

# System1 Group

28 February 2023

**System1 Group PLC (AIM: SYS1)**  
("System1", or "the Company", or "the Group")

## Capital Markets Day

### US focus, partnership route to market and platform delivery

Further to the announcement of the update on the Company's strategic review on 30 November 2022, System1 today issues an update to coincide with today's Capital Markets Day webinar, and a summary of the major areas that will be covered in the webinar. The event will be led by James Gregory together with members of the senior management team and will include a series of presentations. In addition, there will be a Q&A at the end of the presentation and a video replay of the presentation will be available via the Group's website post-event.

#### What we do

System1 'predicts' (provides research results) and 'improves' (provides insight and consultancy on those results) on arguably three of the most critical marketing questions for our customers:

- Advertising effectiveness
- Brand effectiveness
- Innovation effectiveness

We believe we do these three things better than anyone else at a value that makes System1 our customers' choice. Our predictions are delivered via a proprietary automated platform which means we can deliver predictions and improvements back to the customer in as little as 24 hours, and offer customers the option to self-serve, using the platform and our Express Guidance tools. System1's USP is superior predictiveness and we believe we deliver this at market-beating speed and price. We already boast many world-class customers but legally are allowed to name only a few.

#### Strategic review - progress report

We announced an update on our strategic review on 30 November 2022 and confirmed that we would provide information on implementation of the strategic review at today's Capital Markets Day webinar. The following sets out certain of our key findings and an update on implementation.

##### US First

By far the largest geographic market and the largest opportunity for System1 is the United States, which represents 43% of the global advertising market (source: *2023 Global Ad Spend Forecasts* - Dentsu) and 53% of global market research spend (source: *Global Market Research 2021* - ESOMAR). In the past 9 months we have refreshed the US Sales team, appointed a new General Manager Americas and a new SVP for US Business Development. Supplementing these investments, John Kearon, Founder and President has been in New York since early January and is planning to spend as much of the year there as possible, championing and supporting our fame and new business growth. We are seeing some new customer wins and a growing pipeline which is encouraging.

##### Products

After more than two years of intensive development and financial investment, our core suite of Data

products (Test Your Ad, Test Your Idea, Test Your Brand) and our data-rich TYA Premium database are now in place and available for sale. New variants of Test Your Ad, including Digital, Out of Home, and Audio have been developed to capture these large and growing advertising formats, and are either on sale or ready to launch. Our focus as we scale the business is on Data ("Predict") and Data-Led Consultancy ("Improve").

#### IP and methodology

System1's intellectual property and methodologies are comprehensively validated as the most predictive available, and we are recognised internationally as thought leaders in creative effectiveness. We have now tested over 160,000 adverts, brands or ideas, processed over 11 million survey responses, measured over 24 million emotional responses via our proprietary reporting tool, FaceTrace<sup>®</sup>, and conducted business in over 50 markets.

#### Customers

Over three quarters of our revenue (calculated for the period from April 2022 to January 2023 inclusive) comes from customers that purchase both Data and Consultancy from System1. Over the same period, the 10 largest customers accounted for 35% of revenue, the 20 largest, 62%. Customers that purchased only Data products this financial year spent significantly less on average than our 20 largest customers. £3.6 million of the £6.2 million Data revenue we reported in H1 of the current financial year came from customers that did not purchase from System1 in the preceding financial year.

The strategy to develop our business via partnerships such as ITV, LinkedIn and large platforms and agencies is progressing well, with the number of partners trebling in the past year. We work with partners to acquire more of the world's largest advertisers and provide a route to scale faster and to leverage our platform to a wider audience of potential customers than could be achieved by System1 without partnerships.

#### Shareholder value

The Company re-emphasises its intention to become a Rule of 40 business, balancing growth in its standard, repeatable Predict and Improve products with return measured by Adjusted Group EBITDA as a % of Group Revenue<sup>1</sup>. Supporting goals, measures and targets that support the Rule of 40 objective will be communicated at future full-year and interim results announcements.

CEO James Gregory said: "In two years we have designed and delivered a world-beating suite of standard, repeatable marketing prediction and improvement products, that can be produced within 24 hours. My priority now is to focus on execution to ensure we maximise the adoption of our products by the world's leading advertisers, and particularly in the large US market".

Further information on the Company can be found at [www.system1group.com](http://www.system1group.com).

<sup>1</sup> The standard Predict and Improve products represent just over 70% of Group revenue in the current financial year to date. Adjusted EBITDA adds back share-based payments.

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