



**science group plc**

## 2022 Interim Results

**Martyn Ratcliffe**

Chairman

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**Dan Edwards**

Group Managing Director

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**Jon Brett**

Group Finance Director

To be read in conjunction with the Interim Results announcement released on 25 July 2022

# Financial Summary

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Group revenue

£44.8m

H1-21: £40.7m

Adjusted operating profit

£8.8m

H1-21: £7.3m

Earnings per share (adjusted basic)

14.6 pence

H1-21: 13.3 pence

Group cash (excl. client funds)

£38.6m

H1-21: £29.0m

## – Record H1 performance, slightly ahead of Board expectations

- Revenue growth of 10% compared to H1-21
- Adjusted operating profit increased by 22% compared to H1-21

## – Very strong balance sheet

- Net funds of £23.9m (June 2021: £13.0m)
- £3.2m returned to Shareholders in half year - dividend and share buyback
- Freehold property valued at £21m to £35m (Book value £20.9m)

## – Investment in TP Group (TPG)

- Restructuring of TPG progressing
- Science Group's interim results exclude the performance of TP Group in H1 2022 (not material)

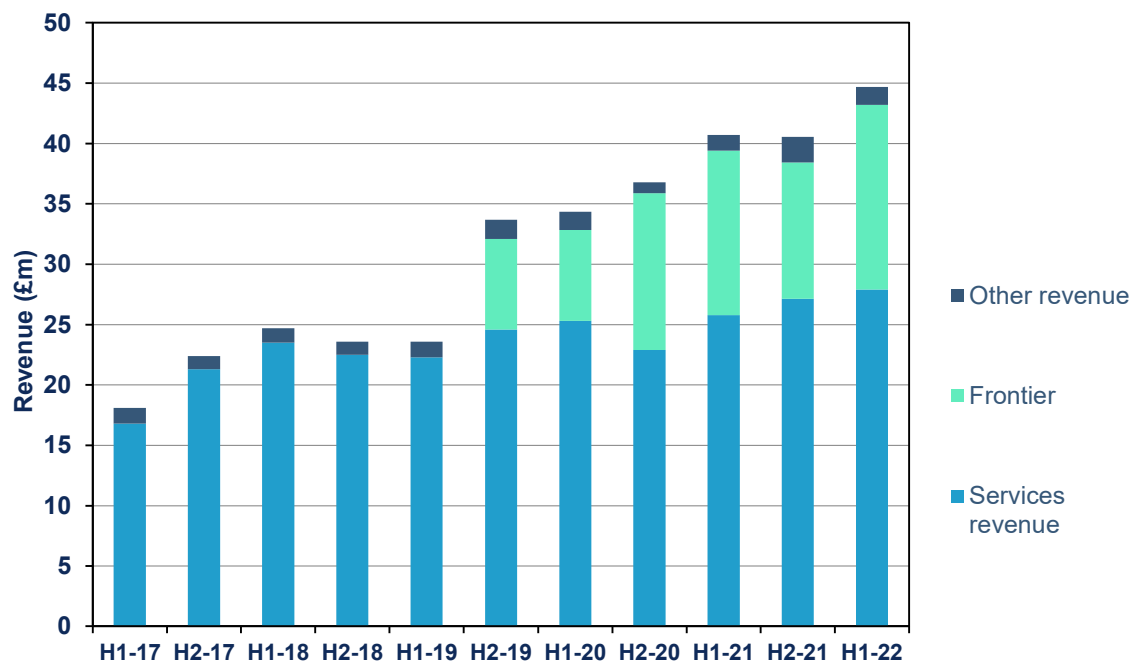
# Group Overview

Science Group is an international science, technology and consulting organisation with 3 operating divisions.

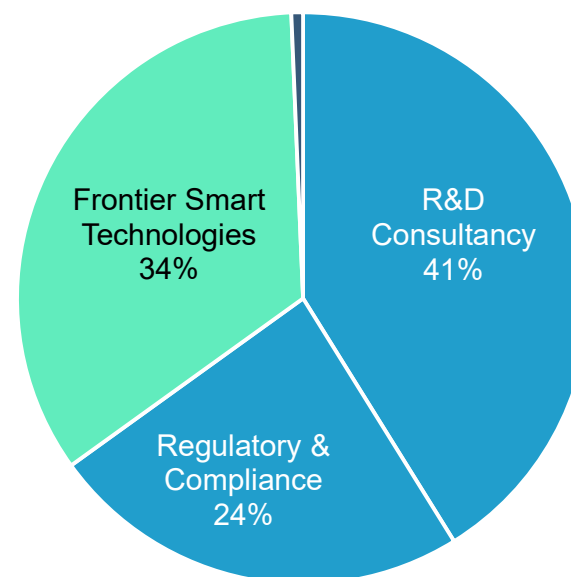


# Group Revenue

- Record revenue of £44.8m (H1-21 £40.7m)
- Growth of c.10%, led by R&D Consultancy Division
- 7% growth on constant currency basis
- Satisfactory performance in all divisions given macroeconomic and market conditions

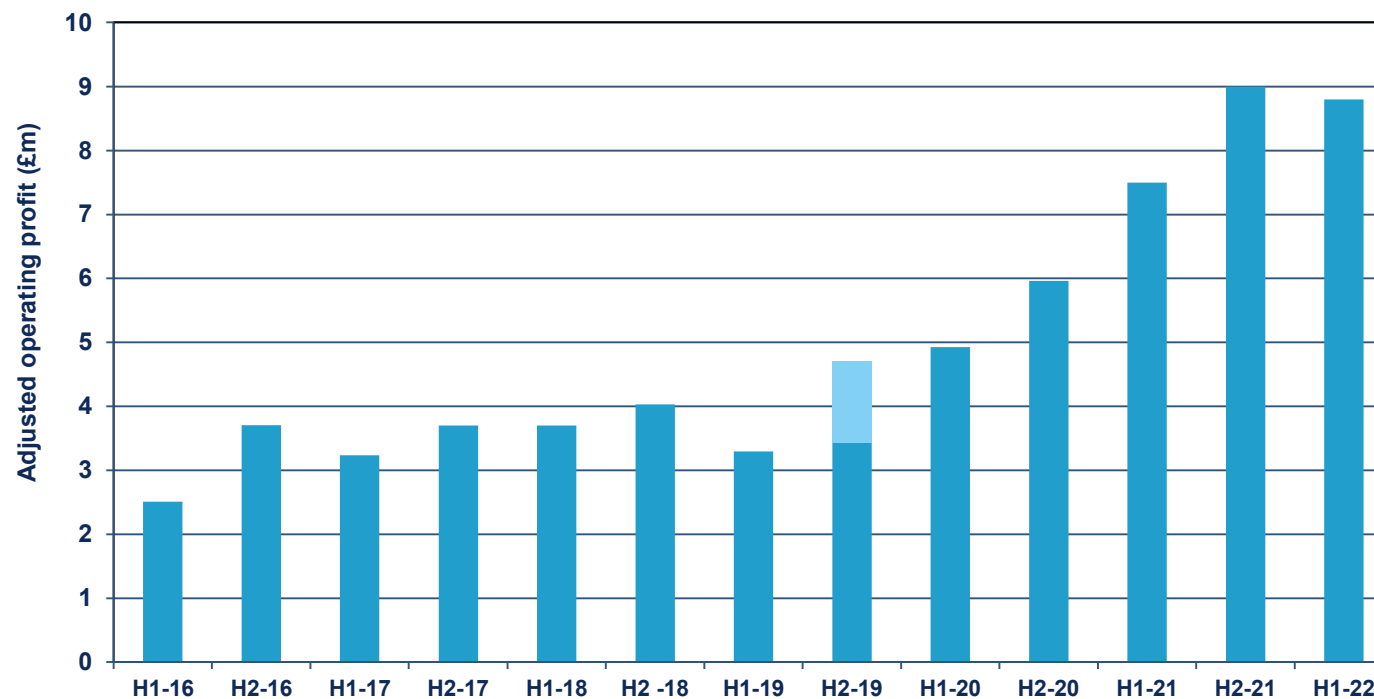


Revenue by Division



# Group Adjusted Operating Profit

- Half-year adjusted operating profit of £8.8m (H1-21: £7.3m)
- Increase of 22% on H1-21
- AOP Margin of 19.7% (H1-21: 17.8%)



# R&D Consultancy

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## –R&D Consultancy revenue of £17.2m (H1-21 £15.2m)

- 13% revenue growth
- 60% of revenue in US\$ and 3% in Euro

## –AOP margin of Services Divisions of 23.9% (H1-21: 19.3%)

- (AOP for services includes Regulatory & Compliance)

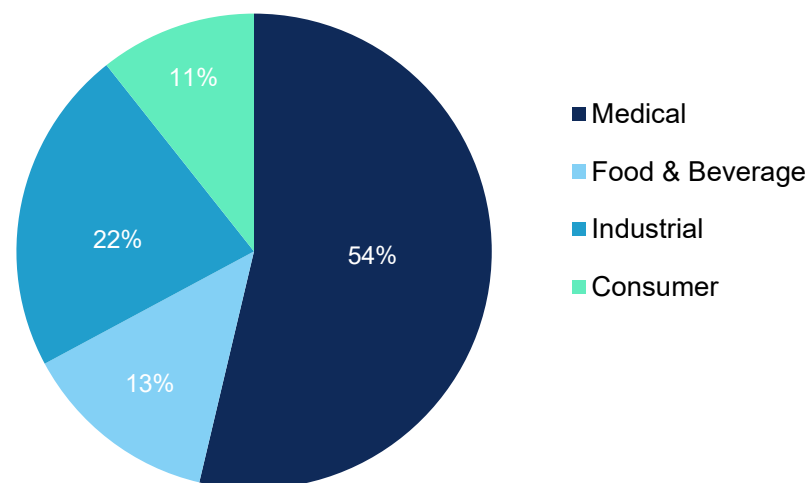
## –FX hedge taken out to provide greater forward visibility

- Option to sell \$1.25m per month at \$1.30:£1 until December 2023
- FX benefit also enabling investment (e.g. new ERP system)

## –Sector diversification

- Medical sector continues to perform well
- Industrial and Food & Beverage sectors both had enhanced growth
- Consumer continues to be the sector most impacted by the economic uncertainty

Revenue by sector





# Regulatory & Compliance

## – Revenue of £10.7m (H1-21 £10.5m)

- 38% of revenue in US\$ and 5% in Euro
- Division benefits from 25% of revenue being recurring in nature

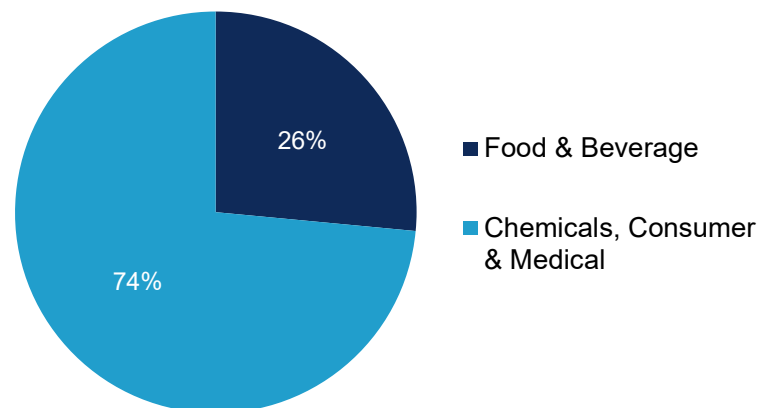
## – AOP margin of Services Divisions of 23.9% (H1-21: 19.3%)

- (AOP for services includes R&D Consultancy)

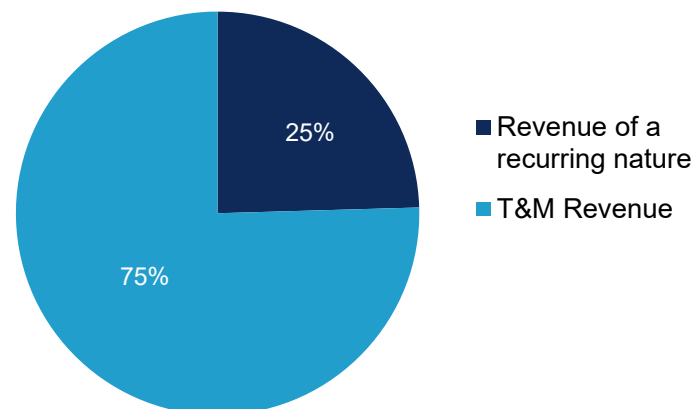
## – Continued progress

- Improved TSG (Europe) performance, benefitting from a significant contract win from a leading agrochemicals provider
- TSG (America) relatively flat compared to H1-21
- Leatherhead Food Research had slower start to H1-22 reflecting the economic uncertainty

Revenue by Sector



Revenue by Type



# Frontier Smart Technologies

## – Revenue of £15.3m (H1-21 £13.6m)

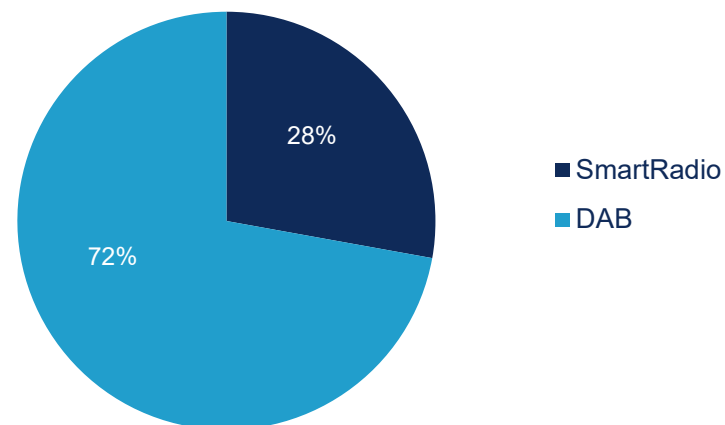
- Growth of 13% benefitting from strength of US Dollar
- Increased ASP reflects higher input costs
- Magic acquisition completed in November 2021 contributed revenue in H1 2022

## – AOP margin of 21.8% (H1-21 21.8%)

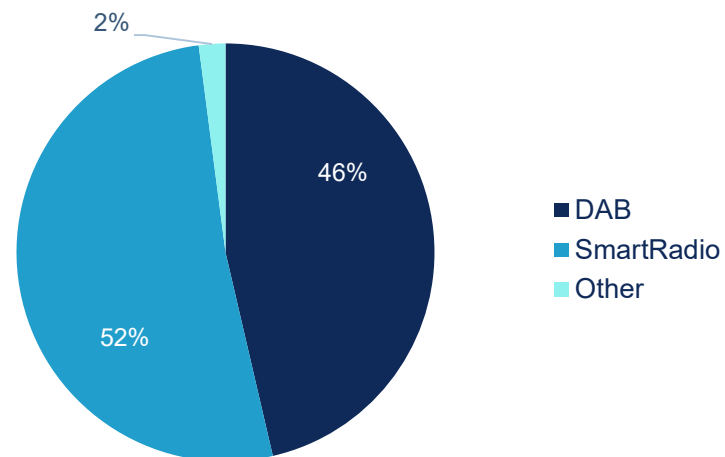
## – Market dynamics

- Consumer demand slowing in line with the economic outlook
- Supply chain starting to normalise
- Freight costs which became a significant element of unit cost now returning to prior year levels
- Strong market position being maintained

Units by Product Line



Revenue by Product Line





# Freehold Properties, Corporate Activity & ESG

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## – Science Group owns two freehold properties

- Harston Mill (Cambridge) and Great Burgh (Epsom)
- Book value: £20.9m (H1-21: £21.1m)
- Triennial independent valuation (March 2021): £21m to £35m



## – Corporate activity

- Corporate costs of £1.5m (H1-21 £1.4m)
- Return to normal corporate cost levels after H2-21 activity
- Continuing to assess complimentary acquisition opportunities as they arise

## – Environmental/Sustainability

- Launched sustainability website which showcases our offering to support customers achieve net zero goal
- CTO Forum providing strategic engagement with large clients

## – Social

- Recognising the impact of energy and fuel cost implemented a temporary contribution for all employees
- Donations to charities (primarily foodbanks) maintained through the challenging economic environment

## – Governance

- Chairman remains the Group's largest shareholder and drives corporate strategy
- Strong independent NEDs, including the appointment of a new NED in May 2022

## –Science Group is actively managing its investment in TP Group

- Largest shareholder with 28.0%
- Has 2 seats on the TP Group Board including Chairman
- As announced by TP Group, the restructuring of the business is progressing
  - Disposals of two non-core businesses completed
- TPG Services continues to perform satisfactorily
- TPG Maritime impacted by onerous legacy contracts and are being renegotiated

## –TP Group Results for FY21 and H1 2022

- TP Group RNS dated 28 June 2022 : Results for year ended 31 December 2021 have been delayed
- Science Group has not included within H1-22 Income Statement any share of TP Group's results for H1 2022
  - Not considered to be material

## –Science Group Facility to TP Group

- Utilised for short periods to provide liquidity
- Undrawn at 30 June 2022
- Expires September 2023

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# Thank-you