System1 2020/21 Results **July 2021**

Financial Performance



Profit & Loss

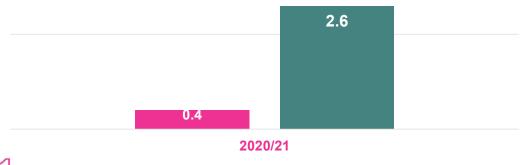
	2021	2020	Change £m	Change %
Adjusted Revenue	22.8	25.3	(2.5)	-10%
Adjusted Gross Profit	19.2	21.4	(2.2)	-10%
Adjusted Operating Costs	(16.2)	(19.5)	3.3	-16%
Adjusted Profit Before Tax	3.0	2.0	1.0	46%
Statutory Profit Before Tax	2.1	0.3	1.8	601%
Tax Charge	(0.4)	(0.5)	0.1	n.m.
Statutory Profit After Tax	1.7	(0.2)	1.9	n.m.



Progress in H2 on H1



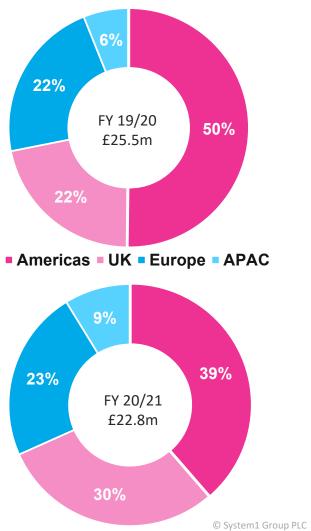
- Recovery in USA
- Successful launch of Data (Test Your Ad)
- Partnerships and Strategic Accounts bearing fruit



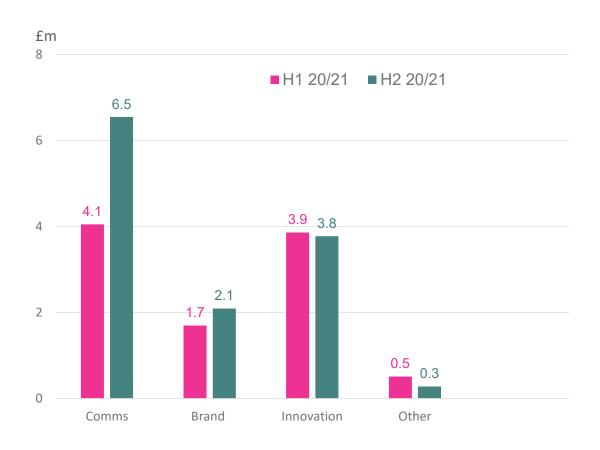
H1 Covid savings carried over into H2

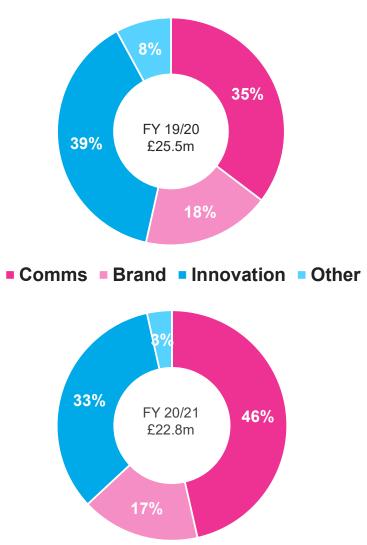
Revenue by Region





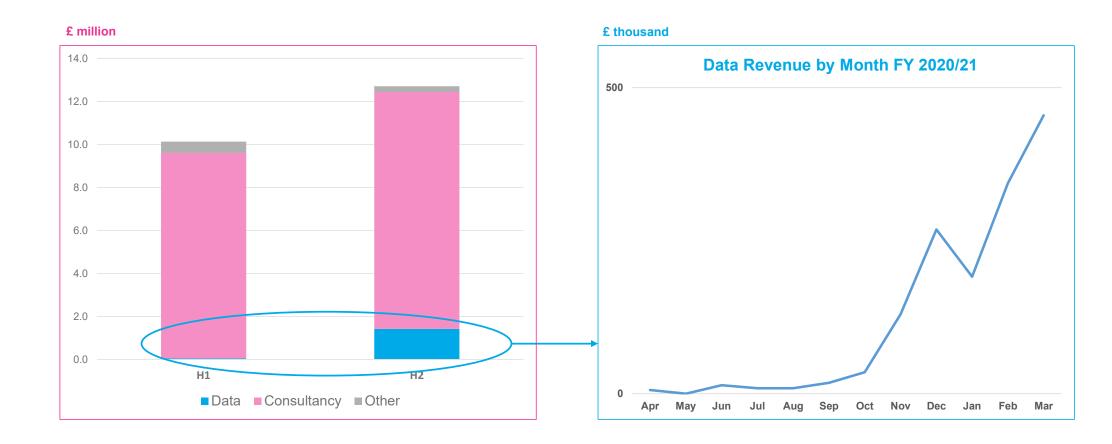
Revenue by Product Group



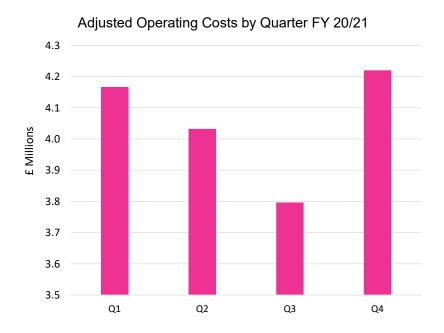


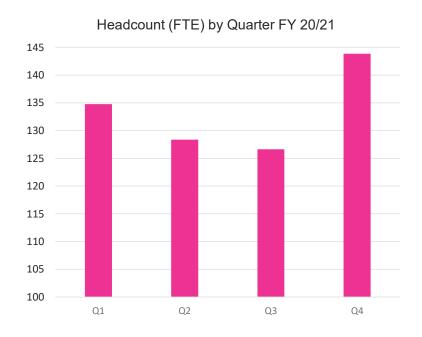


Successful launch of Test Your Ad drove Data growth in H2



Headcount back at pre-pandemic levels by end of Q4: higher cost base to be expected in FY21/22

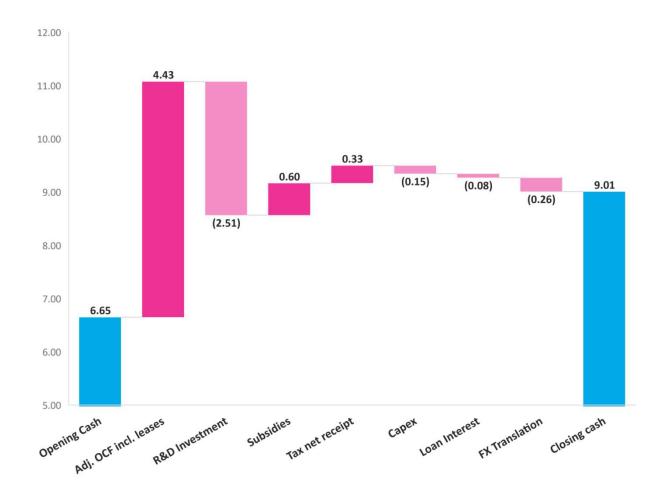




£2.5m Investment in IP & Product last year – expected to increase to over £4m this year

	FT 20/21 Spend	Planned increase FY 21/22
Product Development - IT	£1.6m	11
Asset development (AdRatings D-base)	£0.6m	11
Thought leadership (Labs)	£0.3m	1
	£2.5m	

Strong Operating Cash Flow



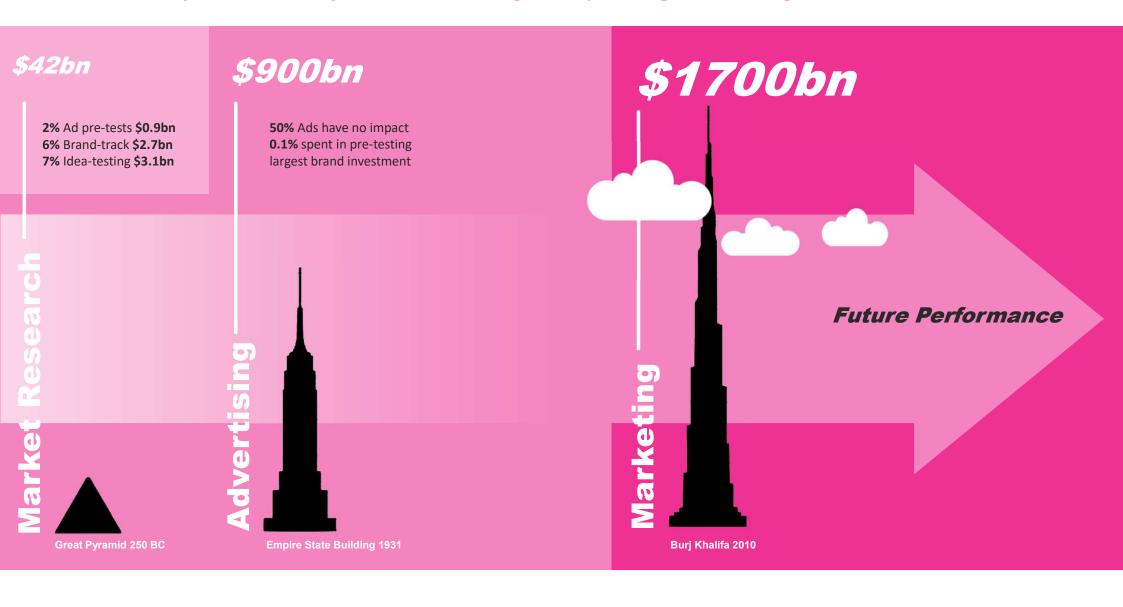
- Period-end Net Cash up £2.3m on FY2019/20
- Significant cash investment in R&D
- Cash tax partly offset by £0.6m
 R&D tax credit received
- £0.6m Covid subsidies (mainly PPP)
- No dividend payments

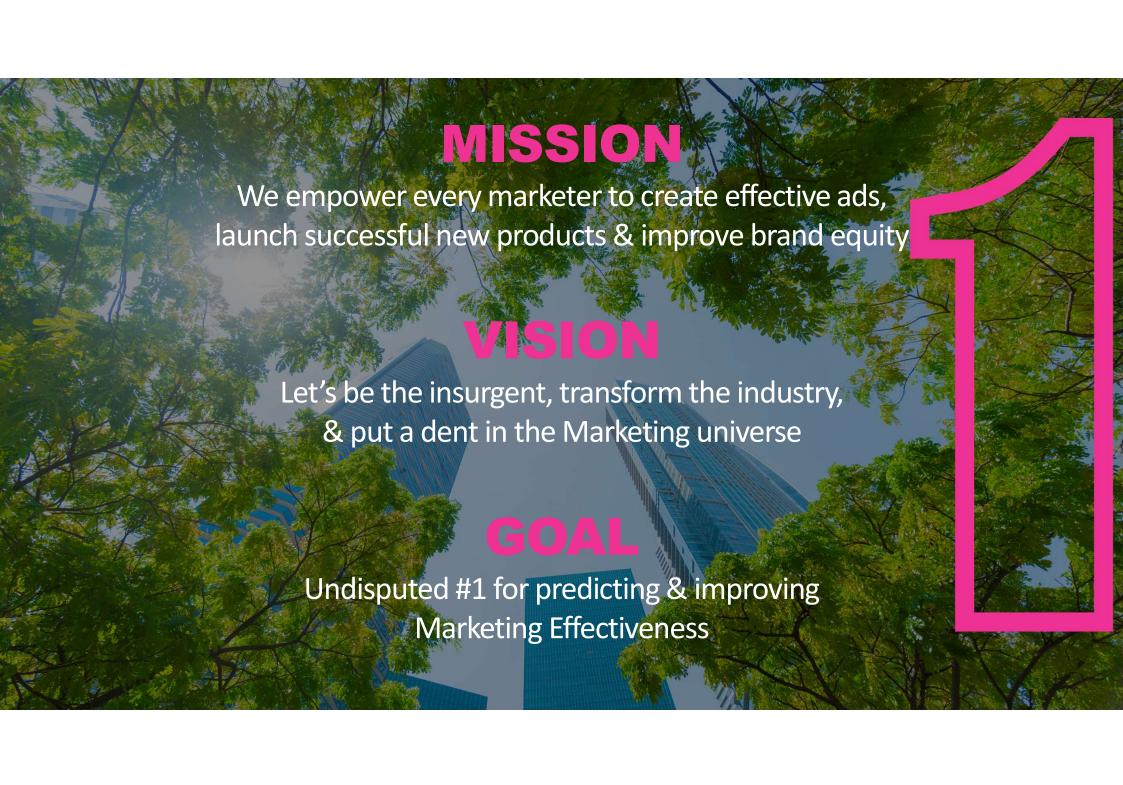
Summary

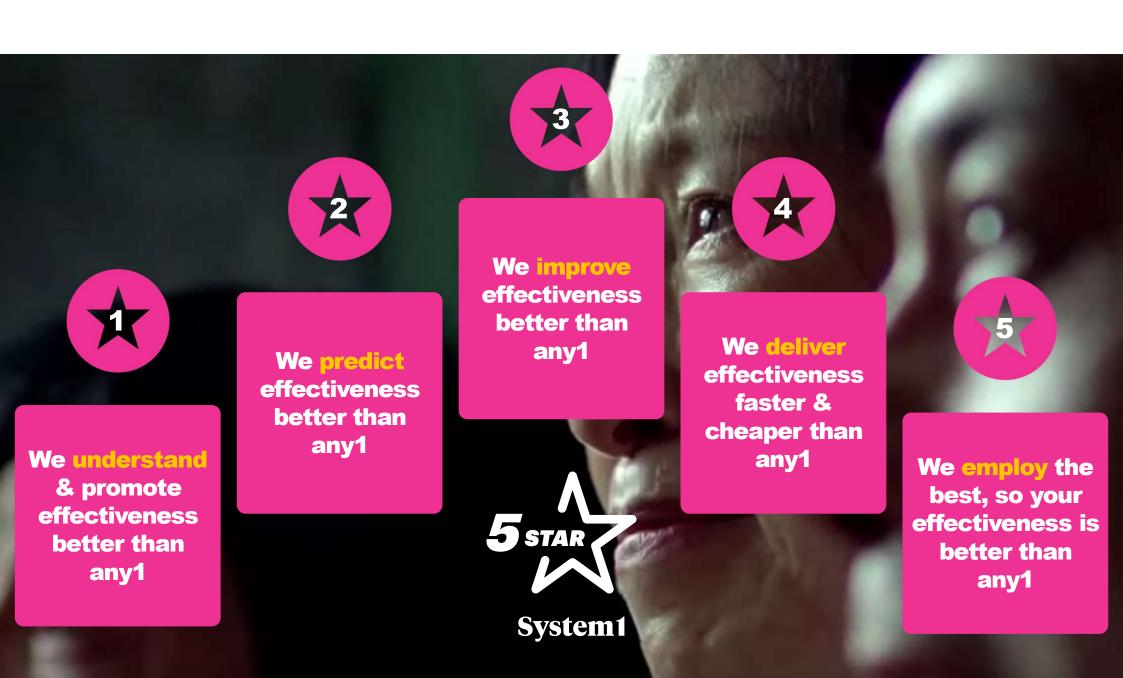
- The strategy is working: the successful Test Your Ad launch was in line with our expectations
- We will continue to promote and grow Test Your Ad this year
- Test Your Brand and Test Your Idea rolling out in H2 of this year and H1 of next year
- Tough trading in H1 (Covid, Americas) was turned around in H2
- H2 result benefited from continuing pandemic-related cost reductions
- We continued to invest in our growth strategy, spending over £2m on product development and restoring headcount to pre-pandemic levels to service demand in H2
- Continued strong cash flows and balances
- Important strategic investments in people, product and systems were maintained last year and will step up in the current year.



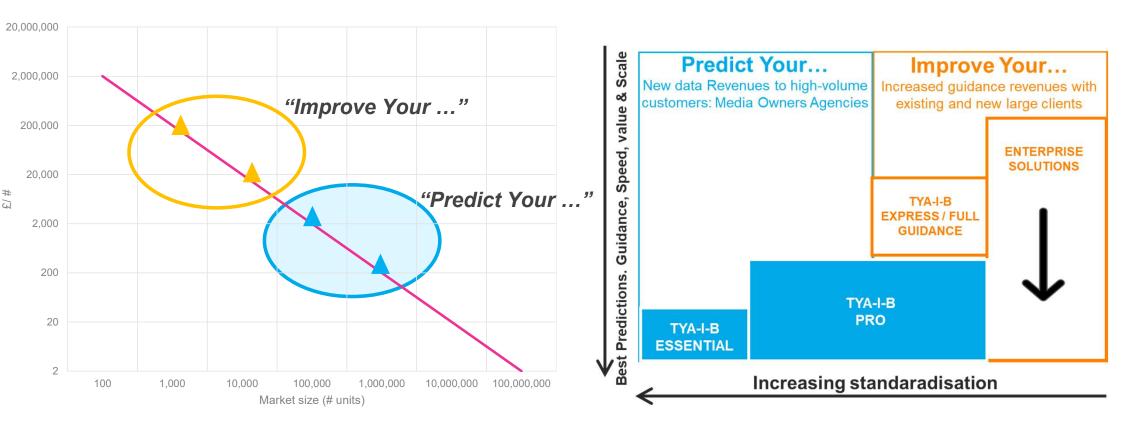
Where to Compete & Goal | #1 at Predicting & Improving Marketing Effectiveness







Insurgent strategy | #1 Predicting & Improving Marketing Effectiveness







Essential predictors of your Ad's success

- ★ Nat Rep Sample x150
- ★ Star long term potential
- ★ Spike short term potential
- ★ Fluency strength of branding
- ★ FaceTrace® second by second emotion
- ★ FluencyTrace[®] second by second branding
- ★ Results via portal with automated report function

£2,000

Actual price by negotiation for vol.

24 hours



Essential predictors + Pro diagnostics and custom sample

In addition to Essentials

- ★ Nat Rep x150, Custom Sample x150
- ★ Types of Happiness
- ★ Reasons for Emotion
- ★ Key Associations
- ★ Left v Right Brain Features
- ★ Sources of Brand Fluency
- ★ Results via portal (from March)

£4,000

Actual price by negotiation for vol.

24 hours



Express & Full Guidance to Improve your Ad

In addition to Pro

- ★ Expert 5 Step Creative Guidance
- ★ Emotion speak to the heart
- ★ Soundtrack stir the soul
- ★ Story Arc tell the best story
- ★ Fluent Devices speed decision
- ★ Characters create empathy
- ★ Report in PowerPoint

Express G. £3,000 Full Guid. £6,000

Express free-flex. 4 new business Full always a fixed £6,000 price

24 / 72 hours



Compare your Ads and overall performance to your competitors

- ★ Annual Subscription per category
- ★ Access up to 40,000+ TV Ads
- ★ Every TV Ad for the past 4 years
- ★ All major categories in the US & UK
- ★ Star-Spike-Fluency, FaceTrace™ FluencyTrace™ & Ad Spend
- ★ Performance by Company, Brand & Ad
- ★ New Ad's added within 24 hours

Premium £12/24/36k p.cat Full TYA Access = £100k

Category cost based on number of ads in the category

New Ads Daily

Value proposition - headlines

Kantar

★ Price

£13.5k (no custom, with 'guidance')

- ★ Time to deliver = 2 weeks
- ★ Quality of insight
 - Informative but not actionable insight
 - Guidance was to "add more detail" but couldn't say how. Had no experience of making ads.
 - No likely linkage to market share impact

Zappi

★ Price

£1,895 (no custom no guidance)

- ★ Time to deliver = 3 days
- ★ Quality of insight
 - None. You have to interpret yourself. Not even the account manager could offer a view
 - They do have a service for a "certified expert" to pull together charts over 3 days for 1.5k. But again, they couldn't tell me if that would be insight – led or the background of that person

System1

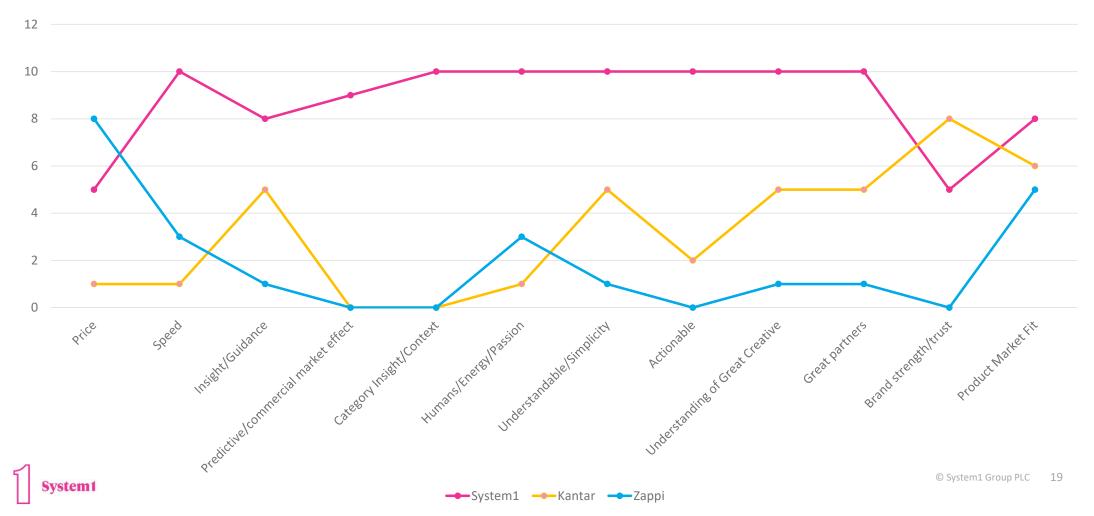
★ Price

£3k Nat Rep Pro plus Express Guid.

- ★ Time to deliver = 15 hrs inc Exp.
- **★** Quality of insight
 - Actionable
 - Predictive

Value Equation (Client Side View) and implications for proposition

Blue Ocean Canvas. Value equation gap analysis – where can we pull apart and differentiate





Goal Hierarchy: sequential & progressive (since Sept 2018)

Asset

1. BUILD on the largest dB of 55,097 adverts evaluated on long term effectiveness. We use this to enhance the effectiveness of our Test Your Ad prediction & guidance consultancy business.

Fame

2. BRAND use our database and provide topical predictive data to industry publications, to raise our presence in the industry and increase our Fame, Feeling and Fluency. It is world leading and gets better, larger & more compelling every day.

New Clients

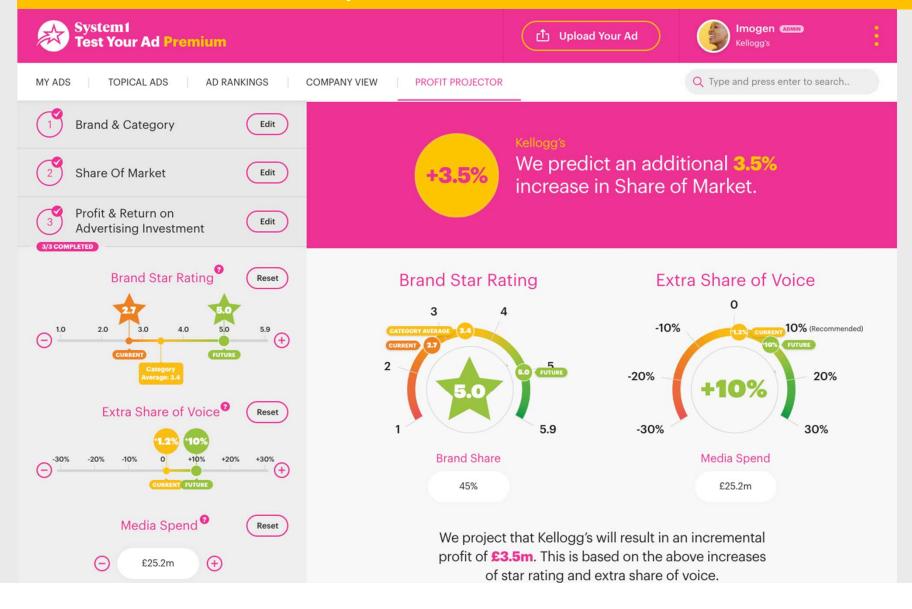
3. WIN customers in new industries [beyond current CPG core] off the back of the

increase in Fame, Feeling and Fluency. It's a low-cost way to access our IP as decision-making resource to augment existing methodologies and insights.....

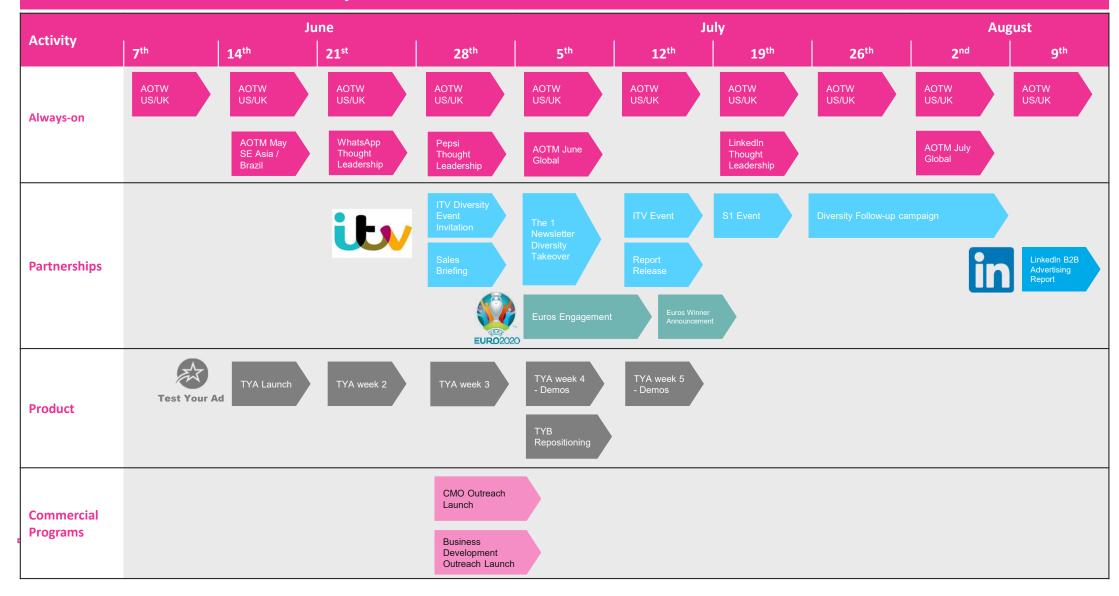
New Revenue

4. SELL Test Your Ad via subscription + Ad Testing + Brand Tracking & create new revenue streams. We are piloting ways to commercialise & expect sales to accelerate once it catches on, but cannot predict when.

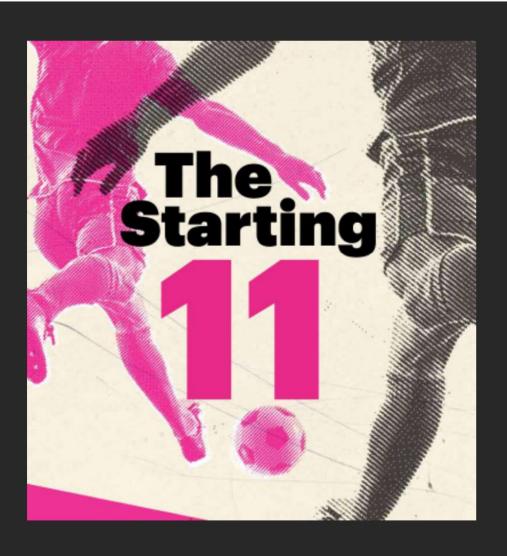
SYSTEM1 ASSET BUILDING | 2021



SYSTEM1 FAME BUILDING | 2021



Q





THE STARTING ELEVEN

What's the formula for a winning Euros ad?

Now it's time to get training and prepare for a match winning performance so we have produced this guide to show you how to create an Ad worthy of the Euro 2020 final.

Download Here



FINISHED FILM

Carlsberg

The Seal

View The Report







Exceptional











"There is always a universal insight, seen through the lens of D&I at the heart of our work...you only get that reaction from audience when you hit upon a universal truth"

George Rivers Head of Campaigns Tesco



System1

The Ad Effectiveness Agency

Tom Ewing Editor in chief

Published: 17 June 2021







Ad Of The Month

Nestlé

BRAZIL: Nestlé





Nestle's Ninho formula milk brand for growing kids already has one 5-Star Mother's Day ad under their belts. In 2019 they released "Love That Lets Be", a video celebrating the moments when mothers step back and let their kids be themselves - after supporting them all the way, of course. The ad struck a big emotional chord, and earned System1's top rating. It was clearly a hit for the brand, as Nestle and Publicis have gone back to the well with a new ad, "Seu Amor Transforma" - "Love

That Transforme"

Thank You

