

# System1 Group

12 April 2023

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

### Final Quarter Trading Update

System1 today issues an update on trading for the quarter ended 31 March 2023 (Q4).

Revenue £ million - unaudited *	FY23						
	Q1 Jun-22	Q2 Sep-22	H1	Q3 Dec-22	Q4 Mar-23	H2	FY Mar-23
Predict Your (data)	2,964	3,189	6,153	3,400	4,107	7,507	13,660
Improve Your (data-led consultancy)	752	694	1,446	862	1,163	2,025	3,471
<b>Standard (platform revenue)</b>	<b>3,716</b>	<b>3,883</b>	<b>7,599</b>	<b>4,262</b>	<b>5,270</b>	<b>9,532</b>	<b>17,131</b>
Other consultancy (non-platform)	1,529	1,368	2,897	1,964	1,354	3,318	6,215
<b>Total Revenue</b>	<b>5,245</b>	<b>5,251</b>	<b>10,496</b>	<b>6,226</b>	<b>6,624</b>	<b>12,850</b>	<b>23,346</b>

\* The Company has disclosed additional information in relation to the breakdown of revenues, which it intends to provide going forward. All numbers in this announcement are unaudited and therefore may be subject to change.

During Q4, the Company made substantial and measurable progress towards the strategic objectives that the board set out following the strategic review, specifically growing our standard Predict Your and Improve Your products (platform-based data and consultancy) to a point where they represented 80% of revenue in Q4.

Predict Your (data) revenue grew by 67% on the comparable prior-year quarter to £4.1m, a quarterly record, and by 40% for the financial year to £13.7m. Improve Your (data-led consultancy) revenue increased by 95% over the comparable prior-year quarter and by 29% for the financial year overall. Standard product revenues therefore grew by 73% on Q4 FY22 and by 38% for the financial year and represented 80% of revenues in Q4 and 73% for the financial year.

For the year as a whole, Other Consultancy (non-platform) revenue was £5.5m lower at £6.2m. In H2 Other Consultancy revenue grew on H1, following three successive periods of half-on-half reduction, reinforcing the Board's belief that the decline in non-strategic revenue is substantially behind us.

Total Group revenue rose by 26% in Q4 and 9% in H2 ending the year at £23.3m, 3% lower than FY22 (standard platform revenue +38%, Other non-platform consultancy -47%).

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

Following the launch of Test Your Idea, Innovation product revenue increased by 28% in H2 versus H1. Communications products, primarily Test Your Ad, continued to grow by over 20% H2 on H1. Brand grew

by 12% year on year, helped by the first full year of Test Your Brand.

The improved revenue performance in H2 is expected to bring a return to profitability at adjusted and statutory levels for H2 and also for the year as a whole, based on the unaudited management accounts, and the Board now anticipates that profit for the year ended 31 March 2023 will slightly exceed its previous expectations. As indicated in the 23 February 2023 trading update, there was a cash inflow during Q4, resulting in year-end net cash of £5.7m.

Commenting on the results, CEO James Gregory said: "I am delighted with the upturn in performance in the second half-year. The profitable growth in our standard, platform-based products in the US and elsewhere demonstrates that we have the right strategy, business model and management team."

### **General Meeting 21 April**

The company has called a general meeting for 21 April 2023 to consider four resolutions proposed by shareholders Stefan Barden and James Geddes ("Requisitioning Shareholders"). The Board believes that the latest quarter's trading performance demonstrates that the company's product and go-to-market strategy is correct, and that management is executing the plan effectively. We repeat our recommendation in the Circular dated 24 March 2023 that the Board considers that all the resolutions proposed by the Requisitioning Shareholders are not in the best interest of the Company and the shareholders as a whole, and that the Board will be voting against all of them and unanimously recommends that shareholders do the same.

Further information on the Company can be found at [www.system1group.com](http://www.system1group.com).

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

### **For further information, please contact:**

#### **System1 Group PLC**

James Gregory, Chief Executive Officer

Chris Willford, Chief Financial Officer

Tel: +44 (0)20 7043 1000

**Canaccord Genuity Limited (Nominated Adviser & Broker)** Tel: +44 (0)20 7523 8000

Simon Bridges / Andrew Potts

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