



14 June 2019

Science Group plc

**Investment in Frontier Smart Technologies Group Limited
("Frontier")**

Science Group plc (Science Group") notes the announcement by Frontier on 14 June 2019 (the "Frontier Announcement") of a preliminary approach from another party in relation to a corporate transaction. In contrast to the announcement made by Frontier on 20 May 2019 disclosing Science Group's interest, the Frontier Announcement this morning does not identify the potential bidder or provide details of the proposed price. Science Group also notes that the Frontier Announcement this morning also does not provide detail on conditionality or structure.

However, Frontier does notify shareholders that the approach is at a preliminary stage and that there can be no certainty that the approach will result in a formal offer for Frontier, nor as to the terms of any such offer if made. Furthermore, Frontier highlights that it is urgently seeking to clarify deliverability of this second approach, a very significant point in the opinion of Science Group.

With regard to deliverability, Science Group is currently the largest shareholder of Frontier, holding approximately 28.3% of the voting share capital. Science Group does not intend to sell its shares to any other potential bidder or vote in favour of any alternative transaction, including any vote on the disposal of assets of Frontier. In particular, Science Group notes that it will not be possible for another bidder to implement the transaction as a statutory merger or scheme of arrangement without the cooperation of Science Group, since each of these transactions would require the approval of at least 75% of Frontier shareholders voting.

Science Group also notes that, whilst another bidder could potentially gain voting control of Frontier by making a contractual offer, any subsequent delisting from AIM would also require the approval of at least 75% of Frontier shareholders voting, therefore also requiring Science Group cooperation. If de-listing did not occur, the integration of Frontier into another business with at least one substantial minority shareholder would, in Science Group's opinion, be likely to be challenging and would be subject to material legal and operational constraints.

Science Group also highlights the potential risks to Frontier of a protracted process, taking into account the financial position of Frontier as reported in the trading update on 9 May 2019. In that announcement, Frontier forecast an EBITDA trading loss of \$2.2 million in the first half of 2019 and net debt at 30 April 2019 of \$3.9 million. Frontier's bank facility is £5 million, approximately \$6 million, although the Frontier announcement on 9 May did not provide any detail as to the headroom relative to the bank covenants, despite the reported challenging trading environment and deteriorating cash position.

science group

As a result, Science Group reiterates the uncertainty regarding the deliverability of the second approach, as well as the potential risks to Frontier from further delay. Therefore, Science Group again encourages the board of directors of Frontier to engage with Science Group to complete a transaction with Science Group in a timely manner.

- Ends -

For further information:

Science Group plc

Martyn Ratcliffe, Chairman

Tel: +44 (0) 1223 875 200

Sarah Cole, Company Secretary

Panmure Gordon (UK) Limited

Dominic Morley / Alina Vaskina (Nominated Adviser)

Tel: +44 (0) 20 7886 2500

Erik Anderson (Corporate Broking)