

# science group plc

31 March 2020

## Trading Update, AGM and Covid-19

In aggregate, trading in Q1 of 2020 has been broadly in line with the Board's expectations. At 28 March 2020, Group cash was £14.4 million and net debt was £1.9 million. The bank loan is secured on the Group's substantial freehold property assets and is not subject to operating covenants until the net debt level exceeds £10 million, providing substantial headroom for the Group.

As separately announced today, during March the Group's product development business, Sagentia, has been engaged in the UK Government's critical ventilator design initiative, known as Rapidly Manufactured Ventilator System (RMVS). A manufacturing contract for the Sagentia Ventilator is now in negotiation.

The impact to date of Covid-19 on the Group has been mixed. The preliminary results statement on 3 March 2020 anticipated that *"any material effect on Science Group is likely to derive from the indirect consequences on the global economy (R&D investment, business travel, etc)"* and this would appear prescient. Excluding RMVS, the indirect effects of the pandemic are likely to impact Q2 as customers reduce discretionary expenditure on advisory consulting services with longer term horizons, although strong demand levels for regulatory services are anticipated to continue. The lockdown across most of Europe also means that consumer electronics companies cannot easily distribute products such as radio units containing Frontier modules, with corresponding demand reduction and revenue deferral. It is currently unclear on the materiality of these effects and/or the recovery that may or may not occur in the second half of the year.

In summary, despite the impact of Covid-19, the Group's performance in Q1 was in line with expectations. While the underlying outlook is unpredictable, the RMVS programme could be a significant factor in Q2. Regardless of the short-term volatility, the Group has a strong balance sheet and is well-positioned to withstand the market disruption.

## Annual General Meeting and Dividend

At the time of the preliminary results, the AGM was scheduled to be held on 19 May 2020. In light of the ongoing Covid-19 pandemic, the AGM will be deferred until 16 June 2020. Should the legislation be introduced to permit a virtual meeting, the Board will adopt this approach. If this is not possible, the AGM will be held solely to address formal matters.

The Board will review whether the payment of the dividend is appropriate closer to the date of the AGM and, if so determined, shall define the revised record date and payment date. The AGM notice will contain the proposed resolution but the Board may withdraw the resolution at any time.

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Note: This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulation (No 596/2014).