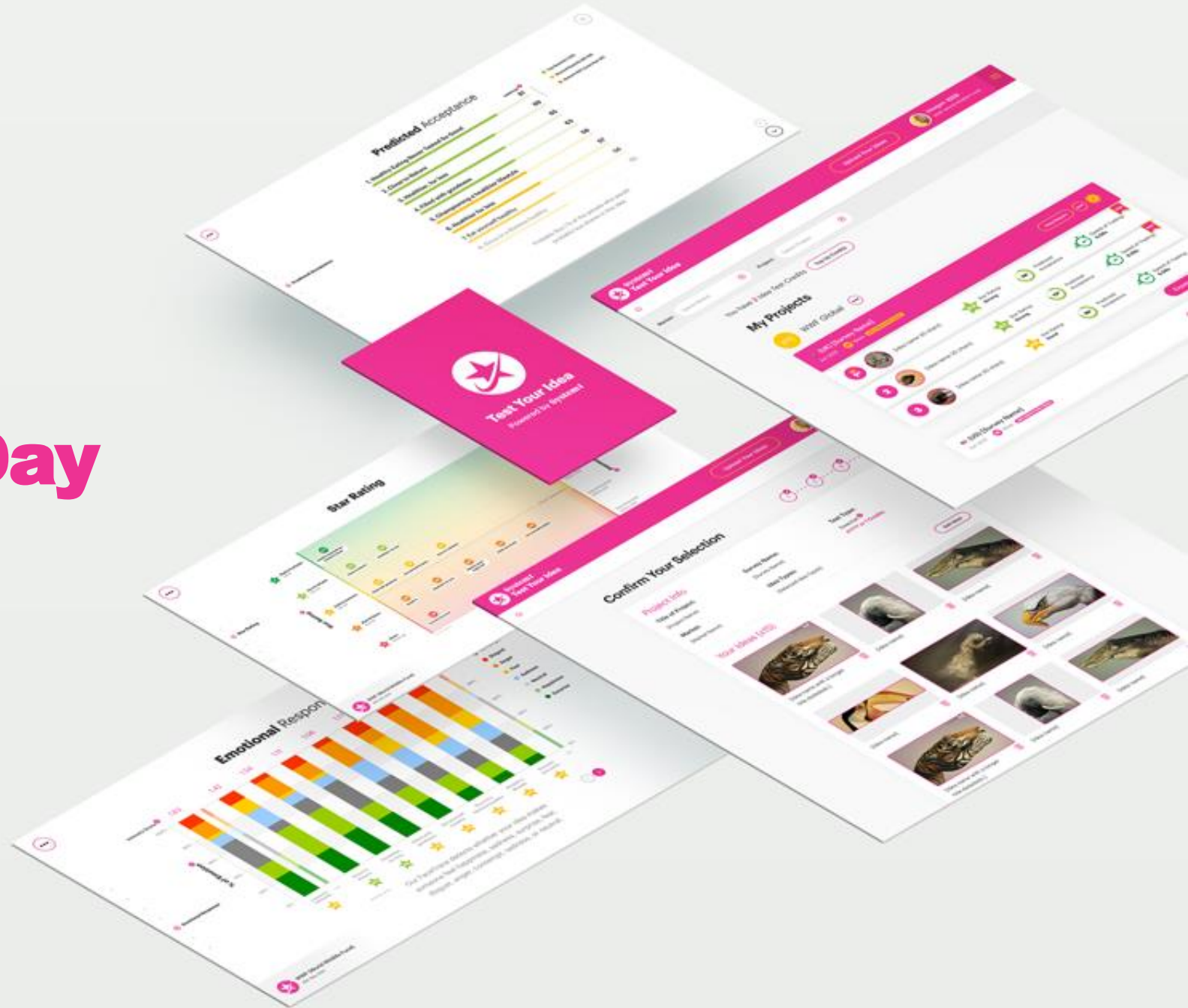


System1

Don't guess. Test.

Capital Markets Day

The World's Marketing
Decision-making Platform



System1

Don't guess. Test.

John Kearon

Chief Executive Officer

As CEO, JK has steered System1 from a start-up in 2000 to where it is today, shaking up traditional market research with fresh innovative thinking and game-changing methods. Before System1, JK founded an innovation agency, Brand Genetics, after being Planning Director at Publicis, and holding various research/marketing positions at Unilever.



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

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

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 far 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



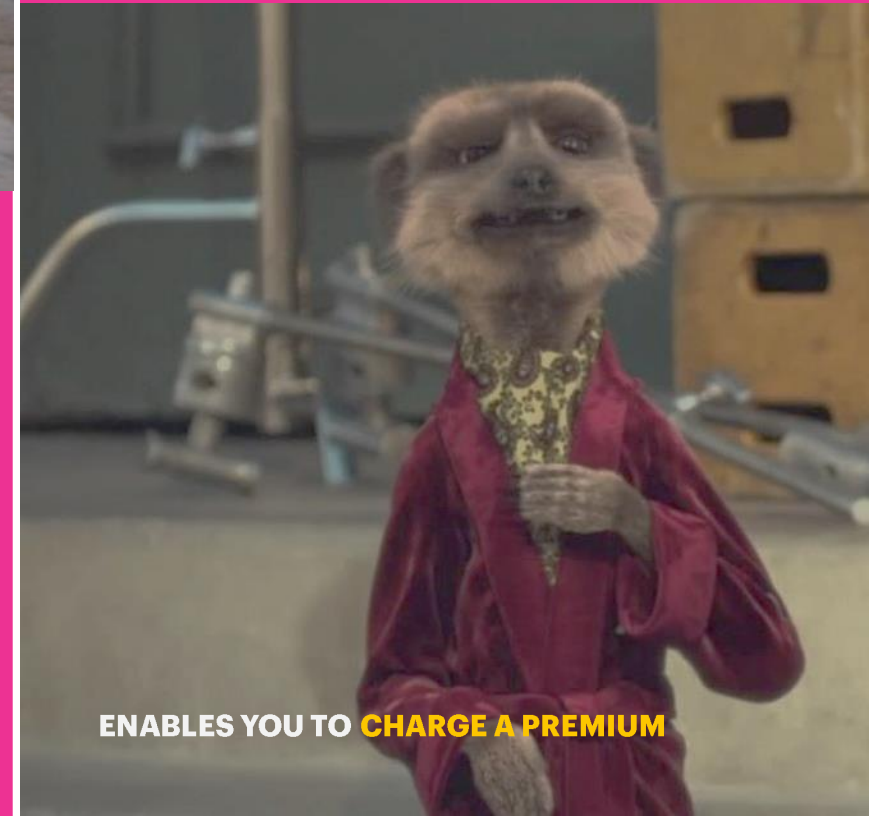
PREDICTS **FUTURE** BRAND SHARE

Feeling

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

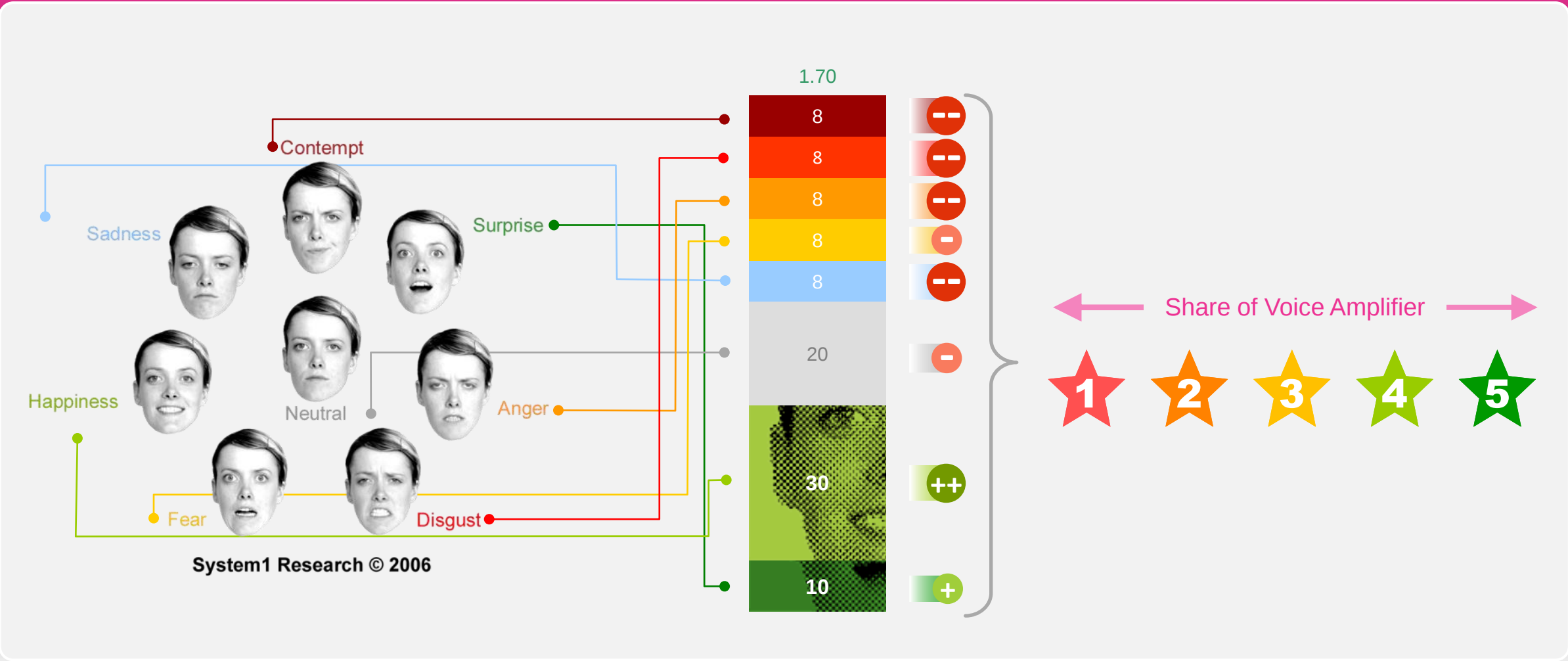
Fluency

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



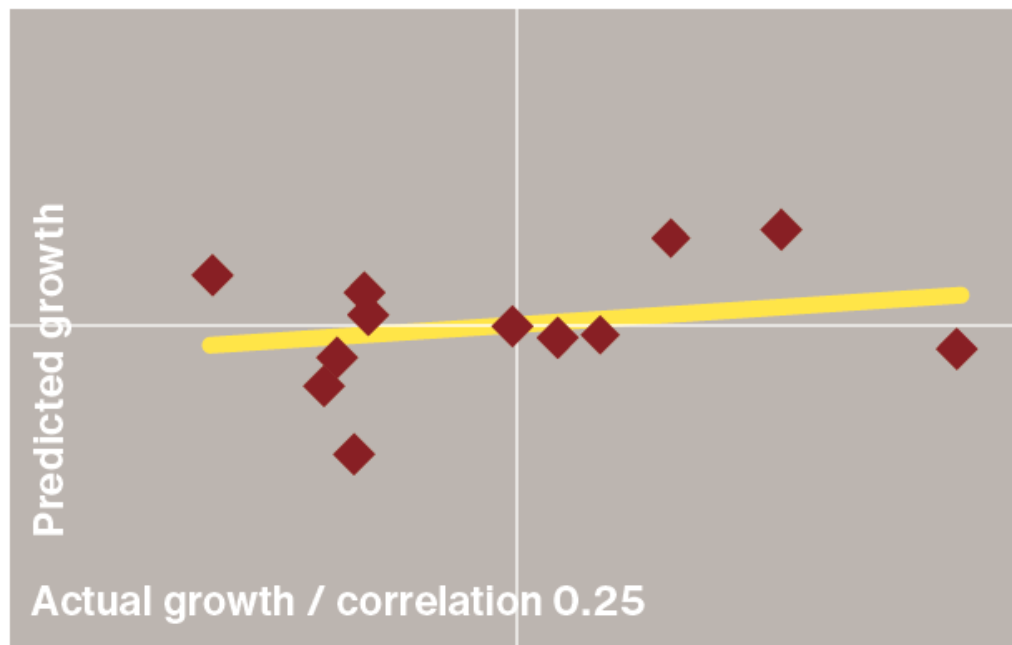
ENABLES YOU TO **CHARGE A PREMIUM**

Predicting share gain from emotional response.

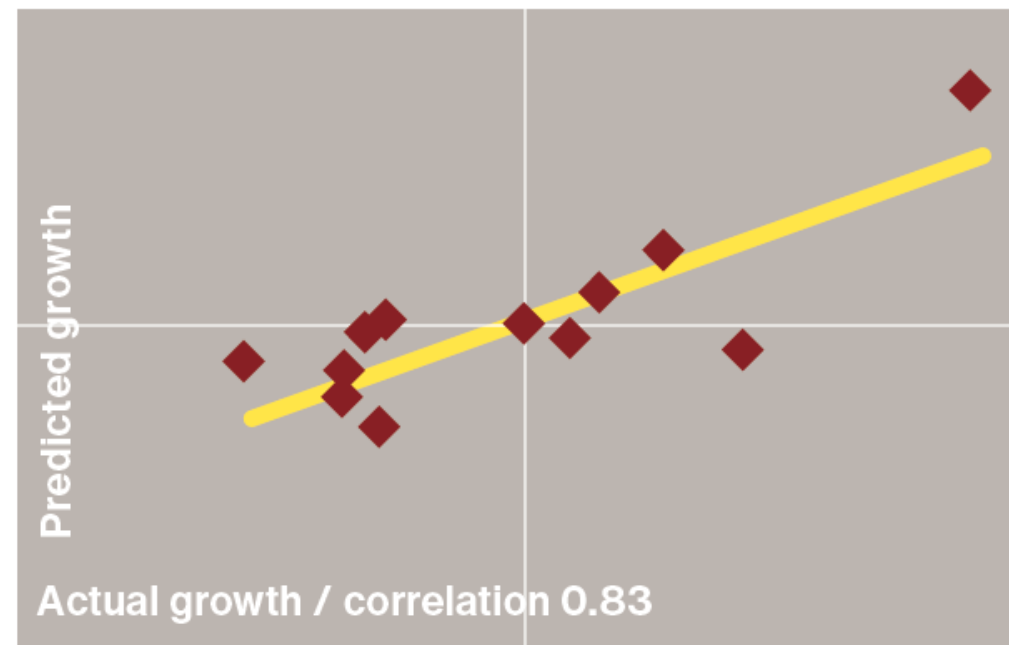


ESOV and the emotional multiplier explain market share growth.

Quantity of advertising
(TV ESOV)

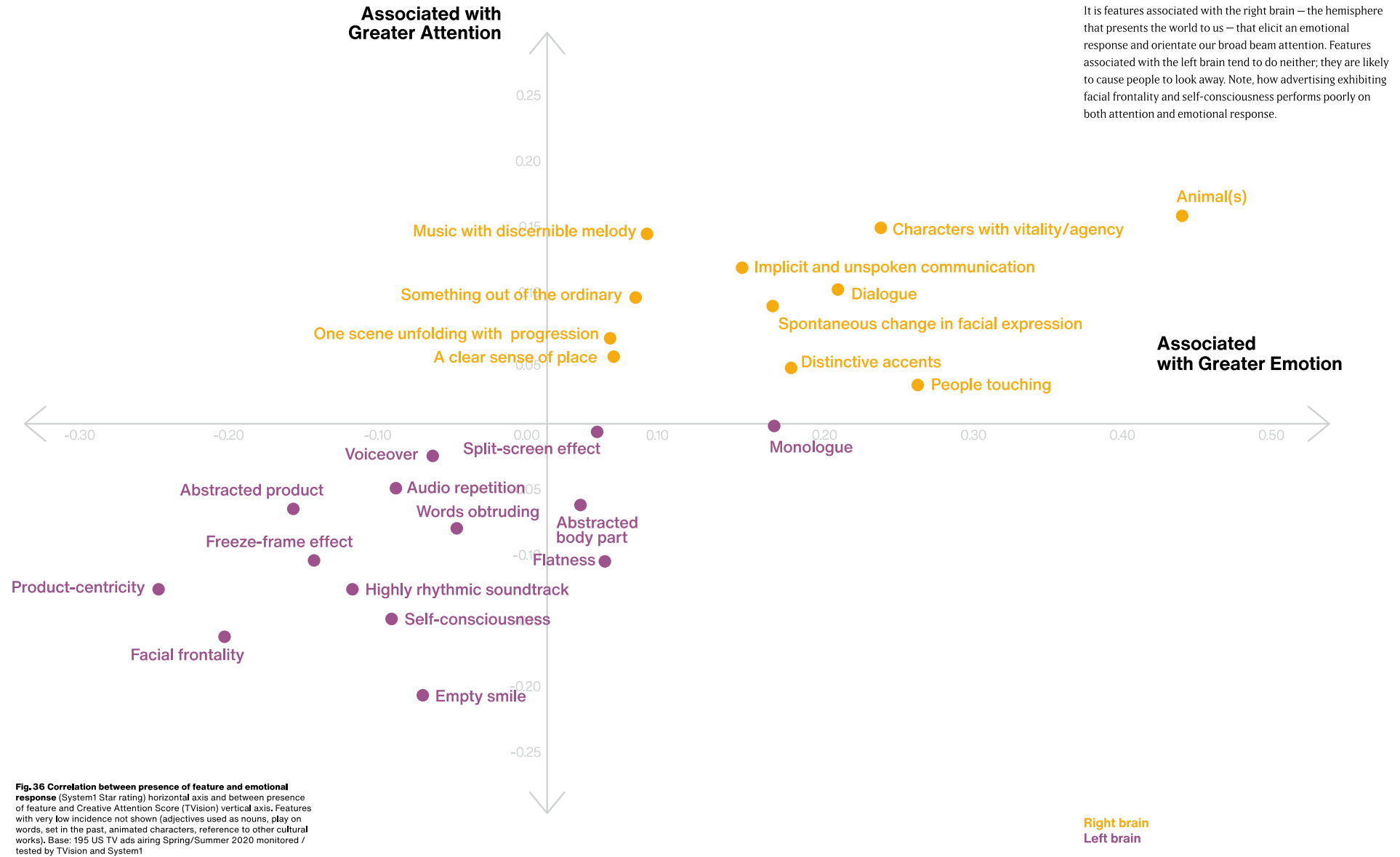


Quantity and quality of advertising
(TV ESOV x Star rating)



Annual value market-share predictions for the UK Cereal category.

Graph above left shows ability of basic ESOV to SOM gain model to predict actual value market-share changes;
graph above right shows enhanced emotional ESOV to SOM gain model



Attention & Recall is dramatically increased with right-brained advertising

Spontaneous Brand Recall (%)

24

26

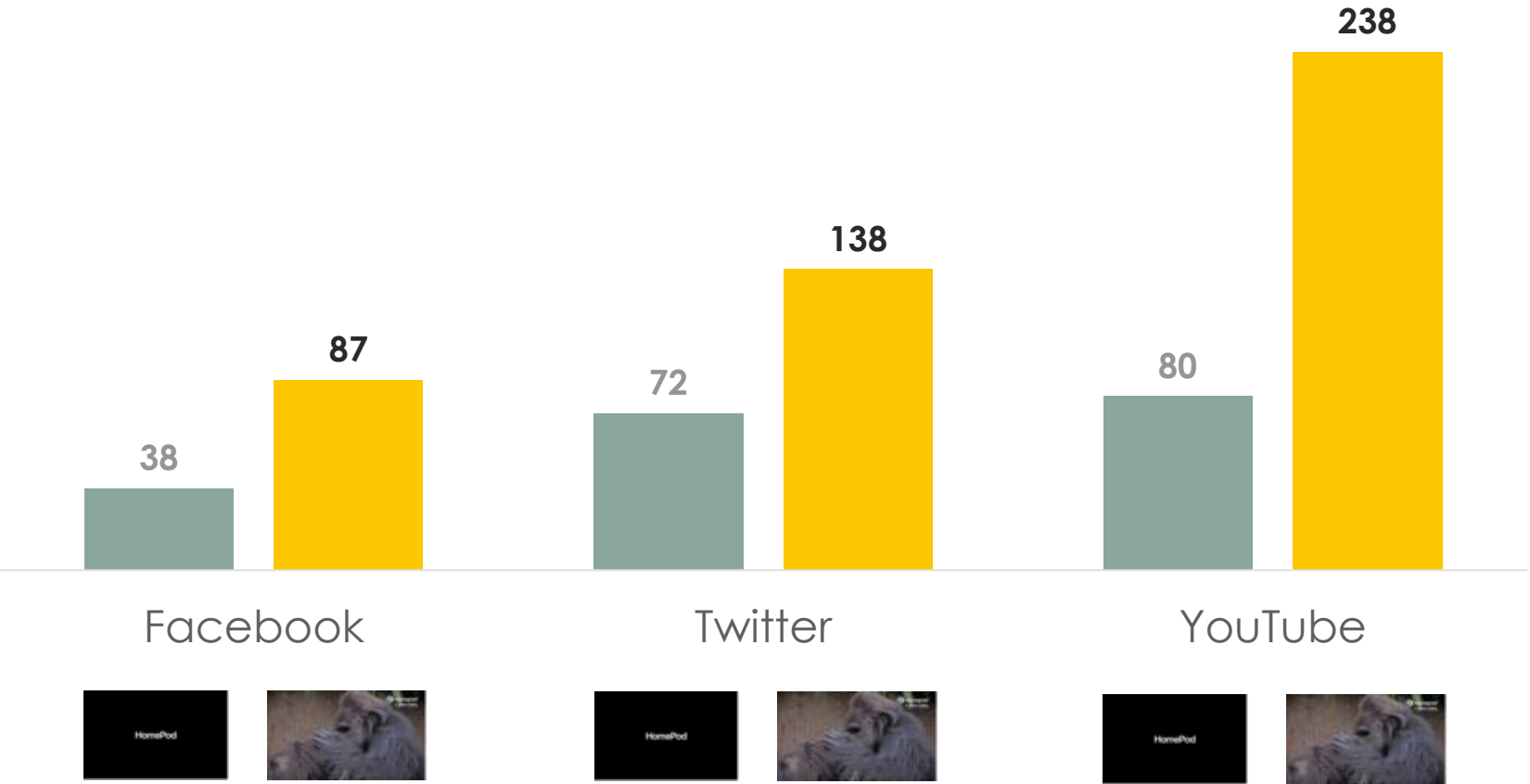
28

41

28

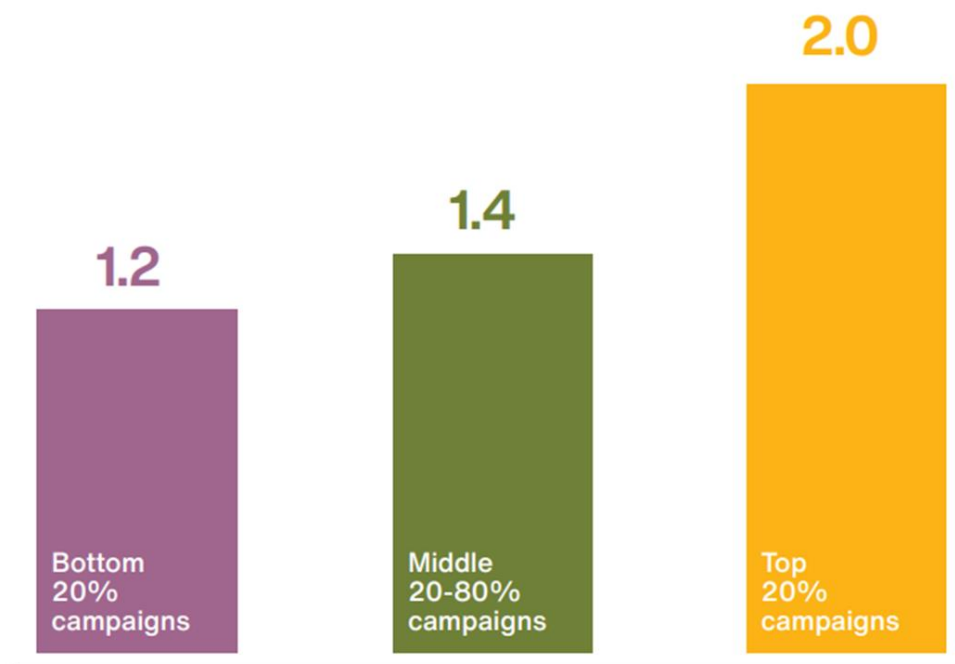
38

Minutes of attention per 1000 valuable impressions



Right-brain campaigns more likely to drive broad/lasting effects

Average number of very large business effects



Video campaigns ordered on skew towards number of right brain features

How right-brain campaigns drive very large business effects

Base: 43 IPA campaigns (137 ads) 2016-2020

Innovation & investment to maintain this product lead

Product	Platform	Database	Innovation
 Test Your Ad	Fully automated June 2021	Now 78,000 ads UK 95% by December 21	TYA Profit Projector TYA Pro Reports
 Test Your Brand	Fully automated November 2021	Now c.6000 brands	TYB Pro Reports TYB Predictions Q2 22
 Test Your Idea	Fully automated May 2022	Now c.55,000 concepts	TYI Pro Reports Q2 22

System1

Don't guess. Test.

James Gregory

Chief Operating Officer

As COO, James sets and delivers our operational strategy. He leads our transformation to a platform business, translating complexity into clear customer-focused solutions. He brings 15 years of leadership experience in strategy, operations, and change management across digital, distribution, and online retail environments.



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 ...



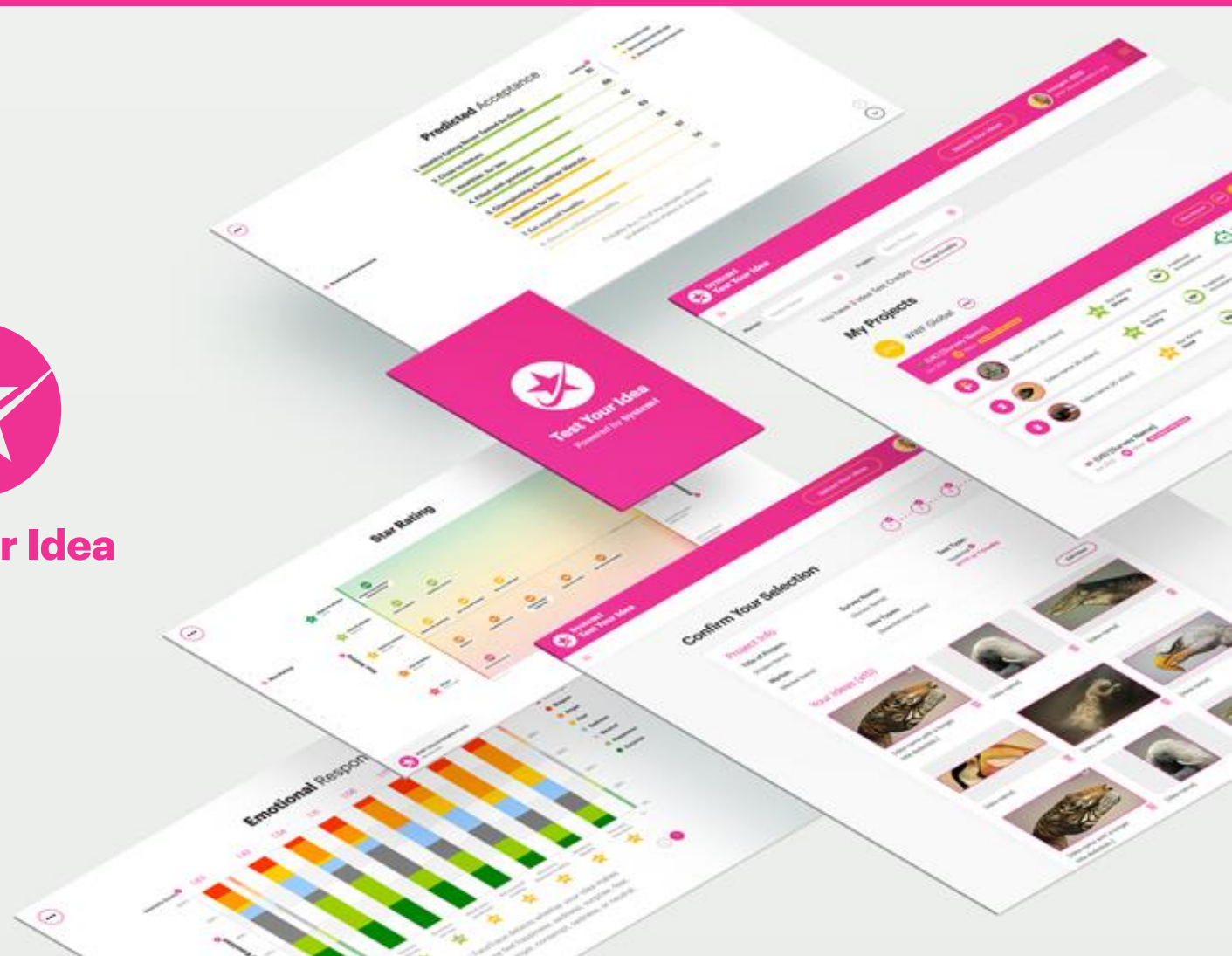
Test Your Ad



Test Your Brand



Test Your Idea



System1

Don't guess. Test.

...underpinned by world-class Creative Guidance



Better



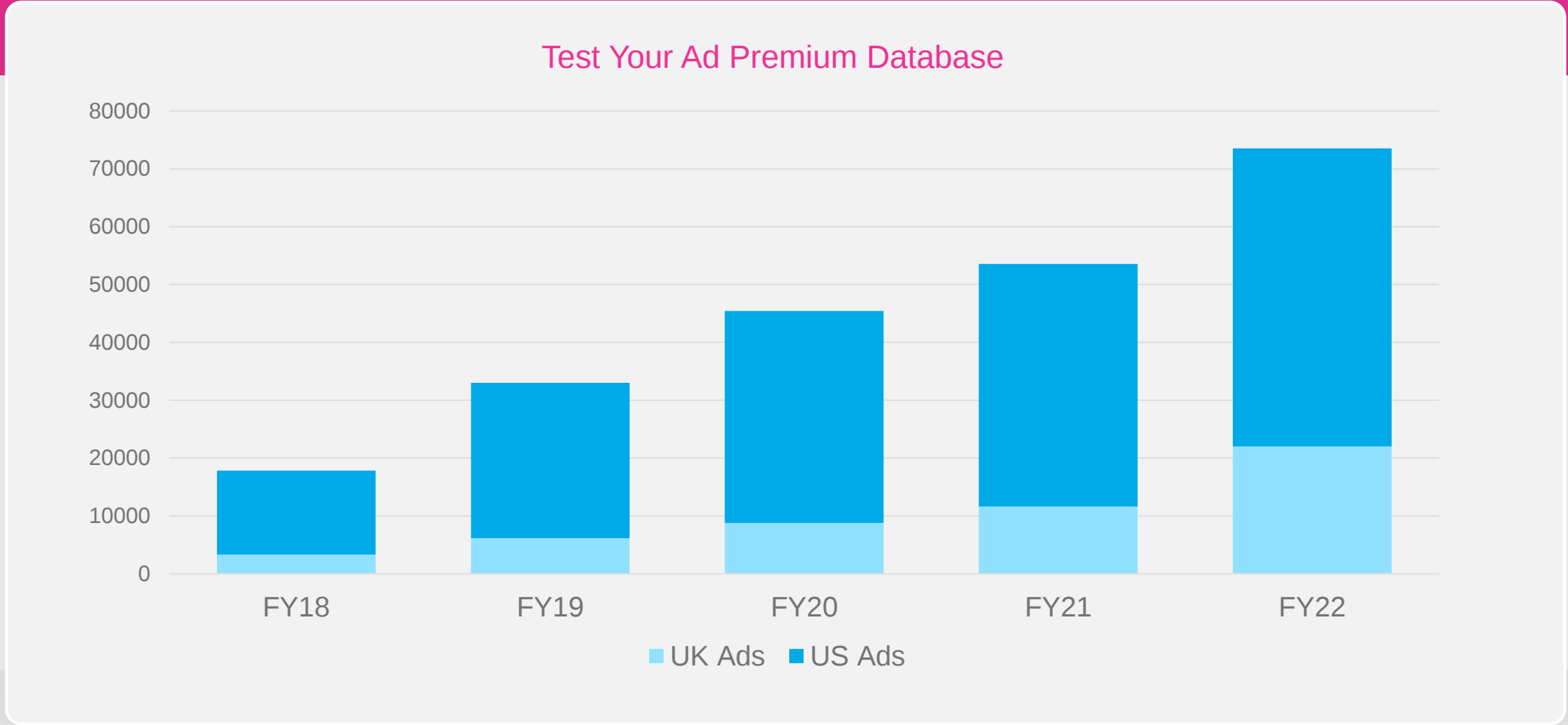
Faster



Stickier



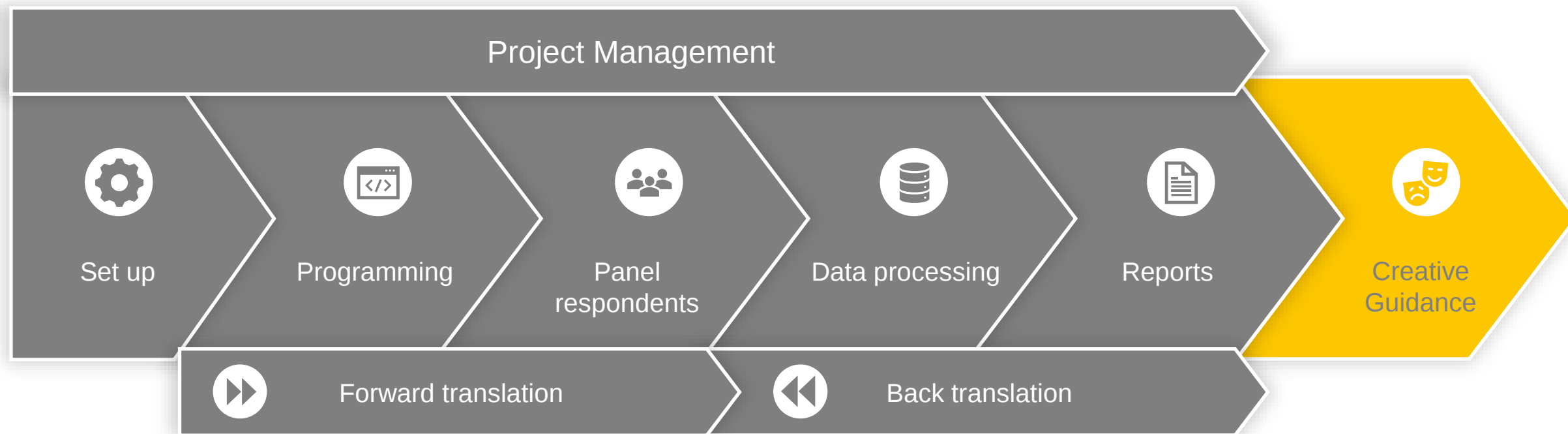
We have the **largest database of Ads in the UK and US**
Tested within 24 hours of airing



2000-2020 | Highly bespoke market research operating model

Very manual, adding time, cost and complexity

Traditional Manual Bespoke Market Research Operating Model

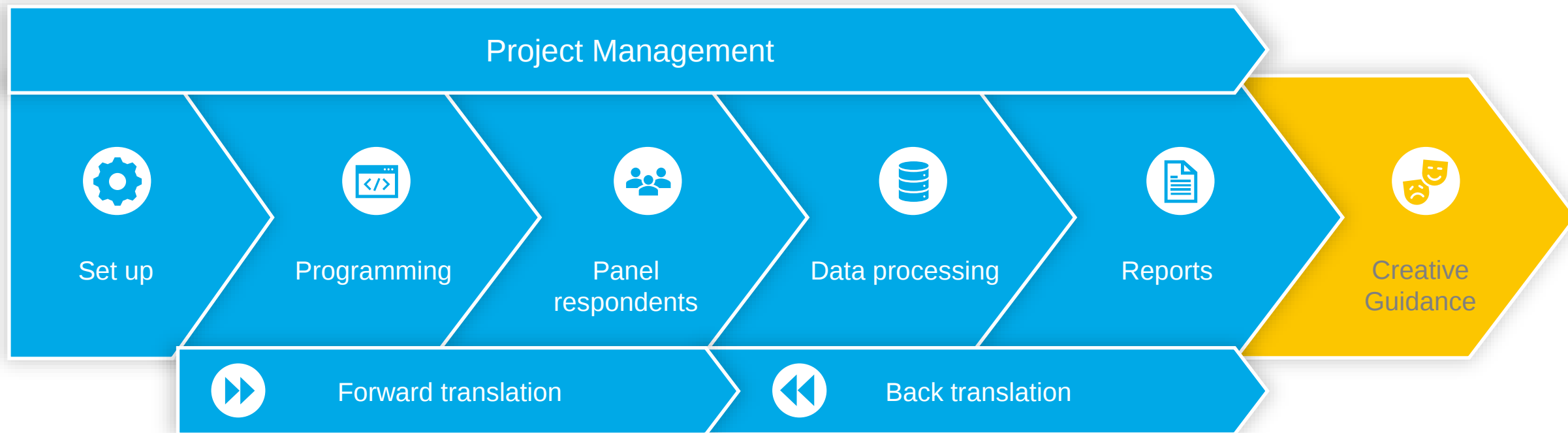


Key:  Manual Process  Consultancy

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

Better, Faster, Cheaper, and Hugely Scalable

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



The research market is facing challenges



Market Context



Respondent supply vs demand



Consolidation of sample providers



Challenges to respondent quality

However, our surveys are appealing to respondents



Survey Appeal



Short LOI **5m:04s**

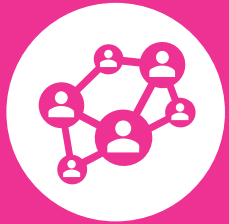


High IR **77%**



Respondent engagement **87%**

...additionally, we can create a win-win Partnership with a sample supplier



Partnership with
a sample supplier

For supplier



High, consistent test volumes



Highly appealing and engaging content

For System1



Priority access to sample supply



Higher sample quality



Beneficial financials

System1

Don't guess. Test.

Jon Evans

Chief Growth Officer

As CGO, Jon is accountable for our product proposition, marketing and sales, reaching for the Stars and catching them. An experienced commercial leader with a track record of delivering substantial brand growth. He brings a lot of experience on the client-side creating advertising campaigns and launching innovations for many of the UK's most popular drinks brands. He has picked up some Cannes Lions, Effies, and DBA's along the way too. He is also the host of the popular Uncensored CMO podcast.



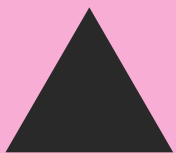
The Case for System1

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

Market Research

\$43bn

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

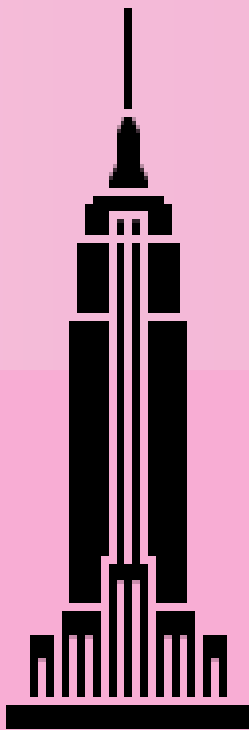


Great Pyramid 250BC

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
\$1.0bn	Waste + profitable growth	



Empire State Building 1931

Marketing

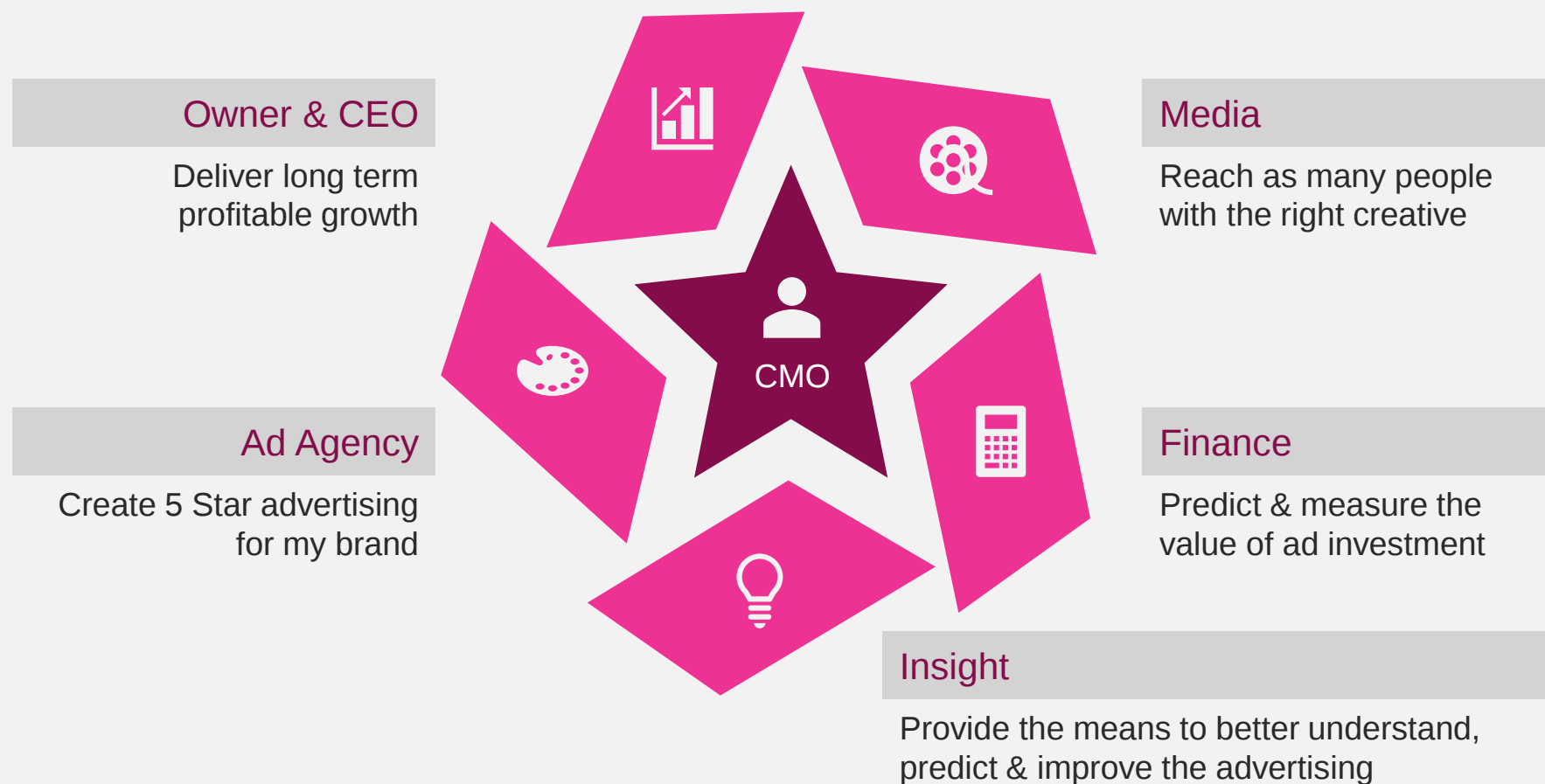
\$1700bn



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

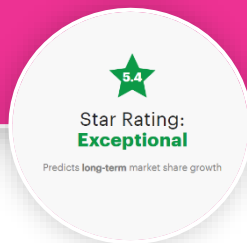
Why System1 is set for success



We **understand** & promote effectiveness better than anyone



We **predict** your effectiveness better than anyone



We **improve** your effectiveness better than anyone



We **deliver** data faster & more effectively than anyone



We **employ** the best, so your effectiveness is better than anyone



feeling seen USA

How diverse advertising unites us

feeling
seen
USA

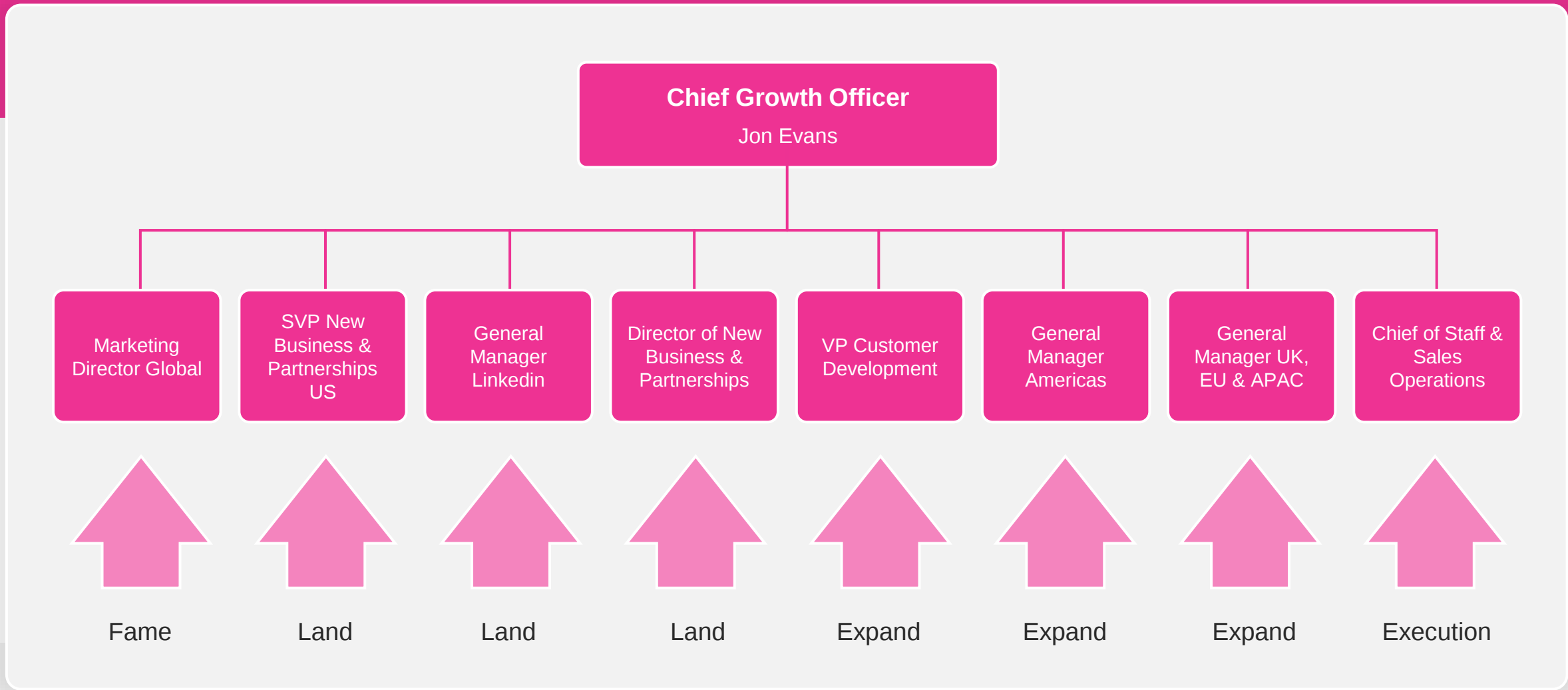
How diverse advertising unites us

System 1

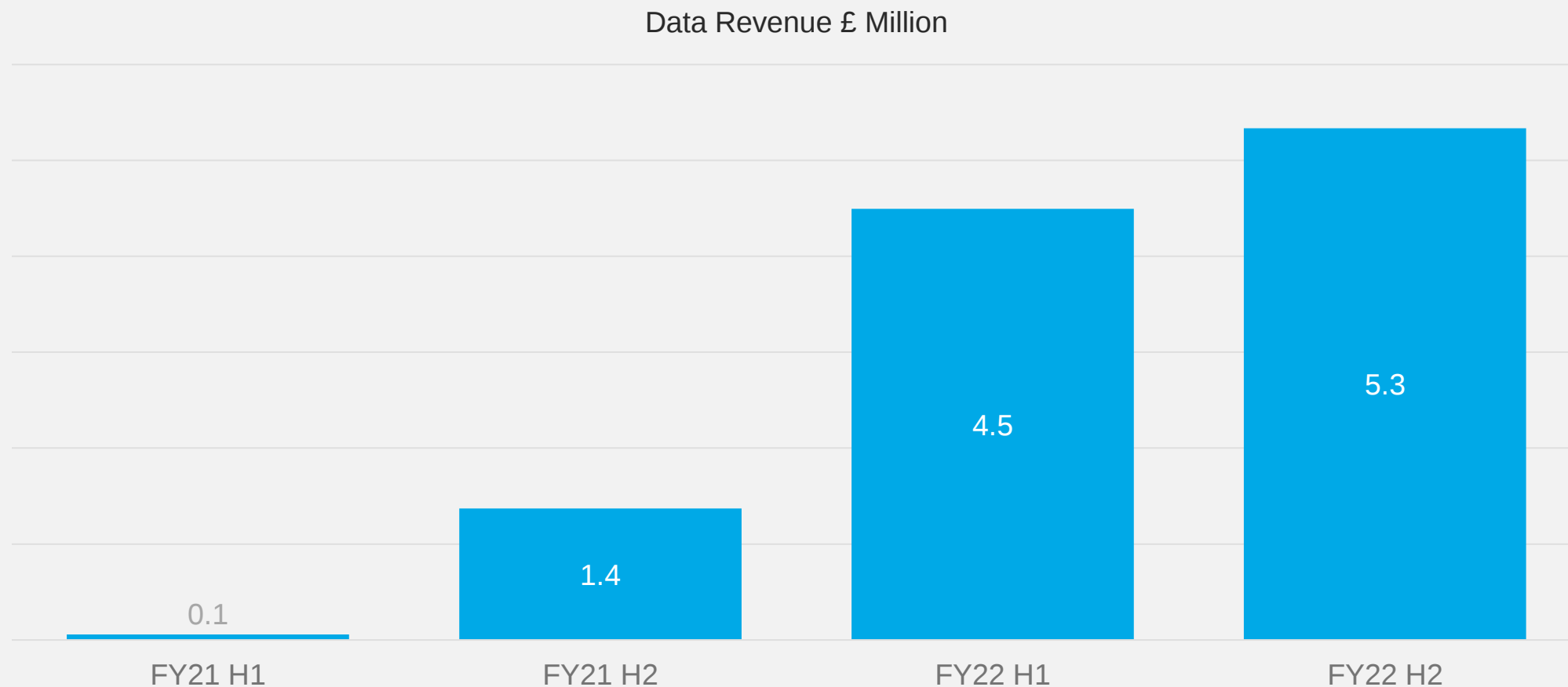
System 1

Don't guess. Test.

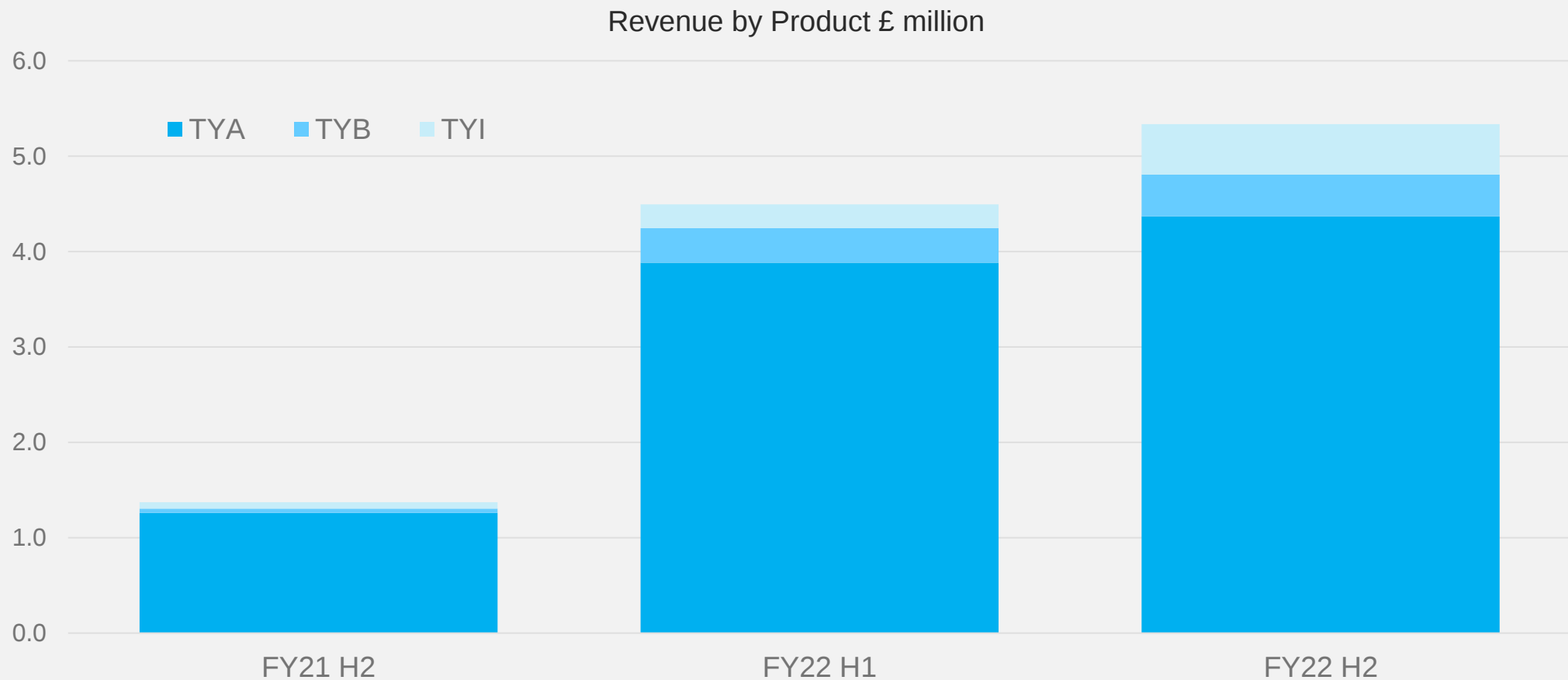
New commercial organisation is set up to **achieve rapid growth**



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

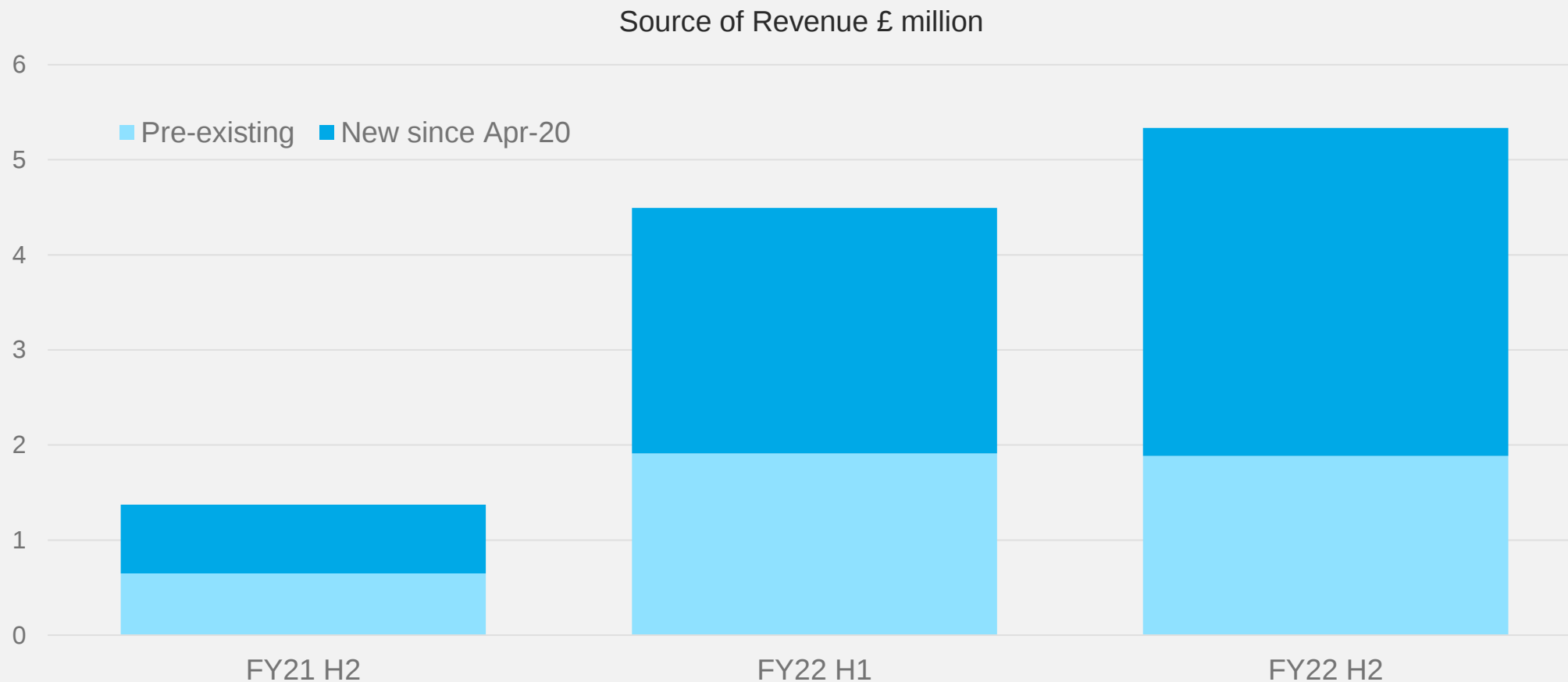


The success of **Test Your Ad** sets us up nicely for **Test Your Idea** & **Test Your Brand**

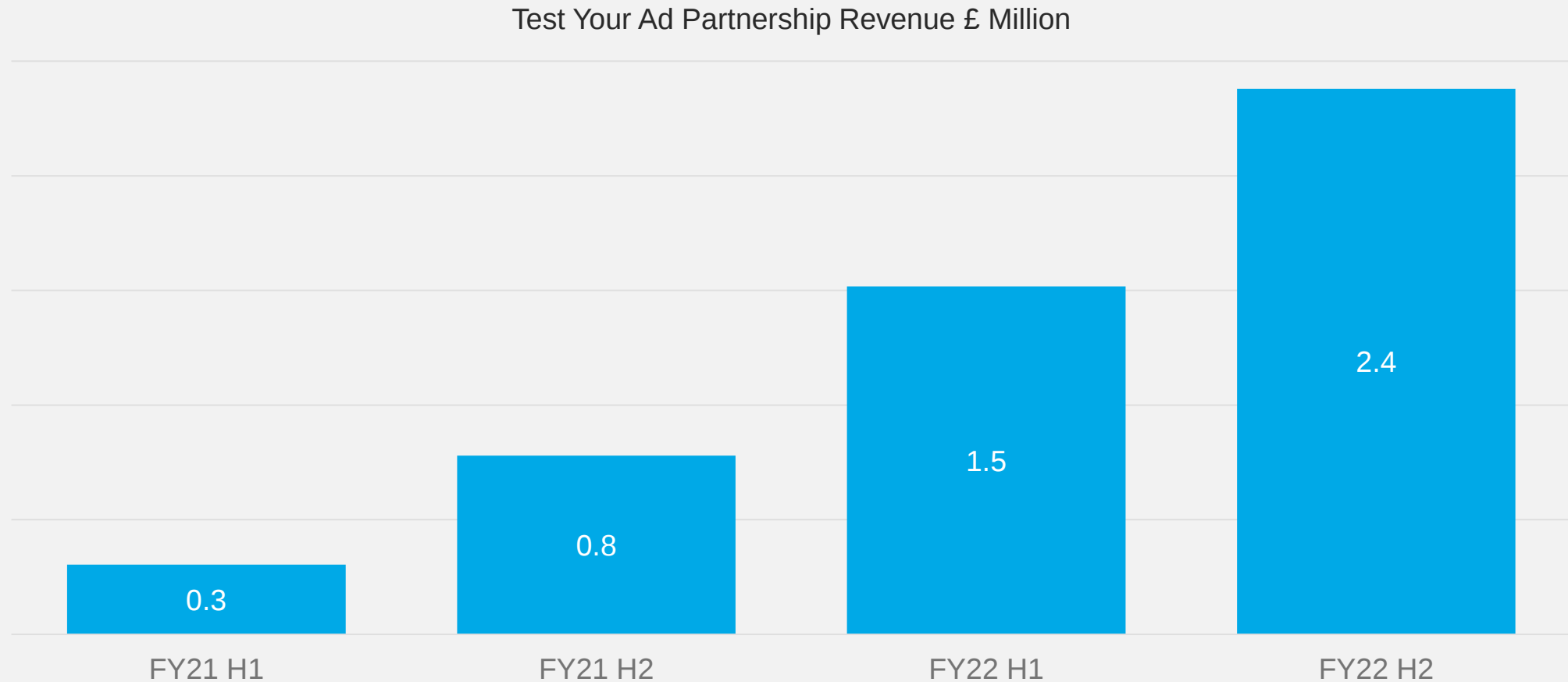


The majority of data sales are now coming from **new** customers

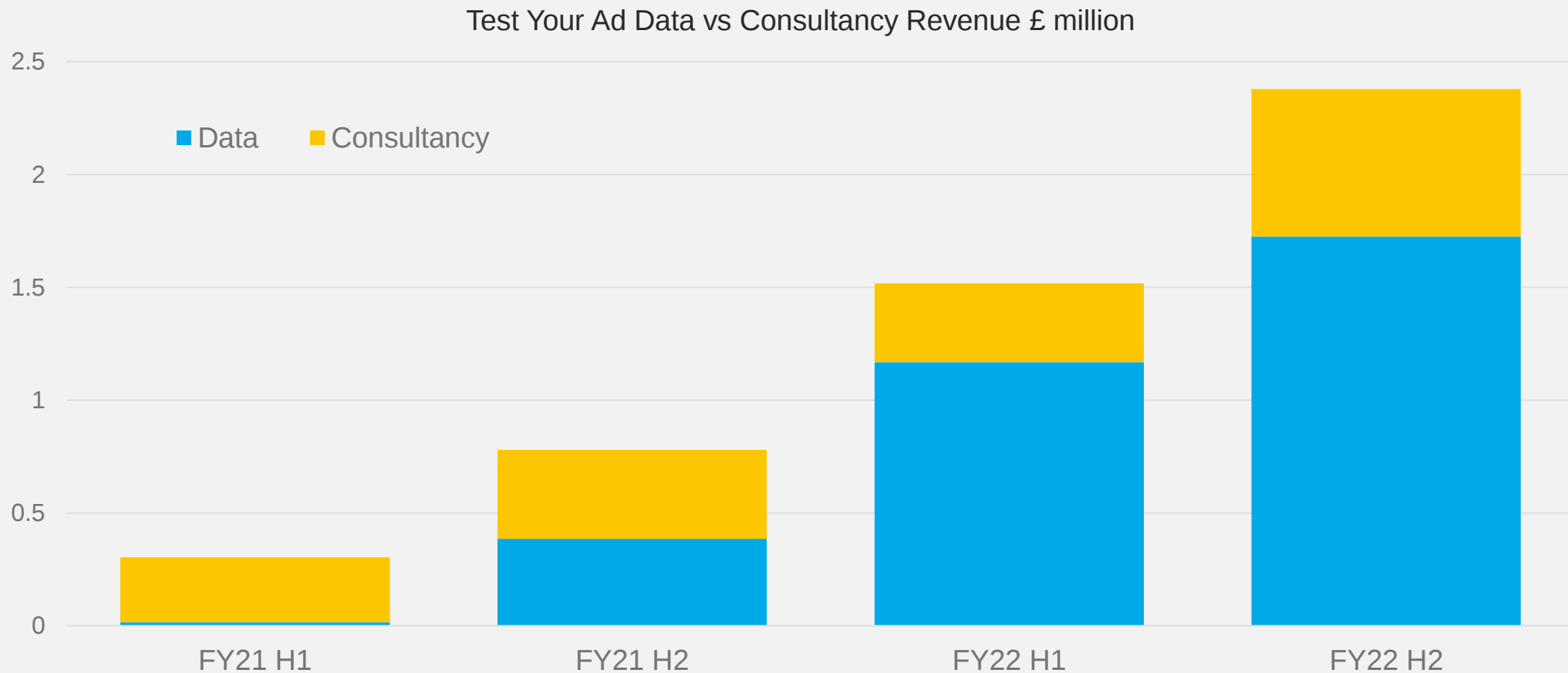
No.1 UK Advertiser, No.1 UK Broadcaster, World's No.1 B2B platform, World's No.1 laptop manufacturer, World's No.2 sportswear brand



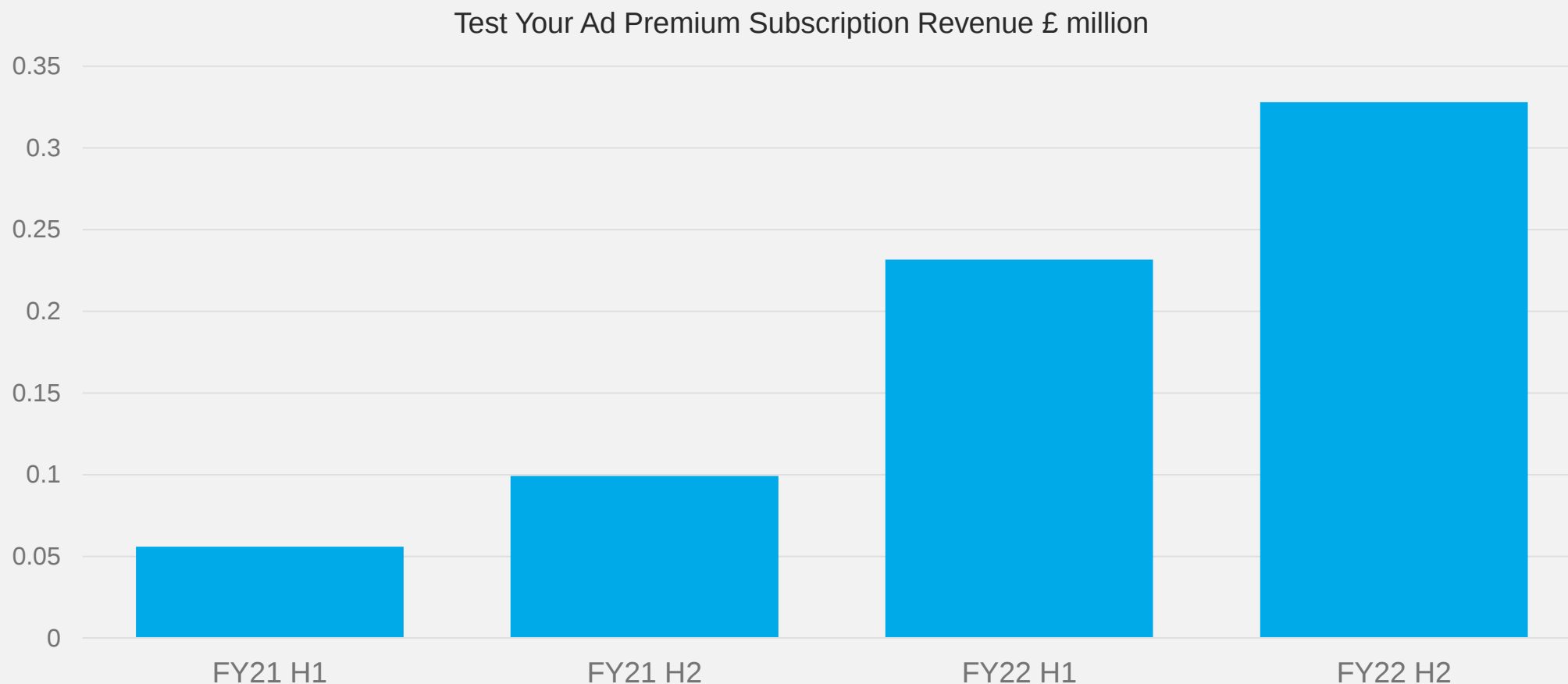
The most significant source of new business has been through **partnerships** with advertising agencies and media platforms



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



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



**YOUR
COUSIN
FROM
BOSTON**

DYNAMICS



Creative Guidance



YOUR
COUSIN
FROM
BOSTON
DYNAMICS

The winning Superbowl Ad of 2022 was tested with **System1**

1 st	 32 sec.	Boston Dynamics Samuel Adams	 Star Rating: Strong	 Spike Rating: Exceptional	 Fluency Rating: Exceptional	Total Spend: Unavailable	First Aired Date: 11/2/2022	Compare	...	▼
2	 1 min. 1 sec.	Push It Flamin' Hot Doritos	 Star Rating: Strong	 Spike Rating: Exceptional	 Fluency Rating: Good	Total Spend: Unavailable	First Aired Date: 13/2/2022	Compare	...	▼
3	 1 min. 1 sec.	Robo Dog The All-Electric Kia EV6 Kia	 Star Rating: Strong	 Spike Rating: Strong	 Fluency Rating: Modest	Total Spend: Unavailable	First Aired Date: 1/2/2022	Compare	...	▼
4	 1 min. 31 sec.	Jurassic Park Trailer Universal Pictures	 Star Rating: Strong	 Spike Rating: Exceptional	 Fluency Rating: Good	Total Spend: Unavailable	First Aired Date: 13/2/2022	Compare	...	▼
5	 31 sec.	On the Road Again Skechers	 Star Rating: Strong	 Spike Rating: Exceptional	 Fluency Rating: Exceptional	Total Spend: Unavailable	First Aired Date: 13/2/2022	Compare	...	▼



Creative Guidance



The winning Christmas Ad of 2021 was tested with System1

1	 1 min. 31 sec.	Aldi A Christmas Carrot Aldi	 Star Rating: Exceptional	 1.54 Spike Rating: Exceptional	 100 Fluency Rating: Exceptional	Total Spend: Unavailable	First Aired Date: 11/11/2021	Compare	...
2	 30 sec.	Holidays Are Coming 2021 Coca-Cola	 Star Rating: Exceptional	 1.68 Spike Rating: Exceptional	 99 Fluency Rating: Exceptional	Total Spend: £689,288	First Aired Date: 20/11/2021	Compare	...
3	 41 sec.	Sky Cinema Christmas 2021 Sky	 4.9 Star Rating: Strong	 1.55 Spike Rating: Exceptional	 93 Fluency Rating: Strong	Total Spend: Unavailable	First Aired Date: 11/11/2021	Compare	...
4	 1 min. 1 sec.	Farmer Christmas Morrisons	 4.7 Star Rating: Strong	 1.24 Spike Rating: Strong	 97 Fluency Rating: Exceptional	Total Spend: Unavailable	First Aired Date: 3/11/2021	Compare	...
5	 1 min. 11 sec.	M&S Percy Pig 2021 Marks & Spencer	 4.6 Star Rating: Strong	 1.71 Spike Rating: Exceptional	 96 Fluency Rating: Exceptional	Total Spend: Unavailable	First Aired Date: 4/11/2021	Compare	...

System1

Don't guess. Test.

Chris Willford

Chief Financial Officer

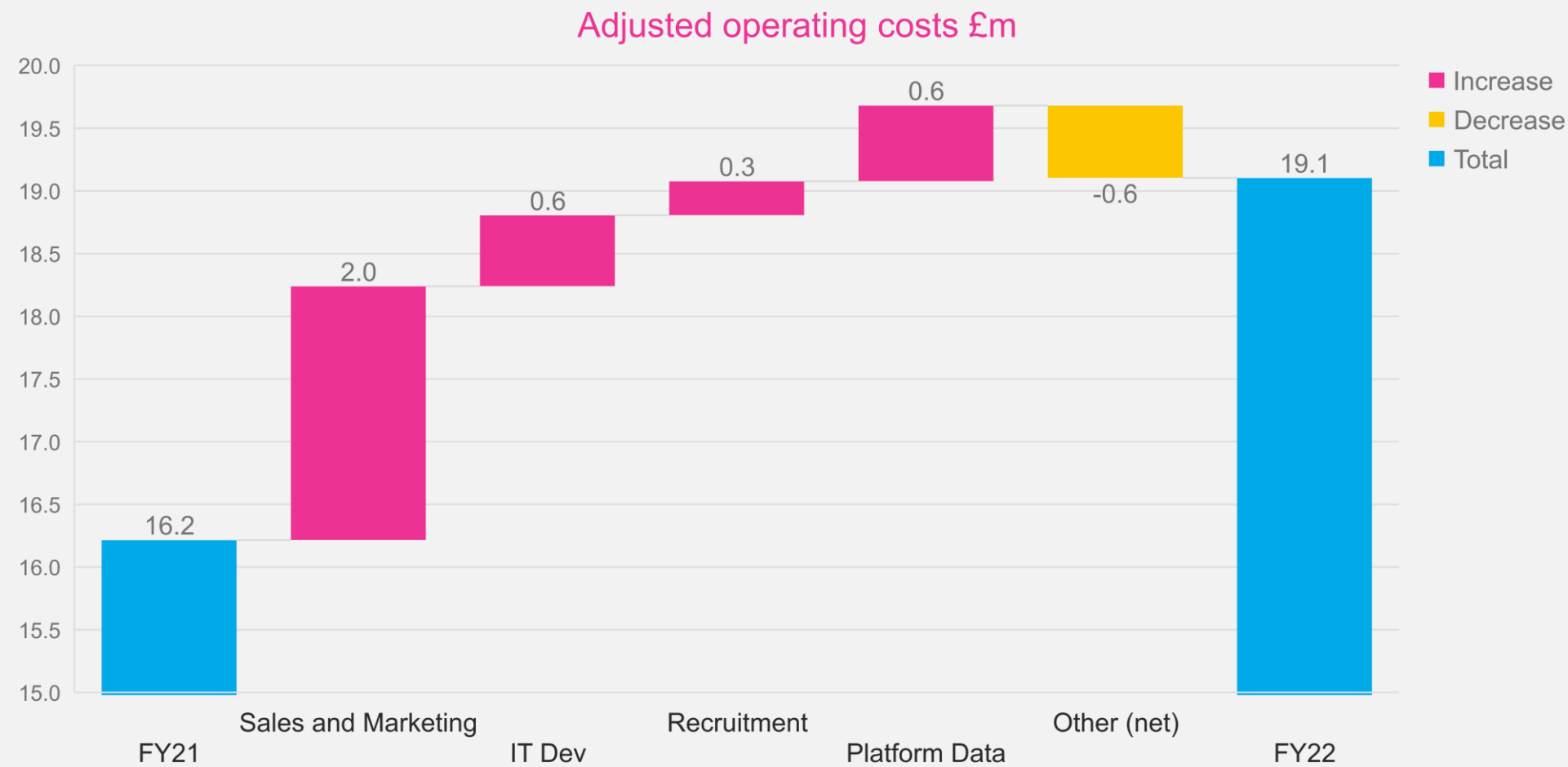
As CFO, Chris is our laser-sharp gatekeeper of the money, helping the Executive Team ensure the right amount of money is spent on the right things and looking after stakeholders. Chris built his career with blue-chip consumer businesses: Unilever, British Airways (Group Treasurer), Barclays (Finance Director of Corporate & UK Retail Bank), Bradford & Bingley (Group Finance Director).



The Case for System1

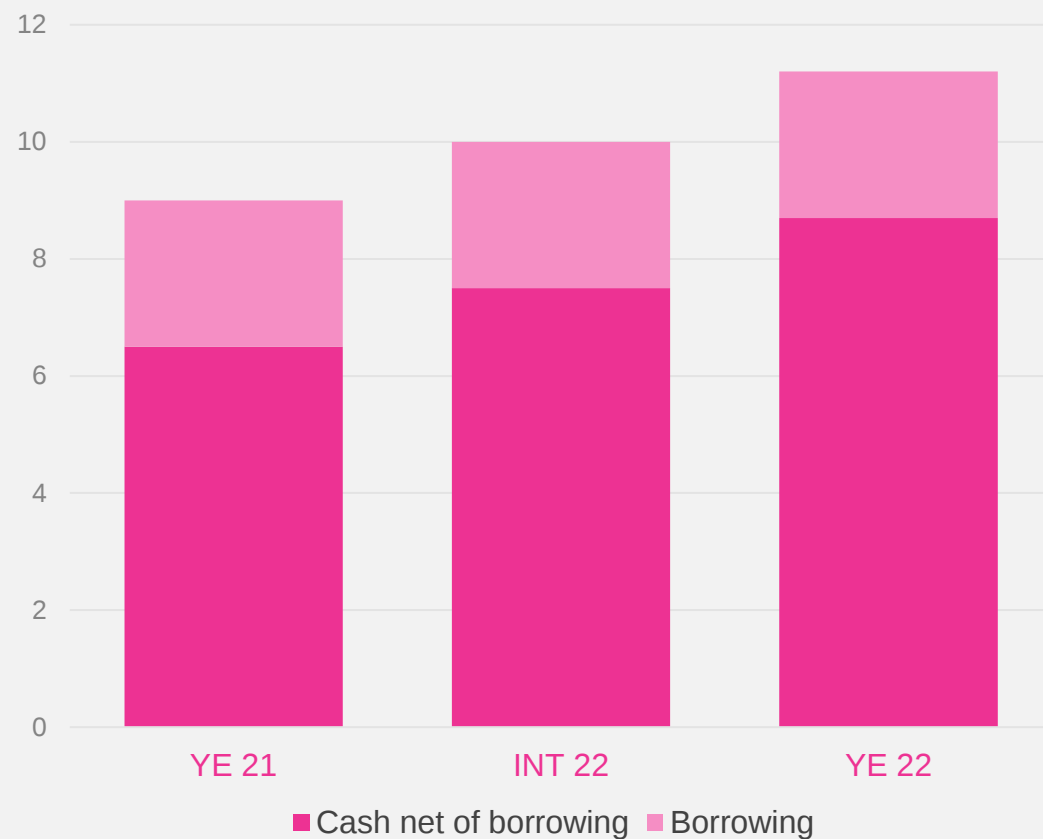
Assertion	Thesis
1	World-beating prediction / improvement methodologies
2	Unique, step-change improvement in product value for customers
3	Innovation and investment to maintain this product lead
4	Prediction and Improvement market dynamics are very favourable
5	Defensible through IP, Branding, Customer 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

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

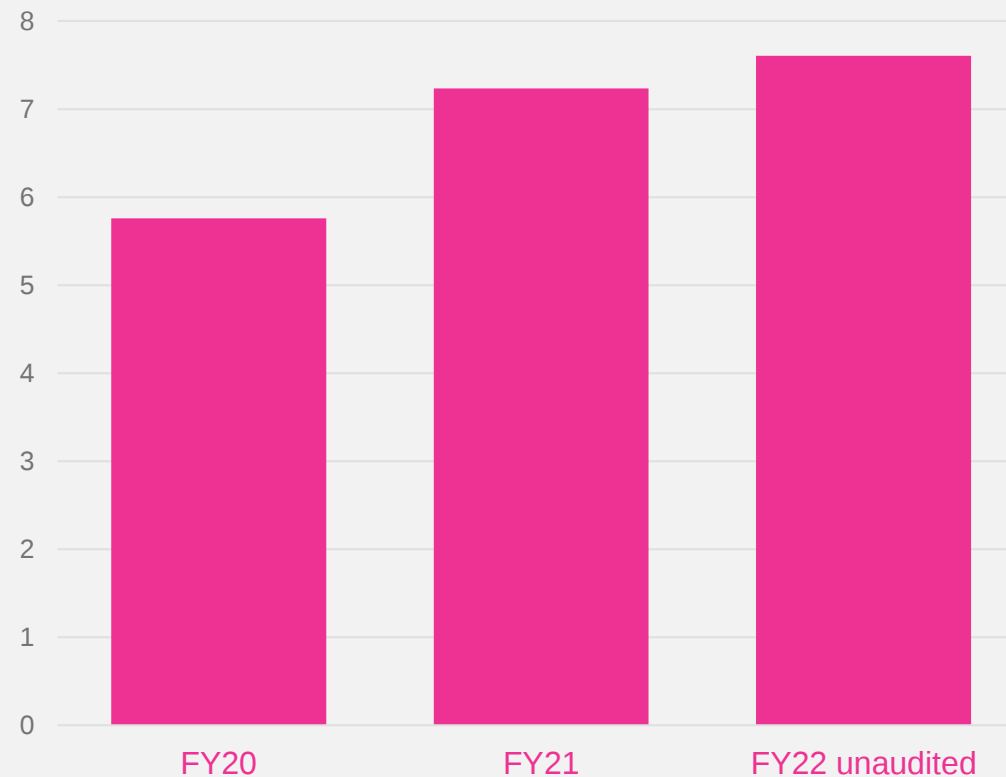


We intend to maintain our investment in the platform...
and have the **resources** to do this

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

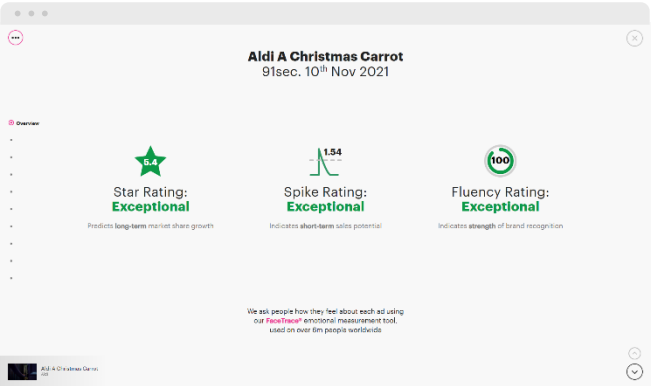


Shareholders Equity £m

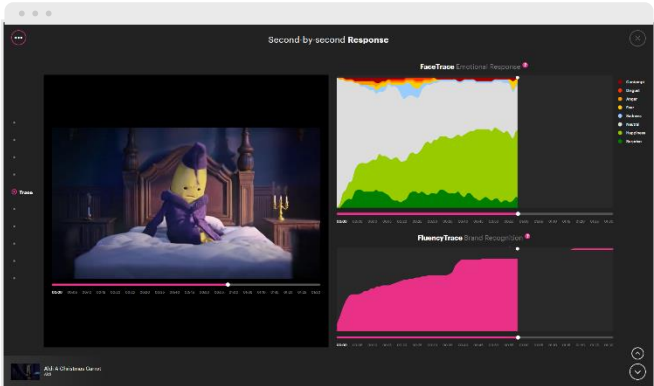


Defensible through IP, Branding, Customer & Supplier relationships

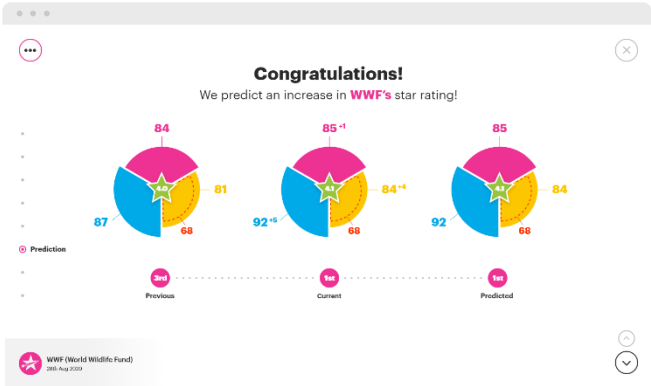
Star, Spike, Fluency Predictions



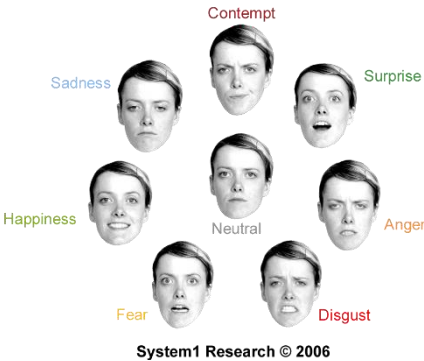
Test Your Automated Prediction



Fame, Feeling, Fluency



FaceTrace®



Trademarks

Mark	Territory
"System1"	UK and EU
"System1 Research"	UK, EU, USA etc
"System1 Marketing"	UK, EU, USA etc
"System1 AdRatings"	UK, EU, USA etc

Mark	Territory
"System1 Group"	UK, EU, USA etc
"FaceTrace"	UK, EU, USA etc
"MindReader"	UK, EU, USA etc
"Profit Projector"	UK, EU, USA etc

Summary



Data platform strategy is on track



Prioritising growth while protecting profitability



Maintaining expenditure on people, platform and partnerships



Which means back-weighted profit delivery in FY23



Building and defending our IP robustly



Strong capital and cash position

System1

Don't guess. Test.

Thank you.

Questions & Answers

