

1 August 2023

System1 Group PLC (AIM: SYS1)

("System1" or "the Group" or "the Company")

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2023

System1 Group, the marketing decision-making platform, announces its unaudited preliminary results for the year ended 31 March 2023.

HIGHLIGHTS

	2023	2022	Change**
	("FY23")	("FY22")	
Management Basis*	£m	£m	%
Platform Revenue ("Predict & Improve")	17.4	12.4	40%
Other Revenue (Bespoke consultancy)	6.0	11.7	-48%
Total Revenue	23.4	24.1	-3%
Gross profit	19.7	20.2	-2%
Adjusted operating costs	(18.9)	(19.2)	-1%
Adjusted profit before taxation	0.8	1.0	-24%

	2023	2022	Change**
	£m	£m	%
Statutory Basis			
Revenue	23.4	24.1	-3%
Gross profit	19.7	20.2	-2%
Operating costs	(19.3)	(19.6)	-1%
Other operating income	0.3	0.3	18%
Profit before taxation	0.7	0.9	-23%
Tax charge	(0.3)	0.0	n.m
Profit for the financial year	0.4	0.9	-58%
Diluted earnings per share	3.2p	7.4p	

* Adjusted Operating Costs exclude impairment, interest, share based payments, bonuses and commissions, severance costs and government grants. 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.

- Growing sales momentum: H2 Platform Revenue £9.8m 29% up on H1 £7.6m
- Full-year platform Revenue £17.4m, up 40% year-on year representing 74% of group revenue (FY22: 52%)
- Non-platform bespoke consultancy revenue increased slightly in H2 ending the year at £6.0.
- Gross profit margin improved in H2 resulting in an 84.2% margin for the year, higher than in FY22 (83.8%)
- Adjusted Operating Costs, statutory operating costs and headcount all 1% lower than in FY22
- £4m cash investment in platform, products and IP, of which £1.2m capitalised, £0.2m amortised (FY22: nil, nil). TYX platform fully automated across all 3 product groups with additional features
- US IP Litigation settled out of court in June 2023
- Net cash £5.7m at 31 March, £2.5m revolving credit facility fully repaid in November 2022

Commenting on the Company's results, James Gregory, Chief Executive Officer, said:

"The business delivered a strong second half year and created momentum that has carried through into FY24 with profitable growth across our platform offering. We are relentlessly executing the plan outlined in the strategic review with a go-to-market strategy aimed at winning with the world's largest businesses; new product channels (digital and audio) amplified by new partnerships, all spearheaded by a realigned executive team and John Kearon leading the charge on US 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.

For further information, please contact:

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BUILDING MOMENTUM

FY23 has truly been a year of 2 halves as we have moved from a period of design and transition to one of relentless commercial execution. This shone through in our second-half performance. H1 delivered revenue of £10.5m down 15% vs prior first half year, while we addressed the underlying structural issues in the US that had caused revenue to decline there in FY22 and started a thorough strategic review of the whole group and how best to grow the business to create shareholder value. With renewed strategic focus in H2, we delivered £12.9m revenue, up 10% vs the second half of FY22, as we executed a refined go-to-market strategy, with a realigned Executive team and clarity of mission.

While total revenue was down for the year (-3% vs FY22), we saw improving platform growth of 34% H1 FY23 vs prior year and 45% in H2 FY23 vs prior year, up 40% for FY23 vs prior year as a whole. This was driven by 44% growth in our data (Predict Your) products and 23% growth in our data-led consultancy (Improve Your) offer. In 3 years, we have built out a £17m platform business that provides automated, accurate predictions and world class improvement insights across the advertising, innovation and brand tracking universe.

We continued investment in developing the platform and product suite, as well as investing in our sales and marketing functions to build out the growth engines of the business, while ensuring costs were held flat (at £19m) and gross profit margin was up (to 84.2%). With the core Test Your Ad, Test Your Idea and Test Your Brand product suite fully automated by May 2022, we increased the breadth of the offer to cover all marketing channels (Digital and Audio were recently added to the TV, Print and Outdoor advertising offering). A year of focussed fame building, amplified by new partnerships resulted in strong growth in the number of new platform clients in FY23 (net increase of 31), and new revenue (net increase of £5m, of which £3m was from clients recruited in FY23).

The strategic review offered the business a moment to reflect and refine its strategy, clarifying how our customers of today and the future buy marketing predictions and insights and ensuring we have the capability, structure and focus to deliver these. We have increased the volume of the voice of the customer in our decision making; we are clear on how our understanding of emotions drives business profit, allowing us a unique way in to work with Chief Marketing Officers in the world's largest advertisers compared with traditional market research agencies. We are dedicated to creating a performance-based culture, relentlessly focussed on execution against our strategy.

As I've recently taken on the role of CEO, I am indebted to the support and trust of our staff, executive team, board and shareholders who have backed our refined go-to-market strategy as well as the continued partnership of our suppliers and commitment of our industry-leading customers. Personally, I am also incredibly thankful for continued wise-counsel and support from John Kearon, throughout the transition this year as we look to take System1 to the next level of continued, repeatable and sustainable business growth.

PROGRESS ON STRATEGIC REVIEW INITIATIVES

In FY23, we undertook a thorough strategic review, considering the best options for growing the business and increasing shareholder value. The Review validated our existing successful focus on automated 'Test Your' and 'Improve Your' services for testing and improving creative content, including all forms of advertising and product innovations, underpinned by our world-leading IP, brand tracking and the TYA Premium (formerly AdRatings) database. We set out clear objectives on areas of specific focus.

CLARITY ON THE UNIQUE SELLING PROPOSITION

System1 offers unmatched predictiveness alongside market-beating speed and value. We translate the language of creativity, into the language of business – money! Measuring emotion underpins everything we do, which is why we can be so predictive.

We have built our product, platform and data-led consultancy offer on clear IP, that understands and evaluates how emotion translates to business performance and ultimately profit. We have tested over 175,000 ads, ideas and brands, through over 12.5 million surveys in over 75 markets, culminating in measurement of over 27 million emotional responses. Our data science team works continuously with our product teams to ensure we create and retain high levels of predictiveness across all products.

Predictiveness alone is not enough, which is why we have automated the platform that powers our products and data-led consultancy, allowing us to offer incredible speed, with predictions provided in under 24 hours, and at a price point that is competitive.

We know this is why customers come to System1 in the first instance, and why they remain for years as they see the ROI (Return on Investment) on their marketing investments.

INCREASED FOCUS ON NON-TV FORMATS

While TV remains crucial to any marketer, digital marketing spend now accounts for over 50% of global advertising spend and campaigns are more omnichannel than ever before. So we have built our offering to cover the full breadth of advertising campaigns, offering testing for Digital and Audio, alongside our existing offer of TV, Print and Outdoor. We have also created new partnerships for these offers, to build credibility, increase fame and also provide direct access to a large, targeted client base.

TARGET THE WORLD'S LARGEST ADVERTISERS WITH THE AIM TO GENERATE RECURRING AND REPEATABLE REVENUE STREAMS

We are fortunate to already work with many of the world's largest advertisers and have learnt how to embed System1 as a fundamental part of their marketing and creative process. Recognising the scale and size of these opportunities, we are focussed on becoming the partner of choice to all large advertisers, who have both capacity and funding to test at scale and the capability to use the predictions and insight to design and improve marketing campaigns and product development.

We recognise at the same time the opportunity that could exist to target the long tail of marketing spend, across a very large number of small businesses and have the ability to serve this market through our automated self-serve platform. We can also leverage our partnerships with media platforms such as LinkedIn or ITV to speak directly with these business without heavy investment in SEO, SEM and above the line marketing. However, the current market price point for testing, alongside the capability of these smaller businesses to use predictions and insights prevent it from being a likely short-term opportunity for revenue generation for System1.

WORK WITH COMMERCIAL PLATFORM AND MEDIA PARTNERS TO REDUCE CUSTOMER ACQUISITION COSTS AND PROVIDE SCALE AND FAME

We have a clear business model to ensure that our partnerships with global media platforms, creative agencies, industry partners and professional service firms is successful.

1. Partnerships provide credible fame with global reach.

Our new partnerships are focussed on increasing global presence in specific channels and each launched with joint thought leadership content to promote the partnership and grow System1's fame.

- Pinterest (digital advertising in Europe)
- Finecast (addressable TV advertising US, UK, Canada, Australia)
- Teads (mobile advertising US and UK)
- JCDecaux (out-of-home advertising US and UK)

2. Partnerships provide direct or indirect access to a large customer base.

This access can be formal and direct, such as our partnership with LinkedIn, where we are part of the LinkedIn B2B Edge programme, helping LinkedIn grow its advertising revenues by increasing the effectiveness of the advertisers on their platform.

This can also be informal, such as our partnership with ITV, where we jointly host events to promote our thought leadership, directly to the ITV customer base.

The value we bring to our partners is our ability to help them increase the spend of their customers on their platforms, or through their businesses. The value they bring us is increased credibility, amplification of fame and access to the world's largest marketing spenders.

SIGNIFICANTLY INCREASE THE FOCUS ON US GEOGRAPHIC MARKET

The US has historically been the largest business for System1 and remains the largest opportunity for growth. A whopping US\$321bn of advertising spend is forecast in 2023, 43% of global advertising market spend, as well as the US accounting for 53% of global market research expenditure.

FY23 was a year of re-establishing our team and presence in the US, as we brought in new leadership with Jason Chebib appointed GM Americas and John Kearon being in the US to lead our new business team. We have seen this now kick in to deliver a promising pipeline of new business prospects. Good

progress was made in Q4 where we won new mandates from 3 of the country's 25 biggest advertising spenders, including the largest. In H2 the US delivered its highest half year of revenue since FY21, and standard product revenue increased by 23% for the year as a whole.

We have set up a new US advisory team that will amplify our fame and provide introductions to the business, as well as local market advice. The role of the advisory team will be to help the Company grow revenue quickly in the US. The team will be led by Jon Bond, founder of New York agency Kirshenbaum & Bond and now active in the MarTech space. Noah Brier, a New York digital leader, will also be on the team. He is the founder of BrXnd.ai, co-founder of Variance and Percolate and one of the leading talents in the US MarTech space. We are in discussions with other prominent US sector specialists to join this team.

OUTLOOK

FY24 has started promisingly, continuing the momentum of revenue growth and new wins from H2 FY23. We expect the growth in platform revenue to continue, which taken together with the levelling out of revenue in bespoke consultancy, should lead to overall revenue growth in FY24. The launch of TYA Digital and TYA Audio products early in FY24 has increased TYA's addressable market. The new global partnerships provide access to prospective customers, thereby increasing our reach. One year in, our US commercial team is making good progress and we are continuing to focus marketing and business development investment in the US. We have signed 3 new global mandates for world-leading advertisers already this year and are excited about the prospects in the pipeline.

Once more, thank you to our staff whose daily efforts are the energy behind our business, to our customers for their commitment to delivering marketing that works and to our shareholders for their support as we deliver on the potential of the business.

JAMES GREGORY - CEO

Financial Review

Overview

	2023	2022	Change	Change**
	£m	£m	£m	%
Platform Revenue ("Predict & Improve")	17.4	12.4	4.9	40%
Other Revenue (Bespoke consultancy)	6.0	11.7	(5.6)	-48%
Total Revenue	23.4	24.1	(0.7)	-3%
Direct Costs	(3.7)	(3.9)	(0.2)	-8%
Gross profit	19.7	20.2	(0.5)	-2%
Adjusted operating costs*	(18.9)	(19.2)	(0.3)	-1%
Adjusted profit before taxation*	0.8	1.0	(0.2)	-24%
Statutory profit before taxation	0.7	0.9	(0.2)	-23%
Tax credit/(charge)	(0.3)	0.0	(0.3)	nm
Statutory profit for the financial year	0.4	0.9	(0.5)	-58%

*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 Cost and Profit figures are as defined in the Highlights section.

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

KPIs

	2023	2022
Platform Revenue % total Revenue	74	52
Platform Revenue growth %	40	na
Gross Profit % Revenue	84.2	83.8
Adjusted EBITDA £m ¹	1.8	2.1
Adjusted EBITDA % Revenue	8	9
"Rule of 40" ²	48	na
Free cash flow ³	(3.1)	2.5
Net cash £m	5.7	8.7

1 Statutory profit before taxation + share-based payments + interest, depreciation and amortisation

2 Platform Revenue growth %+ Adjusted Group EBITDA % Group Revenue

3 Cash flow after interest and before debt raising/reduction, buybacks/dividends

Revenue performance

Platform revenue rose by £4.9m (40%) in the year to £17.4m with particularly strong growth in automated ad-testing revenues. Predict Your platform revenue rose 44% fuelled by the continued success of Test Your Ad. Improve Your platform-led consultancy revenue increased by 23%. Overall platform revenue represented 74% of total revenue in FY23, compared with 52% in the previous year. In line with recent trends, other revenue, primarily bespoke consultancy, fell £5.6m year on year as customers continued to adopt the standard platform products, and the company focussed its resources on the TYX platform-based product suite.

The Communications product group, including Test Your Ad, grew by £0.9m (6%) year-on-year, notably in the UK and the US. Communications revenue, including ad-testing, accounted 68% of all revenue in FY23 (FY22: 62%) Brand tracking revenues increased by £0.4m (13%) helped by wins in the Americas and APAC. Innovation revenues were down in all regions, £2.0m (35%) lower overall than the previous year, with the launch of Test Your Idea arriving too late in the year to reverse the trend. The geographic spread of the business remained similar to the previous period. The Americas region grew for the second consecutive year helped by a buoyant LatAm performance, and the UK again showed double-digit growth year on year. Continental Europe was affected, particularly in the

first half of the year, by customers' budgetary response to the Ukraine invasion and associated economic shocks.

Expenditure

Total expenditure fell by £0.4m versus last year, with direct costs and administrative expenses each £0.2m lower. The reduction in direct costs was due partly to lower sales volume and partly to improved cost management, with gross profit margin rising to 84.2% from 83.8%.

Adjusted operating expenditure

The company invested an additional £0.7m in customer acquisition costs, mainly additional employee costs in Sales and Marketing, and a further £0.4m in IT development in order to accelerate the development of the platform. Adjusted operating costs featured increased investment in the sales, marketing and IT development teams. These investments in platform revenue growth were funded by reductions totalling £1.0m in operational expenses including savings in outsourced services and the capitalisation of £1.2m platform development costs. Travel and entertaining expenditure increased by £0.3m from a very low base with the return of international travel after two years of restrictions caused by the Covid pandemic.

Other expenditure

Other expenditure comprises expenditure items and charges/credits which are excluded from adjusted operating expenditure. Other expenditure was broadly unchanged year on year with a £0.4m reduction in the share-based payment charge being offset by the non-repetition of a prior-year credit relating to IFRS16 lease impairment reversal, and reductions in sabbatical provision releases and government innovation grant funding.

Profit before taxation

Adjusted profit before taxation for the year of £0.8m was £0.2m lower than the previous year owing to the flow through of slightly lower sales volumes. Likewise, statutory profit before tax of £0.7m was £0.2m lower than last year.

Tax

The Group's effective tax rate increased from -1% (tax credit) to 44%. This is due mainly to the impact of R&D tax credits (£0.5m recognised in FY22, £nil in FY23). R&D claims for FY22 and FY23 are in progress, but are yet to be approved and have not been recognised in the financial statements.

Funding and liquidity

Cash net of debt reduced from £8.7m to £5.7m during the year, with the outflows concentrated in H1 reflecting continued investment in the TYX platform and customer acquisition costs during a period of reduced customer demand in Europe following Russia's invasion of Ukraine. A further £0.1m was spent on repurchasing shares in H1 before the programme was suspended ahead of the Group's review of strategic options in the autumn. Operating cash flow trends improved in H2 in line with revenue and profitability, the latter being helped by improved gross margins and lower year-on-year adjusted operating costs. The Group repaid in full a £2.5m revolving credit facility in November after reviewing the outlook for interest rates and the expected cash requirements and replaced it with an as-yet unutilised overdraft facility.

Some £4.0m cash was invested in product innovation and development in the year, related primarily to the TYX marketing predictions platform, development of new intellectual property, automated prediction products and the TYA Premium (formerly AdRatings) database.

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". On 30 June 2023 the Company announced that a settlement had been reached with LLC. The parties have signed a global agreement which governs the co-existence of their respective use of the "System1" mark in connection with their operations. As part of this agreement, the Company is receiving a fixed undisclosed payment payable in instalments. The parties have agreed to keep further detail of their agreement confidential.

CHRIS WILLFORD - CFO

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Revenue	3	23,410	24,097
Cost of sales		(3,692)	(3,898)
Gross profit	3	19,718	20,199
Administrative expenses		(19,203)	(19,383)
Other operating income		340	289
Operating profit		855	1,105
Finance expense		(136)	(160)
Profit before taxation		719	945
Income tax (expense)/credit		(315)	10
Profit for the financial year		404	955
Attributable to the equity holders of the Company		404	955
Earnings per share attributable to equity holders of the Company			
Basic earnings per share	5	3.2p	7.4p
Diluted earnings per share	5	3.2p	7.4p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the year ended 31 March 2023

	2023	2022
	£'000	£'000
Profit for the financial year	404	955
Other comprehensive income:		
Items that may be subsequently reclassified to profit/(loss)		
Currency translation differences on translating foreign operations	227	342
Other comprehensive profit for the period, net of tax	227	342
Total comprehensive income for the period attributable to equity holders of the Company	631	1,297

CONSOLIDATED BALANCE SHEET (UNAUDITED)

as at 31 March 2023

Registered company no. 05940040

Note	2023 £'000	2022 £'000
ASSETS		
Non-current assets		
Property, plant, and equipment	1,162	2,054
Intangible Assets	1,396	382
Deferred tax asset	203	292
	2,761	2,728
Current assets		
Contract assets	102	198
Trade and other receivables	6,344	4,492
Income tax receivables	55	-
Cash and cash equivalents	5,719	11,174
	12,220	15,864
Total assets	14,981	18,592
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	423	196
Retained earnings	5,974	5,857
Total equity	8,607	8,263
LIABILITIES		
Non-current liabilities		
Provisions	353	432
Lease liabilities	362	1,417
	715	1,849
Current liabilities		
Provisions	101	77
Lease liabilities	1,094	1,091
Borrowings	-	2,500
Contract liabilities	764	991
Income taxes payable	-	267
Trade and other payables	3,700	3,554
	5,659	8,480
Total liabilities	6,374	10,329
Total equity and liabilities	14,981	18,592

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the year ended 31 March 2023

Note	2023 £'000	2022 £'000
Net cash used in/generated from operations	(87)	4,098
Tax paid	(541)	(63)
Net cash used in/generated from operating activities	(628)	4,035
Cash flows from investing activities		
Purchases of property, plant, and equipment	(30)	(79)
Purchase of intangible assets	(1,225)	(59)
Net cash used by investing activities	(1,255)	(138)
Net cash flow before financing activities	(1,883)	3,897
Cash flows from financing activities		
Interest paid	(136)	(161)
Property lease liability payments	(1,052)	(1,218)
Purchase of own shares	(135)	(567)
Repayment of borrowings	(2,500)	-
Net cash used by financing activities	(3,823)	(1,946)
Net (decrease)/increase in cash and cash equivalents	(5,706)	1,951
Cash and cash equivalents at beginning of year	11,174	9,008
Exchange gain on cash and cash equivalents	251	215
Cash and cash equivalents at end of year	5,719	11,174

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:

	2023 £'000	2022 £'000
Net cash flow before financing activities	(1,883)	3,897
Net cash flow for property leases	(1,115)	(1,307)
Operating cash flow	(2,998)	2,590

Consolidated Movements in Net Cash/(Debt)

	Cash and cash equivalents £'000	Borrowings £'000	Lease liabilities £'000	Total £'000
At 1 April 2022	11,174	(2,500)	(2,508)	6,166
Cash flows	(5,706)	2,500	1,051	(2,155)
Non-cash charges				
Interest on lease liabilities	-	-	(64)	(64)
Exchange and other non-cash movements	251	-	65	316
At 31 March 2023	5,719	(0)	(1,456)	4,263

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the year ended 31 March 2023

Note	Share capital £'000	Share premium account £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
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	-	-	-	342	-	342
Total comprehensive income	-	-	-	342	955	1,297
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	196	5,857	8,263
Profit for the financial year	-	-	-	-	404	404
Other comprehensive income:						
- currency translation differences	-	-	-	227	-	227
Total comprehensive income	-	-	-	227	404	631
Transactions with owners:						
Employee share options:						
- value of employee services	-	-	-	-	(153)	(153)
Purchase of treasury shares	-	-	-	-	(134)	(134)
At 31 March 2023	132	1,601	477	423	5,974	8,607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2023

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 market research data and insight services. The Chief Executive’s Statement and the Finance Review provide further detail of the Group’s operations and principal activities.

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 2023 and 2022. The results for the year ended 31 March 2023 are unaudited. The statutory accounts for the year ended 31 March 2023 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 2022 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 2022 audited year end statutory accounts and have been consistently applied. The preliminary announcement for the year ended 31 March 2023 was approved by the Board for release on 1 August 2023.

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.

	2023	2022
	Revenue £'000	Revenue £'000
By location of customer		
Americas	9,428	9,043
United Kingdom	8,895	7,918
Rest of Europe	3,741	5,463
APAC	1,346	1,673
	23,410	24,097

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 (the Chief Decision-Making officers) while segment balance sheet information is not. Accordingly, the Company does not disclose segment balance sheet information here.

	2023	2022
	Revenue £'000	Revenue £'000
By product type		
Predict Your (data)	14,060	9,747
Improve Your (data-led consultancy)	3,311	2,683
Standard (platform) revenue	17,371	12,430
Other consultancy (non-platform)	6,039	11,667
Total revenue	23,410	24,097
By product group		
Communications (Ad Testing)	15,879	14,955
Brand (Brand Tracking)	3,669	3,295
Innovation	3,862	5,847
	23,410	24,097

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

	2023	2022
	£'000	£'000
Non-current assets		
United Kingdom	2,204	1,846
Rest of world	354	590
	2,558	2,436

4. Reconciliation between Operating Costs and Adjusted Operating Costs

	2023 £'000	2022 £'000
Administrative expenses	19,203	19,383
Finance expense	136	160
Total operating costs	19,339	19,543
<i>Less: Adjusting items</i>		
Impairment	-	(235)
Compensation for loss of office	39	81
Bonus and commissions expense	453	268
Share-based payment expense	(171)	270
Other interest expense	73	70
Other staff costs	(82)	(211)
Trademark litigation	111	150
	423	393
Adjusted operating costs	18,916	19,150

5. Earnings per share

	2023	2022
Profit attributable to equity holders of the Company, in £'000	404	955
Weighted average number of Ordinary Shares in issue	12,698,398	12,863,257
Basic earnings per share	3.2p	7.4p
Profit attributable to equity holders of the Company, in £'000	404	955
Weighted average number of Ordinary Shares in issue	12,698,398	12,863,257
Share options	12,888	12,881
Weighted average number of Ordinary Shares for diluted earnings per share	12,711,286	12,876,138
Diluted earnings per share	3.2p	7.4p

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 1.3 million (2022: 1.2 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 2023.

6. Dividends

The Company did not pay an interim dividend in the year ended 31 March 2023 and does not propose the payment of a final dividend.

No dividends were paid to directors in the years ended 31 March