

# science group plc

26 November 2021

**Science Group plc**  
**Frontier Update, Acquisition**  
**and**  
**Group Trading Update**

Frontier Smart Technologies (“Frontier”) was acquired by Science Group in 2019. Following a successful turnaround and integration, Frontier is now a very profitable business, contributing to the Group at a similar level to the Group’s Services operations. As a result, and subsequent to a review of the Frontier strategy early in the year, Science Group has been investing in the Frontier business during 2021.

The recent UK Digital Radio and Audio Review reaffirmed that radio continues to be a strong trusted medium delivering significant public value and highlighted the success of DAB. This UK experience is believed by Frontier to be replicated in other geographic markets. However like all technology markets, the product category is evolving and one of the growth opportunities identified in the strategy review undertaken in early 2021 was to develop the SmartRadio segment. SmartRadio combines DAB/DAB+, FM and Internet Radio providing access to tens of thousands of radio stations worldwide. In addition, the product category is also attracting diverse demographics as (i) audio streaming services such as Spotify, Deezer and Amazon Music become mainstream, and (ii) significant growth is now being seen in “spoken word” services, such as podcasts and audiobooks.

In progressing the Frontier strategy, the Board has now completed the acquisition of Magic Systech Inc (“Magic”), a Taiwan-based company which specialises in Internet Radio technology. The acquisition enhances the Frontier proposition including a lower production cost technology architecture. For the year ended 31 December 2020, unaudited results for Magic reported revenue of US\$2 million and a profit before tax of US\$0.4 million. Magic will be integrated into Frontier but the Magic Systech brand will be retained. Consideration for the acquisition was US\$4 million, paid in cash, although at completion Magic held cash of \$1.9 million, giving a net valuation of \$2.1 million for the business. The acquisition of Magic is the second significant investment in Frontier resulting from the 2021 strategy review, following on from the \$6 million technology royalty buyout in July.

## **Trading Update**

While the Frontier acquisition has been highly successful and has made a significant contribution to Science Group, trading in all divisions continues positively. As a result, the Group remains in line or

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slightly ahead of the upgraded guidance provided on 11 October 2021. In summary, the Board of Science Group anticipate reporting another strong operating performance for 2021.

Following the Science Group strategic investment in TP Group in August and the subsequent restructuring of that Board, the new strategy for TP Group was announced on 1 November 2021. As reported by TP Group, this strategy focuses on the UK-based Defence and Aerospace operations which contribute approximately 70% of TP Group revenue and a greater proportion of the profit contribution. The relationship between Science Group and TP Group has developed constructively in recent weeks and the Science Group Board remains positive in relation to the long term merits of the investment.

**End**

**Science Group plc**

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