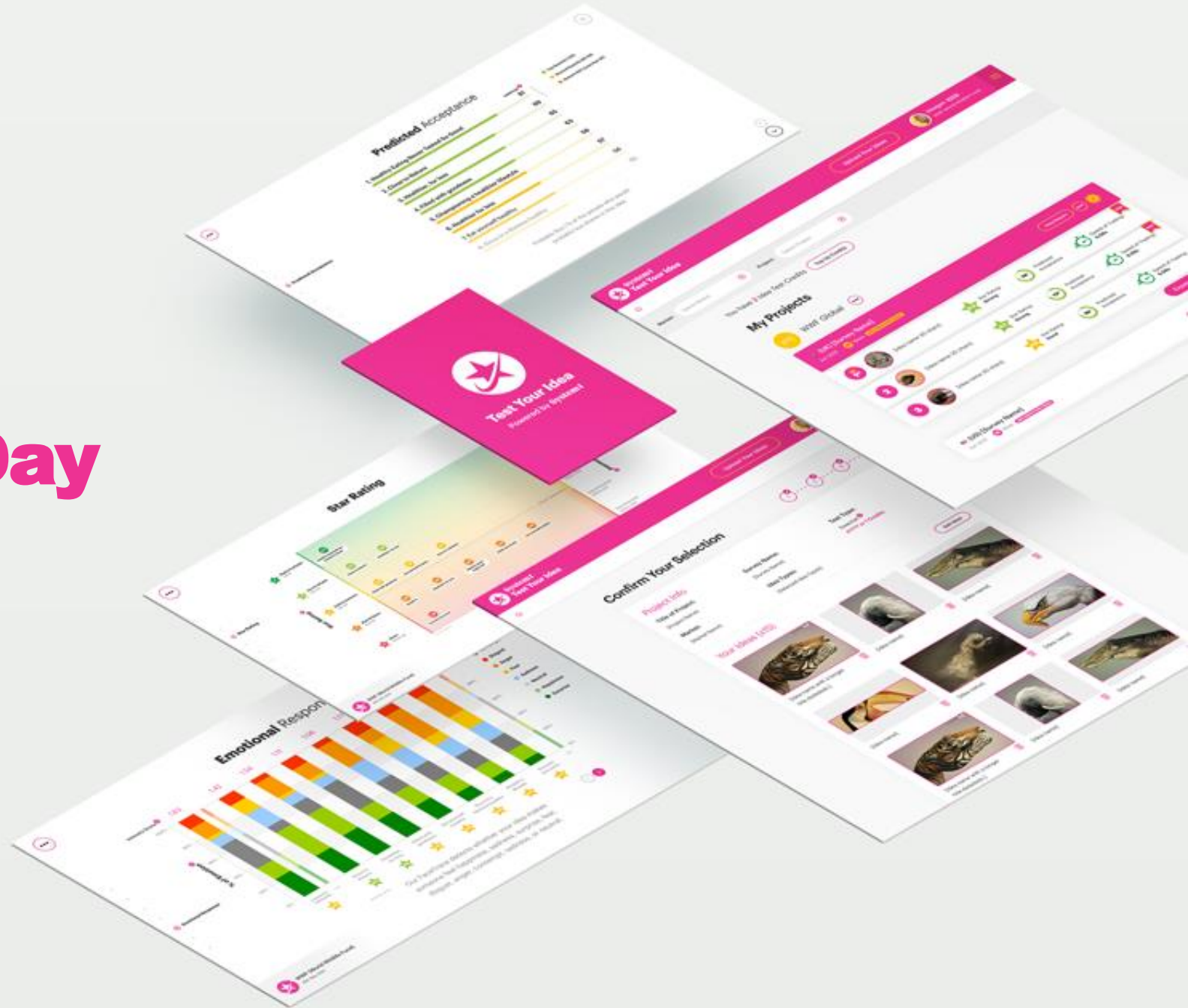


# System 1

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
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Conclusion	System1 could be worth a billion+ once it has fully scaled with a 10% market share

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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.



IPAs  
System

Look out.

Orlando Wood



## Look out.

The eye that stares. 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.



IPAs  
System



# Fame

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



REFLECTS **CURRENT** BRAND SHARE



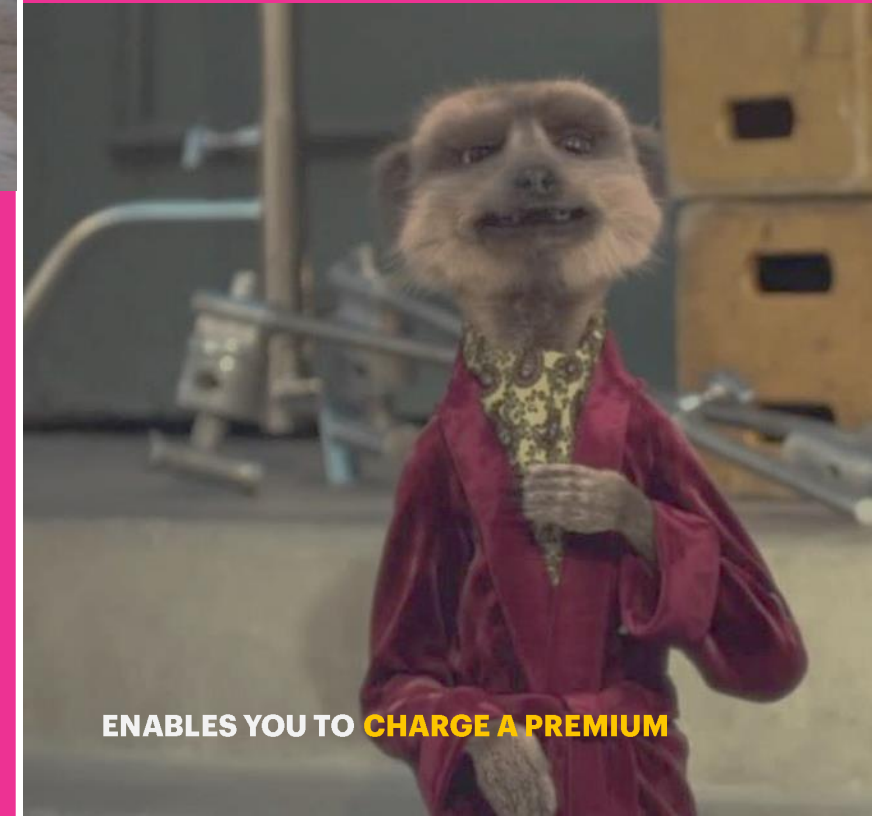
PREDICTS **FUTURE** BRAND SHARE

# Feeling

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

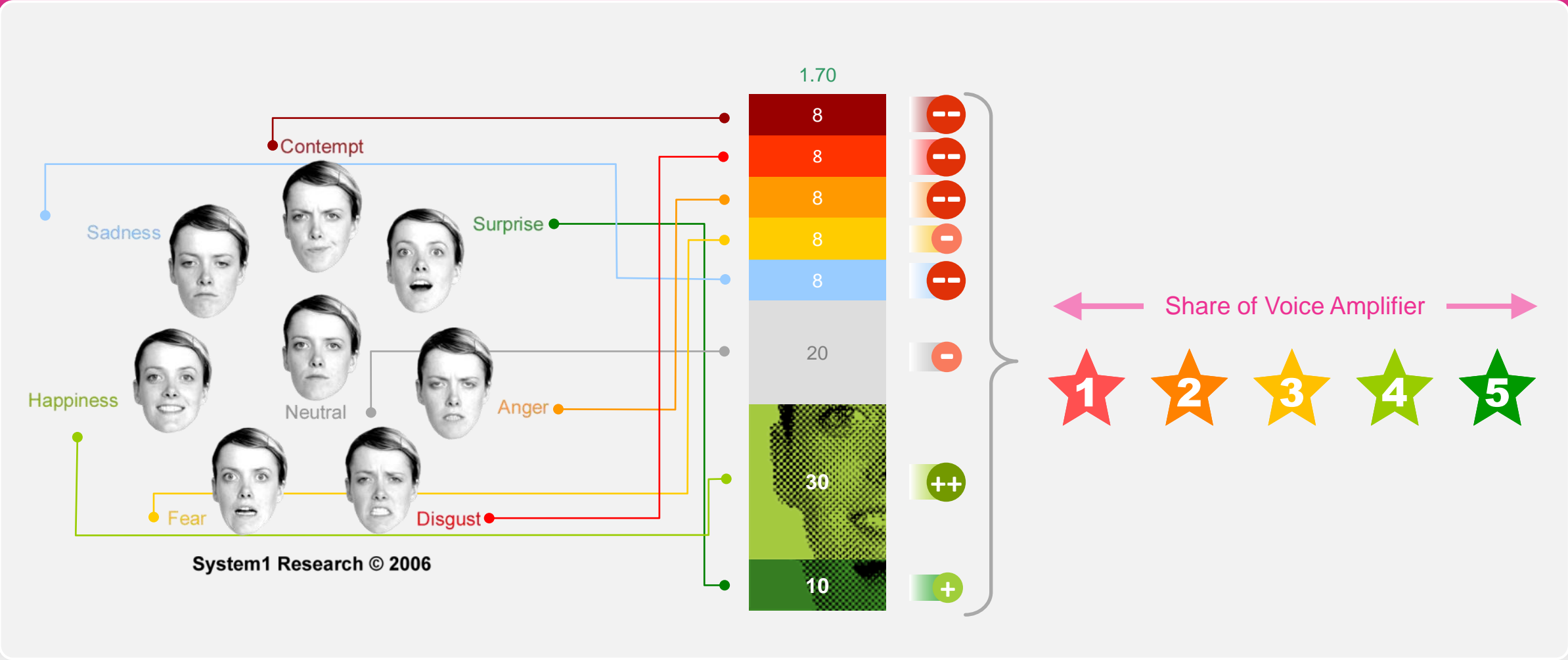
# Fluency

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



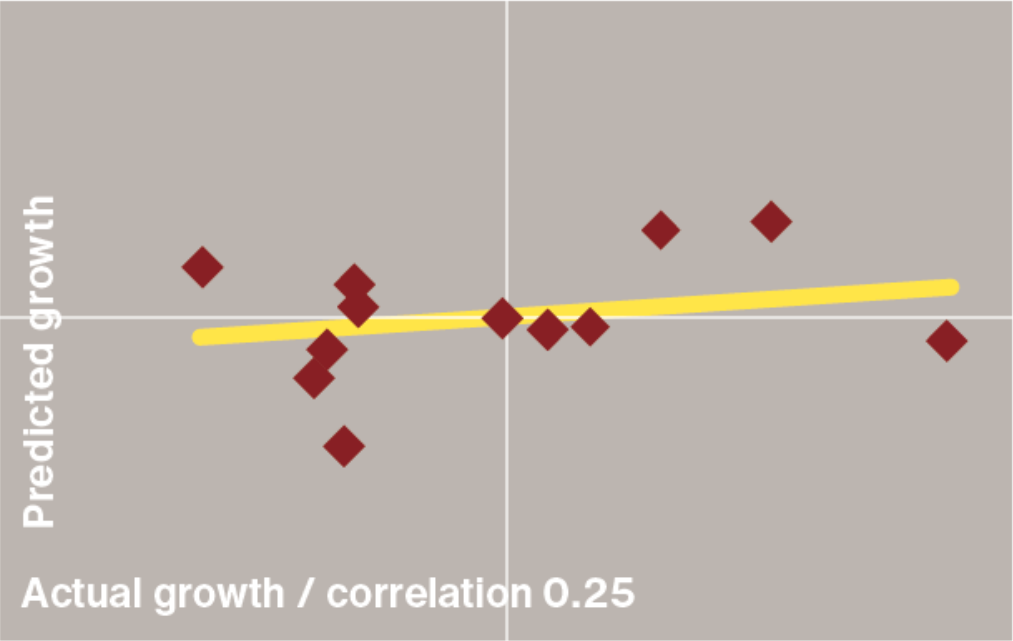
ENABLES YOU TO **CHARGE A PREMIUM**

# Predicting share gain from emotional response.

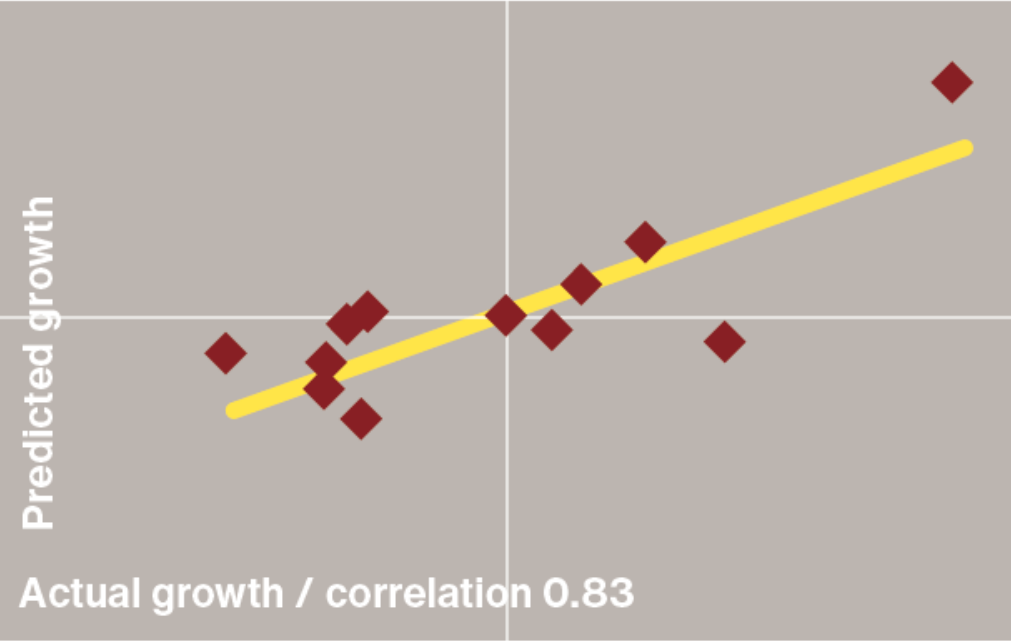


# ESOV and the emotional multiplier explain market share growth.

**Quantity of advertising**  
(TV ESOV)

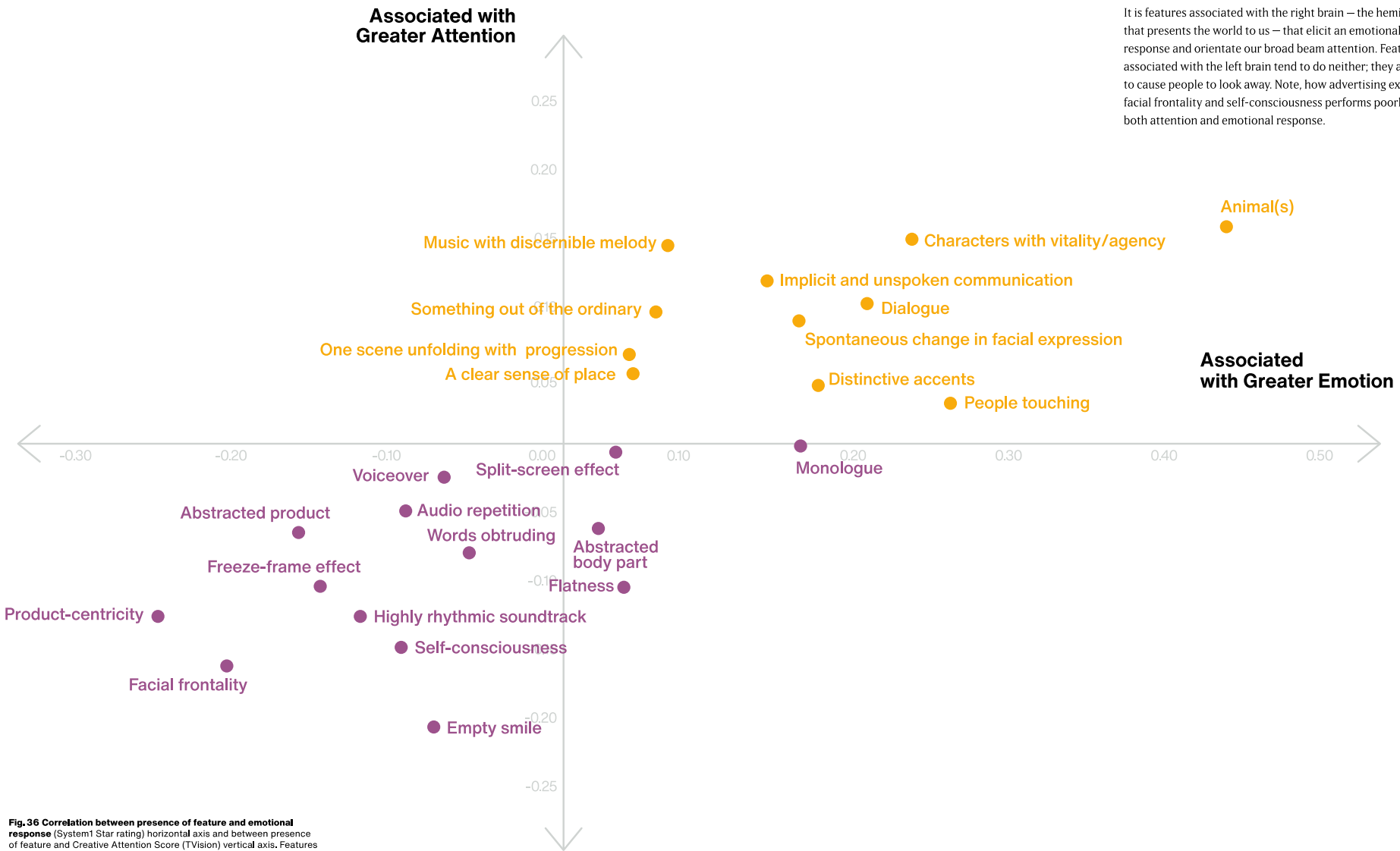


**Quantity and quality of advertising**  
(TV ESOV x Star rating)



**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





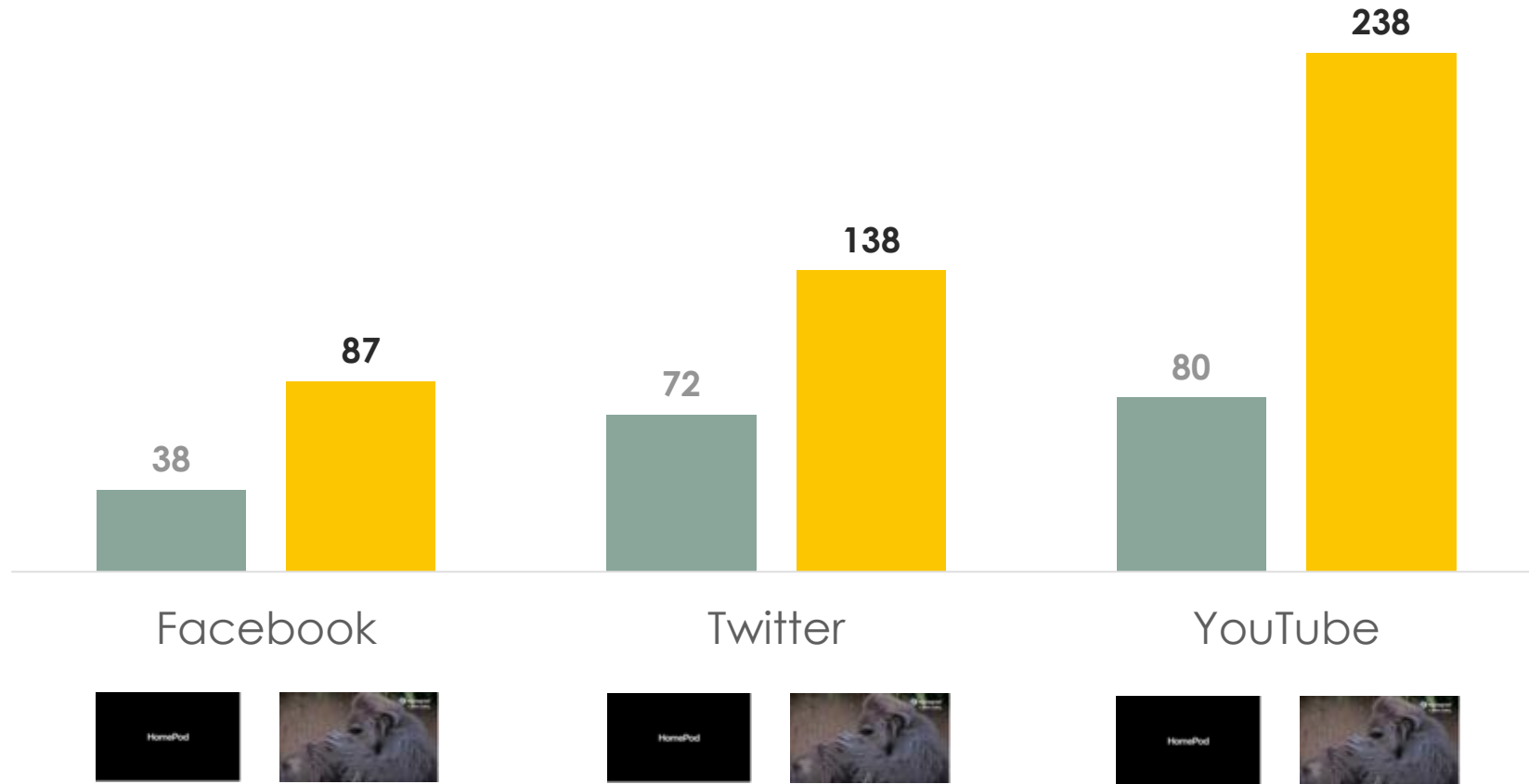
It is features associated with the right brain – the hemisphere that presents the world to us – that elicit an emotional response and orientate our broad beam attention. Features associated with the left brain tend to do neither; they are likely to cause people to look away. Note, how advertising exhibiting facial frontality and self-consciousness performs poorly on both attention and emotional response.

**Fig. 36 Correlation between presence of feature and emotional response** (System1 Star rating) horizontal axis and between presence of feature and Creative Attention Score (TVision) vertical axis. Features with very low incidence not shown (adjectives used as nouns, play on words, set in the past, animated characters, reference to other cultural works). Base: 195 US TV ads airing Spring/Summer 2020 monitored / tested by TVision and System1

# Attention & Recall is dramatically increased with right-brained advertising

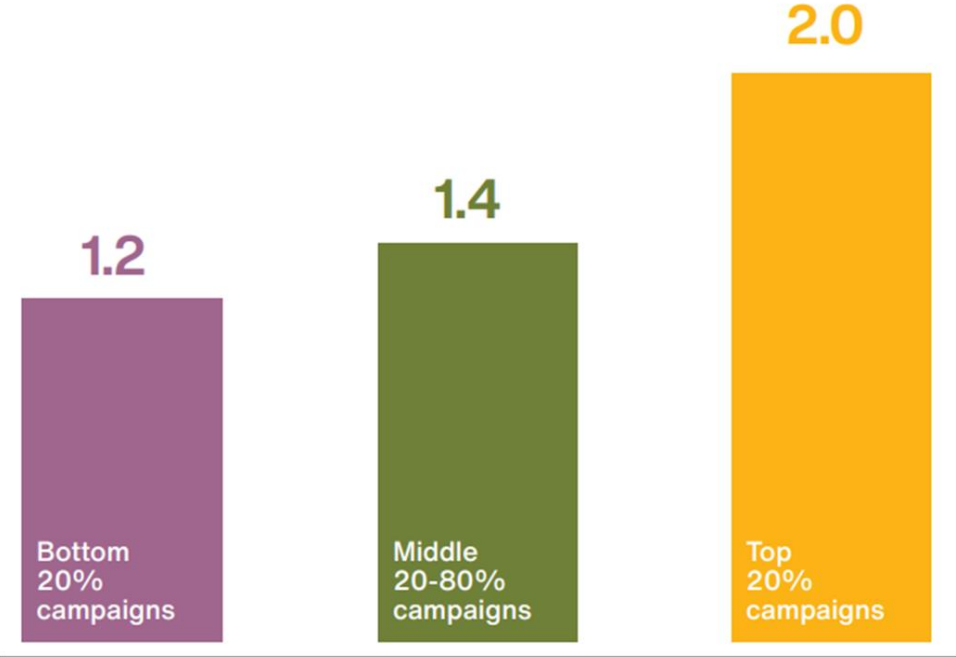
Spontaneous Brand Recall (%)	24	<b>26</b>	28	<b>41</b>	28	<b>38</b>
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Minutes of attention per 1000 valuable impressions



# 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
 <b>Test Your Ad</b>	Fully automated June 2021	Now 78,000 ads UK 95% by December 21	TYA Profit Projector TYA Pro Reports
 <b>Test Your Brand</b>	Fully automated November 2021	Now c.6000 brands	TYB Pro Reports TYB Predictions Q2 22
 <b>Test Your Idea</b>	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**

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



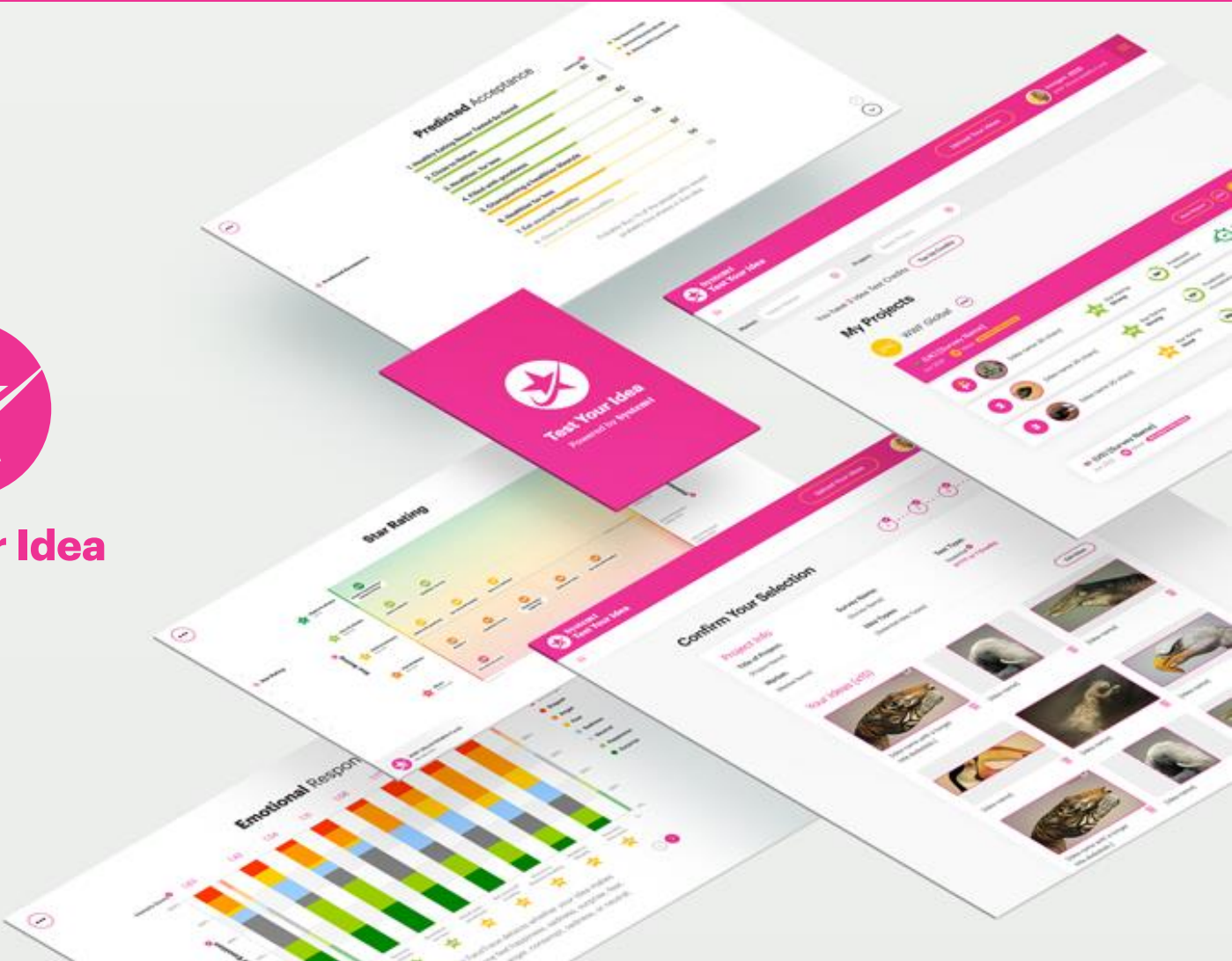
**Test Your Ad**



**Test Your Brand**



**Test Your Idea**



# ...underpinned by world-class Creative Guidance



**Better**



**Faster**



**Stickier**

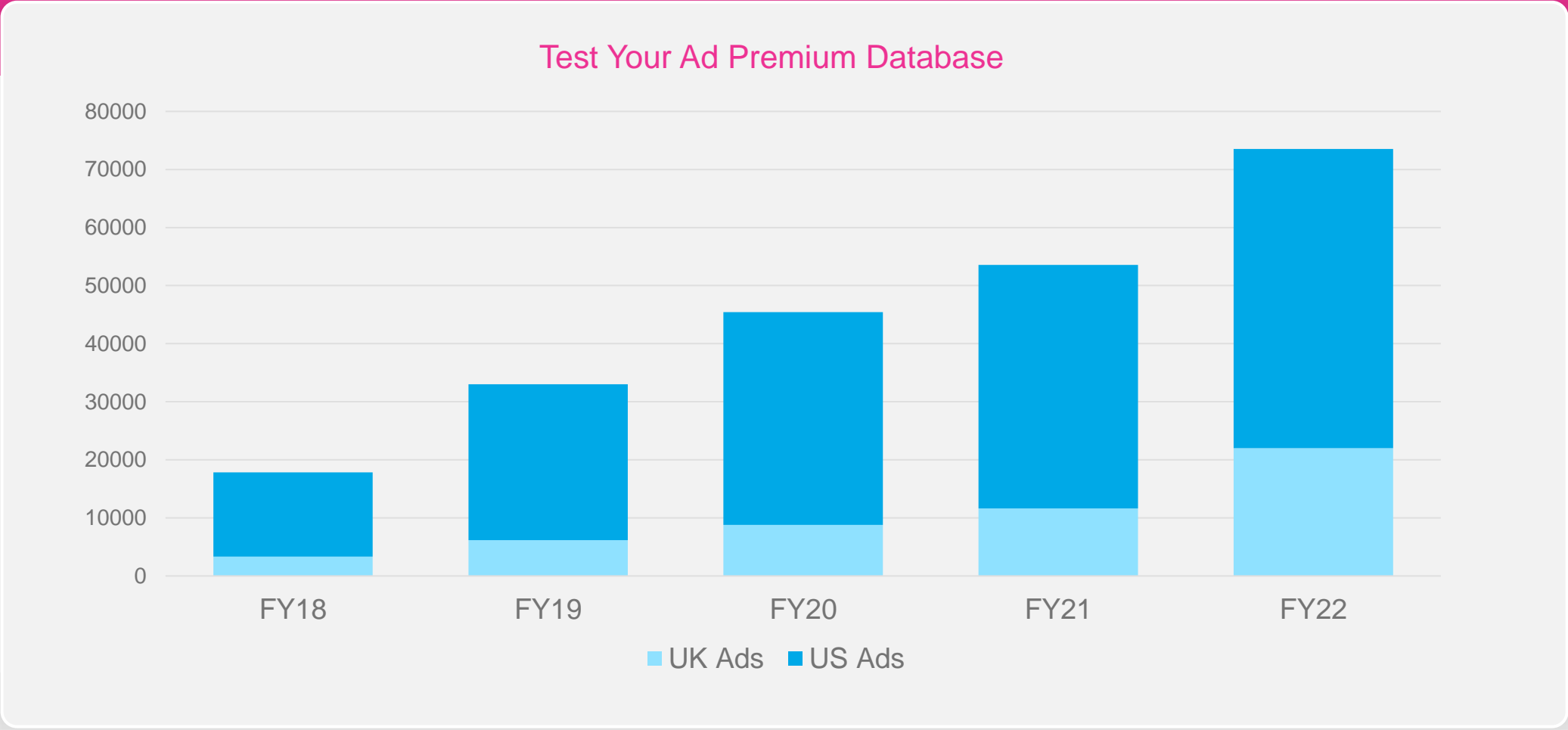


**System1**

Don't guess. Test.

# We have the largest database of Ads in the UK and US

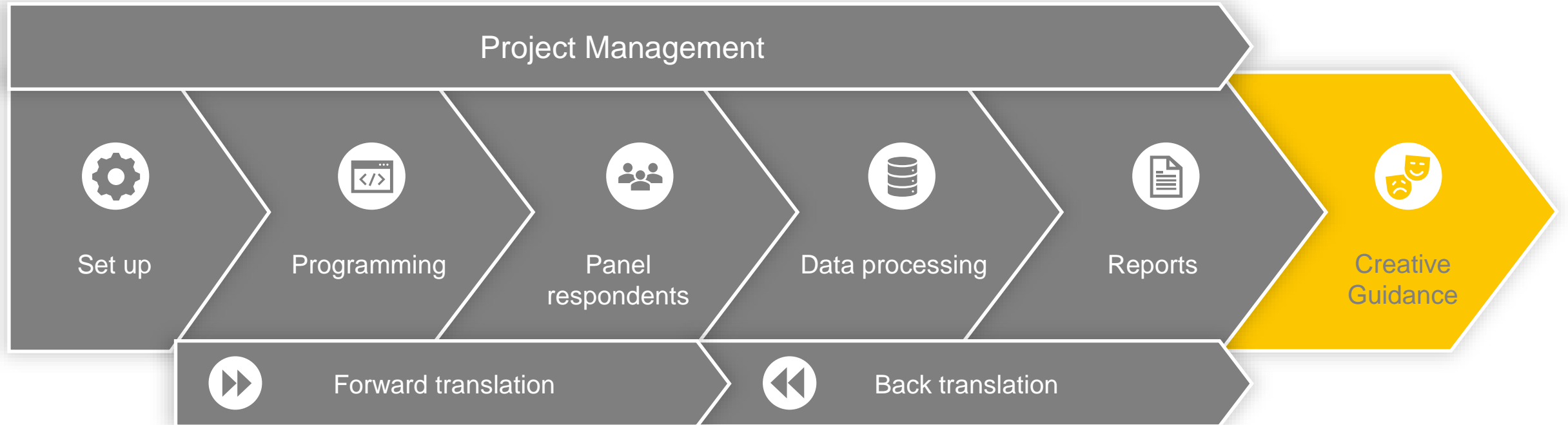
Tested within 24 hours of airing





# 2000-2020 | Highly bespoke market research operating model

Very manual, adding time, cost and complexity

## Traditional Manual Bespoke Market Research Operating Model



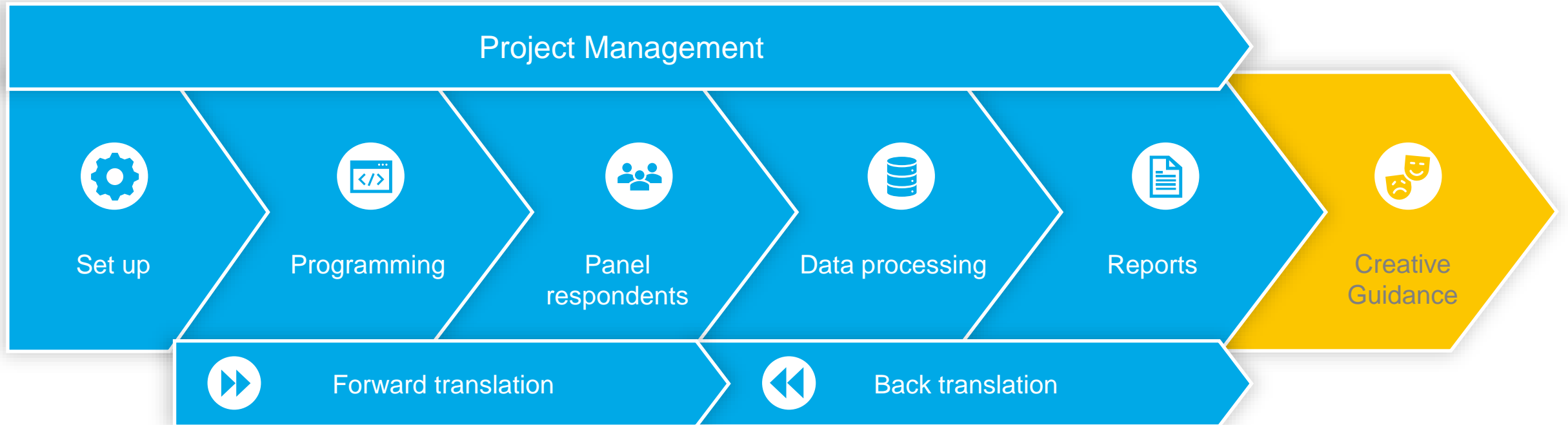
Key:  Manual Process  Consultancy



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

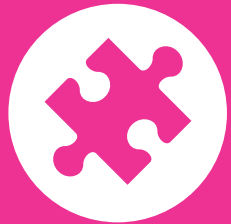
Better, Faster, Cheaper, and Hugely Scalable

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



Key: ■ Automated Process ■ Consultancy

# 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.





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Market Research

\$43bn

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

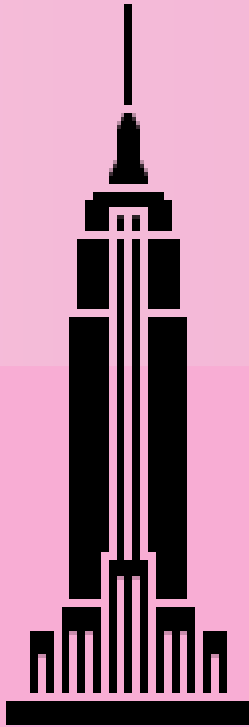


Great Pyramid 250BC

Advertising

\$1000bn

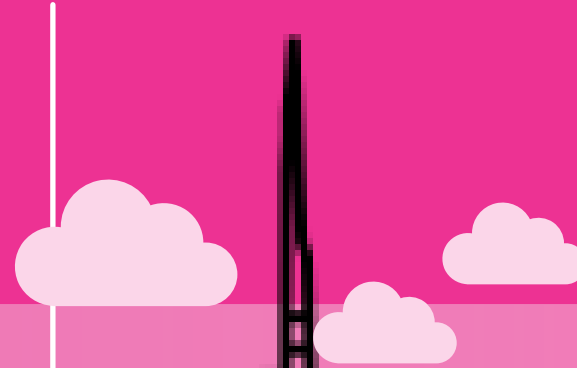
- 48% 1 Star ads = zero ROI \$4.4bn
  - 0.16% Ad prediction spend \$1.6bn
  - \$480bn wasted investment \$4.4bn
- 
- 100% 3-5 Star ads = +ROI
  - 10x Ad predict = 1/6% \$16bn
  - \$.0bn Waste + profitable growth



Empire State Building 1931

Marketing

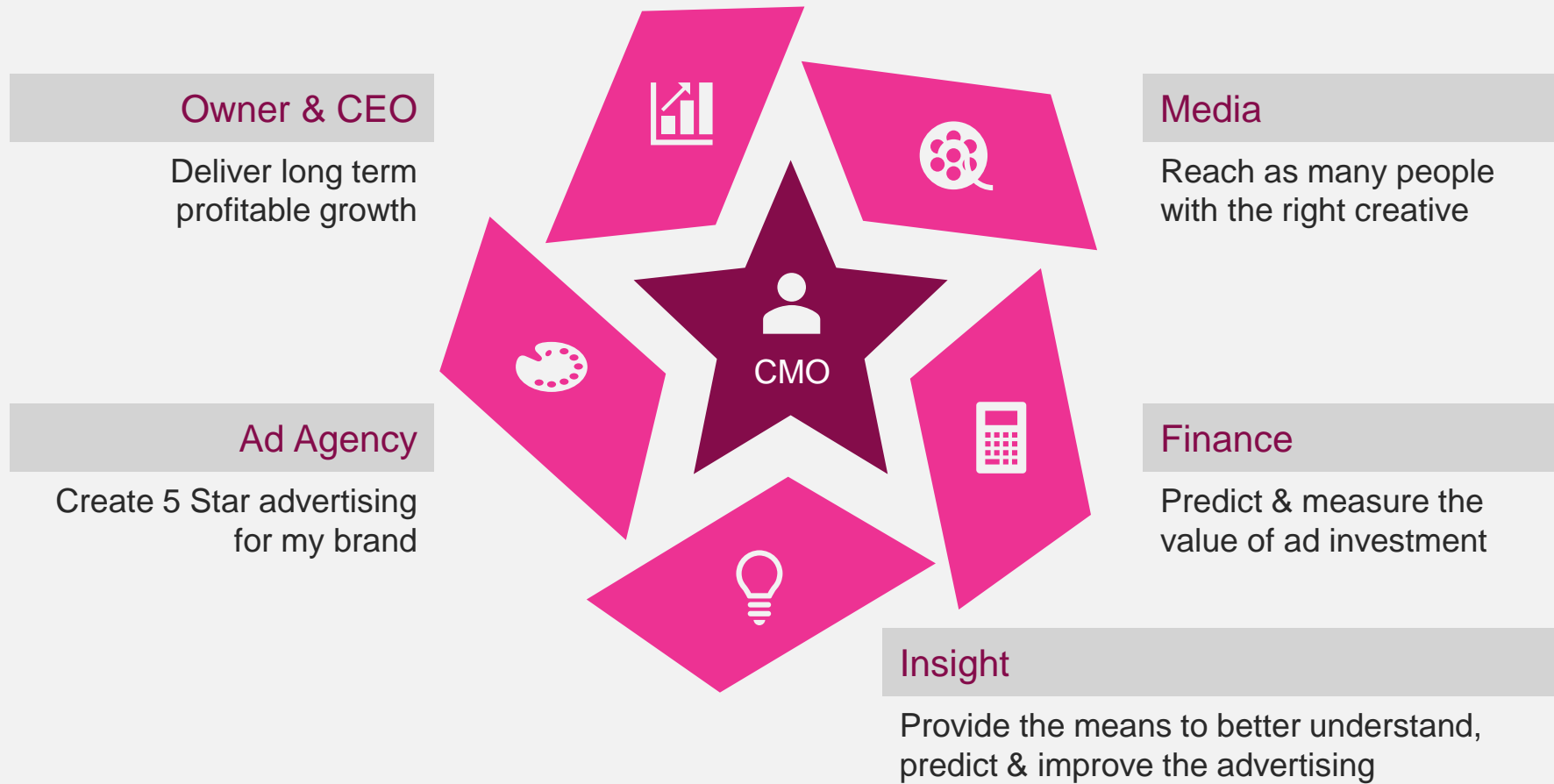
\$1700bn



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

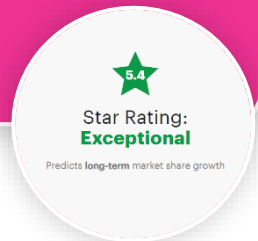
# Why System1 is set for success



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

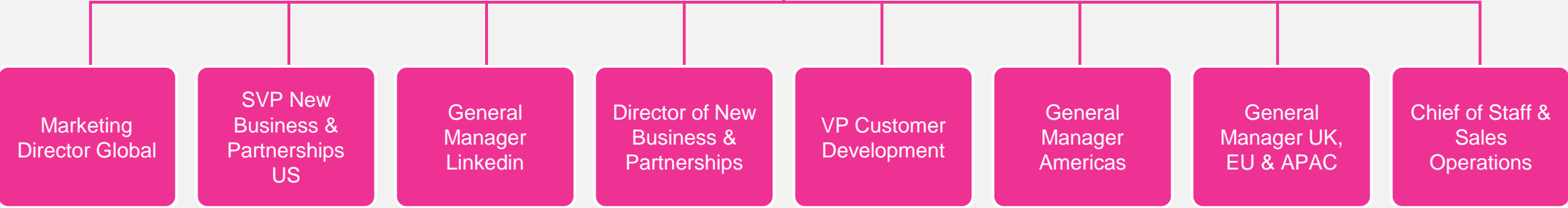
System 1

**System 1**

Don't guess. Test.

# New commercial organisation is set up to achieve rapid growth

**Chief Growth Officer**  
Jon Evans



Fame



Land



Land



Land



Expand



Expand

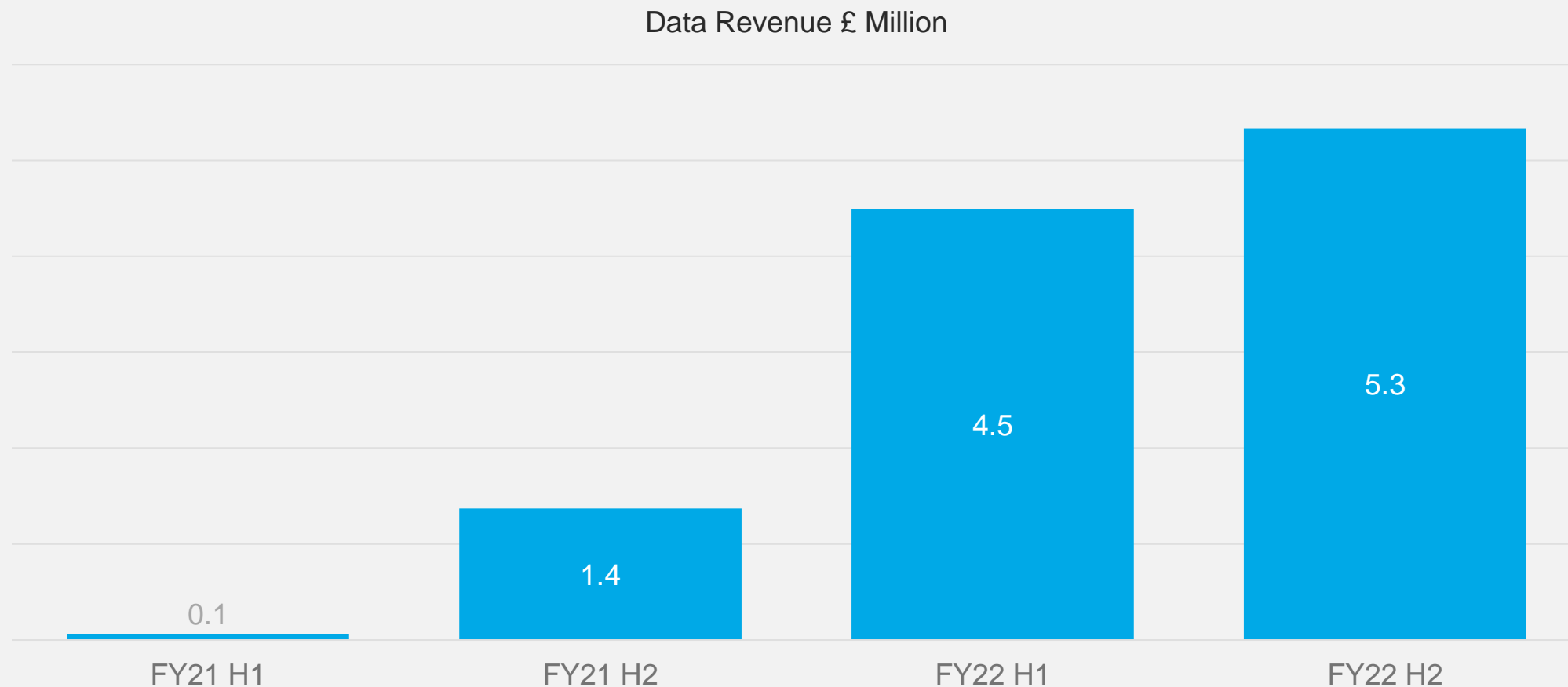


Expand

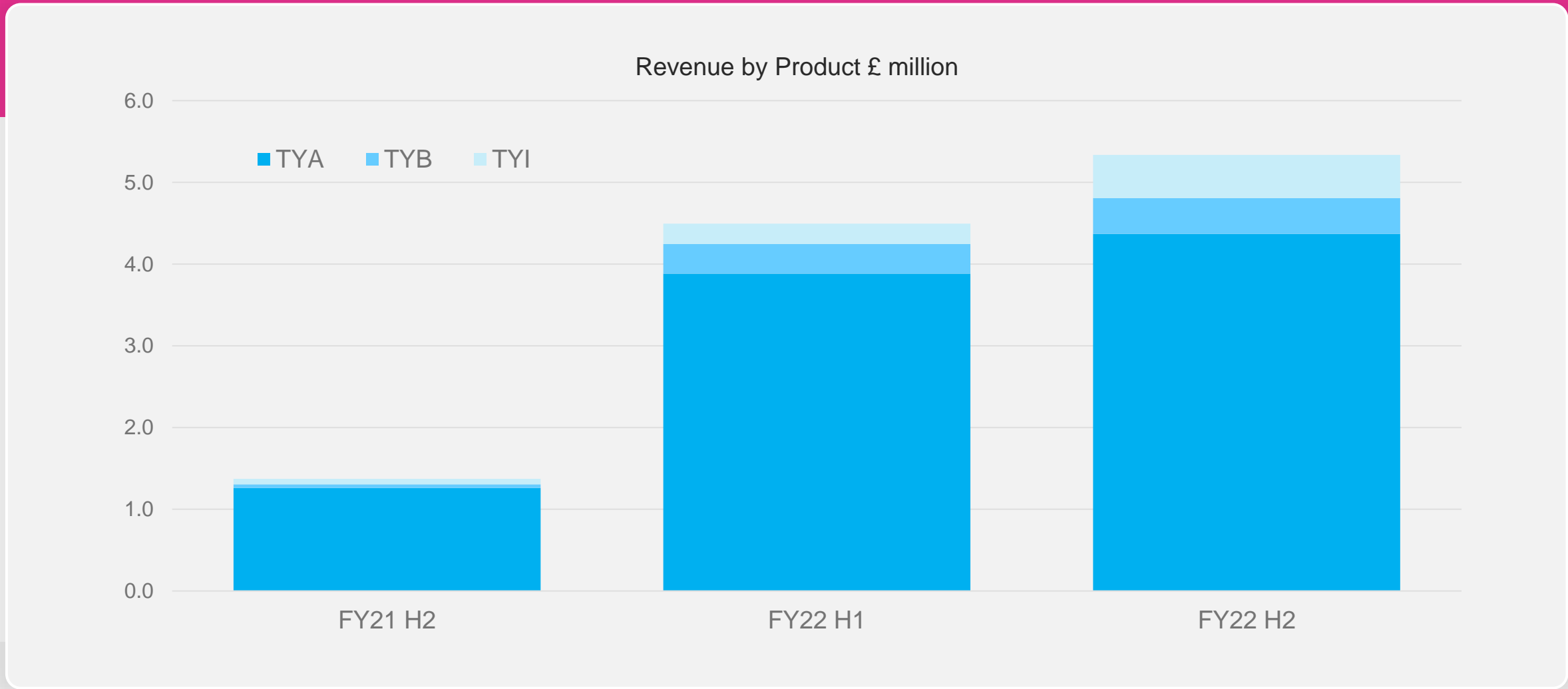


Execution

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

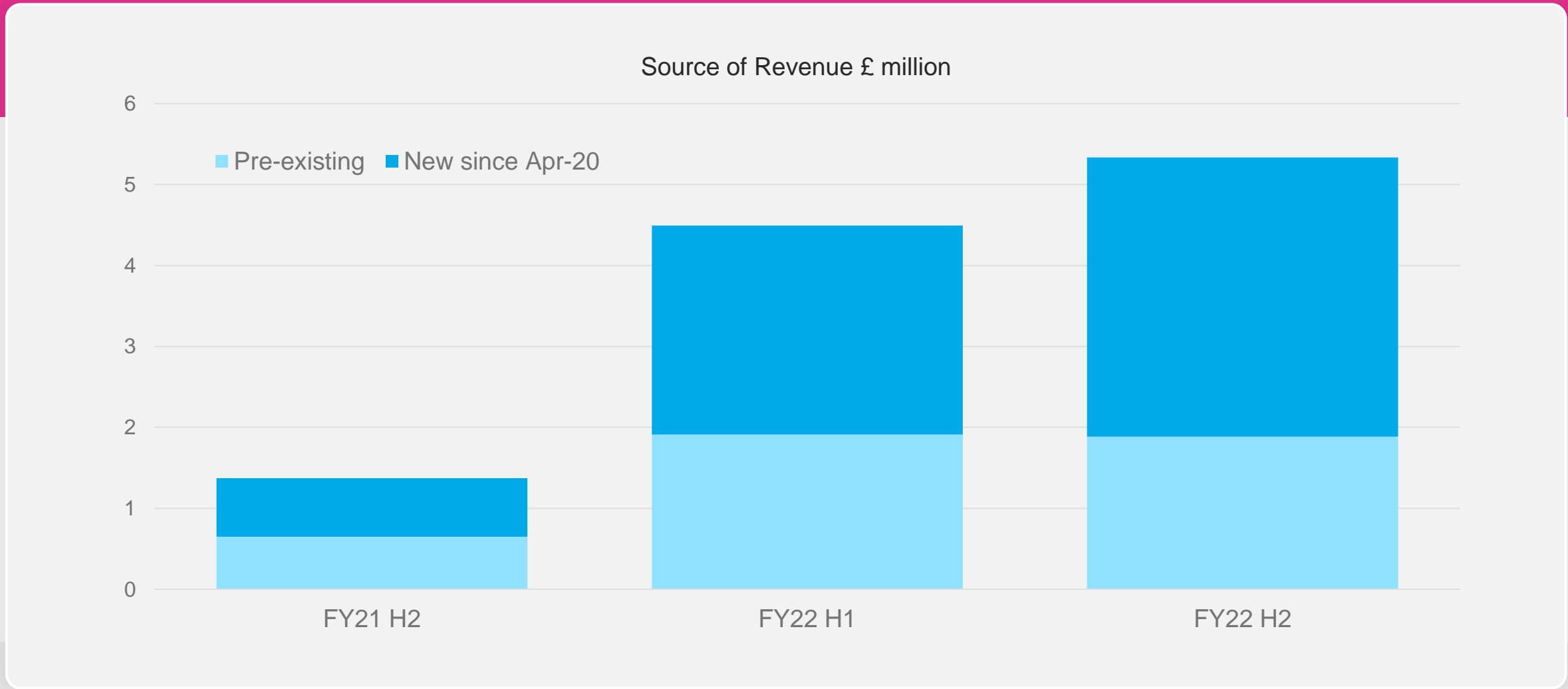


# The success of **Test Your Ad** sets us up nicely for **Test Your Idea** & **Test Your Brand**



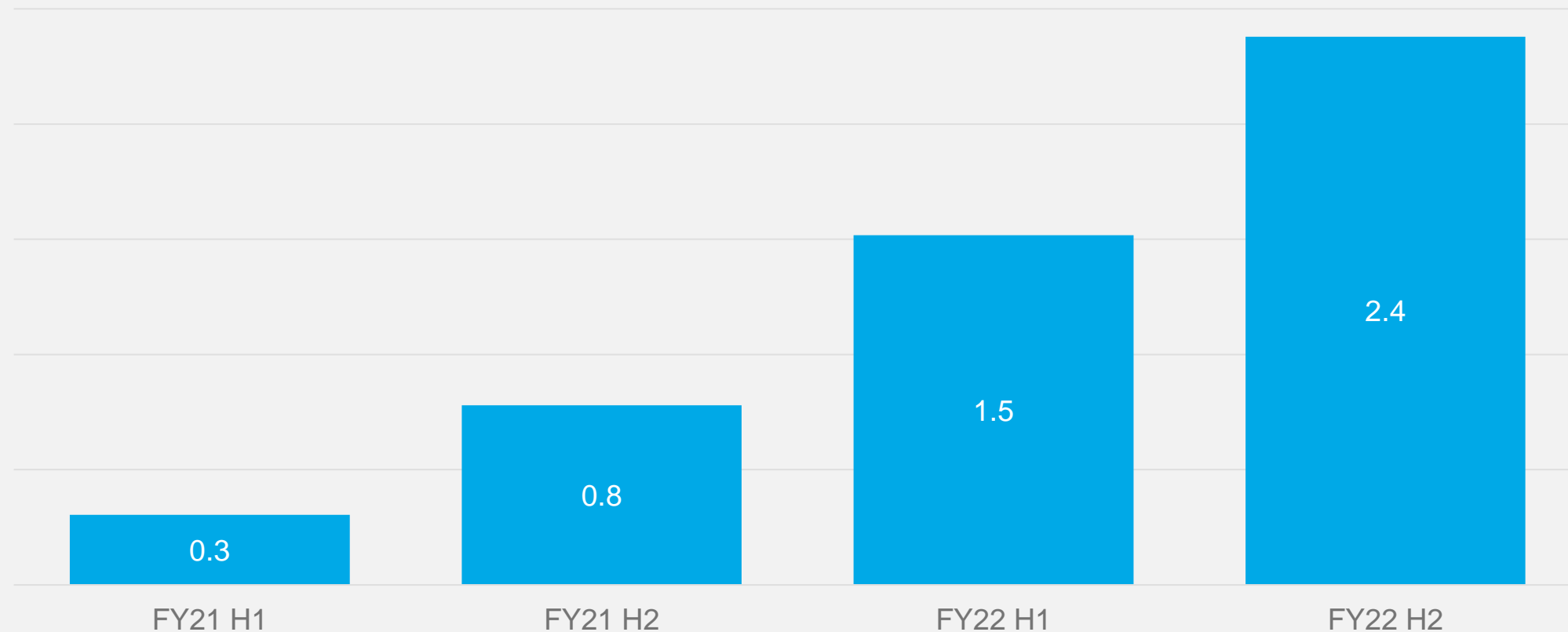
# The majority of data sales are now coming from **new** customers

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

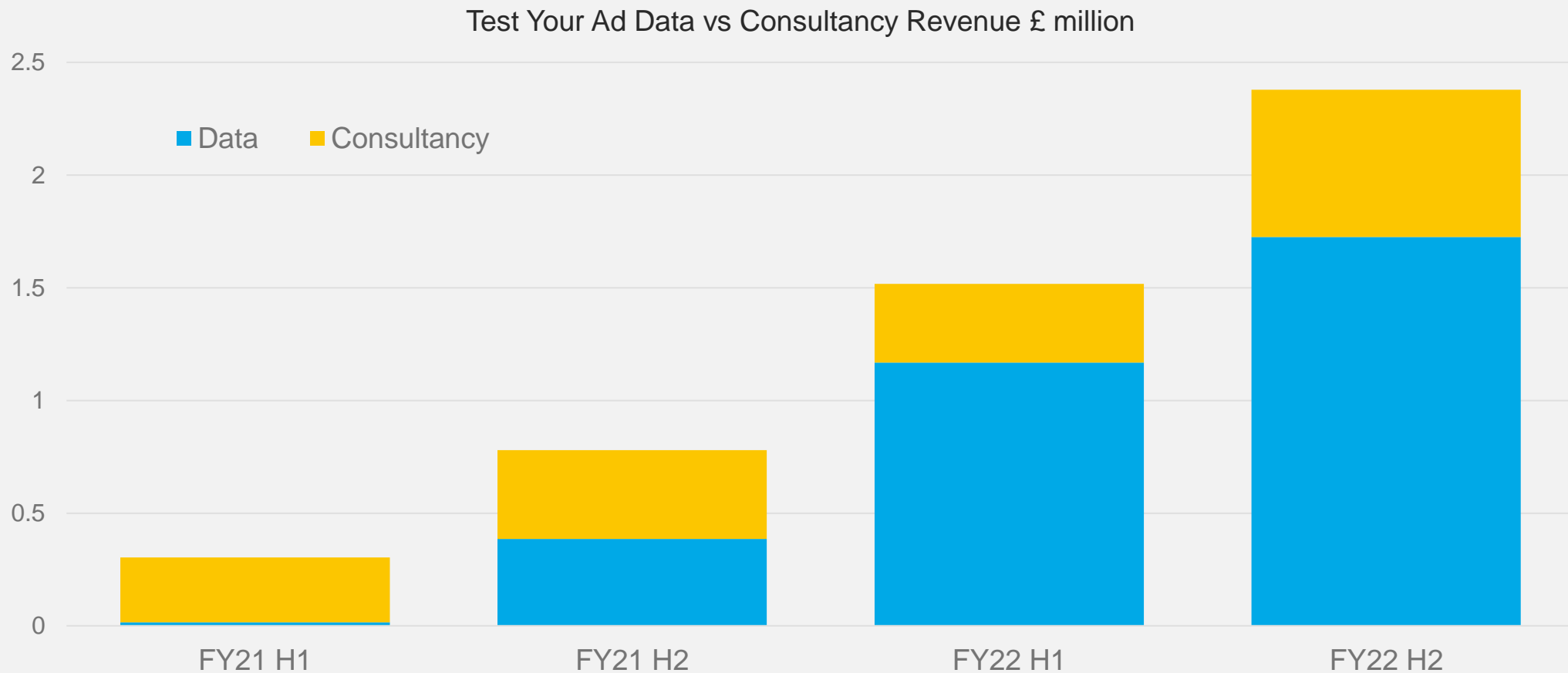


The most significant source of new business has been through **partnerships** with advertising agencies and media platforms

Test Your Ad Partnership Revenue £ Million



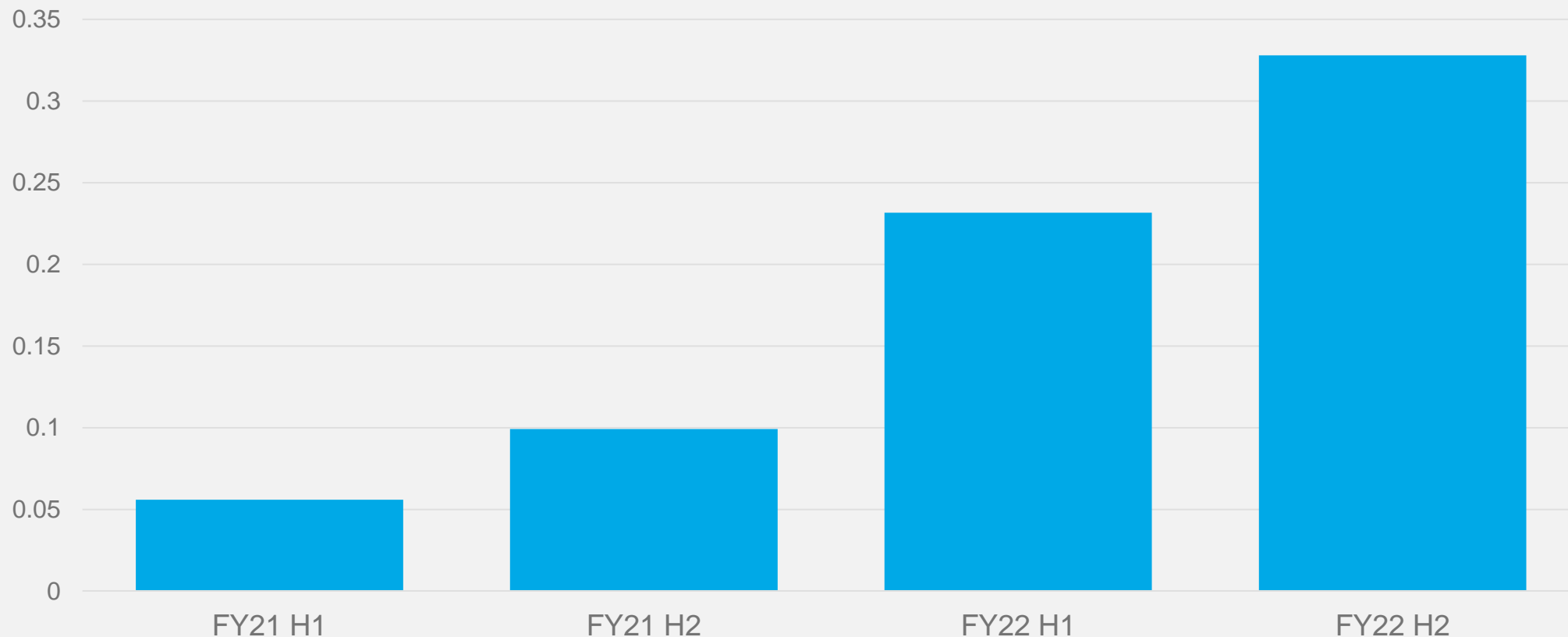
As we grow **partnerships** data sales (prediction)  
consultancy will follow (improvement)





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

Test Your Ad Premium Subscription Revenue £ million



**YOUR  
COUSIN  
FROM  
BOSTON**

**DYNAMICS**




























Creative Guidance



**YOUR  
COUSIN  
FROM  
BOSTON**  
**DYNAMICS**

# The winning Superbowl Ad of 2022 was tested with System1

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






























Creative Guidance



# The winning Christmas Ad of 2021 was tested with System1

 <p>1st 1 min. 31 sec.</p>	<b>Aldi A Christmas Carrot</b> Aldi	 Star Rating: Exceptional	 Spike Rating: Exceptional	 Fluency Rating: Exceptional	Total Spend: Unavailable	First Aired Date: 11/11/2021	<input type="button" value="Compare"/> 
 <p>2 30 sec.</p>	<b>Holidays Are Coming 2021</b> Coca-Cola	 Star Rating: Exceptional	 Spike Rating: Exceptional	 Fluency Rating: Exceptional	Total Spend: £689,288	First Aired Date: 20/11/2021	<input type="button" value="Compare"/> 
 <p>3 41 sec.</p>	<b>Sky Cinema Christmas 2021</b> Sky	 Star Rating: Strong	 Spike Rating: Exceptional	 Fluency Rating: Strong	Total Spend: Unavailable	First Aired Date: 11/11/2021	<input type="button" value="Compare"/> 
 <p>4 1 min. 1 sec.</p>	<b>Farmer Christmas</b> Morrisons	 Star Rating: Strong	 Spike Rating: Strong	 Fluency Rating: Exceptional	Total Spend: Unavailable	First Aired Date: 3/11/2021	<input type="button" value="Compare"/> 
 <p>5 1 min. 11 sec.</p>	<b>M&amp;S Percy Pig 2021</b> Marks & Spencer	 Star Rating: Strong	 Spike Rating: Exceptional	 Fluency Rating: Exceptional	Total Spend: Unavailable	First Aired Date: 4/11/2021	<input type="button" value="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).

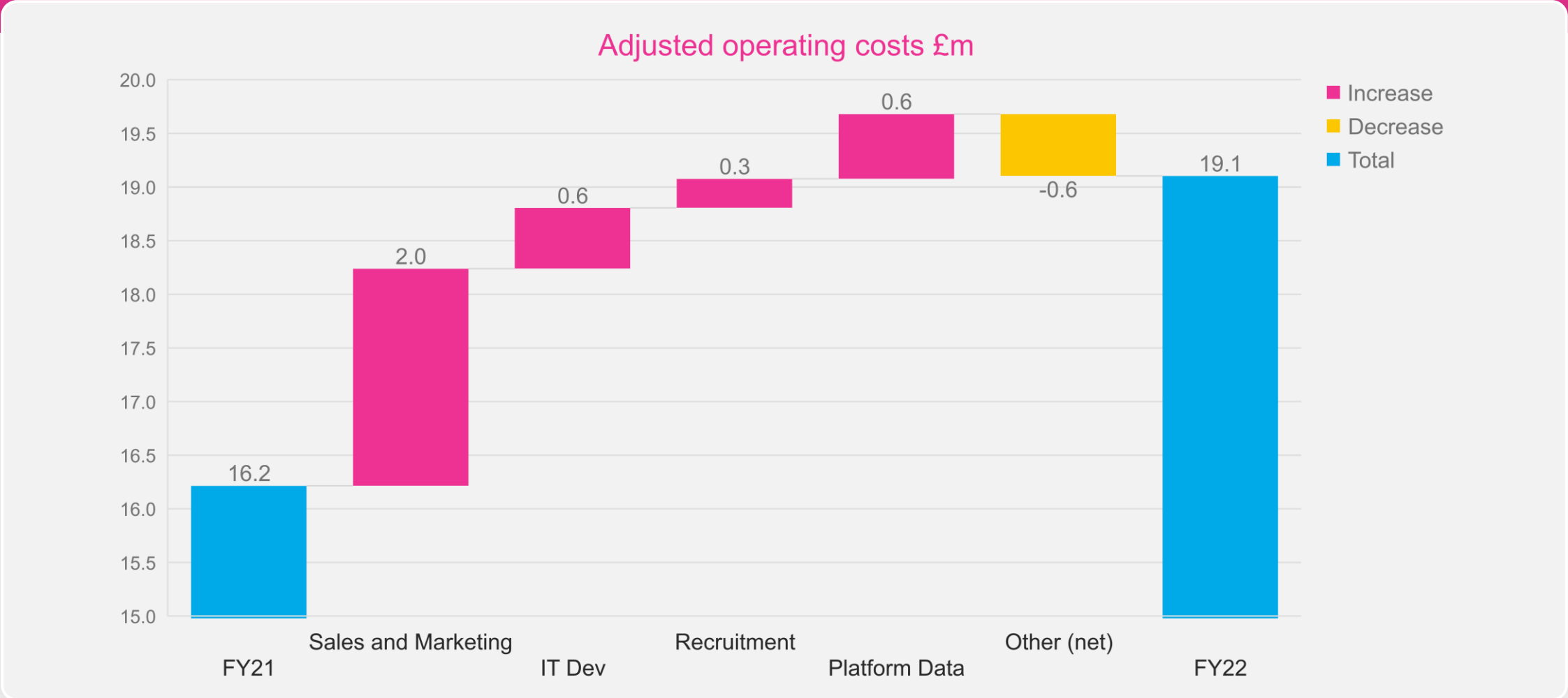


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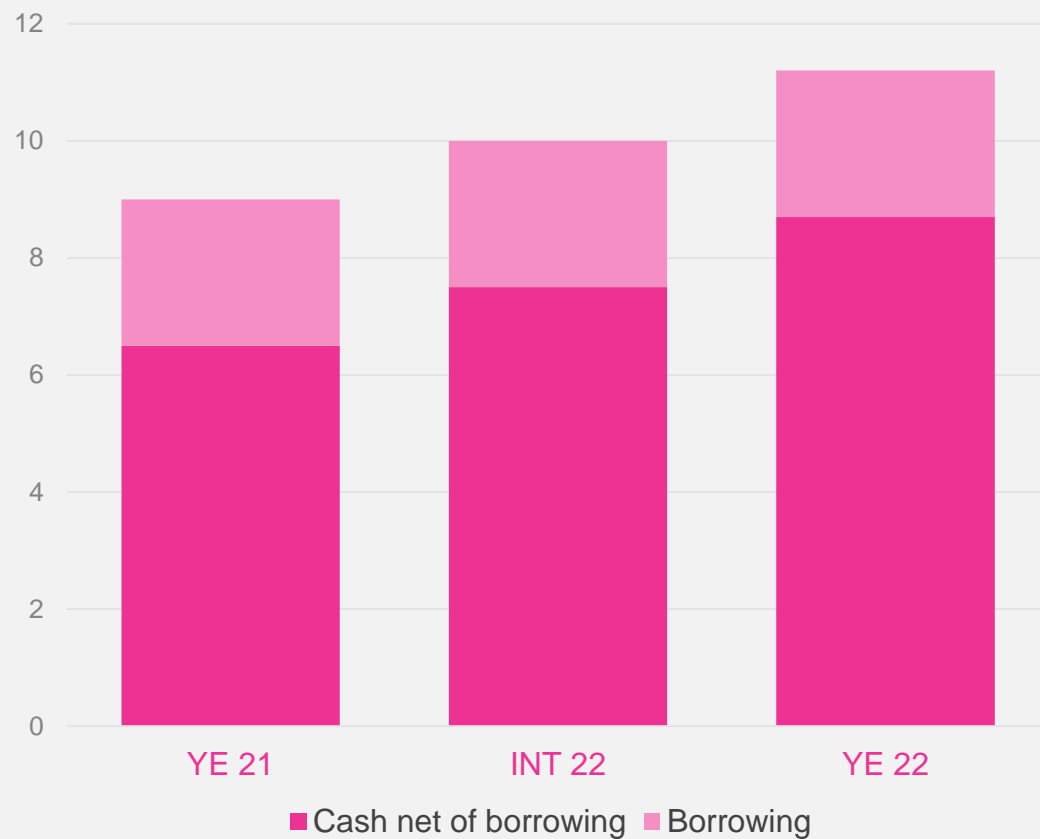


# Growth in expenditure in FY22 due to focused investment in platform strategy

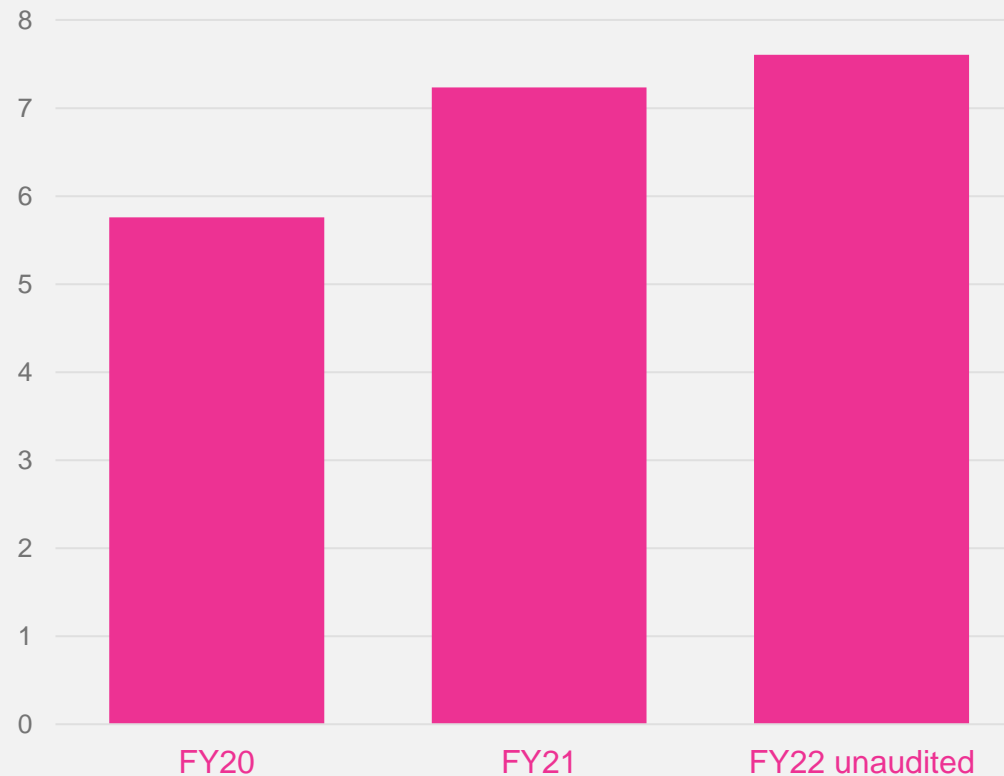


We intend to maintain our investment in the platform...  
and have the **resources** to do this

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

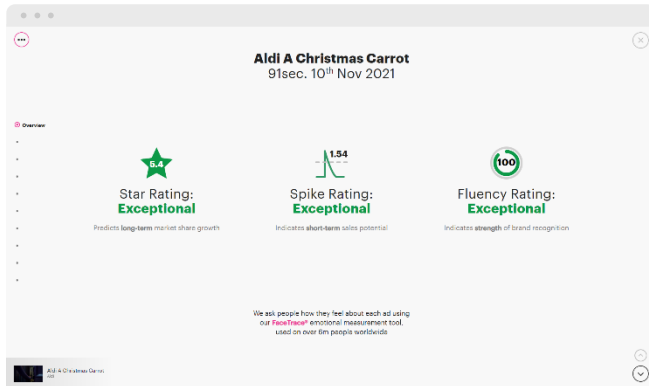


Shareholders Equity £m

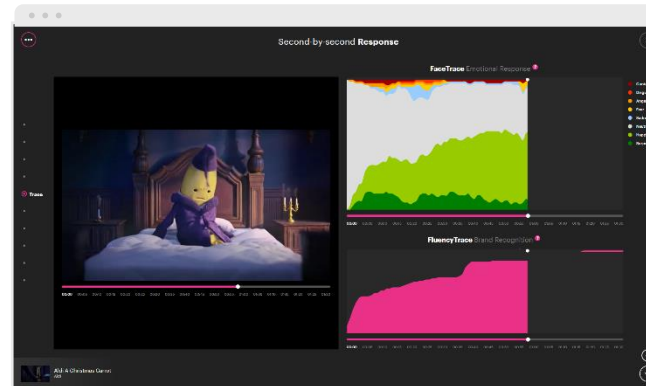


# Defensible through IP, Branding, Customer & Supplier relationships

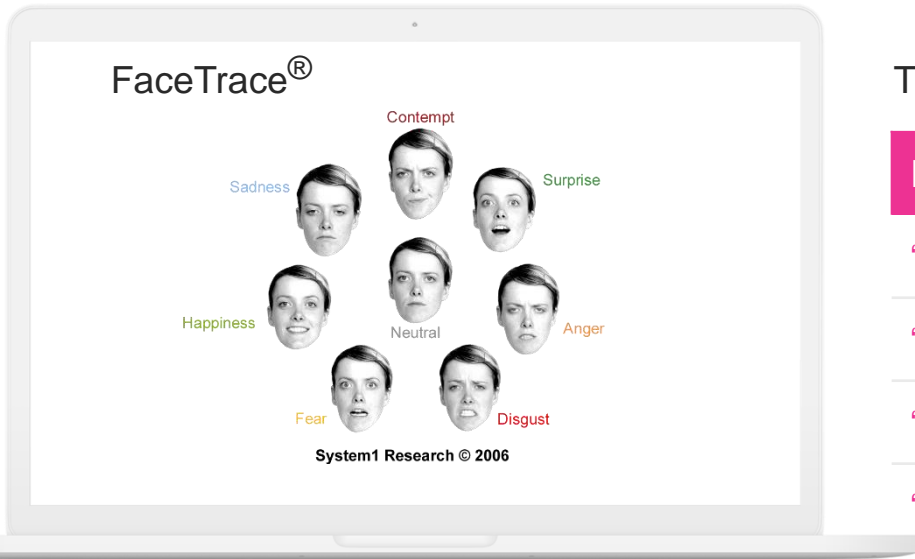
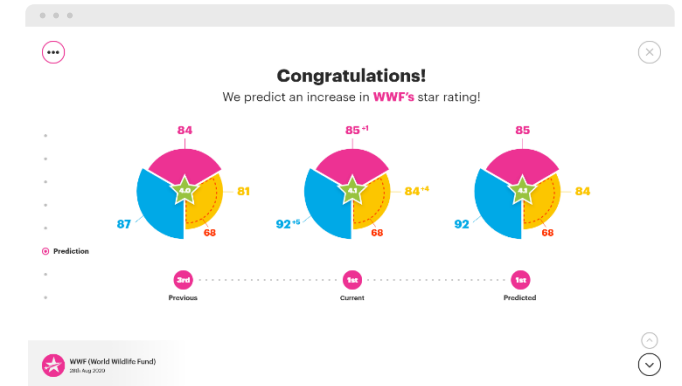
## Star, Spike, Fluency Predictions



## Test Your Automated Prediction



## Fame, Feeling, Fluency



## 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

# System 1

Don't guess. Test.

## Thank you.

Questions & Answers

