

science group

4 September 2017

Science Group plc
("Science Group" or the "Group")

Acquisition of Technology Sciences Group

Science Group plc (AIM:SAG) has exchanged contracts to acquire 100% of the equity of Technology Sciences Group Inc, Technology Sciences (Europe) Limited and associated subsidiaries ("TSG") from Dentons Innovation Group US, LLC. Completion is anticipated within the next few days. TSG provides scientific advisory and regulatory services to a diverse client base in the Agricultural, Chemical, Consumer, Cosmetic, Medical Device and Food & Beverage industries.

Initial consideration for the acquisition is \$17.0 million (approx. £13.0 million). A deferred consideration of \$0.75 million will be payable in December 2019 subject to certain conditions. The Group's existing cash resources will be used to satisfy the consideration. One-off integration costs will be incurred in the current financial year but are not anticipated to exceed £1 million.

Technology Sciences Group Inc was founded in Washington DC in 1990 and also has an office in California and Ontario, Canada. Technology Sciences (Europe) Limited is the UK based holding company for the European operations, which opened in 2000, and now has subsidiaries in the UK, Germany, Spain and Slovenia with additional offices in France, Hungary, Ireland, Poland, Romania and Slovakia.

Historically, financial results have not been consolidated. In the most recent financial year, the TSG businesses reported Revenue in aggregate of approx. \$20.3 million¹ (approx. £15.5 million) and Profit Before Tax of approx. \$1.0 million¹ (approx. £0.8 million), based on current exchange rates. The UK and USA based businesses account for approx. 85% of the total revenue and a similar proportion of TSG's 120 employees. Net assets at 30 June 2017

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were approx. \$3 million², the majority of which was cash which will be acquired with the business.

In addition to the Consideration for the equity, a one-off award to key senior managers of up to an aggregate of 400,000 PSP options is anticipated. The Board will seek approval at the Group's next General Meeting for this exceptional share option grant to be incremental to the Plan Limit within the 2013 Performance Share Plan.

The acquisition of the TSG business is highly complementary to Science Group's existing operations (particularly the international food & beverage regulatory services in Leatherhead Food Research), strengthening the Group's offerings in a number of market sectors, increasing the scale of the US operations and establishing a significant Continental European footprint.

- Ends -

For further information:

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Notes:

1. Based on unaudited year ended Dec-16 results for the non-UK entities and audited year ended Mar-17 results for the UK entities, as adjusted for intra-group transactions
2. Based on an aggregated unaudited pro-forma balance sheet for the companies being acquired
3. This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulations