

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION TO TAKE YOU ARE RECOMMENDED TO CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000.**

If you have sold or transferred all of your ordinary shares in System1 Group PLC, you should pass this document, together with the accompanying form of proxy, to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.

# **System1 Group PLC**

## **Notice of Annual General Meeting**

Notice of the annual general meeting which has been convened for Friday 18 August 2017 at 10.00 a.m. at Russell Square House, 10-12 Russell Square, London, WC1B 5EH is set out on pages 3 to 6 of this document.

To be valid, forms of proxy must be completed and returned in accordance with the instructions printed thereon so as to be received by the Company's registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting.

## **System1 Group PLC**

(incorporated and registered in England and Wales under number 05940040)

### **Registered Office:**

Russell Square House  
10-12 Russell Square  
London  
WC1B 5EH

11 July 2017

Dear Shareholder

### **Notice of annual general meeting**

I am pleased to be writing to you with details of our annual general meeting ("**AGM**") which we are holding at Russell Square House, 10-12 Russell Square, London, WC1B 5EH on Friday 18 August 2017 at 10.00 a.m. The formal notice of annual general meeting is set out on pages 3 to 6 of this document.

If you would like to vote on the resolutions but cannot come to the AGM, please fill in the proxy form sent to you with this notice and return it to our registrars as soon as possible. They must receive it by 10.00 a.m. on 16 August 2017.

### **Final and special dividends**

Shareholders are being asked to approve a final dividend of 6.4 pence per ordinary share and a special dividend of 26.1 pence per ordinary share for the year ended 31 March 2017. If you approve these recommended dividends, they will be paid on 23 August 2017 to all ordinary shareholders who are on the register of members as at 28 July 2017.

Explanatory notes on all the business to be considered at this year's AGM appear on pages 9 to 11 of this document.

The board considers that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your board will be voting in favour of them and unanimously recommends that you do so as well.

Yours sincerely

**Ken Ford**  
**Chairman**

**Company number: 05940040**

**SYSTEM1 GROUP PLC**

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of System1 Group PLC (the "**Company**") will be held at Russell Square House, 10-12 Russell Square, London, WC1B 5EH on Friday 18 August 2017 at 10.00 a.m. for the following purposes.

As ordinary business of an annual general meeting to consider and, if thought fit, pass the following ordinary resolutions:

1. To receive and adopt the financial statements of the Company for the 15 month period ended 31 March 2017 and the reports of the directors and auditors on those financial statements.
2. To receive, adopt and approve the directors' remuneration report for the 15 month period ended 31 March 2017.
3. To re-elect Mr James Geddes, who retires by rotation and offers himself for re-election by general meeting, as a director of the Company.
4. To re-elect Mr Ken Ford, who retires by rotation and offers himself for re-election by general meeting, as a director of the Company.
5. To re-elect Mr Robert Brand, who retires by rotation and offers himself for re-election by general meeting, as a director of the Company.
6. To re-elect Mr Graham Blashill, who retires by rotation and offers himself for re-election by general meeting, as a director of the Company.
7. To re-elect Mr John Kearon, who retires by rotation and offers himself for re-election by general meeting, as a director of the Company.
8. To re-elect as a director of the Company Mr Alex Hunt, who has been appointed since the last annual general meeting and offers himself for re-election by general meeting, as a director of the Company.
9. To re-appoint Grant Thornton UK LLP as auditors and to authorise the directors to determine the auditors' remuneration.
10. To declare a final dividend of 6.4 pence per share on each of the Company's ordinary shares for the financial year ended 31 March 2017.
11. To declare a special dividend of 26.1 pence per share on each of the Company's ordinary shares.

As special business of an annual general meeting to consider, and if thought fit, pass resolution 12 as an ordinary resolution and resolutions 13, 14 and 15 as special resolutions.

### **Ordinary resolution:**

12. That the directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "**Act**") to exercise all the powers of the Company to:
- (a) allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £44,089.24; and
  - (b) allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £88,178.48 (such amount to be reduced by the nominal amount of any shares allotted or rights granted under paragraph (a) of this resolution 12) in connection with an offer by way of a rights issue to:
    - (i) the holders of ordinary shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them; and
    - (ii) holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the directors of the Company otherwise consider necessary,

and so that the directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

These authorities shall apply in substitution for all previous authorities (but without prejudice to the validity of any allotment pursuant to such previous authority) and shall expire at the end of the next annual general meeting of the Company or, if earlier, 15 months after the date of this resolution, save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights granted to subscribe for or convert any security into shares after such expiry and the directors may allot shares or grant such rights in pursuance of any such offer or agreement as if the power and authority conferred by this resolution had not expired.

### **Special resolutions:**

13. That, subject to the passing of resolution 12 above, the directors be generally and unconditionally empowered for the purposes of section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash:
- (a) pursuant to the authority conferred by resolution 12 above; or
  - (b) where the allotment constitutes an allotment by virtue of section 560(3) of the Act,

in each case as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (i) the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority granted under paragraph (b) of resolution 12, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only) to:

- (A) the holders of ordinary shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them; and
  - (B) holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the directors of the Company otherwise consider necessary, and so that the directors of the Company may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
- (ii) the grant of options to subscribe for shares in the Company, and the allotment of such shares pursuant to the exercise of options granted, under the terms of any share option scheme adopted or operated by the Company; and
  - (iii) the allotment of equity securities, other than pursuant to paragraphs (i) and (ii) above of this resolution, up to an aggregate nominal amount of £13,226.77.

This power shall (unless previously renewed, varied or revoked by the Company in general meeting) expire at the conclusion of the next annual general meeting of the Company following the passing of this resolution or, if earlier, on the date 15 months after the passing of such resolution, save that the Company may before the expiry of this power make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

14. That the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the "**Act**") to make market purchases (as defined in section 693(4) of the Act) of ordinary shares of £0.01 each in the capital of the Company ("**Ordinary Shares**") in such manner and on such terms as the directors of the Company may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes set out in sections 727 or 729 of the Act, including for the purpose of its employee share schemes, provided that:

- (a) the maximum number of Ordinary Shares which may be purchased is 1,984,016;
- (b) the minimum purchase price which may be paid for any Ordinary Share is 1 pence (exclusive of expenses);
- (c) the maximum purchase price which may be paid for any Ordinary Share shall not be more than the higher of (in each case exclusive of expenses):
  - (i) 5% above the average middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and
  - (ii) an amount equal to the higher price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out; and

this authority shall take effect on the date of passing of this resolution and shall (unless previously revoked, renewed or varied) expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 15 months after the date of passing of this resolution, save in relation to purchases of Ordinary Shares the contract for which was concluded before the expiry of this authority and which will or may be executed wholly or partly after such expiry.

15. That the Company's articles of association be amended by deleting in their entirety article 20.3 and replacing it with the following new article 20.3:

"Director retirement

At each annual general meeting at least one-third of the directors for the time being shall retire from office by rotation (or, if their number is not a multiple of three, at least the number nearest to one-third) shall so retire provided always that all directors must be subject to re-election at intervals of no more than three years."

**By order of the Board**

James Geddes  
Company Secretary

Registered Office:  
Russell Square House  
10-12 Russell Square  
London  
WC1B 5EH

Registered in England and Wales No. 05940040

## Notes:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting and at any adjournment of it. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. If a proxy appointment is submitted without indicating how the proxy should vote on any resolution, the proxy will exercise his/her discretion as to whether and, if so, how he/she votes.
2. A proxy need not be a member of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Capita Asset Services on 0871 664 0300 (calls cost 12p per minute plus network extras) or for international callers on +44 371 664 0300. Lines are open 9.00am – 5.30pm Monday to Friday excluding public holidays. Members may also appoint a proxy through the CREST electronic proxy appointment service as described in note 10 below. Members wishing to appoint a proxy and register their proxy votes electronically other than through CREST should visit the website [www.signalshares.com](http://www.signalshares.com). The on-screen instructions at that website will give details on how to complete the appointment and voting process. Electronic proxy appointments and voting instructions must be received no later than 48 hours before the meeting to be effective.
3. To be valid any proxy form or other instrument appointing a proxy must be received by post (during normal business hours only) or by hand by Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, by hand to Capita Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU or at the electronic address provided in note 2, in each case no later than 10.00 a.m. on 16 August 2017 together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a duly certified copy of that power or authority.
4. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in note 10(a) below) will not prevent a member attending the meeting and voting in person if he/she wishes to do so.
5. A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
6. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at Close of Business on 16 August 2017 (or, in the event of any adjournment, Close of Business on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (i) to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information or (ii) the answer has already been given on a website in the form of an answer to a question or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Please note the following.
- (a) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
  - (b) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
  - (c) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
12. Copies of (i) the executive directors' service contracts and (ii) letters of appointment of the non-executive directors will be available for inspection during normal business hours at the registered office of the Company (Saturdays, Sundays and public holidays excepted) until the time of the AGM and at the place of the AGM at least 15 minutes prior to the meeting and until the end of the meeting.
13. A copy of this notice, and other information required by section 311A of the Companies Act 2006 can be found at [www.system1group.com](http://www.system1group.com).



## EXPLANATORY NOTES

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 12 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 13, 14 and 15 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### **Report and Accounts (Resolution 1)**

The directors of the Company must present the accounts to the meeting.

### **Directors' Remuneration Report (Resolution 2)**

In line with legislation, this vote will be advisory and in respect of the overall remuneration package and not specific to individual levels of remuneration. You can find the remuneration report in the Company's 2017 annual report and accounts.

### **Re-election of directors (Resolutions 3 to 8)**

The Company's articles of association currently require that a third of the directors for the time being retire by rotation and that all directors retire at least every three years. In addition, any director appointed since the previous annual general meeting must retire at the next annual general meeting. If resolution 15 is passed the Company's articles of association will be amended to allow every director for the time being to retire from office at each annual general meeting.

At this meeting, Mr James Geddes, Mr Ken Ford, Mr Robert Brand, Mr Graham Blashill, and Mr John Kearon retire by rotation and stand for re-election as directors. Mr Alex Hunt will retire and stand for re-election as a director as he has been appointed as a director since the last annual general meeting.

Having considered the performance of and contribution made by each of the directors standing for re-election the board remains satisfied that the performance of each of the relevant directors continues to be effective and to demonstrate commitment to the role and, as such, recommends their re-election. Biographies of each of the directors standing for re-election can be found on page 30 of the 2017 annual report, a copy of which can be found on the Company's website, [www.system1group.com](http://www.system1group.com).

### **Reappointment and remuneration of auditors (Resolution 9)**

Resolution 9 proposes the reappointment of Grant Thornton UK LLP as auditors of the Company and authorises the directors to set their remuneration.

### **Declaration of a final and special dividend (Resolutions 10 and 11)**

A final dividend and a special dividend can only be paid after the shareholders at a general meeting have approved them. A final dividend of 6.4 pence per ordinary share and a special dividend of 26.1 pence per ordinary share are recommended by the directors for payment to shareholders who are on the register of members at the close of business on 28 July 2017. If approved, the date of payment of the final dividend and special dividend will be 23 August 2017.

### **Directors' authority to allot shares (Resolution 12)**

The purpose of resolution 12 is to renew the directors' authority to allot shares.

The authority in paragraph (a) will allow the directors to allot new shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to a nominal value of £44,089.24.

The authority in paragraph (b) will allow the directors to allot new shares or to grant rights to subscribe for or convert any security into shares in the Company only in connection with a pre-emptive rights issue up to an aggregate nominal value of £88,178.48 (inclusive of the nominal value sought under paragraph (a) of the resolution).

The proposals set out in resolution 12 are in line with corporate governance guidelines. Although there is no present intention to exercise this authority, it is considered prudent to maintain the flexibility it provides.

As at the date of this notice, the Company held 762,348 ordinary shares in treasury, which represents approximately 5.76 per cent of the total ordinary share capital in issue at that date.

If the resolution is passed, the authority will expire on the earlier of 18 November 2018 (the date which is 15 months after the date of the resolutions) and the end of next annual general meeting of the Company in 2018.

### **Disapplication of pre-emption rights (Resolution 13)**

If the directors wish to allot new shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) company law requires that these shares are first offered to existing shareholders in proportion to their existing holdings. There may be occasions, however, when the directors will need the flexibility to finance business opportunities by the issue of ordinary shares without a pre-emptive offer to existing shareholders. This cannot be done unless the shareholders have first waived their pre-emption rights.

Resolution 13 asks the shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities and the grant of share options, the authority will be limited to the issue of shares for cash up to a maximum number of 1,322,677 (which includes the sale on a non pre-emptive basis of any shares held in treasury), which is equivalent to approximately 10 per cent of the Company's issued ordinary share capital as at the date of this notice. The Company undertakes to restrict its use of this authority to a maximum of 7.5 per cent of the Company's issued ordinary share capital in any three year period. Shareholders will note that this resolution also relates to treasury shares and will be proposed as a special resolution.

This resolution seeks a disapplication of the pre-emption rights on a rights issue so as to allow the directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders. If given, the authority will expire at the conclusion of the next annual general meeting of the Company in 2018 or, if earlier, 18 November 2018 (the date which is 15 months after the passing of the resolution).

### **Authority to purchase own shares (Resolution 14)**

In certain circumstances, it may be advantageous for the Company to purchase its own shares and resolution 14 seeks the authority from shareholders to continue to do so. The directors will continue to exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and is in the best interests of shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account when exercising this authority.

Any shares purchased in this way will be cancelled and the number of shares in issue will be reduced accordingly, save that the Company may hold in treasury any of its own shares that it purchases pursuant to the Act and the authority conferred by this resolution. This gives the Company the ability to re-issue treasury shares quickly and cost-effectively and provides the Company with greater flexibility in the management of its capital base. It also gives the Company the opportunity to satisfy employee share scheme awards with treasury shares. Once held in treasury, the Company is not entitled to exercise any rights, including the right to

attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares.

The resolution specifies the maximum number of ordinary shares that may be acquired (approximately 15 per cent of the Company's issued ordinary share capital as at the date of this notice) and the maximum and minimum prices at which they may be bought.

Resolution 14 will be proposed as a special resolution to provide the Company with the necessary authority. If given, this authority will expire at the conclusion of the next annual general meeting of the Company in 2018 or, if earlier, 18 November 2018 (the date which is 15 months after the date of passing of the resolution).

The directors' present intention is to exercise this authority wherever it is appropriate to do so. The directors intend to seek renewal of this power at subsequent annual general meetings.

#### **Amendment of articles of association (Resolution 15)**

Under resolution 15, the Company is proposing to amend its articles of association to enable all directors for the time being to retire from office each year (rather than limiting the number of directors who shall retire each year to a third of those then holding office). Each such retiring director may stand for re-appointment by shareholders.

The directors believe that these amendments will provide shareholders with a higher standard of corporate governance.

A copy of the Company's existing articles of association and proposed new articles of association marked to show all of the proposed changes will be available for inspection during normal business hours (excluding Saturdays, Sundays and bank holidays) at the Company's registered office from the date of this notice until the close of the AGM.