

science group plc

11 January 2021

Science Group plc
(the “Company”, “Group” or “Science Group”)

Trading, Business and Board Update

Science Group provides a trading update for the 12 months to 31 December 2020.

Group revenue for the year is now anticipated to be in the order of £73 million (2019: £57.2 million). While the Board took the opportunity during the second half of the year to increase investment in infrastructure and personnel, early indications are that, subject to audit, the Group’s adjusted operating profit for the year ended 31 December 2020 will exceed the previously upgraded expectations of £10 million (2019: £6.7 million).

In the first half of the year, the Group received funding for furloughed employees under the UK Government scheme. While less than £0.1 million, this was an appropriately prudent action taken as part of a wider programme at a time of uncertainty. The Board elected to repay such monies received from the UK Government in the second half of 2020.

At 31 December 2020, the Group had cash (excluding client funds) of £27.1 million (2019: £13.9 million) and net funds of £10.6 million (2019: net debt of £2.3 million). While the dividend payment was reduced in 2020, in aggregate £2.4 million was returned to shareholders through a combination of share buy-backs and dividends compared with an aggregate of £2.0 million in 2019.

The Group’s cash now exceeds the level prior to the Frontier acquisition, enabling the Board to explore further strategic opportunities, should they arise. Over the past decade, Science Group’s self-funded model has enabled the Group to grow revenue more than 3-fold and adjusted operating profit 4-fold, without shareholder dilution.

Due to the increasing severity of the pandemic and the associated restrictions, the Board anticipates that the audit process for the year ended 31 December 2020 will take longer than usual. The preliminary results for the year are consequently anticipated to be released in mid to late March. The Board does not anticipate providing any further update regarding 2020 performance until the preliminary results are released.

Board Change

After almost 7 years with the Group, Rebecca Archer, Group Finance Director, has advised the Board of her intention to resign to take up a new role. Rebecca has made a significant contribution to Science Group and leaves with the Board’s best wishes for the future.

The Board is pleased to announce that Sameet (“Sam”) Vohra has accepted the position of Chief Financial Officer Designate. Sam qualified as a Chartered Accountant with KPMG and has gained considerable experience in senior finance leadership roles in UK listed international businesses, including Group Financial Controller at TT Electronics PLC and Group Director of Finance at Spectris PLC, the FTSE 250 precision engineering company. Most recently, he was Interim Group Finance Director at Ted Baker PLC during their financial restructuring.

Rebecca will leave the Group after completion of the 2020 audit and the posting of the Annual Report to shareholders. It is anticipated that Sam will be appointed to the Board in January with the formal transfer being completed in April. Over the next few months, a handover of responsibilities will be effected.

Frontier Smart Technologies (“Frontier”)

Since the acquisition in 2019, the restructuring and turnaround of Frontier has been very successful, resulting in an excellent performance in 2020. Frontier is now a strongly profitable technology business with

a market leading position. Confirmed orders at the start of 2021 are very healthy and shipments in the first part of the year may be supply constrained.

Frontier has a different product-based business model to the services provided by the Group's other Divisions. As previously indicated, the long-term strategy for Frontier has always been a subject for further review once the turnaround was satisfactorily completed. At the current time, the Board considers the key options to be: (i) to retain the business within the Group and maximise the profit and cash flow contribution; (ii) to increase operating scale through the merger or acquisition of a similar business or businesses; or (iii) to sell all or part of the business. The Board and the Frontier management team continue to consider all these alternatives and have now decided to initiate a more formal process, including appointing external advisers, to determine the best approach. This process may take some time and the Board remains open minded as to the outcome. Further announcements will be made at the relevant time.

Science Group plc

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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.

Regulatory disclosures

Pursuant to Schedule 2(g) of the AIM Rules for Companies, Sameet Vohra (aged 47) has held the following directorships or partnerships in the past five years:

Current directorships and partnerships:

The Grange Wraylands Drive Reigate Ltd

Directorships/partnerships held in the past five years:

None

Sameet Vohra does not currently hold any shares in the Company.

There is no further information to be disclosed in respect of the above appointment pursuant to Rule 17 and Schedule 2 paragraph (g) of the AIM Rules for Companies.