

Interim Results Presentation July 2019

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To be read in conjunction with the Interim Results
announcement released on 24 July 2019

In addition to IFRS measures, alternative performance
measures are used in this presentation. Refer to the Notes to
the Interim Results announcement for detail and explanation.



Overview

- Group operating performance in line with expectations
- Investment in Frontier Smart Technologies Group
- Group maintains strong balance sheet
- Reporting separation to increase transparency and facilitate shareholder analysis
 - Operating Business
 - Freehold Properties
 - Corporate

Group Financial Summary

Group revenue of £23.6m (H1-18: £24.7m from *continuing operations; £25.1m total)

- Strong organic growth in Consulting business and Sagentia Commercial sector
- Medical sector saw reduction in revenues due to successful completion of major 2018 projects and Federal government shut-down negatively impacted the US Regulatory business

Operating profit of £3.1m (H1-18: £2.5m from continuing operations; £2.7m total)

- Benefit from non-recurring items
- Adjusted operating profit of £3.3m (H1-18: £3.5m from continuing; £3.7m total)

Basic EPS increased to 6.1 pence (H1-18: 6.0 pence)

- Diluted EPS of 6.0 pence (H1-18: 5.8 pence)

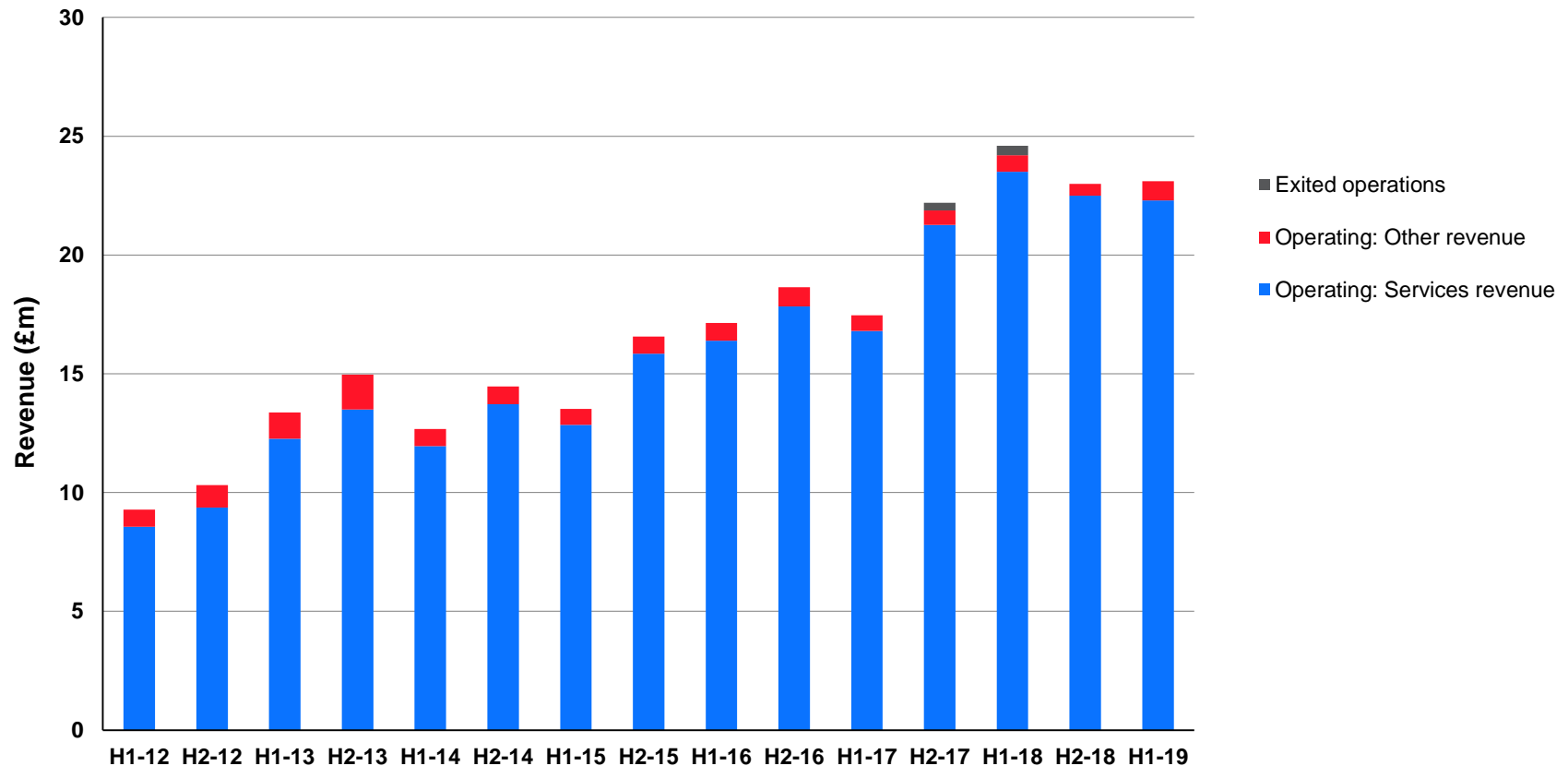
Gross cash balance of £24.0m (H1-18: £18.5m) and Net Funds of £7.2m (H1-18: £5.1m)

- Investment in Frontier of £2.8m offset by £2.2m arising from associated issue of treasury shares
- Further Frontier investment following period end
- Refinancing of freehold property debt increased borrowings by £4.8m

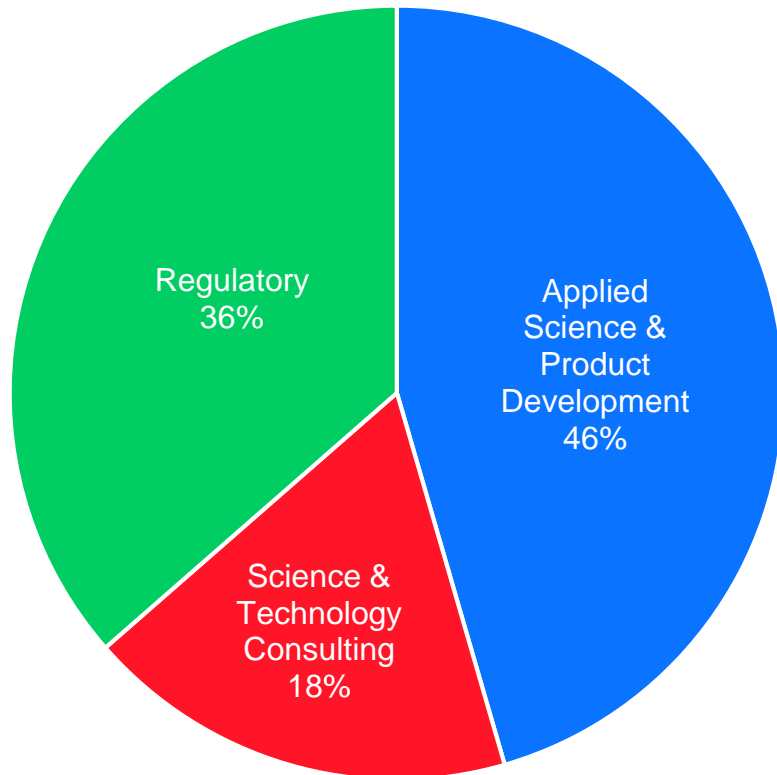
*Continuing operations measures used throughout this presentation exclude the Central Europe regulatory operations which the Group exited in H1-18

Operating Business

- Revenue of £23.1m (H1-18: £24.2m from continuing operations; £24.6m total)
- Good organic growth in Consulting and Sagentia Commercial
- Completion of medical projects in 2018 and US Federal shut-down impacted revenue
- Flat sequentially with H2-18. H2 is traditionally stronger half of year



Revenue Profile: Services



Applied Science & Product Development

- Commercial sector reported strong recovery from previous year following management and strategy change
- Medical sector weaker H1 due to major contracts completing in 2018. Characteristic profile of this sector.

Science & Technology Consulting

- Significant organic growth over previous year, especially strong in food & beverage sector

Regulatory

- Europe business stabilised
- Government shut-down in USA in January impacted revenues significantly. Partially offset by State-focused renewals business
- Food & beverage regulatory consistent performer with high recurring revenue

H1-19 Data

Freehold Properties

Science Group owns two freehold properties

- Harston Mill is owned by Sagentia Limited
- Great Burgh is held in a dedicated subsidiary with leases to the Operating Business
- Book value: £21.5m
- Last valuation (2018): £22.6m to £33.9m

Rental and associated services income from the Group's freehold properties was £1.7m (H1-18: £1.7m)

- Income from third-party tenants of £0.5m (H1-18: £0.5m)
- Income from SAG operations of £1.2m (H1-18: £1.2m)
- Property operating profit of £0.5m (H1-18: £0.5m)

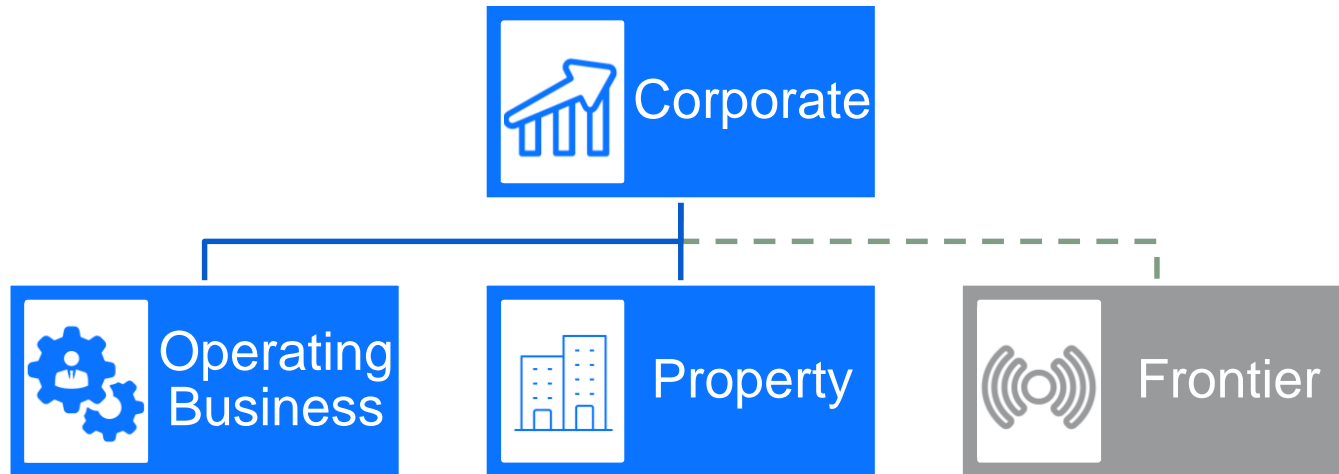
Harston Mill

- To be separated from Sagentia Limited
- Ownership of Harston Mill will change in 2020 financial year as corporate tax rate change delivers £0.2m saving relative to 2019. Tax cash outflow of £1.8m anticipated.



Corporate

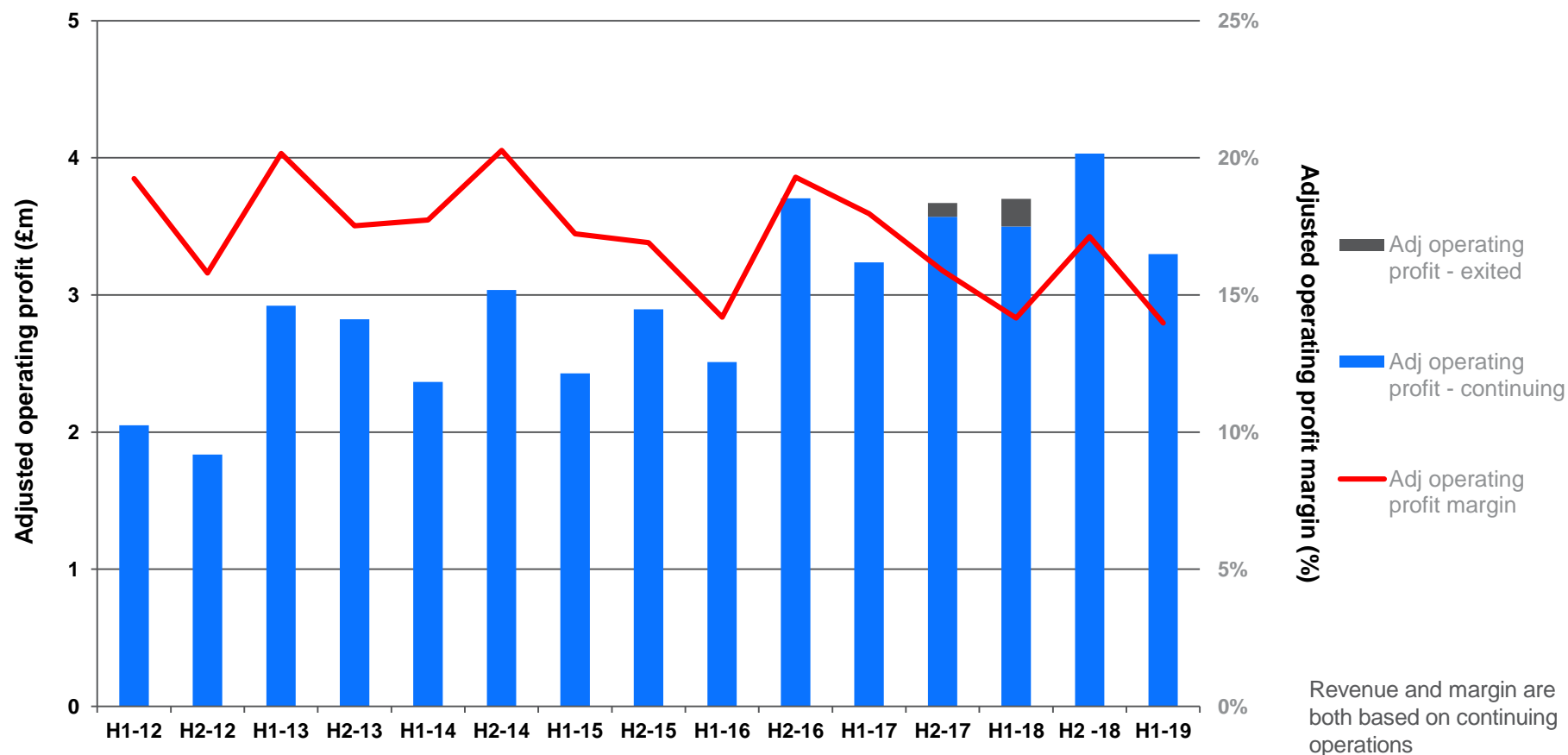
- Corporate responsibilities include management of PLC matters together with the strategic development of the Group



- Corporate costs were £0.9m (H1-18: £0.8m)
- The Frontier investment arises from Corporate activity
 - Gain on the investment net of professional fees of £0.6m at 30 June 2019
- Corporate result is a net cost of £0.3m (H1-18: £0.8m)

Group Operating Profit

- Reported operating profit of £3.1m (H1-18: £2.5m from continuing operations; £2.7m total)
- Adjusted operating profit of £3.3m (H1-18: £3.5m from continuing operations)
- AOP Margin maintained at 14%



Frontier Smart Technologies Group Limited

Background

- Frontier is a pioneer in technologies for Digital Radio and Smart IoT Devices
- The Group company was incorporated in the Cayman Islands and is therefore not within the jurisdiction of the UK City Code on Takeovers and Mergers
- Frontier issued a trading update on 9 May 2019, forecasting revenue for the year ending 31 December 2019 of \$36.6 m and a Trading EBITDA loss of no worse than \$1.5m

Investment

- At 30 June 2019, Science Group had acquired a shareholding in Frontier of 11,510,521 ordinary shares representing approximately 28.3% of the voting share capital of Frontier
 - Shareholding was treated as an investment for accounting purposes
 - Average price was 24 pence per share and the aggregate cost £2.8m
 - The mark to market valuation at 30 June 2019 was £3.7m
 - Science Group issued 1.1 million shares from Treasury
- Offer announced on 1 July of 35 pence per share to Frontier shareholders
- At 22 July 2019 Science Group was interested in 19,447,431 shares representing approximately 47.6% of the voting share capital of Frontier

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