

System1 Group

16 April 2024

System1 Group PLC (AIM: SYS1)

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

Final Quarter and Full Year Trading Update

System1, the marketing decision-making platform www.system1group.com today issues an update on trading for the quarter (Q4) and financial year ended 31 March 2024 (FY24).

| Revenue £ million - unaudited | Q4 FY24 | Q4 FY23 | Q4 % YoY | Year FY24 | Year FY23 | Year % YoY |
|-------------------------------------|------------|------------|-------------|--------------|--------------|---------------|
| Predict Your (data) | 5.6 | 4.5 | 24% | 19.7 | 14.1 | 40% |
| Improve Your (data-led consultancy) | 2.0 | 1.0 | 98% | 4.9 | 3.3 | 47% |
| Platform Revenue | 7.6 | 5.5 | 37% | 24.7 | 17.4 | 42% |
| Other consultancy (non-platform) | 1.1 | 1.2 | -6% | 5.3 | 6.0 | -12% |
| Total Revenue | 8.7 | 6.7 | 30% | 30.0 | 23.4 | 28% |

* All numbers in this announcement are unaudited and therefore may be subject to change.

Q4 Revenue of £8.7m was 30% higher than the equivalent quarter last year, lifting FY24 Revenue to £30.0m, up 28% year on year. Platform Revenue growth remained strong (+37% in Q4; +42% for the year) buoyed by the successful H2 launch of TYA Pro+ and more than 50% Platform Revenue growth in Q4 in the US where Revenue grew quarter on prior quarter throughout FY24. Platform Revenue comprised 87% of Revenue in Q4 and 82% for the year as a whole (FY23:74%). New business performance was strong throughout the year, with over 250 new clients providing just over a quarter of total Revenue. All geographic regions achieved substantial double-digit Revenue growth for the year. The Communications product group (Test Your Ad) delivered the majority of the Revenue growth in FY24, with gains in Innovation offsetting a reduction in Brand following the end of a non-platform multi-year contract.

Following an exceptional H1, gross profit margins returned to expected levels in H2, achieving 87.0% for the year as a whole (FY23: 84.2%), ahead of our 85% benchmark.

Net cash increased by £3.3m in H2 FY24 and £3.9m across the year, resulting in year-end net cash of £9.6m (FY23: £5.7m).

Based on the unaudited management accounts, Profit before Taxation for the year ended 31 March 2024 is expected to amount to £2.8m, up £2.1m on FY23 and ahead of market expectations¹. This Profit before Taxation figure includes the release of £0.4m of provisions related to a now-closed sabbatical scheme. The adjusted EBITDA margin for the year is expected to exceed 14% (FY23: 8%), representing good progress towards the Group's at-scale goal of 30%.

Marking its confidence in the Group's cash generation and continuing profitable growth, the Board intends to resume paying dividends, starting with a final dividend for FY24 which will be detailed in the annual results and formally proposed to shareholders at September's AGM.

Commenting on the results, CEO James Gregory said: "Our first full year post the 2022 Strategic Review has surpassed our expectations. We have delivered £30m of Revenue, up 28% year on year, growing quarter on prior quarter throughout the year. This is underpinned by over 250 new client wins, Platform

Revenue up by over 40% and Profit before Taxation up by 300% on the previous year. In the coming year we will step up investment in attracting, winning and retaining customers in order to continue our growth trajectory".

1. *For the purpose of this announcement, the Group believes market consensus for FY24 to be revenue of £29.1m, and profit before tax of £2.4m.*

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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