

System1

Don't guess. Test.

Investor Roadshow July 2022

The World's Marketing
Decision-making Platform



System1

Don't guess. Test.

John Kearon

Chief Executive Officer



The Case for **System1**

Assertion	Thesis
1	World-beating prediction / improvement methodologies
2	Unique, step-change improvement in product value for customers
3	Innovation and investment to maintain this product lead
4	Prediction and Improvement market dynamics are very favourable
5	Defensible through IP, Branding, Customer and Supplier relationships
6	We are winning new customers, retaining & growing them
7	Strong scalability and operational gearing from Platform
Conclusion	System1 could be worth a billion+ once it has fully scaled with a 10% market share

Building **high quality** customer experience into our **self-service** platform ...



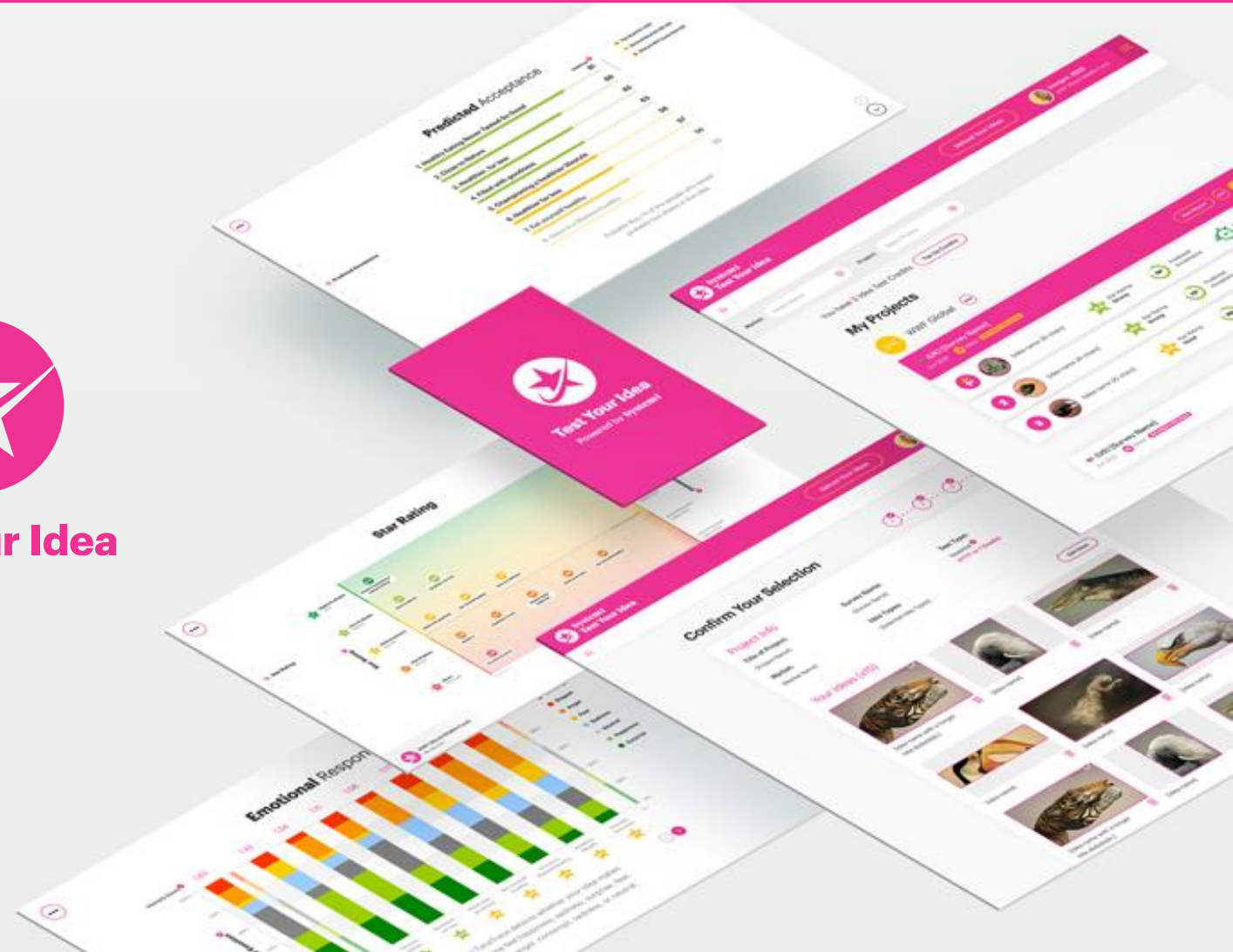
Test Your Ad



Test Your Brand






Test Your Idea



System1

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Innovation & investment to maintain this product lead

Product	Platform	Database	Innovation
 Test Your Ad	Fully automated June 2021	Now c.80,000 ads UK 95% of all TV ads US 76% of all TV ads	TYA Profit Projector TYA Pro Reports
 Test Your Brand	Fully automated November 2021	Now c.6000 brands	TYB Pro & Reports Complete
 Test Your Idea	Fully automated May 2022	Now c.55,000 concepts	TYI Pro & Reports WIP

... Underpinned by world class Creative Guidance



Better



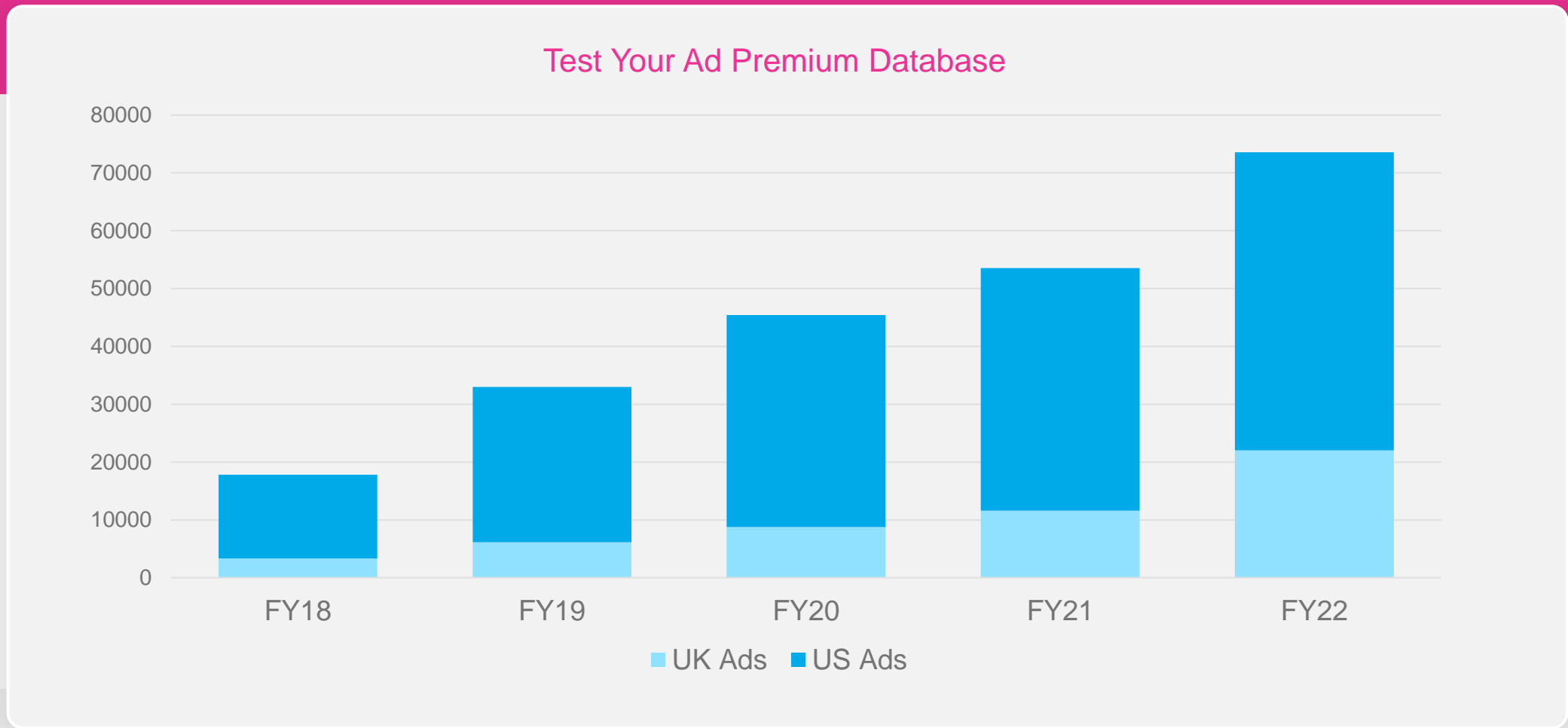
Faster



Stickier



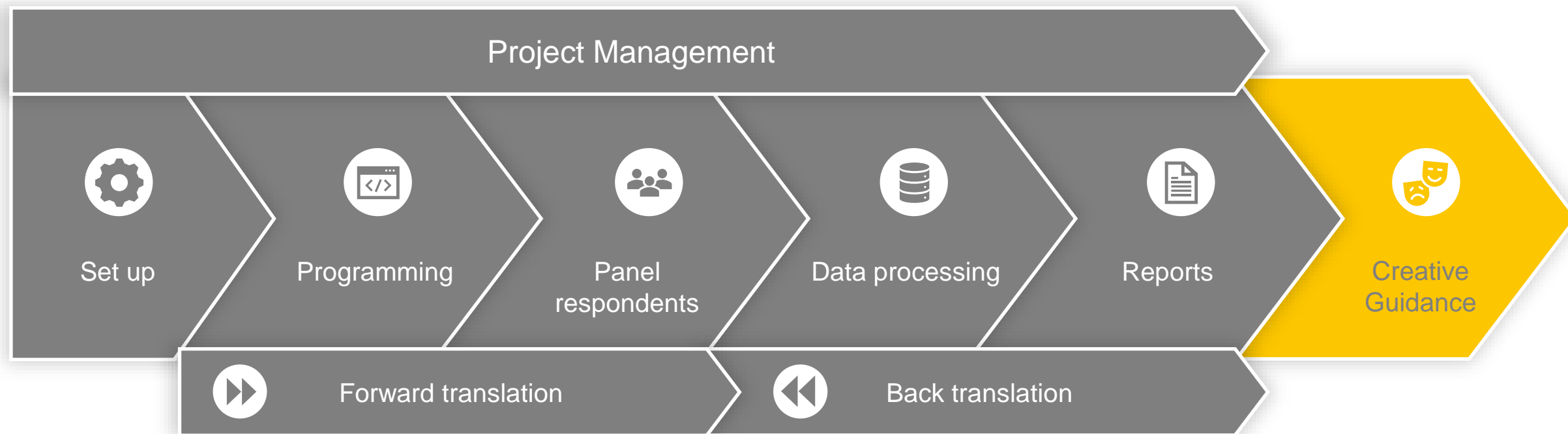
We have the **largest database of Ads in the UK and US**
tested within 24 hours of airing





2000-2020 | Highly bespoke market research operating model

Very manual, adding time, cost and complexity

Traditional Manual Bespoke Market Research Operating Model

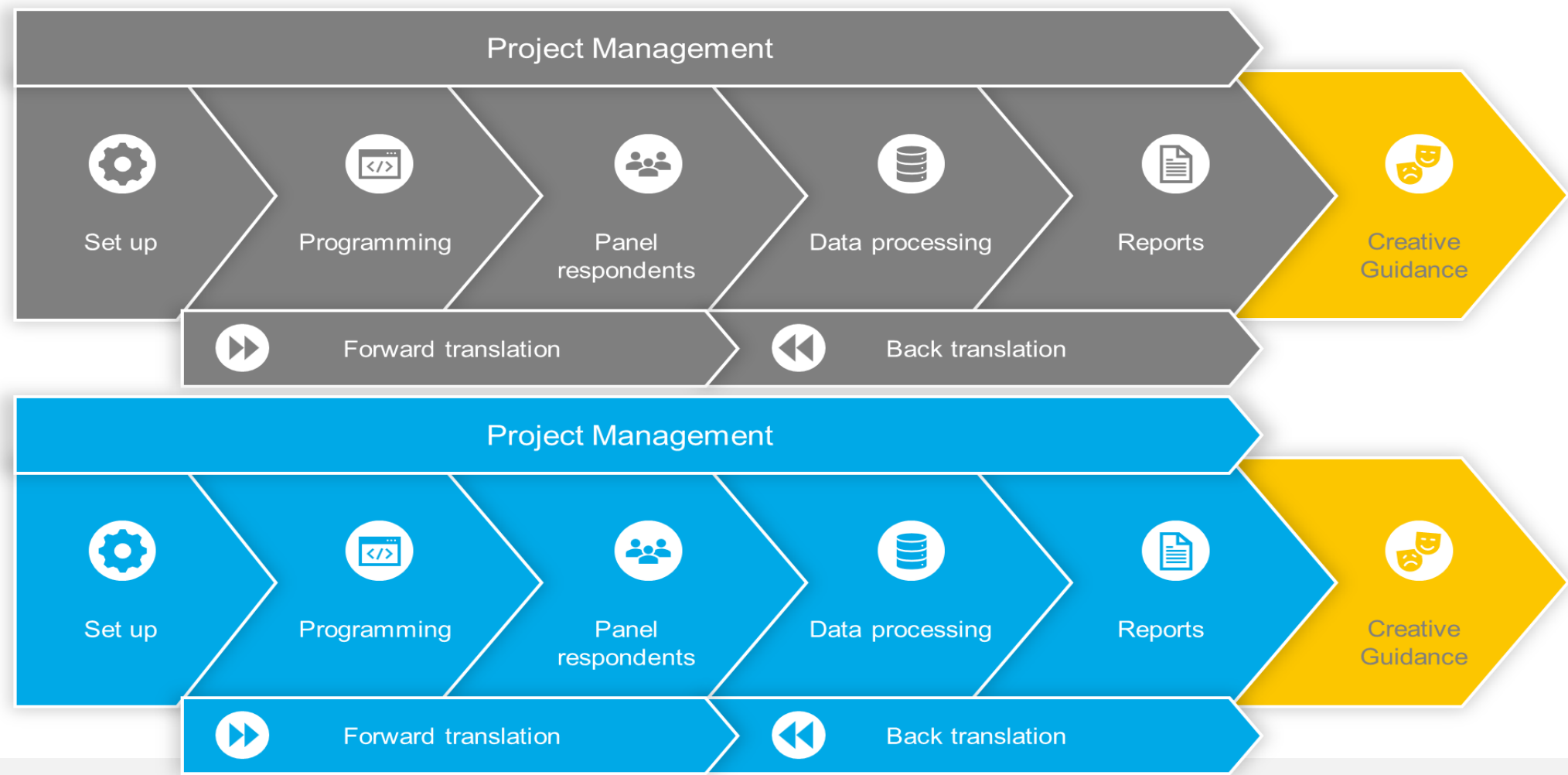


Key:  Manual Process  Consultancy

2021-2022 | Highly automated 'Test Your...' Platform operating model

Better, Faster, Cheaper, and Hugely Scalable

Market Leading Automated 'Test Your...' Platform Operating Model



Lemon.

Orlando Wood



Lemon.

This advertising brain has stopped working properly.

It has lost its power to persuade, its ability to make people feel, and its talent to entertain.

How has this happened? And is there anything we can do about it?

In this challenging book, Orlando Wood argues that a golden age for

advertising technology has been for from a golden age for advertising creativity.

He shows how today's analytical culture has sent the industry's admired reputation for creativity into reverse.

In place of a creative Renaissance, he maintains, we are now witnessing nothing less than a creative Reformation, a 'stripping of the altars'.

Reducing what was once dazzling artform to dreary science.

So how should agencies and clients correct the wrong turn we have taken?

Orlando offers some surprisingly counter-intuitive solutions of his own.

If the advertising brain has stopped working properly, maybe this is the repair manual.

IPA

this is the repair manual.

IPA
System

Look out.

Orlando Wood



Look out.

The eye that stores. Unblinking. Makes for rather uncomfortable viewing, doesn't it?

We see a lot of it in advertising these days. But why?

And why doesn't advertising seem to make us laugh anymore?

In this stimulating book, Orlando Wood, author of the much-lauded *Lemon*, argues that it is because, as a

culture, we are turning inwards. And the danger, when we turn inwards, is that we end up turning on each other.

So, to advertisers, those words 'Look out' should serve as a warning.

Because people feel alienated by creative work that looks inwards.

What, then, is the secret of capturing our audience's attention?

How can we create spectacle that lifts the eyes, opens the minds and warms the hearts of those we wish to persuade?

Well for that, Orlando argues, it all starts not by looking within, but by looking out.

It's just one of the surprising conclusions that can be found in this eye-opening book.

IPA

IPA
System

Fame

If a brand comes readily to mind, it's a good choice.



REFLECTS **CURRENT** BRAND SHARE



PREDICTS **FUTURE** BRAND SHARE

Feeling

If I feel good about a brand, it's a good choice.

Fluency

If I recognise a brand quickly, it's a good choice.

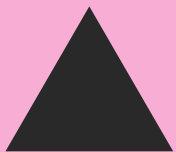


ENABLES YOU TO **CHARGE A PREMIUM**

Market Research

\$43bn

10%	Idea testing	\$4.4bn
4%	Ad pre-tests	\$1.6bn
10%	Brand track	\$4.4bn



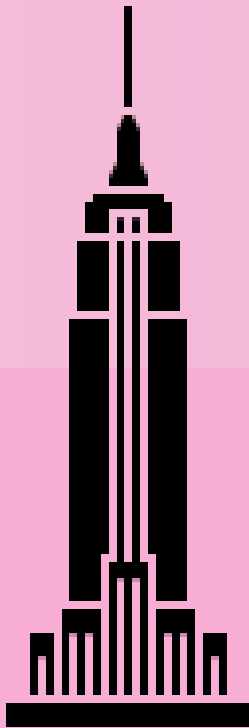
Great Pyramid 250BC

Advertising

\$1000bn

48%	1 Star ads = zero ROI	\$4.4bn
0.16%	Ad prediction spend	\$1.6bn
\$480bn	wasted investment	\$4.4bn

100%	3-5 Star ads =	+ROI
10x	Ad predict = 1/6%	\$16bn
\$0.0bn	Waste + profitable growth	



Empire State Building 1931

Marketing

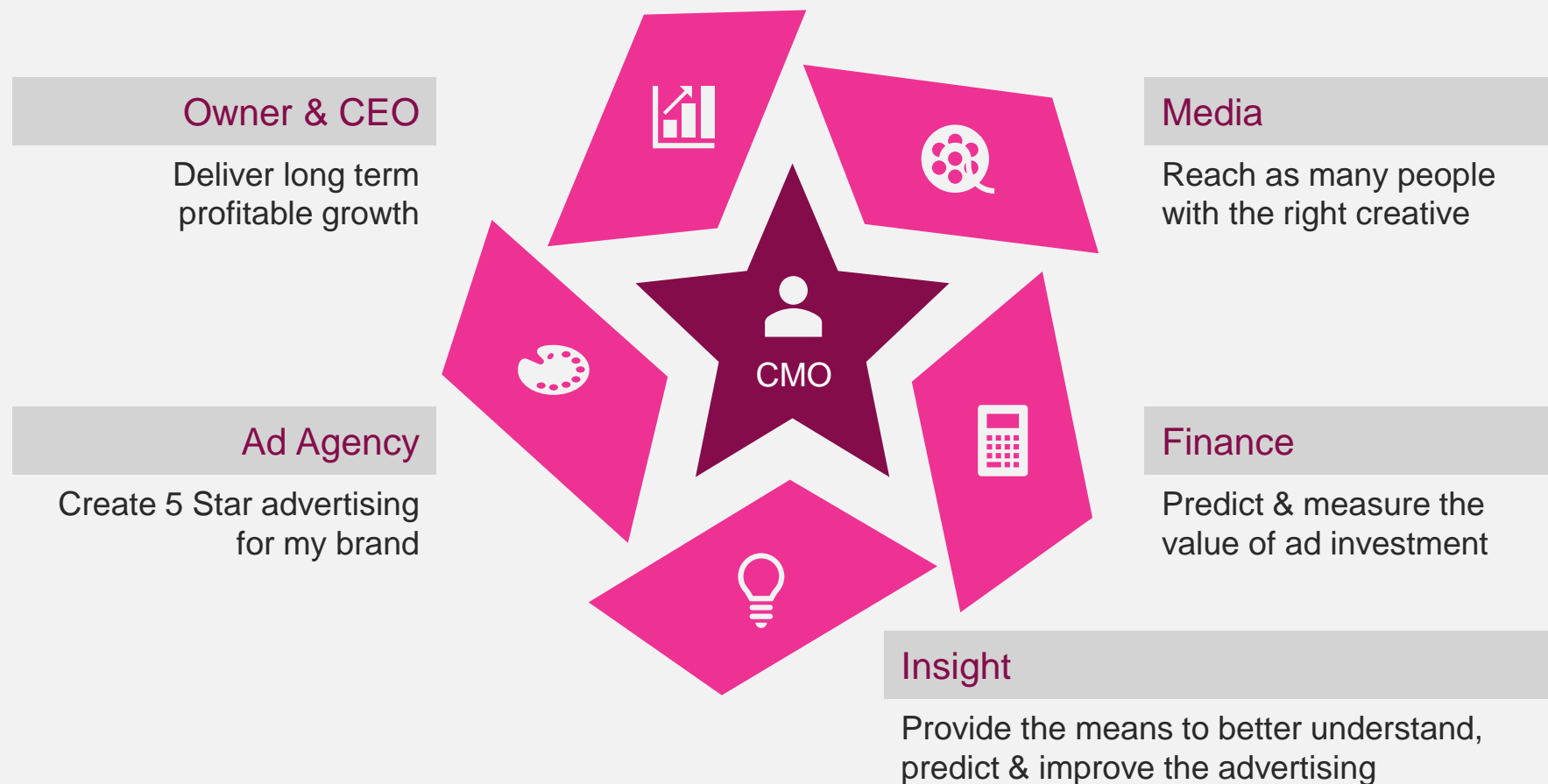
\$1700bn



Burj Khalifa 2010

Future returns from marketing decisions

Target CMO's and **partner** with creative and media agencies



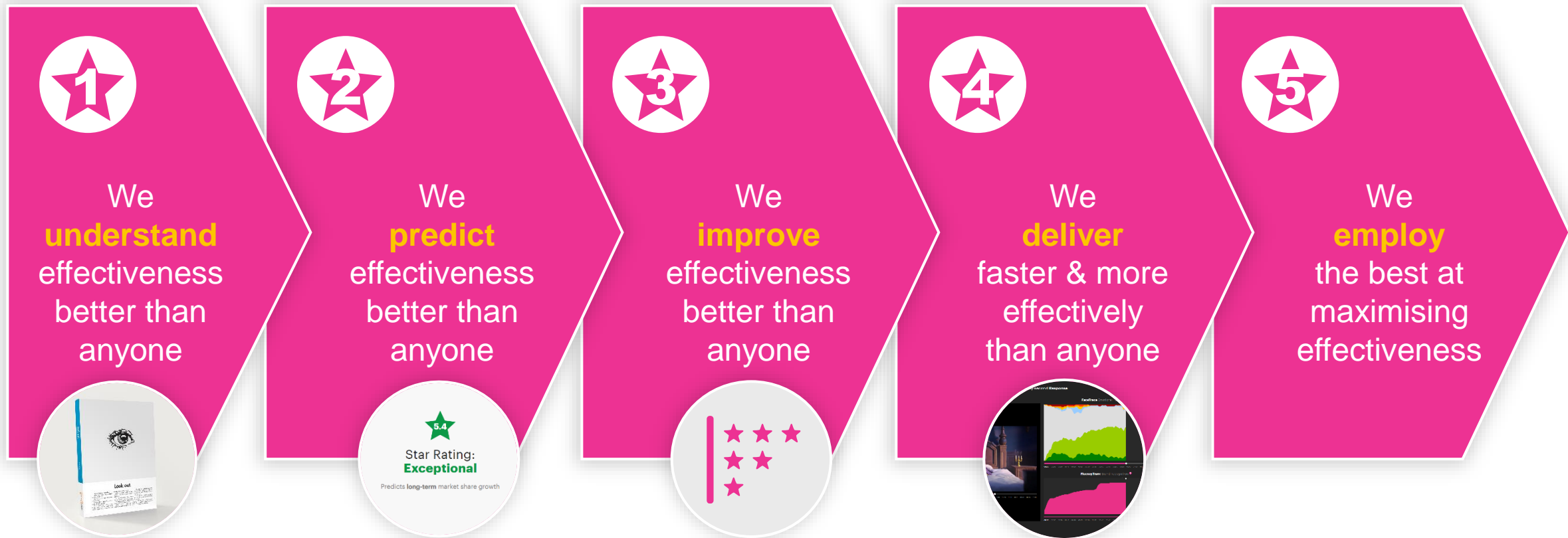


**“Half the money I spend
on advertising is wasted;
...the trouble is, I don’t
know which half.”**

John Wanamaker
US department store merchant

1838 - 1922

Why System1 is set for success





feeling seen USA

How diverse advertising unites us

feeling
seen
USA

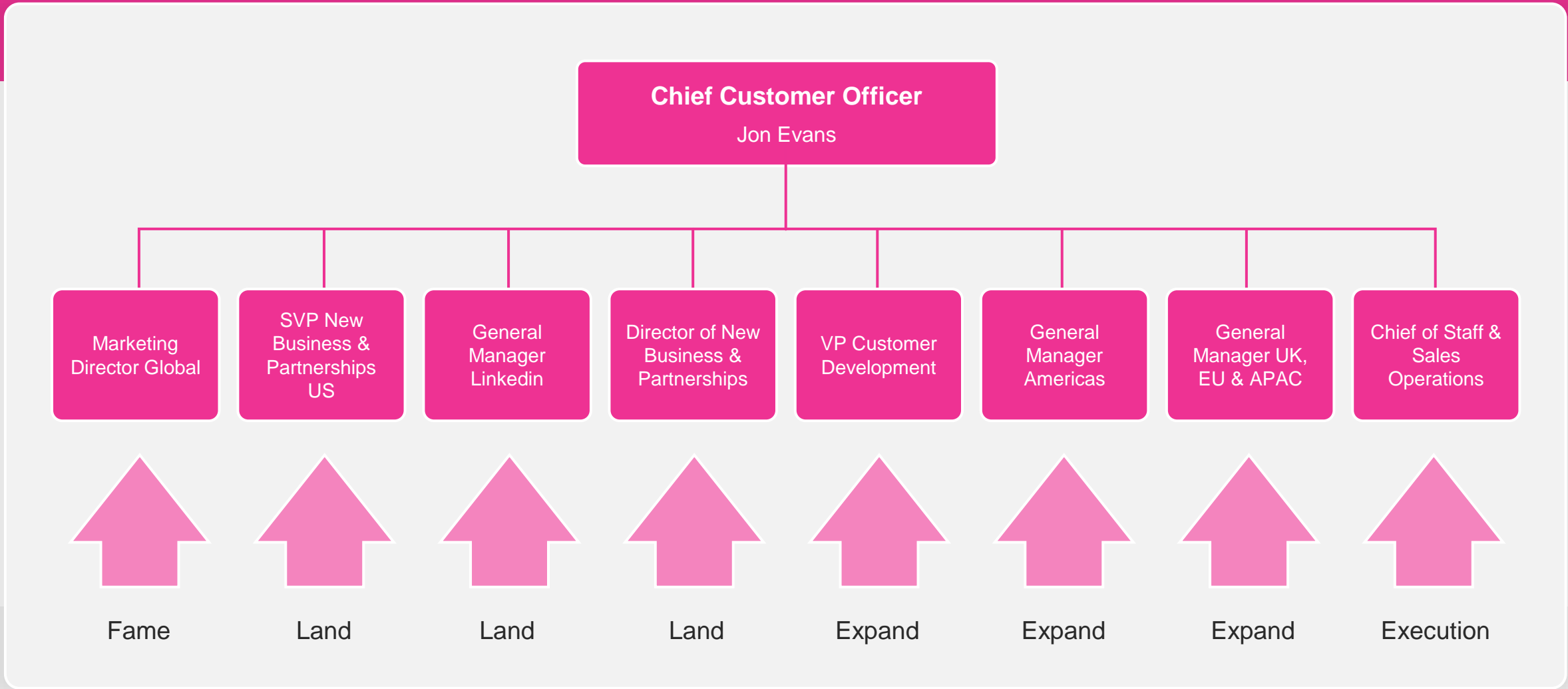
How diverse advertising unites us

System 1

System 1

Don't guess. Test.

New commercial organisation is set up to **achieve rapid growth**



System1

Don't guess. Test.

Chris Willford

Chief Financial Officer

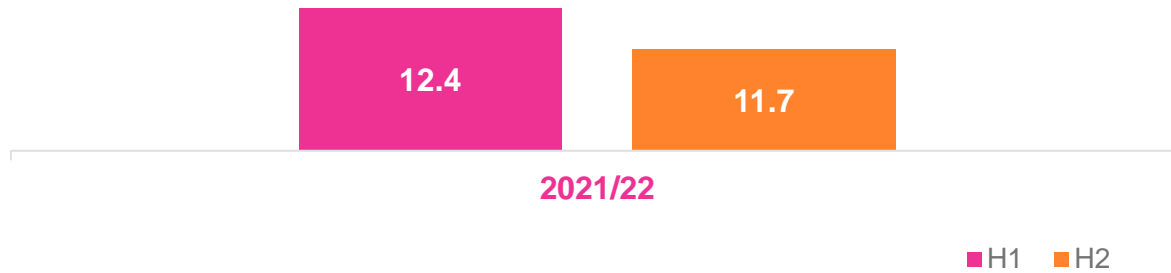


Profit & Loss

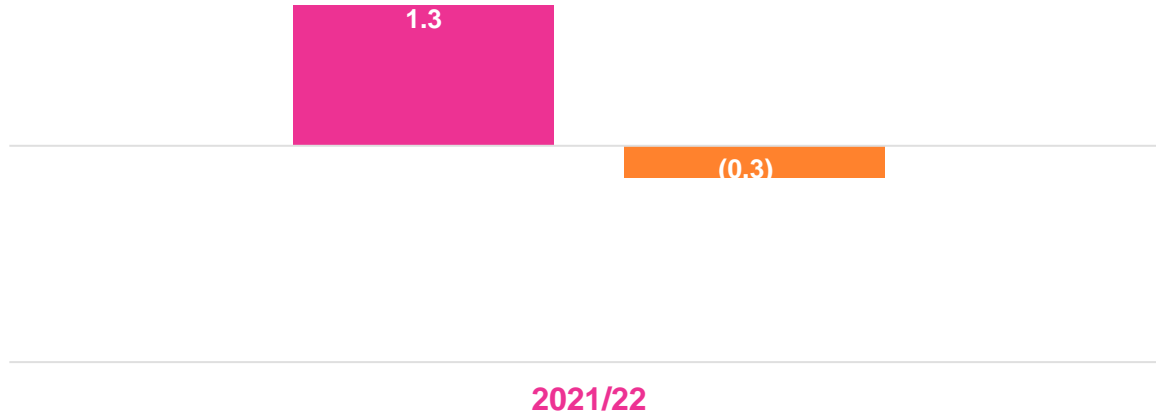
	2022	2021	Change £m	Change %
Adjusted Revenue	24.1	22.8	+1.3	+6%
Adjusted Gross Profit	20.2	19.2	+1.0	+5%
Adjusted Operating Costs	(19.2)	(16.2)	+3.0	+18%
Adjusted Profit Before Tax	1.0	3.0	-2.0	-65%
Statutory Profit Before Tax	0.9	2.1	-1.2	-55%
Tax Charge	0.0	(0.4)	-0.4	-103%
Statutory Profit After Tax	0.9	1.7	-0.8	-46%

Progress in H2 on H1

Revenue (£m)

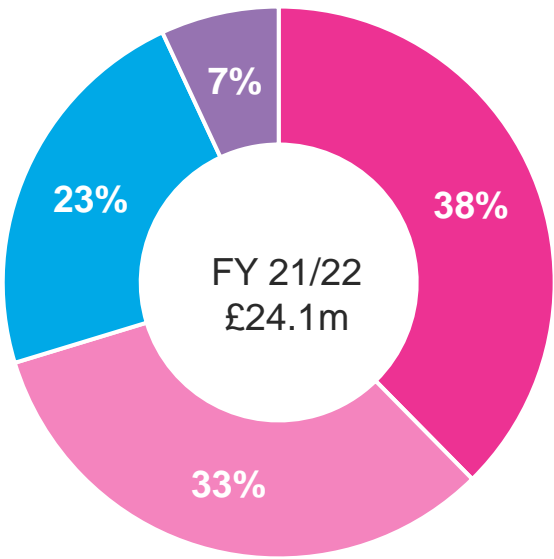
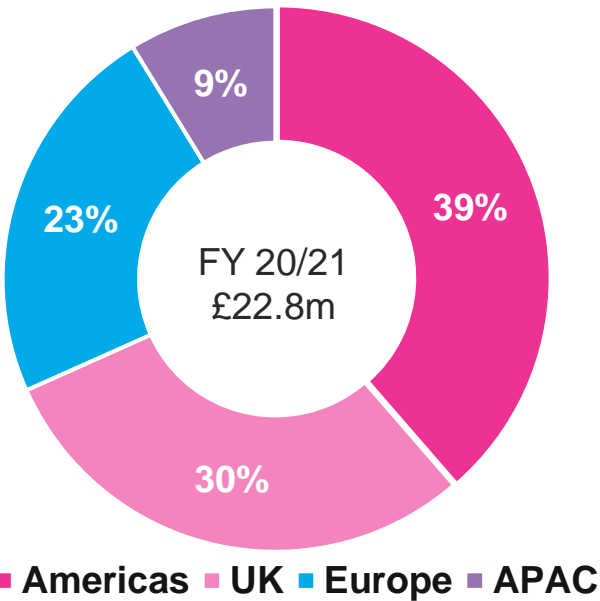
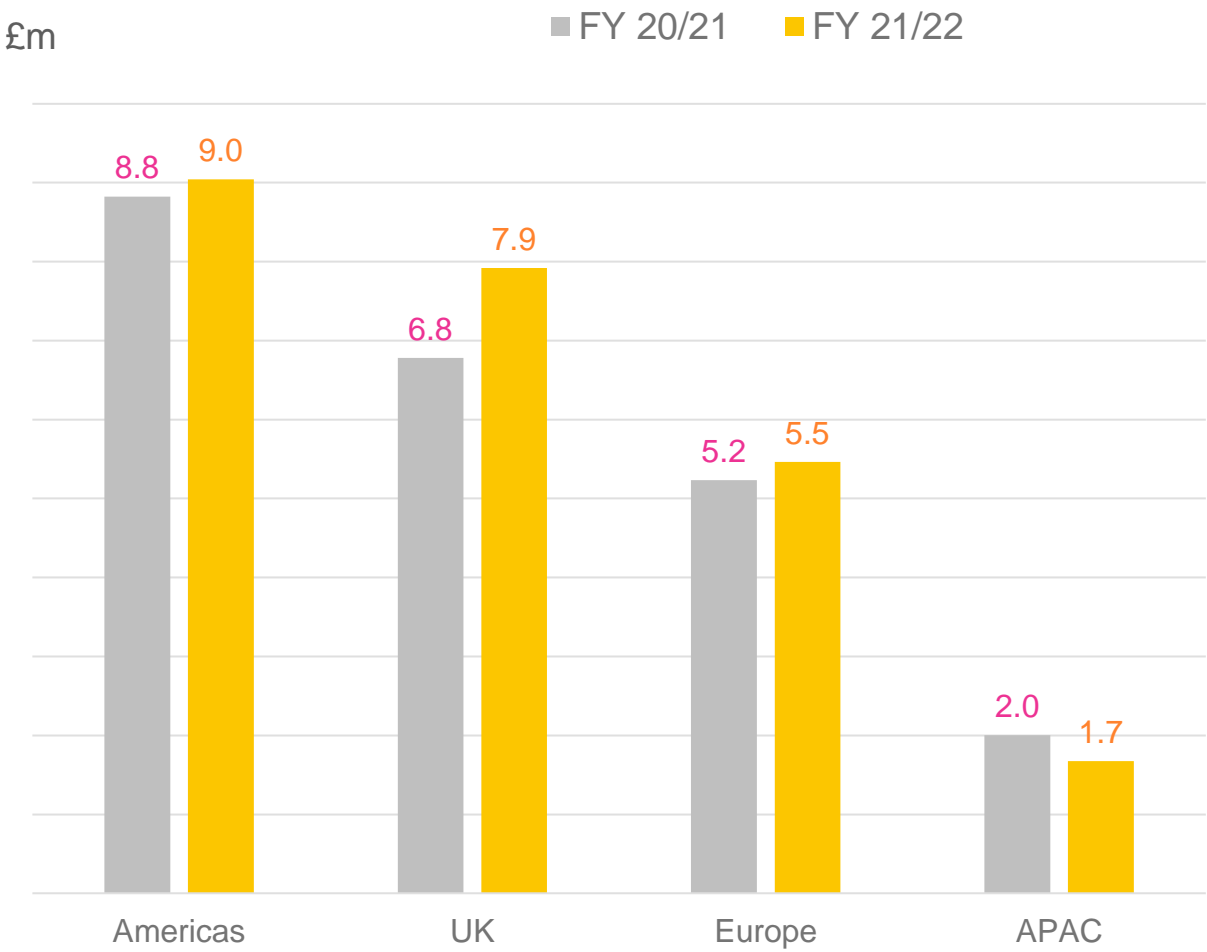


Adjusted Profit Before Tax (£m)

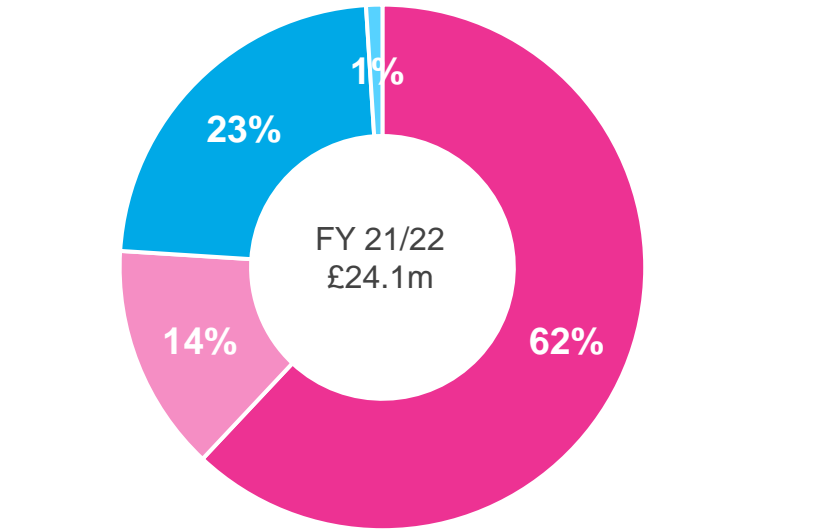
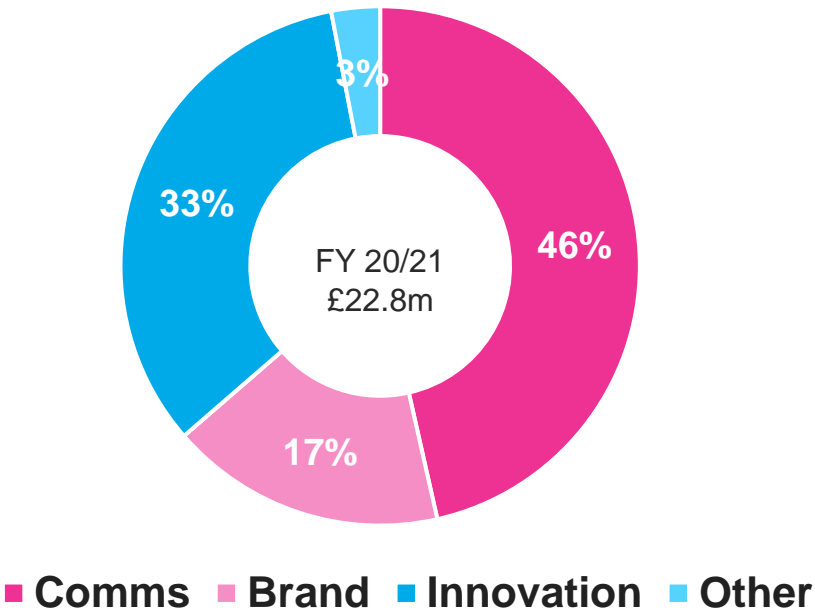
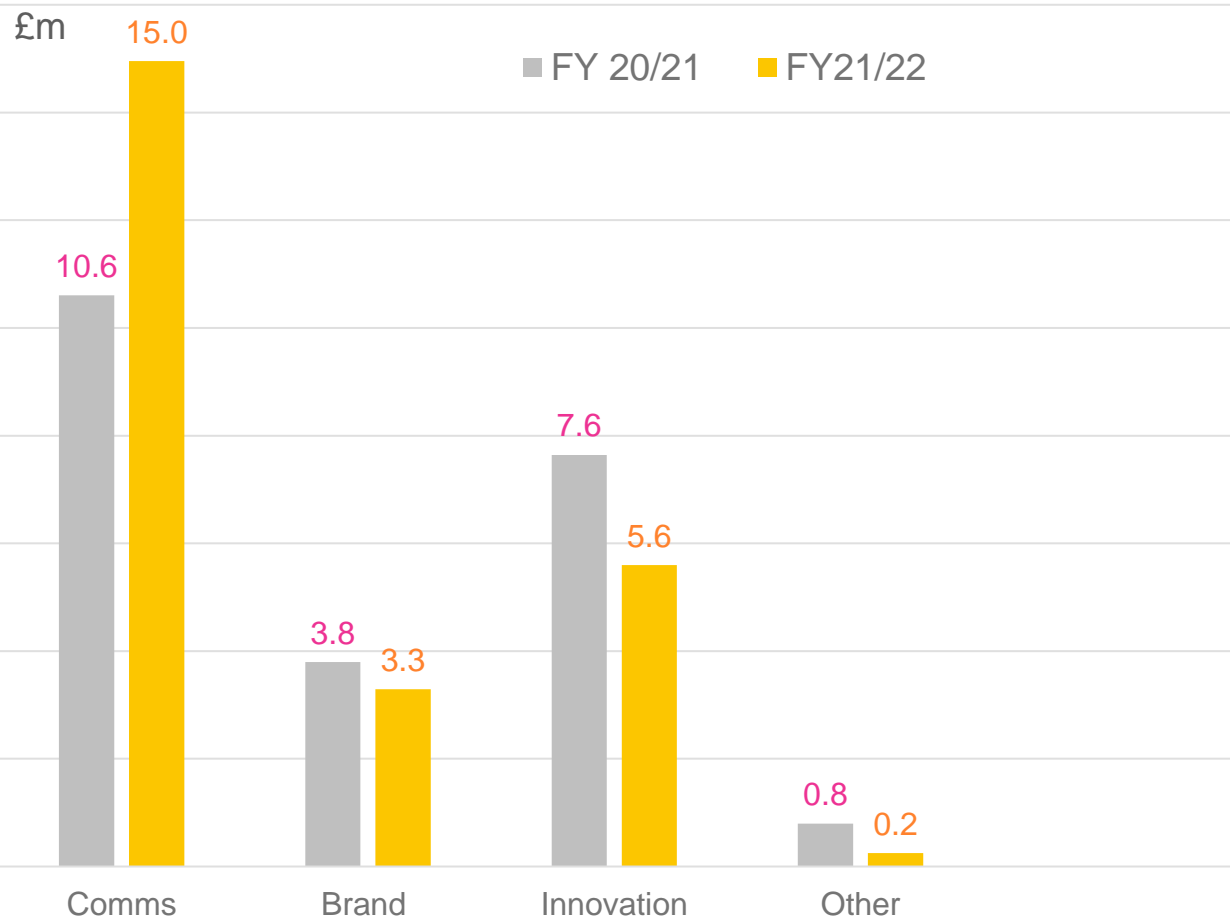


- Q4 decline in USA consultancy revenues
- TYA growing more slowly than in H1
- In hindsight, evidence of Russia/Ukraine impact
- H2 expenditure emerging from Covid-related trough
- Accelerated expenditure on Data products & platform
- Investment in developing new customer partnerships

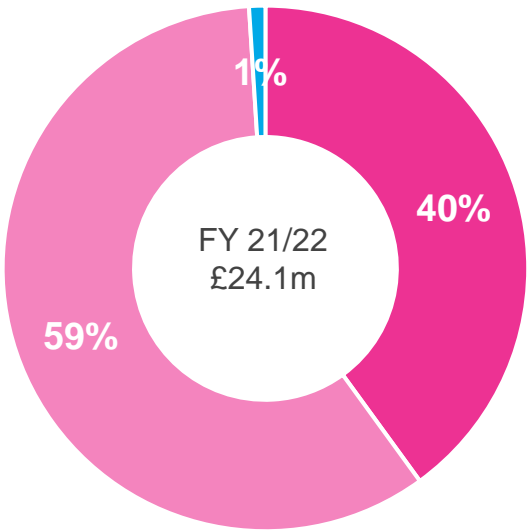
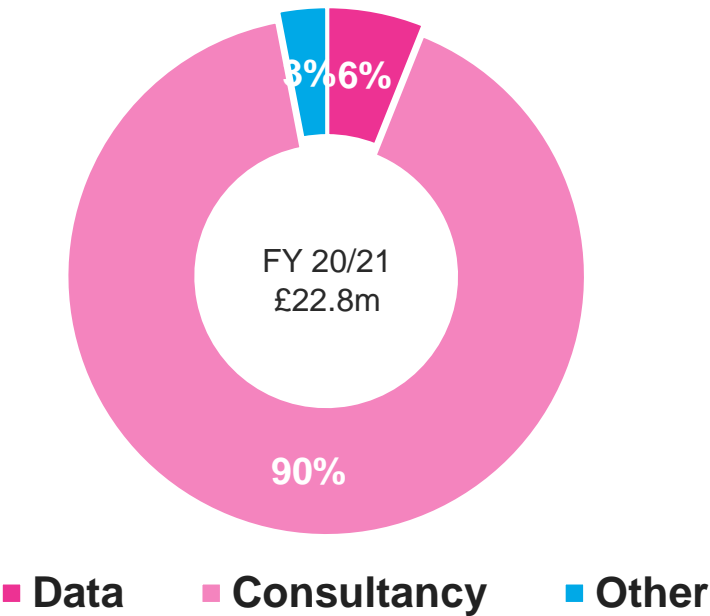
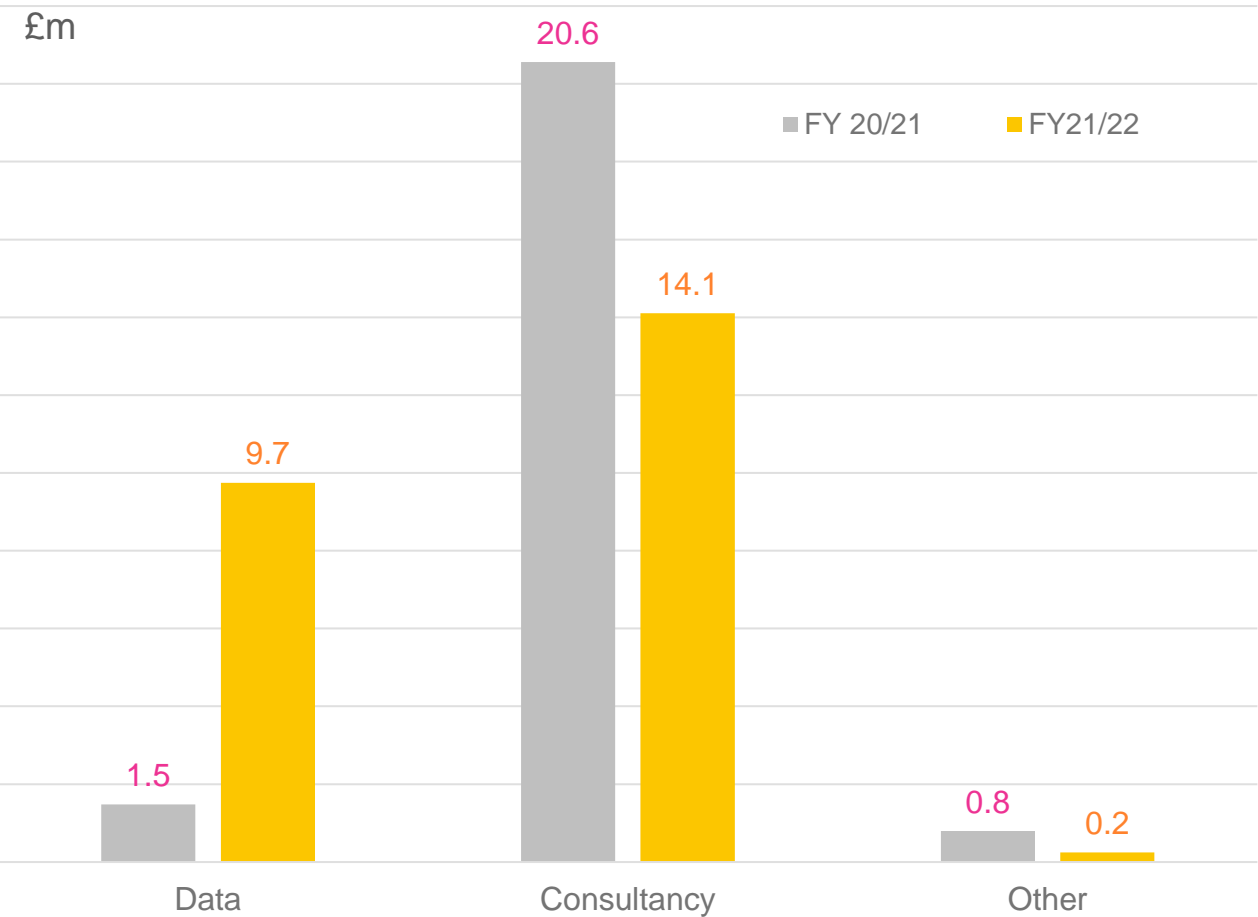
Revenue by Region



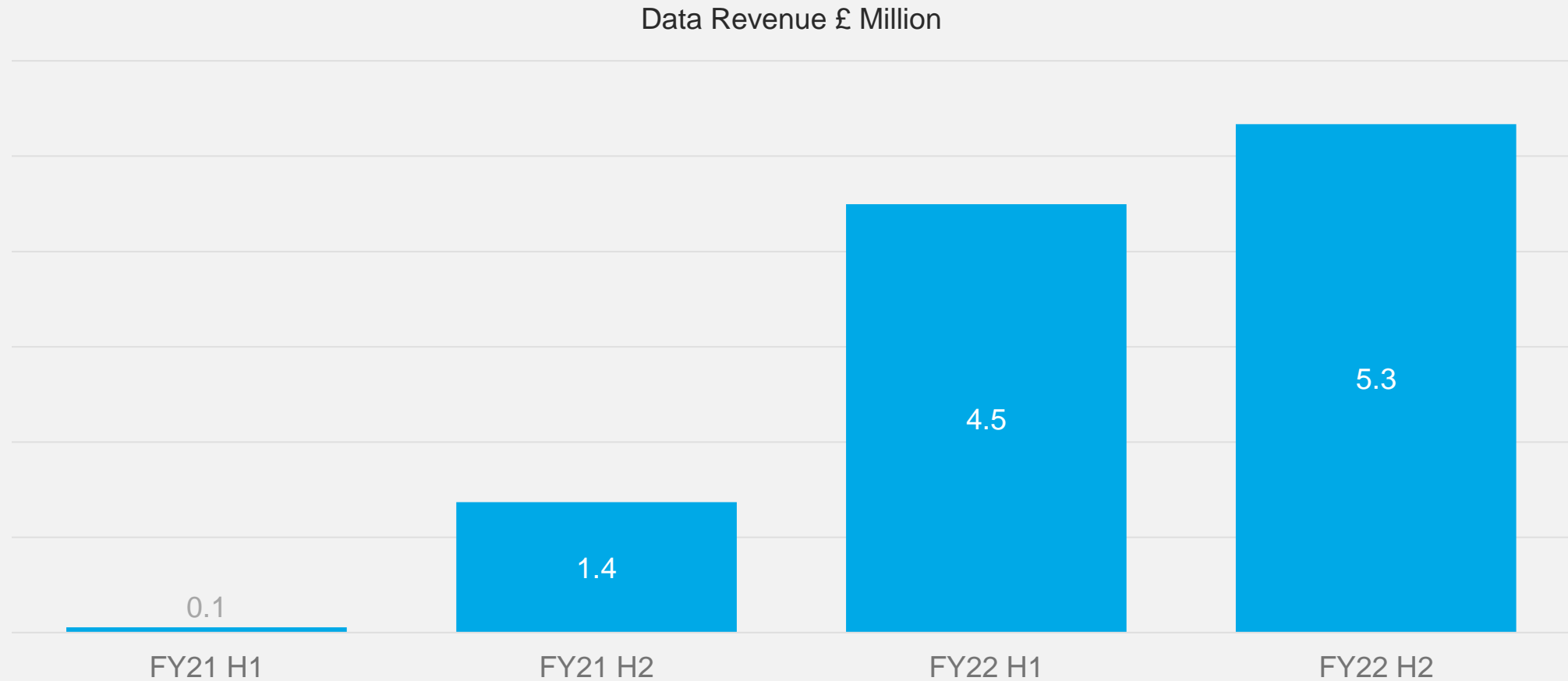
Revenue by Product Group



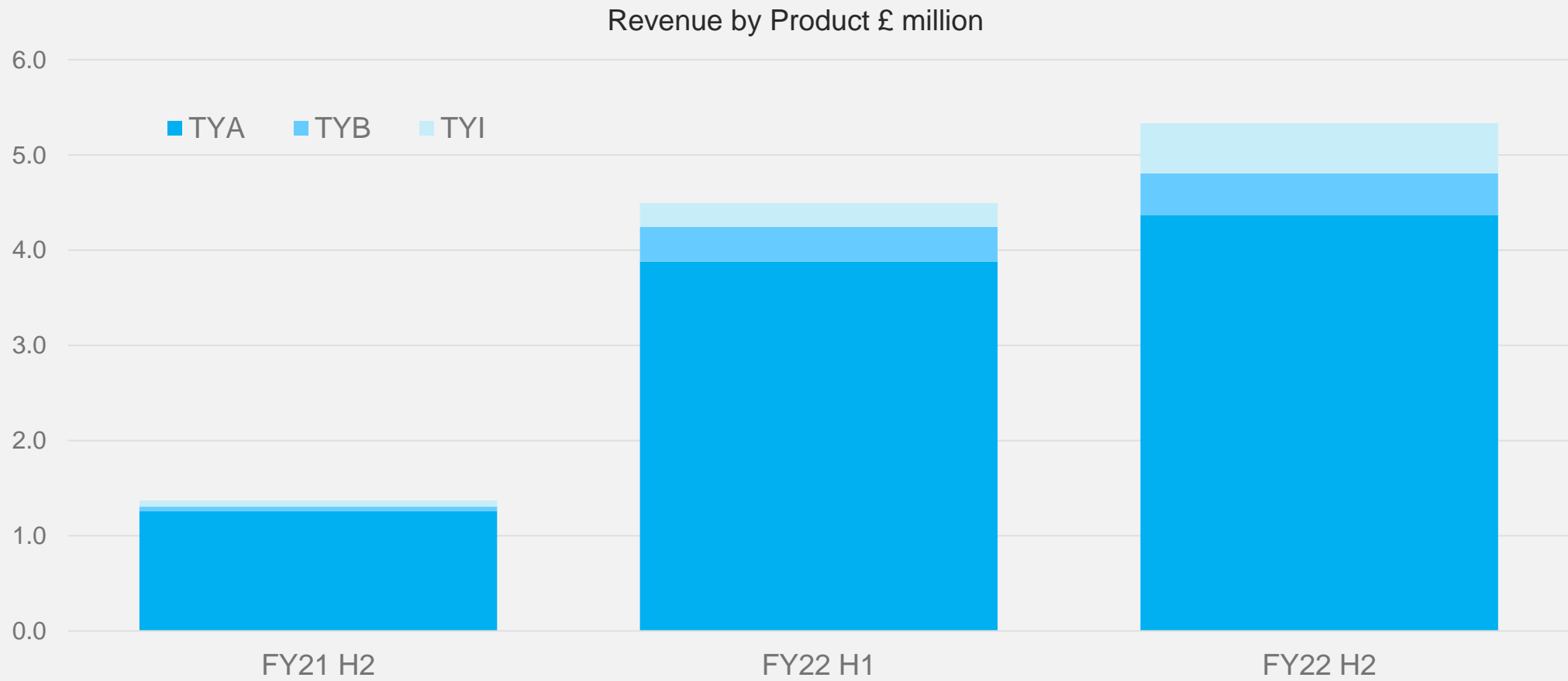
Revenue by Product Variant



We have built a **£10m** data business in **2 years**
with the majority of that being created in the past 12 months

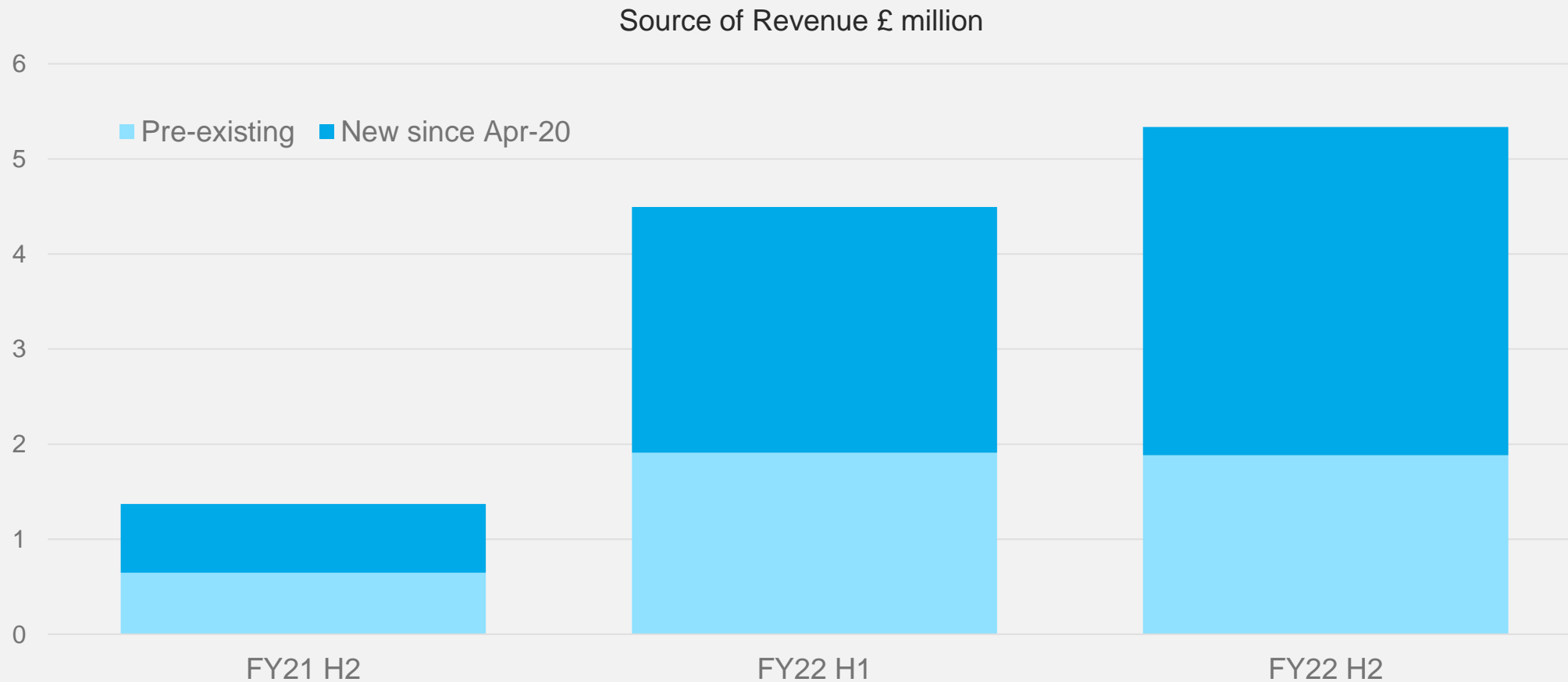


The success of **Test Your Ad** sets us up nicely for **Test Your Idea** & **Test Your Brand**

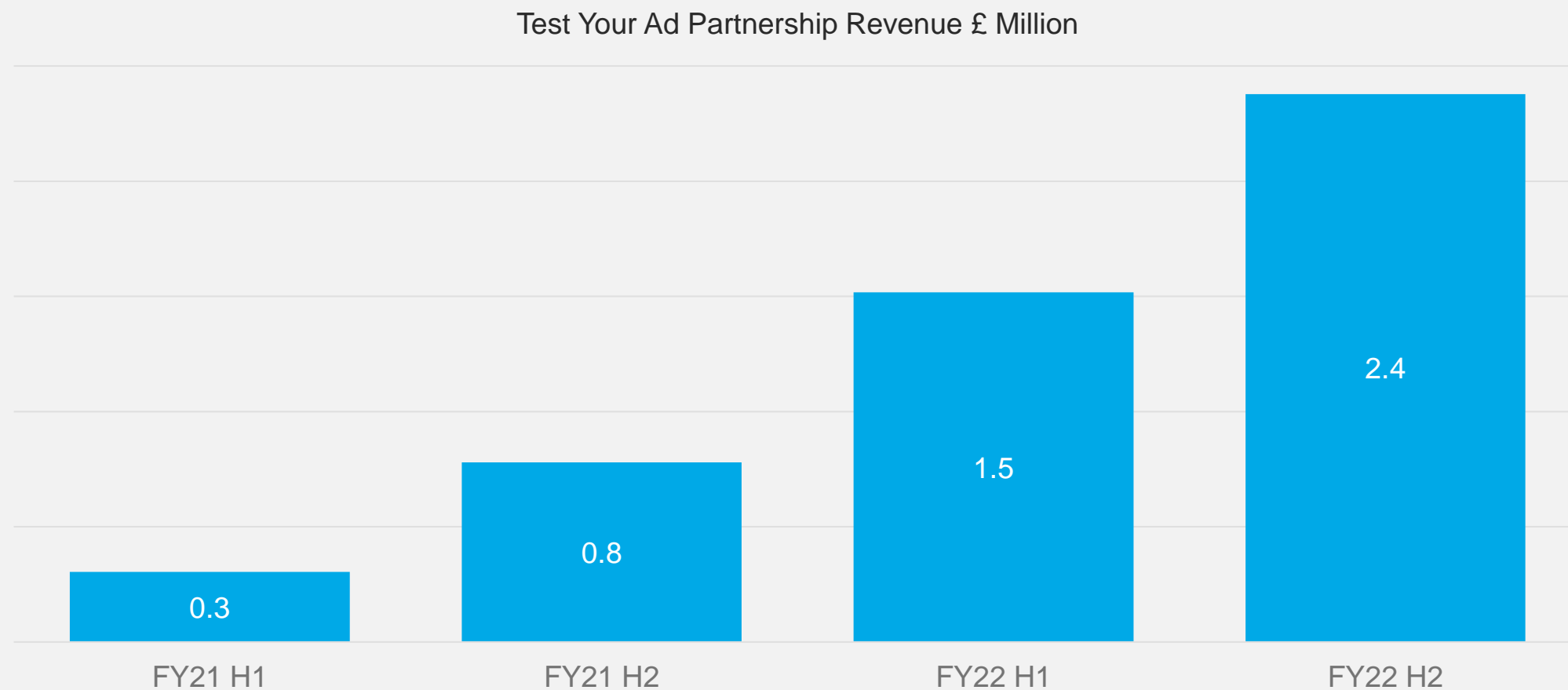


Majority of data sales are now coming from **new** customers

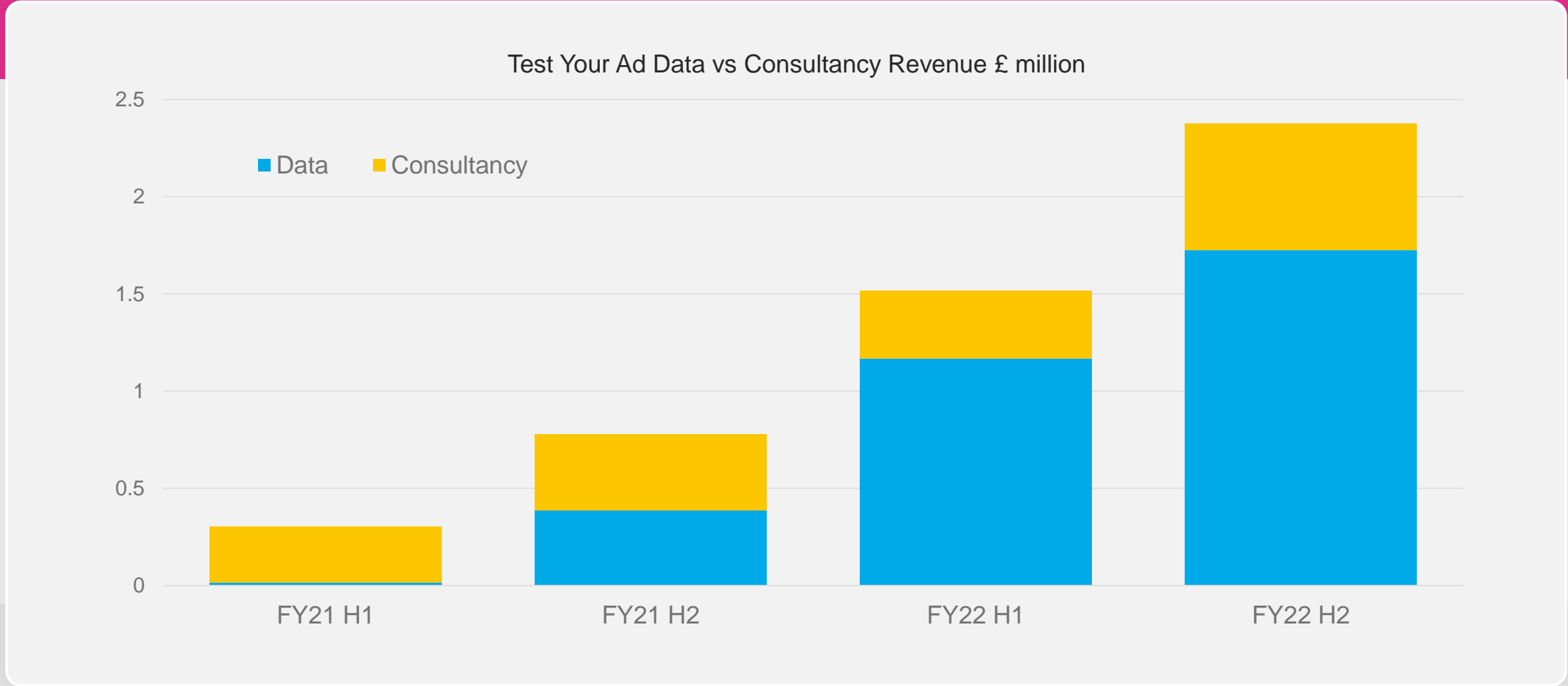
No.1 UK Advertiser, No.1 UK Broadcaster, World's No.1 B2B platform, World's No.1 laptop manufacturer, World's No.2 sportswear brand



The most significant source of new business has been through **partnerships** with advertising agencies and media platforms

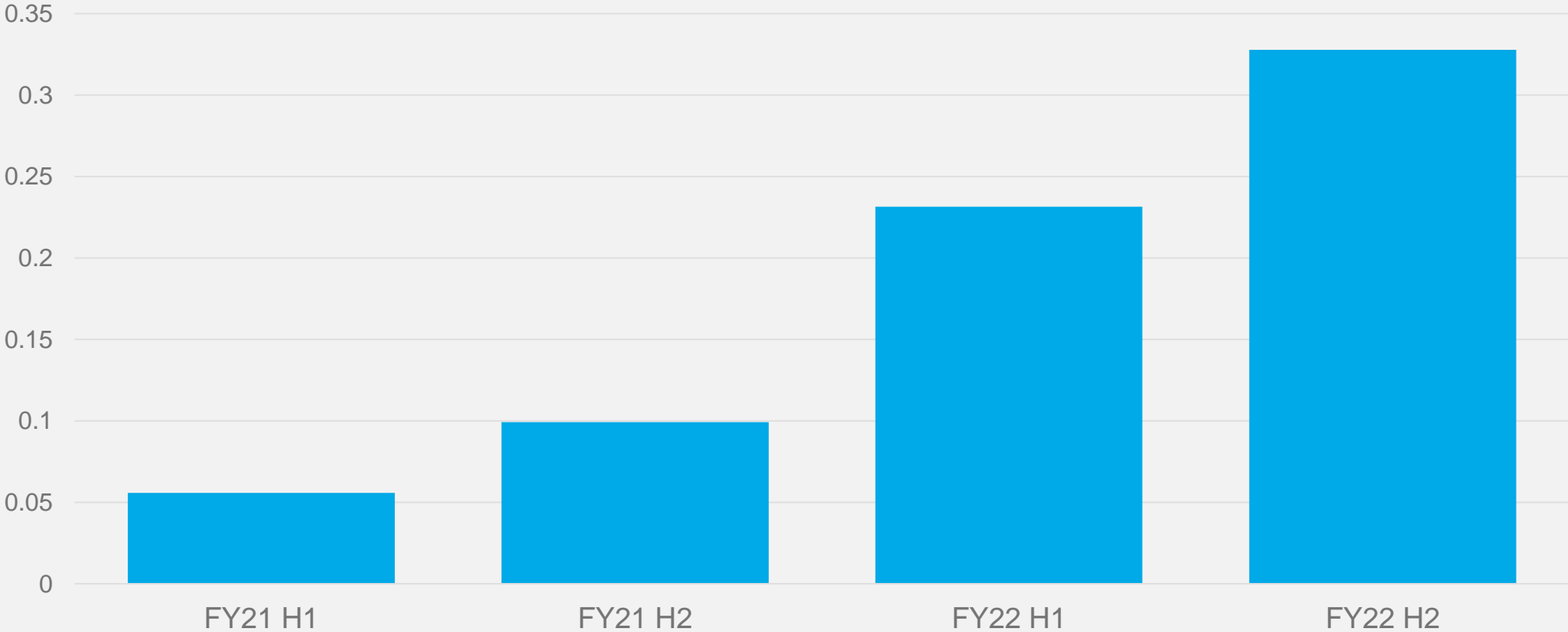


As we grow **partnerships** data sales (prediction) consultancy will follow (improvement)

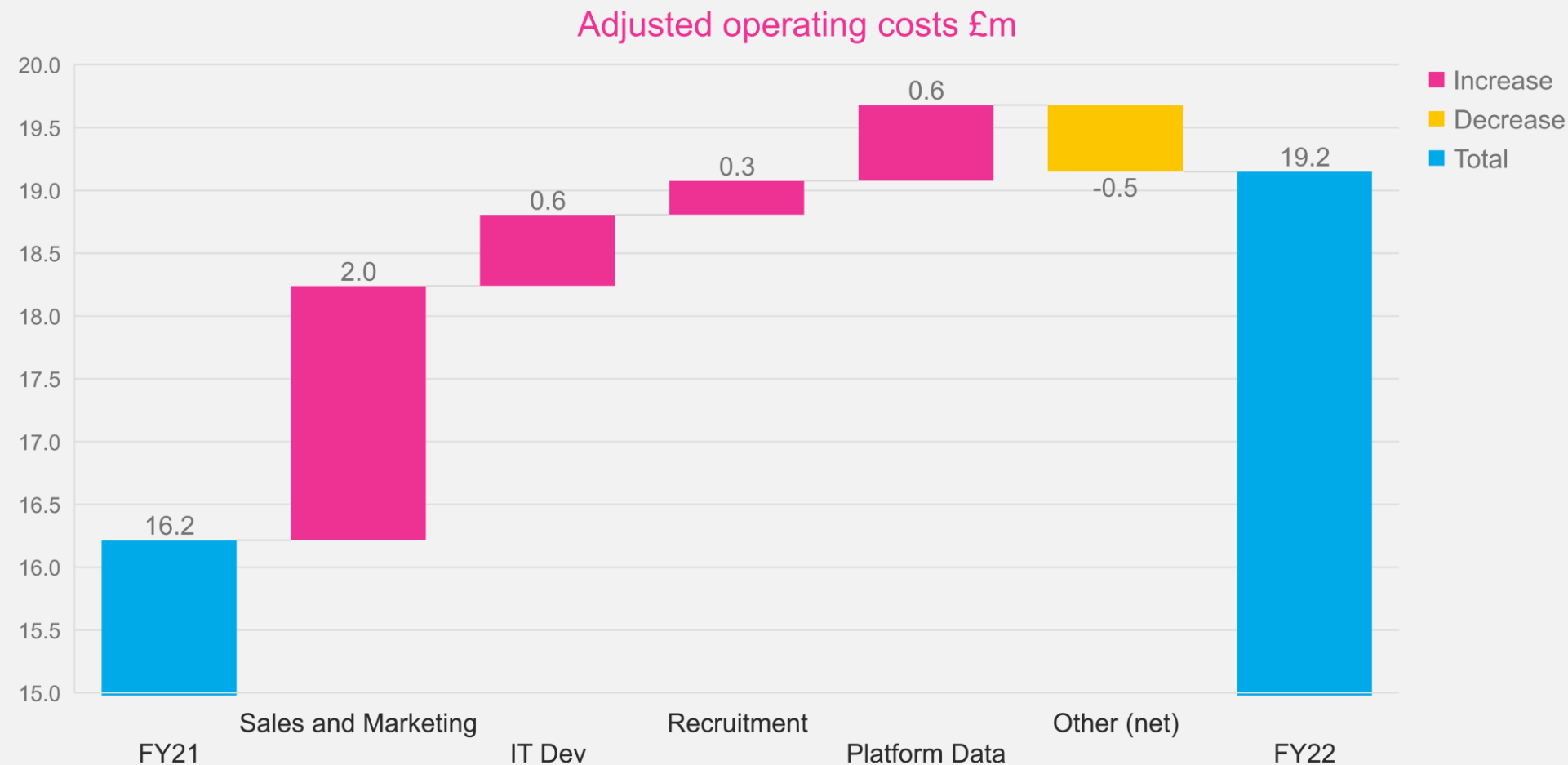


Our Top 5 **Test Your Ad** customers all subscribe to the Premium database

Test Your Ad Premium Subscription Revenue £ million

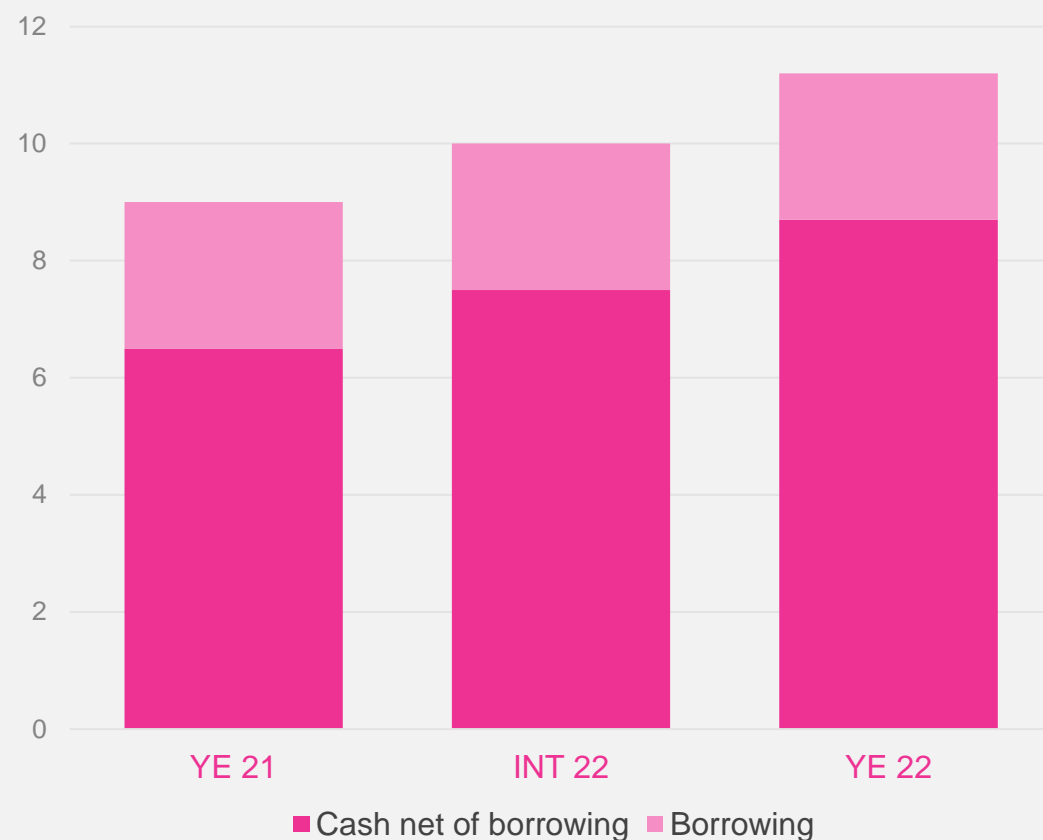


Growth in expenditure in FY22 due to **focused investment in platform strategy**

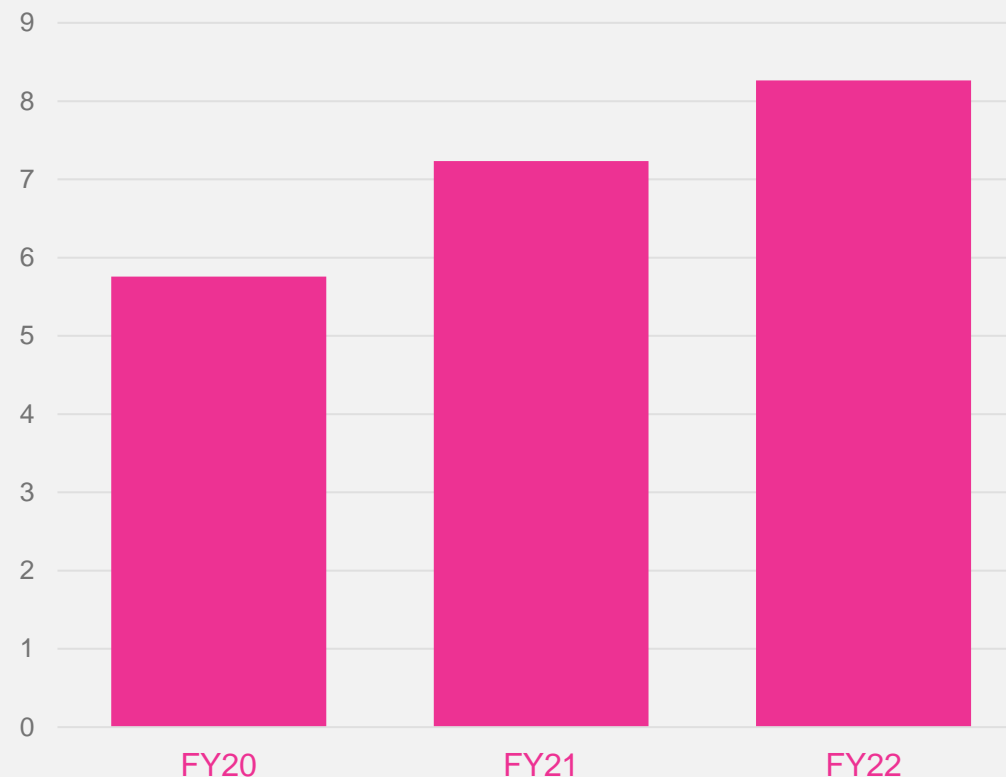


We intend to maintain our investment in the platform...
and have the **resources** to do this

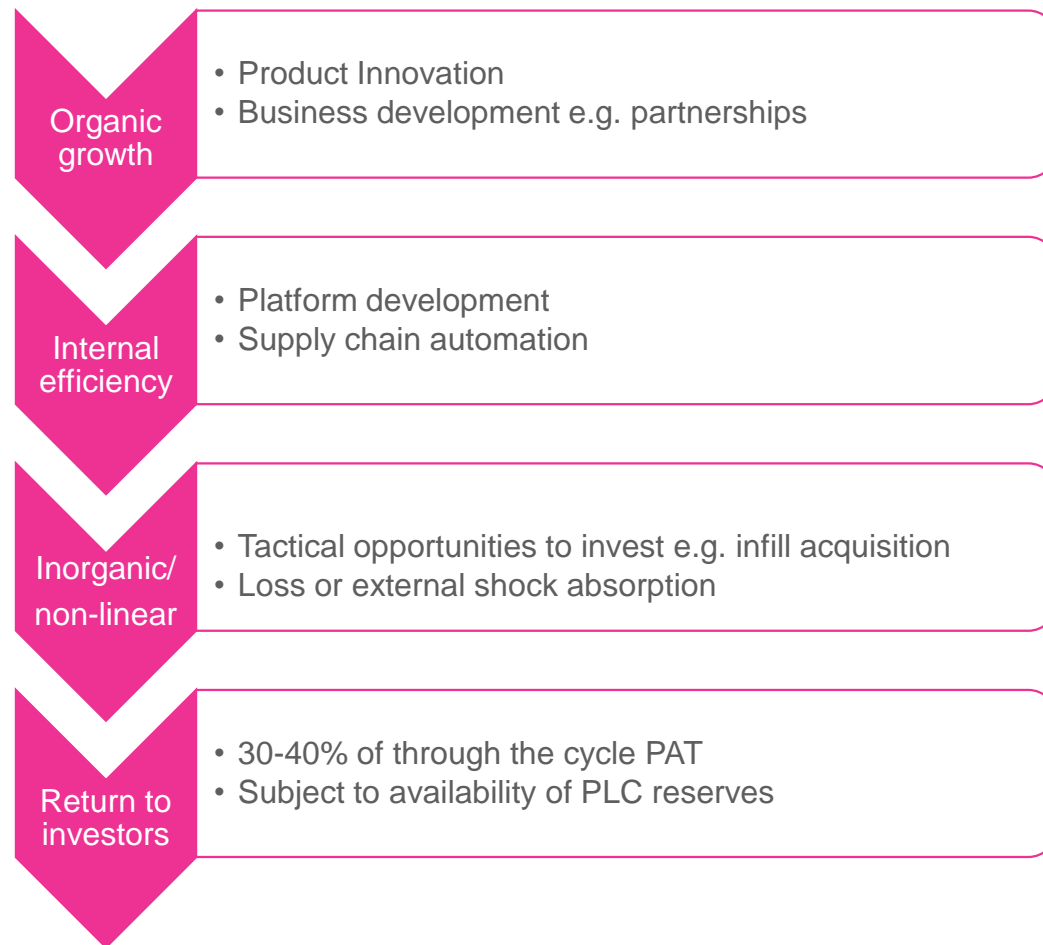
Net cash up £2.2m YoY after £0.6m buyback



Shareholders Equity £m



Capital allocation hierarchy



Summary



Data platform strategy is on track



Prioritising growth while protecting profitability



Maintaining expenditure on people, platform and partnerships



Some external environmental headwinds in new fiscal year



Which means back-weighted profitability

System1

Don't guess. Test.

Thank you.

Questions & Answers

