

science group plc

24 August 2021

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF THAT JURISDICTION.

THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND DOES NOT CONSTITUTE A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE. THERE CAN BE NO CERTAINTY THAT ANY FIRM OFFER WILL BE MADE EVEN IF THE PRE-CONDITIONS ARE SATISFIED.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

Statement regarding Final¹ Possible Offer for TP Group plc ("TP Group" or the "Company")

Further to the announcements by TP Group plc on 17 August 2021 and 23 August 2021, the Board of Science Group provides the following response and an update in relation to a possible offer by Science Group to acquire the entire issued and to be issued share capital of TP Group.

Science Group Shareholding

Following further share purchases in the market, as at 7am on 24 August 2021, Science Group holds 140,528,829 shares in TP Group, equivalent to approx. 18.03% of the Company's issued voting share capital. The highest price paid by Science Group has been 6.5 pence per TP Group share.

Science Group reiterates its statement on 16 August 2021 that, if the TP Group Board continues to refuse to cooperate, and as a result Science Group is unable to make an offer for TP Group, Science Group will retain its shareholding in TP Group as a strategic investment and will adopt an active engagement strategy in relation to its investment. For the avoidance of doubt, Science Group reiterates that it is not interested in considering any offers for its stake in TP Group from third parties.

Increase in Indicative Offer

On 17 August 2021, the TP Group Board declared that Science Group's initial indicative offer of 5.8 pence per share "*significantly undervalues TP Group*". On 20 August 2021, Science Group informed the Board of TP Group of its increased shareholding, as announced on that date. In addition, Science Group increased its indicative offer, subject to certain pre-conditions including that satisfactory due diligence be completed, to

6.5 pence per TP Group share in cash ("Increased Indicative Offer").

¹ Science Group reserves the right to increase its indicative offer above 6.5 pence per share if a third party announces an offer or possible offer for TP Group.

This Increased Indicative Offer represents a premium of approx. **67%** to the closing share price on 6 August 2021, the last trading day prior to Science Group's initial investment and is the same as the issue price in the TP Group fund raising in July 2017. For TP Group shareholders, the Increased Indicative Offer provides a very attractive liquidity opportunity at a substantial premium. Science Group intends to finance the acquisition from its own resources and third-party funding, which may include equity and/or debt.

On 23 August 2021, TP Group rejected the Science Group Increased Indicative Offer. Science Group has informed the TP Group Board that **it does not intend to increase its indicative offer above 6.5 pence per share hence its offer of 6.5p per share is therefore final but reserves the right to do so if a third party announces an offer or possible offer for TP Group.**

TP Group Strategy

The refusal of the TP Group Board to engage with Science Group is extraordinary in the context of the financial position of TP Group and the value deterioration presided over by the TP Group Board in recent years. It was the TP Group's results for the year ended 31 December 2020, released by the TP Group Board on 15 June 2021, which included the statement that *"a material uncertainty exists which may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern"*, a damning commentary repeated in the Independent Auditor's Report in the TP Group plc 2020 Annual Report. This outcome notably contrasts with the sub-heading of the TP Group Interim Results released on 20 October 2020, approximately 10 weeks before the end of the year, which declared that the Company's *"resilient operating model continues to support growth opportunities"*. The TP Group Board's optimism for the future has been stated on multiple occasions but has consistently failed to translate into value for shareholders.

In the 17 August 2021 announcement by TP Group, Science Group also notes the statement regarding TPG Maritime, reversing a decision announced less than a month ago on 26 July 2021 after a six month formal sale process and after the new CEO had *"completed a detailed review of the business"* as a result of which the TP Group Board *"decided to withdraw the Maritime business from sale."* Science Group cannot comment on the merits of the TPG Maritime disposal, but such strategic indecisiveness does not instil confidence in the Board of TP Group and raises questions regarding the *"detailed review"* reportedly undertaken.

With regard to delivering on their strategy, the TP Group Board seeks to blame the poor performance of the Company on the Covid-19 pandemic. Yet, while the performance of TP Group has been weak, Science Group has reported resilient performance over the past two years. In the first half of 2021, Science Group reported record results, with an adjusted earnings per share increase of 51% compared to the prior year and 125% compared to the first half of 2019 before the pandemic.

It is therefore ironic that, in their 17 August 2021 and 23 August 2021 announcements, TP Group highlight the acquisition of Frontier Smart Technologies ("Frontier") by Science Group in 2019. Frontier, like TP Group, was an under-performing business, which over the past two years Science Group has transformed into a highly profitable division with good prospects for customers and employees. In summary, and in stark contrast to TP Group, Science Group has demonstrated its ability to realise value for shareholders from its acquisition strategy.

Synergies between Science Group and TP Group

According to the announcement by the TP Group Board on 17 August 2021, TP Group now aspires to become a *"leading high growth, high margin, cash generative international consultancy"*, effectively a description of Science Group's services business. Furthermore, the TP Group trading update on 26 January 2021 defined the strategy as *"to focus on delivering consulting, digital solutions, advanced technology and bespoke engineering"*, again a description of the services provided by Science Group.

Science Group deploys highly qualified engineering and science resources (eg software, electronics, mechanical engineering, project management, physicists, mathematicians, chemists etc) across multiple market sectors and, as outlined on 10 August 2021, the TP Group operations in the Defence and Aerospace sectors would be complementary to the existing Science Group vertical market expertise. The greater scale of an enlarged consultancy operation would clearly provide a tangible synergistic opportunity through resource deployment across multiple sectors. It is incomprehensible that the TP Group Board conclude that “*operational synergies do not exist*” between two such similar organisations.

This is particularly relevant to TP Group employees since, on 15 June 2021, TP Group reported that the Covid pandemic impacted utilisation of consultancy skills and the TP Group Board announced on 17 August 2021 that cost reduction actions had been initiated. In contrast, Science Group is currently actively recruiting for technical and non-technical roles. The TP Group Board has a responsibility to all stakeholders, including employees.

In summary, the TP Group statement that “*operational synergies do not exist*” in a potential combination of TP Group and Science Group is strategically myopic.

Offer Timetable and General Meeting

TP Group shareholders should understand the offer timetable. While TP Group note that the deadline of 7 September 2021 can be extended with the consent of the Takeover Panel, the TP Group Board categorically declared on 17 August 2021 that it had “*no intention of engaging with Science Group*” and on 23 August 2021 rejected the Increased Indicative Offer. TP Group shareholders should understand that unless TP Group consent to such an extension being granted then it is highly improbable that such an extension would be consented to by the Takeover Panel.

In view of the poor financial position of TP Group, as reported by TP Group in the 2020 results and Annual Report, Science Group has always made clear that access to due diligence information and completion of satisfactory due diligence is necessary in order for an offer to be made. The obstructive approach adopted by the TP Group Board may well prevent TP Group shareholders being able to consider the potential Science Group offer to provide cash liquidity at an approx. 67% premium to the closing share price on the last trading day prior to Science Group’s investment.

Science Group is pleased to see that the TP Group Board acknowledge in the 17 August 2021 announcement that they are “*required to convene a general meeting*” to enable TP Group shareholders to consider the constitution of the TP Group plc Board. However, TP Group shareholders should note that it is likely that the date of the general meeting will be after the expiry of the offer period. Science Group will make further statements in relation to the TP Group general meeting in due course.

Pre-conditions and Important Information

The announcement by Science Group of a firm intention to make an offer, to be effected by a Scheme of Arrangement, for TP Group under Rule 2.7 of the Code would be conditional upon:

- completion of due diligence to the satisfaction of Science Group;
- the unconditional recommendation of the offer by the Board of Directors of TP Group; and
- final approval by the Board of Science Group.

These pre-conditions are not capable of being waived.

In addition, Science Group advised TP Group that its valuation assumption was based on the performance of TP Group being in line with the Cenkos’ analyst forecasts issued on 15 June 2021 and that the indicative offer was subject to other conditions (eg irrevocable undertakings; prudence in terms of professional fees; limitations on executive financial rewards; etc) normal in such transactions. These secondary conditions

are capable of being waived. On 23 August 2021, TP Group described these prudent requirements, which are not atypical in offer situations, as “*substantial pre-conditions*”, a description not accepted by Science Group, particularly when TP Group has appointed two sets of Financial Advisors, a highly unusual occurrence for a financially-constrained, AIM quoted small-cap company.

TP Group has not provided any feedback on any of the terms and conditions within the Science Group Indicative Offer(s) and has not provided any information on the financial performance of TP Group in any form, including not engaging on the assumptions put forward by Science Group in its valuation assumptions.

Science Group reserves the right to:

- subject to Rule 11.1 of the Code, vary the form and/or mix of the consideration to be offered for TP Group shares; and
- reduce the consideration of any offer by all or part of the amount of any dividend (or other distribution) which is paid or becomes payable by TP Group to its shareholders after the date of this announcement.

End

Science Group plc

Martyn Ratcliffe, Chairman

Tel: +44 (0) 1223 875 200

www.sciencegroup.com

**Stifel Nicolaus Europe Limited (Financial Adviser,
Nominated Adviser and Joint Broker)**

Nick Adams, Alex Price, Richard Short

Tel: +44 (0) 20 7710 7600

Liberum Capital Limited (Joint Broker)

Neil Patel, Cameron Duncan

Tel: +44 (0) 20 3100 2000

MHP Communications (PR Adviser to Science Group)

Reg Hoare

Tel: +44 (0) 20 3128 8793

Further information

The person responsible for the release of this announcement on behalf of Science Group is Martyn Ratcliffe, Chairman of Science Group.

This announcement is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote in any jurisdiction.

The release, publication or distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction.

Stifel Nicolaus Europe Limited (“Stifel”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as Financial Adviser exclusively for Science Group and no one else

in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Science Group for providing the protections afforded to clients of Stifel, nor for providing advice in relation to any matter referred to herein.

Sources of financial information and bases of calculation

The closing mid-market share prices for TP Group shares have been derived from the Daily Official List.

The premium calculation per TP Group share is by reference to 3.9 pence, being the closing mid-market share price on 6 August 2021, the last trading day prior to Science Group's share purchase.

The reference to Science Group's adjusted earnings per share increase of 51% and 125% in the first half of 2021 compared to the first half of 2020 and 2019 respectively was taken from the Science Group interim report for the first half of 2021 published on 26 July 2021.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on Website

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available at <https://www.sciencegroup.com/investor-information/> promptly and in any event by no later than 12

noon on the business day following this announcement. The content of this website is not incorporated into and does not form part of this announcement.

