

System1 Group

22 October 2024

System1 Group PLC (AIM: SYS1) ("System1", or "the Company", or "the Group") Quarter 2 and Half Year Trading Update

System1, the marketing decision-making platform www.system1group.com today issues an update on trading for the quarter ended 30 September 2024 (Q2 FY25) and the half-year ended 30 September 2024 (H1 FY25) in advance of its interim results announcement scheduled for 3 December 2024.

Revenue £ million - unaudited	Q2 Sep-24	Q2 Sep-23	Q2 % YoY	H1 Sep-24	H1 Sep-23	H1 % YoY
Predict Your (data)	6.6	5.0	32%	13.4	9.0	48%
Improve Your (data-led consultancy)	1.6	1.0	53%	3.3	1.9	76%
Platform Revenue	8.2	6.0	35%	16.7	10.9	53%
Other consultancy (non-platform)	0.7	1.1	-32%	1.6	2.4	-31%
Total Revenue	8.9	7.1	25%	18.3	13.3	38%

Quarter 2

Platform Revenue increased by 35% to £8.2m with data sales 32% and data-led consultancy 53% higher than in the same period last year. Platform Revenue comprised 92% of Total Group Revenue in Q2 FY25 (Q2 FY24: 85%). As announced in July, Platform Revenue in the previous quarter (Q1) was £8.6m reflecting an exceptionally strong period, and ahead of our own expectations. Total Q2 FY25 Revenue of £8.9m grew by 25% on Q2 FY24, including the impact of lower non-platform revenues. Growth in Group Revenue was driven mainly by the US where Total Revenue rose by over 60% and Platform Revenue by over 75% compared with Q2 FY24.

Half Year

The Company won over 160 new platform clients in H1 FY25 (H1 FY24: 136), including a global short-form video hosting platform, a leading global automotive business, and an international food delivery business. Platform Revenue in H1 FY25 increased by 53% versus H1 FY24 to £16.7m with data sales 48% and data-led consultancy 76% higher. Total H1 FY25 Revenue of £18.3m was 38% above the same period last year, including the impact of a £0.7m reduction in non-platform business. Growth in Revenue was driven mainly by the US where Platform Revenue was more than double H1 FY24. Platform Revenue comprised 91% of Total Group Revenue in H1 FY25 (H1 FY24: 82%). Revenue growth in H1 derived from Ad testing (Comms), with Brand and Innovation product groups broadly in line with H1 FY24.

Gross Profit in H1 FY25 reached £16.0m at a margin of 87.3% (H1 FY24: £11.7m at 87.8% margin). Operating expenditure increased by £2.6m (+23% on H1 FY24), due to increased investment in people, product and marketing to fuel the next phase of growth.

Based on the unaudited management accounts, the Group expects to report a Statutory Pre-Tax Profit of ca £2.5 million for the half-year including a £0.1m credit to share-based payments (H1 FY24: £0.9m).

Free cashflow in H1 was in line with our plan, with an outflow of £0.3m, due mainly to the payment of £2.6m of FY24 performance bonuses. The reduction in the value of the US dollar and other currencies against Sterling, notably in September, reduced the converted value of non-Sterling bank balances by £0.4m compared to 31 March 2024 and, combined with the free cash outflow, resulted in a 30 September 2024 cash balance of £8.9m (31 March 2024: £9.6m; 30 September 2023: £6.3m).

Commenting on the trading update, CEO James Gregory said: "I am delighted that our focus on winning in America is delivering strong growth and financial results. We are continuing to win and retain business with the world's largest advertisers and will be accelerating and significantly increasing investment in the coming months to build our position in America and revitalise System1's Innovation proposition."

Interim Results

The Company intends to release interim results for the half-year ended 30 September 2024 on 3 December 2024.

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 amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

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