the operational impact of the Group's AI strategy is most visible.

Over the past two years, the Group's service desk has delivered a step-change in performance: standard tickets are now resolved roughly twice as fast, while customer satisfaction has averaged 98%, above target every month over the last 12 months, and our Net Promoter Score has increased 4x over two years, from 8 to 32. P1 critical incidents have fallen by a third year on year, and the ticket backlog is down 34% to a two-year low. Routine demand is being engineered out before it reaches the engineer; monthly volume is down 17% year on year, with routine low-touch tickets down 24%, as we deliver higher quality from a leaner delivery structure.

That improvement was delivered while reducing service desk headcount from 33 to 25, a 24% reduction. This has been achieved through workflow redesign, automation and AI-enabled operational tooling embedded across core service desk processes, supported by the underlying data infrastructure required to make those tools effective. We are rolling out internal proprietary software to automatically solve tickets for both our own internal systems and for our client estates, further freeing up engineers' time to proactively solve issues before they are raised as tickets. The commercial consequence is straightforward. SysGroup has structurally reduced its cost to serve, with front-line payroll down 39%, while improving customer experience. This is how operational efficiency translates into operating leverage, and it is increasingly visible in the Group's margin profile.

MSP 3.0: The model emerging

The MSP 3.0 strategy was built around a simple thesis: that the traditional managed services model was becoming increasingly commoditised and that AI, cybersecurity and operational intelligence would create an opportunity to build a genuinely different kind of MSP. That thesis has strengthened.

The UK MSP market remains highly fragmented, with many providers operating narrow, transactional service models with limited differentiation. At the same time, customers face increasing technology complexity, expanding cybersecurity obligations and growing pressure to manage cost more effectively. The gap between what customers need and what most providers can deliver is widening.

What distinguishes the MSP 3.0 model in practice is the quality of intelligence it generates. SysGroup is building a proprietary intelligence mesh consisting of six specialist monitoring tools, integrated to deliver continuous, full-stack visibility across every layer of a client's technology environment - from physical infrastructure through to the cloud applications employees use every day. That data feeds a central intelligence layer, where it is combined, interpreted and translated into action. Over time, this builds a comprehensive intelligence profile for each client - a digital fingerprint. The same proprietary signal serves three stakeholders inside the business: our operations team, who use it for predictive remediation; our commercial team, who engage customers with intelligence rather than guesswork; and our acquisition and integration team.

In practice, this shifts SysGroup from reactive to proactive. We identify issues before they surface, anticipate needs before they are articulated and convert intelligence into client conversations built on evidence. During the year, the Group introduced VISTA, its Visibility as a Service product, making this intelligence visible to customers in real time across assets, environments and compliance posture.

Contract wins during the year, including a renewed and expanded three-year agreement with the Scouts Association secured through competitive tender, demonstrate the commercial traction of a model built on proactive insight rather than transactional activity.

The Board formalised AI as a governance and capital-allocation priority through a dedicated strategy session during the year. The appointment

of Dr David Park as AI Adviser to the Board reflects the importance the Board places on disciplined execution as this model develops.

Our people

The transformation of SysGroup has been delivered by its people.

Total headcount has reduced from 107 in FY23 to 83 at the end of FY26 (77 excluding Saxis acquisition), while service quality has improved, capabilities have broadened and two acquisitions have been successfully integrated. It reflects a meaningful increase in productivity, accountability and operational focus across the organisation.

During the year, the Group completed its first full Objectives and Key Results (OKR) cascade, with objectives aligned from company level through to individual accountability. This represents an important step in building the culture and operating discipline required to support the Group's next phase of growth.

We recruit for the capability and disposition to work effectively in an AI-enabled environment, and we measure AI adoption across the business as an operational metric. The team we have built is designed for the model we operate.

Owen Phillips, Chief Financial Officer, has notified the board of his intention to step down from the board with immediate effect to pursue a new opportunity, but will support the Group over the next few months to provide an orderly handover. He will be succeeded by Craig Ormesher as Interim CFO, who joined the Group from LBG Media plc in 2024. Prior to this, Craig spent 10 years in PwC's audit practice.

Outlook

What we have built over the past two years is not a restructured legacy MSP; it is a fundamentally different business. We have leaned fully into AI, re-engineering how the company operates from the ground up rather than bolting technology onto old processes. AI is now operationally embedded in every function of the business, cybersecurity accounts for 45% of Group revenue and we have structurally reduced our cost-to-serve while our Net Promoter Score has increased 4x over the past two years.

FY26 shows the model working: revenue up 8%, Adjusted EBITDA up 26% and strong cash generation, all achieved in a cautious SME spending environment. This is MSP 3.0:

a connected, AI-native service model that breaks the traditional link between growth and headcount. We have entered FY27 on the same trajectory as H2 FY26, and that momentum has been maintained in the early months of the new financial year. The Board remains confident of making further progress.

On behalf of the Board, we thank our employees for their commitment, our customers for their trust and our shareholders for their continued support.



Heejae Chae
Executive Chairman

Smart. Secure. Ready for Tomorrow.

In the spotlight: the people, partnerships, and milestones driving SysGroup forward, from strategic acquisitions and our Security Summit to customer success stories and the launch of our bold new MSP 3.0 brand.

Acquisition • 22 December 2025

Proudly part
of SysGroup



Where we come from

25
years in the
mid-market

SAXIS was founded by IT professionals. For 25 years we've helped mid-market IT teams choose, deploy and run the right infrastructure. As partners, not suppliers.

Specialist

A data-centre and infrastructure focus, not a generalist reseller.

Vendor-agnostic

The right technology for the problem, every time.

One point of contact

Whatever the technology, one team to call.



Structure

The business is now made up of **four key segments**

01

Support

Managed IT support and service desk, around the clock.

02

Solutions

Infrastructure, cloud and data, built around the customer.

03

People

Experienced engineers and consultants on every engagement.

04

Logistics

Procurement, deployment and lifecycle across every site.

We now have an even broader reach across the global ecosystem, which means we're well placed to continue and amplify our offerings as we move forward.

Security summit at Pinewood



SysGroup and SAXIS customers together at Pinewood for a full day showing what the acquisition means in practice: more experience, more resource, more capability.

8

expert sessions

3

security partners

90

years of Pinewood

VISTA

most-requested demo

Lee Douglas | SysGroup

Welcome & acquisition update

A far broader bench of expertise, solutions and support now available to every customer.

Chris Page | Zscaler

The AI security platform

Zero Trust built for the AI era: ZPA, ZDX and DLP protecting users, data and apps.

Simon Kirkup | SysGroup

The Digital House

A clear framework for how modern IT infrastructure should be built and managed.

Phil Salmon | Rubrik

Cyber resilience in the AI era

Perimeter security alone is no longer enough; detect and alert before an incident.

Dan Box | NetApp

Prepare, protect, respond

Defence at the storage layer: resilience built in when ransomware targets backups first.

Gareth Loyns | SAXIS

From risk to resilience

Zscaler, Rubrik and NetApp together, with the right partner to manage it all.

Moments from the day



Heatherden Hall BBQ



Underwater stage tour



VIP M:I screening



Networking & demos

Scouts

A UK youth organisation and charity supporting over half a million young people and volunteers.



The challenge

A legacy MPLS network had become costly and inflexible. Site connectivity lacked agility, cross-site traffic had limited modern security and hardware across locations was ageing.



The solution

A VISTA-led assessment informed a targeted refresh: dedicated site circuits replacing MPLS, a Zero Trust overlay and a full hardware refresh across every location.



What VISTA revealed

9

locations mapped

583

devices discovered

96

network devices

60

end-of-sale

76

non-recommended SW

Visibility

Complete, evidence-based view of the estate before any change, replacing tribal knowledge with audit-ready insight.

Connectivity

Dedicated circuits replacing MPLS: consistent, high-performance connectivity and modern, supported hardware everywhere.

Security

A ZTNA model replacing implicit trust with continuous verification, tightly controlled cross-site access.

VISTA

The day's most-requested demo. Continuous, real-time visibility across your environment, surfacing risks before they escalate.

“Following a thorough tender process, SysGroup demonstrated a strong understanding of our organisation, our values and our requirements.”

— Scouts



Strategic report

Chief Financial Officer's report

Introduction

FY26 was the year the Group's transformation became visible in its financial results.

Revenue grew 8% to £22.07m (FY25: £20.50m), driven by a strong second half in which revenue rose 17% year on year, including the first contribution from Saxis Group Limited, acquired in December 2025 for £1.25m in cash plus up to £0.50m of earn-out and funded entirely from existing cash.

Adjusted EBITDA increased 26% to £1.19m (FY25: £0.95m), reflecting both the revenue performance and the £1.20m of run-rate savings delivered through Project Atlas, the Group's AI-enabled restructuring programme. The statutory loss before tax narrowed to £2.24m (FY25:

£2.45m) and remains driven principally by non-cash charges, chiefly amortisation of acquired intangibles. Cash generation was a particular strength, with operating cash conversion of 105% (FY25: 54%) leaving the Group with gross cash of £7.74m and net cash of £2.70m at the year end.

This report covers each of these areas in turn: trading performance, the balance sheet and the Saxis acquisition, the cash position, including the Group's £8.00m revolving credit facility, and the employee share schemes introduced to align employees with shareholder value creation.

<i>Revenue by operating segment</i>	<i>2026 £'000</i>	<i>2025 £'000</i>	<i>%</i>
Managed IT Services	18,352	17,696	4%
Value-Added Resale	3,720	2,805	33%
Total	22,072	20,501	8%

Group statement of comprehensive income

The Group delivered revenue growth of 8% and a 26% increase in Adjusted EBITDA, with trading ahead of expectations.

Momentum compounded through the year as AI moved from a discrete initiative to a core part of the Group's operating model, and SysGroup advanced its transition to an

advisory-led, end-to-end Managed IT Services provider. Growth in both Managed IT Services and Value-Added Resale revenue reflected this momentum towards higher-value solution sales. The revenue mix is now 83% Managed IT Services (including professional services) and 17% VAR (FY25: 86%:14%).

<i>Gross profit by operating segment</i>	<i>2026 £'000</i>	<i>2025 £'000</i>	<i>%</i>
Managed IT Services	9,017	9,186	(2%)
Value-Added Resale	1,256	824	52%
Total	10,273	10,010	3%

<i>Gross profit % by operating segment</i>	<i>2026 %</i>	<i>2025 %</i>	<i>%</i>
Managed IT Services	49%	52%	-3pp
Value-Added Resale	34%	29%	+5pp
Total	47%	49%	-2pp

Gross profit grew 3% year-on-year. The overall 2pp reduction in gross margin reflects the mix shift towards security services and away from higher-margin legacy hosting (MIS: 52% to 49%), partly offset by stronger VAR margins (29% to 34%) from higher-value solution sales.

Core operating expenses, on an underlying basis (excluding the acquisitions in mid FY25 and mid FY26), reduced by £1.12m to £7.53m (FY25: £8.66m), reflecting savings from investment in AI-enabled tooling and systems. Operating expenses (before depreciation, amortisation, impairments, exceptional items and share-based payments), when inclusive of acquisitions, were £9.08m, in line with the previous year (FY25: £9.07m). This was driven by a large restructuring exercise through FY26 entitled "Project Atlas" which delivered £1.20m of run rate savings.

Adjusted EBITDA increased 26% to £1.19m (FY25: £0.95m), representing a margin of 5.4% (FY25: 4.6%).

Exceptional items in the year totalled £0.64m (FY25: £0.83m), of which £0.58m (FY25: £0.42m) relates to integration and restructuring costs arising directly from the Group's multi-year transformation programme and from the integration of recent acquisitions (Saxis Group Limited in December 2025 and the trade and assets of Crossword Consulting Limited in November 2024). Further detail is set out in note 8.

Amortisation of intangible assets was £1.54m (FY25: £1.56m), comprising £1.17m of acquired intangibles (FY25: £1.33m) and £0.37m of software development and licence costs (FY25: £0.23m).

There was no impairment of intangible assets in the year (FY25: £nil). At 31 March 2026, the Group has three cash-generating units (CGUs): the combined IT Managed Services CGU, the Truststream Cybersecurity Limited CGU (acquired in FY25) and the Saxis Group Limited CGU (acquired in the year). Further detail is set out in note 13.

During the year, the Truststream Security Solutions CGU was combined with the legacy IT Managed Services CGU to form a single combined IT Managed Services CGU. This reflects completion of the operational integration of Truststream Security Solutions into the Group's leadership, systems, reporting and budgeting structures, such that cash inflows are no longer largely independent. With effect from 1 April 2025, goodwill previously allocated to Truststream Security Solutions has been reallocated on a relative-value basis to the combined CGU in accordance with IAS 36, and headroom was tested both immediately before and after the reorganisation. The combined CGU now comprises acquisitions completed between 2016 and 2023, with goodwill of £17.95m. The Truststream Cybersecurity Limited and Saxis Group Limited CGUs continue to be assessed on a stand-alone basis.

Impairment indicators were reviewed in light of the CGU reorganisation, and a full value-in-use assessment was performed on each CGU. Sensitivities to the discount rate, terminal growth and forecast EBITDA were tested, and no reasonably possible change in a key assumption would result in an impairment. Full disclosure of assumptions and sensitivities is set out in note 13.

Net finance costs rose to £0.30m (FY25: £0.10m), reflecting lower interest received of £0.16m (FY25: £0.37m) on cash reserves following the £10.60m net fundraising in FY25.

The loan balance increased by £0.09m in the year (FY25: £0.03m). This movement reflects the amortisation of capitalised arrangement and other fees, which are being amortised to finance costs over the term of the facility using the effective interest method in accordance with IFRS 9. Cash interest paid in the year was £0.37m and is recognised within finance costs. The loan continues to be measured at amortised cost.

The share-based payments charge of £0.41m (FY25: £0.20m) relates to share schemes introduced mid-way through the prior year (see below).

The Directors consider Adjusted EBITDA the most appropriate measure of business performance as it reflects the underlying trading of the Group. It is not a statutory measure and is calculated differently by each company. The reconciliation from operating loss is set out below.

	2026 £'000	2025 £'000
<i>Reconciliation of operating (loss) to Adjusted EBITDA</i>		
Operating (loss)	(1,942)	(2,349)
Depreciation	505	538
Amortisation of intangible assets	1,539	1,559
EBITDA	102	(252)
Exceptional items	644	826
Share-based payments	409	197
Share scheme set-up costs	37	174
Adjusted EBITDA	1,192	945

Taxation

The Group has a tax credit of £0.36m this year (FY25: £0.62m), which principally arises from the deferred tax credit movement in the period. The corporation tax current credit of £0.02m (FY25 debit: £0.01m) is as a result of R&D tax credits adjustment in relation to previous periods. The deferred tax movement is a £0.00m debit (FY25: £0.56m credit) due to the increase in amortisation of acquired intangibles recognised in the Consolidated Statement of Comprehensive Income.

Consolidated statement of financial position

Total net assets at the year end were £22.28m (FY25: £23.73m), with non-current assets of £24.04m (FY25: £23.83m) including intangible assets of £22.97m (FY25: £22.39m).

Within intangible assets, there were additions of £1.48m ascribed to customer relationships and brand, with £0.56m ascribed to goodwill

which both wholly relate to the acquisition of Saxis Group Limited (“Saxis”). A further £0.08m of systems development additions reflects capitalised third-party development costs. Remaining year-on-year movement relates to ordinary amortisation.

Property, plant and equipment was £1.07m (FY25: £1.44m), with £0.13m of additions principally on data centre equipment (FY25: £0.18m).

Net trade debtors fell to £2.30m (FY25: £2.94m), driven by timing of invoicing on several large contracts. Prepayments of £2.72m (FY25: £2.37m) and contract liabilities (“deferred income”) of £3.55m (FY25: £3.72m) were broadly consistent, reflecting the working capital model of the security business: customers are typically invoiced annually in advance and supplier costs are received on the same basis, with income and costs deferred and recognised over the contract term.

Saxis acquisition

In December 2025, the Group completed the acquisition of Saxis Group Limited. This was funded via an upfront payment of £1.25m with a further post earn-out payment of £0.50 million due, subject to certain performance conditions over a two-year period and payable in two instalments in 2026 and 2027. This is discounted to £0.42m in the table.

At acquisition, Saxis was holding £1.59m in cash. £1.17m was immediately distributed to the seller as part of the acquisition. The remaining £0.42m was retained as part of the working cash settlement and settled post year end as part of the £(0.23)m final completion accounts adjustment.

The breakdown of the total consideration is set out below:

	£'000
Cash	1,250
Saxis cash acquired and distributed as part of acquisition	1,171
Contingent consideration	421
Completion accounts adjustment	232
Total consideration	3,074

The above transactions are represented in the cash flow statement as below:

	£'000
Cash consideration	1,250
Saxis cash acquired	1,171
Saxis cash distributed as part of acquisition	(1,171)
Cash paid from the Group's own resources	1,250
Less: remaining cash and cash equivalents acquired	(421)
Net cash outflow on acquisition	829

Cash flow and net cash

The components of net cash are set out below.

	2026 £'000	2025 £'000
<i>Group net cash</i>		
Cash balances	7,737	8,740
Bank loans – non-current	(4,858)	(4,770)
Net cash before lease liabilities	2,879	3,970
Lease liabilities – property	(180)	(369)
Net cash	2,699	3,601
Deferred/contingent consideration	(653)	(95)
Net cash including deferred/contingent consideration	2,046	3,506

Cash flow and cash conversion

The Group delivered Adjusted EBITDA of £1.19m (FY25: £0.95m) and adjusted cash generated from operations of £1.25m (FY25: £0.51m), representing an operating cash conversion ratio of 105% (FY25: 54%). Cash conversion is defined as cash generated from operations before tax and integration, restructuring and other exceptional cashflows, divided by Adjusted EBITDA¹.

	2026 £'000	2025 £'000
Cashflow from operations	548	(660)
Integration, restructuring and other exceptional cashflows	700	1,173
Adjusted cash generated from operations	1,248	513
Adjusted EBITDA	1,192	945
Cash conversion % ³	105%	54%

Working capital released £0.17m of cash in the year (FY25: absorbed £(0.83)m), evidencing that underlying working capital intensity remains broadly stable, with no changes in customer payment behaviour or credit quality.

The Consolidated Statement of Cashflows reflects £1.25m of Saxis consideration paid and £0.10m for contingent payments related to the Crossword acquisition in 2024. Further Cash outflows of £0.13m on property, plant and equipment (FY25: £0.18m) relate to internal hardware. £0.08m of intangible asset additions (FY25: £0.57m) relate to third-party system development costs, with the prior-year figure reflecting capitalisation of development on the Group's bespoke AI service desk platform.

The Group's strong cash conversion and net cash⁴ position of £2.70m underpin the Directors' going concern assessment, which is set out in further detail on page 73.

£8.0m revolving credit facility

The Group retains an £8.00m RCF provided by Santander in April 2022 to support acquisitions and working capital. The utilised balance is £4.86m, reflecting the £4.50m drawn to finance the Truststream acquisition in April 2022, with the remainder representing amortised interest charged. There have been no further drawdowns.

The facility has a five-year term expiring April 2027 and bears interest at base rate +3.25% on drawn funds and 1.3% on undrawn funds. Covenants

The reconciliation from Adjusted EBITDA¹ to net cash generated from operating activities is set out below.

(total net debt to Adjusted EBITDA leverage and minimum liquidity) are tested quarterly and were met throughout the year.

The facility provides operational flexibility but is not required to fund working capital, capital expenditure, or contractual obligations during the going concern period, including under the Directors' severe but plausible downside scenarios. The current strategy is to maintain the facility as drawn only so that free cash funds are readily held for possible opportunistic strategic investments as required. This policy remains actively under review by the Board. The interest paid on the loan account during the year was £0.37m

The Group's forecast cash position remains sufficient to repay the drawn balance in full at any point during the assessment period, and the Directors have modelled the facility being repaid in cash on maturity in the base case scenario. The Directors have concluded that the maturity of the RCF within the going concern assessment period does not give rise to a material uncertainty over the Group's ability to continue as a going concern.

Notwithstanding this, the Directors are actively engaging with Santander plc and the broader lending market in good time ahead of the April 2027 maturity to refinance or extend the facility on appropriate terms, with a view to retaining strategic and acquisition headroom. The Group's track record of cash generation, stable customer base and net cash position give the Directors

a high degree of confidence that a replacement facility can be put in place if deemed necessary for future acquisitive activity.

Share option grants

The Group operates three share schemes, all introduced in the prior year:

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

The VCP is an equity-settled scheme incentivising Executive Directors and senior management, administered through SysGroup Holdings No 1 Limited ("SGH"), a wholly owned subsidiary incorporated in FY26. Participants hold nil-cost options over 'A' Ordinary Shares in SGH for the performance period August 2024 to June 2029, sharing in the Group's value appreciation subject to achieving specified performance hurdles. Vesting is subject to continued service and market-based share price conditions.

The PSP grants options to eligible employees, vesting subject to continued employment and EPS performance targets measured over three years.

The SAYE scheme grants options to purchase Ordinary Shares at a discount to the market price at the invitation date, with employees contracted to monthly savings over three years.

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

KPIs

The Board reviews Group performance against the financial measures below; commentary on these results is set out in the Financial Review above.

	2026	2025	Change %
Revenue	£22.07m	£20.50m	8%
Managed IT Services as a % of total revenue*	83%	86%	-3pp
Gross profit	£10.27m	£10.01m	3%
Gross profit %	47%	49%	-2pp
Adjusted EBITDA ¹	£1.19m	£0.95m	26%
Statutory (loss) before tax	£(2.24)m	£(2.45)m	9%
Adjusted Basic EPS ²	0.4p	0.3p	33%
Cash conversion % ³	105%	54%	+51pp
Net cash ⁴	£2.70m	£3.60m	(25%)

*Managed IT Services as a % of total revenue excluding mid-year Saxis acquisition: 87% (2025: 86%).

¹ Adjusted EBITDA is profit before net finance costs, taxation, depreciation, amortisation, exceptional items, share-based payments and share scheme set-up costs

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

³ Cash conversion % comprises adjusted cash from operations before tax, integration, restructuring and other exceptional cashflows, divided by Adjusted EBITDA¹

⁴ Net cash represents cash balances less bank loans and lease liabilities, excluding deferred and contingent consideration



Owen Phillips
Chief Financial Officer
7 July 2026

Principal risks and uncertainties

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

Risk appetite

The Board sets the Group's risk appetite as part of its strategy. The Board has a low appetite for risks to the Group's financial stability, the security and integrity of client data and systems, and compliance with legal and regulatory obligations, reflecting the trust clients place in the Group as a managed services and security provider. It maintains a conservative balance sheet and prudent liquidity headroom in support of this. The Board has a higher, but actively managed, appetite for risk in pursuit of growth, including selective acquisitions and investment in new capabilities.

The Audit Committee has delegated authority to a dedicated Internal Risk Subcommittee. Operating within its Terms of Reference, the Subcommittee meets quarterly to review, analyse and assess key risks, ensuring that the level of risk taken remains within the tolerances the Board considers appropriate to the Group's size and strategy.

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

In line with QCA Code Principle 5, the Board considers risk as a source of both threat and opportunity. As well as managing the current principal risks set out below, it assesses the direction in which each risk is moving and monitors emerging and longer-term risks. The direction of travel for each principal risk is indicated in the table below, together with the related opportunity where relevant.

Principal risk	Potential impact	How we mitigate the risk
Impact on the business from a cyber-attack that disrupts operations and /or causes a breach of data Direction of travel: Moderate	Cyber-attacks are increasingly common across businesses of all sizes and, typically, financially motivated, aiming to steal confidential data, deploy malware, or disrupt infrastructure through DDoS attacks. Consequences can be severe: halted operations, exposed information, and lasting damage to customer trust and reputation.	As a cybersecurity provider, SysGroup applies the same standards internally that it delivers to clients. Our IT security framework includes multiple firewalls with advanced features, reinforced by multiple leading cloud-based security solutions. Operating across multiple data centres with immutable backups with leading solution providers enables failover and disaster recovery.

Principal risk	Potential impact	How we mitigate the risk
		All employees complete regular security training covering phishing, social engineering and password and physical security. Trend and opportunity: The threat continues to intensify, which the Board expects to persist. The same trend reinforces demand for the Group's cybersecurity services, presenting a structural growth opportunity.
Over-reliance on single customers or industry sectors Moderate	Concentration in a small number of key customers or specific sectors increases exposure to revenue volatility from contract changes, client losses, or sector downturns, and can limit long-term resilience.	The Board monitors customer concentration throughout the year, targeting no single customer above 5% of revenue. This threshold was exceeded in the current year, with the Group's largest customer representing 7.7% of total customer billing. This individual customer is mitigated through being tied to long term contracts until 2029. The wider risk is mitigated by a diversified customer base across multiple sectors and by expanded service offerings within our largest customers, which broaden client reach and deepen existing relationships, supporting revenue diversification and long-term resilience.
Supply chain disruption could limit access to the products and licences needed to fulfil client orders Low	The Group procures hardware, software licences and cloud capacity from a network of distributors and vendors in order to fulfil client orders. Much of this hardware is manufactured or sourced overseas, exposing the Group to global events beyond its control, such as geopolitical tension, trade restrictions and tariffs, currency movements, component shortages and logistics or transport disruption. Combined with risks closer to home, such as distributor failure, vendor consolidation, or product discontinuation, this could delay fulfilment, increase input costs and limit the Group's ability to meet client demand. Over-reliance on a small number of vendors for key solutions would heighten this exposure.	Multiple distributors maintained to spread risk and preserve access to alternative sources of supply. Key solutions sourced from established, well-capitalised vendors. Regular reviews of suppliers' financial stability, operational capability and strategic fit undertaken to reinforce supply-chain resilience.
Service delivery failure from key suppliers or partners Low	The Group depends on a number of key partners to deliver services to clients, notably third-party software providers and data centre operators that underpin its managed and cloud services. If any of these partners experiences an outage, performance degradation, security incident, or fails to meet its contractual commitments, the Group may be unable to meet its own service levels to clients. This could result in service interruptions, breaches of client SLAs, reputational damage and potential loss of contracts or revenue.	We select suppliers aligned with our values and quality standards and maintain close relationships with active performance monitoring. Where appropriate, we diversify the supplier base and maintain contingency and exit plans to protect continuity. We also design our solutions to have no single point of failure, connecting with different providers for failover resilience.

<i>Principal risk</i>	<i>Potential impact</i>	<i>How we mitigate the risk</i>
Ability to attract and retain high-quality employees Low	The Group's success relies heavily on delivering high-quality service to customers, which in turn depends on maintaining a motivated and skilled workforce. High employee turnover or challenges in attracting talent pose a risk of skill shortages and a potential decline in service quality, which could impact overall business performance. This pressure is most acute in certain specialist areas, including parts of our cybersecurity and emerging AI capability.	The Group has developed succession planning for key positions across the business to ensure leadership continuity and organisational resilience. We provide well-structured and competitive reward and benefit packages that support our ability to attract, motivate and retain talented employees. We also offer training and development opportunities that enable staff to grow and progress in their careers while enhancing their skills and capabilities. Employees receive regular performance reviews and ongoing discussions throughout the year to ensure that any issues, development needs, or opportunities are identified and addressed.
Breach of laws or regulations leading to contractual disputes, reputational damage, litigation, or financial penalties Low	The Group operates in a regulated environment and must comply with a range of legal and regulatory obligations, including data protection (GDPR), cyber and information security requirements, employment law, and contractual and sector-specific standards. Failure to comply, whether through error, oversight, or a change in legislation, could expose the Group to regulatory investigation, fines, litigation and contractual disputes with clients. Beyond the direct financial cost, this could damage the Group's reputation, erode client trust and affect its ability to win and retain business in markets where security and compliance are central to the buying decision.	The Group maintains a detailed understanding of its legislative and regulatory obligations, supported by internal expertise and external professional advice where appropriate. Compliance ownership is clearly assigned and systems, policies, and procedures are reviewed and adapted proactively as requirements change. Ongoing training and periodic assessment of employee skills across the Group reinforce a culture of compliance, with oversight provided at Board level. Trend and opportunity: Regulatory requirements continue to expand. This raises compliance cost, but also strengthens the case for clients to outsource compliance-sensitive services to a trusted partner.
Customer non-payment leaving the Group exposed to non-cancellable supplier commitments Low	To support major customer contracts, the Group sometimes enters into non-cancellable multi-year supplier agreements, typically software licences, where the cost is committed upfront regardless of whether the customer continues to pay. If a customer defaults, disputes the contract, or becomes insolvent, the Group remains liable for the supplier commitment while losing the associated revenue. This creates a direct margin and cash flow exposure, with the potential for an irrecoverable loss equal to the remaining supplier liability. The risk is concentrated in larger, longer-term contracts where the committed sums are most significant and a single default could have a material effect on profitability in the year it occurs. In practice, this exposure sits largely with larger, lower-risk customers such as banks and established enterprises, where credit failure is rare and no SysGroup customer has triggered this scenario to date.	Customer creditworthiness is assessed before the Group enters into material contracts with committed supplier costs, through formal verification and credit check procedures that include CFO-level review where appropriate. Exposure is concentrated in larger, financially robust customers where the likelihood of default is low. All supplier commitments over £20,000 are approved by the CFO, giving early visibility of any build-up in committed cost. Where possible, payment terms are structured to align customer billing with the underlying supplier commitment, and contract lengths and cancellation rights with suppliers are matched to those agreed with the customer, reducing the gap between committed cost and recoverable revenue. Outstanding balances are actively monitored through credit control so that emerging payment issues are identified and acted on early.

<i>Principal risk</i>	<i>Potential impact</i>	<i>How we mitigate the risk</i>
AI tools are used by staff or systems in ways that create legal, regulatory or contractual exposure, including intentional misuse, accidental overreach (tools accessing data beyond their intended boundary), or compliance gaps under emerging AI regulation. Low	As AI tools become embedded in the Group's operations and service delivery, misuse or poor governance could create material exposure. Staff entering client or personal data into public AI tools, or AI systems accessing data beyond their intended boundary, could breach data protection obligations and client confidentiality terms. Outputs that are inaccurate, biased, or unattributed could lead to flawed decisions, contractual disputes, or intellectual property and licensing issues. As AI-specific regulation matures, notably the EU AI Act and evolving UK guidance, the Group could face compliance gaps if its controls do not keep pace. Collectively, these could result in regulatory penalties, litigation, reputational damage and loss of client trust in markets where data security is central to the buying decision.	The Group maintains an AI usage policy setting out approved tools, acceptable use and clear boundaries on the data that may be processed. Access controls and data governance limit AI systems to their intended scope, with human oversight applied to material decisions and client-facing outputs. Staff receive training on safe and compliant AI use, and emerging AI regulation is monitored so policies and controls can be adapted as requirements develop. AI risk is considered within the Group's wider governance and information security framework, with oversight at Board level. Trend and opportunity: AI adoption is accelerating. Deployed responsibly, it is central to the Group's strategy and a significant opportunity to improve productivity, protect margin and deepen the value delivered to clients.



Strategic report s172 statement

The Directors have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1)(a) to (f) of the Companies Act 2006) in the decisions taken during the year ended 31 March 2026.

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

The Group's strategy and purpose is to be the trusted partner for cloud, cybersecurity, and AI enablement for the UK mid-market. The Group offers an integrated set of modern technologies that collectively meets customers' end-to-end data needs, including connectivity, cloud hosting, AI transformation and governance of customer data, as well as a security layer for users and applications.

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

The Board holds six scheduled meetings per year, supplemented by monthly update calls to maintain effective oversight and strategic direction. Board papers provide a comprehensive review of the Group's financial performance, operational developments, risk management and market conditions, together with an analysis of emerging opportunities and threats.

Matters reserved for the Board include approval of the Group's strategy, annual operating plan and forecasts, capital allocation and financing decisions, potential acquisitions, ESG strategy, corporate governance matters, and the approval of the interim and annual reports and accounts. In its deliberations, the Board seeks to balance the interests of stakeholders while maintaining a focus on long-term sustainable value creation.

Board meetings are chaired by the Executive Chairman, Heejae Chae. The Board's composition and the breadth of skills and experience of its members ensure that it is well placed to provide effective oversight and to determine the strategic direction of the Group. The Board considers the interests of all key stakeholder groups, ensuring that decisions are both balanced and forward-looking.

The Board receives regular updates on the markets in which the Group operates, to ensure it maintains a clear understanding of external dynamics and emerging trends. Members of the Senior Leadership Team and senior management frequently present to the Board on operational performance and strategic initiatives.

(a) The likely long-term consequences of decisions

FY26 was a year of meaningful consolidation and strategic positioning, as the Group adapted to meet the rapidly evolving demands of the technology market. Examples of key decisions taken in FY26 were:

• Saxis acquisition:

In approving the acquisition of Saxis for £1.25m in cash plus up to £0.5m of earn-out, the Board weighed the interests of shareholders (capital discipline in funding the deal from existing cash, with the earn-out aligning risk to performance), customers (enhanced NetApp-led storage, data protection and hybrid infrastructure capability, and service continuity for Saxis's public sector and regulated clients) and employees of both businesses (retention of expertise and integration workload, supported by AI-enabled onboarding).

• AI as operating model:

Embedded AI into service delivery, weighing service quality and efficiency gains against workforce impact (addressed under factor (b)), reducing service desk headcount from 36 to 25.

• AI capability at Board level:

Appointed Dr David K. Park as Advisor to the Board on AI, strengthening Board oversight of the most significant driver of the Group's strategy and risk.

• Strategic repositioning:

Anchored the Group at the intersection of cybersecurity and AI, growing cyber to 45% of revenue (FY25: 40%) and exiting legacy resale.

In each case, the Board considered the consequences for customers, employees and shareholders over the medium and long term, and the Group's capital allocation and acquisition decisions were taken with the aim of building a more recurring, higher-quality and more defensible revenue base.

(b) The interests of our employees

The Group's employees are fundamental to the long-term success of the business. We seek to recruit high-calibre individuals and invest in their ongoing learning and development needs through structured training programmes. Our employee benefits offering is regularly benchmarked against the market and enhanced where appropriate to remain competitive and supportive of our people. We foster a culture of open communication, encouraging all employees to engage actively with their line managers and colleagues. The Senior Leadership Team meets weekly to ensure strategic alignment and maintain focus on key priorities. To gain meaningful insight into the employee experience, we conduct annual employee engagement surveys. Feedback from these surveys plays a crucial role in shaping the decisions of both the Directors and the Senior Leadership Team.

Notably, this has led to impactful initiatives such as the implementation of hybrid working patterns, enhancing employee wellbeing, and the introduction of a comprehensive personal development programme aimed at motivating staff and supporting long-term career progression.

The Board recognises that embedding AI into service delivery and the wider business has changed the shape of parts of our workforce, with the service desk team headcount in particular being significantly reduced. In reaching this decision, the Directors weighed the efficiency and service-quality benefits against the impact on affected employees. The Group supported those affected through redeployment into higher-value roles where possible, reskilling opportunities and, where redeployment was not appropriate, fair and transparent exit arrangements. The Board considers that equipping our people to work alongside AI, rather than be displaced by it, is central to the Group's long-term success and to retaining the trust of our workforce.

At SysGroup, we work collaboratively and hold ourselves accountable to high standards of delivery, mutual respect and shared success. We measure our success by the success of our customers and maintain a culture without silos, where teamwork and shared responsibility underpin performance.

Our organisational values: Learning, Integrity, Kindness and Entrepreneurship form the foundation of our culture and guide how we operate with responsibility and purpose. These cornerstones underpin the execution of our strategy and shape our engagement with our key stakeholders.

Learning

We promote a culture of continuous learning, recognising that the development of talent strengthens our business by enhancing output quality and supporting employee retention. Our training and development programmes enable employees to pursue accreditations and professional qualifications across a range of disciplines. We actively encourage curiosity and knowledge sharing to foster a dynamic and engaging workplace.

Integrity

Integrity underpins our approach to business. It encompasses adherence to ethical principles, honesty and consistency in actions and decision-making. Our governance framework provides a strong foundation for maintaining these standards, with leadership from the Board setting the tone for ethical responsibility throughout the organisation.

Kindness

We believe that strong relationships are built on respect, professionalism and empathy. By fostering an inclusive and supportive environment, we aim to ensure that employees and external stakeholders feel valued and empowered.

Entrepreneurship

Innovation, initiative and proactive thinking are critical to sustainable growth. We encourage employees to explore new ideas, take ownership and approach challenges with a solution-focused mindset. The entrepreneurial culture supports adaptability and competitiveness in a rapidly evolving market.

(c) The need to foster business relationships with customers, suppliers and others

The Board evaluates strategic decisions that could significantly impact our customers, including changes to services and product portfolio, supplier partnerships and operational structures. These discussions are key to supporting the delivery of high-quality services aligned with customer needs and market demands.

Customers

Customer satisfaction is central to our operations. Our Account Managers and Chief Technology Officer regularly engage with customers to understand their IT requirements and ensure solutions are delivered efficiently and cost-effectively. Leading these efforts, our Customer Success Team works closely with customers to resolve IT challenges and enhance service quality. We actively measure and track customer feedback, and our Net Promoter Score has increased 4x over two years, from 8 to 32, reflecting the service-quality gains delivered through the operating model changes.

Suppliers

The Board receives regular updates on key supplier relationships and partner strategies. Our objective is to balance strong relationships with value, delivery and service to customers.

Our supplier management approach focuses on securing high-quality, cost-effective goods and services for our customers. Engagement begins at the selection process, where product and service specifications are assessed and due diligence is conducted. This collaboration

continues throughout the procurement journey, reinforced by regular meetings to uphold standards and drive ongoing improvement.

We recognise that paying suppliers reliably and on time is central to fair and sustainable business relationships. The Group operates monthly payment runs, and during the year settles supplier invoices consistent with our agreed payment terms. This supports consistency and reliability in our financial operations and strengthens trust with the partners we depend on to serve our customers.

Regulators

As an AIM-listed Company, we maintain high standards of regulatory compliance and internal governance as detailed in our Corporate Governance report. We comply with all applicable regulations, including the AIM rules, the Companies Act, the Market Abuse Regulation, employment legislation, GDPR, Health & Safety and Anti-Bribery and Corruption. Compliance forms an integral part of our commitment to ethical business practices.

(d) The impact of our operations on the community and the environment

We aim to make a positive impact on the local communities in which we operate. Employees are encouraged and supported to participate in charitable events. We partner with organisations to donate unused or refurbished laptops and donate office furniture and equipment to not-for-profit organisations.

Our Environmental, Social and Governance (ESG) policy aims to embed and enhance ESG in the business, to improve our environmental impact and to make disclosures on our carbon footprint and our ESG report can be found on pages 28 to 33.

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

(e) The desirability of maintaining a reputation for high standards of business conduct

The Board recognises the importance of maintaining a robust corporate governance framework, which includes meeting the compliance standards of the Quoted Companies Alliance Corporate Governance Code ('the QCA Code'), details of which are outlined on pages 46 to 52.

As an AIM-listed company, we maintain high standards of regulatory compliance and internal governance, as detailed in our Corporate Governance Report. We comply with all applicable regulations, including the AIM Rules, the Companies Act, the Market Abuse Regulation, employment legislation, GDPR, Health & Safety and Anti-Bribery and Corruption requirements. Compliance forms an integral part of our commitment to ethical business practices, and our value of Integrity sets the tone for conduct throughout the organisation.

(f) The need to act fairly between members of the Company

The Directors recognise the importance of effective shareholder engagement in promoting a clear understanding of the Company's strategy, business model and financial performance. The Board is committed to treating all shareholders fairly and to maintaining an open, two-way dialogue. During the year, the Board gathered shareholder views through the AGM, results roadshows and one-to-one meetings between management and institutional investors, supplemented by feedback relayed through our brokers and advisers. The Directors received regular reports summarising investor sentiment, so that shareholder perspectives were available to inform Board discussion and decision-making.

The Annual Report and Interim Announcement serve as key communication tools providing a comprehensive overview of business performance, financial position, organisational developments and strategic direction. The Company's website also provides timely regulatory and non-regulatory updates, ensuring transparency and accessibility of key information.



Strategic report

Environmental, social and governance (ESG) report

The Group is committed to growing sustainably and responsibly, delivering value to our stakeholders while reducing our environmental impact.

We are not currently within the scope of mandatory Streamlined Energy and Carbon Reporting (SECR) or mandatory climate-related financial disclosure. The Board has nevertheless chosen to act voluntarily, both to limit our environmental footprint and to support the communities in which we operate. To advance these commitments, we have established an ESG programme to assess the environmental and social impacts of our operations, disclose our greenhouse gas (GHG) emissions and report on our wider social and governance activities.

Operating as a responsible business is central to our purpose, culture and core values. We are committed to transparency, accountability and continuous improvement across our operations.

Governance

SysGroup delivers advanced technology solutions across cybersecurity, cloud services, connectivity, AI and digital transformation, enabling businesses to scale securely in an increasingly data-driven world. Our services support clients in adopting industry-leading technologies and advanced hosting capabilities to deliver measurable outcomes.

The SysGroup Board has overall responsibility for the Group's ESG strategy and oversight. The Board ensures that ESG considerations are integrated into our business strategy and that the Group remains resilient to long-term risks, including those associated with climate change.

At SysGroup, we promote a culture of accountability, professionalism and teamwork. Our organisational values — Learning, Integrity, Kindness, Entrepreneurship and Collaboration — guide how we operate responsibly and deliver value to our customers and other stakeholders. These values are embedded in our daily operations and inform our approach to governance, transparency and risk management.

Employees

Employee engagement

We recognise that a motivated and engaged workforce is fundamental to our long-term success. Managers are encouraged to hold regular face-to-face meetings with their team members, providing meaningful opportunities to discuss professional objectives, development needs and personal wellbeing.

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

Each employee is also assigned individual Objectives and Key Results (OKRs), aligned with the Group's strategic priorities and annual operating plan. This ensures that personal performance objectives are directly connected to the delivery of our wider business strategy and financial goals.

To support capability development, we have implemented a structured Skills Matrix that identifies core competencies, skills gaps and development requirements across the organisation. Every employee is supported by a personalised development plan, with access to external training resources and professional learning tools that enable continuous growth.

To ensure employees have access to up-to-date information regarding the business, its strategic objectives and operational developments, we provide a monthly internal newsletter and hold regular Town Hall meetings. These sessions enable the Senior Leadership Team to share strategic updates, address current priorities and provide employees with the opportunity to ask questions and offer feedback.

Employees access company-wide information, including policies and procedures, through SysHub, our internally developed platform, providing immediate access to key resources. During 2026, we further enhanced internal communications with the introduction of 'SydBot', a digital assistant that gives employees instant access to practical guidance and organisational information.

These enhancements have improved operational efficiency, strengthened information accessibility and fostered a greater sense of inclusion, enabling employees to find timely answers without uncertainty over where to direct their queries.

The 2026 Employee Engagement Survey highlighted strong cultural foundations across the Group, including a respectful and trust-based working environment, confidence in the fairness and support provided by People & Culture, a positive learning and development culture and effective operational tools and workplace facilities. These results reflect continued progress in strengthening inclusion, engagement and organisational support.

The survey also identified areas for further focus, notably closer alignment between performance and reward, and greater visibility of the actions taken in response to employee feedback.

To further strengthen unity and cross-team interaction, we encourage social initiatives that promote connection across the Group. These include inter-office quizzes designed to spark friendly competition and collaboration between sites, and board-games clubs at each office, providing relaxed, informal spaces where colleagues can unwind, connect and build relationships beyond their daily roles.

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

Learning and development

We remain committed to developing our employees' technical skills and professional capabilities. Each employee is supported through a structured personal development plan, aligned to their role and career progression objectives. These plans are underpinned by access to a range of external learning platforms and specialist training resources, enabling colleagues to take ownership of their development and continuously enhance their skills.

In partnership with Edinburgh Napier University, we continue to deliver a Cyber Graduate Apprentice Programme, combining academic study with hands-on experience at SysGroup. Graduate apprentices spend four days a week working in the business and one day attending university. During the year, we onboarded four graduates on this programme. The ongoing success of the programme demonstrates its effectiveness in developing future talent and we are exploring opportunities to extend this model across other areas of our business.

Employee welfare

At SysGroup, employee wellbeing remains a priority and shapes how we structure our operations and make decisions. We recognise that clear communication, structured meeting disciplines and transparent expectations contribute not only to effective business performance but also to reduced workplace stress and improved work-life balance. By promoting open dialogue and minimising unnecessary pressures, we aim to enhance both individual welfare and collective performance.

Our hybrid working model enables employees to balance remote work with in-office collaboration, supporting both productivity and connection. Our offices provide safe, well-maintained environments, including informal break-out areas that encourage interaction and team cohesion. Together, these practices contribute to a positive, inclusive and supportive workplace culture.

Employee benefits

SysGroup provides a range of benefits designed to support the health and wellbeing of our employees. On completion of their probation period, employees are eligible to enrol in the Group's private medical insurance scheme, with the option to enhance their level of cover and include family members at preferential rates.

We also provide access to counselling services, offering professional support for personal or work-related matters. In addition, we sponsor a wellbeing scheme that provides financial reimbursement for selected holistic and alternative therapies and health services. Together, these benefits support employees' physical and mental wellbeing and contribute to a supportive working environment.

Diversity, equality and inclusion

Recognising the continued underrepresentation of women in the technology sector, SysGroup is committed to fostering greater gender diversity and to encouraging more women to pursue careers in the sector, and at SysGroup in particular. To support this ambition, we have introduced an enhanced maternity policy designed to better accommodate and support working mothers, and our hybrid working model provides greater flexibility for all employees, helping to promote a healthier work-life balance and a more inclusive environment. Together, these initiatives reflect our broader commitment to building a diverse, supportive and equitable workplace.

Social

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

Charitable and local communities

We are committed to making a positive impact on the communities in which we operate. Wherever possible, we 'buy local' and partner with local businesses to support regional economies. As part of our commitment to the circular economy, we donate surplus furniture and equipment to not-for-profit organisations, providing them with good-condition, second-hand office assets and alleviating significant costs. Our employees also organise and take part in charitable events and employee-led fundraisers throughout the year. Recent causes have included Epilepsy Action, Bluebell Wood Children's Hospice, Centrepont (ending youth homelessness) and the Halifax Society for the Blind.

Environment

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

We are committed to deepening our understanding of ESG processes, assessing our environmental impact and continuously enhancing our approach. To support this, we are improving our data collection methods and introducing new initiatives to make SysGroup a more sustainable business, with a particular focus on minimising our greenhouse gas emissions across all operations.

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

When IT equipment is no longer needed and cannot be donated, we recycle it responsibly through Computer Equipment Recycling (CER). The partnership ensures GDPR compliance through secure data removal before recycling, with profits from equipment resale donated to UK charities. Our separate partnership with Collecteco further reduces waste generation and supports the principles of a circular economy.

SysGroup remains committed to considering environmental impact in every business decision and to pursuing sustainability at every opportunity.

Water

Although we do not operate in a water-intensive sector, we work to keep water consumption across the Group to a minimum.

Materials

We recognise that our operations have an impact on the environment and we work to minimise that impact wherever possible. We seek to partner with companies that share our ethos and ESG values, and when sourcing materials we prioritise suppliers committed to operating responsibly, both environmentally and socially. For each office fit-out, we source ethical and sustainably made products wherever available, including those incorporating recycled materials.

Greenhouse gas emissions

Reducing our greenhouse gas emissions is at the forefront of our sustainability journey. Our emissions are defined and classified as follows:

- Scope 1 emissions are direct GHG emissions from sources we own or control — principally gas usage and transport fuels. In FY2025/2026, our total Scope 1 emissions were 34.63 tCO₂e.
- Scope 2 emissions are indirect GHG emissions associated with our purchase of electricity. Electricity consumption across our offices and data centre racks accounts for 90.5% of our total Group emissions. In FY2025/2026, our total Scope 2 emissions were 328.38 tCO₂e.

Disclosures cover Scope 1 and Scope 2, including the electricity used by the data centres we operate within. We have not yet quantified our Scope 3 (value chain) emissions, principally purchased goods and services and the use of sold products. We intend to develop a Scope 3 methodology with our suppliers in due course.

Data centres

Energy used for cloud hosting at our data centres accounts for a high proportion of our Scope 2 emissions, equating to 302.20 tCO₂e in FY2025/2026. While our ability to influence energy efficiency within third-party data centres is limited, we have taken steps to consolidate our footprint and have now transferred most of the usage to the Vantage data centre in Cardiff. Vantage has a public net zero commitment for 2030, in line with many of our other data centre partners. We will continue to engage more deeply with our data centre providers to understand their energy consumption and the initiatives they are pursuing for sustainable operation, energy conservation and carbon reduction.

Streamlined Energy and Carbon Reporting (SECR)

To enhance our reporting and deepen our understanding of our environmental impact, we have voluntarily disclosed all measured emissions sources as required by the UK Government's SECR policy. SECR mandates that companies report their energy usage (kWh) and the corresponding emissions (tCO₂e). For SysGroup, this involves categorising our energy usage into Scope 1 (natural gas and transport) and Scope 2 (grid-supplied electricity). This comprehensive reporting enables us and our stakeholders to understand the Group's energy performance accurately and create initiatives to promote energy efficiency. We have reported our intensity metric of tCO₂e per £m turnover, to track our progress at the unit level as our business grows and allow meaningful year-on-year comparisons to monitor energy management initiatives.

Table 1: SysGroup Scope 1 and Scope 2 emissions for FY2025/2026

<i>Emissions scope</i>	<i>FY2025/2026 SECR emissions (tCO₂e)</i>	<i>Percentage of total SECR emissions</i>
Scope 1	34.63	9.5%
Scope 2	328.38	90.5%
Total	363.01	100%

Table 2: Total energy consumption (kWh) for Scope 1 and Scope 2

	<i>FY2025/2026 consumption kWh</i>	<i>FY2024/2025 consumption kWh</i>	<i>Baseline FY2022/2023 Consumption kWh</i>	<i>Percentage change FY2025/2026 against baseline</i>
Utility and scope	Total			
Scope 1 total	111,086	198,365	142,939	(22)%
Natural gas (Scope 1)	26,064	28,500	85,136	(69)%
Transportation (Scope 1)	85,022	169,865	57,803	+47%
Scope 2 total	1,679,423	1,745,241	1,516,946	11%
Grid-supplied electricity (Scope 2)	1,679,423	1,745,241	1,516,946	11%
Total	1,790,509	1,943,606	1,659,885	8%

Table 3: Total location-based emissions (tCO₂e) Scope 1 and Scope 2

	<i>FY2025/2026 consumption tCO₂e</i>	<i>FY2024/2025 consumption tCO₂e</i>	<i>Baseline FY2022/2023 Consumption tCO₂e</i>	<i>Percentage change FY2025/2026 against baseline</i>
Utility and scope	Total			
Scope 1 total	34.63	42.65	28.67	21%
Natural gas (Scope 1)	4.77	5.22	15.54	(69)%
Transportation (Scope 1)	29.86	37.43	13.13	127%
Scope 2 total	328.38	337.22	296.09	11%
Grid-supplied electricity (Scope 2)	328.38	337.22	296.09	11%
Total	363.01	379.87	296.09	12%

We have seen a decrease in electricity consumption linked to reduced data centre usage year on year. As a result, overall emissions fell 4.4% year on year but are 12% above the FY22/23 baseline.

Table 4: SysGroup plc total emissions intensity metric

<i>Intensity metric</i>	<i>FY2025/2026 intensity metric</i>	<i>FY2024/2025 intensity metric</i>	<i>Baseline FY2022/2023 intensity metric</i>	<i>Percentage change FY2025/2026 against baseline</i>
tCO₂e/£m turnover	16.45	18.53	15.00	10%

Energy efficiency

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

Energy efficiency is embedded in our decision-making and driven throughout the business. Over the past year, we reviewed and consolidated our supplier base and reduced the number of data centres we occupy. Together, these steps contribute to both operational efficiency and environmental performance.

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

Methodology

SECR Scope 1 and 2 consumption and CO₂e emissions data has been calculated in line with the 2019 UK Government environmental reporting guidance and the GHG Protocol: A Corporate Accounting and Reporting Standard. The UK Government's Greenhouse Gas Conversion Factors for Company Reporting 2025, published by the Department for Energy Security and Net Zero (DESNZ) in June 2025, have been used, applying the published gross calorific value (CV) and kgCO₂e emissions factors applicable to the reporting year 01/04/2025 to 31/03/2026.

An intensity metric has been calculated using total tCO₂e figures and the selected performance indicator agreed with SysGroup plc for the relevant report period (total turnover), which was £22.07m and £20.50m in FY2025/2026 and FY2024/2025, respectively.

Biographies

Board of Directors



N

Heejae Chae
Executive Chairman

- Proven company transformer across multiple UK-listed businesses
- Columbia Engineering, Harvard MBA; Wall Street career at Blackstone and DLJ
- CEO of Volex: turned £3m operating loss into £11m profit
- CEO of Scapa: 12-year transformation, £24m to £413m market cap (17x return)
- Invested personal capital for a 12.7% stake in SysGroup



Owen Phillips
Chief Financial Officer
and Company Secretary

- Chartered Accountant, qualified 2007
- Previously Finance Director at Matillion (\$1.5bn valuation)
- Background in data/tech sector and Grant Thornton



N R A

Mike Fletcher
Non-Executive Director

- Managing Partner, Arete Capital LLP
- 10 years M&A at GCA Altium
- Chair: Remuneration Committee



N A

Mark Reilly
Non-Executive Director

- Managing Partner, IP Group plc
- 200+ venture transactions
- PhD Engineering, Cambridge



N R A

Paul Edwards
Non-Executive Director

- CFO, Tatton Asset Management plc
- Former Group FD at Scapa Group and NCC Group
- Chair: Audit Committee



N R A

Davin Cushman
Non-Executive Director

- Founder & Managing Director, Brightrose Ventures
- Former CEO, Ignite Technologies (40+ acquisitions)
- Princeton; Kellogg MBA

The Board comprises an Executive Chairman, one further Executive Director and four Non-Executive Directors. The Board considers Mike Fletcher, Paul Edwards, Mark Reilly and Davin Cushman to be independent in character and judgement.

Biographical details of the Directors can be found on our website at www.sysgroup.com

Committee Membership

N Nomination Committee **R** Remuneration Committee **A** Audit Committee **■** Committee Chairman

Governance report

Directors' report

The Directors present their Annual Report and Audited Financial Statements for the year ended 31 March 2026.

The Directors confirm that, taken as a whole, the Annual Report and Financial Statements are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy. The Audit Committee has reviewed the report against this standard and so advised the Board, having satisfied itself that the narrative is consistent with the financial statements and that both achievements and challenges in the year have been disclosed.

Principal activities

The principal activities of the business are the provision of Managed IT Services delivering end-to-end solutions at the intersection of cybersecurity and digital transformation for the UK mid-market.

Business review
and future developments

A review of the Group's operations and performance for the 12 months to 31 March 2026, a summary of the financial position at the year-end and an indication of the outlook for the future is contained in the Strategic Report.

Results and dividends

The Consolidated Statement of Comprehensive Income for the year is set out on page 64. The Directors do not propose the payment of a dividend for the year ended 31 March 2026 (FY25: £Nil).

Financial instruments

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

Liquidity risk

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

Interest rate risk

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

Foreign exchange risk

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

Credit risk

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

Directors

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

<i>Name</i>	<i>Position held</i>
Heejae Chae	Executive Chairman
Owen Phillips	Chief Financial Officer, Company Secretary
Paul Edwards	Non-Executive Director
Mark Reilly	Non-Executive Director
Mike Fletcher	Non-Executive Director
Davin Cushman	Non-Executive Director

The interests of current Directors in Shares and options are detailed in the Directors' Remuneration Report on pages 40 to 45.

Significant shareholdings

As at the date of approval of this Directors' report, the Company has been notified of the following significant shareholdings:

<i>Name</i>	<i>Number of Shares</i>	<i>Percentage holding</i>
Gresham House Asset Management Limited	21,815,963	26.06%
Heejae Chae	10,609,070	12.67%
Canaccord Genuity Group Inc	8,000,000	9.56%
Darren Carter	5,788,158	6.91%
James Crichton 2014 GRAT	4,151,515	4.96%
Herald Investment Management Ltd	4,144,581	4.95%
NR Holdings Limited	3,000,000	3.58%

Capital risk management

The Group's objectives, policies and processes for managing capital are set out in note 3 to the financial statements. The Group manages its capital as total equity together with net cash, with the aim of supporting its strategy while maintaining compliance with the financial covenants attached to its revolving credit facility.

Together, the significant shareholdings notified to the Company above represent approximately 68.7% of the Company's issued share capital. The remaining approximately 31.3% is held by other shareholders, including private and retail investors.

Relationship Agreement
Gresham House Asset
Management Limited

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

Directors' indemnities
and insurance

Qualifying third-party indemnity provisions (as defined in section 234 of the Companies Act 2006) were in force for the benefit of the Directors throughout the financial year and remain in force at the date of this report. The Company also maintains Directors' and Officers' liability insurance.

Disclosure of information
to auditors

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

to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Charitable and political
donations

There were no charitable or political donations in the period (FY25: £Nil). Surplus furniture and equipment with no recoverable value may be donated to not-for-profit organisations.

Employee involvement
and engagement

The Board recognises that the Group's performance depends on the skill, commitment and wellbeing of our people, and it is committed to open, two-way engagement with employees across the Group. During the year, employees were kept informed of the Group's performance, strategy and priorities through regular company-wide updates, leadership briefings and team meetings. Our objectives and key results (OKRs) cascade from Group goals through each function to individual level, giving every employee a clear line of sight between their work and the Group's strategic priorities, and a shared framework for measuring progress. The Board sought and considered employee views through employee engagement surveys, feedback channels and regular performance and development discussions, and the results were reported to and discussed by the Board. This feedback informed decisions on training and development, reward and benefits and ways of working.

The Group encourages employees to share in its success through equity participation. All employees are able to participate in our Save As You Earn (SAYE) share scheme, and selected senior team members are granted awards under our discretionary share option schemes, aligning their interests with those of shareholders. We also support employees to develop their careers through training, development and progression opportunities, and we are committed to fair and inclusive treatment of all employees, including those with disabilities, in recruitment, development and retention.

Further detail on our people, culture and wellbeing initiatives is set out in the ESG Report on pages 28 to 33 and the Board's engagement with the workforce as a key stakeholder is described in the s172(1) statement on pages 24 to 27.

Overseas offices

There were no overseas offices maintained in the period or prior period.

Streamlined Energy and Carbon Reporting (SECR)

The Group is not currently within the scope of mandatory SECR reporting but has chosen to disclose voluntarily in accordance with the principles of the regime. The Group's energy consumption, Scope 1 and Scope 2 greenhouse gas emissions, intensity ratio and the methodology applied are set out in the Environmental, Social and Governance Report on pages 28 to 33, which is incorporated into this Directors' Report by reference.

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 2026, the Group had a gross cash balance of £7.74m and a net cash position, defined as Cash balances less bank loans and lease liabilities excluding deferred and contingent consideration of £2.70m. The Group also has a £0.50m committed overdraft facility.

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 2027.

In the Base forecast there is considered ample cash headroom and assumes repayment of the debt facility from cash; refinancing is not assumed. The business is starting with a strong cash position of £7.74m on 31 March 2026 and coupled with high levels of cash conversion, the cash balance steadily improves over time under the Base forecast.

The Sensitised forecast includes assumptions for a significant decline in revenue and profits compared to the Base forecast. Even under this forecast, the Group still maintains a positive gross cash balance and stays within the bank covenants and able to fully repay any outstanding debt at any point.

The Group retains an £8.00m RCF provided by Santander in April 2022 to support acquisitions and working capital. The utilised balance is £4.86m and it expires in April 2027. The Group's forecast cash position remains

sufficient to repay the drawn balance in full at any point during the assessment period under the base case and sensitised scenario. The Directors have concluded that the maturity of the RCF within the going concern assessment period does not give rise to a material uncertainty over the Group's ability to continue as a going concern.

The Group has a business model with a high degree of financial resilience, since c80% of revenue is derived from Managed IT Services which is a continuous and business critical service supply to customers, providing comfort that the Sensitised forecast is unlikely to materialise.

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

Auditors

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

By order of the Board



Owen Phillips
Company Secretary
07 July 2026

Governance report

Directors' remuneration report

Remuneration Committee

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

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

Remuneration policy

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

Remuneration consists of fixed and variable components. Fixed pay comprises base salary, defined contribution pension and benefits, set with reference to role, responsibility and external benchmarking. Variable pay comprises an annual performance-related bonus and long-term equity incentives delivered through the Value Creation Plan (VCP), Performance Share Plan (PSP) and Save As You Earn (SAYE) scheme. The VCP and PSP are designed so that the majority of total remuneration is delivered only on the achievement of significant value creation for shareholders. NEDs receive a fixed fee only and do not participate in incentive schemes.

To ensure competitiveness and alignment with market best practices, the Group engages independent professional advisers to provide benchmarking advice when reviewing or adjusting incentive schemes.

Directors' service contracts

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

Non-Executive Directors are appointed under a letter of appointment which covers such matters as time commitment, duties and involvement in other business interests. The remuneration of the Non-Executive Directors is determined by the Board (Executive Directors only) based on benchmarking, research and within the limits set in the Company's Articles of Association. The Non-Executive Directors receive a basic fee for membership of the Board and its Committees. The appointment date and length of tenure for each Non-Executive-Director is detailed in the Governance Report on page 46.

Single figure of total remuneration for the year ended 31 March 2026

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

Allowances and Benefits-in-kind principally comprise a car allowance and private medical insurance. Both Executive directors are entitled to become members of the Company pension scheme. This is a defined contribution scheme whereby the Company contributes at a rate of 5% of the executive's gross salary.

No bonus payments were made in the year (FY25: £nil). No share options vested in the period (FY25: nil).

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

Director	FY26					FY25	
	Salary/Fees £'000	Pension £'000	AllowancesBIK £'000	Bonus £'000	Options vested £'000	Total £'000	Total £'000
Heejae Chae	208	10	15	–	–	233	231
Owen Phillips	140	7	10	–	–	157	159
Mike Fletcher	44	–	–	–	–	44	44
Paul Edwards	44	–	–	–	–	44	44
Mark Reilly	44	–	–	–	–	44	44
Davin Cushman	44	–	–	–	–	44	44
Total	524	17	25	–	–	566	566

2024 Management Incentive Plans

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

At the General Meeting held on 24 June 2024, shareholders unanimously approved the VCP and PSP plans. These plans are integral to the overall remuneration structure for senior employees, designed to incentivise the management team to deliver substantial value and realise the Group's growth ambitions.

Key features of the Incentive Plans are:

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

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

SysGroup plc Value Creation Plan (VCP)

The VCP is a one-off leveraged plan, designed to incentivise the Executive Directors and senior management to deliver significant returns for shareholders over a five-year period. Under the VCP, participants will receive (in the form of Ordinary Shares) a proportion of the returns delivered for shareholders if a threshold rate is achieved. Subject to meeting the hurdle rates (as described below), participants in the VCP as a whole are eligible to receive between 15% and 25% share of the value created for shareholders above the market capitalisation at the placing of £28.22m, depending on the Company's share price at the end of the performance period. The minimum hurdle rate to be achieved before there is any value sharing is 12.5% compound annual growth and in order for the sharing ratio to increase, share prices of £2.25 (i.e. c.47% compound annual growth) and £3.00 (i.e. c.55% compound annual growth) must be reached. These targets have been set at a significant premium to the Issue Price to incentivise and drive substantial growth. To ensure vesting reflects a sustained increase in value rather than short-term volatility, the amount by which the share price exceeds the relevant hurdle is assessed using the average middle market price of the Parent's Ordinary Shares over the 90 days prior to the calculation date. The Committee considers these stretching hurdles to be closely aligned with the creation of shareholder value.

Under the VCP, participants were originally granted conditional share awards over 'A' Ordinary Shares of £0.01 each in a wholly owned subsidiary holding company, SysGroup Holding (No 1) Limited (company number 15880286). The value of the 'A' Shares was based on the Unrestricted Market Value of the Shares, as calculated by an independent adviser, for UK tax PAYE best estimate purposes. Under the original terms of the arrangement, participants were required to pay subscription monies to acquire their allocated 'A' Ordinary Shares. Although the awards were granted, the 'A' Ordinary Shares were not issued at that time, nor have they been issued subsequently. On 21 March 2025, the Remuneration Committee approved a modification to the structure of the VCP. Under the revised arrangement, the conditional share awards would be delivered in the form of a nil-cost share option, eliminating the requirement for participants to pay subscription monies.

This modification was implemented to address practical and administrative complexities associated with collecting subscription payments and to better align the incentive arrangement with its intended motivational objectives. Whilst the delivery mechanism changed, the economic outcome remains the same in that upon vesting the 'A' Shares will convert to Ordinary Shares in SysGroup plc. The Remuneration Committee therefore deemed that, under the terms of the scheme, further shareholder consultation or approval was not required.

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

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

These 125 Shares represent 41.67% of the total pool (300 Shares).

SysGroup plc Performance Share Plan (PSP)

The PSP is a discretionary incentive plan allowing for the grant of a variety of awards over Ordinary Shares ('Awards') to be made to eligible employees of the Group on an annual basis, with targets set over rolling three-year periods. Awards made under the PSP may take the form of options to acquire Ordinary Shares, conditional share awards, or awards of restricted Shares. The vesting of Awards may be subject to the achievement of a performance target (which may comprise a combination of separate targets) measured over a specified three-year period. In FY25 and FY26, these targets were linked to Earnings-Per-Share objectives. Awards may be satisfied by the issue of new Ordinary Shares or by the transfer of Ordinary Shares held in treasury or by the trustee of an employee benefit trust.

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

Director	PSP options over Ordinary 0.01 Share	Grant date	Exercised during the year	Lapsed during the year	*Vesting period	Expiry date
Heejae Chae	582,633	20 August 2024	–	–	20 August 2024 to 20 August 2027	20 August 2031
	745,075	2 September 2025	–	–	2 September 2025 to 2 September 2028	20 August 2031
Total	1,327,708					
Owen Phillips	210,084	20 August 2024	–	–	20 August 2024 to 20 August 2027	20 August 2031
	334,328	2 September 2025	–	–	2 September 2025 to 2 September 2028	20 August 2031
Total	544,412					

*Participants in both the PSP and VCP may not exercise Shares vested under the PSP until the VCP has also vested - 5 years from the date of grant of the VCP.

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

On 1 October 2024, the Company launched a 3-year SAYE Plan giving all employees the opportunity to save towards buying Shares in SysGroup plc at a discounted option price ('Option Price'). The Option Price of £0.26 was set on 5 August 2024 using the mid-market closing price to which a 20% discount was applied. A further 3-year SAYE Plan was then launched on 1 October 2025. The Option Price of £0.15 was set on 13 August 2025 also using the mid-market closing price to which a 20% discount was applied. All employees were eligible to participate on the same terms as the Executive Directors. During the year, the following SAYE share options were held by the Executive Directors across both schemes:

Director	SAYE options over Ordinary 0.01 Share	Option price	Grant date	Exercised during the year	Lapsed during the year	Vesting period
Heejae Chae	35,673	£0.26	1 October 2024	–	–	1 October 2024 to 31 August 2027
	61,166	£0.15	1 October 2025	–	–	1 October 2025 to 31 August 2028
Total	96,839					
Owen Phillips	35,673	£0.26	1 October 2024	–	–	1 October 2024 to 31 August 2027
	61,166	£0.15	1 October 2025	–	–	1 October 2025 to 31 August 2028
Total	96,839					

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

Malus and clawback

Awards under both the VCP and the PSP are subject to malus and clawback provisions, allowing the Committee to reduce or cancel unvested awards and to recover value from awards already vested or paid within the periods set out in the plan rules. These may be applied at the Committee's discretion in cases including material misstatement of results, error in assessing an award or performance conditions, serious misconduct or gross negligence, reputational damage, or a material failure of risk management.

Directors' interests in Ordinary Shares of SysGroup plc

The Directors in office at the end of the year had interests in the Ordinary Share capital of the Company at the date of this report as shown below. All Shares are held directly unless indicated:

Director	Number of Ordinary Shares	Percentage interest
Heejae Chae	10,609,070	12.67%
Owen Phillips	60,606	0.07%
Mike Fletcher*	122,647	0.15%
Paul Edwards	151,515	0.18%
Mark Reilly	45,454	0.05%
Davin Cushman	296,732	0.35%

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

The Company does not operate an in-employment or post-employment shareholding requirement for Executive Directors, which the Board considers proportionate for an AIM-quoted company of its size, with alignment supported through existing shareholdings and participation in the Group's share schemes.

During the year to 31 March 2026, Heejae Chae purchased a further 645,119 Ordinary Shares. No further Directors purchased Ordinary Shares and there has been no movement in Shares held by any of the Directors between 31 March 2026 and the date of this report.

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



Mike Fletcher
Chairman
Remuneration Committee
07 July 2026

Governance report

Corporate governance report

Introduction

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

To support the Company's governance framework, the Board has adopted the principles of the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). In accordance with AIM Rule 26, information about the Company, including the corporate governance code adopted by the Board and details of how the Company complies with that code, is available on the Company's website at www.sysgroup.com. The website is updated regularly and also carries the other information required to be disclosed under AIM Rule 26.

Details of the Company's compliance with the ten principles of the QCA Code 2023 are outlined below.

	Role	Additional roles	Appointment date	Tenure (months) at report date
Heejae Chae	Executive Chairman	Chair: Nomination Committee	June 2023	37
Owen Phillips	Executive Director	Company Secretary	March 2024	28
Paul Edwards	Non-Executive Director	Chair: Audit Committee	September 2023	34
Mike Fletcher	Non-Executive Director	Chair: Remuneration Committee	January 2018	102
Mark Reilly	Non-Executive Director		December 2023	31
Davin Cushman	Non-Executive Director		June 2024	25

Mike Fletcher was appointed to the Board in January 2018. Having considered his length of service, the Board regards him as continuing to be independent in character and judgement, with no business relationship, cross-directorship, or shareholding that would affect his independence. The Board is conscious of the nine-year guideline in the UK Corporate Governance Code and intends to keep Board composition and succession under review through the Nomination Committee.

Board of Directors

During the year, the composition of the Board consisted of an Executive Chairman, an Executive Director and four Non-Executive Directors. There have been no changes to the Board members in the current year or to date. Davin Cushman joined the Board during the previous year.

The Board considers all the Non-Executive Directors to be independent in accordance with the principles set out in the QCA Code, with supporting details provided below. The Non-Executive Directors bring a diverse range of skills, experiences and sector-specific knowledge, enabling them to provide constructive challenge and strategic insight. Their collective expertise ensures a balanced and objective perspective, helping to safeguard the interests of shareholders and contributing to the effective delivery of the Group's long-term strategy. All committee chairs have recent and relevant experience. The Audit Committee Chair has suitable recent and relevant financial experience as full time CFO of another AIM-listed entity.

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

- Approval and ongoing review of the Group's long-term objectives, strategy and operating policies
- Approval of the Annual Operating Plan
- Changes to the Group's capital structure and its listing status

- Approval of acquisitions
- Oversight of financial reporting and controls, including major capital projects and treasury policies
- Corporate Governance and risk management
- Ensuring regulatory compliance
- Appointment and re-appointment or removal of external auditor
- Approval of material policies, including the Health & Safety and Whistleblowing policies
- Undertaking a formal and rigorous review of its own performance and that of its Committees and individual Directors
- Determining the remuneration

of the Executive Director(s)

- Appointment and removal of Company Secretary

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

The Board met 12 times during the year. These comprised six formal meetings, with Board update calls held in the intervening periods. Ad-hoc meetings were also scheduled at short notice as and when required such as during the Saxis Group acquisition.

Attendance at the Board and Committee meetings during the year was as follows:

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Meetings				
Heejae Chae	12	3*	2*	2
Owen Phillips	12	3*	2*	2*
Paul Edwards	12	3	2	2
Mike Fletcher	12	3	2	2
Mark Reilly	12	3	2*	2
Davin Cushman	12	3	2	2

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

Internal controls

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

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

Rule 21 of The AIM Rules for Companies and MAR ('Market Abuse Regulation')

The Company has adopted a share dealing policy in accordance with AIM Rule 21 and the UK Market Abuse Regulation. The policy sets out clear procedures and controls relating to dealings in the Company's securities by directors and other applicable employees. All applicable employees are formally notified when the Company enters and exits a close period. Regardless of timing, the Group's dealing code requires applicable employees to seek prior approval from designated individuals before undertaking any transactions in the Company's Shares, ensuring a controlled and transparent approach to share dealing at all times.

QCA Code principles

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

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

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

Following our investment in people and technology these capabilities are delivered through four integrated solutions: SysAccess, SysGuard, SysProve and SysVault. Together, these solutions allow us to assess, architect, implement and manage our customers' infrastructure through expert consulting, professional services and operational support.

We also continue to explore strategic acquisitions that complement our ability to deliver future-ready solutions, including AI, cloud services, cybersecurity and industry-specific expertise. In December 2025, we successfully acquired Saxis Group Limited, expanding our offering across multi-cloud, hybrid-cloud and on-premise storage solutions. This acquisition not only strengthened our capabilities but also grew our customer base, positioning us to deliver more comprehensive and integrated solutions to our clients.

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

SysGroup promotes a strong corporate culture based on ethical values, integrity and responsible business behaviour. The Company ensures that all employees understand their responsibilities through clear policies, regular training and leadership that encourages openness, honesty and

accountability across all areas of the business. SysGroup recognises that a strong ethical culture supports long-term sustainable growth, employee engagement and the delivery of high-quality services to customers.

The Directors recognise the importance of aligning corporate culture with its strategic objectives and governance framework. The Board regularly reviews the effectiveness of its policies, behaviours and internal practices to ensure they continue to support a positive working environment, strong stakeholder relationships and high standards of corporate governance. The Board fosters a culture which is driven via our values of Learning, Integrity, Kindness and Entrepreneurship, which is embedded throughout the organisation. Further details relating to this can be found on page 28.

SysGroup also operates a Whistleblowing Policy, which allows employees and stakeholders to confidentially report concerns without fear of retaliation. In addition, SysGroup maintains a strict Anti-Bribery and Anti-Corruption Policy, reinforcing its zero-tolerance approach to unethical business practices as well as ensuring compliance with all legal and regulatory requirements.

3. Seek to understand and meet shareholder needs and expectations

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

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

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

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

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

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

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

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

We recognise the importance of operating as a responsible business, with growth that is sustainably beneficial to our stakeholders, the communities in which we operate and the environment. We are committed to acting responsibly in all aspects of our business, ensuring long-term value for both our people and the planet (our ESG report can be found on pages 28 to 33).

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

The principal risks and uncertainties facing the Group are detailed on pages 20 to 23 of this Annual Report. The Board is regularly updated at its meetings on any significant developments, including the actions taken by management to mitigate or resolve these issues.

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

In setting the Group's strategy, the Board carefully considers the exposure to risks, including those related to climate change, and determines the appropriate tolerance to risk. The Board ensures that the balance of risks is assessed on a proportionate and material basis, taking into account both immediate and long-term impacts. To further enhance the management of risks and internal controls, the Audit Committee delegates authority to a sub-committee within the business, the Internal Risk Subcommittee, which is responsible for the ongoing identification, assessment and monitoring of operational, financial and compliance risks, and for overseeing the effectiveness of related internal controls. The Internal Risk Subcommittee meets regularly and reports to both the Audit Committee and the Board.

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

The Board comprises six Directors: two Executive Directors (including the Executive Chairman) and four Non-Executive Directors. The diverse mix of experience, skills and capabilities on the Board supports the Company in achieving its strategic goals. The breadth of expertise on the Board enables it to effectively inform and oversee the execution of the Company's strategy, ensuring both robust decision-making and strategic alignment.

Heejae Chae serves as Executive Chairman, which the Board recognises is a departure from the principle that the roles of Chairman and Chief Executive should be separate. The Board considers this appropriate at the Group's current stage, as this is supported by a majority of independent Non-Executive Directors who

chair the Audit and Remuneration Committees and meet without the Executive Chairman present, a clear division of responsibilities, and a schedule of matters reserved to the Board. The Board reviews the arrangement annually and intends to separate the roles in due course as the Group develops.

Board meetings

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

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

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

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

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

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

Audit Committee

The Company has established an Audit Committee that comprises Paul Edwards (Chairman), Mike Fletcher, Mark Reilly and Davin Cushman. The Audit Committee meets

at least three times a year and is responsible for reviewing the integrity of the Group's financial statements, compliance with legal and regulatory requirements, and the adequacy and effectiveness of the Group's internal financial controls and risk management processes, including the need for an internal audit review. It also reviews the external auditors' performance and independence and makes recommendations to the Board on their appointment.

The Group's auditors, BDO, attend the Audit Committee Meetings including meeting separately with the members at least annually.

During the year to 31 March 2026, there were three Audit Committee meetings and the principal items discussed were:

- Review of the BDO Planning and Full Year Audit Reports
- Review of BDO auditor independence, audit fee and engagement terms
- Review of Going Concern
- Review and setting of recommendations from Internal Risk Committee
- Review and approval of internal policies, including whistleblowing policy and anti-bribery and corruption policy
- Review and approval of the Interim Results and Preliminary Announcement
- Review and approval of the Annual Report and Accounts
- Review and approval of the Management Letters of Representation
- Review of the Terms of Reference which were then adopted by the Board

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

BDO LLP was first appointed as the Group's auditor in 2013, and the current audit partner, Daniel Wilbourn, has held the role since the audit of the year ended 31 March 2024. The external audit has not been formally tendered since appointment. As an AIM-quoted company, the Group is not subject to the mandatory audit rotation and retendering requirements that apply to public interest entities. The audit partner rotated for the year ended 31 March 2024 which, together with the Audit Committee's annual

review of the external auditor's independence, objectivity and effectiveness, provides assurance notwithstanding the length of the firm's tenure. The Committee will continue to keep the position under review and considers that a competitive tender may be appropriate in due course. The Committee is satisfied that the external auditor remained independent and objective throughout the year.

No non-audit services were provided by the auditors in the current or prior year, supporting the independence and objectivity of the external audit.

During the year the Committee reviewed the significant accounting judgements and estimates in the financial statements, principally:

- Goodwill and intangible impairment, including the combination of the Truststream Security Solutions CGU with the IT Managed Services CGU, the relative-value reallocation of goodwill and the value-in-use assessments supporting the conclusion of no impairment.
- Classification of exceptional items and whether their presentation as exceptional remained appropriate.
- Acquisition accounting for Saxis Group Limited, including the purchase price allocation and the measurement of contingent and deferred consideration.
- Going concern assessment, including the maturity of the revolving credit facility within the assessment period, and was satisfied that the judgements made were appropriate and the disclosures fair, balanced and understandable.

Each of these matters above was discussed with the external auditor, who reported the results of its own challenge and procedures, and the Committee considered the auditor's findings alongside management's analysis in reaching its conclusions.

Remuneration Committee

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

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

- Management Incentive Plan allocation (Value Creation Plan and Performance Share Plan)
- Performance Targets for PSP issued in August 2025
- Directors' Remuneration Report for Annual Report

Nomination Committee

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

There were two Nomination Committee meetings during the year. These meetings were principally to review the Board composition and to review and approve the terms of reference.

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

The composition of the Board provides a diverse balance of skills, experience and knowledge, all of which are crucial to the business's ability to achieve its strategic goals. Appointments to the Board are made with careful consideration, ensuring that each Director's skills and experience align with the specific needs of the Group. Biographical details of each Director can be found on page 34 of this Annual Report, as well as on the Company's website.

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

All Board members receive training as required, both during their onboarding process and throughout their tenure, and are entitled to seek independent professional advice if needed. Each year, Zeus Capital LLP, the Company's Nomad, provides training on the AIM Rules and the Market Abuse Regulation. Notably,

Nomad refresher training was delivered during the January Board meeting to ensure all Directors remain current with regulatory requirements. Additionally, all Directors have access to the Company Secretary and are encouraged to request further training as necessary.

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

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

The Executive Chairman is responsible for assessing the individual contributions of the Directors on an ongoing basis. The Executive Chairman is satisfied that all the Directors are making valued contributions, and that the Board is working effectively together. Whilst the Company does not currently have a formal appraisal process for Directors, the Nomination Committee meets at least annually to review Board composition, balance of skills, experience and succession needs.

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

The Group's remuneration policy is designed to reward sustained performance by attracting, motivating and retaining individuals of the highest calibre who are committed to growing the business and maximising shareholder value. This policy applies to both Executive Directors and senior employees, with rewards based on their individual performance and the value created for shareholders. The details of the Remuneration Policy, along with specific aspects of the remuneration structure, are outlined in the Remuneration Report, which can be found on pages 40 to 45.

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

The Board recognises that robust governance is essential to the success of the business. It believes that the composition of the Board, supported by its sub-committees, enables effective deliberation, discussion and execution of the Company's strategy. The Company is governed through clear, transparent processes that prioritise accountability and performance. Engaging in ongoing dialogue with shareholders and other key stakeholders is central to the Company's governance

approach. This engagement helps the Board understand stakeholder needs and expectations, ensuring the Company's actions align with long-term strategic growth and shareholder value.

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

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

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

Governance report

Statement of Directors' responsibilities

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

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

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

In preparing these financial statements the Directors are required to:

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

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

Website publication

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

By order of the Board



Owen Phillips
Company Secretary
07 July 2026

Financial statements

Independent auditor's report to the members of SysGroup plc

Report on the audit of the financial statements

Opinion

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2026 and of the Group's loss and cash flows for the year then ended;
- The Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;

- The Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of SysGroup Plc ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2026, which comprise the following:

Group	Parent Company
Consolidated statement of comprehensive income	Company statement of financial position
Consolidated statement of financial position	Company statement of changes in equity
Consolidated statement of changes in equity	Notes 1 to 25 to the company financial statements
Consolidated statement of cash flows	
Notes 1 to 25 to the consolidated financial statements	
Material accounting policy information	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

- Assessed the Directors' going concern methodology, including the relevance and reliability of underlying data, and consistency and appropriateness of key assumptions versus prior year;
- Evaluated the adequacy of banking facilities and covenant compliance, including consideration of the April 2027 RCF maturity and base case assumption of full repayment;

- Tested model integrity through arithmetic checks and corroboration to supporting evidence and challenged key assumptions applied;
- Reviewed downside scenarios for appropriateness and completeness, including stress-testing forecasts against covenants, assessing likelihoods and evaluating mitigating actions to maintain headroom and;
- Considered the appropriateness of the assessment period and related disclosures, and compared forecast financial resources to expected requirements, including reasonably possible adverse scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and the Parent Company's ability to continue as a going concern.

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

Overview

	2026	2025	
Key audit matters	Revenue recognition	—	✓
	Impairment of goodwill and intangible assets	✓	✓
	Classification of items as exceptional items	✓	✓
	Business combinations	✓	—
	Revenue recognition is no longer considered a KAM following a re-evaluation of our risk assessment in the current year.		
Materiality	Group financial statements as a whole Materiality has been based on 1.25% (2025: 1.25%) of revenue, rounded to £335,000 (2025: £280,000)		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control.

On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements, including with respect to the consolidation process.

We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the Group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the Group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

SysGroup plc has six entities. The control environment is aggregated, as the same IT systems, process, controls and finance team operate across the components in the Group, with the exception of Saxis Group Limited which was acquired during the year.

As part of performing our Group audit, we determined their to be 6 components, being 5 trading entities as 5 separate components, given each have their own discrete financial information and one component relating to the dormant entities within the group.

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

- Procedures on the entire financial information of the component, including performing substantive procedures; and
- Procedures on one or more classes of transactions, account balances or disclosures.

Procedures performed at the component level

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

- Procedures were performed on the entire financial information of two components;
- Procedures were performed on one or more classes of transactions, account balances or disclosures of three components; and
- No procedures were performed on the Dormant entities component.

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

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls and similarity of the Group's activities and business lines in relation to all financial statement areas with the exception of Saxis Group limited, which operates on a separate financial reporting system.

Within the Group, we considered there to be a high degree of centralisation of financial reporting in relation to the following areas:

- Right of use assets and lease liabilities;
- Classification and accuracy of exceptional items;
- Impairment of intangible assets;
- Procedures on consolidation;
- Procedures on share-based payments
- Procedures on going concern.

We therefore designed and performed audit testing procedures centrally in these areas.

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

Changes from the prior year

The change in the Group audit scope from the prior year is the inclusion of a newly acquired trading entity, for which the Group audit team performed procedures on one or more classes of transactions, account balances or disclosures.

Key audit matters

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

Key audit matter

Impairment of goodwill and intangible assets

Note 2 and 13

See accounting policy in note 1

There is a high degree of management judgement involved in assessing the value in use of the Cash Generating Units ("CGU") to which the Goodwill and Intangible Assets are allocated. This involved determining whether any impairment exists in relation to these assets. There is therefore a risk that any impairment of these assets is not appropriately recognised in accordance with applicable financial reporting standards.

For these reasons, impairment of goodwill and intangible assets was considered to be a key audit matter.

How the scope of our audit addressed the key audit matter

- Our audit procedures included:
- An assessment of whether the Goodwill and other intangible assets were correctly allocated to CGUs for monitoring purposes and in line with the requirements of the applicable financial reporting standards;
 - Challenging future trading projections by reference to the current performance of the individual CGUs and the accuracy of prior year forecasting;
 - Determining whether the forecasts adopted in the impairment review were approved by the Board and utilised consistent assumptions with those used in the going concern assessment;
 - Assessing the appropriateness of the discount rate applied and challenged the assumptions using a range of sensitivities, with reference to market data and comparable entities;
 - Checking the impairment analysis for logical and arithmetic accuracy and assessing whether it had been undertaken in accordance with the requirements of the applicable financial reporting standards;
 - Performing sensitivity analysis on key inputs, including growth projections, to understand the relative impact of changes in the key assumptions within the impairment model.

Key observations:

Based on the procedures performed, we did not identify any matters to suggest that the assumptions applied within the impairment assessment were inappropriate or outside a reasonable range.

Classification of items as exceptional items

Notes 2 and 8

See accounting policy in note 1

In reporting its results, the Group has presented various alternative profit measures ("APMs") of its financial performance, position or cashflows, which are not defined or specified under the requirements of the accounting standards. In doing so, the Group makes certain adjustments to the Group result in order to derive many of these APMs, including the use of exceptional items.

The Group presents exceptional items on the face of the Consolidated Statement of Comprehensive Income and includes material items of expenditure, which the Directors consider, due to their size, nature and expected non-occurrence, merit separate presentation in the financial statements to facilitate financial comparison with prior periods and to assess trends in the financial performance of the Group.

In the current year, the Group has identified £644,000 of items that should be classified as exceptional items. There are a number of judgements involved in making this assessment.

We have assessed that the risk of material misstatement could arise from:

- Items being classified as exceptional that do not meet the definition within the Group's accounting policy; and
- Consistency in the identification and presentation of these items.

We therefore considered the classification of exceptional items to be a key audit matter.

The audit procedures included the following:

- We challenged the rationale for the designation of certain items as exceptional items and assessed such items against the Group's accounting policy, including the nature and magnitude of the amounts incurred and consideration of whether they were one off in nature;
- We assessed whether the accounting policy had been applied consistently in identifying exceptional items; and
- We reviewed the Group's narrative disclosure of exceptional items and challenged whether the disclosure was sufficient.

Key observations:

Based on the procedures performed we did not identify any material indicators that the classification of exceptional items, together with the related disclosures, were not appropriate.

Key audit matter

Business combinations	During the year, the Group completed the acquisition of Saxis Group Limited ('Saxis').	We obtained and reviewed the sale and purchase agreement (SPA) to check that the appropriate accounting treatment had been applied. Our audit procedures included:
Note 2 and 10	The accounting for this transaction is complex and involves significant judgement, particularly in relation to determining:	• With the support of our internal valuations experts we challenged the key inputs, assumptions and valuation methodology used by management in determining the fair values of intangible assets acquired; • We reviewed management's reconciliations and supporting documentation to corroborate the acquisition-date net book values of assets and liabilities acquired and resulting fair value adjustments by challenging the key inputs, assumptions and valuation methodology utilised by management; • Assessing the competency, capability and independence of managements expert; • We agreed the fair value of the purchase consideration to supporting evidence and recalculated the goodwill arising on acquisition; • We challenged the valuation of contingent consideration with reference to Saxis' forecast performance in the earn-out period, including the challenge of underlying assumptions utilised within the forecasts and comparison of forecast performance to actual results post-acquisition; and • Reviewing the disclosures for the business combinations in line with IFRS 3 – Business Combinations.
See accounting policy in note 1	Management engaged a third-party expert to determine the fair value of the intangible assets acquired. As a result of the judgements required to be made in making this assessment there is a risk of material misstatement in the fair value allocated to assets and liabilities acquired including intangible assets and the balance of goodwill recognised. There is further judgement required by management in relation to the valuation of contingent consideration related to Saxis, including the use of forward-looking assumptions such as forecast revenues and discount rates. For these reasons, acquisition accounting was determined to be a significant risk and key audit matter.	Key observations: Based on the procedures we performed, we consider the judgements and estimates made by management to be reasonable in respect of business combinations.

How the scope of our audit addressed the key audit matter

Our application of materiality

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

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine

the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Parent company financial statements	
	2026 £	2025 £	2026 £	2025 £
Materiality	335,000	256,000	335,000	246,000
Basis for determining materiality	Based on 1.5% of revenue, then rounded	Based on 1.25% of revenue, then rounded	Based on 1.25% of Gross Assets, and capped at Group Materiality	Based on 0.75% of gross assets, then rounded
Rationale for the benchmark applied	Revenue was considered the most stable measure and to be of most relevance to the users of the financial statements. The percentage threshold was increased by 0.25% from the previous year due to BDO knowledge of the entity and low level of prior year misstatements noted.		The Parent Company does not recognise any external revenue and so a revenue basis was not considered appropriate and materiality was calculated based on gross assets. The percentage threshold was increased by 0.50% from the previous year due to BDO knowledge of the entity and low level of prior year misstatements noted.	
Performance materiality	209,000	167,000	209,000	159,900
Basis for determining performance materiality	62.5% of materiality	65% of materiality	62.5% of materiality	65% of materiality
Rationale for the percentage applied for performance materiality	We set performance materiality taking into account our assessment of the control environment, degree of estimation in the financial statements, the history of misstatements and management's attitude to proposed adjustments. This has decreased from the prior year due to the selection of the performance materiality percentages process being refined in the current year.			

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 40% and 70% (2025: 44% and 95%) of Group performance materiality dependent on a number of factors such as our assessment of the risk of material misstatement in those components. Component performance materiality ranged from £83,000 to £146,000 (2025: £73,000 to £158,000).

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £13,000 (2025: £11,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The Parent Company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Parent Company and management.

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

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

Non-compliance with laws and regulations

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

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

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

- Our procedures in respect of the above included:
- Enquiries of management whether there were any litigations and claims;
 - Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
 - Review of financial statement disclosures and agreeing to supporting documentation;
 - Involvement of tax specialists in the audit;
 - Making inquiries of the legal counsel; and
 - Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

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

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

Based on our risk assessment, we considered the areas most susceptible to fraud to be posting inappropriate journal entries and management bias in accounting estimates.

Our procedures in respect of the above included:

- Identifying and testing journal entries to source documentation, in particular any journal entries posted with unusual account combinations;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Holding discussions with those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing minutes of Board meetings throughout the year for instances of non-compliance with laws and regulation or fraud;
- Agreement of the financial statement disclosures to underlying supporting documentation.

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed, and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

BDO LLP

Daniel Wilbourn (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK
07 July 2026

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



Financial statements

Consolidated statement of comprehensive income

For the year ended 31 March 2026

	Notes	2026 Group £'000	2025 Group £'000
Revenue	4	22,072	20,501
Cost of sales		(11,799)	(10,491)
Gross profit		10,273	10,010
Operating expenses before depreciation, amortisation, impairment of intangibles, exceptional items, share-based payments and share scheme set-up costs		(9,081)	(9,065)
Adjusted EBITDA*		1,192	945
Depreciation	14	(505)	(538)
Amortisation of intangibles	13	(1,539)	(1,559)
Exceptional items	8	(644)	(826)
Share-based payments	9	(409)	(197)
Share scheme set-up costs	9	(37)	(174)
Administrative expenses		(12,215)	(12,359)
Operating (loss)		(1,942)	(2,349)
Finance income	6	163	371
Finance expense	6	(464)	(472)
(Loss) before taxation		(2,243)	(2,450)
Taxation	12	358	616
Total comprehensive (loss) attributable to the equity holders of the Company		(1,885)	(1,834)
Adjusted earnings per share (EPS)**	11	0.4p	0.3p
Basic earnings per share (EPS)	11	(2.2)p	(2.3)p
Diluted earnings per share (EPS)	11	(2.2)p	(2.3)p

*Adjusted EBITDA, which is defined as profit before net finance costs, tax, depreciation, amortisation, 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, share scheme setup costs and associated tax, divided by the weighted average number of shares in issue.

Financial statements

Consolidated statement of financial position

As at 31 March 2026

	Notes	2026 Group £'000	2025 Group £'000
Assets			
Non-current assets			
Goodwill	13	18,898	18,342
Intangible assets	13	4,071	4,047
Property, plant and equipment	14	1,073	1,441
		24,042	23,830
Current assets			
Trade and other receivables	16	5,066	5,376
Cash and cash equivalents		7,737	8,740
		12,803	14,116
Total assets		36,845	37,946
Equity and liabilities			
<i>Equity attributable to the equity shareholders of the parent</i>			
Called up share capital	21	855	855
Share premium reserve		19,329	19,329
Treasury reserve		(652)	(842)
Other reserve		3,785	3,481
Retained earnings		(1,033)	908
		22,284	23,731
Non-current liabilities			
Lease liabilities	19	30	180
Contract liabilities	20	166	1,649
Provisions	18	162	295
Deferred taxation	12	286	288
Contingent consideration	17	204	–
Bank loan	19	4,858	4,770
		5,706	7,182
Current liabilities			
Trade and other payables	17	4,870	4,674
Lease liabilities	19	150	189
Contract liabilities	20	3,386	2,075
Deferred consideration	10	232	95
Contingent consideration	17	217	–
		8,855	7,033
Total equity and liabilities		36,845	37,946

Consolidated statement of financial position (contd.)

As at 31 March 2026

Financial statements

The financial statements on pages 54 to 115 were approved by the Board and authorised on 07 July 2026.



Owen Phillips
Director
07 July 2026

Registered number 06172239

Company statement of financial position

As at 31 March 2026

	Notes	2026 Company £'000	2025 Company £'000
Assets			
Non-current assets			
Investments	15	25,962	25,962
Intangible assets	13	476	599
Property, plant and equipment	14	88	212
Deferred tax asset		775	689
		27,301	27,462
Current assets			
Trade and other receivables	16	2,750	1,197
Cash and cash equivalents		6,640	5,201
		9,390	6,398
Total assets		36,691	33,860
Equity and liabilities			
<i>Equity attributable to the equity shareholders of the parent</i>			
Called up share capital	21	855	855
Share premium reserve		19,329	19,329
Treasury reserve		(652)	(842)
Other reserve		3,785	3,481
Retained earnings		(2,129)	166
		21,188	22,989
Non-current liabilities			
Provisions	18	22	25
Bank loan	19	4,852	4,770
		4,874	4,795
Current liabilities			
Trade and other payables	17	10,629	6,031
Lease liabilities	19	–	45
		10,629	6,076
Total equity and liabilities		36,691	33,860

Company statement of financial position (contd.)

As at 31 March 2026

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 2026, the Company made a loss of £2,239,000 (FY25: loss of £1,807,000).



Owen Phillips
Director
07 July 2026

Registered number 06172239

Consolidated statement of changes in equity

For the year ended 31 March 2026

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 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
As at 1 April 2025	855	19,329	(842)	3,481	908	23,731
Comprehensive loss						
Loss for the period	–	–	–	–	(1,885)	(1,885)
Total comprehensive loss	–	–	–	–	(1,885)	(1,885)
Distributions to owners						
Sale of treasury shares	–	–	190	–	(190)	–
Share options charge	–	–	–	409	–	409
Deferred tax on share options	–	–	–	29	–	29
Reserves transfer on forfeiture of share options	–	–	–	(134)	134	–
Total distributions to owners	–	–	190	304	(56)	438
At 31 March 2026	855	19,329	(652)	3,785	(1,033)	22,284

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

<i>Reserve</i>	<i>Description and purpose</i>
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.

Financial statements

Company statement of changes in equity

For the year ended 31 March 2026

	<i>Share capital £'000</i>	<i>Share premium account £'000</i>	<i>Treasury reserve £'000</i>	<i>Other reserve £'000</i>	<i>Retained earnings £'000</i>	<i>Total £'000</i>
As at 1 April 2024	515	9,080	(984)	3,300	2,087	13,998
Comprehensive loss						
Loss for the period	–	–	–	–	(1,807)	(1,807)
Total comprehensive loss	–	–	–	–	(1,807)	(1,807)
Distributions to owners						
Issue of share capital	340	10,249	–	–	–	10,589
Purchase of own shares into treasury	–	–	142	–	(142)	–
Share options charge	–	–	–	197	–	197
Deferred Tax on share options	–	–	–	12	–	12
Reserves transfer on forfeiture of share options	–	–	–	(28)	28	–
Total distributions to owners	340	10,249	142	181	(114)	10,798
At 31 March 2025	855	19,329	(842)	3,481	166	22,989

As at 1 April 2025	855	19,329	(842)	3,481	166	22,989
Comprehensive loss						
Loss for the period	–	–	–	–	(2,239)	(2,239)
Total comprehensive loss	–	–	–	–	(2,239)	(2,239)
Distributions to owners						
Sale of treasury shares	–	–	190	–	(190)	–
Share options charge	–	–	–	409	–	409
Deferred tax on share options	–	–	–	29	–	29
Reserves transfer on	–	–	–	–	–	–
forfeiture of share options	–	–	–	(134)	134	–
Total distributions to owners	–	–	190	304	(56)	438
At 31 March 2026	855	19,329	(652)	3,785	(2,129)	21,188

Consolidated statement of cash flows

For the year ended 31 March 2026

	Notes	2026 Group £'000	2025 Group (Restated*) £'000
Cashflows used in operating activities			
(Loss) after tax		(1,885)	(1,834)
Adjustments for:			
Depreciation and amortisation	13,14	2,044	2,097
Net finance costs	6	301	101
Share-based payments	9	409	197
Fair value adjustment to contingent consideration		–	80
(Decrease) / Increase in provisions	18	(133)	140
Taxation (credit)	12	(358)	(616)
Operating cashflows before movement in working capital		378	165
(Increase)/decrease in trade and other receivables		618	(1,321)
Increase in trade and other payables		(448)	496
Cashflow from operations		548	(660)
Taxation received/(paid)		–	40
Net cash (used in)/from operating activities		548	(620)
Cashflows from investing activities			
Payments to acquire property, plant and equipment	14	(133)	(179)
Payments to acquire intangible assets	13	(84)	(570)
Payment of contingent and deferred consideration on acquisitions	22	(95)	(1,862)
Acquisition of subsidiary net of cash acquired	10	(829)	(311)
Interest received on cash deposits		164	371
Net cash used in investing activities		(977)	(2,551)
Cashflows from financing activities			
Net proceeds from issue of share capital		–	10,589
Capital/principal paid on lease liabilities	22	(189)	(162)
Interest paid on loan facility	22	(374)	(438)
Interest paid on lease liabilities	22	(11)	(21)
Net cash (used in) / from financing activities		(574)	9,968
Net (decrease) / increase in cash and cash equivalents		(1,003)	6,797
Cash and cash equivalents at the beginning of the year		8,740	1,943
Cash and cash equivalents at the end of the year		7,737	8,740

*See note 26 for details of restatement.

Notes to the consolidated financial statements

For the year ended 31 March 2026

1. Accounting policies

SysGroup Plc (the 'Company') is a Company incorporated and domiciled in the United Kingdom. The Company's registered office is at The Clove Gallery, Maguire Street, London, SE1 2NQ. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

Statement of compliance

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

Basis of preparation – Group

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

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

Basis of preparation – Company

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

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

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

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

Going concern

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

On 31 March 2026, the Group had a gross cash balance of £7.74m and a net cash position, defined as Cash balances less bank loans and lease liabilities excluding deferred and contingent consideration of £2.70m. The Group also has a £0.50m committed overdraft facility.

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 2027.

In the Base forecast there is considered ample cash headroom and assumes repayment of the debt facility from cash; refinancing is not assumed. The business is starting with a strong cash position of £7.74m on 31 March 2026 and coupled with high levels of cash conversion, the cash balance steadily improves over time under the Base forecast.

The Sensitised forecast includes assumptions for a significant decline in revenue and profits compared to the Base forecast. Even under this forecast, the Group still maintains a positive gross cash balance and stays within the bank covenants and able to fully repay any outstanding debt at any point.

The Group retains an £8.00m RCF provided by Santander in April 2022 to support acquisitions and working capital. The utilised balance is £4.86m and it expires in April 2027. The Group's forecast cash position remains sufficient to repay the drawn balance in full at any point during the assessment period under the base case and sensitised scenario. The Directors have concluded that the maturity of the RCF within the going concern assessment period does not give rise to a material uncertainty over the Group's ability to continue as a going concern.

The Group has a business model with a high degree of financial resilience since c80% of revenue is derived from contracted IT Managed Services, which is a continuous and business critical service supply to customers, providing comfort that the Sensitised forecast is unlikely to materialise.

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 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. A number of amendments to existing standards were effective for the first time in the current year (annual periods beginning on or after 1 January 2025), including Lack of Exchangeability (Amendments to IAS 21). None of these amendments had a material impact on the Group's financial statements.

IFRS 16 – Leases

The Group has no activities acting as a lessor that are within the scope of IFRS 16. The Group recognises right of use assets in relation to the lease of office space and equipment.

<i>Lease liabilities</i>	<i>Land & Buildings</i>	
	2026	2025
	£'000	£'000
At 1 April	369	604
Disposals	–	(43)
Interest Expense	11	(9)
Lease payments	(200)	(183)
At 31 March	180	369

<i>Repayment of lease liabilities are analysed as follows:</i>	<i>2026</i> <i>£'000</i>
Due within one year	150
Instalments due after one year but no more than five years	30
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.

<i>Right-of-use assets</i>	<i>Land & buildings</i> <i>£'000</i>
At 1 April 2025	498
Additions	–
Disposals	–
Depreciation	(176)
At 31 March 2026	322

- 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 revenue streams: 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:

<i>Revenue category</i>	<i>Performance delivery</i>	<i>Revenue recognition</i>
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-dependent. 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. When invoiced in arrears, the sales value is treated as contract assets and recognised as revenue in the Consolidated Statement of Comprehensive Income in the period in which the consultancy days are delivered.
Value-Added Resale	Value-Added Resale ('VAR') comprises sales of IT hardware and licences where the Group satisfies its performance obligation by procuring the products from suppliers for delivery to the customer. There are no further or ongoing obligations to the Group after delivery. The sales price for each product is separately specified in the customer sales contract. VAR sales are either invoiced in full in advance of delivery or invoiced according to an agreed contract milestone if part of a larger contract.	Revenue is recognised on delivery of the products from the supplier. Invoices are typically raised in advance of delivery and treated as contract liabilities until delivery has been fulfilled. At this point, the revenue and associated purchase cost is recognised in the Consolidated Statement of Comprehensive Income.

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

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

Segmental reporting

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

Alternative profit measures

In reporting its results, the Directors have presented various alternative profit measures (APMs) of financial performance, position, or 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 SysGroup's estimate of the Shares that will eventually vest allowing for the effect of non market-based vesting conditions.

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

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

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

Property, plant and equipment

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

- Office equipment – 20%–33% straight line
- Freehold property – 2% straight line
- Right-of-use assets – over the period of the lease

Investment in subsidiaries

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

Research and development

Research expenditure is written off to the consolidated statement of comprehensive income in the year in which the expenditure occurs. Development expenditure is treated in the same way unless the Directors are satisfied as to the technical, commercial and financial viability of individual projects, there is an intention to complete and sell the product and the costs can be easily 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:

<i>Intangible assets</i>	<i>Estimated UEL</i>
Customer relationships	5–10 years
Brand	10–15 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 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.

During the year, this estimate related to the intangible assets acquired with Saxis Group Limited (note 10), for which the Group engaged an independent valuation specialist. Customer relationships of £1,315,000 were valued using a multi-period excess earnings method; the key assumptions are the customer renewal rates (75% in the first year, 60% in the second year and 40% thereafter), an EBIT margin of 33.3%, pricing

growth of 2.0% and a post-tax discount rate of 14.3% derived from the weighted average cost of capital. The Saxis brand of £166k was valued using the relief-from-royalty method, applying a royalty rate of 1.0% of revenue, a long-term growth rate of 2.0% and the same discount rate. The valuations are most sensitive to the assumed renewal rates and the discount rate; a reasonably possible change in these assumptions would not have a material effect on the Group, and any change in the value of the identified intangible assets would result in a corresponding change to goodwill.

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. No impairment has been recorded.

Significant accounting judgements

Assessment of CGUs and carrying value of intangible assets

A cash-generating unit (CGU) is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets and the Board of Directors use their judgement to identify the CGUs of the Group. When SysGroup acquires 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.

During the year, the Truststream Security Solutions CGU was combined with the legacy Managed IT Services CGU to form a single combined IT Managed Services CGU. This change reflects the completion of the operational integration of Truststream Security Solutions into the Group's leadership, systems, reporting and budgeting structures. The Group's Senior Leadership Team manages the business within a single operational and delivery structure. Truststream Security Solutions no longer has its own management team, budget, or internal reporting. Bidirectional cross-selling between the legacy customer bases means that cash inflows are no longer largely independent. This combination represents

a change in accounting judgement and reflects the evolution of the Group's operational structure since the acquisition of Truststream Security Solutions in FY23.

This means that for the current year, there are three CGUs, being the IT Managed Services CGU, the Truststream Cybersecurity Limited CGU and the Saxis Group Limited CGU (newly acquired in year). 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.

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	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
<i>Financial assets</i>				
Assets held at amortised cost	–	–	–	–
Cash and cash equivalents	7,737	8,740	6,640	5,201
Amounts due from subsidiaries	–	–	2,606	–
Trade and other receivables	2,342	2,938	–	–
Total financial assets	10,079	11,678	9,246	5,201

	Group		Company	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
<i>Financial liabilities</i>				
Amortised cost	–	–	–	–
Trade and other payables	3,688	3,697	4	372
Amounts due to subsidiaries	–	–	10,034	4,418
Deferred consideration	232	95	–	–
Loans and other borrowings	5,038	5,139	4,852	4,815
At fair value	8,958	8,931	14,890	9,605
Contingent consideration	421	–	–	–
Total financial liabilities	9,379	8,931	14,890	9,605

<i>Contingent consideration</i>	£'000
At 1 April 2025	–
Recognised on acquisition of Saxis Group	421
Settled during the year	–
At 31 March 2026	421

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:

<i>Group & Company</i>	2026		2025		
	<i>Level 1</i>	<i>Level 3</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	£'000	£'000	£'000	£'000	£'000
Liabilities measured at fair value					
Contingent consideration	–	421	–	–	–
Total	–	421	–	–	–

The provision for contingent consideration is in respect of the Saxis acquisition. See note 10.

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 prepares 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:

<i>Group</i>	<i>Up to</i>	<i>Between</i>	<i>Between</i>	<i>Between</i>	<i>Over</i>
<i>At 31 March 2026</i>	<i>3 months</i>	<i>3&12 months</i>	<i>1&2 years</i>	<i>2&5 years</i>	<i>5 years</i>
	£'000	£'000	£'000	£'000	£'000
Trade and other payables	2,214	114	64	205	–
Loans and borrowings	–	–	4,858	–	–
Contingent consideration	–	250	250	–	–
Total	2,214	364	5,172	205	–

<i>At 31 March 2025</i>					
Trade and other payables	3,697	–	–	–	–
Loans and borrowings	47	142	180	4,770	–
Total	3,744	142	180	4,770	–

<i>Company</i>	<i>Up to</i>	<i>Between</i>	<i>Between</i>	<i>Between</i>	<i>Over</i>
<i>At 31 March 2026</i>	<i>5 months</i>	<i>5&12 months</i>	<i>1&2 years</i>	<i>2&5 years</i>	<i>5 years</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade and other payables	4	–	–	–	–
Amounts due to subsidiaries	10,034	–	–	–	–
Loans and borrowings	–	–	4,852	–	–
Total	10,038	–	4,852	–	–
<i>At 31 March 2025</i>					
Trade and other payables	372	–	–	–	–
Amounts due to subsidiaries	4,418	–	–	–	–
Loans and borrowings	11	33	–	4,770	–
Total	4,801	33	–	4,770	–

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– 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 objectives 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 reviews 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.

<i>Revenue by operating segment</i>	<i>2026</i>	<i>2026</i>	<i>2025</i>	<i>2025</i>
	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
Managed IT Services	18,352	83%	17,696	86%
Value-Added Resale	3,720	17%	2,805	14%
Total	22,072	100%	20,501	100%

No individual customer accounts for more than 8% of the Group’s revenue. The revenue by geographic location for where services are delivered to customers is shown below.

	<i>2026</i>	<i>2026</i>	<i>2025</i>	<i>2025</i>
	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
UK	21,873	99%	20,379	99%
Rest of world	199	1%	122	1%
Total	22,072	100%	20,501	100%

	<i>2026</i>	<i>2025</i>
	<i>£'000</i>	<i>£'000</i>
Revenue		
Managed IT Services	18,352	17,696
Value-Added Resale	3,720	2,805
Total	22,072	20,501
Gross Profit		
Managed IT Services	9,017	9,186
Value-Added Resale	1,256	824
Total	10,273	10,010

Assets and liabilities related to contracts with customers

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

	2026 £'000	2025 £'000
<i>Contract liabilities (deferred income)</i>		
At 1 April	3,724	2,778
Recognised as revenue	(3,399)	(1,263)
Amounts invoiced to customers	3,227	2,209
At 31 March	3,552	3,724

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

	2026 £'000	2025 £'000
Operating loss is after charging the following:		
Audit – Group	184	184
Audit – Company	5	5
Auditor's remuneration	189	189
Depreciation of tangible fixed assets	505	538
Amortisation of intangible assets	1,539	1,559
Staff costs (note 7)	6,896	6,454
Share-based payments (note 7, 9)	409	197
Short-term lease costs	–	17
Exceptional items (note 8)	644	826

6. Finance income and expense

	2026 £'000	2025 £'000
<i>Finance income</i>		
Interest received on cash deposits	163	371

	2026 £'000	2025 £'000
<i>Finance expense</i>		
Interest payable on bank loan	400	438
Interest payable on lease liabilities	11	(9)
Arrangement fee amortisation on bank loan	53	36
Other interest	–	7
Total	464	472

7. Staff numbers and costs

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

	2026	2025
Technical support	62	70
Sales and marketing	13	11
Administration	19	19
Total	94	100

Included within Administrative roles are the four non-executive directors (FY25: 4).

The aggregate payroll costs including Executive Directors were as follows:

	2026 £'000	2025 £'000
Wages and salaries	5,939	5,586
Social security costs	771	679
Benefits in kind	29	23
Pension benefits	157	166
Share-based payment expense	409	197
Total	7,305	6,651

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

	2026 £'000	2025 £'000
<i>Directors</i>		
Fees and salaries	524	524
Social security costs	75	55
Benefits in kind	25	25
Pension benefits contributions	17	17
Share-based payment expense	227	197
Total	868	818

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 £233,000 (FY25: £231,000).

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 balance outstanding at 31 March 2026 was £Nil (FY25: £Nil).

Within the year £Nil of staff costs were capitalised as intangible assets (FY25: £460,000).

8. Exceptional items

	2026 £'000	2025 £'000
Integration and restructuring costs	584	420
Supplier charges in dispute	–	236
M&A projects	60	90
Fair value adjustment of contingent consideration liability	–	80
Total	644	826

Restructuring costs relate to the Group's multi-year programme to transform SysGroup from a traditional managed service provider to an advisory-led technology solutions business. FY2026 costs are driven by AI-enabled service and administrative headcount reductions. Restructuring costs also include post-acquisition integration costs relating to Crossword Consulting Limited, acquired in November 2024. These costs are considered non-recurring and have therefore been classified as exceptional.

Prior year 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.

M&A project fees predominantly relate to legal and professional fees incurred in relation to the acquisition of Saxis Group Limited (completed December 2025). In the prior year, the costs incurred related predominantly to the acquisition of the trade and assets of Crossword Consulting Limited (completed November 2024). Acquisition costs are expensed as incurred per IFRS 3.53. These are considered non-recurring and have therefore been classified as exceptional.

The supplier charges relate to disputed items in the prior year 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 prior year fair value adjustment to the contingent consideration liability relates to the purchase of Truststream Security Solutions Limited in FY24. 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

The total charge for the year relating to employee share-based payment plans was £409,000 (2025: £197,000), all of which related to equity-settled share-based payment transactions. In addition, share scheme set-up costs of £37,000 (2025: £174,000) were incurred during the year.

Active schemes

The Group operates the following share-based incentive arrangements:

Value Creation Plan (VCP)

The VCP is an equity-settled share-based payment scheme designed to incentivise Executive Directors and senior management to enhance shareholder value. Participants hold awards over A Ordinary Shares in SysGroup Holding (No1) Limited. They are entitled to either cash consideration or be issued Ordinary Shares in the Parent Company, at the discretion of the Company.

The VCP spans a five-year period concluding on 26 June 2029 (the "VCP Measurement Date"). Depending on the share price at the VCP Measurement Date, participants' entitlements are determined by three incremental hurdle levels, with value sharing rates of 15%, 20% and 25% at each respective hurdle.

During the year, the Company made new VCP awards to two senior employees on 30 June 2025 and a third senior employee on 3 February 2026. Three participants from the original August 2024 VCP awards and one participant from the June 2025 awards left the Group during the year and their awards were forfeited.

As disclosed in the prior year, the VCP was modified on 21 March 2025 from a subscription model to a nil-cost share option structure. The incremental fair value arising from the modification continues to be recognised over the remaining vesting period to June 2029.

Performance Share Plan (PSP)

The PSP is a discretionary incentive plan allowing for the grant of awards over Ordinary Shares to eligible employees of the Group on an annual basis, with targets set over rolling three-year

periods. The vesting of awards is subject to the achievement of an EPS performance target measured over a three-year period.

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, preventing participants being remunerated twice for the same performance.

During the year, the Company granted new PSP awards on 2 September 2025 to both PSP-only and PSP with VCP participants.

Save As You Earn (SAYE)

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.

A new tranche of SAYE awards was granted on 1 October 2025 at an exercise price of £0.15 per share.

Key terms and conditions of awards granted during the year

Year ended 31 March 2026	VCP	PSP	SAYE
Grant Date	30 June 2025 / 3 February 2026	2 September 2025	1 October 2025
Vesting Period	5 years from original grant (to June 2029)	3 years (PSP only) 3.95 years (PSP & VCP)	3 years / 5 years
Settlement Method	Equity-settled	Equity-settled	Equity-settled
Performance Hurdles	£0.60 (15% value sharing) £2.25 (20% value sharing) £3.00 (25% value sharing)	EPS target range: 0.82p – 1.31p (non-market condition)	Not applicable
Service Condition	Continuous employment until June 2029	Continuous employment until August 2029 (PSP & VCP) Continuous employment until September 2028 (PSP only)	Continuous employment until October 2028 (3 year saving plan) Continuous employment until October 2030 (5 year saving plan)
Other Condition	50% of Shares subject to 1-year holding period	Not applicable	Monthly contribution requirement to the saving plan
Exercise Price	Nil	Nil (PSP only) Various (PSP & VCP)	£0.15
Number of Participants	3 senior employees	2 Executive Directors and 13 employees	2 Executive Directors and 28 employees

<i>Year ended 31 March 2025</i>	<i>VCP</i>	<i>PSP</i>	<i>SAYE</i>
Grant Date	August 2024	August 2024	October 2024
Vesting Period	5 years (August 2024 to August 2029)	5 years (PSP & VCP) 3 years (PSP only)	3 years / 5 years
Settlement Method	Equity-settled	Equity-settled	Equity-settled
Performance Hurdles	£0.60 (15% value sharing) £2.25 (20% value sharing) £3.00 (25% value sharing)	EPS range: 2.16p (25% vesting) to 2.95p (100% vesting)	Not applicable
Service Condition	Continuous employment until August 2029	Continuous employment until August 2029 (PSP & VCP) Continuous employment until August 2027 (PSP only)	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
Exercise Price	Nil	Nil (PSP only) £0.60 (PSP & VCP)	£0.26
Number of Participants	2 Executive Directors and 3 senior management	2 Executive Directors and 13 employees	2 Executive Directors and 28 employees

Reconciliation of award movements

VCP

The VCP share scheme represents awards granted of A Ordinary Shares in SysGroup Holding (No1) Limited as reference units. 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.

<i>Grant date</i>	<i>Exercise period</i>	<i>Exercise price</i>	<i>At 31 March 2025</i>	<i>Granted</i>	<i>Forfeited</i>	<i>At 31 March 2026</i>
21 Mar 2025	26 Jun 2029 – 26 Jun 2034	Nil	230	–	(105)	125
30 Jun 2025	26 Jun 2029 – 26 Jun 2034	Nil	–	70	(35)	35
3 Feb 2026	26 Jun 2029 – 26 Jun 2034	Nil	–	35	–	35
Total			230	105	(140)	195

PSP

No. of Ordinary Shares – PSP Only (nil-cost exercise price)

<i>Grant date</i>	<i>Exercise period</i>	<i>Exercise price</i>	<i>At 31 March 2025</i>	<i>Granted</i>	<i>Forfeited</i>	<i>At 31 March 2026</i>
20 Aug 2024	20 Aug 2027 – 20 Aug 2034	Nil	588,236	–	(273,110)	315,126
2 Sep 2025	2 Sep 2028 – 2 Sep 2035	Nil	–	685,792	–	685,792
Total			588,236	685,792	(273,110)	1,000,918

No. of Ordinary Shares – PSP with VCP offset

<i>Grant date</i>	<i>Exercise period</i>	<i>Exercise price</i>	<i>At 31 March 2025</i>	<i>Granted</i>	<i>Forfeited</i>	<i>At 31 March 2026</i>
20 Aug 2024	20 Aug 2029 – 20 Aug 2034	£0.60	1,328,451	–	(535,734)	792,717
2 Sep 2025	15 Aug 2029 – 2 Sep 2035	Various	–	2,303,283	(704,477)	1,598,806
Total			1,328,451	2,303,283	(1,240,211)	2,391,523

For employees granted awards in both the PSP and VCP, the number of PSP Shares that may be acquired is reduced by deducting the number of PSP Plan Shares with a value equivalent to the A Ordinary Shares payable under the VCP scheme.

The exercise price shown for these awards represents the first hurdle price of the respective VCP contract, which determines the point at which the PSP offset condition becomes effective.

SAYE

No. of Ordinary Shares

<i>Grant date</i>	<i>Exercise period</i>	<i>Exercise price</i>	<i>At 31 March 2025</i>	<i>Granted</i>	<i>Forfeited</i>	<i>At 31 March 2026</i>
1 Oct 2024	1 Oct 2027 – 1 Apr 2028	£0.26	576,470	–	(374,563)	201,907
1 Oct 2025	1 Oct 2028 – 1 Apr 2029	£0.15	–	984,000	(144,000)	840,000
Total			576,470	984,000	(518,563)	1,041,907

Fair value of awards granted during the year

Year ended 31 March 2026

VCP

VCP awards were valued using a Monte Carlo option pricing model. The performance conditions (market-based) were included in the fair value

calculations. The fair values are stated before adjustment for any price payable by VCP participants.

<i>Model inputs and fair value</i>	<i>Awardee 1</i>	<i>Awardee 2</i>	<i>Awardee 3</i>
Model	Monte Carlo	Monte Carlo	Monte Carlo
Grant date	30/06/2025	30/06/2025	03/02/2026
Exercise price (£)	0.00	0.00	0.00
Share price at grant date (£)	0.21	0.21	0.16
Expected volatility (%)	39.6%	39.6%	39.4%
Risk free rate (%)	3.8%	3.8%	3.8%
Expected dividend yield (%)	0.0%	0.0%	0.0%
Time to vest (years)	3.99	3.99	3.39
Present value of fair value (£)	1,076,424	430,841	150,812
Number of Shares	35	35	35
Fair value per A Share (£)	30,754	12,309	4,308

Volatility assumptions are 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.

PSP

PSP awards were valued using the Black Scholes model. The fair value of the awards with non-market conditions was calculated as £0.17 per award for PSP-only participants.

PSP only participants

Model inputs and fair value	Black Scholes A
Model	Black Scholes
Grant date	02/09/2025
Exercise price (£)	0.00
Share price (£)	0.17
Expected volatility (%)	41.24%
Risk free rate (%)	3.88%
Expected dividend yield (%)	0.0%
Time to vest (years)	3.00
Fair value per award (£)	0.17
Number of options	685,792
Total fair value (£)	114,870

PSP with VCP participants (new VCP awardees)

Model inputs and fair value	BS A	BSB
Model	Black Scholes	Black Scholes
Grant date	02/09/2025	02/09/2025
Exercise price (£)	0.00	Various*
Share price (£)	0.17	0.17
Expected volatility (%)	41.24%	39.71%
Risk free rate (%)	3.88%	3.98%
Expected dividend yield (%)	0.0%	0.0%
Time to vest (years)	3.00	3.95
Fair value from BS model	0.17	0.01 – 0.03
BS A minus BS B		0.13 – 0.16
Number of options		925,373
Total fair value (£)		135,451

*The BS B exercise price reflects the first hurdle price of each participant's VCP contract (£0.27, £0.53 and £0.49 for the three new VCP awardees respectively), used to model the negative market condition relating to the clawback of PSP awards where the VCP vests.

PSP with VCP participants (2024 VCP awardees)

Model inputs and fair value	BS A	BSB
Model	Black Scholes	Black Scholes
Grant date	02/09/2025	02/09/2025
Exercise price (£)	0.00	£0.49 – £0.60*
Share price (£)	0.17	0.17
Expected volatility (%)	41.24%	39.71%
Risk free rate (%)	3.88%	3.98%
Expected dividend yield (%)	0.0%	0.0%
Time to vest (years)	3.00	3.95
Fair value from BS model	0.17	0.01
BS A minus BS B		0.16
Number of options		1,377,910*
Total fair value (£)		220,144*

*For the 2024 VCP awardees receiving new PSP grants, the BS B exercise price reflects the first hurdle price of their respective VCP contracts. The total fair value shown is at the grant date; 298,507 options (£47,691 fair value) were subsequently forfeited during the year as one participant left the Group.



SAYE

SAYE awards were valued using the Black Scholes model. All options granted under SAYE have an exercise price of £0.15.

<i>Model inputs and fair value</i>	<i>3 year scheme</i>	<i>5 year scheme</i>
Model	Black Scholes	Black Scholes
Grant date	01/10/2025	01/10/2025
Exercise price (£)	0.15	0.15
Share price (£)	0.17	0.17
Expected volatility (%)	40.4%	38.4%
Risk free rate (%)	3.9%	4.1%
Expected dividend yield (%)	0.0%	0.0%
Time to vest (years)	3.0	5.0
Fair value per award (£)	0.06	0.07

Year ended 31 March 2025

The fair values of the awards granted in the prior year were independently valued by RSM UK Corporate Finance LLP.

VCP

VCP awards were valued using a Monte Carlo option pricing model. The total fair value of the awards was calculated to be £1,714,900, resulting in £7,456 per A Share.

<i>Model inputs and fair value</i>	<i>2024 Awards</i>
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 A Share (£)	7,456

PSP

PSP only participants

<i>Model inputs and fair value</i>	<i>Black Scholes</i>
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

PSP with VCP participants

<i>Model inputs and fair value</i>	<i>BS A</i>	<i>BSB</i>
Model	Black Scholes	Black Scholes
Grant date	20/08/2024	20/08/2024
Exercise price (£)	0.00	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

<i>Model inputs and fair value</i>	<i>3 year scheme</i>	<i>5 year scheme</i>
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 have historic participants but are not used as part of the Group's incentive structure going forwards. All awards under these schemes are fully vested and there is no remaining share-based payment charge. Activity in the year comprised the expiry and forfeiture of EMI options on cessation of employment and the exercise of LTIP options.

EMI scheme

Share options were granted to employees of the Group under the EMI scheme at the discretion of and with approval from the Remuneration Committee. The weighted average exercise price of options in issue at 31 March 2026 is 41.7p per share (2025: 42.2p per share). During the year, two participants left the Group as bad leavers and their EMI options were forfeited.

<i>Grant date</i>	<i>Exercise period</i>	<i>Exercise price</i>	<i>At 31 March 2025</i>	<i>Expired</i>	<i>Forfeited</i>	<i>At 31 March 2026</i>
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	90,000	–	(40,000)	50,000
06/04/2021	06/04/24 to 05/04/31	41.0p	75,000	–	(15,000)	60,000
Total			170,000	(5,000)	(55,000)	110,000

The inputs to the share valuation model utilised at the grant of the EMI options are unchanged from prior year disclosures.

	<i>26-Nov-18</i>	<i>06-Apr-21</i>
Number of instruments granted	215,000	206,000
Grant date	26-Nov-18	06-Apr-21
Expiry date	25-Nov-28	05-Apr-31
Contract term (years)	10	10
Exercise price	42.5p	41.0p
Share price at granting	42.5p	41.0p
Annual risk-free rate (%)	0.5%	0.5%
Annual expected dividend yield (%)	0.0%	0.0%
Volatility (%)	27%	27%
Fair value per grant instrument	17.9p	26.0p

Executive LTIP options

The Remuneration Committee is responsible for establishing the Executive LTIP Schemes and sets the targets by which the performance of the Executive Directors is measured. The weighted average exercise price of options in issue is 1.0p per share.

No. of Ordinary Shares

<i>Grant date</i>	<i>Exercise period</i>	<i>Exercise price</i>	<i>At 31 March 2025</i>	<i>Exercised</i>	<i>At 31 March 2026</i>
16/07/2018	16/07/21 to 15/07/28	1.0p	150,000	(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	(100,000)	50,000
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			932,235	(400,000)	532,235

At 31 March 2026, 642,235 options were exercisable (2025: 1,102,235), comprising 110,000 EMI options (2025: 170,000) and 532,235 Executive LTIP options (2025: 932,235). No options under the VCP, PSP or SAYE schemes were exercisable at the reporting date as the vesting conditions had not yet been met.

During the year, 400,000 Executive LTIP options were exercised (2025: 300,000) at an exercise price of 1.0p per share. The exercise was settled from treasury shares held by the Company. The weighted average share price at the date of exercise was 16.25p (2025: 37.5p).

10. Acquisitions

Saxis Group Limited

On 22 December 2025, SysGroup Holding (No1) Limited acquired 100% of the issued share capital of Saxis Group Ltd ('Saxis'). The cost of acquisition comprised cash consideration of £2,421,000, calculated as the fixed cash consideration of £1,250,000, plus Saxis cash acquired and then distributed to the Seller at the point of completion of £1,171,000, less estimated debt of £nil. The consideration paid at completion is subject to adjustment through the completion accounts, which determines the final purchase price based on the actual cash, debt and working capital position of

the company at the completion date. The completion accounts adjustment is £232,000 and was paid post year end. In addition, the SPA includes earn-out consideration contingent on the EBITDA performance of the company during the two earn-out periods ending 30 September 2026 and 30 September 2027. The maximum contingent consideration payable in each period is £250,000. After discounting, this is valued at £421,000.

The cost of acquisition comprised:

	£'000
Cash	1,250
Saxis cash acquired and distributed as part of acquisition	1,171
Contingent consideration	421
Completion accounts adjustment	232
Total consideration	3,074

The results contributed by Saxis between the acquisition date and 31 March 2026 are as follows:

	£'000
Revenue	1,052
Profit after tax	140

The goodwill arising on acquisition of £556,000 is reviewed annually for impairment.

The contingent consideration of £421,000 is recognised in the Consolidated Statement of Financial Position split £217,000 within current liabilities and £204,000 within non-current liabilities, based on the expected settlement dates of the two earn-out tranches in December 2026 and December 2027 (see note 17). The completion accounts adjustment

of £232,000 is recognised as deferred consideration within current liabilities. The assets acquired include cash acquired and distributed as part of acquisition of £1,171,000.

The business combination has been accounted for using the purchase method of accounting. At 22 December 2025 ("date of acquisition"), the assets and liabilities of Saxis were consolidated at their fair value to the Group, as set out below:

	Initial book value £'000	Fair value adjustment £'000	Fair value at date of acquisition £'000
Customer relationships	–	1,315	1,315
Brand	–	166	166
Tangible fixed assets	4	–	4
Bank and cash balances	421	–	421
Accounts receivable	334	–	334
Cash acquired and distributed as part of acquisition	1,171	–	1,171
Other debtors	1	–	1
Total assets	1,931	1,481	3,412

	<i>Initial book value £'000</i>	<i>Fair value adjustment £'000</i>	<i>Fair value at date of acquisition £'000</i>
Bank loans	(9)	–	(9)
Personal loans	(4)	–	(4)
Accounts payable	(134)	–	(134)
Corporation taxation	(264)	–	(264)
Deferred income	(44)	–	(44)
HM Customs	(23)	–	(23)
Other creditors	(46)	–	(46)
Deferred tax	–	(370)	(370)
Total liabilities	(524)	(370)	(894)
Net assets acquired			2,518
Goodwill			556
Total consideration			3,074

Cashflow:

	<i>£'000</i>
Cash consideration	2,421
Less: amount funded by loan from Saxis used to complete the acquisition (eliminated on consolidation)	(1,171)
Cash paid from the Group's own resources	1,250
Less: cash and cash equivalents acquired	(421)
Net cash outflow on acquisition	829

Acquisition-related professional fees of £27,000 were incurred in relation to the Saxis acquisition. These costs are included as Exceptional items within the Consolidated Statement of Comprehensive Income.

Crossword Consulting Limited (rebranded as Truststream Cybersecurity Limited, acquired November 2024 – prior year)

On 18 November 2024, the Group acquired the trade, assets 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.

<i>Recognised amounts of net assets acquired and liabilities assumed</i>	<i>Book value £'000</i>	<i>Fair value adj. £'000</i>	<i>Fair value £'000</i>
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. This was paid in full in FY26.

11. Earnings per share

	2026	2025
(Loss) for the financial year attributable to shareholders	(£1,885,311)	(£1,834,000)
Adjusted profit for the financial year	£324,000	£233,000
Weighted number of issued equity shares	85,515,091	79,829,723
Weighted number of equity shares for diluted EPS calculation	90,127,476	82,948,985
Adjusted basic earnings per share (pence)	0.4p	0.3p
Basic earnings per share (pence)	(2.2p)	(2.3)p
Diluted earnings per share (pence)	(2.2p)	(2.3)p

	2026	2025
	£'000	£'000
(Loss) after tax used for basic earnings per share	(1,885)	(1,834)
Amortisation of intangible assets	1,539	1,559
Exceptional items	644	826
Share-based payments	409	197
Share scheme set-up costs	37	174
Total add back (pre-tax)	2,629	2,756
Tax adjustments	(420)	(689)
Adjusted profit used for adjusted earnings per share	324	233

12. Taxation

Current tax	2026	2025
	£'000	£'000
Current tax - current year	–	16
Adjustments in respect of prior years	(16)	(2)
Total current tax charge	(16)	14
Deferred tax		
Deferred tax - timing differences	(342)	(491)
Adjustments in respect of prior years	–	(139)
Total deferred tax	(342)	(630)
Total tax (credit)	(358)	(616)

	2026	2025
	£'000	£'000
(Loss) on ordinary activities before tax	(2,243)	(2,450)
(Loss) on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 25%	(561)	(612)
Effects of:		
Expenses not deductible	174	456
Fixed asset differences	16	–
Income not taxable	(1)	–
Short term timing differences	16	16
Other deferred tax movements	–	(333)
Deferred tax (charged)/credited directly to equity	29	13
Adjustments in respect of prior years	(16)	(141)
Other permanent differences	(15)	(15)
Total tax (credit)	(358)	(616)

The effective tax rate for the year ended 31 March 2026 is lower (2025: higher) than the standard rate of corporation tax in the UK.

	2026	2025
	£'000	£'000
Deferred tax on customer relationships	(869)	–
Deferred tax asset on share-based payments	114	–
Fixed asset timing differences	(154)	(206)
Short term timing differences	8	134
Losses	615	574
Other	–	(790)
Deferred tax asset / (liability)	(286)	(288)

Deferred tax balances are recognised at 25% (2025: 25%):

	<i>Losses £'000</i>	<i>Fixed asset timing differences £'000</i>	<i>Short-term timing differences</i>	<i>Share-based payments</i>	<i>Customer relationships £'000</i>	<i>Total £'000</i>
Balance at 1 April 2025	540	(171)	3	131	(791)	(288)
Movement in deferred tax on share-based payments	–	–	–	(47)	–	(47)
Movement in deferred tax on share-based payment recognised in equity	–	–	–	30	–	30
Deferred tax on business acquisition	–	–	–	–	(370)	(370)
Movement in deferred tax on amortisation of intangible assets	–	–	–	–	292	292
Fixed asset and other timing differences	75	17	5	–	–	97
Balance at 31 March 2025	615	(154)	8	114	(869)	(286)

13. Intangible assets

<i>Group cost</i>	<i>Systems development £'000</i>	<i>Software licences £'000</i>	<i>Customer relationships £'000</i>	<i>Positive goodwill £'000</i>	<i>Total £'000</i>
At 1 April 2024	1,120	–	12,709	17,948	31,777
Additions	570	–	328	394	1,292
Impairment	–	–	–	–	–
At 31 March 2025	1,690	–	13,037	18,342	33,069
Additions	82	–	–	–	82
Acquired through business combinations	–	166	1,315	556	2,037
At 31 March 2026	1,772	166	14,352	18,898	35,188

Accumulated amortisation

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
Charge for the year	374	3	1,162	–	1,539
At 31 March 2026	1,180	3	11,036	–	12,219

Net book value

At 31 March 2025	884	–	3,163	18,342	22,389
At 31 March 2026	592	163	3,316	18,898	22,969

Company cost

	<i>Systems development £'000</i>	<i>Total £'000</i>
At 1 April 2024	65	65
Additions	569	569
At 31 March 2025	634	634
Additions	82	82
At 31 March 2026	716	716

Accumulated amortisation

At 1 April 2024	18	18
Charge for the year	17	17
At 31 March 2025	35	35
Charge for the year	205	205
At 31 March 2026	240	240

Net book value

At 31 March 2025	599	599
At 31 March 2026	476	476

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. As the Group acquires new businesses, they form their own CGU until they have been integrated into the Group's core operational structure.

When SysGroup acquires 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.

During the year, the Truststream Security Solutions CGU was combined with the legacy Managed IT Services CGU to form a single combined IT Managed Services CGU. This change reflects the completion of the operational integration of Truststream Security Solutions into the Group's leadership, systems, reporting and budgeting structures. The Group's Senior Leadership Team manages the business within a single operational and delivery structure. Truststream Security Solutions no longer has its own management team, budget, or internal reporting. Bidirectional cross-selling between the legacy customer bases means that cash inflows are no longer largely independent. This combination represents a change in accounting judgement and reflects the evolution of the Group's operational structure since the acquisition of Truststream Security Solutions in FY23.

The Truststream Cybersecurity Limited and Saxis Group Limited businesses continue to be assessed as separate CGUs as they maintain distinct operational characteristics.

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

	Allocation of goodwill		Carrying value of assets	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
IT Managed Services	17,948	17,948	17,749	20,709
Saxis Group Limited	556	–	1,582	–
Truststream Cybersecurity Limited	394	394	1,005	850
Total	18,898	18,342	20,336	21,559

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 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% (FY25: 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.

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 of the level of relative risk in each respective CGU. All CGUs operate within the same Group, are funded from the same capital structure and the company-specific risk premium captures the incremental risk profile.

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.

IT Managed Services CGU

The IT Managed Services (ITMS) CGU is the combined CGU formed during the year from the former Managed IT Services CGU (comprising acquisitions of System Professional in 2016, Rockford IT in 2017, Certus IT in 2019, Hub Network in 2020 and Orchard IT in 2022) and the former Truststream Security Solutions CGU (acquired in 2022). The combined ITMS CGU reflects the operational integration of these businesses into a single Managed IT Services delivery structure.

The base case VIU for the IT Managed Services CGU is £24,969k against a carrying value of £17,749k, providing headroom of £7,221k (40.6%).

Under a sensitised downside scenario which assumes flat revenue (no growth in Years 1 to 5), the VIU is £19,748k, providing headroom of £2,000k (11.3%). In both scenarios, sufficient headroom exists and no impairment is required.

The VIU model is sensitive to changes in key assumptions. If the gross margin percentage of 43.6% is reduced by 1%, the VIU would reduce by £1.7m with sufficient headroom remaining. If the discount rate of 11.7% increased by 1%, the VIU would reduce by approximately £2.4m, with sufficient headroom remaining. Management is comfortable that the revenue growth rates, gross margin percentage and discount rate used in the VIU model are appropriate given the Group's recent trading performance and outlook.

Truststream Cybersecurity Limited CGU

The Truststream Cybersecurity Limited (TCL) CGU comprises the trade and assets of Crossword Consulting Limited, which were acquired by the Group in November 2024 and rebranded as TCL. The business has continued to be assessed as a separate CGU given its distinct operational characteristics, specialist customer base and growth profile.

The base case VIU for TCL is £7,254k against a carrying value of £1,005k, providing headroom of £6,249k (621.7%). Under the sensitised scenario (flat revenue in Years 2 to 5), the VIU is £1,426k, still providing headroom of £421k (41.9%). In all scenarios tested, sufficient headroom exists and no impairment is required.

Given the significant headroom, no reasonably possible change in the key assumptions would cause the carrying value of the CGU to exceed its recoverable amount. If the gross margin percentage of 66.9% is reduced by 1%, the VIU would reduce but sufficient headroom would remain in the base case. If the discount rate of 11.7% increased by 1%, the VIU would reduce by approximately £0.2m, with sufficient headroom remaining. Management is comfortable with the assumptions used.

Saxis Group Limited CGU

The Saxis Group Limited CGU was formed during the year following the acquisition of Saxis Group Limited on 22 December 2025. As a recent acquisition, the carrying value of the CGU is materially aligned to the purchase consideration paid by the Group and no formal impairment review has been performed at year end. Saxis Group Limited will be assessed for impairment as part of the FY27 annual impairment review.

The assumptions used for the impairment review are detailed below:

	<i>IT Managed Services</i>	<i>Truststream Cybersecurity Limited</i>
<i>2026</i>		
Discount rate post-tax	11.7%	11.7%
Revenue growth rate Year 2 to Year 5	5.3%	14.0%
Terminal growth rate	2.0%	2.0%
<i>2025</i>		
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

<i>Group cost</i>	<i>Office equipment £'000</i>	<i>Right-of- use lease £'000</i>	<i>Freehold property £'000</i>	<i>Total £'000</i>
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
At 1 April 2025	1,829	1,151	382	3,362
Additions	133	–	–	133
Acquisition of subsidiary - Saxis	4	–	–	4
At 31 March 2026	1,966	1,151	382	3,499

Accumulated depreciation

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
At 1 April 2025	1,219	653	49	1,921
Charge for the year	321	176	8	505
At 31 March 2026	1,540	829	57	2,426

Net book value

At 31 March 2025	610	498	333	1,441
At 31 March 2026	426	322	325	1,073

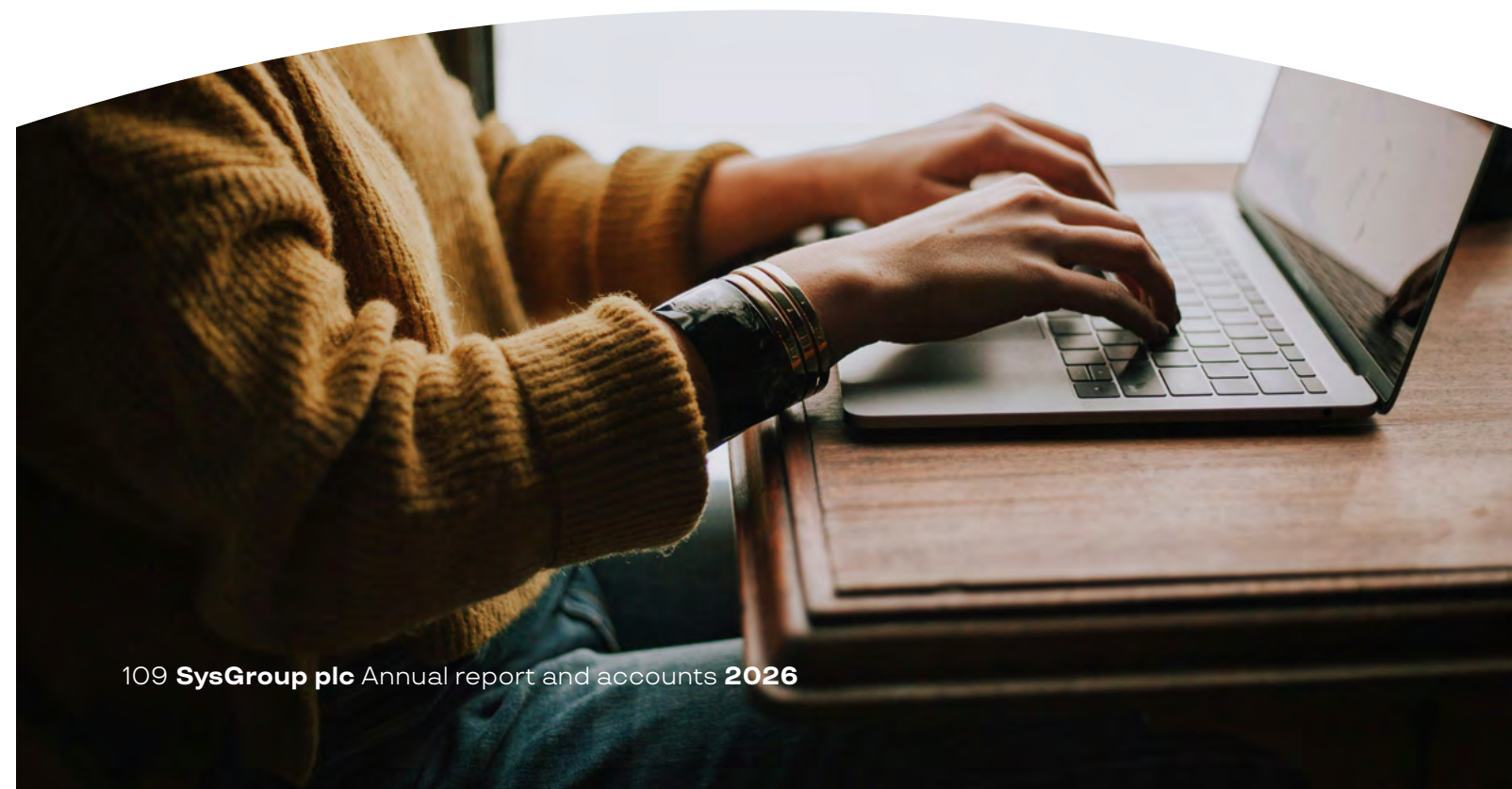
<i>Company cost</i>	<i>Office equipment £'000</i>	<i>Right-of- use lease £'000</i>	<i>Total £'000</i>
At 1 April 2024	335	393	728
Additions	23	–	23
Disposals	–	–	–
At 31 March 2025	358	393	751
At 1 April 2025	358	393	751
Additions	2	–	2
Disposals	–	–	–
At 31 March 2026	360	393	753

Accumulated depreciation

At 1 April 2024	118	280	398
Charge for the year	87	54	141
Disposals	–	–	–
At 31 March 2025	205	334	539
At 1 April 2025	205	334	539
Charge for the year	88	38	126
Disposals	–	–	–
At 31 March 2026	293	372	665

Net book value

At 31 March 2025	153	59	212
At 31 March 2026	67	21	88



15. Investments

<i>Company</i>	<i>2026</i> <i>£'000</i>	<i>2025</i> <i>£'000</i>
At start of year	25,962	26,399
Investment in subsidiaries	–	3
Impairment	–	(440)
At 31 March	25,962	25,962

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

No impairment of investments has been recorded in the period (FY25: £440k impairment of the SysGroup Trading Limited investment). Following the combination of the Managed IT Services and Truststream Security Solutions

CGUs, the net investment in the combined ITMS entities of £19,965k is supported by a value in use of £25,272k, providing headroom of £5,307k under the base case and £86k under the sensitised scenario.

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

<i>Undertakings</i>	<i>Registration</i>	<i>Principal activity</i>
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
Saxis Group Limited****	England & Wales	Managed IT Services

*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.

****Saxis Group Limited, acquired in year, is a wholly owned subsidiary of SysGroup Holding (No.1) Limited. See note 10 for details.

For the year ended 31 March 2026, the following wholly owned, trading subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A of the Act:

- SysGroup Trading Limited - 04754200
- Truststream Security Solutions Limited - SC408502

- Truststream Cybersecurity Limited - 16048748
- SysGroup Holding (No.1) Limited - 15880286
- Saxis Group Limited - 03844217

SysGroup plc has provided a statutory guarantee under section 479C of the Companies Act 2006 in respect of all outstanding liabilities to which these subsidiaries are subject as at 31 March 2026.

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

	<i>Group</i> <i>2026</i> <i>£'000</i>	<i>Company</i> <i>2026</i> <i>£'000</i>	<i>Group</i> <i>2025</i> <i>£'000</i>	<i>Company</i> <i>2025</i> <i>£'000</i>
<i>Amounts due within one year</i>				
Trade debtors	2,296	–	2,938	–
Amounts due from subsidiaries	–	2,606	–	1,076
Other debtors	46	–	39	24
Corporation tax asset	–	–	30	–
Prepayments and accrued income	2,724	144	2,369	97
Total	5,066	2,750	5,376	1,197

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

Accrued income represents contract assets of £354,000 (FY25: £463,000). Amounts invoiced in the year were £463,000. Amounts recognised as accrued income were £354,000. There are no accrued income amounts from the prior year that remain accrued in the current year.

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

	<i>Group</i> <i>2026</i> <i>£'000</i>	<i>Company</i> <i>2026</i> <i>£'000</i>	<i>Group</i> <i>2025</i> <i>£'000</i>	<i>Company</i> <i>2025</i> <i>£'000</i>
<i>Debtor impairment</i>				
Trade debtors	2,551	–	3,132	–
Accrued income	354	–	463	–
Impairment provision	(255)	–	(194)	–
Total	2,650	–	3,401	–

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

The Group has applied the simplified approach to calculate its impairment of trade receivables. In completing this review, the Group has 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		
	<i>Current</i>	<i>Over</i>	<i>Total</i>	<i>Current</i>	<i>Over</i>	<i>Total</i>
	<i>£'000</i>	<i>1 month</i>	<i>£'000</i>	<i>£'000</i>	<i>past due</i>	<i>£'000</i>
		<i>£'000</i>			<i>£'000</i>	
Trade debtors	2,060	491	2,551	–	–	–
Accrued income	354	–	354	–	–	–
Expected credit loss	–	(255)	(255)	–	–	–
Net carrying amount	2,414	236	2,650	–	–	–

17. Trade and other payables

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2026</i>	<i>2026</i>	<i>2025</i>	<i>2025</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Amounts due within one year</i>				
Trade payables	2,597	4	2,666	45
Amounts due to subsidiaries	–	10,034	–	5,494
Accruals	1,091	453	1,031	327
Total financial liabilities, excluding loans and borrowings measured at amortised cost	3,688	10,491	3,697	5,866
Corporation tax	218	–	–	–
Other taxes and social security costs	964	138	977	165
Total	4,870	10,629	4,674	6,031

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

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2026</i>	<i>2026</i>	<i>2025</i>	<i>2025</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Contingent consideration</i>				
<i>Amounts due within one year</i>				
Contingent consideration	217	–	–	–
Amounts due after one year				
Contingent consideration	204	–	–	–
Discounted contingent consideration	421	–	–	–

The contingent consideration balance at 31 March 2025 was £nil.

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 2026 and 31 March 2025. 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

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2026</i>	<i>2026</i>	<i>2025</i>	<i>2025</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Dilapidations provision	152	22	155	25
Supplier charges provision	10	–	140	–
Total	162	22	295	25

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

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2026</i>	<i>2026</i>	<i>2025</i>	<i>2025</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Non-current</i>				
Lease liabilities	30	–	180	–
Bank loan	4,858	4,852	4,770	4,770
Total	4,888	4,852	4,950	4,770

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2026</i>	<i>2026</i>	<i>2025</i>	<i>2025</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Current</i>				
Lease liabilities	150	–	189	45
Total	150	–	189	45

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

	<i>Group 2026 £'000</i>	<i>Company 2026 £'000</i>	<i>Group 2025 £'000</i>	<i>Company 2025 £'000</i>
<i>Contract liabilities</i>				
Current – contract liabilities	3,386	–	2,075	–
Non-current – contract liabilities	166	–	1,649	–
Total	3,552	–	3,724	–

Movements in contract liabilities in the year are shown within note 4.

21. Share capital

<i>Group and Company</i>	<i>Number</i>	<i>£'000</i>
Allotted, called up and fully paid Ordinary Shares of £0.01 each		
At 1 April 2024	51,496,084	515
Issue of share capital	34,019,007	340
At 31 March 2025	85,515,091	855
At 31 March 2026	85,515,091	855

22. Reconciliation of net cash flow movements in net debt

	<i>1 April 2025 £'000</i>	<i>Non-cash flow movements £'000</i>	<i>Cash flow £'000</i>	<i>Right-of-use movement £'000</i>	<i>Maturity reclass £'000</i>	<i>31 March 2026 £'000</i>
Cash and cash equivalents	8,740	–	(1,003)	–	–	7,737
Debt due in less than one year:						
Bank loans	–	–	–	–	–	–
Contingent consideration	–	(217)	–	–	–	(217)
Deferred consideration	(95)	(232)	95	–	–	(232)
Lease liabilities	(189)	(11)	200	–	(150)	(150)
Debt due in more than one year:						
Bank loans	(4,770)	(462)	374	–	–	(4,858)
Contingent consideration	–	(204)	–	–	–	(204)
Lease liabilities	(180)	–	–	–	150	(30)
Net cash/(debt)	3,506	(1,126)	(334)	–	–	2,046

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 £Nil (2025: £1,228) for a shared cost of corporate services received by SysGroup plc and Arete Capital Partners. At 31 March 2026, the balance outstanding was £Nil (31 March 2025: £Nil).

IP Group PLC, of which Mark Reilly (Non-Executive Director) is the Managing Partner, were invoiced by SysGroup plc £15,750 for AI consulting in the year (2025: £Nil). At 31 March 2026, the balance outstanding was £Nil (31 March 2025: £Nil).

26. Restatement of comparative information

During the year, the Group reviewed the classification within the consolidated statement of cash flows for cash payments of contingent and deferred consideration arising on business combinations. In the prior year, these payments were presented within cash flows from financing activities.

Under IAS 7, only cash payments that result in the recognition of an asset in the statement of financial position may be classified as investing activities. As these payments formed part of the consideration for acquiring subsidiaries, and of the goodwill recognised at the acquisition date, they should have been presented within cash flows from investing activities. The amounts paid did not exceed the consideration recognised at the respective acquisition dates, and so no element falls to be classified within operating activities.

<i>Year ended 31 March 2025</i>	<i>As previously reported £'000</i>	<i>Reclassification £'000</i>	<i>As restated £'000</i>
Net cash used in investing activities	(689)	(1,862)	(2,551)
Net cash from financing activities	8,106	1,862	9,968

There is no change to net cash used in operating activities (£620,000) or to the net increase in cash and cash equivalents (£6,797,000) for the year ended 31 March 2025.

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 (FY25: £0.5m) in relation to charges in dispute with a third-party supplier over the past three financial periods, which the Group is actively seeking recovery of. The Group considers the probability of recovery of the charges as possible. As the recovery is not virtually certain, an asset has not been recorded on the balance sheet.

Company information

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Company number

06172239

Legal Entity Identifier (LEI)

213800D18GPZZJR9SH55

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