

science group plc

15 December 2022

Science Group plc

Pre-Close Trading and Business Update

Despite the deterioration in the global economy, Science Group has again demonstrated the resilience derived from the Group's sector and international diversity. As anticipated, while some market sectors, particularly medical, are continuing to invest, consumer-oriented sectors in both services and products have been impacted by the global economic slowdown. With a significant proportion of income generated in US Dollars, the Group has benefitted from the relative strength of the Dollar, offsetting the significant increase in energy prices and other cost inflation. In aggregate, the Board anticipates that revenue and adjusted operating profit for 2022 will be slightly ahead of current Board expectations.

Science Group continues to be highly cash generative. At 30 November 2022, the Group had gross cash of £44.5 million and net funds of £30.1 million. Science Group currently has limited exposure to future interest rate increases. The Group's term loan, which expires in 2026, is fixed through a swap instrument at an effective rate of 3.5%. In addition, the Group's revolving credit facility of £25 million, taken out in 2021 on a 4 year term with 1 year extension, remains undrawn. The Group's strong balance sheet, with significant cash resources, provides a robust foundation in the current macro-economic environment whilst also enabling Science Group to benefit from corporate opportunities which may arise.

During 2022, in view of the currency volatility, the Board has taken the opportunity to procure a currency exchange instrument to cap the Sterling:US Dollar rate in relation to the R&D Consultancy Division through to the end of 2023. Initially the Sterling:Dollar cap was set at 1.30, but during October the Board took advantage of the very low exchange rates to improve the cap to 1.20. The instrument, which applies to \$1.25 million per month, still enables the business to benefit from lower exchange rates, should such rates apply.

Recommended Offer for TP Group plc

Science Group acquired a strategic shareholding in TP Group plc ("TPG") during Q3 2021, resulting in the appointment of two directors onto the TPG Board, as Executive Chairman and Chair of Audit Committee. When the onerous TPG Maritime contracts subsequently came to light, Science Group also seconded a senior manager to TPG to provide stronger leadership to that business. These appointees have been actively involved in the restructuring of TPG and the renegotiation of the Maritime contracts.

On 31 October 2022, Science Group announced an intention to make an offer for TPG at a price of 2.25 pence per share, to be effected through a court-approved Scheme of Arrangement. The independent directors of TPG recommended that the TPG shareholders accept the offer. Details of the offer are set out in the relevant offer documents. The General Meeting and Court Meeting were held on 14 December with clear support for the acquisition. It is therefore anticipated that, subject to the conditions set out in the formal documentation, completion will occur early in 2023.

The Board does not anticipate that the cash outflow (including repayment of TPG bank debt, fees and integration costs) will exceed £25 million and therefore the acquisition will be funded through Science Group's existing cash resources and finance facilities. Furthermore, in view of the background and the experience of TPG gained over the past year, the Board anticipates that the integration will be completed in a timely manner.

Outlook

While the global economic climate will continue to impact consumer-facing sectors in the year ahead, Science Group's sector diversity should continue to provide resilience.

The completion of the TPG acquisition should further strengthen the Group through the entry into the defence market, together with synergistic opportunities for growth in the medium term. Since the TPG

acquisition is funded through existing cash resources (with minimal shareholder dilution), if completed as now expected, the Board anticipates that the acquisition will be earnings enhancing in 2023.

End

Science Group plc

Martyn Ratcliffe, Chairman

Tel: +44 (0) 1223 875 200

Stifel Nicolaus Europe Limited (Nominated Adviser and Joint Broker)

Nick Adams, Alex Price, Richard Short

Tel: +44 (0) 20 7710 7600

Liberum Capital Limited (Joint Broker)

Neil Patel, Cameron Duncan

Tel: +44 (0) 20 3100 2000

Note: This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulation (No 596/2014). The person responsible for this announcement is Martyn Ratcliffe, Chairman.