

PRESS RELEASE

6 December 2023

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

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

System1 Group the marketing decision-making platform www.system1group.com announces its unaudited interim results for the six months ended 30 September 2023 ("H1", "H1 FY24").

	H1 FY24 £m	H1 FY23 £m	Change** %
Management Basis*			
Revenue	13.3	10.5	27%
Gross Profit	11.7	8.5	37%
Adjusted Operating Costs	(9.8)	(8.9)	10%
Adjusted Profit/(Loss)before Taxation	1.9	(0.4)	NM
Statutory Basis			
Revenue	13.3	10.5	27%
Gross Profit	11.7	8.5	37%
Operating Costs	(11.1)	(8.6)	27%
Other Operating Income	0.3	0.1	47%
Profit before Taxation	0.9	0.0	NM
Income Tax Expense	(0.3)	(0.2)	46%
Profit/(Loss) for the Period	0.6	(0.2)	NM
Diluted Earnings per Share	4.9p	(1.7p)	

* Adjusted Operating Costs exclude impairment, other interest, share based payments, bonuses and commissions, severance costs, IP litigation costs, and other staff costs (sabbatical and holiday provisions). Adjusted Profit/(Loss) Before Taxation is Gross Profit less Adjusted Operating Costs and excludes Other Operating Income. Adjusted figures exclude items, positive and negative, that impede easy understanding of underlying performance. Details can be found in note 12 of the interim statements.

** Percentages and totals are based on numbers rounded to £'000s

H1 Highlights

- Platform revenue (Predict Your and Improve Your) grew 44% on H1 FY23 to £10.9m and represented 82% of total revenue (H1 FY23: 73%). Total revenue increased by 27%.
- Revenue growth in all regions including the Americas.
- New partnerships launched with Pinterest, Finecast, JC Decaux and Teads, contributing to strong growth in ad testing revenue.
- Increased focus on non-TV format ad testing with the launches of TYA Digital, TYA Audio.
- Innovation product launches during calendar 2024.
- 136 new platform clients in H1 (H1 FY23: 69) and improved retention of existing customers.
- Cost of sales down 17% due to platform and supply chain efficiencies.
- Gross profit margin increased to 87.8% (H1 FY23: 81.5%).
- Average H1 headcount down 6% to 143 (H1 FY23: 152).
- Benefits of operational gearing and our scalable business model showing through: Adjusted profit before taxation increased to £1.9m (H1 FY23: £0.4m loss); £0.9m statutory profit before tax (H1 FY23: £0.0m).

- £0.6m free cash flow in H1 (H1 FY23: outflow of £2.6m). Cash balance of £6.3m as at 30 September 2023 (31 March 2023: £5.7m).
- Diluted and basic earnings per share 4.9p (H1 FY23 diluted and basic loss per share: 1.7p).

Current Trading & Outlook

- Second half of the year has started well, and at this stage we expect H2 revenue to exceed H1.
- Gross profit margin to date remains close to that achieved in H1, and well above recent historic levels.
- Despite a difficult economic environment in some key markets, and challenging conditions for media owners and advertisers, we believe System1 can continue to grow profitably by gaining market share from large incumbents that we believe have less predictive products.

System1 CEO James Gregory commented:

“One year after our strategic review there are signs that the Company’s fame-building activity and renewed focus on execution are working. We are helping even more of the world’s largest advertisers make confident creative decisions and won over 100 new clients in H1, including a global top three advertiser, a leading global breakfast foods company, a leading European car manufacturer, a leading budget airline, a 'big four' UK supermarket, and a multinational consumer goods company. Platform revenue comprised 82% of total revenue in H1, ahead of our plan and well above last year’s level.”

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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INTERIM STATEMENT

Financial Performance

KPIs	H1 FY24	H1 FY23
Platform Revenue as a % total Revenue	82	73
Platform Revenue growth %	44	33
Gross Profit % Revenue	87.8	81.5
Adjusted EBITDA £m ¹	1.7	0.8
Adjusted EBITDA % Revenue	13	8
“Rule of 40” ²	57	42
Free cash flow ³	0.6	(2.7)
Net cash £m	6.3	5.7

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

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

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

Total revenue increased by 27% and Platform revenue (Predict Your and Improve Your) grew 44% on H1 FY23 to £10.9m and represented 82% of total revenue (H1 FY23: 73%). Revenue grew in all regions including the Americas. In the US platform revenue rose by 32% and total revenue by 22%.

New “fame” partnerships were launched with Pinterest, Finecast, JC Decaux and Teads, contributing to strong growth in ad testing revenue, which was 48% higher than in H1 FY23.

We launched new non-TV ad testing formats in H1 including TYA Digital and TYA Audio and are planning Innovation product launches during calendar 2024.

Our fame-building, products and partnerships helped the Company to win 136 new platform clients in H1 (H1 FY23: 69). Furthermore, we retained 128 existing H1 platform clients in H1 compared with 99 in H1 FY23.

Gross profit margin increased from 81.5% in H1 FY23 to 87.8% due to platform and supply chain efficiencies, price increases and favourable product and geographic mix versus the comparable period.

Adjusted Operating Costs increased by 10% versus H1 last year due to increased marketing expenditure, costs relating to enhanced ongoing sector and geographic coverage of the TYA Premium database, and lower net capitalisation of IT development costs.

Statutory basis costs increased by £2.4m on H1 FY23, reflecting, in addition to the Adjusted Operating Costs, performance-related pay compared to a very low H1 FY23 base, adverse currency effects, and a £0.1m provision against rent deposits made by System1 in respect of WeWork office leases.

Overall average headcount decreased by 6% to 143 FTE with increases in Sales & Marketing more than offset by reductions in Operations and IT.

Intellectual Property Litigation

On 30 June 2023 the Company announced that a settlement had been reached with System1 Inc regarding the use of the “System1” trademark. The parties have signed a global agreement which governs the co-existence of their respective use of the “System1” mark in connection with their operations. As part of this agreement, the Company is receiving a fixed undisclosed payment payable in instalments. The first instalment due under this agreement was received in August 2023 and has been recognised in other operating income. The parties have agreed to keep further detail of their agreement confidential.

Tax

The Group has recognised a tax charge of £0.3m in the six months to 30 September 2023 (H1 FY23: tax charge of £0.2m). The H1 FY24 figure includes a receipt of £0.2m in respect of R&D tax credit claims in the UK. The tax charge arises from trading profits in non-UK jurisdictions which cannot be offset against trading losses elsewhere.

Earnings Per Share

Diluted and Basic Earnings per Share improved from a loss of 1.7p to an H1 FY24 earnings per share of 4.9p, in line with the increase in profits for H1 FY24.

Cash

The Group ended the period with cash balances of £6.3m, and no borrowings (FY23: net cash of £5.7m). Free cash flow after property lease costs and interest income amounted to an inflow of £0.6m in the first half (H1: FY23: outflow of £2.7m).

Balance Sheet

Total equity increased to £9.3m (31 March 2023: £8.6m), arising from the year-to-date post-tax profit of £0.6m and a small £0.1m gain on foreign currency reserves. Intangible assets have increased by £0.3m as a result of the capitalisation of £0.5m of certain platform development costs, offset by amortisation charges on completed projects.

Current Trading & Outlook

The second half of the year has started well, and at this stage we expect H2 revenue to exceed H1. The gross profit margin in the third quarter to date remains close to that achieved in H1, and well above recent historic levels. Despite a difficult economic environment in some key markets, and challenging conditions for media owners and advertisers, we believe System1 can continue to grow profitably by gaining market share from large incumbents that we believe have less predictive products.

James Gregory
Chief Executive Officer

Chris Willford
Chief Financial Officer

CONDENSED CONSOLIDATED INCOME STATEMENT

for the 6 months ended 30 September 2023

	Note	Sep-23 £'000	Sep-22 £'000
Revenue	3	13,305	10,496
Cost of sales		(1,620)	(1,946)
Gross profit		11,685	8,550
Administrative expenses		(11,070)	(8,696)
Other operating income		330	224
Operating profit		945	78
Finance expense		(20)	(84)
Profit/(Loss) before taxation		925	(6)
Income tax expense		(298)	(204)
Profit/(Loss) for the period		627	(210)
Attributable to the equity holders of the Company		627	(210)
Earnings per share attributable to equity holders of the Company			
Basic earnings/(loss) per share	4	4.9p	(1.7p)
Diluted earnings/(loss) per share	4	4.9p	(1.7p)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 6 months ended 30 September 2023

	Sep-23 £'000	Sep-22 £'000
Profit/(loss) for the period	627	(210)
Other comprehensive income:		
Items that may be subsequently reclassified to profit/(loss)		
Currency translation differences on translating foreign operations	57	447
Other comprehensive income for the period, net of tax	57	447
Total comprehensive income for the period attributable to equity holders of the Company	684	237

CONDENSED CONSOLIDATED BALANCE SHEET

as at 30 September 2023

Registered no. 05940040

	Note	Sep-23 £'000	Mar-23 £'000
ASSETS			
Non-current assets			
Property, plant, and equipment	7	735	1,162
Intangible assets	8	1,650	1,396
Deferred tax asset		132	203
		2,517	2,761
Current assets			
Contract assets		170	102
Trade and other receivables		6,563	6,344
Income taxes receivable		74	55
Cash and cash equivalents		6,281	5,719
		13,088	12,220
Total assets		15,605	14,981
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		480	423
Retained earnings		6,641	5,974
Total equity		9,331	8,607
LIABILITIES			
Non-current liabilities			
Provisions		329	353
Lease liabilities	9	-	362
		329	715
Current liabilities			
Provisions		96	101
Lease liabilities	9	922	1,094
Contract liabilities		796	764
Trade and other payables		4,131	3,700
		5,945	5,659
Total liabilities		6,274	6,374
Total equity and liabilities		15,605	14,981

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 6 months ended 30 September 2023

	Note	Sep-23 £'000	Sep-22 £'000
Net cash generated from/(used in) operations	11	1,900	(1,297)
Tax paid		(252)	(187)
Net cash generated from/(used in) operating activities		1,648	(1,484)
Cash flows from investing activities			
Purchases of property, plant, and equipment	7	(38)	(3)
Purchase of intangible assets	8	(500)	(654)
Net cash used by investing activities		(538)	(657)
Net cash flow before financing activities		1,110	(2,141)
Cash flows from financing activities			
Interest paid		(20)	(84)
Property lease liability payments		(533)	(433)
Purchase of own shares		-	(135)
Net cash used by financing activities		(553)	(652)
Net increase/(decrease) in cash and cash equivalents		557	(2,793)
Cash and cash equivalents at beginning of period		5,719	11,174
Exchange gain on cash and cash equivalents		5	683
Cash and cash equivalents at end of period		6,281	9,064
		Sep-23	Sep-22
		£'000	£'000
Net cash flow before financing activities		1,110	(2,141)
Net cash flow for property leases		(553)	(468)
Operating cash flow		557	(2,609)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the 6 months ended 30 September 2023

Consolidated Movements in Net Cash/(Debt)

	Cash and cash equivalents £'000	Borrowings £'000	Lease liabilities £'000	Total £'000
At 1 April 2022	11,174	(2,500)	(2,508)	6,166
Cash flows	(2,793)	-	478	(2,315)
Non-cash charges				
Interest on lease liabilities	-	-	(45)	(45)
Exchange and other non-cash movements	683	-	-	683
At 30 September 2022	9,064	(2,500)	(2,075)	4,489

Consolidated Movements in Net Cash/(Debt)

	Cash and cash equivalents £'000	Borrowings £'000	Lease liabilities £'000	Total £'000
At 1 April 2023	5,719	-	(1,456)	4,263
Cash flows	557	-	553	1,110
Non-cash charges				
Interest on lease liabilities	-	-	(20)	(20)
Exchange and other non-cash movements	5	-	1	6
At 30 September 2023	6,281	-	(922)	5,359

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 6 months ended 30 September 2023

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2022	132	1,601	477	196	5,857	8,263
Loss for the period	-	-	-	-	(210)	(210)
Other comprehensive income:						
- currency translation differences	-	-	-	447	-	447
Total comprehensive income	-	-	-	447	(210)	237
Transactions with owners:						
Employee share options:						
- value of employee services	-	-	-	-	182	182
Purchase of own shares					(135)	(135)
At 30 September 2022	132	1,601	477	643	5,694	8,547
At 1 April 2022	132	1,601	477	196	5,857	8,263
Profit for the period	-	-	-	-	404	404
Other comprehensive income:						
- currency translation differences	-	-	-	227	-	227
Total comprehensive income	-	-	-	227	404	631
Transactions with owners:						
Employee share options:						
- value of employee services	-	-	-	-	(153)	(153)
Purchase of own shares					(134)	(134)
At 31 March 2023	132	1,601	477	423	5,974	8,607
At 1 April 2023	132	1,601	477	423	5,974	8,607
Profit for the period	-	-	-	-	627	627
Other comprehensive income:						
- currency translation differences	-	-	-	57	-	57
Total comprehensive income	-	-	-	57	627	684
Transactions with owners:						
Employee share options:						
- value of employee services	-	-	-	-	40	40
At 30 September 2023	132	1,601	477	480	6,641	9,331

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the 6 months ended 30 September 2023

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, UK 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 predictive marketing data and market research consultancy.

The Board of Directors approved these interim financial statements for the six months ended 30 September 2023 for issuance on 6 December 2023.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 and is unaudited. The Group’s latest statutory financial statements were for the year ended 31 March 2023 and these have been approved by the Board of Directors and filed with the Registrar of Companies. These accounts, which contained an unqualified audit report under Section 495, did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

1. Basis of Preparation

This condensed consolidated interim financial information has been prepared in accordance with UK adopted IAS 34 *Interim Financial Reporting* and on the going concern basis. The Group is mindful of the current economic backdrop in Europe, and the Board continues to review the performance of the Group monthly, and senior management has a weekly assessment of sales revenue and gross profit. The Group also prepares and reviews cash flow forecasts and is confident that the going concern assessment remains appropriate. The results presented in this report are unaudited and they have been prepared in accordance with the recognition and measurement principles of UK-adopted International Accounting Standards that are expected to be applicable to the financial statements for the year ending 31 March 2024 and on the basis of the accounting policies to be used in those financial statements. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements, being the statutory financial statements for System1 Group plc, as at 31 March 2023, which have been prepared in accordance with UK adopted International Accounting Standards with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The preparation of financial statements in accordance with UK-adopted International Accounting Standards (“UK-adopted IFRS”) requires the use of certain critical accounting estimates.

2. Principal accounting policies

The principal accounting policies adopted are consistent with those of the financial statements for the year ended 31 March 2023.

3. Segment Information

The financial performance of the Group's geographic operating units ("Reportable Segments") is set out below.

	Sep-23	Sep-22
	Revenue £'000	Revenue £'000
By location of customer		
Americas	4,748	4,050
United Kingdom	5,610	3,844
Rest of Europe	2,182	1,864
APAC	765	738
	13,305	10,496

*Segmental revenue is revenue generated from external customers and so excludes intercompany revenue and is attributable to geographical areas based upon the location in which the service is delivered.

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

	Sep-23	Sep-22
	Revenue £'000	Revenue *As restated £'000
By product variant		
Predict Your (data)	9,036	6,175
Improve Your (data-led consultancy)	1,902	1,447
Standard (platform revenue)	10,938	7,622
Other consultancy (non-platform)	2,367	2,874
	13,305	10,496

By product group		
Communications (Ad Testing)	10,377	7,022
Brand (Brand Tracking)	1,420	1,865
Innovation	1,508	1,609
	13,305	10,496

*Following the expansion of the Group's data and platform-led offering, revenue segments in respect of "By product variant" were revised during the second half of the year ended 31 March 2023 to reflect the new structure of the Group's internal reporting. The comparatives have been re-stated accordingly.

4. Earnings Per Share

	Sep-23	Sep-22
Profit/(Loss) attributable to equity holders of the Company, in £'000	627	(210)
Weighted average number of Ordinary Shares in issue	12,678,929	12,717,762
Basic earnings/(loss) per share	4.9p	(1.7p)
Profit/(Loss) attributable to equity holders of the Company, in £'000	627	(210)
Weighted average number of Ordinary Shares in issue	12,678,929	12,717,762
Share options*	12,823	13,000
Weighted average number of Ordinary Shares for diluted earnings per share	12,691,752	12,730,762
Diluted earnings/(loss) per share	4.9p	(1.7p)

*The impact of share options is anti-dilutive in the period ended 30 September 2022 due to the loss.

5. Headcount

The average number of staff employed by the Group during the period was as follows:

	Sep-23	Sep-22
	No.	No.
Sales and marketing	50	47
Operations	39	45
IT	32	38
Administration	22	22
	143	152

6. Dividends

The Company did not pay dividends in the six months ended 30 September 2023 and 30 September 2022. The Company does not propose the payment of an interim dividend.

No dividends were paid to the Company's directors.

7. Property, Plant, and Equipment

	Right-of-use assets £'000	Furniture and fixtures £'000	Computer hardware £'000	Total £'000
At 1 April 2022				
Cost	3,555	33	192	3,780
Accumulated depreciation	(1,584)	(29)	(113)	(1,726)
Net book value	1,971	4	79	2,054
Net book value, at 1 April 2022	1,971	4	79	2,054
Additions	-	-	30	30
Foreign exchange	-	-	2	51
Depreciation charge for the year	(894)	(3)	(76)	(973)
Net book value, at 31 March 2023	1,126	1	35	1,162
At 31 March 2023				
Cost	2,050	11	206	2,267
Accumulated depreciation	(924)	(10)	(171)	(1,105)
Net book value	1,126	1	35	1,162
At 1 April 2023				
Cost	2,050	11	206	2,267
Accumulated depreciation	(924)	(10)	(171)	(1,105)
Net book value	1,126	1	35	1,162
Net book value, at 1 April 2023	1,126	1	35	1,162
Additions	-	-	38	38
Foreign exchange	1	-	-	1
Depreciation charge for the year	(440)	-	(26)	(466)
Net book value, at 30 September 2023	687	1	47	735
At 30 September 2023				
Cost	2,061	11	244	2,316
Accumulated depreciation	(1,374)	(10)	(197)	(1,581)
Net book value	687	1	47	735

No impairment charges or reversals have been recorded in the six months ended 30 September 2023, and there have been no substantive changes to leasehold arrangements.

8. Intangible assets

	Development costs £'000	Software licences £'000	Total £'000
At 1 April 2022			
Cost	-	525	525
Accumulated depreciation	-	(143)	(143)
Net book value	-	382	382
Net book value, at 1 April 2022	-	382	382
Additions	1,225	-	1,225
Depreciation charge for the year	(101)	(110)	(211)
Net book value, at 31 March 2023	1,124	272	1,396
At 31 March 2023			
Cost	1,225	525	1,750
Accumulated depreciation	(101)	(253)	(354)
Net book value	1,124	272	1,396
At 1 April 2023			
Cost	1,225	525	1,750
Accumulated depreciation	(101)	(253)	(354)
Net book value	1,124	272	1,396
Net book value, at 1 April 2023	1,124	272	1,396
Additions	500	-	500
Depreciation charge for the year	(194)	(52)	(246)
Net book value, at 30 September 2023	1,430	220	1,650
At 30 September 2023			
Cost	1,725	525	2,250
Accumulated depreciation	(295)	(305)	(600)
Net book value	1,430	220	1,650

In the 12 months to 31 March 2023, the Company capitalised £1,225k of costs related to the development of the "Test Your" platform (carrying value £865k at 31 March 2023), which completed during the year ended 31 March 2023, and the Supply Chain Automation platform (carrying value £259k at 31 March 2023), which is due for completion in the year ended 31 March 2024. A further £500k has been capitalised in respect of the Supply Chain Automation project in the six months ended 30 September 2023.

Development costs in respect of completed projects are tested for impairment where impairment indicators exist. 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. Following the assessment, the Board have determined that no impairment of assets is required at 30 September 2023. Capitalised platform development costs are being amortised over a 3-year period.

9. Borrowings

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

	Sep-23	Mar-23
	£'000	£'000
Within one year	934	1,031
Later than 1 but no later than 5 years	-	457
More than 5 years	-	-
Minimum lease payments	934	1,488
Future finance charges	(12)	(32)
Recognised as a liability	922	1,456

The present value of finance lease liabilities is as follows:

	Sep-23	Mar-23
	£'000	£'000
Within one year	922	1,094
Later than 1 but no later than 5 years	-	362
More than 5 years	-	-
	922	1,456

On 22 February 2023, the Company entered into an Overdraft Facility with HSBC. The facility of up to a maximum of £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 period ended 30 September 2023, 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.

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 are equally eligible to receive dividends and the repayment of capital and represent one vote at the Annual General Meeting.

	Sep-23		Mar-23	
	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 30 September				

	Sep-23		Mar-23	
	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	547,844		487,151	
Purchase of treasury shares	-		60,693	
Transfer of shares to satisfy options exercise	-	-	-	-
At 30 September	547,844		547,844	

11. Net Cash Generated from Operations

	Sep-23	Sep-22
	£'000	£'000
Profit/(loss) before taxation	925	(6)
Depreciation of property, plant, and equipment	466	496
Amortisation and impairment of intangible assets	246	58
Interest paid	20	84
Share-based payment expense	40	182
(Increase)/decrease in contract assets	(69)	47
Increase in trade and other receivables	(219)	(1,001)
Increase/(decrease) in trade and other payables	432	(819)
Increase in deferred income	32	51
Decrease in provisions	(29)	(65)
Exchange differences on operating items	56	(324)
Net cash generated from/(used in) operations	1,900	(1,297)

12. Reconciliation between Operating Costs and Adjusted Operating Costs:

	Sep-23	Sep-22
	£'000	£'000
Administrative expenses	11,070	8,696
Finance expense	20	84
Total operating costs	11,090	8,780
<i>Less: Adjusting items</i>		
Compensation for loss of office	35	-
Bonus and commissions expense	1,124	64
Share-based payment expense*	52	189
Other interest expense	-	48
Other staff costs	(22)	5
Foreign exchange loss/(gain)	74	(490)
Trademark litigation	20	9
	1,283	(175)
Adjusted operating costs	9,807	8,955

*Inclusive of social security accrued in respect of share options