

‘Delivering on promises’

We are pleased to be delivering against our short- and medium-term strategy, in line with the promises we made earlier

I am delighted to inform you that we are confident that we will deliver 2017 results in line with market guidance.



Across the business we continue to invest in productisation and internationalisation, as well as pursuing opportunities in commercial space. Of the many successes achieved in the year, although all are worthy of a mention, here I can only highlight a few.

First, the big win by the Space division for the German Heinrich Hertz satellite mission, where SCISYS has been chosen as the ground-segment prime contractor, delivering directly to the mission prime OHB System AG. This is a fantastic win (see article page 3) that will add significantly to our already high order book. It also raises market awareness of SCISYS as being capable of acting as a ground-segment prime.

Another highlight is that our Enterprise, Defence and Solutions (ESD) division has managed to secure a position on the Metropolitan Police SPF framework (page 2). This is a great indicator of the level of trust and relevance of SCISYS as a niche-supplier for certain sectors. The Met has been a customer for many years and this adds to a renewed level of confidence in our abilities. It is a four-year framework so over time we will see this come to fruition.

Among other wins, we have seen the first evidence of the cross-selling synergies between ANNOVA and our Media & Broadcast (M&B) divisions (page 2). ANNOVA has won a contract with German public broadcaster MDR (an M&B customer for many years). Conversely,



Expanding into new territories: *Parlez-vous français? The dira! software suite has entered France for the first time in a deal with RTL.*

M&B has won their first customer in France, the commercial broadcaster RTL (a long-standing ANNOVA customer).

Strategy remains on track

These particular wins are the fruits of our long-term strategy at work – which is about exploring the opportunities for organic growth. In addition, ANNOVA has made a first footprint in the North American market in a contract win with global news broadcaster Corus Entertainment, based in Canada (page 3). Also, we see further initiative by ESD in defence to build the product side of the business to extend margins. The Space division is growing in the commercial space sector, with a contract win with Sky and Space Global (page 3). These are all encouraging initiatives taking us forward.

It has been 18 months since the decision to leave the European Union and the progress on Brexit negotiations continues. Like all organisations, we are continuing to prepare a range of contingency plans

in readiness for any number of possible outcomes as it draws closer.

ANNOVA has delivered the critical milestone for the major BBC project, which prepared for the next stage. We have initiated a programme to bring the recent acquisition up to speed with the high standards of process organisation as we know them across the SCISYS group. Substantial effort has already been spent in 2017 to make that happen. From the synergies we are seeing great progress on the cross-selling and technology-sharing side.

I would like to thank all staff for their achievements – we have a very positive outlook ahead of us. To shareholders, we are pleased to be delivering our short- and medium-term strategies, thereby delivering in line with promises we have made earlier.

Klaus Heidrich,
SCISYS CEO

1980

SCISYS began as a start-up called Science Systems, with offices in London and Bristol.

115p

SCISYS (SSY) share-price at 31 December 2017. (2016: 110p ; 2015: 79p)

OUR STRATEGY IN ACTION. HOW WE HAVE SUCCEEDED IN 2017

“DELIVERING ON PROMISES”

In looking back at the 2017 business year, we have selected a number of highlight contracts from across the SCISYS group.



JOINT FORCES: OpenMedia (right) by ANNOVA and dira! by SCISYS (left). The two outfits are sharing technology know-how.

ANNOVA and M&B winning work together

Integration between the two companies is progressing as they collaborate on technology and share market insights.

Newsroom-solution provider ANNOVA Systems joined the group at the start of 2017. Collaboration with the Media & Broadcast (M&B) division got underway immediately by joining forces, sharing market insights and technological know-how in pursuing cross-selling opportunities.

The result has been new contracts in respective markets. SCISYS M&B entered the French market for the first time with a landmark contract signed with French broadcaster RTL – a long-time ANNOVA Systems customer.

In turn, ANNOVA Systems has won new contracts with key German broadcasters in 2017, MDR (Mitteldeutscher Rundfunk) and the ARD group of broadcasters, both of which are long-time customers of the SCISYS M&B division.

Andy Whitehead, SCISYS divisional director:

“This is a potential game changer for SCISYS”

SCISYS has won a coveted place on the Metropolitan Police Solution (MPS) Provider Framework (SPF) following an intense procurement process, which is testimony to its

position as a trusted supplier to UK authorities. SCISYS is one of only seven organisations to win a place on the framework. The SPF is expected to have up to 16 projects active at any

given time and that up to 10 projects will be commissioned annually. The four-year framework is understood to have a pipeline of £30m from the MPS and can be

used by other UK police forces, parts of the Greater London Authority – and by partner organisations such as Transport for London – for a total of £250-350 million.

Digital-mapping excellence

A ‘Commended Award’ for digital reproduction of charts

An app by Xibis and SCISYS has won a ‘Commended Award’ from the British Cartographic Society for excellence in digital mapping. The project involved an international marine chart plotter for smartphones and iPads, for client Imray, Laurie, Norie and Wilson Ltd. Xibis built the app and SCISYS worked on the

mapping. The SCISYS team has many years’ experience of combining spatial and non-spatial data to empower location-based decisions and processes. Recent work includes UK PowerNetworks, Forestry Commission (using our open standards Cartosys solution) and a number of Alpha projects at Defra.



SCISYS

BRITISH CARTOGRAPHIC SOCIETY
The Avenza Award for Electronic Mapping 2017
COMMENDED

BRITISH CARTOGRAPHIC SOCIETY
The Avenza Award for Electronic Mapping 2017

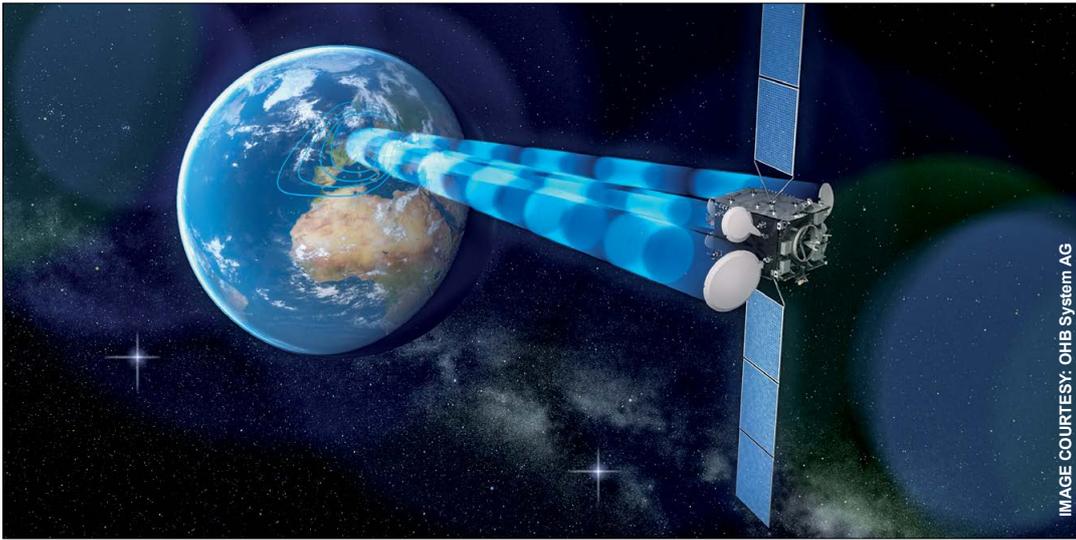
Commended Award

Imray Navigator app: Imray, Laurie, Norie and Wilson Ltd
Development team: Xibis Ltd, SCISYS UK Ltd

Imray **xibis** **SCISYS**

8 The number of SCISYS Group offices in the UK and Germany.

573 The total number SCISYS Group employees following growth and the acquisition of ANNOVA Systems.



€18m Prime Contractor win for Space division

This major prime contract underpins the SCISYS position in the European space market

The Space division in Germany has been awarded a milestone contract by OHB System for the German national satellite-communications mission, Heinrich Hertz, as prime contractor. The project will deliver the ground station control and communications infrastructure for the mission, incorporating our proprietary *PLENITER*® software suite for the planning, implementation, control and operation of

complete satellite missions. The SCISYS solution will allow increased use of automated functions and significantly reduce the number of required manual operating steps. This will be delivered through a smart combination of reliable automation technologies.

Activities have already commenced in 2017 and the majority of project revenues will be delivered between 2018 and the scheduled completion date in 2021, which is when the launch of Heinrich Hertz is planned.

Within the ground segment, other companies such as

OHB will also be involved. As the overall industrial prime contractor, OHB takes responsibility for the realisation of the entire mission, including satellite, launch and ground infrastructure.

The German national satellite communications mission “Heinrich Hertz” is aimed at conducting scientific and technical studies and tests of new communication technologies in space. In addition, the satellite will carry an independent telecommunication payload (MilSatcom) for the German Federal Ministry of Defence.



SCISYS wins constellation simulator role

The SCISYS Space team in the UK has won a contract with Sky and Space Global (UK) Ltd to deliver a network management simulator for their Pearls Constellation of nanosatellites in 2018. SCISYS will deliver the satellite-constellation simulator for the project, which will also integrate the network-management and fuel-consumption optimisation algorithms. This capability will allow the fine tuning of operations quickly and effectively, maximising service provision.



Office moves for growing staff

The Media & Broadcast division of SCISYS in Germany has moved out of the Bochum headquarters to a new location in the neighbouring city of Dortmund. The move sees the original building occupied by the German space division. The relocation activities come amid broader growth across the SCISYS business and the need for more space to house a greater number of staff.

ANNOVA gains foothold in Nth America

ANNOVA Systems, the Munich-based newsroom software company acquired by SCISYS last year, won a vital initial contract across the Atlantic in 2017 for the first time with Corus Entertainment. They are the biggest media-content company in Canada and home of the award-

winning nationwide Global News operation. Corus has decided to take the next step in advancing its news production by adding OpenMedia to Global News newsrooms in more than 20 Canadian markets, well as in the organisation’s foreign bureaux in London and Washington,



D.C. ANNOVA’s world-leading newsroom software, OpenMedia, currently has more than 50,000 users around the globe.

INNOVATIVE. GROWING. SCISYS

30 YEARS OF LONG-TERM GROWTH

Our purpose and strategy

SCISYS began in 1980 believing in the opportunities for software. We are dedicated to our mission of empowering leading organisations and agencies to achieve their goals by creating and delivering quality software solutions. The SCISYS strategy has always been to invest in innovation and acquisition for long-term growth.



Commercial milestone achieved in BBC contract

ANNOVA Systems completes a critical commercial milestone in respect of its contract with the BBC

In August, ANNOVA has successfully completed a key milestone in respect of its long-term contract with the BBC, with the critical software functionality implementation and live pilot milestones successfully completed, with the roll out of OpenMedia the next stage.

Initial roll-out of OpenMedia followed and the BBC has begun using the newsroom computer system for live broadcasts of both TV and radio across the West Midlands region.

On achieving this milestone, an earn-out payment of €2.02m will become payable to the sellers of ANNOVA in respect of ANNOVA's financial year ending 31 December 2016. This will be satisfied by a cash payment

of €1.82m, funded from existing cash resources and bank facilities, with the balance to be satisfied in new ordinary shares in SCISYS, subject to a 36-month lock-in.

A further announcement will be made once the final number of shares is determined in accordance with the terms of the original acquisition agreement, and application for admission to AIM will be made.

Klaus Heidrich, CEO of SCISYS said: "We are excited that ANNOVA has successfully achieved this important project milestone in close cooperation with the customer, which supports our assumptions made when evaluating the potential in ANNOVA's contract with the BBC."

Welcome to the latest issue of the SCISYS Investor Bulletin, our 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, or if you wish to opt out of receiving this newsletter, please contact us at:

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