

12 July 2022

System1 Group PLC (AIM: SYS1)
("System1" or "the Group" or "the Company")

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2022

System1 Group, the marketing decision-making platform, announces its preliminary results for the year ended 31 March 2022.

HIGHLIGHTS

Management Basis*	2021/22	2020/21	Change**
	£m	£m	%
Revenue	24.1	22.8	6%
Gross profit	20.2	19.2	5%
Adjusted operating costs	(19.2)	(16.2)	18%
Adjusted profit before taxation	1.0	3.0	-65%

Statutory Basis	2021/22	2020/21	Change**
	£m	£m	%
Revenue	24.1	22.8	6%
Gross profit	20.2	19.2	5%
Operating costs	(19.6)	(17.7)	11%
Other operating income	0.3	0.6	-55%
Profit before taxation	0.9	2.1	-54%
Tax credit/(charge)	0.0	(0.4)	-103%
Profit for the financial year	0.9	1.7	-46%
Diluted earnings per share	7.4p	13.1p	

* Adjusted Operating Costs exclude impairment, interest, share based payments, bonuses and commissions, severance costs and government support related to the Covid pandemic. Adjusted figures exclude items, positive and negative, that impede easy understanding of underlying performance. See note 4 to the consolidated financial statements for further information.

** Year-on-year percentage change figures are based on unrounded numbers.

- Revenue increased 6% to £24.1m. Data Revenue increased by £8.4m year on year to £9.7m (H2: £5.3m), representing 40% of the total (H2: 45%)
- Adjusted Operating Costs increased 18% year on year, reflecting the planned investment in people, partnerships and platform
- Adjusted Profit before Taxation dropped 65% to £1.0m
- Statutory Operating Costs up 11% to £19.6m. Statutory Profit before Taxation down 54% to £0.9m
- Share-based payment expense £0.3m (2020/21: £0.1m)
- Statutory Profit for the financial year down from £1.7m to £0.9m
- Diluted earnings per share 7.4p (2020/21: 13.1p)
- Cash net of borrowings (excluding lease liabilities) up by £2.2m in the period to £8.7m, reflecting strong underlying cash flows, a £0.5m tax credit receipt in Q1, and a £0.6m share buyback in Q4

Commenting on the Company's results, John Kearon, Chief Executive Officer, said:

"Underneath the 6% growth, we have built a fast-growing £10m automated marketing prediction business over the past two years. The majority of Data sales are now coming from new customers, including the No.1 UK Advertiser, No.1 UK Broadcaster, World's No.1 B2B platform, World's No.1 laptop manufacturer, and World's No.2 sportswear brand. The most significant source of new business has been through partnerships with advertising agencies and media platforms like LinkedIn, ITV, and Globo. New and existing customers seem genuinely excited by the accuracy, speed, and incredible value of our advertising decision-making platform. We are committed to continuing our investment in people, partnerships, and platform to develop and commercialise our automated marketing predictions, to accelerate this growth."

The Company can be found at www.system1group.com.

This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

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CEO'S STATEMENT

Test your... transformational potential

Top-line growth was 6%, reduced from our double-digit half-year growth by an unexpected Q4 reduction in our US bespoke research business. We have rapidly addressed the issues in the USA by injecting fresh talent and unifying our sales and marketing activities under our Chief Customer Officer, Jon Evans, and operations under our Chief Operating Officer, James Gregory.

Underneath our respectable but unspectacular 6% growth, was a far more impressive 521% growth in our automated 'Predict Your Ad' platform business, and a 419% growth in our associated 'Improve Your Ad' creative guidance. In two years, we have built a £10m automated data business, with advertising platform partners like LinkedIn, ITV, and Globo, winning significant new customers like Lenovo and Intel, and growing existing significant customers like adidas, Sky, Aldi, and Boston Beer. In the last year, almost a quarter of our business, £6m, came from winning new customers to our 'Test Your Ad' prediction platform. New and existing customers seem genuinely excited by the accuracy, speed, and incredible value of our advertising decision-making platform, together with the clarity and helpfulness of our creative guidance.

Based on Test Your Ad's success, and to enhance our growth potential, we completed and launched our automated 'Test Your Brand' platform, in November. More recently, in May 2022, we launched our automated 'Test Your Idea' platform, ensuring we can offer the same industry-leading predictions, 24-hour turnaround, and best value prices, across all three parts of our business, in every major market.

During the year, we significantly enhanced our industry profile, with Orlando Wood's brilliant book on advertising effectiveness, *Look out*, along with our *Ad of the Week*, *Feeling Seen* diversity report and Jon Evans' *Uncensored CMO* podcasts.

I'm incredibly grateful for the hard work and brilliance of our staff, the belief and commitment of an increasing number of industry-leading customers, the terrific partnership of our suppliers, and the advice and encouragement of our incredibly supportive shareholders.

Progress towards our goals

The year saw significant progress in the four progressive goals we set out four years ago:

1. Build defensible assets

We have now tested over 80,000 ads, making Test Your Ad the world's largest database of validated ad-effectiveness data of which we're aware. We use this asset to continuously enhance our understanding of advertising and prove the value of creativity to advertisers. The database continues to prove an invaluable asset. Orlando Wood, our Chief Innovation Officer used the database in his new book, *Look out* (now the IPA's Advertising biggest ever selling book), acclaimed by such industry luminaries as Peter Field, co-author, *The Long and the Short of It*, who said:

"If Orlando's last book, Lemon, was the wake-up call for those who champion effectiveness, then Look out is the playbook for rebuilding the effectiveness that advertising has lost over the last decade."

It has been a monumental task automating the many complex, sequential steps involved in predicting the potential of our customers' advertising, innovations, and brands. As of May 2022, every step that used to require manual intervention, has been automated, ensuring we can offer our industry-leading predictions, within 24-hours, at incredible value pricing, across all three parts of our business. This amounts to an automated marketing decision-making platform (Test Your Ad, Test Your Idea, and Test Your Brand), giving us a huge competitive advantage in winning significant market share, delighting our customers, and achieving our goals.

	Platform	Database	Innovation
Test Your Ad	Fully automated Jun 21	Now ~80,000 ads UK 95% of all TV ads US 70% of all TV ads	TYA Pro Reports Jun 21 TYA Static Ads Feb 22 TYA Profit Projector Mar 22
Test Your Brand	Fully automated Nov 21	Now ~6,000 brands	TYB Pro Reports Nov 21
Test Your Idea	Fully automated May 22	Now ~60,000 ideas	TYI Pro Reports May 22

2. Generate fame

Testing every new US and UK ad across almost all categories, and many in our other markets, Brazil, Germany, France, Asia, Australia, generated significantly more coverage for System1 than in any previous year.

Ad of the Week, celebrating the best, most effective creative from around the world has generated significant industry attention, and led to significant new customer wins.

Feeling Seen, written in partnership with our partner ITV, is a first-of-its-kind UK report exploring and celebrating the benefits of inclusive advertising as seen through the eyes of real, diverse audiences. We were able to prove diverse advertising isn't just about 'doing good' – it leads to greater engagement and greater commercial effectiveness. The report led directly to significant new customer wins. We've just published our US *Feeling Seen*, with partners LinkedIn and BBDO, which is generating significant interest.

The Uncensored CMO created by our Chief Customer Officer, Jon Evans, interviewing industry luminaries, has become the pre-eminent marketing podcast in our biggest markets which has led to significant new customer wins.

Look out, published in October 2021, has already been presented to 10,000 marketers from many of the world's largest advertisers, and led to significant new customer wins. Orlando Wood is due to present our findings and advice for improving advertising effectiveness, on the main stage at this year's Cannes Advertising Festival, the world's leading industry event.

The Winning 11, written in partnership with our partners ITV and Globo, summarises our advice to this year's soccer World Cup advertisers, on how to make a famous, highly effective ad. The report is already starting to generate significant industry attention and we're starting to test ads in development for the event.

Our work has generated industry accolades from leading industry figures like Professor Mark Ritson:

"System1 is special because you've looked at creativity in a far more detailed way. You've balanced the creativity/media thing and done it on an effectiveness basis."

3. Win new customers

Our Test Your Ad automation, increased industry profile, and Partnerships with ITV, LinkedIn, Globo, enabled us to win 209 new customers in the year, many of which are industry leaders like Lenovo and H&M. Our total customer base rose to 465, an increase of 17%.

Having completed and launched our Test Your Brand automation in November 2021, and our Test Your Idea automation in May this year, our sales team are working hard to achieve the same success and growth in new customers and revenue achieved with our Test Your Ad automation.

4. Generate new revenues

Test Your Ad revenues increased six-fold year on year, making it now our most popular product, accounting for 31% of our revenues. Just over half of TYA revenue came from customers won since April 2020.

Partnerships with major advertising platforms, including ITV and LinkedIn, have produced multiple new customer leads, and Test Your Ad has become a key element in our partners commitment to improving their advertisers' effectiveness and drive their own revenues and profitability. LinkedIn have acknowledged us as a key partner in helping them increase their advertising business by \$200m in the last year.

In contrast to the growing success of our automated marketing decision-making platform, our bespoke research business declined by 39% during the year, reducing its contribution to 48% of total revenues. This was particularly the case in our bespoke consultancy business in the Americas, which declined 52% in the year. A sizeable proportion of our bespoke research revenues come from our traditional innovation testing business. Our hope is the new automated Test Your Idea will repeat the success of Test Your Ad, converting existing customers and winning new customers to the faster, cheaper, platform solution.

Outlook

Over the last few years, we have made the creative and financial investments needed to take our industry-leading IP and create a market-leading, automated 'Predict Your...' platform, complemented by best-in-class 'Improve Your...' consultancy. We've hired additional talent capable of winning over Chief Marketing Officers of big companies, been recognised as thought-leaders and champions for creativity backed by data and built a management team capable of achieving our ambitious goals. There remains much to do, but we believe our marketing decision-making platform is far ahead of our competitors and combined with our ability to advise customers on how to improve the effectiveness of their marketing, leaves the company well-placed for accelerated growth and influence in the industry.

There are of course, two known headwinds for us to face and overcome: the exposure of a few of our large customers to the loss of their Russian market, which has already led to reduced marketing budgets; and the looming threat and impact of a recession on our customers' marketing investment.

Finally, I would like to say a heartfelt thank you to our talented and committed staff, enthusiastic and appreciative customers, and incredibly supportive shareholders.

In the spirit of appreciation: Gratitude Ignites. Gratitude Attracts. Gratitude Accelerates.

John Kearon
Founder & Chief Executive Officer

FINANCIAL REVIEW

Overview

	2022	2021	Change	Change**
	£m	£m	£m	%
Revenue	24.1	22.8	1.3	6%
Gross profit	20.2	19.2	1.0	5%
Adjusted operating costs*	(19.2)	(16.2)	(3.0)	18%
Adjusted profit before taxation*	1.0	3.0	(2.0)	-65%
Statutory profit before taxation	0.9	2.1	(1.2)	-54%
Taxation	0.0	(0.4)	0.4	103%
Statutory profit for the financial year	0.9	1.7	(0.8)	-46%

*All figures in the Financial Review are presented in millions rounded to one decimal place unless specified otherwise. Percentage movements are calculated based on the numbers reported in the financial statements and accompanying notes. Adjusted Revenue, Cost and Profit figures are as defined in the Highlights section.

** Year-on-year percentage change figures are based on unrounded numbers.

Revenue rose by £1.3m (6%) in the year to £24.1m with strong growth in automated ad-testing revenues partly offset by declines in legacy complex consultancy projects. As anticipated, adjusted operating costs increased appreciably versus the Covid-affected prior year as the company continued to invest in people, platform and partnerships. Adjusted profit before tax declined by £2.0m in the year due partly to the decline in our USA consultancy revenues in the final quarter. Statutory profit before taxation decreased by £1.2m to £0.9m.

Profit for the financial year fell by £0.8m to £0.9m. Diluted Earnings Per Share of 7.4p compared to the previous year's Earning Per Share of 13.1p.

Revenue performance

Last year was the first full year of Test Your Ad, our leading automated data product. Test Your Brand launched during the year, and Test Your Idea has just come to market in the new financial year. Data products represented 40% of Revenue for the year as a whole (2020/21: 6%), with the proportion of data sales rising over the period to reach 45% in the second half-year. We have in effect built a £10m data business in 18 months, just over 60% of it coming from new customers.

The company's focus on the new automated product set has coincided with softer revenues from legacy complex consultancy assignments, especially from Innovation and in the USA.

The success of Test Your Ad led to Communications revenue growing in all geographic regions and representing 62% of Group's Revenue for the year. This was offset by declines in our customers' Innovation spend, particularly in the Americas and APAC. The Brand product area fell back year on year, as we converted low-profit, high-effort bespoke brand tracking business to Test Your Brand.

Sales of Test Your Ad in UK and Europe contributed to the growth in both these areas. Despite a disappointing final quarter, the Americas region returned to growth, with significant new ad-testing wins offsetting declines in the innovation consultancy business. The Asia-Pacific revenues fell back from a strong prior year performance.

Operating expenditure

We made it clear a year ago that expenditure would rise steeply year on year, partly as a result of the Covid-related reduction in costs during FY 2020/21 and also because of our decision to accelerate the development of the automated predictions platform and the partnership approach to new business development.

As a consequence of those plans, adjusted operating costs increased by 18% to £19.2m. The biggest area of increase was sales and marketing. Of the £3.0m cost increase year on year about a half was people costs and the other half external spend such as fame-building activity including Ad of the Week and the launch of *Look out* and *Feeling Seen*. In the prior year we had a number of employees on reduced hours during the first wave of the pandemic and were carrying some vacancies. The next largest increase was in IT, primarily due to the growth in the number of in-house developers working on new platform features including Test Your Brand and Test Your Idea. We also expanded the number of categories on the TYA Premium database (previously called the AdRatings Database), which now 95% has coverage in the UK and nearly 60% in the US.

Direct costs (those between Revenue and Gross Profit) rose in line with revenue, producing a stable gross profit margin of 84%.

Tax

The Group's effective tax rate fell from 19% to -1% due mainly to the higher proportional impact of R&D tax credits (£0.5m recognised in the period) on lower taxable profits. We have submitted a £0.2m R&D tax credit claim for FY 2020/21 which is yet to be approved or recognised.

Funding and liquidity

The Group began the year with £9.0m cash on the balance sheet and ended with £11.2m: funding from the £2.5m revolving credit facility is included in both years' balances. Cash net of debt rose from £6.5m to £8.7m. The £2.2m cash inflow is attributable to £2.5m cash generated from operations before tax and after property lease costs, £0.5m tax credit, and a £0.3m favourable translation effect of non-sterling bank balances reflecting primarily the weakening of the pound against the dollar around the year end. These inflows were partially offset by £0.5m tax paid, £0.1m capital expenditure, and loan interest £0.1m, and a £0.6m share buyback in the final quarter.

Some £3.8m cash was spent on research and development in the year, related primarily to the development of new intellectual property, automated prediction products and the TYA Premium database.

No dividends were declared or paid in the year. During the final quarter the Company spent £0.6m repurchasing 158,674 ordinary shares on market. The repurchased shares are now held in treasury with no voting or dividend rights.

Distribution policy

Since the year-end the Company has clarified its policy on capital distribution and the Board has decided to pay annual distributions to shareholders by way of on market share buyback or tender offer, rather than by way of a dividend. The Board has concluded that the distribution policy will be progressive, taking into account underlying business performance. It is expected that the absolute level of distribution for the year end 31 March 2023 will be between 30-40% of through-the-cycle profit after tax. The Board is comfortable that this policy will support continued investment in the business, provide funds for potential in-fill acquisitions to supplement organic growth and will deliver returns to shareholders. In addition, reflecting the strong cash position of the Group, the Board announced a near-term return of capital of up to £1.5m worth of shares by way of a tender offer at the earliest opportunity.

Litigation

On 27 September 2021, the Company filed a complaint for trademark infringement, unfair competition and deceptive trade practices at the United States District Court Southern District of New York against System1 LLC ("LLC"), since renamed System1 Inc., an omnichannel customer acquisition marketing provider, over their infringing use of the mark "SYSTEM1". The matter is still at an early stage and at the time of publication the court is reviewing a motion to dismiss from LLC.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Revenue	3	24,097	22,838
Cost of sales		(3,898)	(3,686)
Gross profit		20,199	19,152
Administrative expenses	4	(19,383)	(17,517)
Other operating income		289	652
Operating profit		1,105	2,287
Finance expense	4	(160)	(211)
Profit before taxation		945	2,076
Income tax credit/(expense)		10	(386)
Profit for the financial year		955	1,690
Attributable to the equity holders of the Company		955	1,690
Earnings per share attributable to equity holders of the Company			
Basic earnings per share	5	7.4p	13.4p
Diluted earnings per share	5	7.4p	13.1p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the year ended 31 March 2022

	2022	2021
	£'000	£'000
Profit for the financial year	955	1,690
Other comprehensive income:		
Items that may be subsequently reclassified to profit/(loss)		
Currency translation differences on translating foreign operations	349	(278)
Other comprehensive profit/(loss) for the period, net of tax	349	(278)
Total comprehensive income/(loss) for the period attributable to equity holders of the Company	1,304	1,412

CONSOLIDATED BALANCE SHEET (UNAUDITED)

as at 31 March 2022

Registered company no. 05940040

	2022	2021
	£'000	£'000
ASSETS		
Non-current assets		
Property, plant, and equipment	2,054	1,435
Intangible Assets	382	418
Deferred tax asset	292	286
	2,728	2,139
Current assets		
Contract assets	198	318
Trade and other receivables	4,492	5,880
Cash and cash equivalents	11,174	9,008
	15,864	15,206
Total assets	18,592	17,345
EQUITY		
Attributable to equity holders of the Company		
Share capital	132	132
Share premium account	1,601	1,601
Merger reserve	477	477
Foreign currency translation reserve	203	(146)
Retained earnings	5,850	5,170
Total equity	8,263	7,234
LIABILITIES		
Non-current liabilities		
Provisions	432	560
Borrowings	2,500	2,500
Lease liabilities	1,417	928
	4,349	3,988
Current liabilities		
Provisions	77	200
Lease liabilities	1,091	1,647
Contract liabilities	991	803
Income taxes payable	267	334
Trade and other payables	3,554	3,139
	5,980	6,123
Total liabilities	10,329	10,111
Total equity and liabilities	18,592	17,345

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the year ended 31 March 2022

	2022	2021
	£'000	£'000
Net cash generated from operations	4,098	3,791
Tax paid	(63)	332
Net cash generated from operating activities	4,035	4,123
Cash flows from investing activities		
Purchases of property, plant, and equipment	(79)	(102)
Purchase of intangible assets	(59)	(96)
Net cash used by investing activities	(138)	(198)
Net cash flow before financing activities	3,897	3,925
Cash flows from financing activities		
Interest paid	(161)	(211)
Property lease liability payments	(1,218)	(1,093)
Purchase of own shares	(567)	-
Net cash used by financing activities	(1,946)	(1,304)
Net increase in cash and cash equivalents	1,951	2,621
Cash and cash equivalents at beginning of year	9,008	6,650
Exchange gain/(loss) on cash and cash equivalents	215	(263)
Cash and cash equivalents at end of year	11,174	9,008

Office lease costs are not included within "Net cash flow before financing activities" (the Company's key cash flow performance indicator). "Net cash flow before financing activities", adjusted for office leases, known by the Company as "Operating cash flow" is shown below:

	2022	2021
	£'000	£'000
Net cash flow before financing activities	3,897	3,925
Net cash flow for property leases	(1,307)	(1,229)
Operating cash flow	2,590	2,696

Consolidated Movements in Net Cash/(Debt)

	Cash and cash equivalents £'000	Borrowings £'000	Lease liabilities £'000	Total £'000
At 1 April 2021	9,008	(2,500)	(2,575)	3,933
Cash flows	1,951	-	1,218	3,169
Non-cash charges				
Interest on lease liabilities	-	-	(89)	(89)
New lease liabilities	-	-	(1,704)	(1,704)
Disposal of lease liabilities	-	-	601	601
Exchange and other non-cash movements	215	-	42	257
At 31 March 2022	11,174	(2,500)	(2,507)	6,167

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the year ended 31 March 2022

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Foreign currency translatio n reserve £'000	Retained earnings £'000	Total £'000
At 31 March 2020	132	1,601	477	132	3,416	5,758
Loss for the financial year	-	-	-	-	1,690	1,690
Other comprehensive income:						
- currency translation differences	-	-	-	(278)	-	(278)
Total comprehensive income	132	1,601	477	(146)	5,106	7,170
Transactions with owners:						
Employee share options:						
- value of employee services	-	-	-	-	22	22
- deferred tax credited to equity	-	-	-	-	25	25
- adjustments with respect to prior year	-	-	-	-	17	17
At 31 March 2021	132	1,601	477	(146)	5,170	7,234
Profit for the financial year	-	-	-	-	955	955
Other comprehensive income:						
- currency translation differences	-	-	-	349	(7)	342
Total comprehensive income	132	1,601	477	203	6,118	8,531
Transactions with owners:						
Employee share options:						
- value of employee services	-	-	-	-	299	299
Purchase of treasury shares	-	-	-	-	(567)	(567)
At 31 March 2022	132	1,601	477	203	5,850	8,263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2022

1. General information

System1 Group PLC (the “Company”) was incorporated on 19 September 2006 in the United Kingdom. The Company’s principal operating subsidiary, System1 Research Limited, was at that time already established, having been incorporated on 29 December 1999. The address of the Company’s registered office is 4 More London Riverside, London, England, SE1 2AU. The Company’s shares are listed on the AIM Market of the London Stock Exchange (“AIM”).

The Company and its subsidiaries (together the “Group”) provide marketing and market research consultancy services.

The unaudited summary financial information set out in this announcement does not constitute the Group’s consolidated statutory accounts for the years ended 31 March 2022 and 2021. The results for the year ended 31 March 2022 are unaudited. The statutory accounts for the year ended 31 March 2022 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies in due course. The statutory accounts are subject to completion of the audit and may also change should a significant adjusting event occur before the approval of the Annual Report.

The statutory accounts for the Group for the year ended 31 March 2021 have been reported on by the Group’s auditor and delivered to the Registrar of Companies. The auditor’s report on those accounts was unqualified and did not include references to any matter which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The unaudited summary financial information set out in this announcement have been prepared using the accounting policies as described in the 31 March 2021 audited year end statutory accounts and have been consistently applied.

The preliminary announcement for the year ended 31 March 2022 was approved by the Board for release on 12 July 2022.

2. Basis of preparation

The Group has prepared its consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in accordance with International Financial Reporting Standards (“IFRS”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the Functional Currency”). The consolidated financial statements are presented in Pounds Sterling (GBP), which is the Company’s functional and presentation currency. The financial statements are presented in round thousands unless otherwise stated.

3. Segment information

The financial performance of the Group's geographic operating units ("Reportable Segments") is set out below. The Group defines its Consultancy business as a Research and Advertising Agency.

	<u>2022</u>	<u>2021</u>
	Revenue £'000	Revenue £'000
By location of customer		
Americas	9,043	8,822
United Kingdom	7,918	6,780
Rest of Europe	5,463	5,233
APAC	1,673	2,003
	24,097	22,838

Segmental revenue is revenue generated from external customers and so excludes intercompany revenue and is attributable to geographical areas based upon the location in which the service is delivered.

Consolidated balance sheet information is regularly provided to the Executive Directors while segment balance sheet information is not. Accordingly, the Company does not disclose segment balance sheet information here.

	<u>2022</u>	<u>2021</u>
	Revenue £'000	Revenue £'000
By product variant		
Data	9,747	1,480
Consultancy	14,102	20,561
Other services	248	797
	24,097	22,838
By product group		
Communications (Ad Testing)	14,955	10,603
Brand (Brand Tracking)	3,295	3,796
Innovation	5,599	7,642
Other services	248	797
	24,097	22,838

As the Company is domiciled in the UK, its consolidated non-current assets, other than financial instruments and deferred tax assets are as follows:

	<u>2022</u>	<u>2021</u>
	£'000	£'000
Non-current assets		
United Kingdom	1,846	1,778
Rest of world	590	75
	2,436	1,853

4. Reconciliation between Operating Costs and Adjusted Operating Costs

	2022 £'000	2021 £'000
Administrative expenses	19,383	17,517
Finance expense	160	211
Total operating costs	<u>19,543</u>	<u>17,728</u>
<i>Less: Adjusting items</i>		
Impairment	(235)	990
Compensation for loss of office	81	564
Bonus and commissions expense	268	(161)
Share-based payment expense	270	75
Other interest expense	70	75
Other staff costs	(211)	(31)
Trademark litigation	150	-
	<u>393</u>	<u>1,512</u>
Adjusted operating costs	<u>19,150</u>	<u>16,216</u>

Of other staff costs, a sabbatical provision of £213,000 was released in the year (2020/21: £36,000).

5. Earnings per share

	2022	2021
Profit/(loss) attributable to equity holders of the Company, in £'000	955	1,690
Weighted average number of Ordinary Shares in issue	12,863,257	12,657,318
Basic earnings/(losses) per share	7.4p	13.4p
Profit/(loss) attributable to equity holders of the Company, in £'000	955	1,690
Weighted average number of Ordinary Shares in issue	12,863,257	12,657,318
Share options	12,881	193,768
Weighted average number of Ordinary Shares for diluted earnings per share	12,876,138	12,876,138
Diluted earnings/(losses) per share	7.4p	13.1p

Basic earnings/(losses) per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during the year.

Diluted earnings/(losses) per share is calculated by adjusting the weighted average number of shares outstanding assuming conversion of all dilutive share options to Ordinary Shares. Options are included in the determination of diluted earnings per share if the required performance thresholds would have been met based on the Group's performance up to the reporting date, and to the extent that they are dilutive.

Employee options of 1.2 million (2021: 1.4 million) have not been included in the calculation of diluted EPS because their exercise is contingent on the satisfaction of certain criteria that had not been met at 31 March 2022.

6. Dividends

The Company did not pay an interim dividend in the year ended 31 March 2022 and does not propose the payment of a final dividend.

No dividends were paid to directors in the years ended 31 March 2022 and 2021.