

8 July 2026

System1 Group PLC (AIM: SYS1)

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

Financial results to 31 March 2026

Strong revenue and profit improvement in H2 FY26

Started FY27 with confidence

System1 Group, the marketing decision-making platform www.system1group.com, announces its results for the twelve months ended 31 March 2026 ("FY26").

	2026 ("FY26")	2025 ("FY25")	Change*
	£m	£m	%
Results for the year			
Platform Revenue ("Predict & Improve" **)	35.5	34.5	+3
Other Revenue (Bespoke consultancy)	1.4	2.9	-51
Total Revenue	37.0	37.4	-1
USA	13.0	12.8	+1
LatAm	2.0	2.6	-23
United Kingdom	16.5	16.2	+2
Europe	3.6	4.0	-10
APAC	1.9	1.8	+1
Gross profit	32.3	32.9	-2
Operating costs	(30.4)	(28.0)	+9
Profit before tax	2.1	5.3	-60
Profit for the financial year	1.3	4.5	-71
Key performance indicators			
Number of clients	635	546 [^]	+16%
Gross profit % revenue	87%	88%	-1 pts
Adjusted EBITDA % Revenue	10%	18%	-8 pts
Rule of 40 ³	13%	57%	-44 pts
Free Cash Flow (FCF) £m ⁴	0.8	4.2	-£3.4m
Net Cash £m	12.4	12.9	-4%
Diluted earnings per share**	10.3p	35.2p	-71%
Ordinary Dividend per share	6.0p	5.5p	9%
Special dividend per share	-	5.5p	

All figures in the Highlights are presented in millions rounded to one decimal place unless specified otherwise. Consequently not all figures presented cast to the totals.

* Year-on-year percentage movements are calculated based on unrounded numbers.

** Data and data-led consultancy revenue

[^] Restated

FY26 performance overview

- FY26 was a year of planned investment that coincided with macro headwinds which led to reductions in client spending across the advertising industry, particularly in the first half of the financial year when new US trade tariffs came in to force. The Group modified its investment and expenditure plans, which together with a rebound in sales, delivered a full year performance in line with market expectations*.
- Group revenue remained stable at £37.0m (FY25: £37.4m), with platform revenue up 3% to £35.5m, representing 96% of total revenue (FY25: 92%).
- Adjusted EBITDA of £3.7m (FY25: £6.6m) reflected planned additional investment and macro-driven revenue softness in H1 FY26.
- Strong H2 recovery in revenue (16% higher than H1) led to profit before taxation in H2 6 x higher than in H1.
- Strong balance sheet with year-end cash of £12.4m (FY25: £12.9m) and debt-free.
- Disciplined cost control and working capital management with cost efficiencies delivering £1m in annualised savings. £0.5m of restructuring costs incurred.
- The proposed final dividend of 6 pence per share, reflects an improved H2 and the Board's confidence in the Group's prospects.

Strategic progress

The Group continued to make progress across its three strategic revenue priorities of Winning in America, Winning with Innovation and Winning with the World's Largest Brands.

Winning in America

- US Platform Revenue growth of 7%
- US new client revenue of £3.5m (FY25: £2.8m)
- Unprompted brand awareness in the US market doubled from 3% to 6%
- Largest US contract to date signed in March, expected to contribute in FY27

Winning with Innovation

- Innovation revenue +19% year-on-year
- Expansion of AI-enabled innovation discovery capability
- Strategic partnership launched with BionicX AI combining AI-led ideation with emotion-based validation, driving engagement and reach

Winning with the World's Largest Brands

- Over 300 new platform clients added in the year and a client base of 635, up from 546 in FY25
- Worked with 48 of the world's top 100 advertisers (FY25: 44)
- Increased multi-product adoption by clients

Outlook

- FY26 ended with strong H2 momentum leading to improved trading trajectory into FY27
- FY27 to date has seen continued strong new business activity
- Completed investments and cost discipline position the Group for improved EBITDA margin
- System1 enters FY27 with a broader customer base, strong operating discipline, and a clear pathway to margin expansion and sustainable growth
- The Group will now be updating the market twice yearly, therefore will not provide Q1 and Q3 revenue updates

System1 CEO James Gregory commented: *“FY26 was a year of resilient performance and strategic progress achieved against a challenging macroeconomic backdrop, notably the impact of trade tariffs. While customer spending patterns remained uneven, particularly in the first half, we delivered a record second half revenue performance and continued growth in our Platform business.*

“We made strong progress against our three strategic priorities of Winning in America, Winning with Innovation and Winning with the World’s Largest Brands, supported by disciplined execution and targeted investment in our platform and capabilities. The actions taken during the year to improve efficiency and streamline our operating model position the business well for improved operational leverage.

“With record new business, a growing customer base, improving momentum in our key strategic areas and continued investment in AI-enabled capabilities, we have started FY27 with confidence.”

Investor presentation

James Gregory, Chief Executive Officer and Chris Willford, Chief Financial Officer will provide a live virtual presentation relating to the Company's FY26 results at 2pm today.

Please use the following link to register: <https://www.investormeetcompany.com/system1-group-plc/register-investor>

**For the purpose of this announcement, the Company believes consensus forecast to be FY26 Revenue of £36.4 million, Adjusted Profit before Taxation of £2.0 million and FY27 Revenue of £38.8 million, and Adjusted Profit before Taxation of £4.2 million.*

For further information, please contact:

System1 Group PLC

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About System1 Group plc

System1 is a marketing decision-making platform business, utilised by some of the world's largest brands, across 81 markets globally. Since 2000, System1 has helped marketers tap into consumers' emotions to predict and improve the commercial impact of ads and ideas. Drawing on the world's largest database of emotional norms, our advertising and idea tests measure emotion to give our customers the most accurate predictions of the business impact of creativity. We 'predict' (provide research results) and work with our customers to 'improve' (provide insight and consultancy on those results) advertising effectiveness, innovation effectiveness and brand effectiveness.

We work with more than 600 clients, including 48 of the world's top 100 brands by media spend, 5 of the top 10 US and 8 of the top 10 UK advertisers.

Further information on 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 it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 and 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.

Chairman's Statement

FY26 was a year of challenges but also success: winning a record number of new customers and bringing the next generation of our platform products to market.

As flagged at the time of our Interim Results, the first half of the year saw less growth than we had anticipated. Organisations globally delayed marketing investment decisions, particularly market research, as they awaited greater clarity on the introduction of tariffs, against the ongoing challenging macroeconomic backdrop. After assessing the situation with the data available to us, the Board implemented cost efficiency actions in H2, removing approximately £1m in annualised costs, while protecting value-generating activities and strategic initiatives which are fundamental to setting the business up for long-term success. As a result, the business now has both the scalability and operational leverage to deliver our growth and profit margin ambitions in the near term.

We were confident that growth would return, but it was hard to predict the speed with which corporate marketing budgets would be released. I am therefore pleased to report that the second half of the year saw a return to a more typical spending pattern by our customers, particularly in the UK and Europe, which combined with a healthy new business performance throughout the year resulted in record H2 revenue. This has provided the business with a stronger base as we enter FY27.

It is important to note that 19 of the top 20 customers that transacted with System1 in FY25 did so again in FY26, demonstrating the commercial returns our insight provides in supporting marketing effectiveness. This resilient logo retention, combined with the success of the new business team, meant the Group sold to over 600 clients, including 48 of the World's Top 100 media spenders, each with considerable expansion opportunity.

Product innovation has always been, and will continue to be, the life blood of System1. The Group has blazed a trail in advertising effectiveness for over 25 years, combining a unique methodology with a proprietary database within a scalable platform, to deliver tangible commercial impact for our customers. Product innovation continued in FY26, resulting in the launch post year end of the next evolution of our Test Your Ad platform, with smarter diagnostics, more intuitive reporting and new AI-enabled capabilities. With an exciting roadmap of further AI capabilities in beta testing, we are confident Test Your Ad is, and will remain, the most useful and predictive creative measurement tool in the market.

We continue to work with strategic partners to accelerate our market reach and expand our offering, with a promising example of this being the partnership on innovation testing with the BionicX AI team which commenced during the year.

I would like to take this opportunity to mark the departure of System1 founder John Kearon as a director and shareholder. Without his insight and creativity 26 years ago, System 1 would not exist, and advertising creativity would be much the poorer for it. He understood how marketing really works (at the emotional level) and created a business that has served the global marketing community brilliantly and will continue to do so going forward. All of us at System1 wish him well in his future endeavours. Brave Bison Group plc acquired John Kearon's 23% stake in System1 and, together with additional share purchases, Brave Bison's shareholding position is 27.85%. They signed a relationship agreement with us in April 2026, which is supporting a constructive and transparent relationship.

We also welcomed Lewis Robinson to the board as a Non-Executive Director in the year and are excited to be working with him as we focus on delivering sustainable value for all our stakeholders. His asset management background strengthens the Board's skillset and brings new perspectives to Board discussions.

The Board is proposing a final ordinary dividend of 6 pence per share, reflecting our confidence in the Group's prospects.

Looking ahead

The Board is cognisant of our duty to deliver shareholder returns and we share the frustrations of our shareholders with regard to our share price performance in FY26. We are rigorous in our assessment of the Group's strategy, market positioning and opportunity and remain confident we have the right ingredients to succeed. System1's leadership in emotion-based creative effectiveness testing, the scalability of our offering, the growing number of blue-chip clients, and a significant addressable market provide us with the foundations to deliver increased shareholder value and achieve our ambitions.

We have entered the current year a more resilient, streamlined organisation, with a sense of renewed momentum. While the macroeconomic backdrop continues to provide challenges to all businesses, we are confident in the long-term opportunity ahead.

On behalf of the Board, I extend my thanks to the System1 team, who have worked tirelessly throughout the year, delivering positive commercial impact at all levels of the organisation.

Rupert Howell
Chairman

CEO's Statement

Overview

FY26 was a year of continued strategic execution delivered against a challenging macroeconomic backdrop. We made meaningful progress across our three strategic revenue priorities, produced high impact thought leadership content, growing our fame, developed our products, expanded our database and enhanced the scalability of the business. While customer spending patterns were uneven at points during the year, we reacted by managing costs and investment in H2 and focusing on execution. This approach enabled us to deliver full year results in line with revised market expectations and finish the year strongly, with a record H2 performance providing increased momentum as we enter FY27.

Group revenue remained stable at £37.0m (FY25: £37.4m), with Platform Revenue increasing by 3% to £35.5m representing 96% of total revenue. We secured 323 new clients during the year (FY25: 293), contributing £10.7m of revenue (FY25: £7.9m), and ended FY26 with a cash balance of £12.4m and debt-free, providing flexibility to continue selectively investing in future growth.

The progress made during FY26 provides encouraging evidence that our investment programme split into our three strategic revenue priorities of Winning in America, Winning in Innovation and Winning with the World's Largest Brands, is delivering results. US Platform Revenue grew by 7%, Innovation revenue increased by 19% and we worked with 48 of the world's top 100 brands measured by advertising media spend, up from 44 in FY25. The record £19.9 H2 Revenue was 16% higher than H1. Alongside this, we continued to invest in our platform and capabilities, including investment of £4.5m in product and technology to support future growth and strengthen our proposition in a rapidly evolving market, an increase of £1.3m on FY26.

Deepening customer relationships, to protect against macroeconomic disruption

The macroeconomic environment continued to influence customer behaviour during FY26. Across several markets, customers remained cautious around marketing investment decisions, creating periods of reduced spend and less predictable buying patterns.

Some regions were more affected than others. In Europe, customer spending was impacted during the first half by wider uncertainty and disruption across several sectors. Encouragingly, customer activity improved through the second half of the year, with European revenue growing particularly strongly, increasing to £2.2m in H2 from £1.3m in H1.

We are continuing to deepen our trusted advisor relationships with clients and strengthen how we support them globally. This includes increasing our focus on relationship management through the creation of client success teams, providing end-to-end support for client delivery and ensure our largest repeat customers have consistent access to the same core team of specialists. This is designed to improve the consistency of client engagement across markets, support stronger retention, and increase the opportunity to expand relationships over time.

Increasing relevance in the age of AI

Our industry continues to evolve rapidly. AI is changing how content is created, tested and optimised and is reshaping customer expectations. While this creates challenges, it also presents significant opportunities. We continue to adapt our proposition to respond and capture this and other opportunities, investing £4.5m in product and platform development in the year and expanding our partnerships.

We are clear that use of AI within our products needs to be predictive, honest and transparent, providing useful insight and supercharging the power of human emotion. The wealth of human emotional data points within our proprietary database of creative intelligence, drawn from testing 130,000 ads and 65,000 innovation concepts spanning 108 categories across the US, UK and global markets, provides us with unique data set on which to train AI potential for future product offerings.

We are in the process of building out TYA Screen, an AI model based on our proprietary database, to help clients quickly triage their creative assets and select a subset of them for human testing. Now in beta testing with select customers, we will fully launch the offering in the coming months, expanding our addressable market within our customers. We have also used AI to build more insight into our TYA reports, drawing on best practice, thought leadership and inspiration from our database, increasing the attractiveness of our offering.

Alongside internal developments, we are exploring how partnerships, including BionicX AI, complement our capabilities by combining AI-driven ideation with independent emotion-based validation, as we build out our Innovation Ecosystem.

We continue to refine these use cases, while exploring further innovation in this space.

Scaling Seamlessly: cost base efficiency

Throughout FY26, we remained disciplined in how we managed the business.

During the second half of the year, we implemented targeted initiatives, including carefully optimising go-to-market and regional resourcing plans and reviewing aspects of our operating model to ensure resources remained focused on near-term profitable growth opportunities. These actions entailed £0.5m of restructuring costs and delivered approximately £1m of annualised cost savings in the second half, supporting the delivery of increased adjusted EBITDA margins going forward.

Our three strategic revenue priorities: Winning in America, Winning in Innovation and Winning with the World's Largest Brands

Our three strategic revenue priorities align our investment and operational focus around the areas we believe represent our most valuable opportunities. We are confident these initiatives, alongside our ongoing efforts to increase efficiency and scalability, will result in increased shareholder value.

1) Winning in America

The size of advertising, innovation and marketing spend means that the USA remains our largest long-term opportunity. The total insights market is 7x the size of that in the UK, meaning comparable penetration would equate to over £100m of incremental revenue opportunity. We are therefore focused on growing our fame and credibility with the region's largest brands, ensuring our propositions delight new and existing clients.

We made further progress during FY26 despite challenging market conditions. Platform Revenue in the US grew by 7%, supported by strong new business performance and continued penetration into major brands. Progress in the region is measured through awareness, new business and retention metrics. During FY26, unaided awareness of System1 as a provider of market research and insight doubled from FY25 levels and new business increased by 29%, demonstrating encouraging progress in market visibility. Importantly, while the number of customer wins remained broadly consistent year-on-year, the quality and value of those wins increased meaningfully, with new US clients contributing £3.5m of Platform Revenue during FY26, up from £2.8m in FY25.

The team secured a several important client relationships, including work with leading consumer, gaming and healthcare brands. We also signed our largest contract to date with a new US client during the final quarter, which is already contributing to revenue in FY27.

Our focus remains firmly on executing our strategy, strengthening relationships with major clients and continuing to build scale in our largest long-term growth market.

2) Winning with Innovation

Innovation remains a significant opportunity for System1, and we made encouraging progress during FY26.

Innovation revenue increased by 19% during the year, reflecting both continued investment and growing customer engagement. Around £0.8m of Innovation revenue came from new customers, demonstrating the ability of this offering to broaden our customer base. Clients secured to date include 6 large global consumer goods companies who between them have tested over 70 initiatives, with opportunities developing to become a mandated partner for innovation discovery and testing.

Our focus is on revitalising our innovation offering to ensure it remains competitive within a rapidly evolving innovation landscape and increasingly aligned with the ways customers are creating, testing and developing ideas. We will do this through expanding our offering through the value chain to create an innovation ecosystem, comprising connected set of tools, guidance and evidence that help brands

discover, shape, test and validate their ideas. We continue to see significant opportunities in supporting clients earlier in their innovation journeys, at the discovery phase, and AI is increasingly playing an important role at this stage.

During the year we announced our partnership with BionicX AI, combining AI driven insight discovery and idea generation, with expert practitioners, and independent emotion-based testing through our Test Your Innovation platform. We believe this broadens our addressable opportunity and strengthens our position within a rapidly evolving market.

Alongside revenue growth and product development, we remain focused on strengthening the innovation pipeline and improving repeat engagement. We track progress through metrics across our sales funnel, client repeat rates and net revenue retention, helping ensure our innovation proposition evolves in line with changing customer needs.

3) Winning with the World's Largest Brands

A key strategic focus for System1 is increasing our penetration with the world's largest brands and deepening those relationships over time, in order to create larger and more resilient revenue streams.

Our most engaged customers utilise multiple products across geographies and teams and spend over 3x the clients who use only advertising or only innovation services. The size of our target customers means we see a clear path to individual client relationships exceeding £2m–£3m as platform adoption deepens, and the adoption of both innovation and advertising offerings across our customer base having the potential to take us to a business of over £100m annual revenue.

The strength of our new business activities in the year means we expanded the number of large business we worked with, engaging with 48 of the world's top 100 brands by media spend, up from 44 in FY25.

As mentioned above, we continue investing in our proposition and client service model to strengthen engagement with our largest customers. In FY26, we created a cohort of "global strategic accounts" with a targeted client service model built around these accounts to provide an enhanced experience and appointed a Head of Global Accounts to help ensure our largest multinational customers receive a more integrated and consistent experience across territories.

Partnerships and thought leadership

Thought leadership and partnerships continue to play an increasingly important role in extending our reach and strengthening our market position.

Our work with TikTok on The Long and the Short (Form) of It generated over 1,500 web submissions, while The Creative Dividend, developed with Effie, generated more than 7,800 engagements across associated content and events.

Alongside the BionicX AI partnership, we are also working with partners in areas such as media effectiveness, to create joint propositions in response to the increasing convergence of creative and media effectiveness spend, where clients are increasingly expecting to be able to integrate their creative effectiveness measurement with media effectiveness for a holistic view of performance across their advertising strategy.

These initiatives continue to help build awareness, support customer engagement and reinforce the strength of our proposition.

At the end of FY26, we transitioned the next chapter of Uncensored CMO, with Jon Evans moving on to focus on building the podcast and broader brand independently. We are delighted to be working with Jon as we continue to evolve the platform and deepen its connection with senior marketers and brand leaders globally. Uncensored CMO remains an important part of our thought leadership and customer engagement strategy, helping System1 reach the world's leading CMOs and marketers in an authentic and differentiated way.

People

Our people remain central to the success of System1, and I would like to thank everyone across the business for their hard work, adaptability and commitment during FY26.

The year brought change across the organisation as we continued to evolve our structure and strengthen capabilities in key areas. We made a number of leadership appointments during the year, including bringing together our Product and Technology teams under a single leader, strengthening our US leadership and increasing focus across our commercial organisation.

As our industry evolves, ensuring our teams have the right skills and tools will remain a priority. Supporting our people through continued learning and AI upskilling will be an important part of maintaining our competitive position.

Outlook

We have entered FY27 with momentum and confidence.

The investments made over recent years, combined with the cost efficiency actions taken during FY26, have created a stronger and more focused business, positioning us to improve profit margins. We have a growing customer base, deeper relationships with major brands and encouraging progress across our strategic priorities.

Our focus for the year ahead remains clear: continue to grow in the USA, further strengthen relationships with the world's largest brands, continue developing our Innovation and AI capabilities, and continue improving operational efficiency to scale seamlessly. By executing against these priorities, we aim to drive further margin improvement, enhance the quality and resilience of our revenues and create long-term value for shareholders.

While macroeconomic uncertainty remains and may continue to create periods of volatility, we believe the long-term opportunity for System1 remains significant and we enter FY27 well positioned for further growth.

James Gregory

Chief Executive Officer

Financial Review

Results for the year ended 31 March	2026 ("FY26") £m	2025 ("FY25") £m	Change £m	Change* %
Platform Revenue **	35.5	34.5	1.1	3%
Other Revenue (Bespoke consultancy)	1.4	2.9	-1.5	-51%
Total Revenue	37.0	37.4	-0.4	-1%
Direct Costs	(4.7)	(4.5)	0.2	3%
Gross profit	32.3	32.9	-0.6	-2%
Operating costs	(30.4)	(28.0)	2.4	9%
Other operating income	0.2	0.4	-0.2	-38%
Profit before tax	2.1	5.3	-3.2	-60%
Tax charge	(0.8)	(0.8)	0.0	-1%
Profit for the financial year	1.3	4.5	-3.2	-71%

All figures in the Financial Review are presented in millions rounded to one decimal place unless specified otherwise. Consequentially, not all figures presented cast to the totals.

* Year-on-year percentage movements are calculated based on the unrounded numbers reported in the financial statements and accompanying notes.

** Data and data-led consultancy revenue

Key performance indicators

	FY26 £m	FY25 £m	Change	
Platform revenue growth	3%	39%	-36	points
Number of clients	635	546 [^]	16%	
Gross profit % Revenue	87%	88%	-1	points
*Adjusted profit before tax ¹	2.2	5.2	-57%	
*Adjusted EBITDA £m ²	3.7	6.6	-43%	
*Adjusted EBITDA % Revenue	10%	18%	-8	points
Rule of 40 ³	13%	57%	-44	points
Free Cash Flow (FCF) £m ⁴	0.8	4.2	-3.4	
Net Cash £m	12.4	12.9	-4%	
Diluted earnings per share	10.3p	35.2p	-71%	
Ordinary dividend per share	6.0p	5.5p	9%	
Special dividend per share	-	5.5p		

¹ Profit before tax plus share-based payment expenses*

² Profit before tax + share-based payments (inc. associated social security provision) + interest, depreciation and amortisation*

³ Platform Revenue growth % + Adjusted Group EBITDA* % Group Revenue

⁴ Cash flow after interest and before debt raising/reduction, buybacks/dividends

*Non-GAAP measures

[^] Restated

Overview

FY26 was a year of planned investment in improving our market position that coincided with macro headwinds which led to reductions in client spending, particularly in the first half of the year, when new US trade tariffs came into force. We adjusted our expenditure plans in light of this, which, combined with a rebound in sales revenue, led to a strong profit recovery in the second half.

Revenue and Client Acquisition

In total, over 300 new platform clients were onboarded in the year, providing revenue of £10.7m. New clients included a global media business, an international financial services group, a world-famous leisure business and an American multinational soft drink company. New clients in the USA contributed £3.5m of Platform Revenue, in line with the Group's focus on growing the USA business. Existing customer spend reduced during the year, due partly to the global macro-economic conditions in H1 and this reduced Platform NRR to 72% (FY25: 106%). At total revenue level this was offset by the Group's consistent success in securing new Adtesting and Innovation clients. Retention by customer number was broadly in line with prior years.

The number of active clients during the year increased to 635 (FY25: 546, restated), providing the Group with the potential for growth in revenue in future years. The Company strengthened its go-to-market in the Innovation product area by signing a partnership deal with BionicX AI that combines AI-driven insight discovery with independent, emotion-based testing, helping brands explore ideas faster while retaining confidence in innovations that will succeed in market.

Revenue by Segment

Innovation revenue responded to our focus and investment, increasing by 19% overall year-on year. Advertising was 2% down year-on-year despite growing 7% in H2 – this was due entirely to the previously mentioned H1 client budget cuts. Brand tracking revenue reduced by 15% due mainly to lower spend by two clients in the UK.

By region, the UK and US both grew year on year, and their combined sales represented 80% of the Group (FY25: 78%) reflecting our continued focus on the largest brands in the two biggest geographic markets. LatAm and Europe both declined in the year, the latter due entirely to temporary spending cuts in H1, largely as a result of the impact of US tariffs. H2 revenue in Europe rose by 18% versus H2 FY25.

Gross profit

The FY26 gross profit margin of 87.3% remained well above our 85% benchmark, albeit slightly below the prior year due partly to the growth of business with media partners, including fame-building publications and activities. We completed Project Boost which is designed to reduce direct costs by increasing research panel efficiency for our testing products and to improve gross profit margin from FY27.

Operating expenditure

Payroll costs currently represent around two-thirds of the Group's operating expenditure. Employee numbers (FTE) peaked early in the year at just over 200 and reduced thereafter as a result of efficiency initiatives in all areas of the business, ending the year on 184, similar to the end of FY25 (183). Total employee compensation rose by just 3%, on average FTE growth of 14% partly offset by significantly lower bonus payments compared with FY25.

Investment in product research and development (principally innovation, Adtesting and AI) rose by £1.3m from £3.2m to £4.5m, and amortisation of capitalised development cost amounted to £0.8m in the period compared with £0.5m of new capitalised development spend, resulting in a net P&L cost of £0.3m in the year.

The Group incurred an elevated level of restructuring costs during the year, largely as a result of cost-saving and efficiency actions, which included some changes to the Group's organisational structure and go-to-market approach. This restructuring of the cost base, while incurring one-off costs of approximately £0.5m in FY26, represents annualised cost savings of approximately £1m, providing the opportunity for greater operational leverage and improved margins.

Taxation

The Group's effective tax rate increased markedly from 16% to 39%. This is due mainly to the inclusion in the prior year of UK R&D tax credits in respect of two financial years (FY23 and FY24), which were surrendered for group relief in FY25. Excluding these R&D tax losses, the effective tax rate for the Group in FY25 would have been in the region of 30%. The Group submitted an R&D claim for FY25 in FY26 for an amount of £0.2m. In line with legislative changes to the UK R&D regime effective from 1 April 2024, the amount received has been reflected in pre-tax earnings in Other Operating Income and is subject to corporation tax. We anticipate that the effective tax rate for FY27 will be lower than in FY26.

Liquidity

The Group closed the year with net cash of £12.4m (FY25: £12.9m), reflecting continued strong cash collection and cost discipline. Free cash flow amounted to £0.8m due partly to the cash impacts of a strong prior year, primarily bonuses and tax, together with an additional £1.7m of additional discretionary investment. In H1 we paid £2.2m of bonuses and commissions accrued in FY25 (£2.6m in FY25 for bonuses and commissions accrued in FY24), and cash tax in the period amounted to an outflow of £1.1m (FY25: £0.7m). In October 2025 we paid an ordinary dividend of 5.5p per share and a special dividend of 5.5p per share, a total cash outflow of £1.4m.

Capital allocation

The board is proposing an ordinary dividend of 6 pence per share for FY26 (FY25: 5.5 pence). The proposed dividend reflects the Board's confidence in the Group's prospects. The Group retains a £1.5m overdraft facility which was unutilised throughout FY26.

Chris Willford
Chief Financial Officer

Consolidated Income Statement

for the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Revenue	5	36,951	37,426
Cost of sales	16	(4,685)	(4,565)
Gross profit		32,266	32,861
Administrative expenses	16	(30,390)	(27,975)
Other operating income	17	235	381
Operating profit		2,111	5,267
Finance income	20	63	62
Finance expense	20	(36)	(26)
Profit before taxation	21	2,138	5,303
Income tax expense	21	(824)	(830)
Profit for the financial year		1,314	4,473
Attributable to the equity holders of the Company		1,314	4,473
Earnings per share attributable to equity holders of the Company			
Basic earnings per share	23	10.4p	35.3p
Diluted earnings per share	23	10.3p	35.2p

All the activities of the Group are classed as continuing.

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2026

	2026 £'000	2025 £'000
Profit for the financial year	1,314	4,473
Other comprehensive income:		
Items that may be subsequently reclassified to profit/(loss)		
Currency translation differences on translating foreign operations	265	(255)
Other comprehensive income for the period, net of tax	265	(255)
Total comprehensive income for the period attributable to equity holders of the Company	1,579	4,218

Consolidated Balance Sheet

as at 31 March 2026

Registered company no. 05940040

Note	2026 £'000	2025 £'000	
ASSETS			
Non-current assets			
Property, plant, and equipment	6	1,104	638
Intangible Assets	7	1,019	1,254
Deferred tax asset	22	223	194
		2,346	2,086
Current assets			
Contract assets		125	205
Trade and other receivables	9	7,299	6,822
Cash and cash equivalents	8	12,385	12,871
		19,809	19,898
Total assets		22,155	21,984
EQUITY			
Attributable to equity holders of the Company			
Share capital	10	132	132
Share premium account		1,601	1,601
Merger reserve		477	477
Foreign currency translation reserve		361	96
Retained earnings	4	11,834	11,797
Total equity		14,405	14,103
LIABILITIES			
Non-current liabilities			
Lease liabilities	15	484	-
		484	-
Current liabilities			
Provisions	11	21	-
Lease liabilities	15	510	526
Contract liabilities	14	1,122	758
Income taxes payable		331	643
Trade and other payables	13	5,282	5,954
		7,266	7,881
Total liabilities		7,750	7,881
Total equity and liabilities		22,155	21,984

Consolidated Statement of Cash Flows

for the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Net cash generated from operations	25	3,136	6,199
Tax paid		(1,158)	(687)
Net cash generated from operating activities		1,978	5,512
Cash flows from investing activities			
Purchases of property, plant, and equipment	6	(109)	(127)
Purchase of intangible assets	7	(531)	(468)
Net cash used by investing activities		(640)	(595)
Net cash flow before financing activities		1,338	4,917
Cash flows from financing activities			
Interest received		63	61
Interest paid		(36)	(26)
Property lease liability payments		(592)	(732)
Dividends paid to shareholders	24	(1,396)	(634)
Net cash used by financing activities		(1,961)	(1,331)
Net (decrease)/increase in cash and cash equivalents		(623)	3,586
Cash and cash equivalents at beginning of year		12,871	9,610
Exchange gain/(loss) on cash and cash equivalents		137	(325)
Cash and cash equivalents at end of year		12,385	12,871

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:

	2026 £'000	2025 £'000
Net cash flow before financing activities	1,338	4,917
Net cash flow for property leases	(628)	(758)
Operating cash flow	710	4,159

Consolidated Statement of Cash Flows (continued)

for the year ended 31 March 2026

Consolidated Movements in Net Cash and Financing Activities

	Cash and cash equivalents £'000	Lease liabilities £'000	Total £'000
At 1 April 2024	9,610	(346)	9,264
Cash flows	3,586	758	4,344
Non-cash charges			
Interest on lease liabilities	-	(26)	(26)
New lease liabilities		(955)	(955)
Disposal of lease liabilities	-	42	42
Exchange and other non-cash movements	(325)	1	(324)
At 31 March 2025	12,871	(526)	12,345

	Cash and cash equivalents £'000	Lease liabilities £'000	Total £'000
At 1 April 2025	12,871	(526)	12,345
Cash flows	(623)	628	5
Non-cash charges			
Interest on lease liabilities	-	(36)	(36)
New lease liabilities	-	(1,257)	(1,257)
Disposal of lease liabilities	-	198	198
Exchange and other non-cash movements	137	(1)	136
At 31 March 2026	12,385	(994)	11,391

Consolidated Statement of Changes in Equity

for the year ended 31 March 2026

	Note	Share capital £'000	Share premium account £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
At 31 March 2024		132	1,601	477	351	8,007	10,568
Profit for the financial year		-	-	-	-	4,473	4,473
Other comprehensive income:							
- currency translation differences		-	-	-	(255)	-	(255)
Total comprehensive income		-	-	-	(255)	4,473	4,218
Transactions with owners:							
Employee share options:							
- value of employee services	10	-	-	-	-	(64)	(64)
- deferred tax credited to equity						15	15
Dividends paid						(634)	(634)
At 31 March 2025		132	1,601	477	96	11,797	14,103
Profit for the financial year		-	-	-	-	1,314	1,314
Other comprehensive income:							
- currency translation differences		-	-	-	265	-	265
Total comprehensive income		-	-	-	265	1,314	1,579
Transactions with owners:							
Employee share options:							
- value of employee services	10	-	-	-	-	107	107
- deferred tax credited to equity		-	-	-	-	12	12
Dividends paid		-	-	-	-	(1,396)	(1,396)
At 31 March 2026		132	1,601	477	361	11,834	14,405

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

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 Financial Review provide further detail of the Group’s operations and principal activities.

2. Basis of preparation

The Group has prepared its consolidated financial statements in accordance with UK-adopted international accounting standards and applicable law. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in accordance with UK-adopted international accounting standards (“UK-adopted 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. The critical accounting judgements and estimates applied in the preparation of the consolidated financial statements are disclosed in Note 4.

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. Going concern

The Group has prepared its financial statements on a going concern basis.

As noted in the Financial Review, cash balances and cash flow are healthy, and we will continue to invest in our products, data assets and talent. We ended the year with a cash balance and net cash of £12.4m and net assets at £14.4m (31 March 2025: £12.9m and £14.1m respectively).

The Group has reviewed its financial forecasts for the 12 months from the approval of these financial statements, flexing sensitivity analysis scenarios with external and internal inputs that would represent the Group’s forecast and various downturn scenarios. Our internal assessment of a reasonable worst-case scenario shows that, in the face of a striking negative downturn on System1’s immediate capacity to function, management would respond appropriately by reducing our costs as soon as possible.

The Group is very confident in its ability to respond to an abrupt negative situation, whatever the cause. Our mitigating factors involve an active review cycle of the Group’s performance. The Board reviews the performance of the Group monthly, and senior management has a weekly assessment of sales revenue and gross profit. The Group also reviews its profit forecasts on a monthly basis.

The Group is confident that our strong balance sheet position, in particular the cash balance, will be able to sustain the Group reasonably until July 2027 and beyond.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

4. Principal accounting policies

The principal accounting policies adopted are consistent with those of the financial statements for the year ended 31 March 2025.

Standards, amendments, and interpretations in issue but not yet effective

The Group adopted the following new pronouncements during the year ended 31 March 2026, which did not have a material impact on the Group's financial statements:

- Lack of Exchangeability – Amendments to IAS 21 (effective for periods commencing on or after 1 January 2025)

The following standards and amendments, issued before 31 March 2026 with an effective date on or after 1 April 2026, have not been early adopted by the Group, they do not have a material impact on the Group's financial statements:

- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for periods commencing on or after 1 January 2026)
- Annual Improvements to IFRS Accounting Standards – Volume 11 (effective for periods commencing on or after 1 January 2026)
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (effective for periods commencing on or after 1 January 2026)
- The following standard, issued before 31 March 2026 with an effective date on or after 1 April 2026, has not been early adopted by the Group, and has not yet been assessed for impact on the Group's financial statements:
- IFRS 18 – Presentation and Disclosure in Financial Statements (effective for periods commencing on or after 1 January 2027)

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Basis of consolidation

The Group financial statements consolidate those of the Company and all its subsidiary undertakings drawn up to 31 March 2026.

Subsidiaries are all entities over which the Group has power over the subsidiary, i.e. the Group has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the subsidiary's returns), exposure or rights, to variable returns from its involvement with the subsidiary and the ability to use its power over the subsidiary to affect the amount of the subsidiary's returns.

The Group obtains and exercises control through voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All intra-group transactions and balances are eliminated on consolidation. Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Property, plant, and equipment

Property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost of all property, plant, and equipment to its residual value on a straight-line basis over their expected useful economic lives, which are as follows:

Furniture, fittings, and equipment	5 years
Computer hardware	3 to 4 years

The residual value and useful life of each asset is reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on all property, plant and equipment is charged to administrative expenses.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. The Group had no such lease arrangements for the years ended 31 March 2026 or 2025.

Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities to reflect the actual and expected effect of exercising extension and termination options in lease arrangements.

Depreciation on all right-of-use assets is charged to administrative expenses.

Intangible assets

Software

Costs incurred in the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Costs include professional fees and directly attributable employee costs required to bring the software into working condition. Non-attributable costs are expensed under the relevant income statement heading.

Research and development – internally generated intangible assets

All on-going research expenditure is expensed in the year in which it is incurred. Where no internally generated intangible asset can be recognised, development expenditure is charged to administrative expenses in the period in which it is incurred.

Furthermore, internally generated software and product development costs are recognised as an intangible asset only if the Group can demonstrate all the following conditions:

- a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) its intention to complete the intangible asset and use or sell it;
- c) Its ability to use or sell the intangible asset;
- d) how the intangible asset will generate probable future economic benefits; and among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- e) the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset;
- f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Amortisation

Intangible assets are amortised on a straight-line basis over their expected useful economic lives, which are as follows:

Computer software licences	5 years
Capitalised development costs	3 years

Amortisation on all intangible assets is charged to administrative expenses.

Impairment of property, plant and equipment, right-of-use assets, and intangible assets

At each balance sheet date, the Group reviews the carrying amount of its property, plant and equipment and intangible assets for any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Intangible assets not available for use are tested for impairment on at least an annual basis. The recoverable amount is the higher of the fair value less costs to sell and value in use. Cash flows for the determination of value in use are derived from either the incremental contribution attributable to the specific assets or from cost savings arising from the use of the specific assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits available on demand.

Contract assets

Contract costs comprise directly attributable external costs incurred in fulfilling customer contracts that relate to incomplete market research projects. The Group assesses at each balance sheet date whether there is objective evidence that contract cost assets are impaired, and provision is made when there is evidence that the Group will not be able to recover all costs incurred under the terms of the customer contract.

Income taxes

Current income tax liabilities comprise those obligations to fiscal authorities relating to the current or prior reporting period, which are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws that have been enacted or substantively enacted at the reporting date applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items charged or credited to other comprehensive income or directly to equity.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets, by reference to the probable recovery of those losses against future taxable profits.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as a component of tax expense in the income statement, except where it relates to items charged or credited to other comprehensive income or directly to equity.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Revenue recognition

The Group's revenues are primarily derived from the delivery of research services. Revenue from the Group's research product lines (Platform Revenues and Other Consultancy services) arise from contracts with customers within the scope of IFRS 15 'Revenue from Contracts with Customers' and are recognised on the same basis, as set out below.

Revenue is recognised at a point in time (rather than over time) as the key performance obligation is the delivery of the final written debrief to the customer. The only exception to this is where subscriptions are sold for access to our Test Your Ad database, where revenue is recognised on a straight-line basis across the period of the subscription.

Revenue is recognised only after the results or final written debrief has been delivered to the customer, except on the rare occasion that a large project straddles a financial period end, and that project can be sub-divided into separate discrete deliverables; in such circumstances revenue is recognised on delivery of each separate deliverable, and the transaction price is allocated across the discrete performance obligations by reference to the standalone price for the separate services. Where a contract with a customer requires a purchase order, signed schedule of work or similar document to evidence the right to consideration, revenue is not recognised until the Group receives these documents.

There are no elements of variable consideration in the contracts entered into by the Group. Revenue is measured by reference to the fair value of consideration receivable, excluding sales taxes, discounts and volume rebates.

Other operating income

In the year ended 31 March 2026, Other operating income relates to Research and Development Expenditure Credits ("RDEC") received from HM Revenue & Customs. The Group accounts for RDEC in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. RDEC is treated as a government grant, as it represents financial assistance received from a government body in return for past or future compliance with certain conditions relating to the Group's qualifying research and development activities.

RDEC income is recognised in the income statement when there is reasonable assurance that:

- the Group will comply with the conditions attached to the credit; and
- the credit will be received.

RDEC is presented as other income within the income statement, separately from the research and development expenditure to which it relates. This presentation reflects the nature of RDEC as a government grant rather than as a direct reduction in research and development costs.

To the extent that RDEC has been recognised as income but has not yet been received in cash, a receivable is recognised within current assets in the statement of financial position. This receivable is measured at the amount expected to be received from HMRC and is not discounted where the credit is expected to be received within twelve months of the reporting date.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Other operating income (continued)

In the year ended 31 March 2025, Other operating income related to amounts received under a co-existence agreement with System1 LLC ("LLC"), since renamed System1 Inc., an omnichannel customer acquisition marketing provider. 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 LLC 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 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 was receiving a fixed undisclosed payment payable in instalments. The final instalment due to the Company was received in November 2024. Amounts received under this arrangement are included within other income.

Cost of sales

Cost of sales includes external costs attributable to customer projects. For the research business, these include respondent sample, data processing, language translation and similar costs.

Employee benefits

All accumulating employee-compensated absences that are unused at the balance sheet date are recognised as a liability. The Group operates several defined contribution pension plans. The Group pays contributions to these plans based upon the contractual terms agreed with each employee. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due, and any outstanding amounts due at the reporting date are recognised within accruals.

Share-based payment transactions

The Group issues equity-settled share-based compensation to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Group's estimate of the shares that will eventually vest.

Apart from market-based elements of awards, these estimates are subsequently revised if there is any indication that the number of options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods. The fair value of option awards with time vesting performance conditions are measured at the date of grant using a Black-Scholes based Option Valuation model. 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.

The fair value of awards made with market-based performance conditions (for example, the entity's share price) are measured at the grant date using a Monte Carlo simulation method incorporating the market conditions in the calculations. The awards made in respect of the Group's long-term incentive scheme have been measured using such a method. At the end of each reporting period, an assessment is made in respect of any non-market conditions with regard to likely vesting, and the estimate is adjusted prospectively as required.

Social security contributions payable in connection with the grant of share options are considered integral to the grant itself, and the charge is treated as a cash-settled transaction.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

Provisions

Provisions for dilapidations are recognised when:

- a) the Group has a legal or constructive obligation because of past events;
- b) it is probable that an outflow of resources will be required to settle the obligation; and
- c) the amount has been reliably estimated. Where material, the increase in provisions due to passage of time is recognised as interest expense. The provision for dilapidations is measured at the present value of expenditures expected to be required to settle those obligations.

Foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

The results and financial position of all Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date;
- b) income and expenses for each income statement are translated at average exchange rates; and
- c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the main decision-making body of the Company and Group, which collectively comprises the Executive Directors. The Executive Directors are responsible for allocating resources and assessing performance of the operating segments.

Financial instruments

Financial assets

The Group's financial assets comprise trade and other receivables held at amortised cost. The Group does not possess assets held at fair value through profit or loss. The classification is determined by management at initial recognition, being dependent upon the business model and the contractual cash flows of the assets.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets arising from contracts with customers are separately presented in accordance with IFRS 15 in the Consolidated Balance Sheet.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's amortised cost financial assets comprise trade and other receivables and cash and cash equivalents in the Consolidated Balance Sheet.

Trade receivables are initially recorded at fair value, but subsequently at amortised cost using the effective interest rate method. In accordance with IFRS 9, the Group assesses on a forward-looking basis the expected credit losses associated with its financial assets at amortised cost. The Group applies the simplified model to recognise lifetime expected credit losses for its trade and other receivables by making an accounting policy election. The Group assesses expected credit losses based on the ageing of the receivable, the Group's historical experience adjusted for forward looking information, and informed credit assessment. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Financial liabilities

Financial liabilities are initially recognised at fair value, net of transaction costs, and subsequently carried at amortised cost using the effective interest rate method. Financial liabilities arising from contracts with customers are separately presented in accordance with IFRS 15 in the Consolidated Balance Sheet. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities.

Financial liabilities are presented as such in the Consolidated Balance Sheet. Finance costs and gains or losses relating to financial liabilities are included in the income statement.

Finance costs are calculated to produce a constant rate of return on the outstanding liability. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Accrued income and contract liabilities

Accrued income is recognised when a performance obligation has been satisfied but has not yet been billed. Accrued income is transferred to receivables when the right to consideration is unconditional and billed per the terms of the contractual agreement. The Group is generally paid in arrears for its services and invoices are typically payable within 120 days. In certain cases, payments are received from customers prior to satisfaction of performance obligations and recognised as deferred income. These balances are considered contract liabilities. There is no significant passage of time between the receipt of funds from a customer and the delivery of services, or between the delivery of services to a customer and the receipt of funds when payment is in arrears. The Group does not enter contractual arrangements with significant financing components.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Share capital

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share premium

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of direct expenses of the share issue.

Merger reserve

The merger reserve represents the difference between the parent company's cost of investment and a subsidiary's share capital and share premium. The merger reserve in these accounts has arisen from a group reconstruction upon the incorporation and listing of the parent company that was accounted for as a common control transaction.

Common control transactions are accounted for using merger accounting rather than the acquisition method, where this reflects the substance of the transaction.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Foreign currency translation reserve

The foreign currency translation reserve represents the differences arising from translation of investments in overseas subsidiaries.

Treasury shares

Where the Company purchases the Company's equity share capital, the consideration paid is deducted from the total shareholders' equity and classified as treasury shares until they are cancelled. Where such shares are subsequently sold or re-issued, any consideration received is included in total shareholders' equity. No gain or loss is recognised on the purchase, sale, issue, or cancellation of the Company's own equity instruments.

Significant accounting estimates and judgements

The preparation of the consolidated financial statements requires the Directors and management to make judgements and estimates in respect of certain items where the choice of accounting policy and assumptions applied in determining the judgement or estimate could materially affect the Group's financial position or results at the reporting date.

Capitalisation of development costs - judgement

The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement of the point at which technical feasibility is demonstrable. Furthermore, the useful economic lives of capitalised development costs are based on management's knowledge of the life cycle of the Group's products and technology. The carrying value of development assets also depends on management's ability to demonstrate the future economic benefits they will deliver. This judgement requires assumptions about factors outside the business's control such as short and medium-term economic conditions, technological developments and market changes. Details are contained in note 7.

Impairment of development costs – judgement and estimate

The Group tests annually whether intangible assets, have been impaired by reference to expected future generation of cash from the relevant platforms incorporating the technologies and methodologies developed. In estimating the cash flows the capitalised development costs may generate the directors make judgements, based on budgets and forecasts, about the amount of future profits from the relevant products that will be generated and the timing of when these will be realised. Furthermore, where new technology is acquired through an acquisition, management consider the impact this could have on the carrying value of existing technology, that is similar in nature, when preparing the budgets and forecasts. The Group has carried out an impairment review and determined no impairment is required in the year ended 31 March 2026 (31 March 2025: £nil). Details are contained in note 7.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Share-based payments - judgement and estimate

The Company operates two Option Schemes as at 31 March 2026. The fair value of options granted is determined either using a Black Scholes based Employee Stock Option Valuation model (for option schemes with no market conditions and only service or other simple metrics) and a Monte Carlo simulation model (for option schemes with market conditions and/or greater complexity of performance conditions). These models require several estimates and assumptions which are set out below for each scheme.

On 18 July 2024, the Committee granted 30,103 nil-costs share options to James Gregory (the 2024 Executive Option Scheme). These awards will vest on 17 July 2026 if he remains in office at that time and are subject to no other performance conditions. The fair value of the options granted has been determined using a Black Scholes based Employee Stock Option Valuation model and the key inputs are share price at grant date, exercise price, historic exercise multiples, expected volatility and the risk-free rate. Volatility is measured at the standard deviation of expected share price returns based on statistical analysis of historical share prices.

On 13 May 2025, the Group established the 2025 Long Term Incentive Plan ("2025 LTIP"). The 2025 LTIP is subject to Revenue, Profit After Tax and the Company's share price exceeding certain targets; the full details of which are given in the Company's Remuneration Report. The measure of the share-based payment charge is dependent on the estimates made in respect of the probability of those targets being achieved over the vesting period of the options. The key inputs into the assessment of the probability of the market condition (share price target) being achieved are share price at date of grant and expected volatility of the share price. Volatility is measured at the standard deviation of expected share price returns based on statistical analysis of historical share prices. The key inputs into the assessment of the probability of the non-market conditions (revenue and profit after tax targets) being achieved are management forecasts over the vesting period.

All options previously granted under the 2021 LTIP lapsed upon publication of the FY2025 financial statements, and as the non-market performance conditions had not been satisfied within the specified time-period, all accumulated charges in respect of the 2021 LTIP were released in full to the income statement in the year ended 31 March 2025 (a credit of £126,000).

Details of the key inputs detailed above are given in note 10.

In previous years, the Company has sometimes purchased shares arising from the exercise of share options to minimise shareholder dilution and create shareholder value. IFRS 2 does not provide guidance on the application of 'substance over form' when evaluating whether a share-based payment should be accounted for as equity or cash settled.

To determine whether the Company's share options are equity or cash-settled, consideration needs to be given as to whether the settlement of the share options through the issue and subsequent repurchase of treasury shares should be treated as one transaction or as two distinct transactions, and whether the Company has an obligation to settle in cash.

The Company does not publicise to option holders that option shares may be repurchased, the decision to repurchase option shares is only made at the point of option exercise, and there is no contractual or other obligation to settle in cash. Despite the occasional repurchase of these equity interests in the past, the Company did not have an obligation to do so and does not have an obligation, constructive or otherwise to do so in the future. Therefore, it is appropriate to treat the exercise of options and repurchase of option shares as two separate transactions and account for the option exercise as equity-settled rather than cash-settled.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Leases – estimate and judgement

Management exercises judgement in determining the likelihood of exercising break or extension options in determining the lease term, and reviews this on a lease-by-lease basis.

The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. Incremental borrowing rates are determined based on the term, country, currency and start date of the lease, to derive the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Details of lease liabilities can be found in note 15.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

5. 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.

	2026	2025
	Revenue £'000	Revenue £'000
By location of customer		
USA	13,002	12,829
LatAm	1,990	2,577
United Kingdom	16,548	16,217
Rest of Europe	3,556	3,964
APAC	1,855	1,839
	36,951	37,426

*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.

	2026	2025
	Revenue £'000	Revenue £'000
By product type		
Predict Your (data)	29,929	28,116
Improve Your (data-led consultancy)	5,605	6,441
Standard (platform) revenue	35,534	34,557
Other consultancy (non-platform)	1,417	2,869
Total revenue	36,951	37,426

By product group		
Ad Testing	30,933	31,482
Brand (Brand Tracking)	2,600	3,069
Innovation	3,418	2,875
	36,951	37,426

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

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

	2026	2025
	£'000	£'000
Non-current assets		
United Kingdom	1,930	1,697
Rest of world	193	195
	2,123	1,892

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

6. Property, plant, and equipment

	Right-of- use assets £'000	Furniture and fixtures £'000	Computer hardware £'000	Total £'000
Cost at 1 April 2024	172	-	303	475
Additions	955	-	127	1,082
Disposals	(102)	-	-	(102)
Foreign exchange	(27)	-	(1)	(28)
Cost at 31 March 2025	998	-	429	1,427
Depreciation at 1 April 2024	24	-	226	250
Depreciation charge for the year	500	-	84	584
Disposals	(51)	-	-	(51)
Foreign exchange	9	-	(3)	6
Depreciation at 31 March 2025	482	-	307	789
Carrying amount 31 March 2025	516	-	122	638
Cost at 1 April 2025	998	-	429	1,427
Additions	1,257	3	106	1,366
Disposals	(990)	-	(262)	(1,252)
Foreign exchange	8	-	3	11
Cost at 31 March 2026	1,273	3	276	1,552
Depreciation at 1 April 2025	482	-	307	789
Depreciation charge for the year	647	-	69	716
Disposals	(793)	-	(257)	(1,050)
Foreign exchange	(9)	-	2	(7)
Depreciation at 31 March 2026	327	-	121	448
Carrying amount 31 March 2026	946	3	155	1,104

Depreciation charges are included within administrative expenses.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

7. Intangible assets

	Development costs £'000	Software £'000	Total £'000
Cost at 1 April 2024	1,961	525	2,486
Additions	468	-	468
Cost at 31 March 2025	2,429	525	2,954
Amortisation at 1 April 2024	524	384	908
Amortisation for the year	653	139	792
Amortisation at 31 March 2025	1,177	523	1,700
Carrying value at 31 March 2025	1,252	2	1,254
Cost at 1 April 2025	2,429	525	2,954
Additions	531	-	531
Cost at 31 March 2026	2,960	525	3,485
Amortisation at 1 April 2025	1,177	523	1,700
Amortisation for the year	766	-	766
Amortisation at 31 March 2026	1,943	523	2,466
Carrying value at 31 March 2026	1,017	2	1,019

Amortisation charges are included within administrative expenses.

The only software cost as at 31 March 2026 is the Group's finance and operations system that was brought into use October 2020.

Development costs relate to costs capitalised for the development of the following:

- "Test Your" platform, which underpins the delivery of our data and data led consultancy product suite and was completed during the year ended 31 March 2023. The carrying value at 31 March 2026 was £nil (2025: £205k)
- Supply Chain Automation platform which enables System1 to interface (via API) with multiple suppliers of panel respondents and was substantially completed at 31 March 2024. The carrying value at 31 March 2026 was £332k (2025: £724k)
- Modular Surveys which facilitates the automation of custom products and was completed in two phases in the year ended 31 March 2025. The carrying value at 31 March 2026 was £120k (2025: £178k)
- Boost, which optimises our methodology for sourcing sample respondents, and was completed in August 2025. The carrying value at 31 March 2026 is £251k (2025: £145k)
- Tag & Search which facilitates AI enabled insights across our database of ads, which completed in July 2025. The carrying value at 31 March 2026 was £87k (2025: £nil)
- TYA Social, bringing our social media ad testing offering onto our platform, completed in December 2025, with a carrying value of £70k (2025: £nil)
- TYA 2.0 and TYI Integration, ongoing at the year end, enabling new product offerings and features across our ad testing and innovation offerings, with a carrying value of £157k (2025: £nil).

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Development costs in respect of completed projects are tested for impairment where impairment indicators exist. No indicators exist at 31 March 2026 (31 March 2025: none). Development costs in respect of ongoing projects are tested for impairment at each reporting date. The carrying value of the assets in each case are assigned to their respective cash generating units for the purposes of assessing future cashflows. The principal assumptions used in the forecasts were the timing and amount of future revenues and cost savings, which were derived from the latest forecasts approved by the Board. Discounting is not material to the assessment given the 3 year useful economic life. Sensitivities applied to projected revenue and cost savings indicate that a decrease of 20% would not give rise to an indication of impairment. Following the assessment, the Board have determined that no impairment of assets is required as at 31 March 2026 (31 March 2025: £nil). The headroom in the impairment review exceeds the carrying value of the asset.

8. Financial risk management

The Group's financial risk management policies and objectives are explained in the Group Directors' report.

Credit risk

The Group reviews and manages credit risk, arising from trade receivables and cash and cash equivalents, on a consolidated basis. The vast majority of the Group's customers are large blue-chip organisations, and the Group has only ever suffered minimal bad debts. The Group has concentrations of credit risk as follows.

	2026	2025
	£'000	£'000
Cash and cash equivalents		
HSBC Bank PLC (AA credit rating)	9,970	10,647
Santander	693	668
Deutsche Bank	9	73
UBS	163	151
Other banks	1,550	1,332
	12,385	12,871

Amounts held with other banks represents cash held via the Flagstone deposit platform, which is used to place short term deposits of three months or less with multiple banks to access higher interest rate returns on surplus cash. The distribution of these amounts between financial institutions is designed to keep exposure to any one organisation within the £120,000 limit of FSCS Protection.

At 31 March 2026, the Group has cash balances of £40,000 (2025: £38,000) which are not readily available for use due to ongoing restrictions imposed by overseas banking institutions. The Group has made full provision against these balances at the year end.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Market risk – foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. The Group considers foreign exchange risk to be one of its financial risks and may seek to minimise its effects by using forward foreign exchange contracts where appropriate. During 2025 and 2026, the Group did not enter into any forward foreign exchange contracts.

The denominations of the cash and cash equivalents held by the Group were as follows:

	2026	2025
	£'000	£'000
Cash and cash equivalents		
GBP	3,957	4,909
USD	4,194	4,304
EUR	2,171	2,164
CHF	267	366
AUD	1,094	418
SGD	11	128
BRL	691	582
	12,385	12,871

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Financial instruments by category

At the balance sheet date, the Group held the following financial instruments by category.

	2026	2025
	£'000	£'000
Financial assets carried at amortised cost		
Trade and other receivables (excluding prepayments)	6,730	6,217
Cash and cash equivalents	12,385	12,871
	19,115	19,088
Other financial liabilities carried at amortised cost		
Current liabilities		
Trade payables	1,774	1,256
Accruals	2,734	4,064
Lease liabilities	510	526
	5,018	5,846
Non-current liabilities		
Lease liabilities	484	-
	484	-

On 22 February 2023, the Company entered into an Overdraft Facility with HSBC. The facility of up to £1,500,000 is secured over the Company's trade receivables, and incurs interest at 3% above the Bank of England base rate on drawn balances. The facility has no fixed end date and can be cancelled by either party at any time. During the year ended 31 March 2026, the Company has not drawn any amounts under the facility, and no amounts have been drawn to the date of the signing of these financial statements (amounts drawn in the year ended 31 March 2025: £nil).

9. Trade and other receivables

	2026	2025
	£'000	£'000
Trade receivables	6,604	5,948
Prepayments and accrued income	569	639
Other receivables	126	235
	7,299	6,822

Trade and other receivables are due within one year and are not interest bearing. The maximum exposure to credit risk at the balance sheet date is the carrying amount of receivables (detailed in Note 8). The Group does not hold any collateral as security against trade receivables. The Directors do not believe that there is a significant concentration of credit risk within the trade receivables balance.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Impairment of financial assets

The Group has financial assets, primarily trade receivables, which are subject to the IFRS 9 expected credit loss model, and the Group is required to assess these assets for expected credit losses. The Group has applied the simplified approach to measuring expected credit losses as permitted by IFRS 9 and recognises a loss allowance based on the financial assets' lifetime expected loss.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. Trade receivables are grouped for the purposes of the assessment based on industry sector, entity size and geography. The Group assesses expected credit losses based on the ageing of the receivable, the Group's historical experience and informed credit assessment. Further credit losses are recognised where the Group has information that indicates it is unlikely to recover balances in full.

The Group has no financial assets designated as measured at fair value.

As of 31 March 2026, trade receivables of £1,364,000 (2025: £1,083,000) were past due but not impaired. The ageing of trade receivables, and the associated loss allowance, is as follows:

	Current £'000	0-3 months due £'000	3-6 months due £'000	Over 6 months due £'000	Total £'000
At 31 March 2026					
Gross trade receivables	5,303	1,228	98	139	6,768
Loss provision	63	15	18	68	164
Expected loss rate	1%	1%	18%	49%	
At 31 March 2025					
Gross trade receivables	4,917	802	215	153	6,087
Loss provision	52	8	5	74	139
Expected loss rate	1%	1%	2%	48%	

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

Movements in the impairment allowance for trade receivables are as follows:

	2026	2025
	£'000	£'000
Provision for impairment of trade receivables		
Opening balance	139	80
Charged to the income statement	9	64
Utilisations and other movements	16	(5)
	164	139

As of 31 March 2026, no other receivables or contract costs were impaired (2025: £Nil).

The carrying amount of the Group's trade and other receivables are denominated in the following currencies.

	2026	2025
	£'000	£'000
United States dollar	2,382	1,998
British sterling	3,547	3,213
Euro	629	776
Brazilian real	249	385
Swiss franc	213	132
Australian dollar	189	162
Singapore dollar	90	156
	7,299	6,822

10. Share capital

The share capital of System1 Group PLC consists only of fully paid Ordinary Shares ("**Shares**") with a par value of one penny each. All Shares (except for Treasury shares) are equally eligible to receive dividends and the repayment of capital and represent one vote at the Annual General Meeting.

	2026		2025	
	No.	£'000	No.	£'000
Allotted, called up, and fully paid ordinary shares	13,226,773	132	13,226,773	132
At 1 April and at 31 March				

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

The Company has treasury shares to satisfy the requirements of the Group's share incentive schemes. The movement in the Company's treasury shares balance is as follows:

	2026		2025	
	Treasury shares No.	Weighted average exercise price per share Pence	Treasury shares No.	Weighted average exercise price per share Pence
Shares held by Treasury				
At 1 April	537,700		547,844	
Transfer of shares to satisfy options exercise	-	-	(10,144)	
At 31 March	537,700	-	537,700	

Share options

Employee share option scheme

The Group issues share options to directors and senior managers under an HM Revenue and Customs approved Enterprise Management Incentive (EMI) scheme and under an unapproved scheme.

Options granted in more recent years have been awarded in accordance with management long-term incentive plans and such options have a zero-exercise price and are subject to performance criteria. If share options remain unexercised after a period of ten years from the date of grant, the options expire. Share options are forfeited in most circumstances if the employee leaves the Group before the options vest, unless otherwise agreed by the Remuneration Committee of the Board.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2026		2025	
	Options No.	Weighted average exercise price per share Pence	Options No.	Weighted average exercise price per share Pence
Share options outstanding				
Opening balance	1,230,102	-	1,253,724	-
Granted	1,320,411	-	52,148	-
Lapsed	(1,530,669)	-	(65,626)	-
Exercised	-	-	(10,144)	-
Closing balance	1,019,844	-	1,230,102	-
Exercisable at year-end			-	0.0
Weighted average share price at date of options exercised (pence)		N/A		445.0
Weighted average fair value of options granted in the year (pence)		196.0		313.2

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

The Group had the following outstanding options and exercise prices:

Expiry date	2026			2025		
	Options No.	Weighted average exercise price per share Pence	Weighted average remaining contractual life Months	Options No.	Weighted average exercise price per share Pence	Weighted average remaining contractual life Months
2024	-	-	-	-	-	-
2025	-	-	-	46,995	-	4.0
2027	-	-	-	1,153,004	-	23.7
2028	-	-	-	-	-	-
2029	30,103	-	38.9	30,103	-	50.9
2032	989,741	-	46.1	-	-	-
	-	-	-	-	-	-
	1,019,844	-	45.9	1,230,102	-	23.6

Long-term incentive scheme

On 13 May 2025, the Company established the 2025 LTIP. The 2025 LTIP is subject to Revenue, Profit After Tax and the Company's share price exceeding certain targets; the full details of which are given in the Company's Remuneration Report. The 2025 LTIP options vest annually between 31 July 2027 and 31 July 2029. Vested options must be exercised within six months of the relevant vesting date, with the final exercise period ending on 31 January 2030.

The key inputs into the fair value measurement of the 1,320,411 options granted during the year ended 31 March 2026 are as follows (of these, 330,670 lapsed during the year):

- Expected Life: 4 years and 2.4 months
- Exercise price: £Nil
- Share price at date of grant: £4.30
- Expected volatility: 55.76%
- Risk free rate: 4.05%
- Dividend yield: 2.32%

At 31 March 2026, the number of outstanding options granted under the 2025 LTIP was 989,741 or 7.8% of issued ordinary share capital of maximum capacity of 10%. All options issued under the previous 2021 LTIP lapsed, unvested, on publication of the 2025 financial statements.

On 18 July 2024, the Committee granted 30,103 nil-costs share options to James Gregory under a new Executive option scheme. These awards will vest on 17 July 2026 if he remains in office at that time and are subject to no other performance conditions.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

The key inputs into the fair value measurement of the 30,103 options granted in the year ended 31 March 2026 are as follows:

- Expected Life: 3 years
- Exercise price: £Nil
- Share price at date of grant: £5.43
- Expected volatility: 55.00%
- Risk free rate: 4.24%

Share-based payment charge

The total charge relating to equity-settled share-based payment plans was £107,000 with an associated charge of £14,000 for social security. In the year ended 31 March 2025, a net credit of £64,000 was recognised as a consequence of management's assessment that the probability of non-market performance conditions attached to the 2021 LTIP being fulfilled was negligible (gross credit of £126,000) and the charges associated with the Executive Option Scheme. The associated credit for social security was £21,000.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

11. Provisions

	Leasehold dilapidations £'000	Total £'000
At 1 April 2024	6	6
Provided in the year	-	-
Utilised in the year	-	-
Reversals of unused amounts	(4)	(4)
Foreign exchange movement	(2)	(2)
At 31 March 2025	-	-
Provided in the year	27	27
Utilised in the year	(6)	(6)
At 31 March 2026	21	21
Due within one year	21	21
Due after one year	-	-

Dilapidation provisions represent the Group's best estimate of costs required to meet its obligations under property lease agreements.

12. Contingent liabilities

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is considered less than probable or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are remote.

The Group faces a small number of legal claims from former employees and/or individuals formerly connected to the Group. Proceedings are ongoing and the Group will continue to rigorously defend the claims. Where costs are likely to be incurred and can be measured reliably, they are provided for in the financial statements. Whilst certain legal claims specify the damages claimed, such claimed amounts may form part of the dispute and do not necessarily reflect the Group's potential financial exposure in respect of those matters, and no separate estimate of that exposure has been disclosed. In accordance with IAS 37.92, this information has been omitted on the grounds that its disclosure could be expected to seriously prejudice the Group's position in these disputes.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

13. Trade and other payables

	2026 £'000	2025 £'000
Trade payables	1,774	1,256
Social security and other taxes	774	634
Accruals	2,734	4,064
	5,282	5,954

Trade and other payables are due within one year and are not interest bearing. The contractual terms for the payment of trade payables are generally 30-60 days from receipt of invoice.

The contractual maturity of all trade and other payables is within one year of the balance sheet date.

14. Contract liabilities

	2026 £'000	2025 £'000
Contract liabilities	1,122	758

From time to time, payments are received from customers prior to work being completed. Such payments are recorded in the balance sheet as contract liabilities.

Included within Revenue is £579,000 relating to contract liabilities recognised at 1 April 2025 (2025: £1,072,000). No revenue has been recognised in the year from performance conditions satisfied, or partially satisfied in previous periods.

15. Borrowings

The analysis of the maturity of lease liabilities is as follows:

	2026 £'000	2025 £'000
Within one year	549	535
Later than 1 but no later than 5 years	498	-
More than 5 years	-	-
Total contractual undiscounted cashflows	1,047	535
Impact of discounting	(53)	(9)
Total lease liabilities	994	526

Lease liabilities are presented in the Consolidated Balance Sheet as follows:

	2026 £'000	2025 £'000
Within one year	510	526
Later than 1 but no later than 5 years	484	-
More than 5 years	-	-
	994	526

There are no contingent payments, purchase options or restrictive covenants in respect of property leases. Details of loan facilities and balances are given in note 8.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

16. Expenses by nature

	2026	2025
	£'000	£'000
Employee benefit expense*	19,634	18,514
Other research and development costs	2,067	1,306
Capitalised development costs – gross of amortisation	(531)	(468)
Depreciation, amortisation, and impairment	1,482	1,376
Loss on disposal of fixed assets	4	9
Net foreign exchange (gains)/losses	60	337
Lease expense related to short term leases	29	92
Third party direct costs (sample, translation, data processing)	4,685	4,565
Indirect delivery costs	949	959
Other expenses	6,696	5,850
	35,075	32,540

*Included within employee benefit expense is £2,408,000 of costs related to staff involved in research and development activities (2025: £1,881,000) which has not been capitalised under IAS 38.

Analysed as:

Cost of sales	4,685	4,565
Administrative expenses	30,390	27,975
	35,075	32,540

17. Other income

	2026	2025
	£'000	£'000
Other income	235	381
	235	381

Other operating income in 2026 relates solely to amounts received in RDEC grants. In 2025, other income did not include any element of RDEC, and included amounts in relation to the trademark co-existence agreement. See note 4 for further details.

18. Auditor Remuneration

	2026	2025
	£'000	£'000
Audit of parent company and consolidated accounts	130	126
Audit-related assurance services	10	10
	140	136

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

19. Employee benefit expense

	2026	2025
	£'000	£'000
Employee benefit expenses (including directors) comprise:		
Wages and salaries – fixed basic pay	14,649	12,467
Commissions and bonuses	968	2,703
Social security contributions and similar taxes	1,983	1,678
Social security contributions on commissions and bonuses	125	436
Defined contribution pension cost	632	524
Long service leave cost - sabbatical provision	-	-
Share-based payment expense*	121	(85)
Compensation for loss of office	472	223
Medical benefits	684	568
	19,634	18,514

*Inclusive of associated social security charges/(credits)

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, including the 3 (2024: 3) Executive Directors of the company.

Compensation to key management is set out as follows:

	2026	2025
	£'000	£'000
Salaries and benefits in kind	875	83
Bonus	-	584
Social security contributions	118	203
Compensation for loss of office	42	-
Defined contribution pension cost	25	30
Share-based payment (credit)/expense	93	62
	1,153	1,762

The average number of full-time equivalent staff employed by the Group during the financial year was as follows:

	2026	2025
	No.	No.
Sales and marketing	74	59
Operations	56	52
IT	33	30
Administration	28	26
	191	167

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

20. Finance charges

	2026	2025
	£'000	£'000
Interest on finance lease receivables	-	1
Interest on bank deposits	63	61
Finance income	63	62
	2026	2025
	£'000	£'000
Interest on lease liabilities	(36)	(26)
	(36)	(26)
Net finance income	27	36

21. Income tax expense

	2026	2025
	£'000	£'000
Current tax	845	860
Deferred tax	(21)	(30)
	824	830

Income tax expense for the year differs from the standard rate of taxation as follows:

	2026	2025
	£'000	£'000
Profit on ordinary activities before taxation	2,138	5,303
Profit on ordinary activities multiplied by standard UK tax rate	535	1,326
Difference between tax rates applied to Group's subsidiaries	114	110
Net expenses not deductible for tax purposes	23	409
Adjustments to trading losses and brought forward values	(103)	(313)
R&D claims surrendered for loss relief	-	(754)
Remeasurement of deferred tax for change in tax rates	(5)	5
Tax on intra-group management charges (Brazil)	165	222
Adjustment to current tax in respect of prior years	16	(30)
Adjustments to foreign and withholding tax	(13)	(81)
Adjustments to deferred tax in respect of prior and current years	92	(64)
	824	830

The standard tax rate for the year ended 31 March 2026 was 25% (31 March 2025: 25%).

The tax charge for the year ended 31 March 2025 includes claims in respect of R&D expenditure for the years 2023 and 2024 which have been surrendered for tax losses of £0.75m that have been group relieved in the period. Excluding these R&D tax losses, the effective tax rate for the Group in FY25 would have been in the region of 30%. The Group submitted an R&D claim for FY25 in FY26 for an amount of £0.2m. In line with legislative changes to the UK R&D regime effective from 1 April 2024, the amounts received has been reflected in pre-tax earnings in Other Operating Income and are subject to corporation tax. We anticipate that the effective tax rate for FY27 will be lower than that in FY26.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

22. Deferred tax

Deferred tax assets and liabilities are as follows.

	2026 £'000	2025 £'000
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	91	81
- Deferred tax assets to be recovered within 12 months	300	271
	391	352
Deferred tax liabilities:		
- Deferred tax liability to be incurred within 12 months	(168)	(158)
Deferred tax asset (net):	223	194

The gross movement in deferred tax is as follows.

	2026 £'000	2025 £'000
Opening balance	194	151
Income statement credit	21	30
Foreign exchange movements	(4)	(2)
Tax credited directly to equity	12	15
Closing balance	223	194

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Other provisions £'000	Share options £'000	Dilapidation provisions £'000	Trading losses £'000	Accelerated capital allowances £'000	Total £'000
At 1 April 2025	288	46	-	18	-	352
Credited/(charged) to income statement	16	(21)	2	30	-	27
Credited to equity		12				12
At 31 March 2026	304	37	2	48	-	391

Deferred tax liabilities	Accelerated capital allowances £'000
At 1 April 2025	(158)
Charged to income statement	(10)
At 31 March 2026	(168)

Deferred tax assets are recognised only to the extent that their recoverability is considered probable. The deferred tax asset in respect of the Company's share option plans relates to corporate tax deductions available on exercise of employee share options.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

23. Earnings per share

	<u>2026</u>	<u>2025</u>
Profit attributable to equity holders of the Company, in £'000	1,314	4,473
Weighted average number of Ordinary Shares in issue	12,689,073	12,687,461
Basic earnings per share	10.4p	35.3p
Profit attributable to equity holders of the Company, in £'000	1,314	4,473
Weighted average number of Ordinary Shares in issue	12,689,073	12,687,461
Share options	30,103	30,103
Weighted average number of Ordinary Shares for diluted earnings per share	12,719,176	12,717,564
Diluted earnings per share	10.3p	35.2p

Basic earnings 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 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. Accordingly, employee options of 1.0 million (2025: 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 2026 and 31 March 2025. The total number of options in issue is disclosed in Note 10.

24. Dividends

The Company proposes to pay an ordinary dividend of 6.0p per share for FY26, which will be put to the Group's annual general meeting on 25 September 2026.

The Company paid a final ordinary dividend of 5.5p per share and an additional special dividend of 5.5p per share for the year ended 31 March 2025 on 17 October 2025 (ex-dividend date 25 September 2025).

Dividends paid to directors in the year ended 31 March 2026 totalled £331,985 (31 March 2025: £145,659).

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

25. Net cash generated from operations

	2026	2025
	£'000	£'000
Profit before taxation	2,138	5,302
Depreciation and impairment of property, plant, and equipment	716	584
Amortisation and impairment of intangible assets	766	791
Loss on disposal of property, plant, and equipment	4	9
Interest received	(63)	(61)
Interest paid	36	26
Share-based payment charge/(credit)	107	(64)
Decrease/(increase) in contract assets	80	(25)
Decrease in finance lease receivables	-	85
(Increase)/decrease in trade and other receivables	(476)	440
Decrease in trade and other payables	(671)	(607)
Increase/(decrease) in contract liabilities	364	(378)
Increase/(decrease) in provisions	21	(4)
Exchange differences on operating items	114	101
	3,136	6,199

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

26. Related party transactions

The following transactions took place between entities within the Group, all of which are consolidated in these financial statements, and are related parties by virtue of the common control of the Company.

	Overhead charges £'000	Royalties £'000	Amounts due from/(to) related parties £'000
2026			
System1 Group PLC	8,103	3,496	2,191
System1 Research Limited	(4,103)	(1,655)	335
System1 Research, Inc.	(3,224)	(1,300)	(3,107)
System1 Research B.V.	(327)	(54)	514
System1 Research Sarl	(208)	(84)	(197)
System1 Research GmbH	(132)	(130)	(79)
System1 Research Do Brazil Servicos de Marketing Ltda.	570	-	521
System1 Research France Sarl	(218)	(88)	401
System1 Market Research Pte Ltd	72	(42)	(934)
System1 Research Pty Ltd.	(533)	(144)	302
System1 Agency Limited	-	-	53
2025			
System1 Group PLC	8,504	3,485	323
System1 Research Limited	(3,957)	(1,622)	2,369
System1 Research, Inc.	(3,131)	(1,283)	(2,645)
System1 Research B.V.	(169)	(69)	413
System1 Research Sarl	(214)	(88)	(232)
System1 Research GmbH	(428)	(176)	(652)
System1 Research Do Brazil Servicos de Marketing Ltda.	-	-	42
System1 Research France Sarl	(156)	(64)	280
System1 Market Research Pte Ltd	(105)	(43)	(856)
System1 Research Pty Ltd.	(344)	(141)	904
System1 Agency Limited	-	-	54

During the year, purchases of £74,833 (2025: £80,539) were made from Merit Data & Technology Limited, a related party by virtue of the common directorship of Philip Machray. At the year end, an amount of £nil was owed (2025: £8,400). Of the purchases made, £nil was capitalised within development costs in the year ended 31 March 2026 (2025: £nil). Purchases of £nil (2025: £2,250) were made from Messier Holdings Limited, a related party by virtue of the common directorship of Rupert Howell. At the year end, an amount of £nil was owed (2025: £nil). Lewis Robinson is the managing director of Crucible Clarity Fund, which holds 7.1% of the Company's shares. Lewis Robinson indirectly owns c.2.5% of Crucible Clarity Fund Plc.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2026

27. Audit exemption

System1 Research Limited (company number 03900547), System1 Agency Limited (company number 09829202) and System1 Ad Ratings Limited (company number 11313402) are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A. System1 Group PLC has given a parental guarantee for all entities above under section 479C of the Companies Act 2006.

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