

Press Release

8 January 2018

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

Trading Update

System1 (formerly BrainJuicer), the innovative marketing services group, today releases the following trading update.

As announced on 27 October 2017, cuts and deferrals to some major FMCG client marketing budgets meant H1 trading was less than expected with Gross Profit (the Company's top-line performance indicator) 9% down on prior year (12% in constant currency).

Q3 trading continued to be worse than anticipated and, subject to its normal lack of revenue visibility, the Company now anticipates Gross Profit for the year to 31 March 2018 will be around 20% less than the prior year.

As the year has progressed, the Company has taken steps to reduce overhead cost growth. After overhead growth of 8% in H1 (with investment in headcount growth in the US and the Advertising Agency), we anticipate overhead growth over the year as a whole in low to mid single digits. On this basis the Company expects Profit before Tax for the full year to be a little over break-even (2016/17: £6.3m).

The Company has responded to the cuts in client budgets by re-engineering most of its mainstream product offering into a faster, cheaper, more outcome orientated, 'Creat1ve Guidance System', reducing cost growth and restructuring.

This is with a view to selling and delivering larger-scale, more automated, on-going programmes of work. In addition, System1 Research is investing in establishing a new industry standard of 'Advert1sing Quality' to be launched in January 2018 in support of its Advertising Research business and to create new revenue lines. These larger-scale 'Creat1ve Guidance' programmes take time to sell, but positive discussions with a number of the Company's large corporate

clients are ongoing. The Company believes the new offer and structure, together with the 'Advertising Quality' standard, will return System1 Research to growth in 2018/19 and provide enhanced visibility and stability to revenues.

During the year, System1 Advertising Agency has won its first clients in Continental Europe and the US and is on track to be close to break-even in Europe and to make an anticipated small loss in the US. The Company believes System1 Advertising Agency will be profitable in 2018/19.

The Company's cash position remains sound. As at 31 December 2017, there was a cash balance of £4.6m and no debt.

The Company can be found at www.system1group.com.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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