

SCISYS shows resilience and strength

Dear shareholders,

2016 has been an exciting year in many ways. The Brexit decision – although not expected to be any major risk to SCISYS – has altered the political landscape drastically. As I said in an earlier statement, this uncertainty does not make life any easier for the business or for the EU and European-minded staff employed by the company. The outcome of the US presidential election may also see fairly substantial changes. The early signs indicate an added degree of uncertainty here, too.

In this context, I am even more pleased to report that SCISYS has continued extremely well on its trajectory towards a full recovery. Our team is still in the process of preparing our 2016 Annual Report and Financial Statements. The preliminary results for 2016 will be announced on 30 March 2017.

Following on from the announcement of positive results for the first-half back in September 2016, all signs remained highly encouraging for the business also in the second half. The subsequent positive trading update on 17 November led to an update of the analysts' guidance.

Just days later, SCISYS announced the signing of a major acquisition: Munich-based ANNOVA Systems GmbH, a leading supplier of editorial newsroom solutions. Based on its proprietary software solution called OpenMedia (see inset box), the enlarged business will significantly up its game in the growing segment of automation and control in the media & broadcast technology sector.

Progress on all fronts

Analysts and the market have since responded well to these announcements and we expect the acquisition to bring synergies and new vigour from day one, following completion of the deal on 31 December 2016. I am pleased to inform you that the SCISYS Board remains confident about the progress made on all fronts. The end of 2016 and the early weeks of 2017 have already seen news of major wins by the space division, from the MERLIN and EUMETSAT Polar System Second Generation contracts



A move to the future: The acquisition of ANNOVA Systems completed at year's end.

in the earth-observation domain to the equally exciting Mission Management Software contract under the European Space Agency's (ESA) ExoMars programme (see inside pages of this bulletin for more details about both programmes).

Resilience and underlying strength

2016 has underpinned the fundamental resilience and underlying strength of SCISYS and its business model. Again, the company has relied strongly on the fantastic efforts and commitment of all management and staff. SCISYS shareholders and customers have been equally supportive over the past 12 months. My sincere thanks go to all of them. I am looking forward to an equally successful year for SCISYS in 2017.

Yours sincerely,
Klaus M. Heidrich,
CEO

ANNOVA Systems: experts in newsroom software solutions

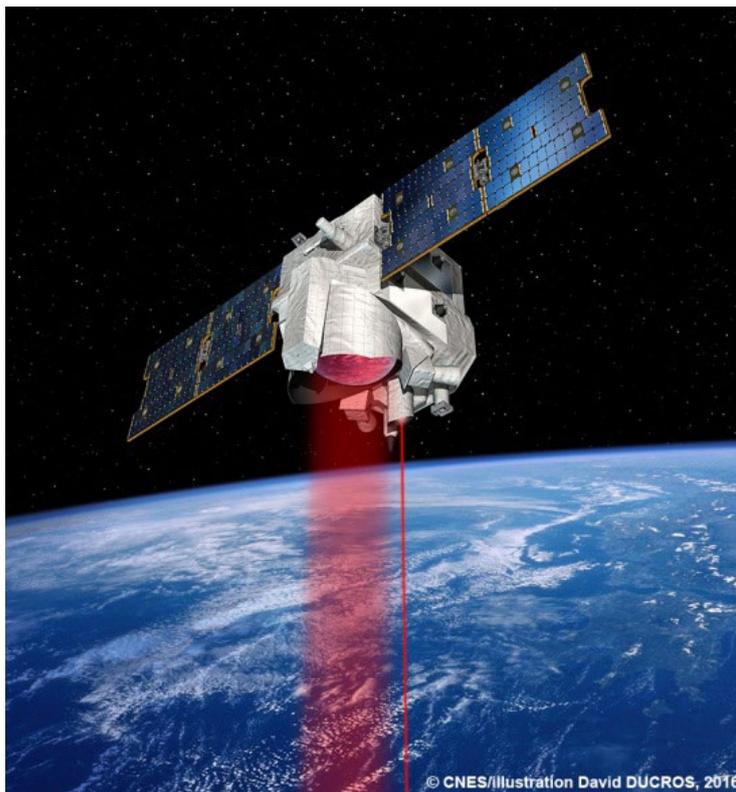
What is ANNOVA Systems?

The foundations of the company were created in 1989 and ANNOVA Systems GmbH was founded in 2008. Its headquarters are in Munich, in the south-eastern region of Germany. This central location in Bavaria provides close proximity to Switzerland, Austria and the Czech Republic. ANNOVA has served its premium newsroom solutions to the German broadcast market for two decades and today has 50,000 users in newsrooms around the world.

In 2015, ANNOVA won a substantial 12-year contract with the BBC for the supply of its OpenMedia solution, replacing a previous newsroom system.

ANNOVA has 5 offices and 70 employees in Germany, France and the UK. Its total revenues for the year ended 31 December 2015 were €7.5 million.

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Global climate mapping: the MERLIN satellite will produce a global map of methane concentrations in the Earth's atmosphere (image courtesy CNES/illustration by David Ducros).

SCISYS builds the Payload Operations Centre for the French–German MERLIN climate mission

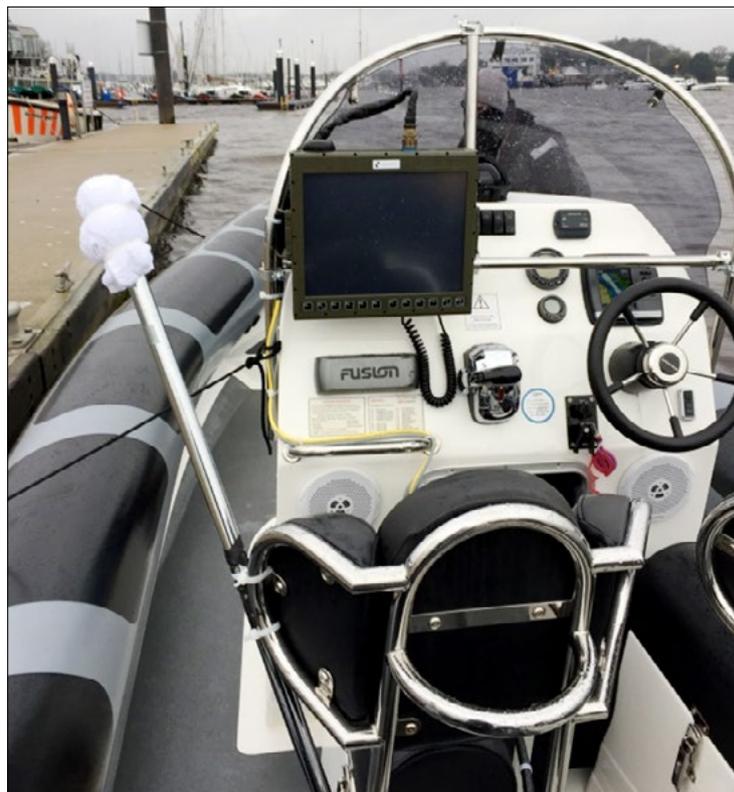
In line with the start of the next phase of the French–German MERLIN climate mission, SCISYS has received a €3.3m contract from Airbus DS GmbH for the realisation of the Payload Operations Centre (PLOC) for the LIDAR instrument on the MERLIN satellite.

Starting in 2021, the MERLIN (Methane Remote Sensing LIDAR Mission) satellite will observe greenhouse-gas methane levels in the Earth's atmosphere. The main goal of this three-year mission is to produce a global methane-concentration map. The mission data captured will go directly into scientific data products for the science community.

The contribution by SCISYS to the MERLIN mission involves hardware and software elements, as well as the central functions of the Payload Operations Centre. This includes important interfaces for the overall satellite ground segment of the joint mission. The concept developed by SCISYS enables a fully automatic flow control that also allows intervention by an operator at any time. For instrument monitoring and data quality evaluation, different scientific data products – processed by the Payload Data Processing Facility – will be stored in dedicated German mission data storage. SCISYS will specify the final design of this data storage and has the responsibility for its development, testing and verification.

SCISYS wins further contract for the 2020 European ExoMars rover programme

In another contract win for the Space division in early 2017, SCISYS was pleased to announce that it has signed a contract for circa €3.7m with Thales Alenia Space Italia S.p.A to perform activities relevant to the design, coding and verification of the Rover Mission Management Software Instruments Layer (MMS-IL) for the ExoMars RSP (Rover and Surface Platform) 2020 Mission.



All-weather R&D: SCISYS set out into the Solent in February 2017 to run a series of water trials to test and prove its MACSYS small boat platform management and navigation software.

Following the successful placing of the Trace Gas Orbiter into Mars' orbit on 19 October 2016, as part of the ESA ExoMars RSP 2020 mission, a European Mars rover is scheduled to be launched and land on the red planet by 2021.

This will be the first mission to combine the capability of moving a rover across the surface of Mars with an in-depth scientific study. Of particular interest is landing the rover at a suitable site in order to drill down, find and collect samples of well-preserved organic material related to the early history of Mars.

MACSYS maritime platform undergoes new phase of subordinate craft situational awareness trials

Having proved the MACSYS maritime interface on simulator trials as part of a military research project last year, SCISYS consulted representatives from military naval stakeholders across a number of countries and made the decision to extend the capability of MACSYS and carry out fresh 'real life' trials at sea in early 2017.

The MACSYS platform, of which a variant is used by the Royal National Lifeboat Institution (RNLI), was extended to allow a controlling unit (CU) to task and control a number of subordinate craft (SC) and keep situational awareness of the fleet.

The sea trials took place off the south coast of England in February (image above) to test the effectiveness of the improved system in different sea states. The subordinate system was mounted on a high-speed, rigid-hulled inflatable boat (RIB) and the controlling system ran onshore in a vehicle to allow full mobility where necessary.

The trial was a great success. Routes were passed from the CU to the SC, messages were sent and the SC was tasked to do things while continuously communicating its state and intentions back to the CU. The software behaved as designed and worked so well that it allowed the trials crew to do extra testing on system performance.

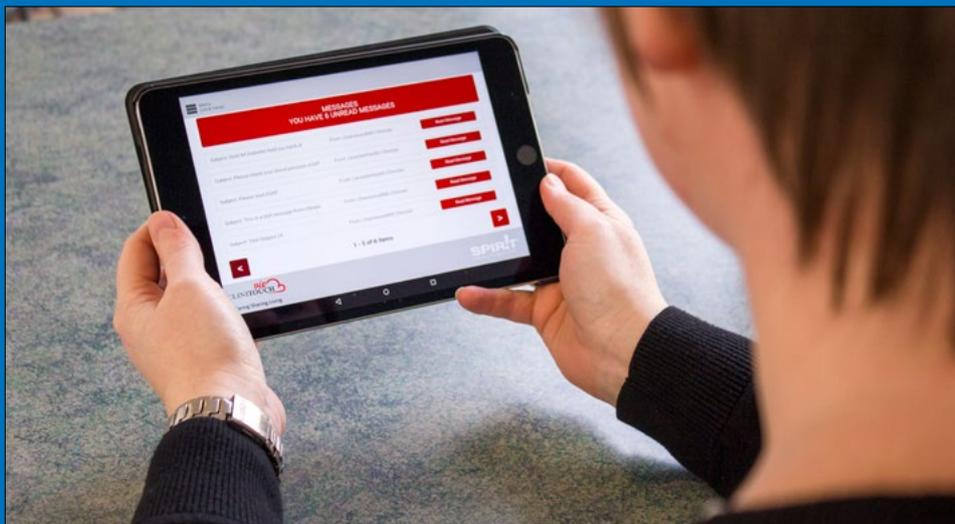
Focus on Xibis

The Xibis team is proud to have created the 'CliniTouch Vie' system for client Spirit Healthcare. The solution is a highly functional and intuitive telehealth monitoring system to help patients self-manage their condition(s) and treatments, with the aim of reducing unplanned hospital visits and any local NHS resource burden. The system consists of a mobile app for direct use by patients and a web-based application for clinicians.

Xibis delivered a system that has exciting benefits for the patient so they are can remain in their homes and be able to share their care plan details and history with family.

The patient app is responsible for handling readings from peripheral devices (via Bluetooth) and communicates with the Clinician Portal web application. Where Bluetooth is not supported on the medical device, patients enter readings using on-screen prompts. The intelligent system delivers daily vital-signs data and answers to patient question sets through to an administrator. The patient's submission is managed at a first-line level or triaged according to defined algorithms. The system automatically interfaces with, and updates, the patient's care plan.

The solution implements a task-based system for clinicians, such that if a patient's readings or response is



Reducing the cost of health provision: The combination of patient app (pictured above) and a web-based application for clinicians delivers more than just health benefits.

outside of expected bounds, a 'task' is created for clinicians to address. If the task is not claimed and actioned, then an inbuilt escalation begins, and unactioned tasks automatically go through green, amber and red ratings.

CliniTouch Vie is a portal solution allowing multiple care providers to utilise the same installation, but where all the users, patients and patient data are segregated. All other users (including Provider Users who are not specifically acting on behalf of patients) can administer the system via a desktop focused web application.

This medical solution has benefits for clinician's as they see trends in patients' well-being graphically over time and

are alerted to any significant change in readings or responses from the patient. The app gives patients access to condition-related educational resources, individual care plans and records of past readings. They also receive messages sent from their care staff – including by direct video link.

The system built by the Xibis team is a good example of their ability to deliver not just apps, but whole, integrated web-based solutions for business and enterprise using multiple devices. This system also demonstrates how the Internet of Things will bring future benefits.



The next steps are to build on the system performance, learn from the trials and present the system to potential clients in demonstrations based around a mothership-and-subordinate-craft scenario on the south coast of the UK. As a result, the scope and capabilities of the MACSYS platform have been extended and its new capabilities have the potential to open up new markets for the maritime system.

Media division holds symposium on "Next Generation of Media Management Systems"

Each year, the SCISYS Media & Broadcast (M&B) division hosts a symposium in Germany's media capital, Cologne. The event helps cement the position of SCISYS as a European technology leader in the

media and broadcast fields. It also brings together key industry figures.

The yearly symposium is a forum for showcasing the latest thinking in advanced broadcasting trends and technologies. The theme of this year's gathering was the "Future Generation of Media Management Systems".

The M&B team and leading partners from industry, academia and research institutes held speeches on cutting-edge topics driving the technological future of the media and broadcast industry. Attendees from Germany, Switzerland and the UK enjoyed discussions and presentations on the topics of visual radio, speech-to-text technology, intelligent audio editing based on machine-learning techniques and Blockchain technology.

Reflecting its increasing popularity, the symposium next year will be held at a larger conference centre.

Welcome to the latest issue of the SCISYS Investor Bulletin, our twice-yearly compilation of news from around the business, written exclusively for our valued investors.

We welcome your feedback. If you have any queries regarding this bulletin or any other aspect of your shareholding in SCISYS PLC, please contact us at:

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ANNOVA Systems: experts in newsroom software solutions

About ANNOVA Systems
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What does ANNOVA do?

The German-based company specialises in product-based premium software solutions for media and broadcasters through its OpenMedia brand. ANNOVA Systems has achieved significant growth with this leading-edge core technology, a newsroom computer system (NRCS), which assists journalists across the whole value-chain of news production.

In a world where news is fast-moving and constantly updating, the OpenMedia solutions give broadcasters the ability to share content quickly both internally and to external audience across all platforms. Changes in technology have meant that news production is no longer siloed, for example, between teams producing separate radio news, online news and TV news.

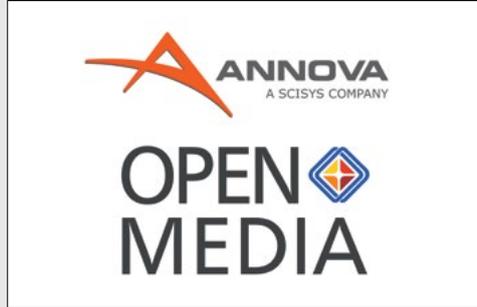
OpenMedia software solutions have achieved significant growth by serving the trend for ever-increasing media convergence, with the merging of radio, online, social media and television reporting. ANNOVA's solutions have become best-of-breed in offering journalists and broadcasters improved cross-media workflows for planning and rundown management.

What are its products?

The OpenMedia product range splits into a toolset for journalist workflows for research, compiling and editorial production; a planning solution for editorial collaboration and story-centric news management; and a high-end solution and flagship newsroom computer system (NRCS). These products let editorial teams look across their organisation and gain a clear view of which stories and events are being covered. Faster collaboration and the sharing of stories enables closer integration between teams and greater productivity. The solutions provide broadcasters maximum speed and scalability for handling complex workflows across entire production networks, including mobile solutions for journalists working out in the field.

Who are its customers?

ANNOVA Systems has secured important contracts with major European broadcasters,



including members of the ARD, Germany's network of public TV and radio broadcasters, as well as the BBC. Its impressive array of broader public and commercial clients includes RTL, the SRG group in Switzerland, Radio France, TV Al-Hijrah in Malaysia and the innovative Red Bull Media Group. The company continues to grow into new markets, having recently captured new markets in Eastern Europe and gained significant contracts in the UK and France.

Why this acquisition?

SCISYS assesses acquisition opportunities on a continuous basis, being one central element of its growth strategy. ANNOVA Systems matches our criteria. Its proven track record of dynamic growth alongside good margins is expected to help to drive the momentum of our future growth from day one.

ANNOVA's business model focuses around its proprietary OpenMedia product line – similar to the Media & Broadcast division with its dira! suite – is perfectly in line with our strategic objective to increase our revenue stream based on software licence sales.

With ANNOVA, SCISYS will become a bigger player in the growing segment of automation and control in the media & broadcast technology sector.

Last, the Board is confident about the excellent cultural fit between both companies, a criterion always considered to be of utmost importance. The two companies have worked alongside each other on projects for some of our joint customers for many years and already enjoy a good partnership. This has already returned very beneficial results and established great personal relationships. During the months of thorough due diligence, this area was

explored further. Ultimately, the SCISYS and the ANNOVA management teams reached the conclusion independently that the level of cultural match was part of our deal-making criteria.

How does it fit in with the SCISYS media & broadcast division?

ANNOVA Systems will maintain its independence as a subsidiary of SCISYS PLC. ANNOVA will continue to operate under its current name and product portfolio, while CEO Michael Schüller will continue to lead his dedicated, proven team from the company's Munich HQ. SCISYS CEO Klaus Heidrich and Financial Director Chris Cheetham are joining ANNOVA's board.

By becoming part of the SCISYS Group, the enlarged business will create complementary opportunities, better access to new untapped regions and foster innovation. The combined capabilities, expertise and experience across the group will create valuable, new and sustained synergies benefiting shareholders, customers and partners in the near future.

Commenting, Mike Love, Chairman of SCISYS, said: "Our enlarged operations will be able to offer cutting-edge software solutions to the international media and broadcast sector with ANNOVA's OpenMedia product strongly complementing the dira! product suite of our existing Media & Broadcast division. Both products and solutions target similar broadcast clients providing strong scope for synergies."

Klaus Heidrich, CEO of SCISYS, added: "Joining forces with ANNOVA adds to our growth aspirations and to our objective of enhanced margins, and also is an excellent cultural fit. I am glad to welcome the entire team at ANNOVA as new members of the SCISYS Group."

Michael Schüller, the CEO and founder of ANNOVA, added: "Joining forces with SCISYS is an exciting step forward for the ANNOVA team, enabling us to take the business to a new level. With SCISYS we get a perfect partner, providing us with an opportunity to offer customers a new best-of-breed solution with exciting synergies across our product portfolios. The entire team at ANNOVA is delighted to be joining forces with SCISYS on a common path to win new customers and innovative future projects."