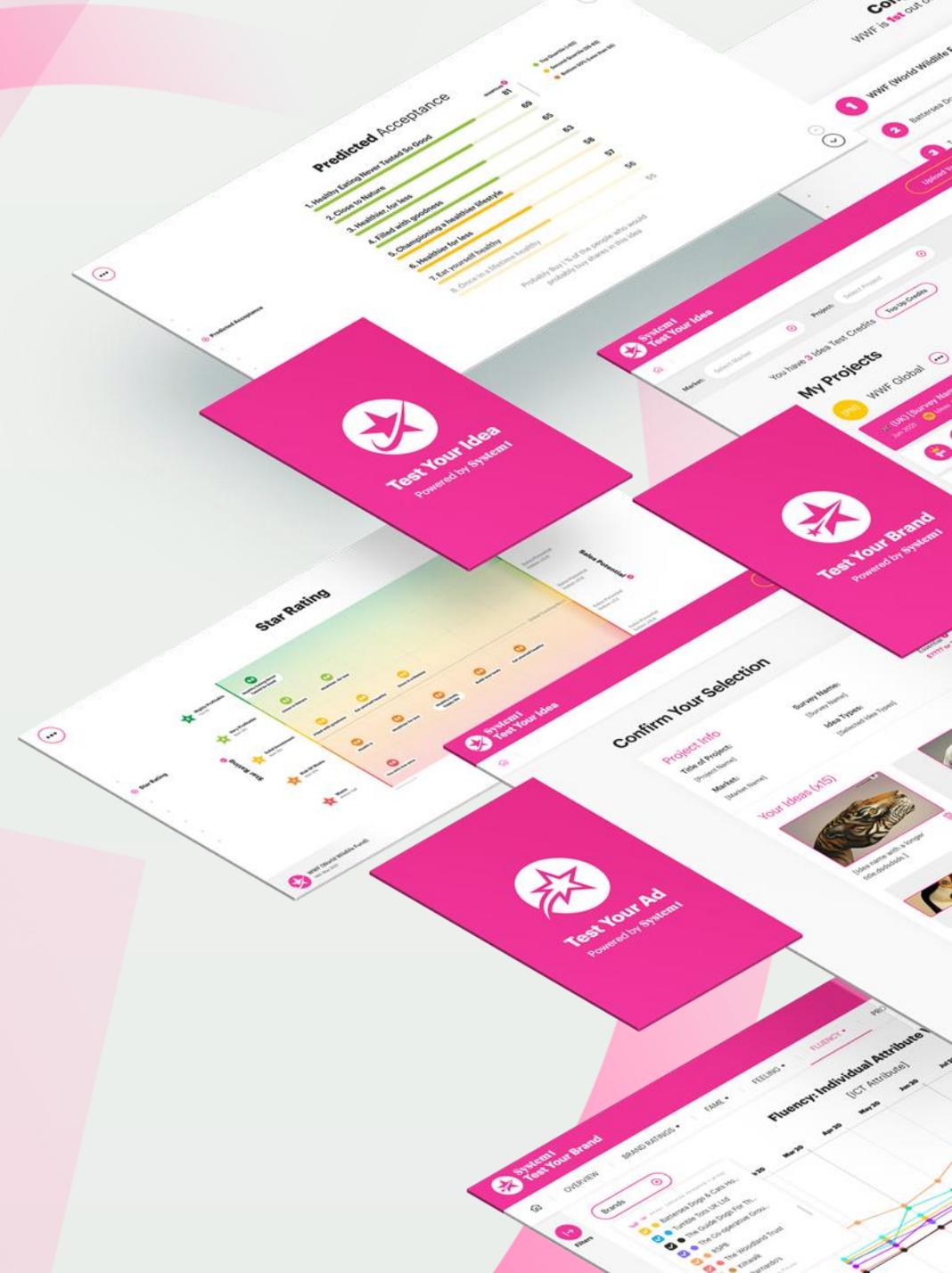


System1

Building Momentum

FY23 Preliminary Results

1 August 2023



System1

James Gregory

Chief Executive Officer



FY 23 | Highlights



H2 Platform Revenue **£9.8m, 29% up on H1 £7.6m**



Full-year platform Revenue **£17.4m, up 40%**



Gross profit margin **improved to 84.2%**



Operating Costs **1% lower** than in FY22



£4m cash investment in platform, products and IP



TYX **platform fully automated** across all 3 product groups



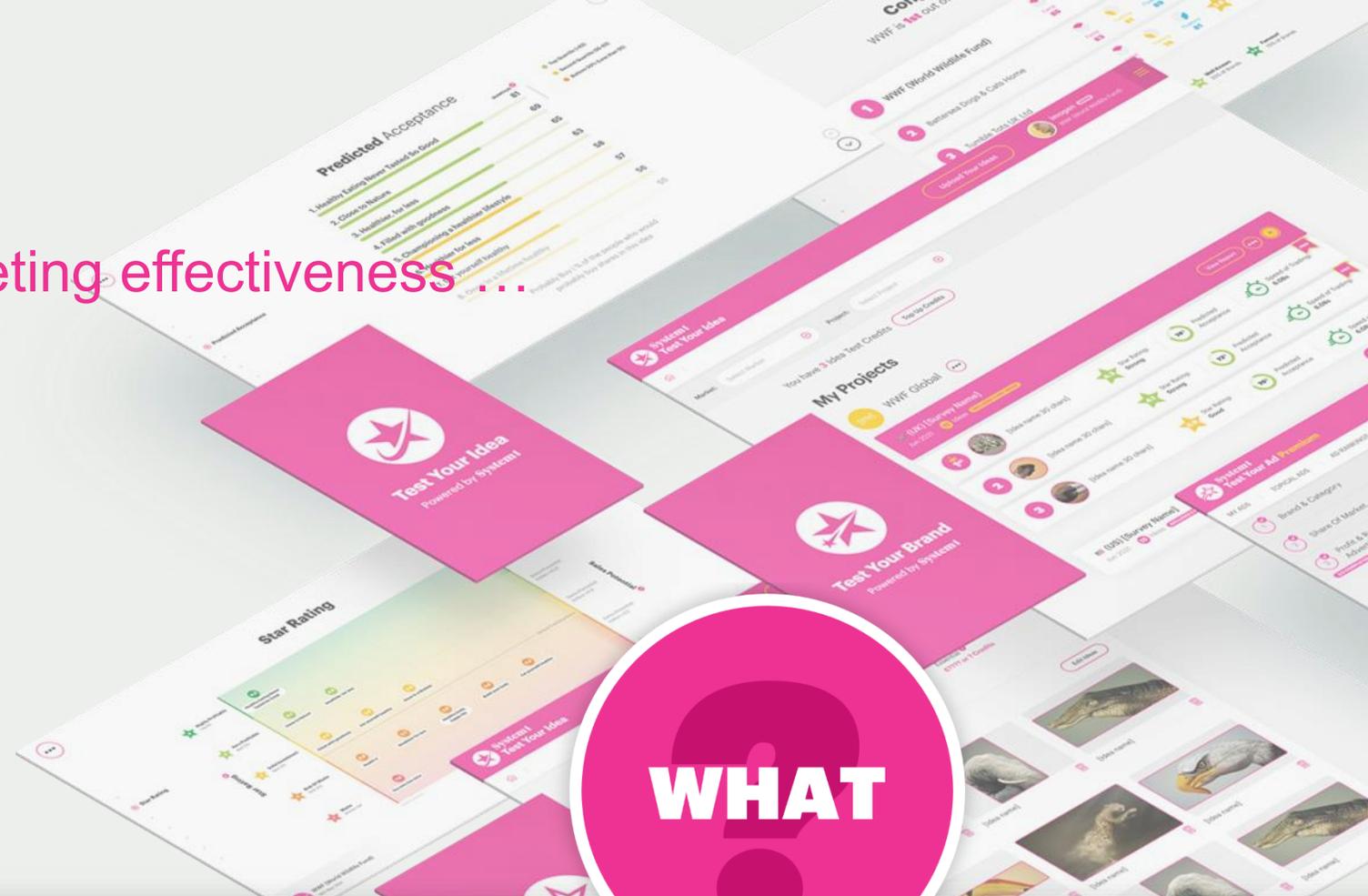
US IP **Litigation settled** out of court in June 2023



Net cash **£5.7m** at year-end

System1

predicts and improves marketing effectiveness ...



We are a marketing
decision-making platform



We predict and improve
marketing effectiveness

... through our 'predict your' and 'improve your' offering ...

Data



(Predict Your)

**Data-Led
Consultancy**

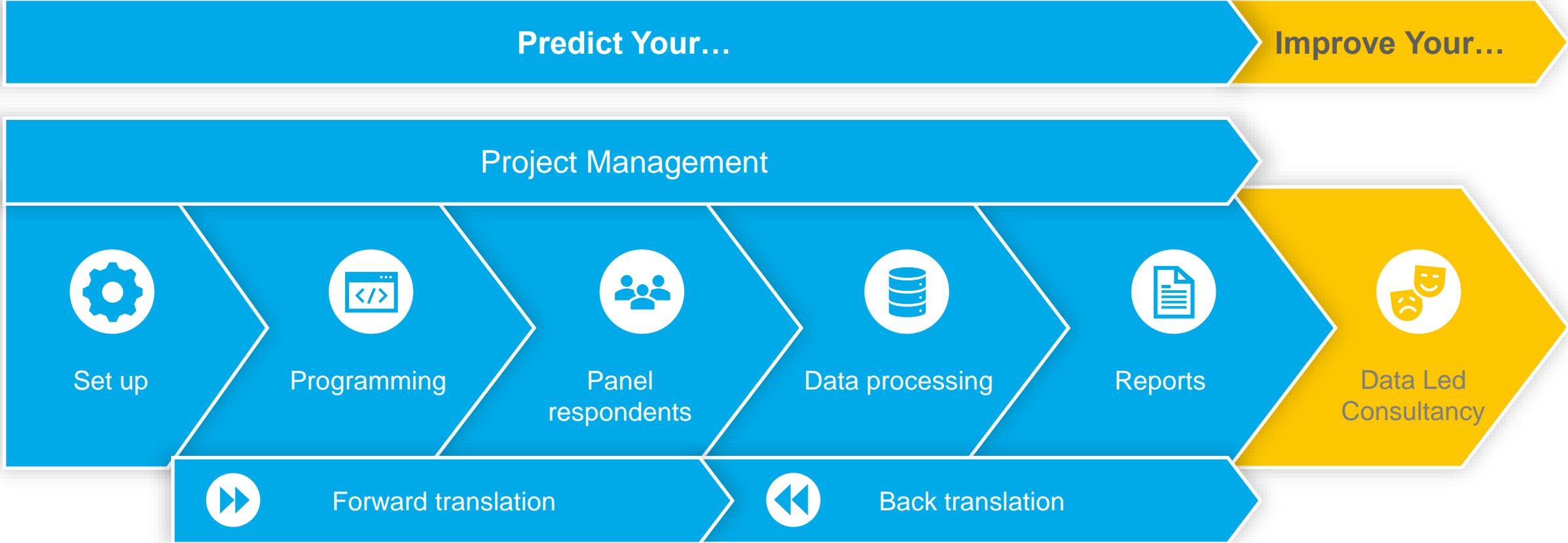


(Improve Your)

**Bespoke
Consultancy**

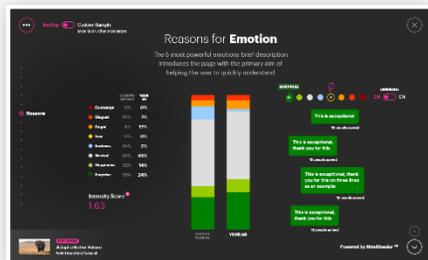
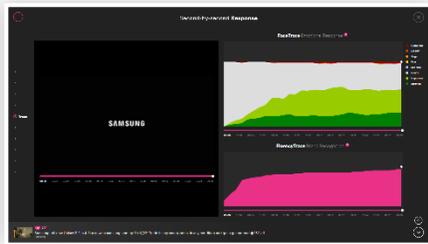
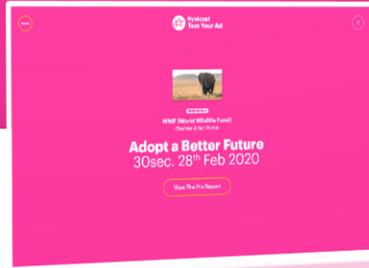


... our predictions (and some improvements) are delivered through an automated platform ...

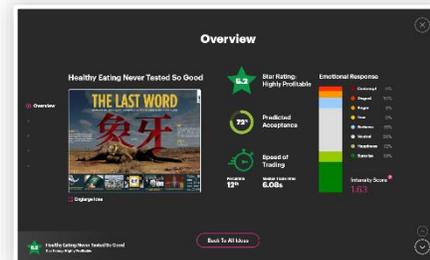
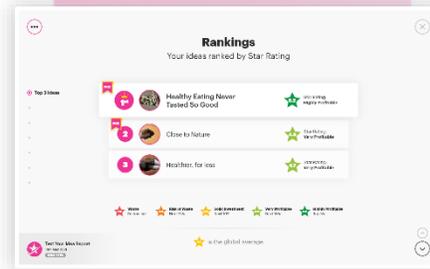
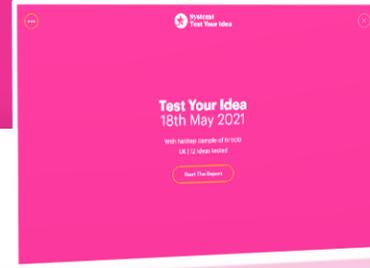


... with results provided to customers on a self-serve platform

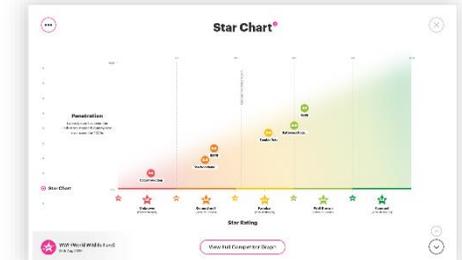
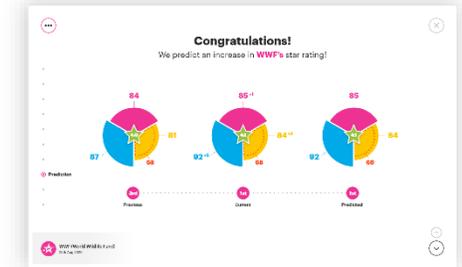
 **Test Your Ad**



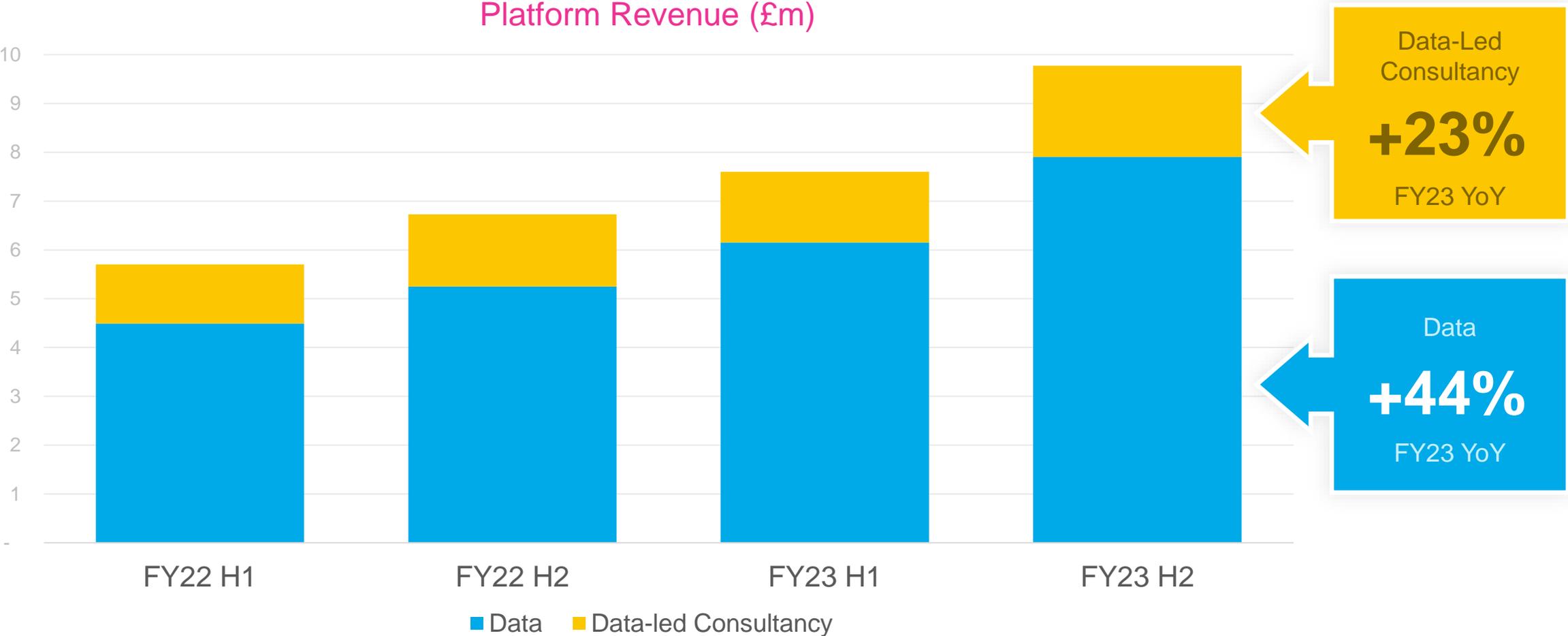
 **Test Your Idea**



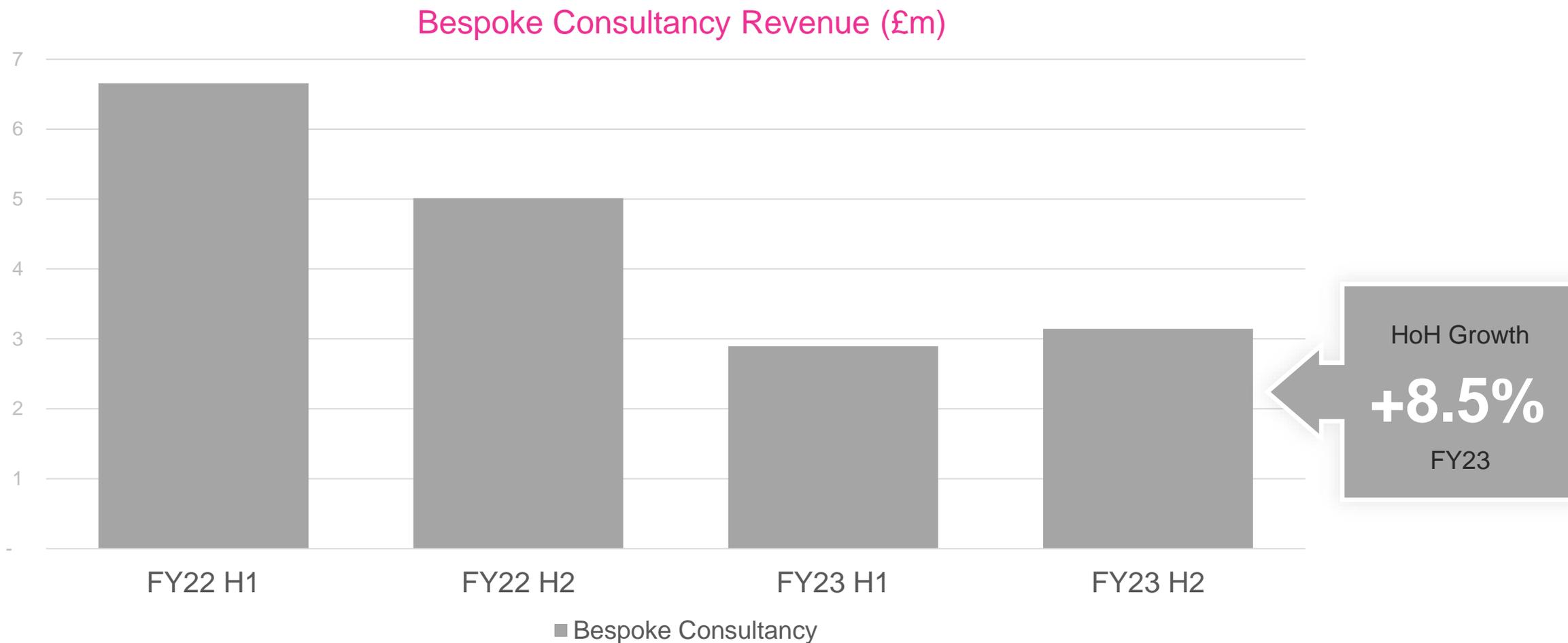
 **Test Your Brand**



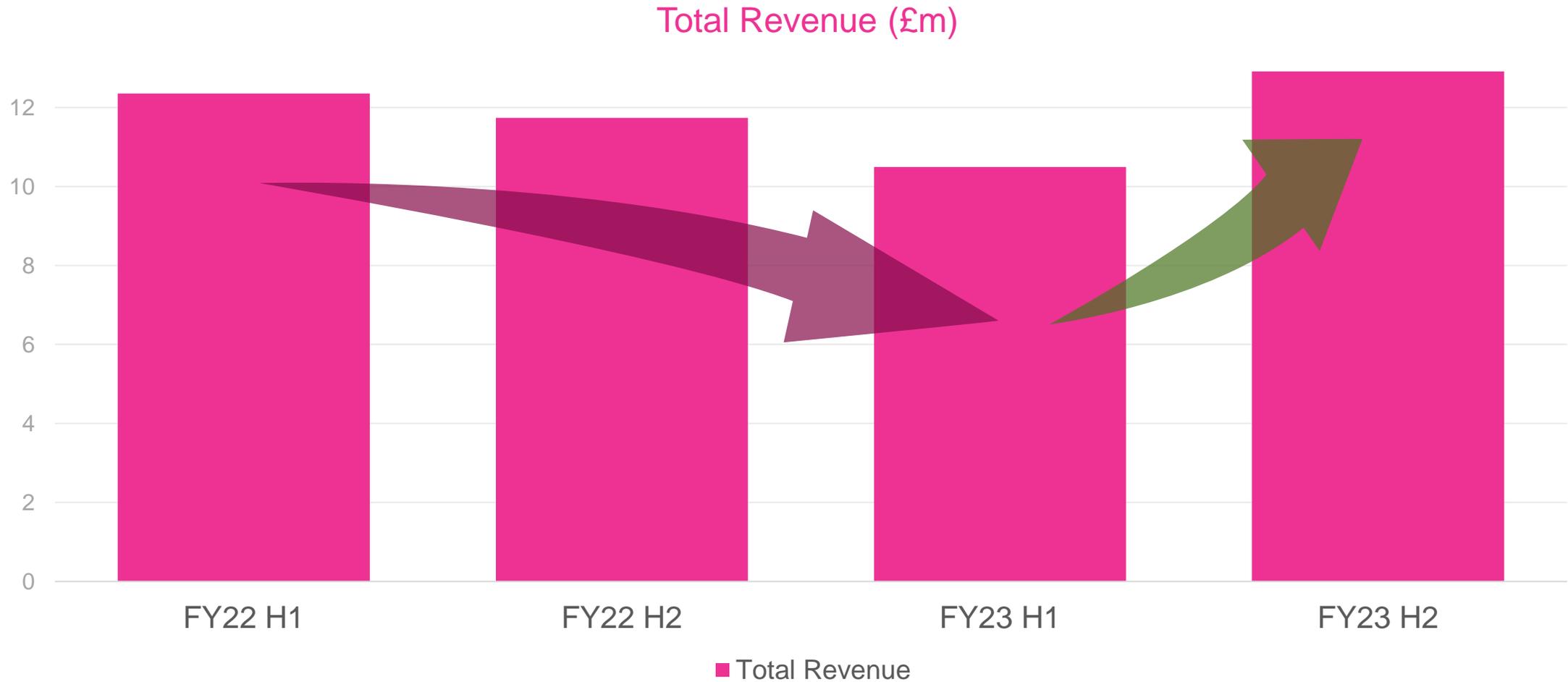
Platform revenue continues to grow



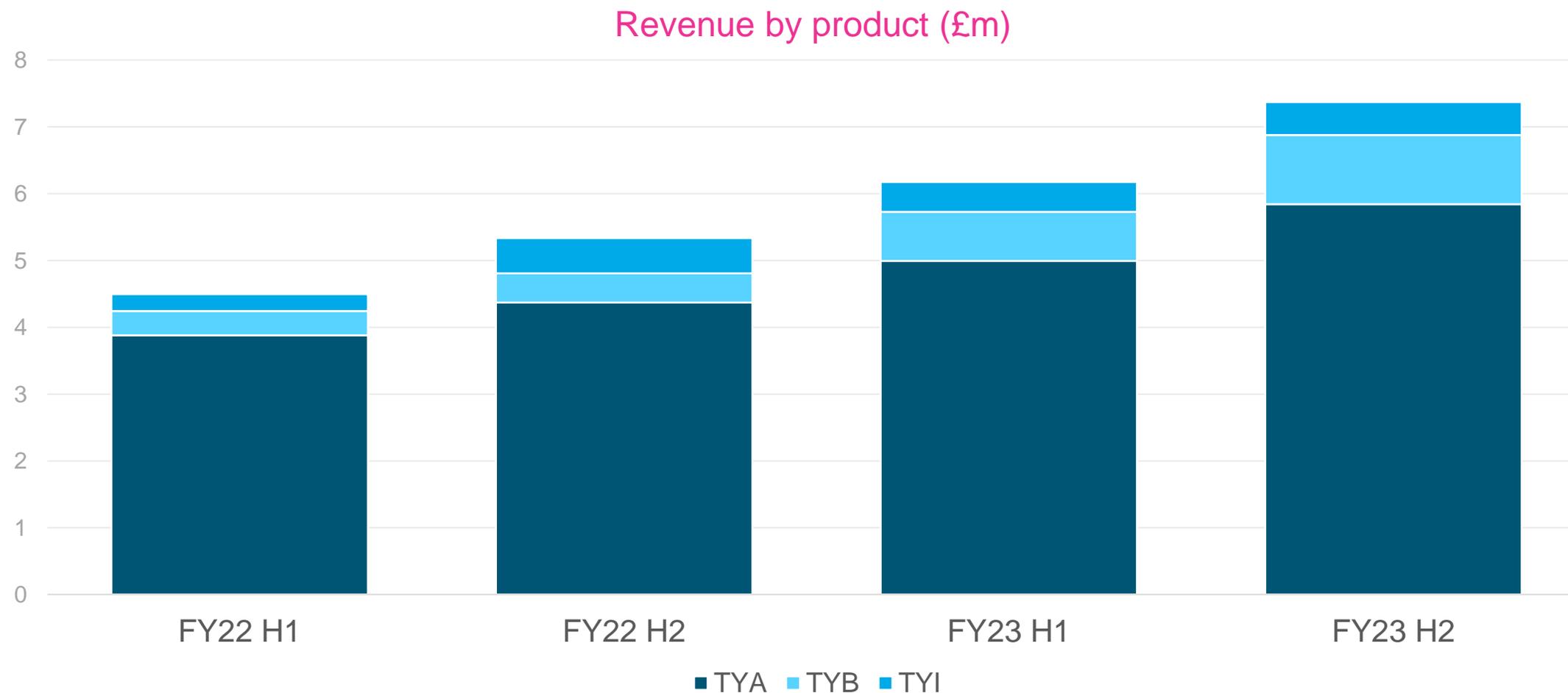
In FY23 H2 we arrested the decline in bespoke consultancy



We are back on track for total revenue growth

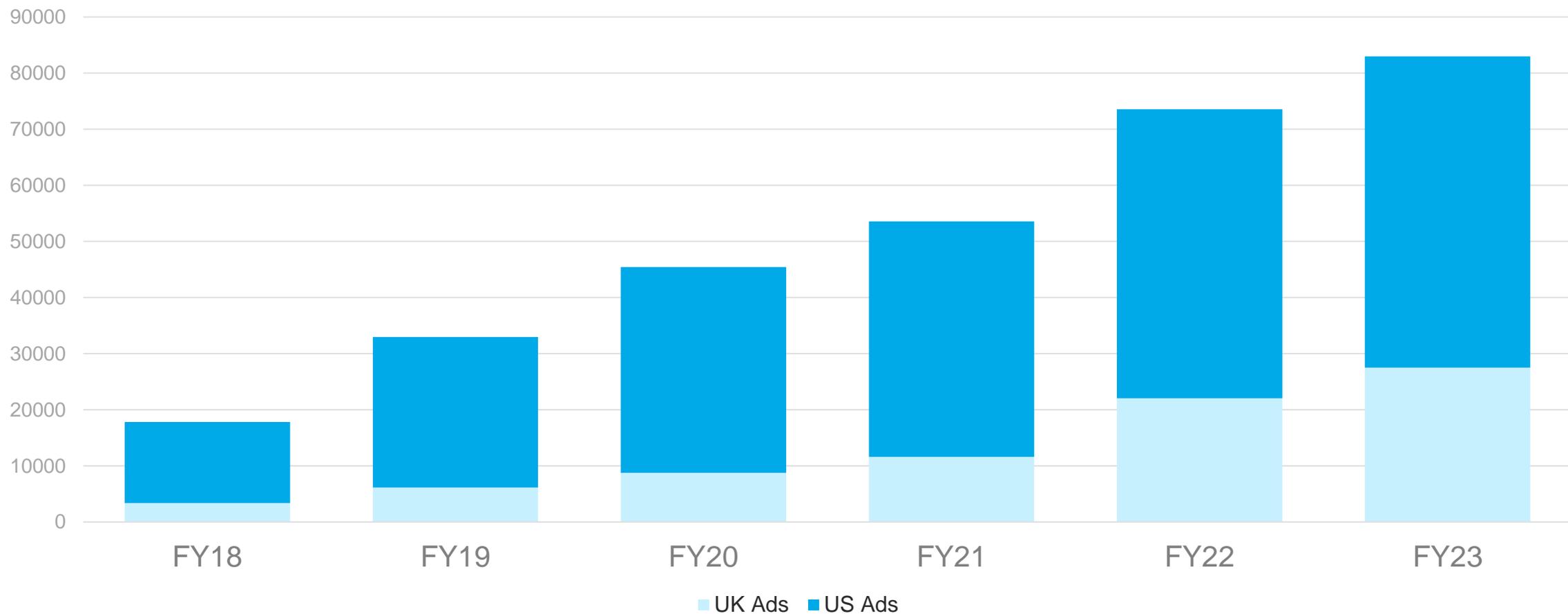


Test Your Ad remains the key growth driver, with Test Your Brand growing in FY23



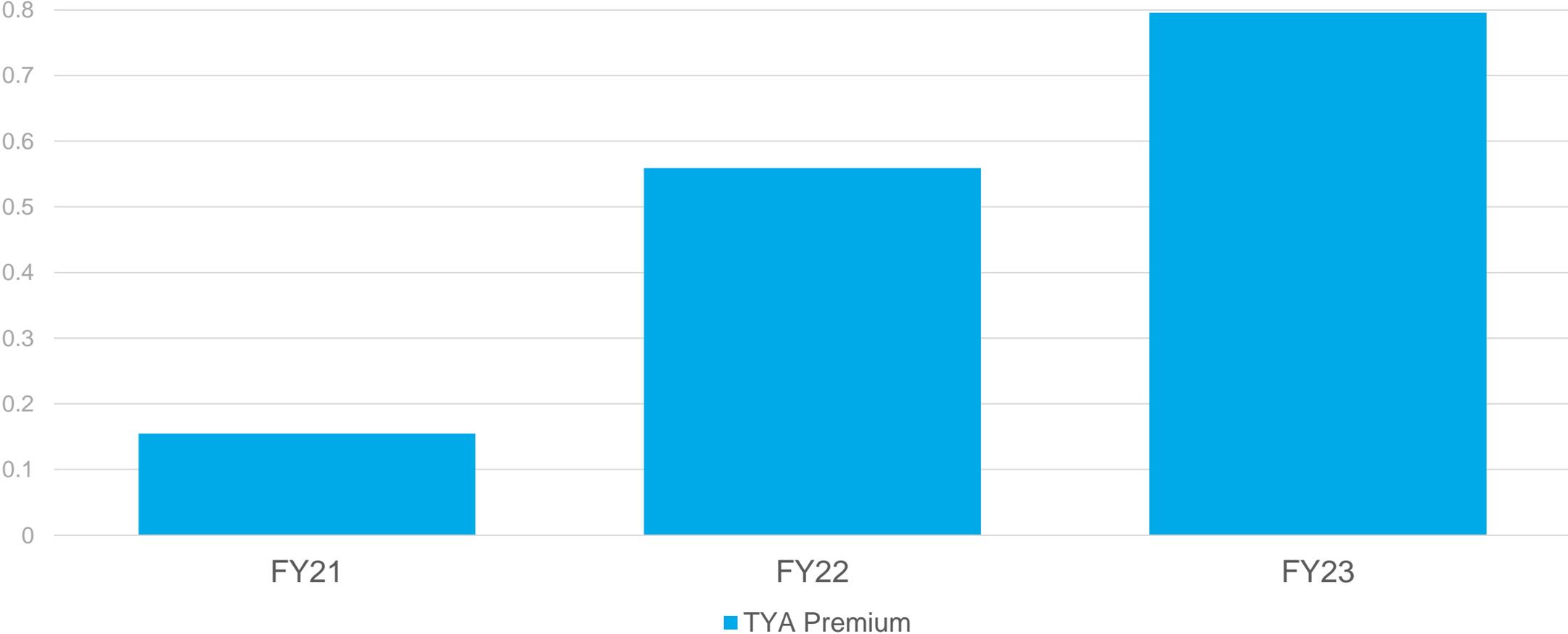
We continue to grow the TYA Premium database ...

Test Your Ad Premium Database

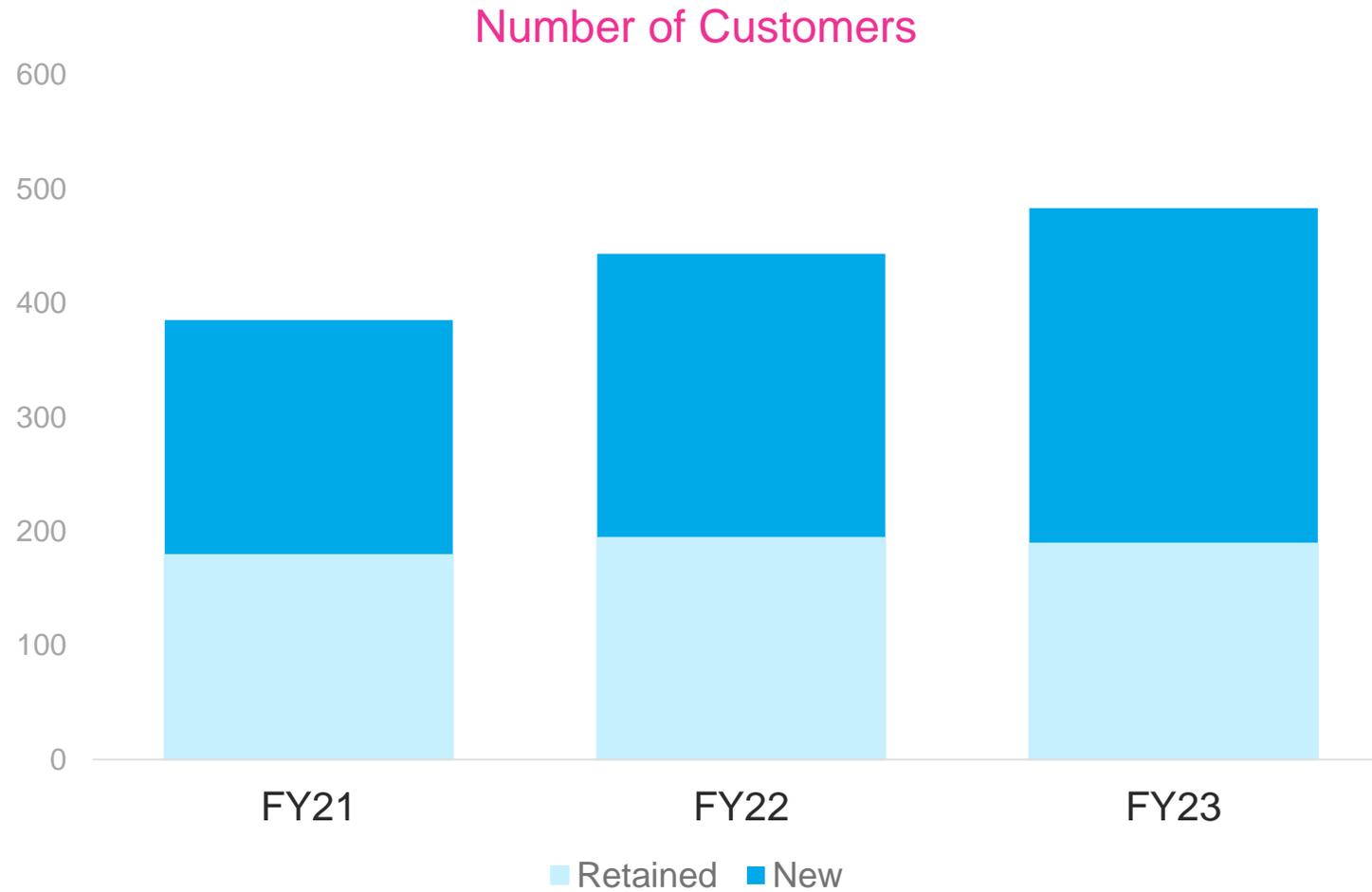


... and continue to commercialise the Premium database

TYA Premium Subscription Revenue (£m)



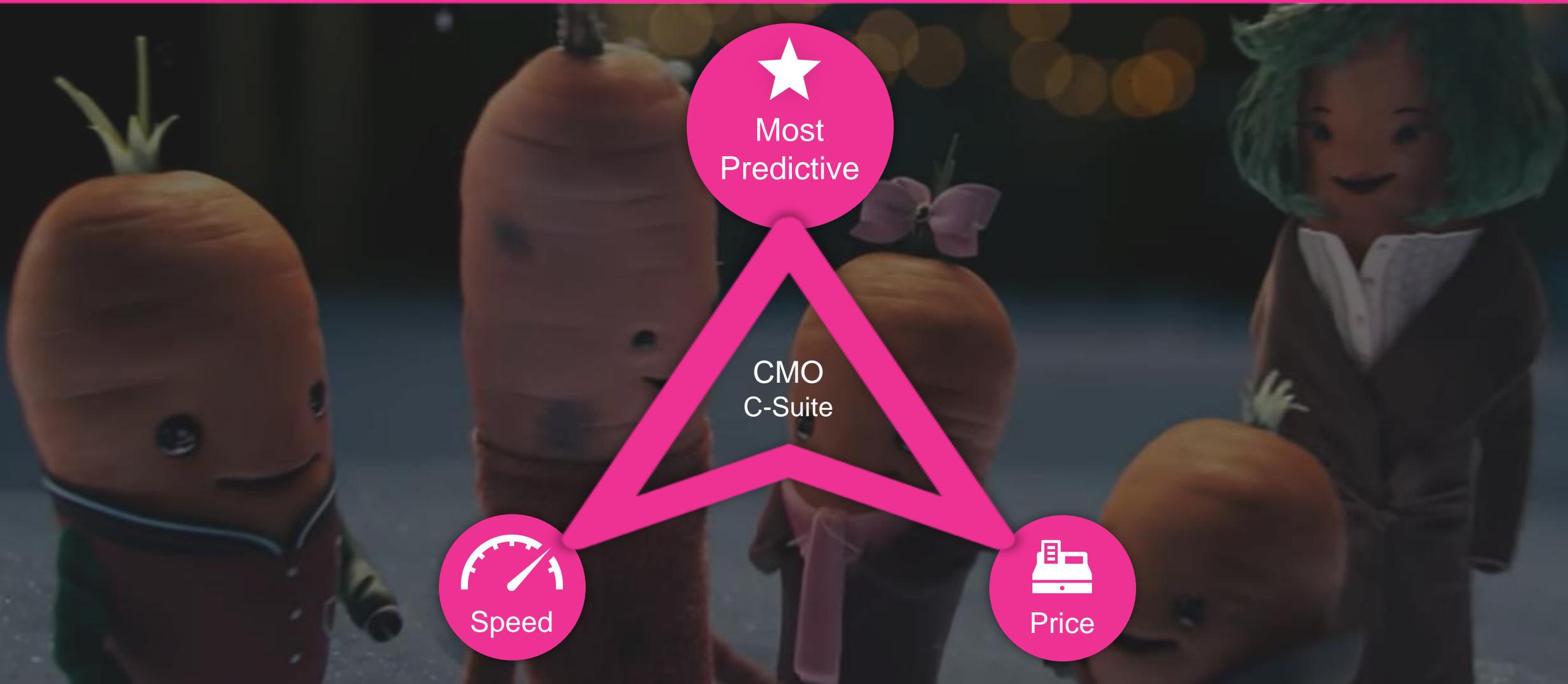
New customers are driving revenue performance



Strategic review implementation

-  USP ➔ Predictiveness offered at market beating speed and value
-  Increased product coverage across the marketing funnel including digital
-  Target the world's largest advertisers
-  Scale through partnerships
-  Win in the US
-  Customer led without bespoke customisation

Our USP is predictiveness, translating emotion into business results ...



... based on world leading IP, methodologies and technologies



Ads | Brands
Ideas tested

175K+



Survey
Responses

12.5m+



Emotions measured
through FaceTrace™

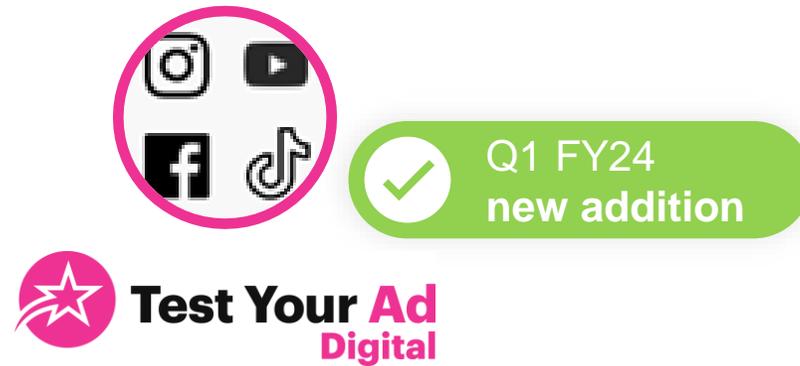
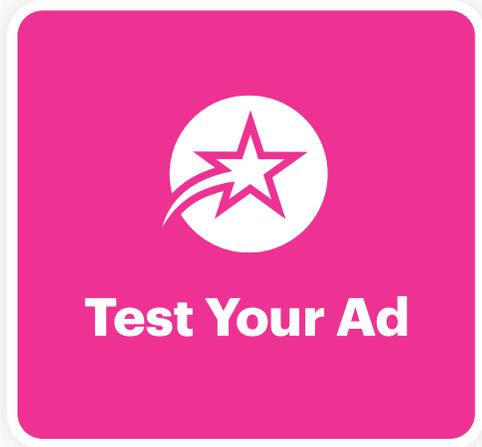
27m+



Markets

75+

We've completed TYA full suite



We have partners for the full TYA suite to amplify fame and access new customers



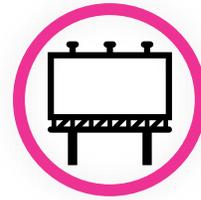
 **Test Your Ad**
TV



F:NECAST



 **Test Your Ad**
Digital



 **Test Your Ad**
Outdoor



 **Test Your Ad**
Audio



 **Test Your Ad**
Print

[More to come ...]

“

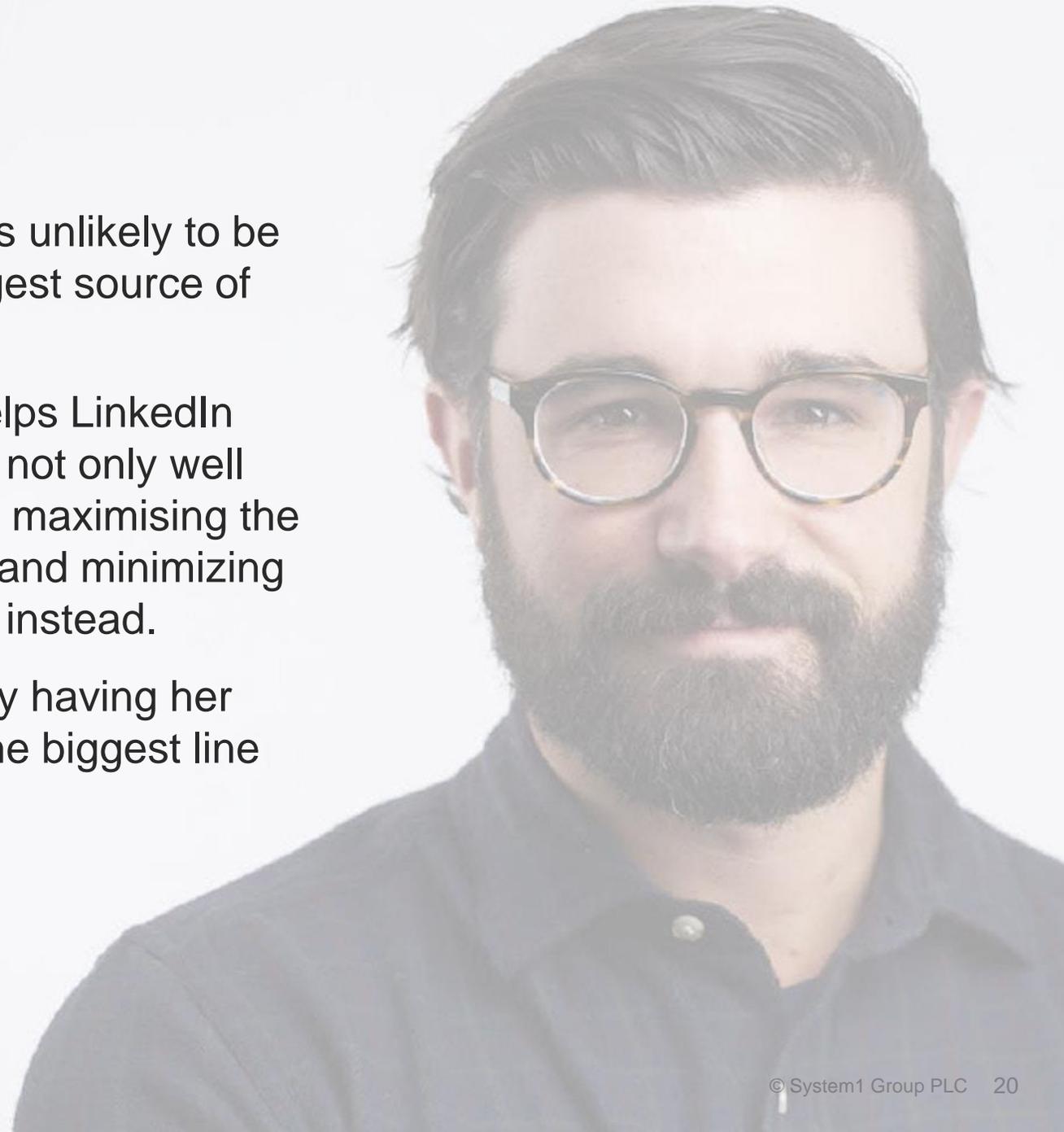
Poor branding, alongside creative that is unlikely to be remembered, is perhaps the single biggest source of waste in marketing.

Working with our partner at System1 helps LinkedIn ensure our clients produce ads that are not only well branded but also emotionally engaging, maximising the chances that the brand is remembered and minimizing the risk their competitor is remembered instead.

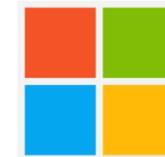
Every smart CFO should mitigate risk by having her marketers test their ad first (generally the biggest line item in the marketing budget!)”

Jon Lombardo

Head of Research, The B2B Institute, LinkedIn

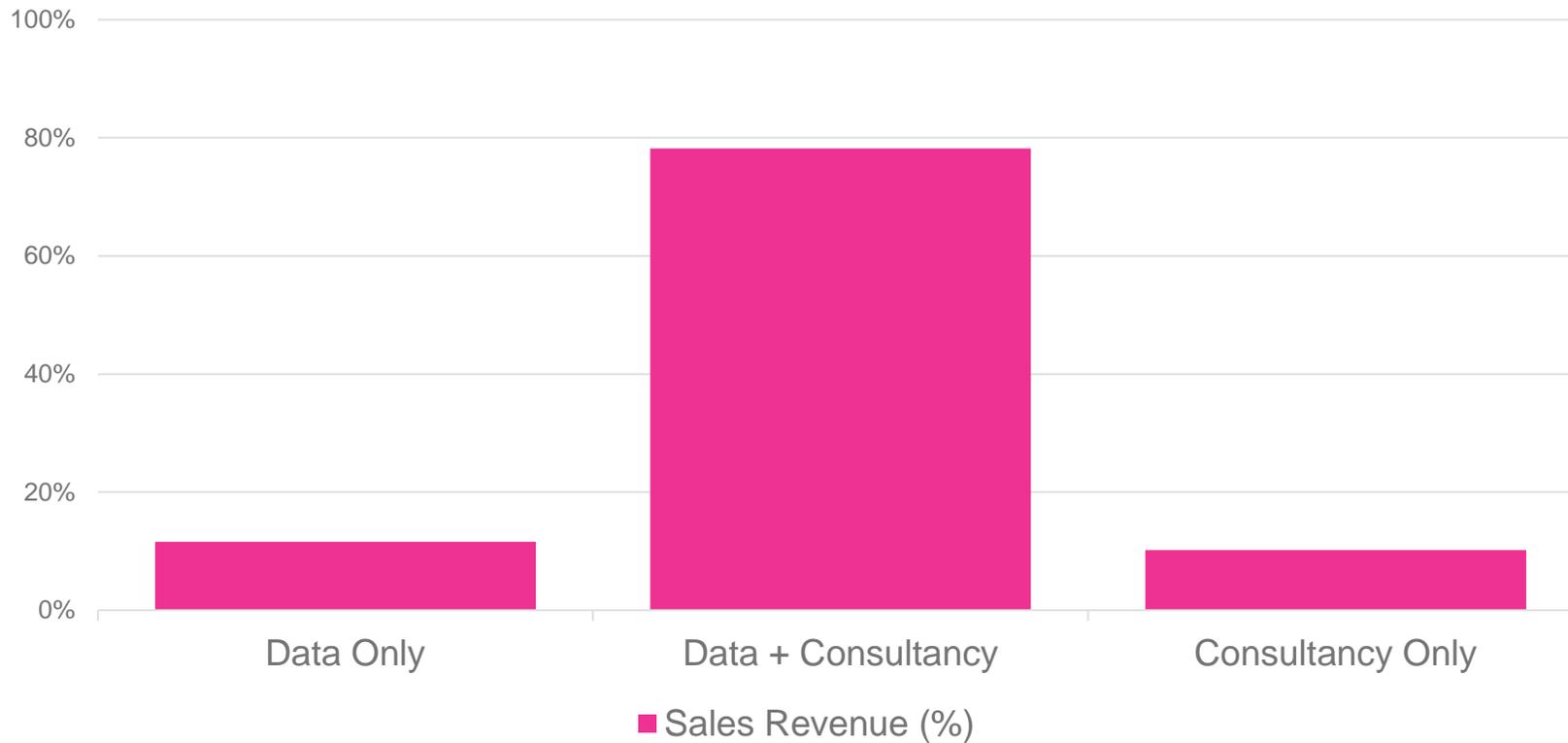


We are targeting the world's biggest advertisers and we already work with many of them



Customers buy both our 'Predict your' and 'Improve your' offer

FY23 Revenue by Offering



Top 10 Customers
35% revenue

Top 20 Customers
54% revenue

We already have many **world class customers** but can only name a few



WORLD'S

#1

Spirit Company



WORLD'S

#1

B2B Media
Company



WORLD'S

#1

Laptop
Manufacturer



WORLD'S

#2

Tech Company



WORLD'S

#2

Sportswear
Company



WORLD'S

#4

Beer Brand



UK'S

#1

Broadcaster



UK'S

#1

Advertiser



UK'S

#4

Spirit Company



BRAZIL'S

#1

Broadcaster

“ **‘We believe in the value of testing early and often, especially with such a wide-reaching campaign like a big game commercial. System1’s platform is incredibly efficient and effective at predicting the success of our creative and identifying areas of improvement’** ”

Lesya Lysyj | CMO
Boston Beer Company

System1

Sam Adams
‘Your Cousin from Boston’

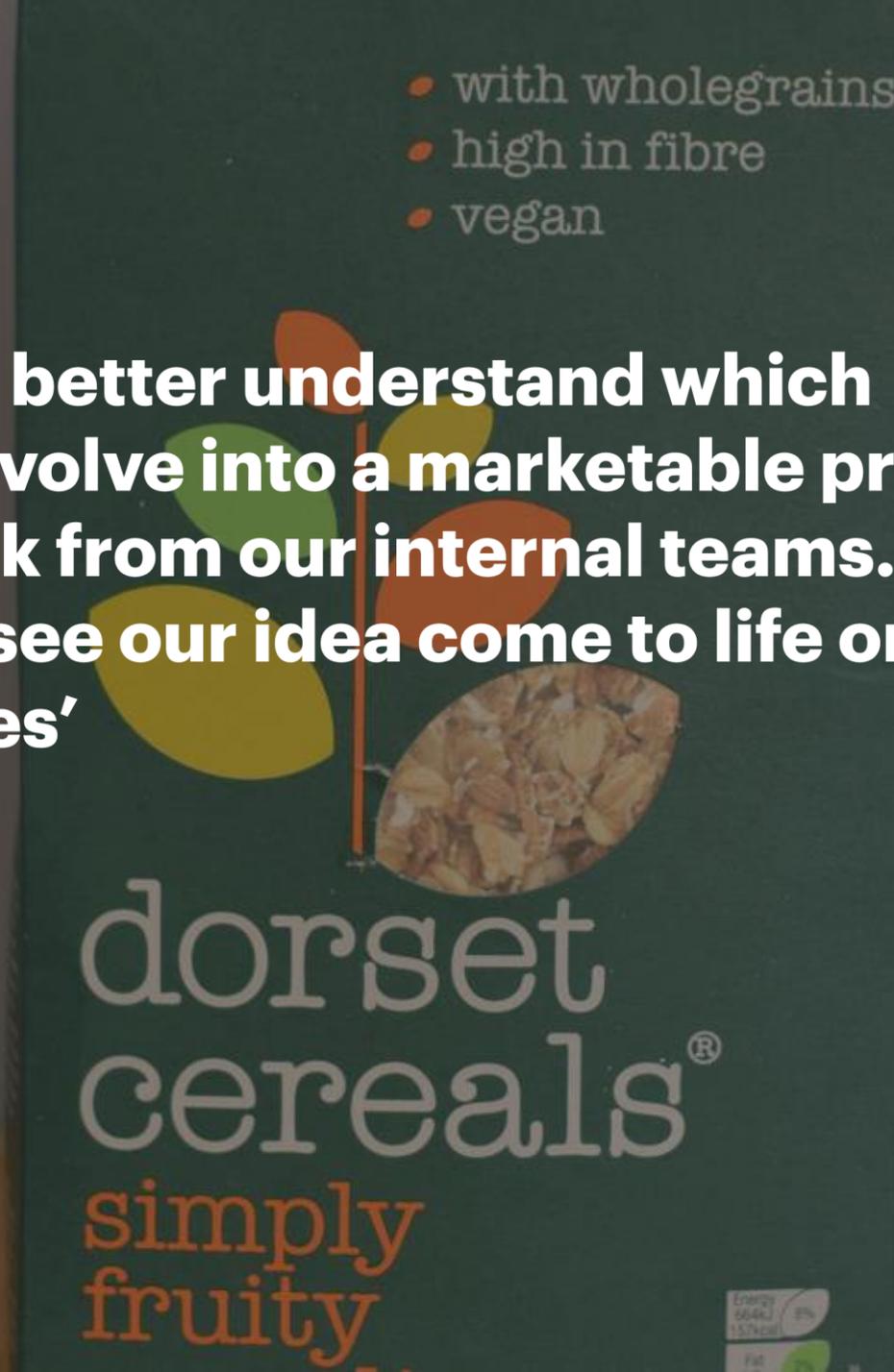
4.9



“**‘System1 helped us better understand which muesli idea could evolve into a marketable product with additional work from our internal teams. It’s been wonderful to see our idea come to life on supermarket shelves’**

Becca Hamson | Brand Manager
Dorset Cereals

System1



We are continuing our focus on the US ...

★ US fame investment including ANA



★ US Advisory Team
(Jon Bond, Noah Brier)



★ Increase New Biz Team



... and we are seeing **new US wins** already

Recent US Wins



A top 3 global FMCG company



2 major US grocery retailers



A top 3 global online recruitment platform



US division of a top 3 global spirits company



Top 10 fortune 500 company

Exciting US Pipeline



A top 3 US broadcaster



Pilot with a top 3 global online retailer



Top 10 fortune 500 company



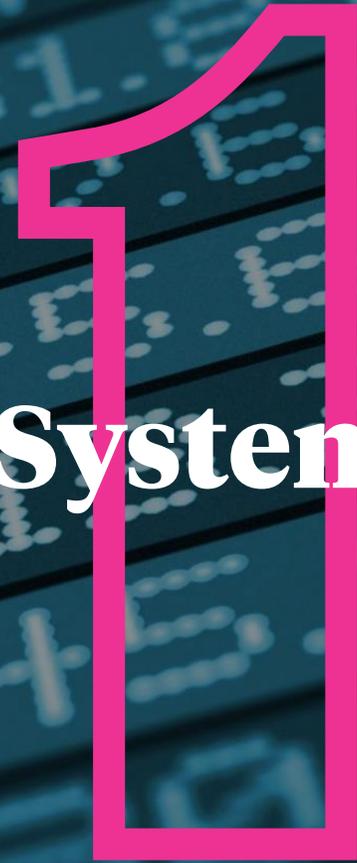
Pilot with 2 global social media platforms



Top 10 US technology company

Financial Performance

System1



System1

Chris Willford

Chief Financial Officer



Profit & Loss

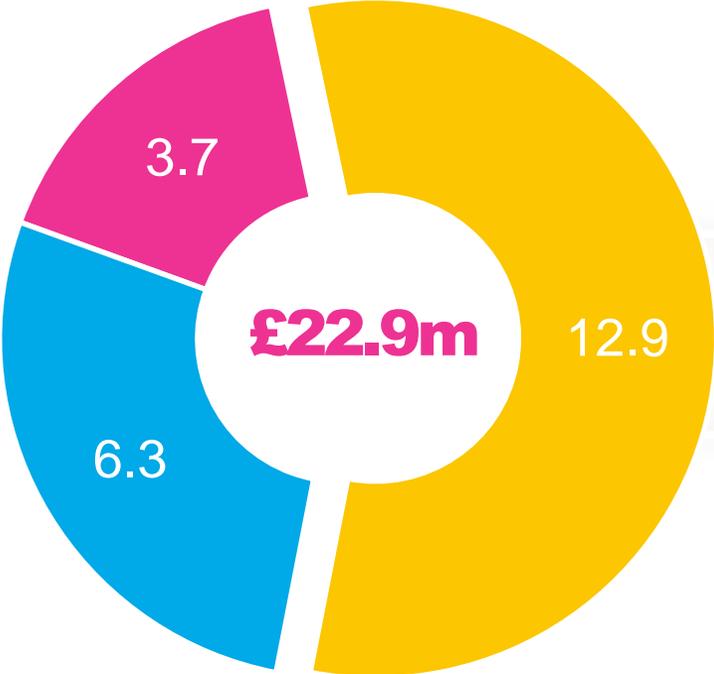
	2023	2022	Change £m	Change %
Platform Revenue	17.4	12.4	+5.0	+40%
Non-platform Revenue	6.0	11.7	-5.7	-48%
Revenue	23.4	24.1	-0.7	-3%
Gross Profit	19.7	20.2	-0.5	-2%
Adjusted Operating Costs	(18.9)	(19.2)	-0.2	-1%
Adjusted Profit Before Tax	0.8	1.0	-0.2	-24%
Statutory Profit Before Tax	0.7	0.9	-0.2	-23%

Key Performance Indicators

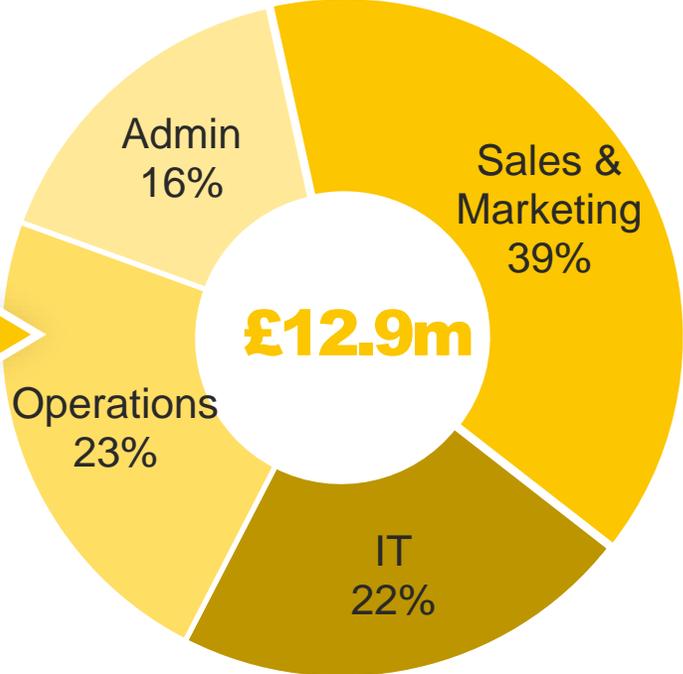
	2023	2022
Platform Revenue % total Revenue	74	52
Platform Revenue growth %	40	-
Gross Profit % Revenue	84.2	83.8
Adjusted EBITDA £m ¹	1.8	2.1
Adjusted EBITDA % Revenue	8	9
“Rule of 40” ²	48	-
Free cashflow £m ³	(3.1)	2.5
Net cash £m	5.7	8.7

Operational gearing from Platform | Cost base is mainly fixed, mainly people

Expenditure by Type | Statutory



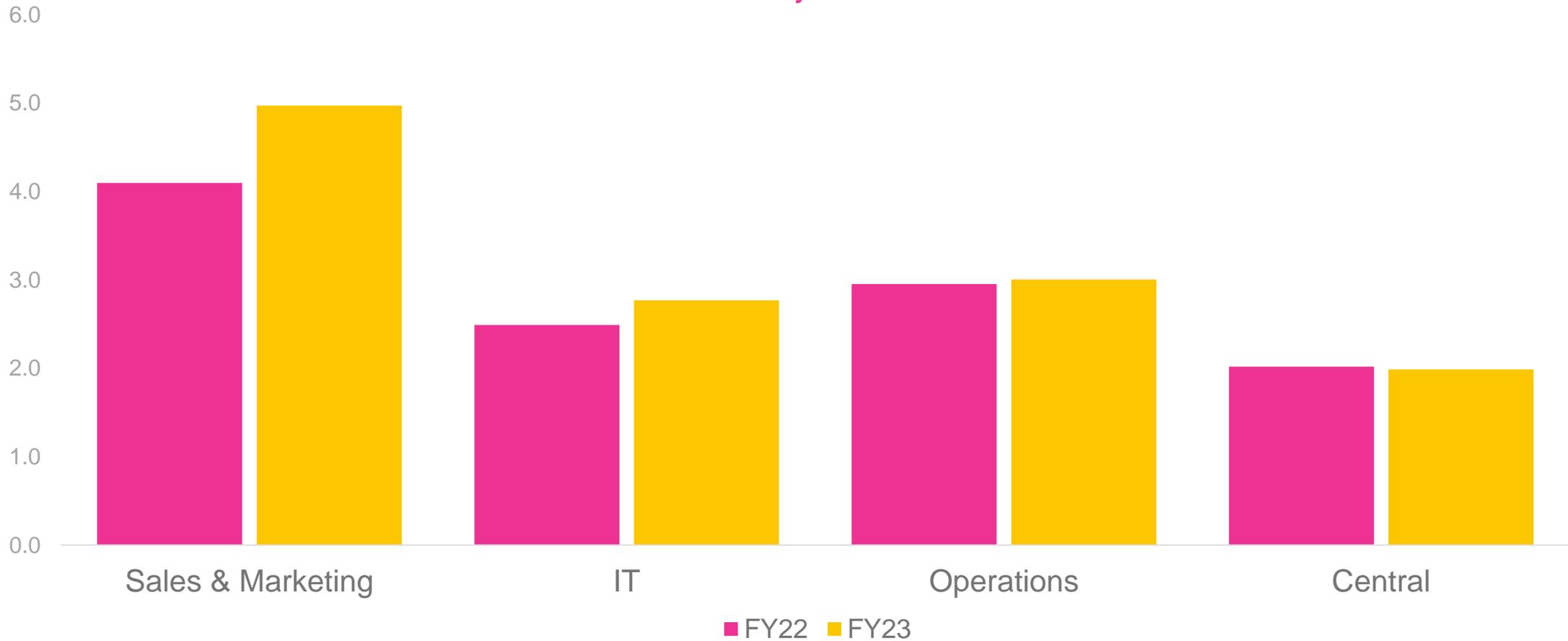
Staff Overhead



■ Direct Costs ■ Staff Overhead ■ Non-staff overhead

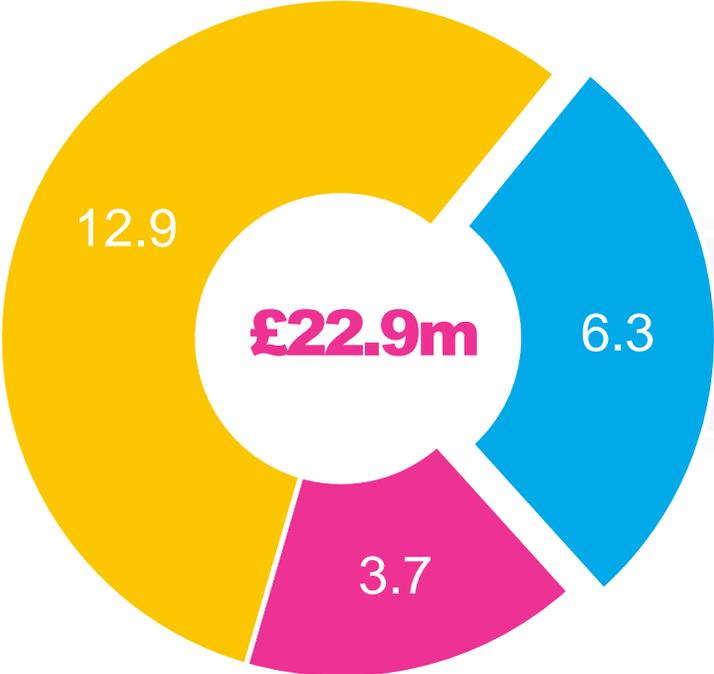
Focused investment| Growth as planned in Sales & Marketing team in FY23

Staff Overhead by business area £m

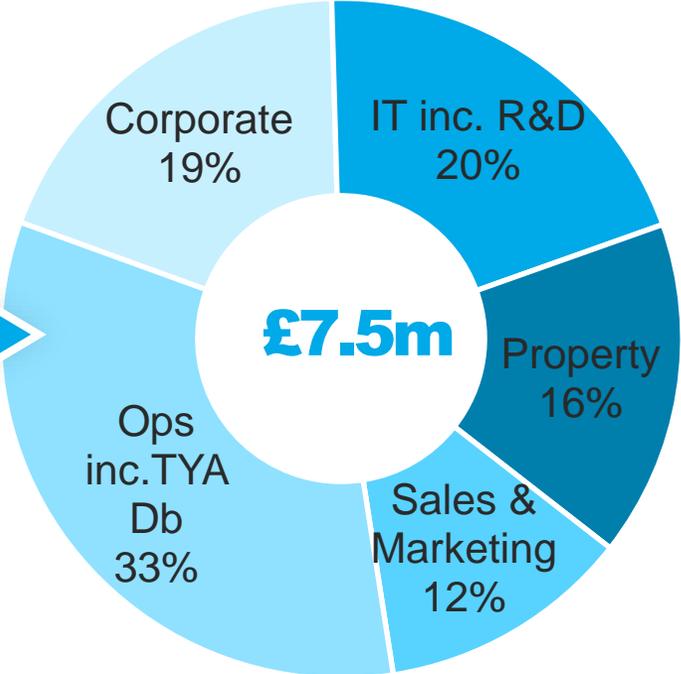


Non-staff overhead | Predominantly Data/IT/Property infrastructure and Group centre

Expenditure by Type | Statutory



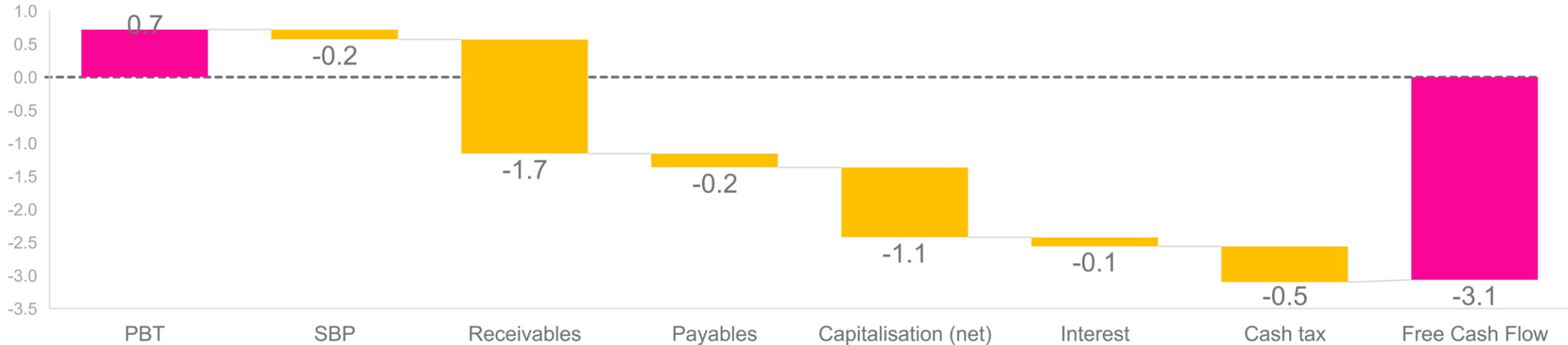
Non-staff overhead excl. £1.2m capitalisation & FX credits



■ Direct Costs ■ Staff Overhead ■ Non-staff overhead

Free Cash Flow | affected by low-start high-end year and more investment in platform

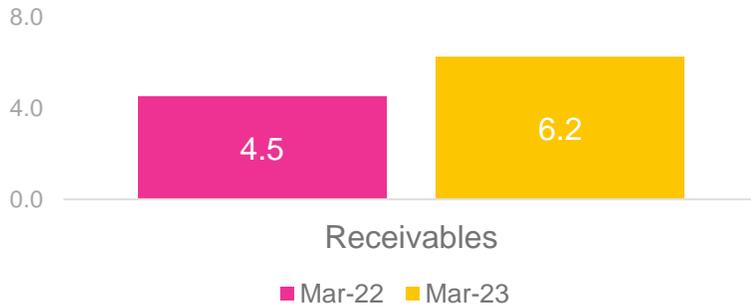
Free cash flow FY23



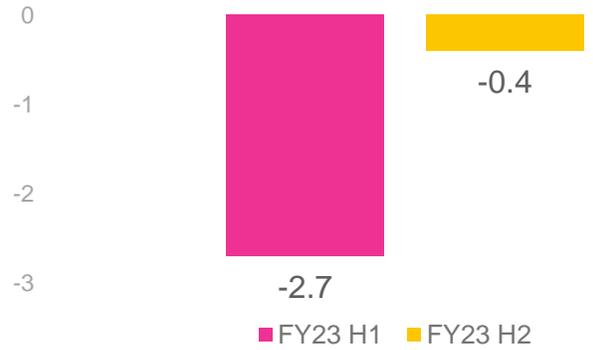
FY23 Working Capital Squeeze



Receivables hit by trough to peak year end sales



FCF outflow concentrated in H1



Summary

- ★ Growing platform sales momentum
- ★ Relentless focus on execution of strategic plan
- ★ Customer focus, targeting world's largest businesses
- ★ New product channels, amplified by partnerships
- ★ Continued focus on growing the US
- ★ Gross profit margins strong, profitable again, cash neutral in near term
- ★ Platform ready, overhead cost base stable – we are ready to scale up!

Q&A

System 1

Microsoft | We All Win

