

# **System1 Interim Results**

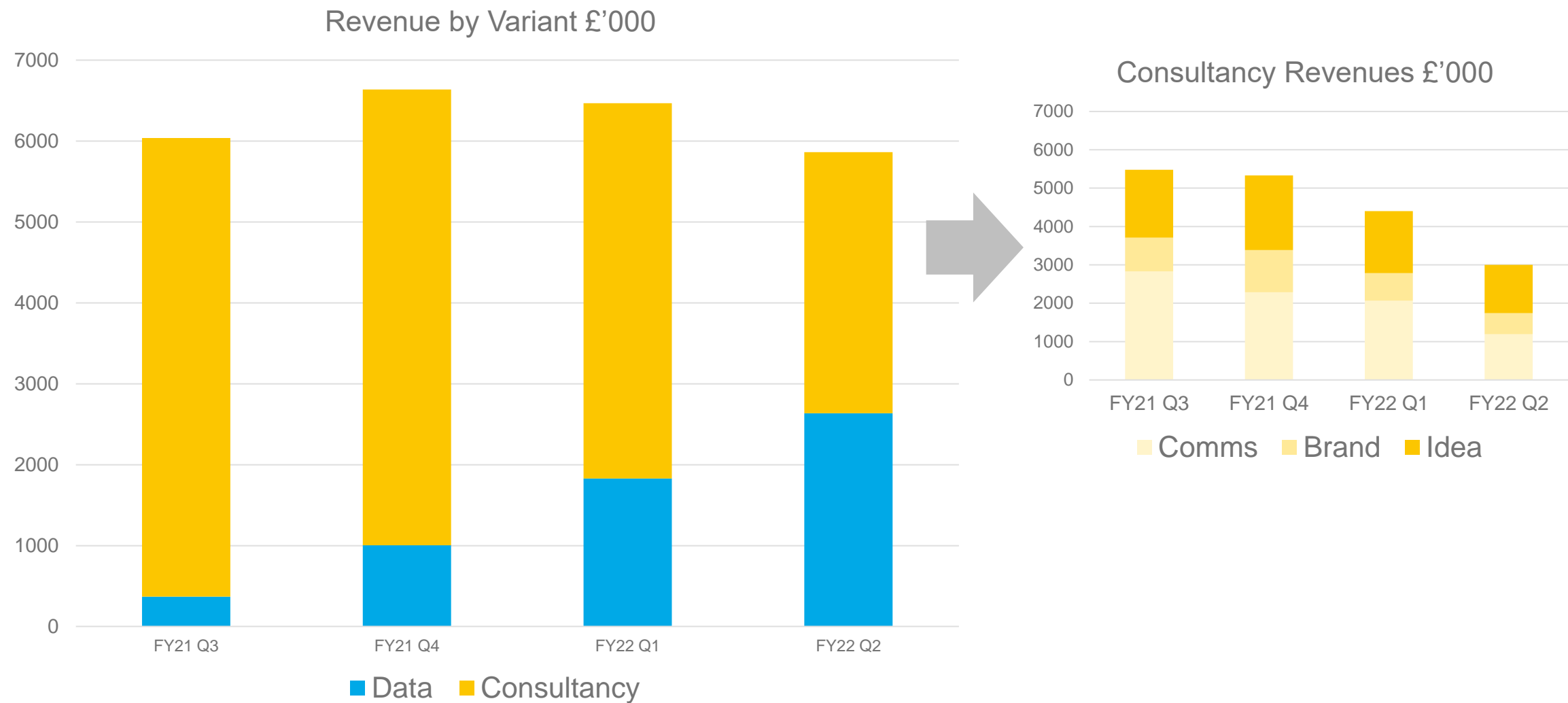
## **November 2021**



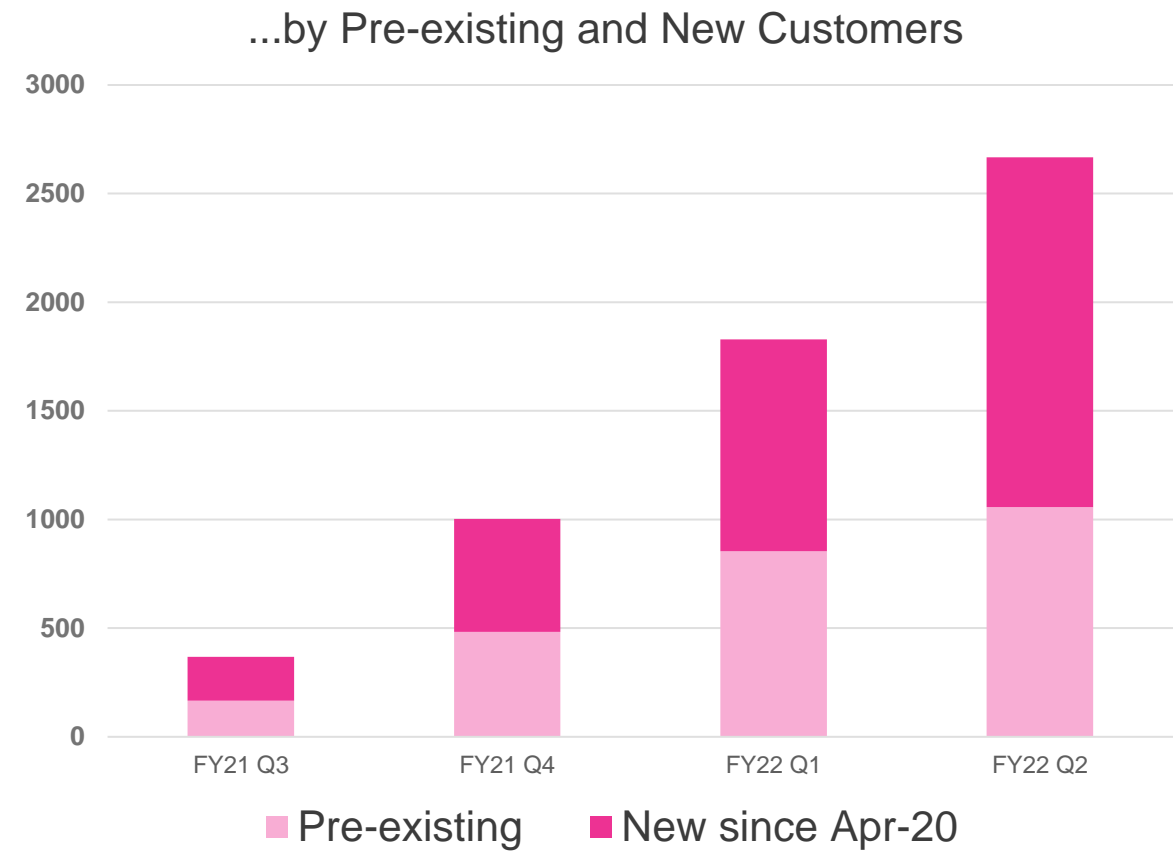
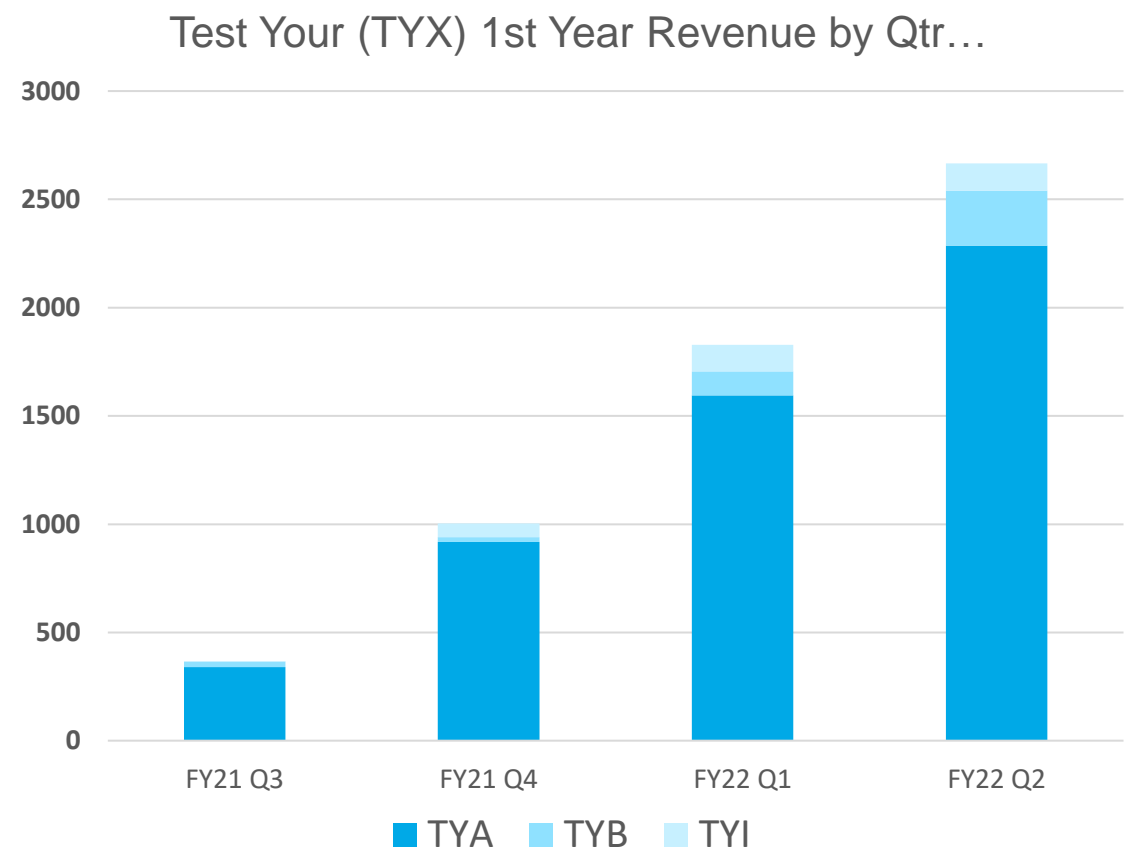
## Profit & Loss H1 £'m (6 months to 30<sup>th</sup> September 2021)

	FY22	FY21	Change £m	Change %
Revenue	12.4	10.1	2.2	22%
Gross Profit	10.4	8.6	1.8	21%
Adjusted Operating Costs	-9.1	-8.2	0.8	10%
Adjusted Profit Before Tax	1.3	0.4	0.9	252%
Statutory Profit (Loss)Before Tax	1.3	-0.4	1.7	n.m.
Tax (Charge)/Credit	-0.1	0.5	-0.7	nm
Statutory Profit After Tax	1.1	0.1	0.9	1001%

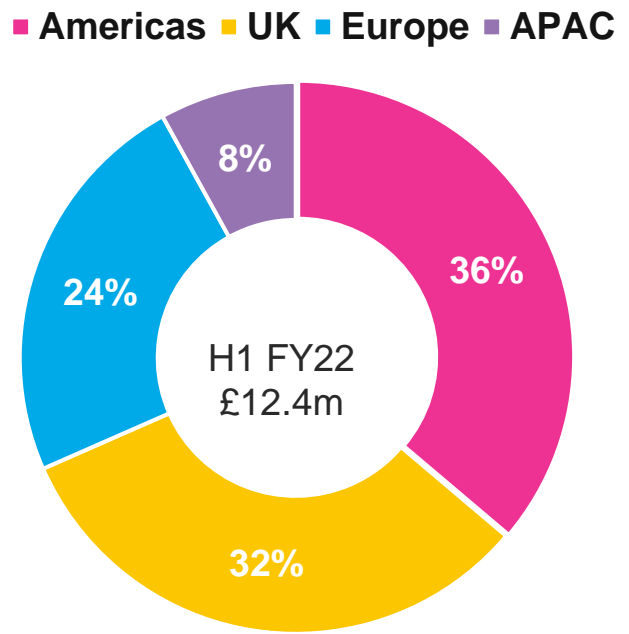
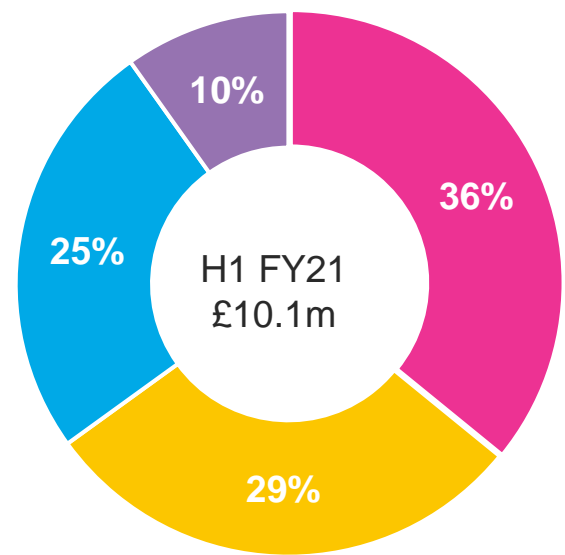
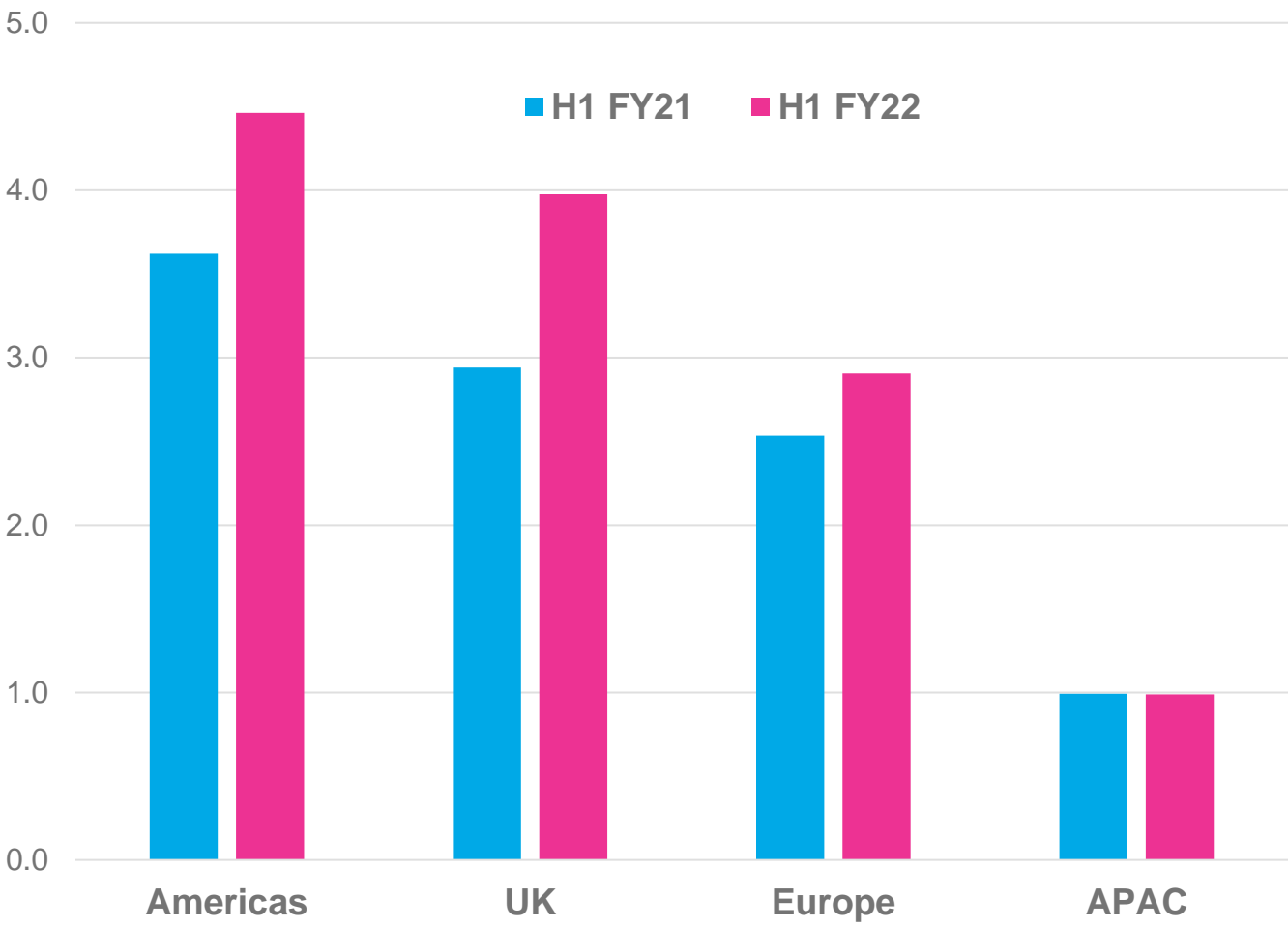
# WIP mix switch: bespoke consultancy to Std. Data products



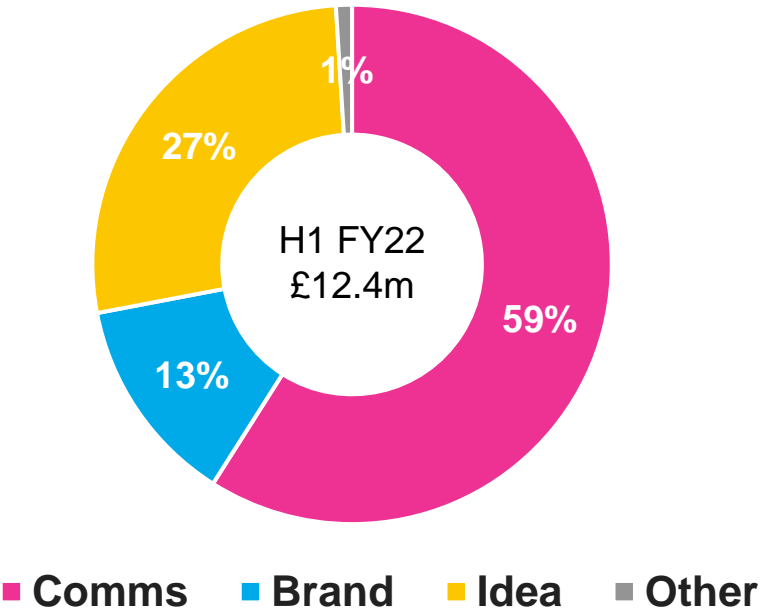
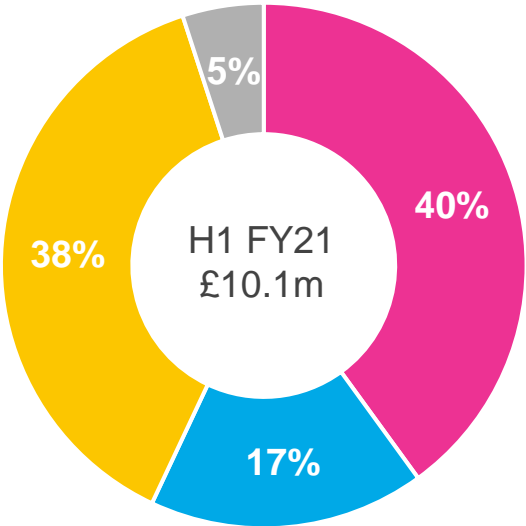
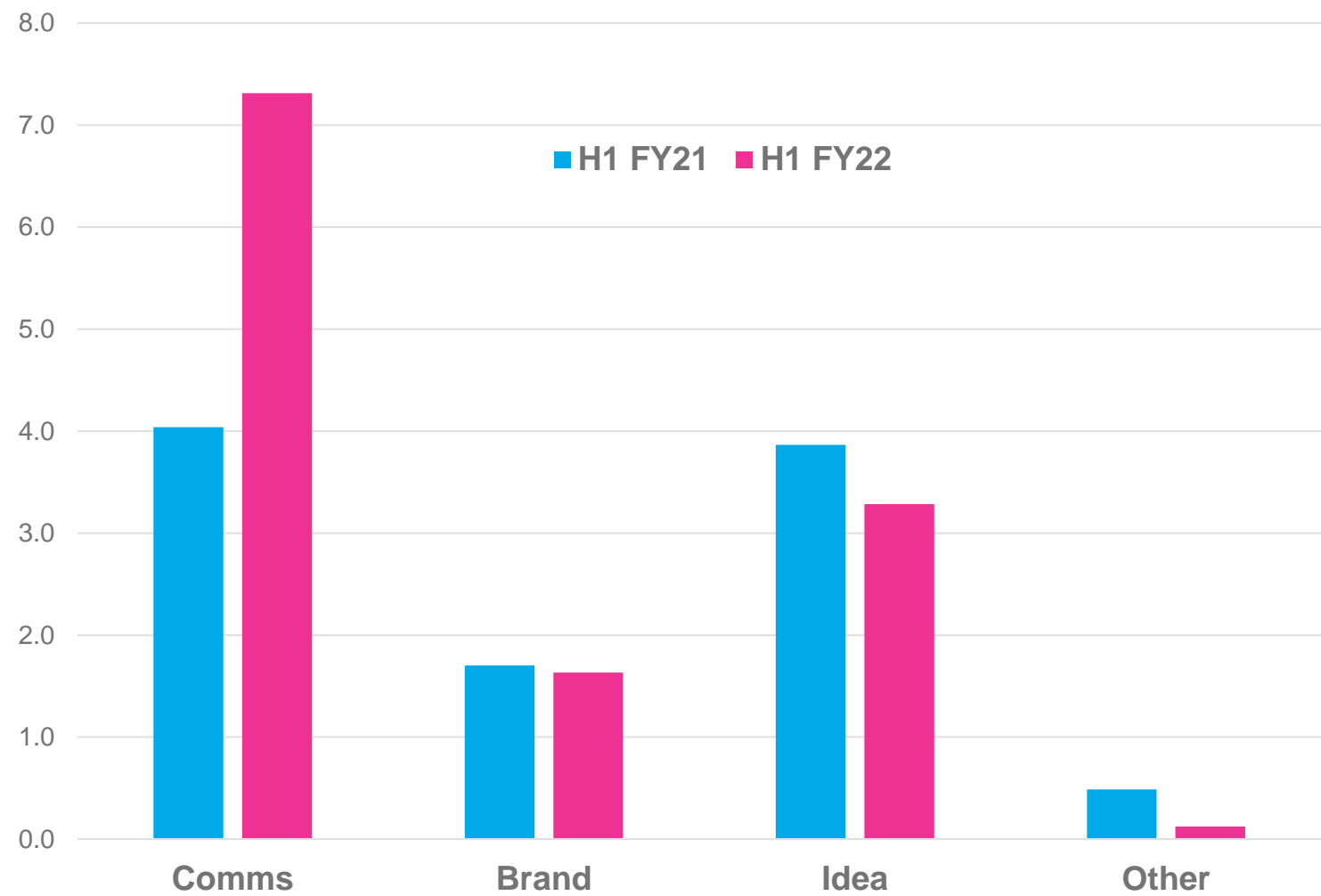
# Growth in Data Revenue mainly from Test Your Ad & New Customers



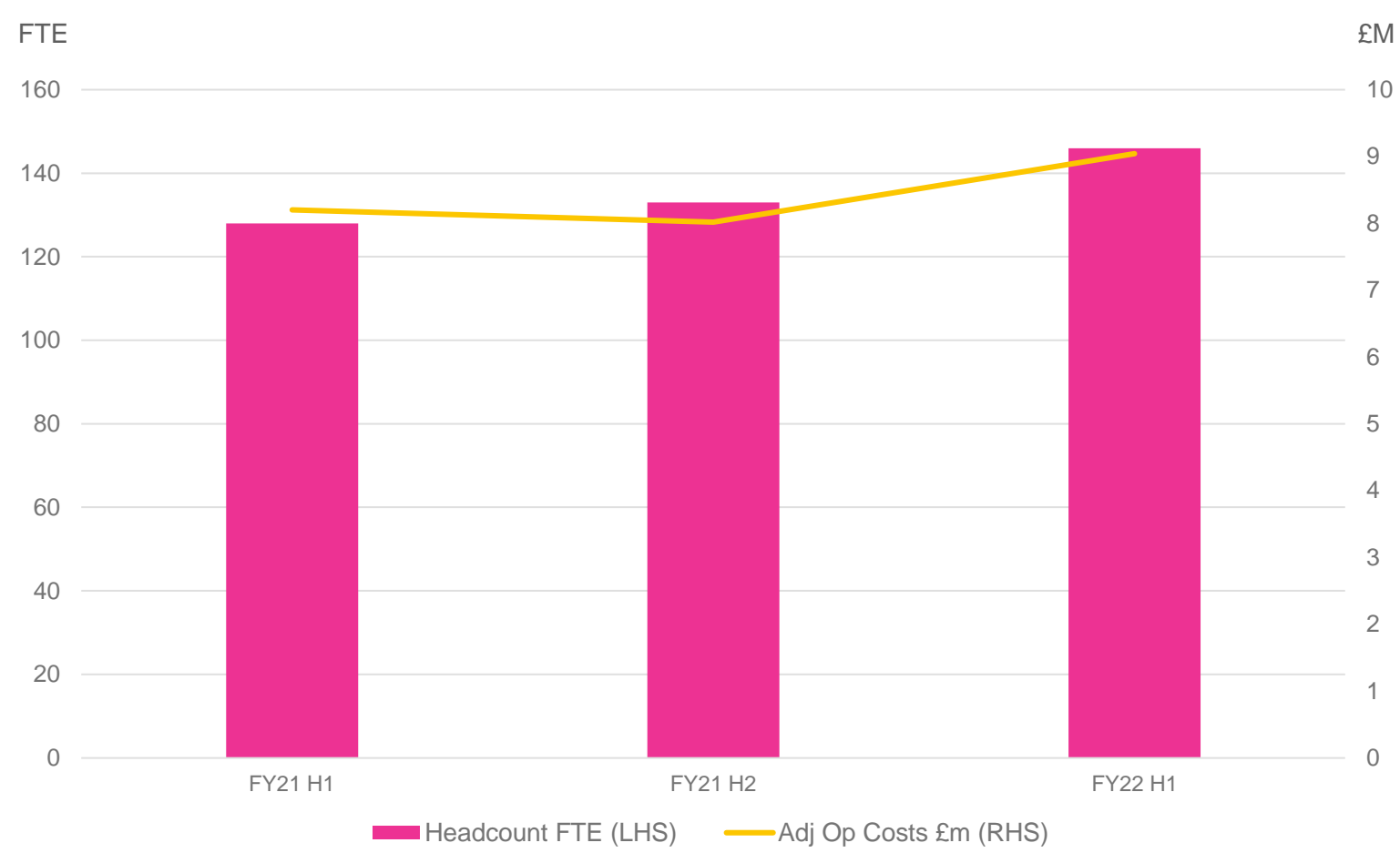
# H1 £'m Revenue by Region



# H1 £'m Revenue by Product Group



# Adjusted operating costs and headcount



## Share buyback

- From December 2021 to end of financial year
- On-market repurchase via broker
- Review progress at year end
- First buyback since FY17



# **THE Marketing Decision- Making Platform**

## **The Case For System1**

# 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

# Fame

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



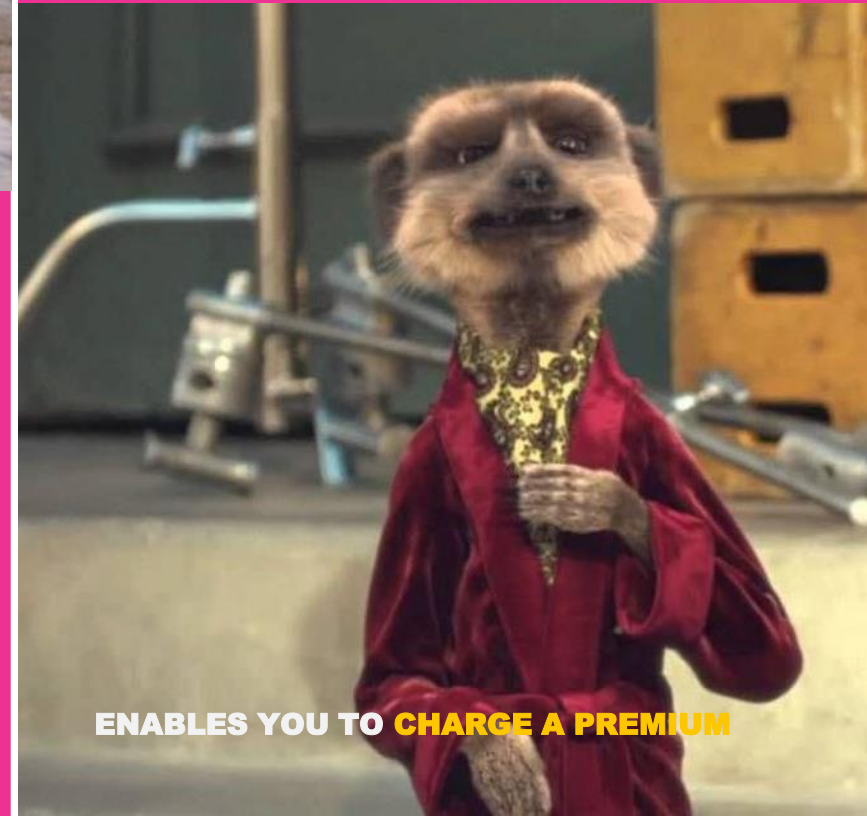
REFLECTS **CURRENT** BRAND SHARE



PREDICTS **FUTURE** BRAND SHARE

# Feeling

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



ENABLES YOU TO **CHARGE A PREMIUM**

# Fluency

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

# 1. World-Beating prediction/improvement methodologies

## Quantity of Advertising TV ESOV

48%  
★1

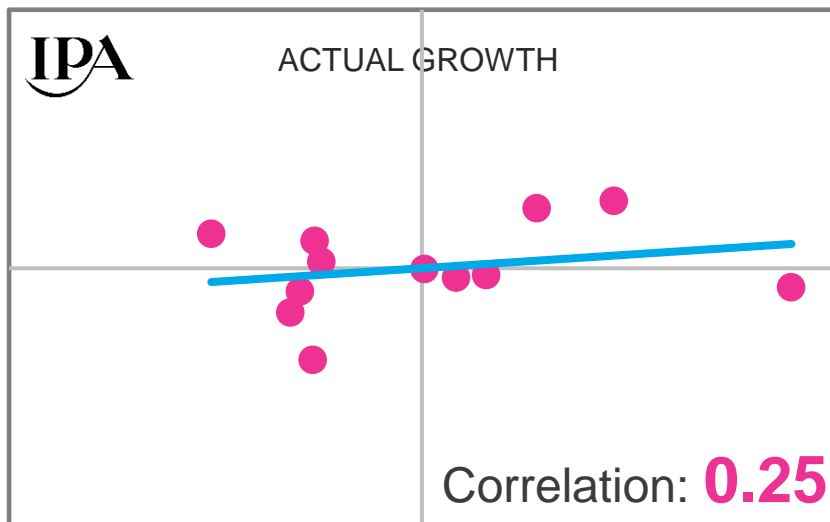
32%  
★2

15%  
★3

4%  
★4

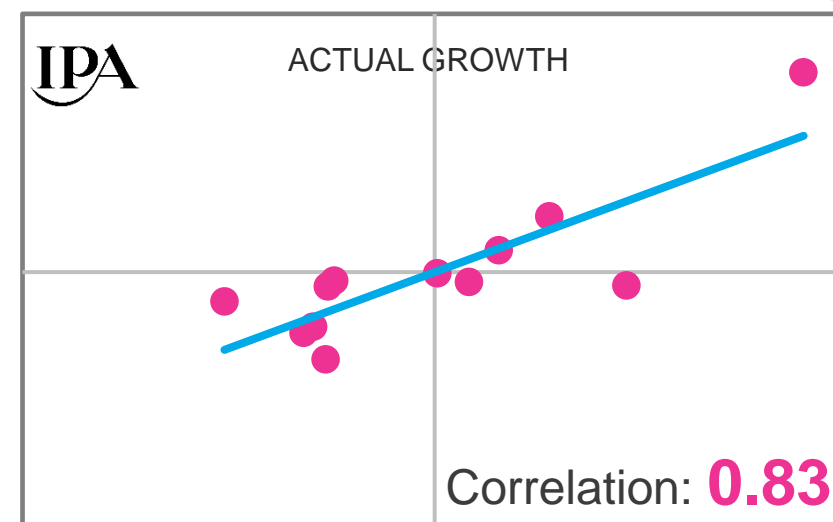
1%  
★5

## Quantity & Quality of Advertising TV ESOV x Star Rating



**Star Predicts  
long-term profits**

UK Cereals: 12 Brands (55 ads)  
£24m+ TV spend, £700m cat. value

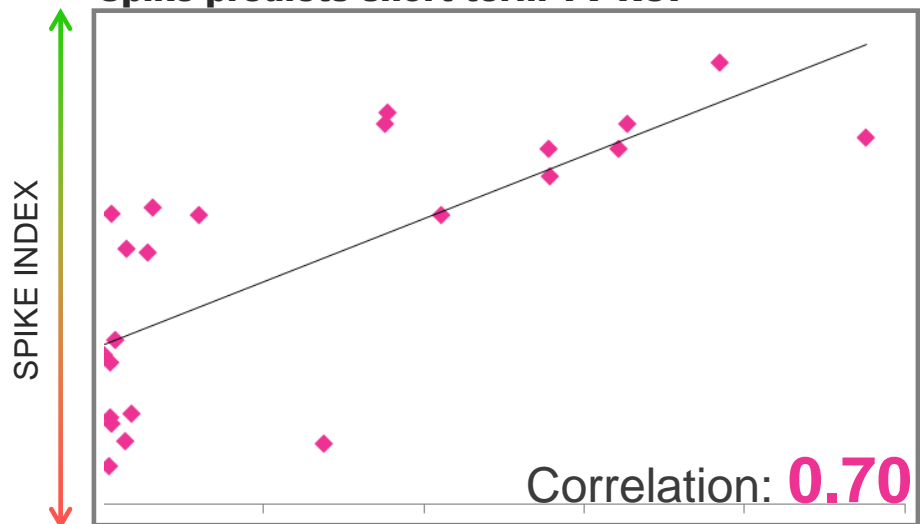


Category]	# Ads tested	# Brands represented	Value of advertising	Category size (for SOM)	Period for SOV/Stars	Correlation with ESOV	S1 Prediction Correlation
<b>Cereals UK</b>	55	12	£24.1m	£702m	To Oct 2017	0.25	<b>0.83</b>
<b>Cereals US</b>	77	15	\$289.2m	\$7.03bn	To May 2018	0.59	<b>0.74</b>
<b>Gum US</b>	20	6	\$83.0m	\$3.19bn	To May 2018	0.30	<b>0.67</b>
<b>Savoury Snacks UK</b>	29	15	£25.8m	£1.77bn	To Mar 2018	0.49	<b>0.62</b>
<b>Toothpaste US</b>	43	6	\$231.7m	\$2.86bn	To May 2018	0.50	<b>0.75</b>
<b>Yoghurts UK</b>	33	9	£24.1m	£828m	To Mar 2018	0.71	<b>0.82</b>

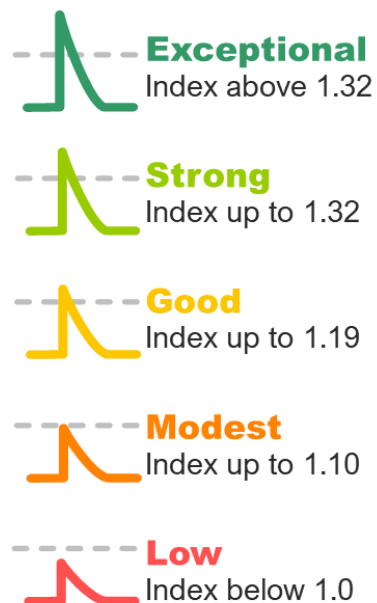
# 1. World-Beating prediction/improvement methodologies

## UK Validation

Spike predicts short term TV ROI

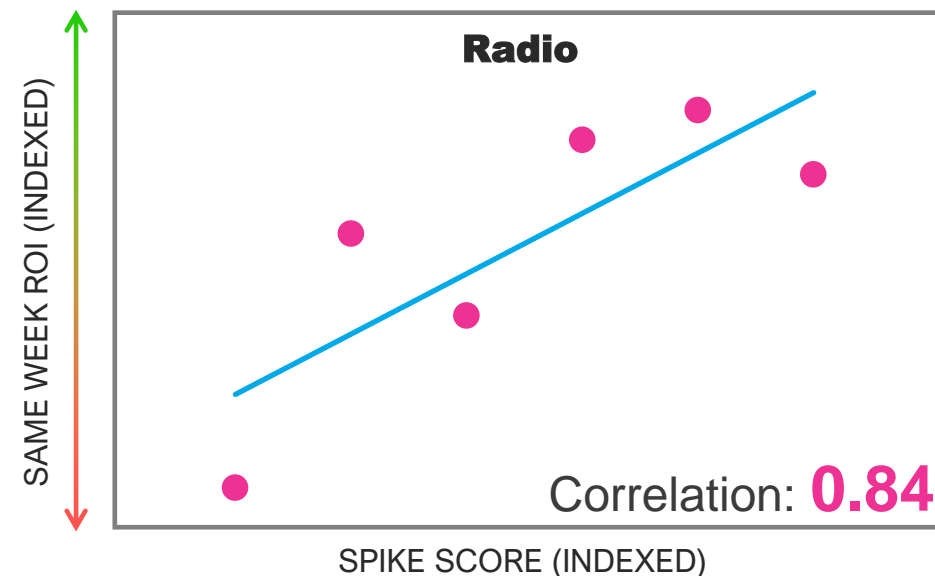
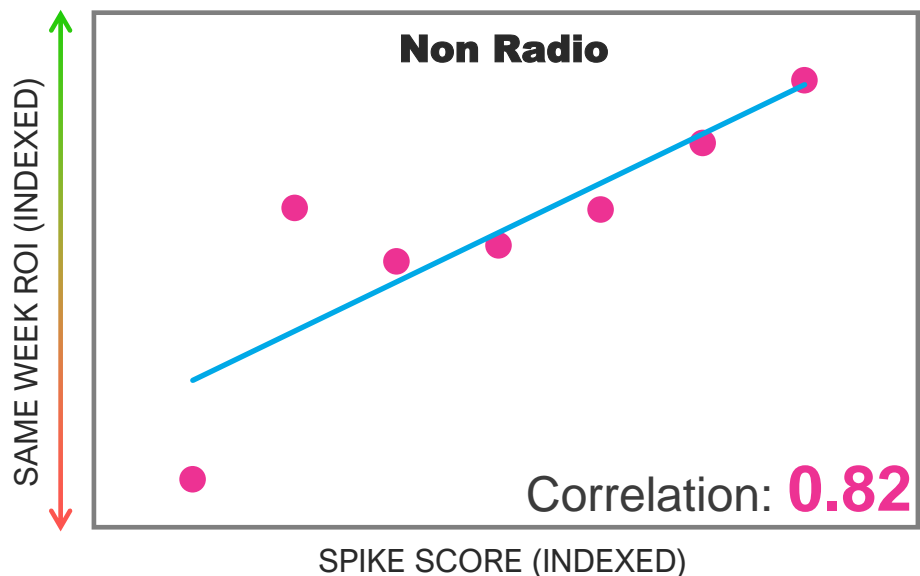
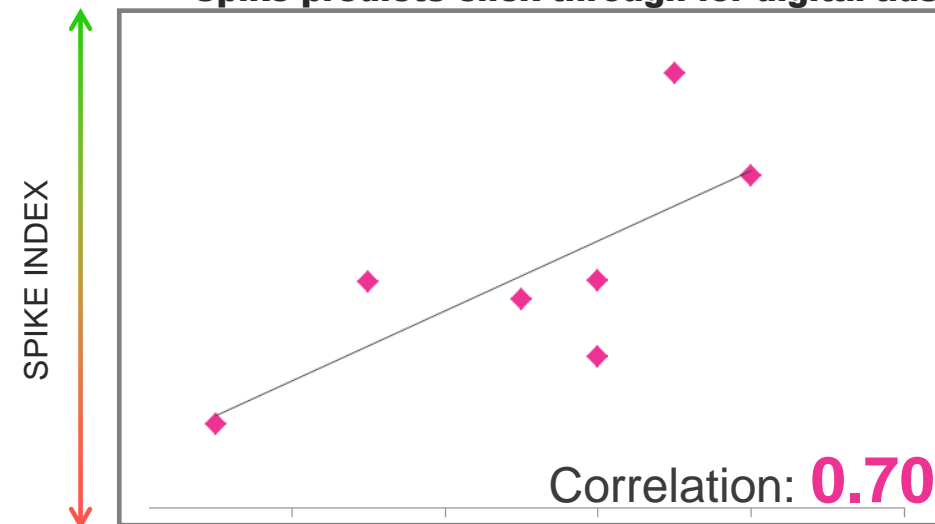


## Spike Predicts short-term sales



## US Validation

Spike predicts click-through for digital ads



## 2. Unique/step-change improvement in product value for customers



“System1 have a unique calling card here... System1 is special **because you’ve looked at creativity in a far more detailed way.**

You’ve balanced the creativity/media thing, you’ve done it on an effectiveness basis.

You’re not paying me as far as I know, so I endorse System1; **I think the work is great”**

**Mark Ritson**

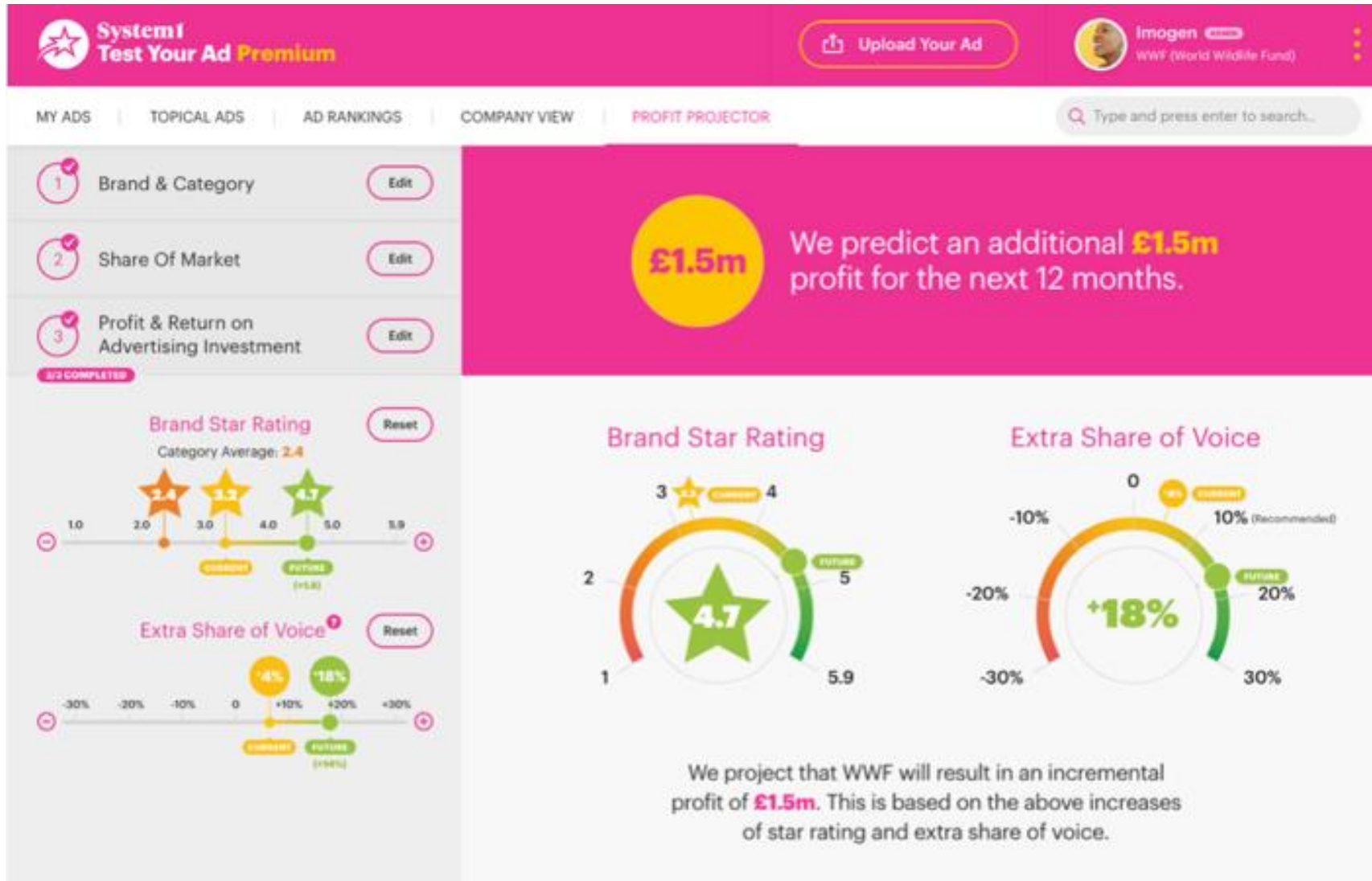
Marketing Professor



### 3. Innovation and investment to maintain this product lead

	Platform	Database	Innovation
<b>Test Your Ad</b>	Fully automated <u>June 2021</u>	Now c.70,000 adverts UK 95% by <u>Dec 21</u> US 95% by <u>Mar 22</u>	TYA Profit Projector TYA Pro Reports
<b>Test Your Brand</b>	Fully automated <u>Nov 2021</u>	Now c.6,000 concepts	TYB Pro Reports TYB Predictions Q2 <u>22</u>
<b>Test Your Idea</b>	Fully automated <u>Q1 2022</u>	Now c.55,000 concepts	TYI Pro Reports Q1 22

### 3. Innovation and investment to maintain this product lead



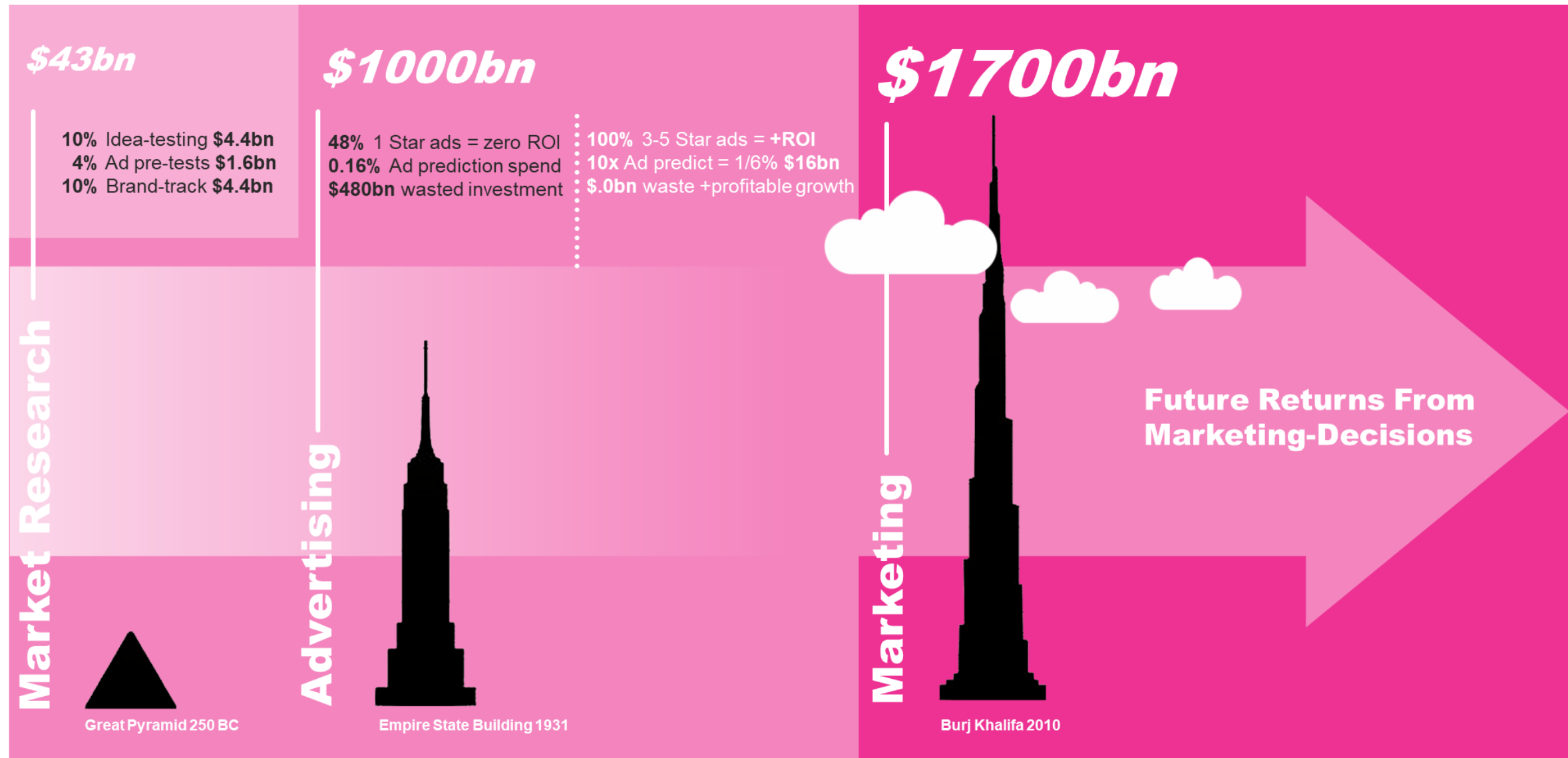
#### Profit Projector™

Uses our TYA database + the customer's share, spend, and margin data, to accurately predict in minutes, any US/UK Brand's advertising ROI:

1. Av. Star-Rating in TYA
2. Market share
3. Ad spend share of voice
4. Gross margin
5. Retailing costs
6. Production costs

Also allows TYA customers to model/predict how much more their ad ROI would be, with improved creative (av. Star) & increased ad spend (ESOV)

# 4. Prediction/Improvement market dynamics are very favourable

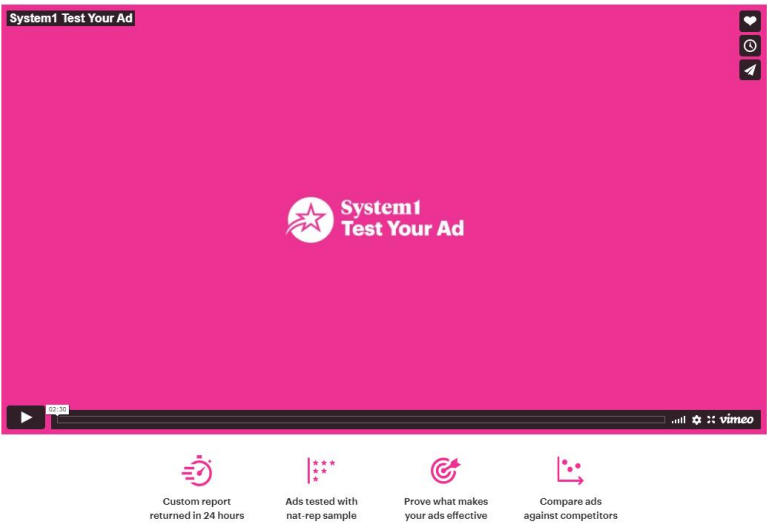


# 5. Defensible through IP, Branding, Customer and Supplier relationships

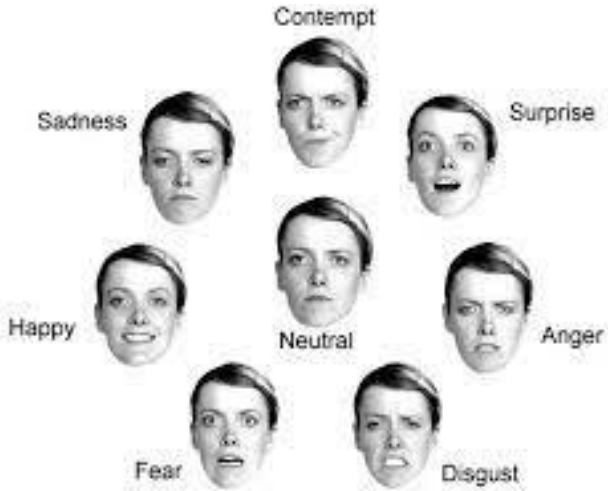
## Star, Spike, Fluency Predictions



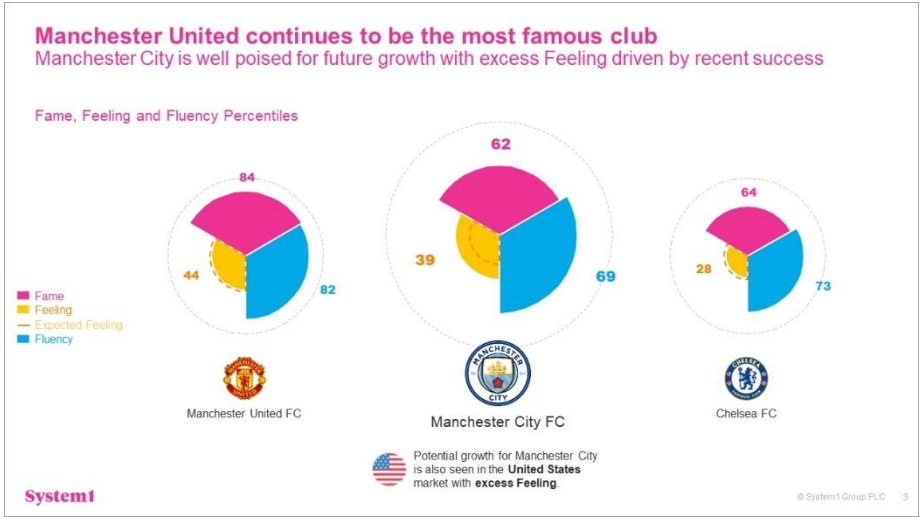
## “Test Your” Automated Predictions



## FaceTrace ®



## Fame, Feeling, Fluency

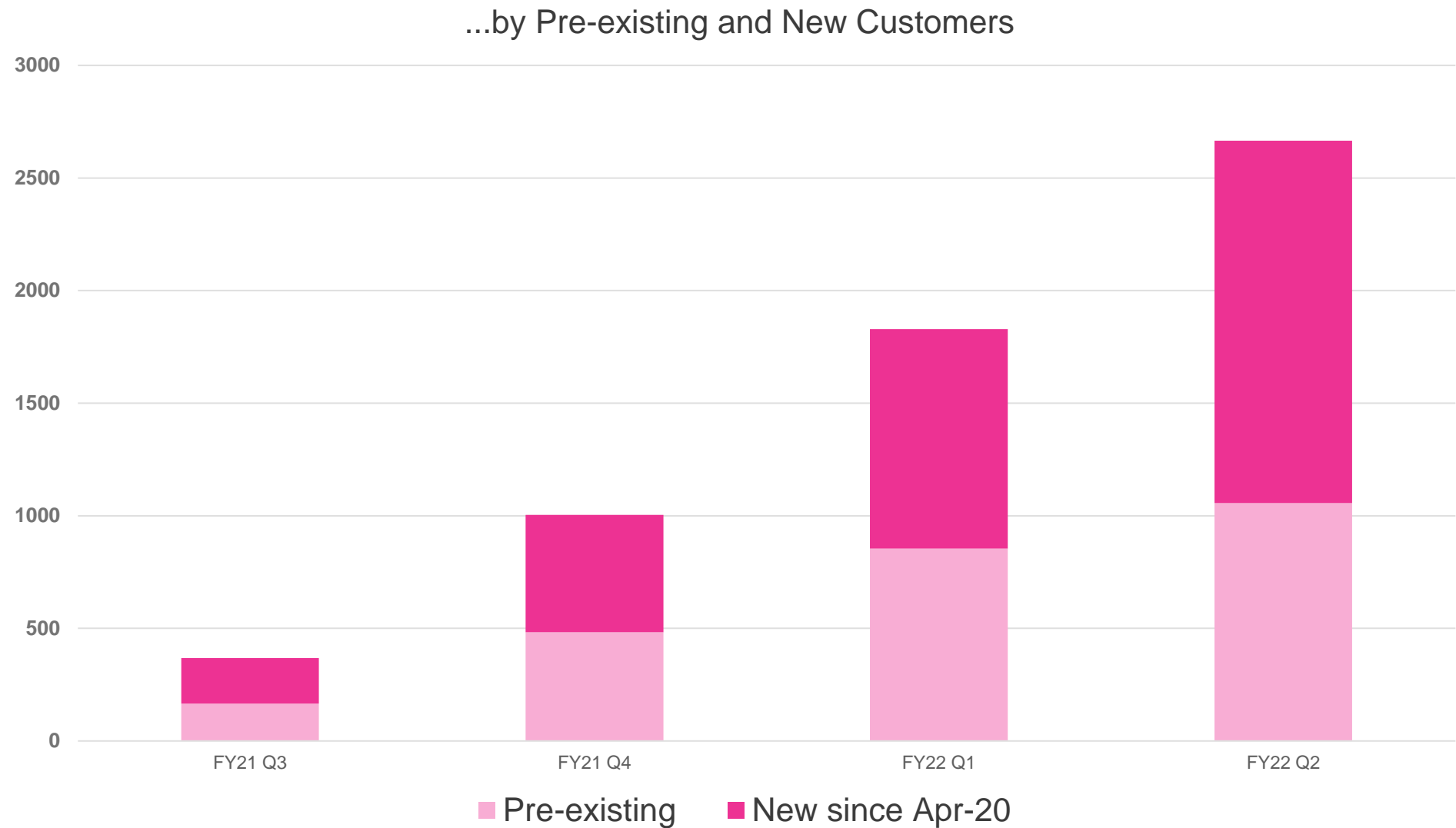


## Registered Trademarks

Mark	Territory
“System1”	UK and EU
“System1 Research”	UK, EU, USA etc
“System1 Marketing”	UK, EU, USA etc
“System1 AdRatings”	UK, EU, USA etc
“System1 Group”	UK, EU, USA etc
“FaceTrace”	UK, EU, USA etc
“MindReader”	UK, EU, USA etc
“Profit Projector”	UK, EU, USA etc



# 6. We are winning new customers, retaining, and growing them



E.G.



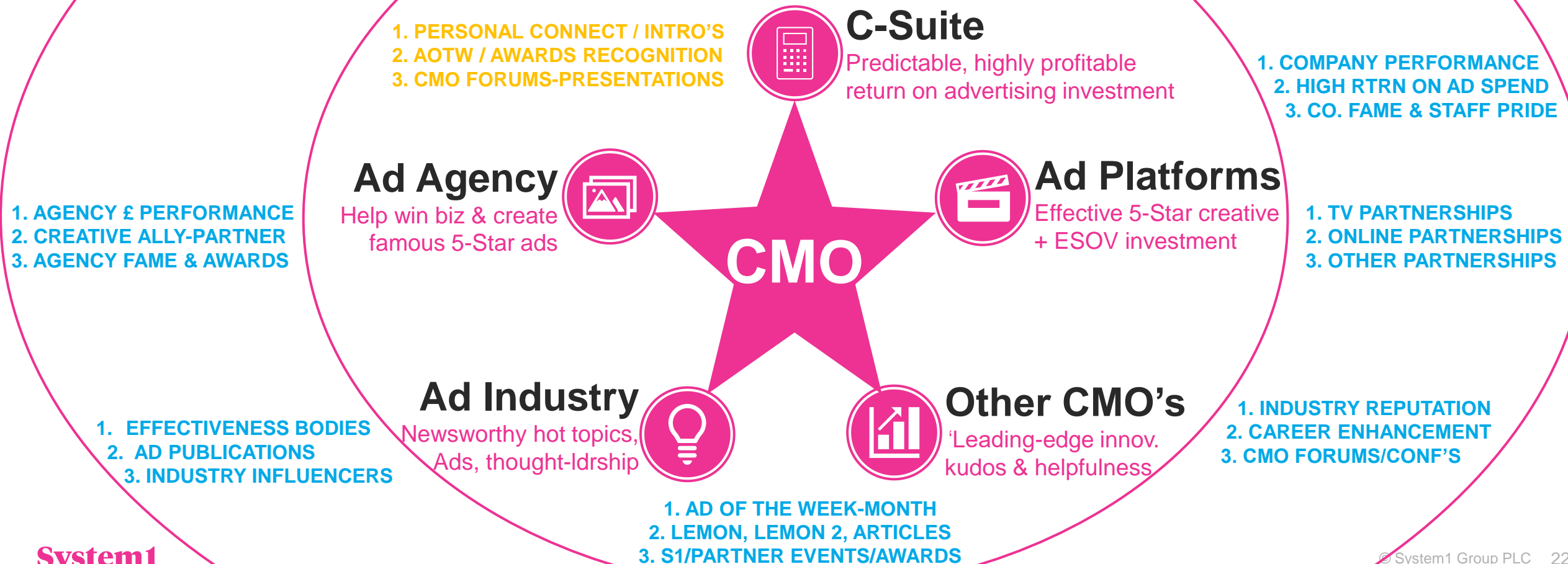
## 6. We are winning with CMO's

### INDIRECT CMO SELLING

As the biggest investment, ad decisions are made at the most senior levels, with a whole eco-system of influencers/participants. Reaching CMO's at scale will be mainly through **PARTNERSHIPS**

### DIRECT CMO SELLING

CMO's are incredibly hard to reach & well-insulated. So, any opportunities for direct selling are absolute **GOLD**



## 7. Strong scalability and operational gearing from Platform

Area / Revenue	£50m	£100m	Comment
Sales & Marketing	Slow Increase	Slow Increase	Increase with account management on major customers and new business wins
Operations	Minor Increase	Minor Increase	Highly automated. Volume increases minus productivity result in only minor cost increases
IT	Same	Same	No new products but invest to keep up-to date. Resource constant
Admin	Minor Increase	Minor Increase	Fit for purpose

# Summary

- Data platform strategy is on track
- Strong profitability and cash position in H1
- Focussed investment in people and platform in H2
- Underlying profitability on track
- Building and defending our IP
- CMO dialogue transforming customer relationships
- Prioritising growth while protecting profitability

**Questions?**

