

science group plc

24 March 2025

SCIENCE GROUP PLC

AUDITED RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2024

Science Group plc (the 'Company') together with its subsidiaries ('Science Group' or the 'Group') reports its audited results for the year ended 31 December 2024.

- Solid financial performance:
 - Record adjusted* operating profit of £21.5 million (2023: £20.5 million)
 - Record adjusted* basic earnings per share of 36.2 pence (2023: 33.3 pence)
 - Revenue marginally lower at £110.7 million (2023: £113.3 million)
 - Record profit before tax of £14.7 million (2023: £7.6 million)
 - £21.8 million cash generated from operations
 - Year-end cash of £38.6 million with net funds of £26.8 million (2023: £30.9 million and £18.0 million, respectively) after £5.0 million (2023: £3.9 million) share buy-back
- Significant corporate activity post year-end:
 - Investment in Ricardo plc in February/March 2025
 - Banking facilities (term loan and revolving credit facility) renewed in March 2025
 - 2025 share buy-back programme being increased to over £6.0 million (2024: £5.0 million) and dividend maintained at 8.0 pence per share reflecting capital allocation prioritisation

Science Group plc

Martyn Ratcliffe, Executive Chair

Tel: +44 (0) 1223 875 200

Jon Brett, Finance Director

www.sciencegroup.com

Canaccord Genuity Limited (Nominated Adviser and Joint Broker)

Simon Bridges, Andrew Potts

Tel: +44 (0) 20 7523 8000

Panmure Liberum Limited (Joint Broker)

Max Jones, John More

Tel: +44 (0) 20 3100 2000

*Alternative performance measures are provided in order to reflect the underlying financial performance of the Group. Refer to Note 1 for detail and explanation of the measures used.

Statement of Executive Chair

Science Group plc is an international science & technology consultancy and systems organisation. In 2024, Science Group again demonstrated the resilience of its operating model and, in an unpredictable economic and political environment, the Group has delivered another year of record profitability.

In early 2025, the Group's robust balance sheet, accumulated cash resources and strong operating cash flow enabled Science Group to make an investment in Ricardo plc ("Ricardo"), a UK-based, science and technology consultancy and engineering business. Science Group is now the second largest shareholder in Ricardo.

Financial Summary

For the year ended 31 December 2024, Science Group reported adjusted operating profit of £21.5 million (2023: £20.5 million) and an adjusted basic earnings per share increase of 9% to 36.2 pence (2023: 33.3 pence). Revenue was marginally down at £110.7 million (2023: £113.3 million) reflecting (i) market conditions; (ii) a strong comparator in some consultancy areas; and (iii) the managed transition away from some legacy, low margin activities in the defence sector. The Group's reported statutory operating profit was £14.9 million for the year (2023: £8.1 million) and profit before tax was £14.7 million (2023: £7.6 million, which was impacted by one-off, non-cash adjustments associated with the TP Group acquisition). Cash generated from operations was £21.8 million in the year, reflecting the Group's consistent focus on cash conversion.

Science Group retains a strong balance sheet. Despite returning £8.6 million to shareholders through share buy-backs (£5.0 million, 2023: £3.9 million) and an increased dividend payment outflow of £3.7 million (2023: £2.3 million), at 31 December 2024 Group cash was £38.6 million (2023: £30.9 million) and net funds were £26.8 million (2023: £18.0 million).

At 19 March 2025, adjusting for the cost of the Ricardo share purchases (including brokerage fees), Science Group retained gross cash of approximately £25.7 million and net funds of approximately £13.8 million. At the same date, the market value of the Ricardo investment was £25.6 million. Therefore, not only has the Ricardo shareholding produced a paper profit (in March 2025) since investment, but Science Group retains significant cash resources, enhanced by a new unused debt facility.

Consultancy Services

The Consultancy Division is an international services business providing advisory, product development, regulatory and project management services. The Division is characterised by deep technical and scientific expertise combined with specialist industry-sector knowledge.

The collaboration between the different practices that make up the Division has progressively developed such that the Board is now unifying the operations under the Sagentia brand. The finance function across the Division has been fully integrated and is migrating to a consistent Finance IT platform, anticipated to be completed in summer 2025, enabling the business to maintain its high productivity and efficiency of operations.

Reflecting the more challenging consultancy market in 2024, a strong prior year comparator in the Medical sector and management action to reduce some legacy, low margin activities in the TP Group Defence services business, for the year ended 31 December 2024, the Consultancy Division generated revenue of £72.2 million (2023: £81.3 million), producing an adjusted operating profit of £17.9 million (2023: £20.4 million). The Division margin has been maintained at 24.9%, broadly the same as in 2023. The outlook for the year ahead reflects the ongoing refocusing to higher value-add activities in the Defence sector being broadly offset by growth in other sectors.

Systems Businesses

The Group has two systems businesses, both of which have leading positions in their specialist markets. These businesses operate independently but are supported by the Group's corporate and shared services infrastructure and leverage the Consultancy Division's science, technology and engineering capabilities. In aggregate, for the year ended 31 December 2024, the Systems businesses reported significantly increased revenue of £37.8 million (2023: £31.2 million) and an adjusted operating profit of £5.8 million (2023: £2.2 million).

CMS2 (Critical Maritime Systems & Support) designs, develops, manufactures and supports atmosphere management systems for submarines. The business services an international client base, but the UK Defence market accounts for around 70% of the revenue.

Management action in the last two years has transformed the business, with revenue growing to £25.9 million, including around £5.6 million of low-margin pass-through materials, (2023: £21.3 million, 11 months, including £3.4 million of low margin revenue). Adjusted operating profit increased to £5.7 million (2023: £3.6 million, 11 months). Revenue and profit in 2024 benefitted from prior years chargeable rate reconciliation, a standard retrospective process in the UK Defence sector. The Board anticipates that the business will continue to progress in 2025 and continues to invest in next generation systems and technologies.

Frontier is a market leading supplier of DAB/DAB+/Smart Radio chips and modules. Whilst the consumer electronics market has started to recover from the post-pandemic trough, it remains subdued in the weak UK and European economic environment. Revenue increased to £12.0 million (2023: £10.0 million) and the business returned to break-even, despite significant investment in new product development activities, all of which was expensed in the year with no capitalisation of R&D. Further business simplification and cost reduction was undertaken with the transitioning of the internet radio service infrastructure to a third party partner. The Board anticipates the Frontier recovery to continue in 2025.

Corporate

The corporate function is responsible for the strategic development and governance of the Group, ensuring alignment of business operations with Science Group shareholders. The underlying costs of the corporate function were £2.9 million (2023: £2.6 million) due to increased corporate activity in the year.

During 2024, the Company repurchased 1,080,507 shares at a total cost of £5.0 million (2023: £3.9 million), equivalent to an average price of 459 pence per share. At 31 December 2024, shares in issue (excluding treasury shares held of 1.4 million) were 44.7 million (2023: 45.5 million excluding treasury shares held of 0.7 million). The Board anticipates continuing the buy-back programme in 2025, with an increased capital

allocation of over £6.0 million and is recommending maintaining the dividend at 8.0 pence per share (2023: 8.0 pence per share), reflecting capital allocation preference in shareholder feedback. Subject to shareholder approval at the Annual General Meeting ('AGM'), the dividend will be payable on 4 July 2025 to shareholders on the register at the close of business on 23 May 2025.

Science Group owns two UK freehold properties, Harston Mill, near Cambridge, and Great Burgh, near Epsom, the primary function of which is to host the Group's operating businesses. The Group charges market rents to the operating businesses and lets out part of the Harston Mill site to third parties. For the year ended 31 December 2024, the rental and associated services income derived from this activity was £3.9 million (2023: £4.2 million), with £0.6 million (2023: £0.8m) generated from third party tenants. Intra-group rental charges are eliminated on Group consolidation. The last independent valuation of the freehold properties (December 2023) indicated an aggregate value in the range of £16.9 million to £31.6 million, although for consistency the properties are held on the balance sheet on a cost basis of £20.8 million (2023: £21.0 million).

The Group's Term Loan and Revolving Credit Facility ("RCF") were scheduled to expire in 2026. In order to support the Group's corporate strategy, the Board undertook an early process to refinance these facilities and in March 2025 confirmed:

- Two new Term Loans with a combined value of £12.0 million for a 10 year period, secured solely on the Group's freehold properties at the same margin as the previous (2016) Loan, and
- A new RCF on a 5 year term of £30.0 million (with an additional £10.0 million accordion option, subject to approval) at a significantly lower margin of 1.95% above SONIA.

Interest rate swaps will fully hedge the two Term Loans. In connection with repaying the 2016 Loan early, the Group will realise a one-off benefit, with corresponding cash inflow, associated with the interest rate hedging on that loan of approximately £0.6 million.

Investment in Ricardo plc

Ricardo is a UK-based science and technology consultancy and engineering business with similar skills to Science Group, operating in complementary markets. Science Group has been monitoring Ricardo for some time with more intensive analysis undertaken in the second half of 2024 and early 2025.

The Ricardo profit warning at the end of January 2025 was anticipated and in mid-February Science Group commenced acquiring shares in Ricardo. At 19 March 2025, Science Group is the second largest shareholder in Ricardo with a holding of 10.1 million shares, equivalent to a 16.2% stake. This investment has been acquired at an average cost (including brokerage fees) of 231 pence per share, around 15 year low share price levels. On 19 March 2025, the Ricardo share price closed at 254 pence per share.

Science Group has had dialogue with the Ricardo Board in relation to managing the investment. The Ricardo poor financial performance, with weak cash conversion and a stretched balance sheet, has led to a significant degradation of shareholder value in this once great British company. The contrast to Science Group and its record earnings per share, for similar consultancy and systems businesses, is stark. A catalyst for change is required to restore shareholder value in Ricardo and to address the ineffective governance.

Science Group acquired its material stake in Ricardo in a timely and effective manner. As a result, from a purely financial perspective, down-side risk has been mitigated and a paper profit (approximately £2.3 million) achieved at 19 March 2025. However, as the second largest shareholder in Ricardo, a variety of options to enhance and/or realise value from the investment, over a short, medium or long time horizon, are open to Science Group and all options will be evaluated.

Summary and Outlook

In summary, Science Group reports another solid performance in 2024, despite economic and political volatility, maintaining strong margins with record adjusted earnings per share, the primary metric for shareholder value. The Consultancy Services Division was somewhat affected by the market instability, but this was offset by the performance of CMS2 resulting from the successful turnaround of that business. Accordingly, the Group's strategy again demonstrates resilience and translates into tangible results. Most importantly, adjusted operating profit translates into cash.

Science Group's strong balance sheet provides a robust foundation for the Group while also enabling the Board to pursue corporate opportunities in a timely manner, as evidenced by the recent investment in Ricardo. Even after the Ricardo investment, Science Group retains significant cash resources, enhanced by the recent renewal and increase of finance facilities.

Similarly, while the Science Group share price has consistently outperformed the relevant market indices, the Board remains focused on translating operating performance into shareholder value. Accordingly, the Board, anticipates allocating capital to continuing and increasing the share buyback programme in the year ahead.

Martyn Ratcliffe
Executive Chair

Finance Director's Report

Overview of Results

In the year ended 31 December 2024, the Group generated revenue of £110.7 million (2023: £113.3 million). Revenue from the Consultancy Services Division, that is revenue derived from consultancy services and materials recharged on projects, was £72.2 million (2023: £81.3 million) while Systems revenue generated by the CMS2 Business was £25.9 million (2023: £21.3 million) and Systems revenue generated by the Frontier Business was £12.0 million (2023: £10.0 million). External revenue generated by freehold properties, comprising property and associated services income derived from space let to third parties in the Harston Mill facility, was £0.6 million (2023: £0.8 million).

Adjusted operating profit for the Group increased to £21.5 million (2023: £20.5 million). The Group's statutory operating profit of £14.9 million (2023: £8.1 million) reflects the amortisation of acquisition-related intangible assets of £4.4 million (2023: £4.9 million) and share-based payment charges of £2.3 million (2023: £2.0 million). Statutory operating profit increased relative to 2023 because of the increase in the underlying profitability of the Group, but additionally 2023 was impacted by one-off acquisition related adjustments relating to TP Group totalling £5.5 million. After net finance costs of £0.1 million (2023: £0.5 million) and a tax charge of £2.7 million (2023: £2.1 million), statutory profit after tax was £12.0 million (2023: £5.5 million). Statutory basic earnings per share was 26.5 pence (2023: 12.1 pence per share).

Adjusted operating profit is an alternative profit measure that is calculated as operating profit excluding acquisition integration costs, amortisation of acquisition related intangible assets, share based payment charges, and other specified items that meet the criteria to be adjusted. Refer to the notes to the financial statements for further information on this and other alternative performance measures.

Foreign Exchange

The acquisition of TP Group, where revenue is denominated in Sterling, has reduced the percentage of the Group's overall exposure to foreign exchange, however there remains a reasonable proportion of the Group's revenue denominated in currencies other than Sterling. In 2024, £32.8 million (equivalent to 30%) of the Group's operating business revenue was denominated in US Dollars (2023: £34.6 million), including all of Frontier's revenue. In addition, £1.8 million of the Group operating business revenue was denominated in Euros (2023: £3.9 million). The average exchange rates during 2024 were 1.28 for US Dollars and 1.18 for Euros (2023: 1.24 and 1.15 respectively).

As in 2023, to provide greater forward visibility of foreign exchange movements, the Group acquired a currency exchange instrument to cap the Sterling:US Dollar rate in relation to certain Consultancy Division cash flows through to the end of 2024. The instrument applied to \$1.0 million per month at an exchange rate of \$1.25/£1, whilst still allowing the business to benefit from lower spot exchange rates when appropriate. A similar instrument has been put in place until the end of 2025 for \$1.0 million per month at an exchange rate of \$1.275/£1.

Taxation

The tax charge for the year was £2.7 million (2023: £2.1 million). The increase is reflective of the higher profitability, offset by the utilisation of tax losses and Research and Development (“R&D”) tax credits.

At 31 December 2024, the Group had £21.4 million (2023: £29.3 million) of tax losses, the largest component of which (£16.8 million) related to Frontier (2023: £19.2 million). Of the Frontier losses, £7.0 million (2023: £9.1 million) have been recognised as a deferred tax asset which is anticipated to be used to offset future taxable profits. The balance has not been recognised as a deferred tax asset due to the uncertainty in the timing of utilisation of these losses. Aside from these amounts, the Group has other tax losses of £4.6 million (2023: £4.2 million) unrecognised as a deferred tax asset due to the low probability that these losses will be utilised.

Financing and Cash

Cash from operations was strong at £21.8 million (2023: £10.3 million). Cash flow from operating activities (excluding Client Registration Funds) which takes interest payments and taxation into account, was £17.5 million (2023: £8.9 million). Reported cash from operating activities in accordance with IFRS was £18.5 million (2023: £7.9 million). The difference in these two metrics relates to the fact that one of the Group’s businesses, TSG, processes regulatory registration payments on behalf of clients. The alternative performance measure, by excluding Client Registration Funds, reflects the Group’s available cash position and cash flow.

The Group cash balance (excluding Client Registration Funds) at 31 December 2024 was £38.6 million (2023: £30.9 million) and net funds were £26.8 million (2023: £18.0 million). Client Registration Funds of £2.9 million (2023: £1.9 million) were held at the year end.

Subsequent to the year end (in March 2025), the Group renewed its bank borrowing facilities:

- The 2016 Term Loan has been replaced with two new Term Loans with a combined value of £12.0 million for a 10 year period, secured solely on each of the Group’s freehold properties. The interest margin of 2.6% is the same as the 2016 Loan. Interest rate swaps will fully hedge the two new Loans resulting in a 10-year fixed effective interest rate of approximately 7.3%, comprising the SONIA lending margin plus the swap rate. In connection with repaying the 2016 Loan early, and settling the interest rate hedging associated with that Loan, the Group will realise a one-off benefit, with corresponding cash inflow, of approximately £0.6 million.
- The 2021 Revolving Credit Facility (“RCF”) has been replaced with a new 5 year RCF of £30.0 million (with an additional £10.0 million accordion option, subject to approval). The new RCF is at a rate of 1.95% plus SONIA.

Working capital management continued to be a strong focus for the Group with debtor days of 36 at 31 December 2024 (2023: 40 days) and inventory days of 76 (2023: 121 days).

Ricardo plc

In February and March 2025, the Group commenced purchasing shares in Ricardo, incrementally increasing its holding to 16.2% (as at 19 March 2025). These purchases were funded from the Group’s existing cash resources.

Share Capital

At 31 December 2024, the Company had 44,738,465 ordinary shares in issue (2023: 45,458,972) and the Company held an additional 1,447,409 shares in treasury (2023: 726,902). The voting rights in the Company at 31 December 2024 were 44,738,465 (2023: 45,458,972). In this report, all references to measures relative to the number of shares in issue exclude shares held in treasury unless explicitly stated to the contrary.

Jon Brett

Finance Director

Consolidated Income Statement
For the year ended 31 December 2024

	Note	2024 £000	2023 £000
Revenue		110,669	113,341
Direct operating expenses		(65,491)	(67,090)
Sales and marketing expenses		(8,918)	(9,206)
Administrative expenses		(21,379)	(28,731)
Share of loss of equity-accounted investment		-	(169)
Adjusted operating profit	2	21,541	20,535
Acquisition integration costs		-	(518)
Amortisation of acquisition related intangible assets	7	(4,388)	(4,944)
Loss on remeasurement of equity-accounted investment		-	(4,762)
Share-based payment charge		(2,272)	(1,997)
Share of loss of equity-accounted investment		-	(169)
Operating profit		14,881	8,145
Finance income		828	679
Finance costs		(970)	(1,205)
Profit before tax		14,739	7,619
Tax charge (net of R&D tax credit of £706,000 (2023: £517,000))	3	(2,719)	(2,095)
Profit for the year		12,020	5,524
Earnings per share			
Earnings per share (basic)	5	26.5p	12.1p
Earnings per share (diluted)	5	26.0p	12.0p

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2024

	Note	2024 £000	2023 £000
Profit for the year attributable to:			
Equity holders of the parent		12,020	5,524
Profit for the year		12,020	5,524
Other comprehensive income items that will or may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		10	(848)
Fair value loss on financial instruments		(416)	(441)
Deferred tax credit on financial instruments	4	104	147
Other comprehensive expense for the year		(302)	(1,142)
Total comprehensive income for the year attributable to:			
Equity holders of the parent		11,718	4,382
Total comprehensive income for the year		11,718	4,382

Consolidated Statement of Changes in Shareholders' Equity
For the year ended 31 December 2024

	Share capital	Share premium	Treasury shares	Merger reserve	Translation reserve	Cashflow hedge reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2024	462	26,834	(2,930)	10,343	766	865	42,026	78,366
Contributions and distributions:								
Purchase of own shares	-	-	(4,959)	-	-	-	-	(4,959)
Issue of shares out of treasury	-	-	1,465	-	-	-	(1,462)	3
Dividends paid (Note 6)	-	-	-	-	-	-	(3,657)	(3,657)
Share-based payment charge	-	-	-	-	-	-	2,272	2,272
Deferred tax charge on share-based payment transactions	-	-	-	-	-	-	262	262
Transactions with owners	-	-	(3,494)	-	-	-	(2,585)	(6,079)
Profit for the year	-	-	-	-	-	-	12,020	12,020
Other comprehensive income items that will or maybe reclassified to profit or loss:								
Fair value loss on financial instruments	-	-	-	-	-	(416)	-	(416)
Exchange differences on translating foreign operations	-	-	-	-	10	-	-	10
Deferred tax charge on financial instruments	-	-	-	-	-	104	-	104
Total comprehensive income for the year	-	-	-	-	10	(312)	12,020	11,718
Balance at 31 December 2024	462	26,834	(6,424)	10,343	776	553	51,461	84,005

Consolidated Balance Sheet
At 31 December 2024

	Note	2024 £000	2023 £000
Assets			
Non-current assets			
Acquisition related intangible assets	7	21,496	25,845
Goodwill	7	18,942	18,878
Property, plant and equipment and right-of-use asset		25,002	25,856
Derivative financial instruments		627	886
Deferred tax assets	4	2,051	2,071
		68,118	73,536
Current assets			
Inventories	8	1,167	1,332
Trade and other receivables	9	27,786	23,315
Current tax assets		2,428	1,516
Derivative financial instruments		144	301
Cash and cash equivalents – Group cash	10	38,556	30,949
Cash and cash equivalents – Client registration funds	10	2,895	1,881
		72,976	59,294
Total assets		141,094	132,830
Liabilities			
Current liabilities			
Trade and other payables	11	35,530	32,041
Current tax liabilities		599	379
Provisions	12	1,049	1,481
Borrowings	14	1,200	1,200
Lease liabilities		809	626
		39,187	35,727
Non-current liabilities			
Provisions	12	1,211	889
Borrowings	14	10,572	11,756
Lease liabilities		2,914	3,319
Deferred tax liabilities	4	3,205	2,773
		17,902	18,737
Total liabilities		57,089	54,464
Net assets		84,005	78,366
Shareholders' equity			
Share capital	13	462	462
Share premium		26,834	26,834
Treasury shares		(6,424)	(2,930)
Merger reserve		10,343	10,343
Translation reserve		776	766
Cash flow hedge reserve		553	865
Retained earnings		51,461	42,026
Total equity		84,005	78,366

Consolidated Statement of Cash Flows
For the year ended 31 December 2024

	Note	2024 £000	2023 £000
Profit before income tax		14,739	7,619
Adjustments for:			
Share of loss of equity-accounted investment		-	169
Loss on remeasurement of equity-accounted investee		-	4,762
Amortisation of acquisition related intangible assets	7	4,388	4,944
Depreciation of property, plant and equipment		528	694
Depreciation of right-of-use assets		865	1,053
Bank charges on derivative financial instruments		211	422
Net interest costs		142	526
Share-based payment charge		2,272	1,997
Decrease in inventories		165	1,222
Increase in receivables		(4,552)	(2,019)
Increase/(decrease) in payables representing client registration funds		1,014	(986)
Increase/(decrease) in payables excluding balances representing client registration funds*		2,247	(10,760)
(Decrease)/increase in provisions		(183)	662
Cash generated from operations		21,836	10,305
Interest paid		(870)	(1,106)
UK corporation tax paid		(1,930)	(962)
Foreign corporation tax paid		(560)	(325)
Cash flows from operating activities		18,476	7,912
Interest received		723	583
Purchase of property, plant and equipment		-	(80)
Purchase of subsidiary undertakings, net of cash and borrowing acquired		-	(13,923)
Sale of subsidiary, net of cash sold		-	638
Cash flows used in investing activities		723	(12,782)
Issue of shares out of treasury		3	10
Repurchase of own shares		(4,959)	(3,875)
Dividends paid	6	(3,657)	(2,259)
Purchase of derivative financial instruments		(211)	(250)
Repayment of term loan	14	(1,200)	(1,200)
Principal elements of lease payments		(693)	(912)
Cash flows from financing activities		(10,717)	(8,486)
Increase/(decrease) in cash and cash equivalents in the year		8,482	(13,356)
Cash and cash equivalents at the beginning of the year		32,830	46,512
Exchange gain/(loss) on cash		139	(326)
Cash and cash equivalents at the end of the year	10	41,451	32,830

Extracts from Notes to the financial statements

1. General Information

Science Group plc (the 'Company') together with its subsidiaries ('Science Group' or the 'Group') is an international science & technology consultancy and systems organisation. The Group and Company Financial Statements of Science Group plc were prepared under the International Financial Reporting Standards ('IFRS') as adopted by the UK in conformity with the requirements of the Companies Act 2006 and have been audited by Grant Thornton UK LLP. Accounts are available from the Company's registered office; Harston Mill, Harston, Cambridge, CB22 7GG.

The Company is incorporated and domiciled in England and Wales under the Companies Act 2006 and has its primary listing on the Alternative Investment Market of the London Stock Exchange (SAG.L). The value of Science Group plc shares, as quoted on the London Stock Exchange on 31 December 2024, was 453.0 pence per share (31 December 2023: 392.0 pence per share).

Alternative performance measures

The Group uses alternative non-Generally Accepted Accounting Principles performance measures of 'adjusted operating profit', 'adjusted earnings per share' and 'net funds' which are not defined within IFRS. These are explained as follows:

(a) Adjusted Operating Profit

The Group calculates this measure by adjusting to exclude certain items from operating profit namely: amortisation of acquisition related intangible assets, acquisition integration costs, share-based payment charges and other specified items that meet the criteria to be adjusted.

The criteria for the adjusted items in the calculation of adjusted operating profit is operating income or expenses that are material and either arise from an irregular and significant event or the income/cost is recognised in a pattern that is unrelated to the resulting operational performance. Materiality is defined as an amount which would reasonably be expected to influence the economic decisions of the users of these financial statements. Acquisition integration costs include all costs incurred directly related to the restructuring, relocation and integration of acquired businesses. Adjustments for Share-based payment charges occur because: once the cost has been calculated, the Directors cannot influence the Share-based payment charge incurred in subsequent years; it is understood that many investors/analysts exclude the cost from their valuation analysis of the business; and the value of the share option to the employee differs considerably in value and timing from the actual cash cost to the Group.

The calculation of this measure is shown on the Consolidated Income Statement.

(b) Adjusted Earnings Per Share

The Group calculates this measure by dividing adjusted profit after tax by the weighted average number of shares in issue and the calculation of this measure is disclosed in Note 5. The tax rate applied to calculate the tax charge in this measure is the tax at the blended corporation tax rate across the various jurisdictions for the year which is 23.3% (2023: 24.1%) which results in a comparable tax charge year on year.

(c) Net Funds

The Group calculates this measure as the net of cash and cash equivalents – Group cash and Borrowings. Client registration funds are excluded from this calculation because these monies are for the purpose of payment of registration fees to regulatory bodies. This cash is separately identified for reporting purposes and is unrestricted. This measure is calculated as follows:

	Note	2024 £000	2023 £000
Cash and cash equivalents – Group cash	10	38,556	30,949
Borrowings	14	(11,772)	(12,956)
Net funds		26,784	17,993

Alternative performance measures

The Directors believe that disclosing these alternative performance measures enhances shareholders' ability to evaluate and analyse the underlying financial performance of the Group. Specifically, the adjusted operating profit measure is used internally in order to assess the underlying operational performance of the Group, aid financial, operational and commercial decisions and in determining employee compensation. The adjusted EPS measure allows the shareholder to understand the underlying value generated by the Group on a per share basis. Net funds represent the Group's cash available for day-to-day operations and investments. As such, the Board considers these measures to enhance shareholders' understanding of the Group results and should be considered alongside the IFRS measures.

Going concern

The Directors have undertaken a comprehensive going concern review. In adopting the going concern basis for preparing these Consolidated Financial Statements, the Directors have undertaken a review of the Group's cash flows forecasts and available liquidity, along with consideration of the principal risks and uncertainties over an 18-month period to September 2026. Recognising the challenges of reliably estimating and forecasting the impact of external factors on the Group, the Directors have considered two forecasts in the assessment of going concern, along with a likelihood assessment of these forecasts being:

- Base case, which reflects the Directors' current expectations of future trading; and
- Severe but plausible downside forecast which envisages a 'stress' or 'downside' situation.

For the severe but plausible downside forecast the assumptions include:

- A revenue reduction of 20% across all businesses (although due to diversification this is highly unlikely)
- A more limited reduction in the costs
- A reduction of discretionary bonuses across the Group

After reviewing the current liquidity position and the cash flow forecasts modelled under both the base case and stressed downside, the Directors consider that the Group has sufficient liquidity to continue in operational existence for a period of at least 18 months from the date of this report and are satisfied that it is appropriate to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

In reaching these conclusions the Directors noted that the Group had a cash balance at 31 December 2024 of £38.6 million (excluding client registration funds) and net funds of £26.8 million, together with the undrawn Revolving Credit Facility ('RCF') of £25.0 million.

On 19 March 2025 the Group announced it had agreed new banking facilities with Lloyds Bank plc. The existing Term Loan and RCF were scheduled to expire in September 2026 and December 2026 respectively. There are two new Term Loans for a combined value of £12.0 million, each for 10 years expiring in March 2035. Each loan is secured solely and individually against the Group's freehold properties: one loan to the property in Harston, near Cambridge, and, a second, independent loan to the property in Epsom, Surrey. The new, increased RCF is for £30.0 million, for a period of 5 years expiring in March 2030, an increase of £5.0 million over the 2021 RCF. The RCF also has a £10.0 million accordion, a further increase of £5.0 million over the 2021 RCF. The RCF is currently undrawn and therefore no covenants apply.

2. Segment Information

The Consultancy Services Segment comprises the Research & Development, Regulatory & Compliance, and Defence & Aerospace Practices. The Systems – Submarine Atmosphere Management Segment comprises the Critical Maritime Systems & Support ('CMS2') Business, which designs, develops and manufactures submarine atmosphere systems for the defence sector. The Systems – Audio Chips and Modules Segment comprises the Frontier Business, which is a provider of DAB/DAB+ radio semi-conductors/modules.

The Group's segmental reporting shows the performance of the operating businesses separately from the value generated by the Group's significant freehold property assets and the corporate costs. The Consultancy Services Segment consists of three Practices: (i) Research & Development, (ii) Regulatory & Compliance and (iii) Defence & Aerospace. Financial information is provided to the Chief Operating Decision Makers ('CODMs') in line with this structure: the Consultancy Services Segment; the two Systems Businesses (Submarine Atmosphere Management and Audio Chips and Modules); the Freehold Properties and Corporate costs.

The Consultancy Services Practices are aggregated into one Consultancy Services Segment because the Practices provide similar consultancy services and share economic characteristics, including the timing of revenue recognition, the nature of performance obligations, and the nature of costs incurred in the provision of said performance obligations. The CODM reviews this Segment as a whole. This aggregation does not impact the user's ability to understand the entity's performance, its prospects for future cash flows or the user's decisions about the entity as a whole as it is a fair representation of the performance of each service line.

Consultancy Services revenue includes all consultancy fees and other revenue includes recharged materials and expenses relating directly to Consultancy Services activities. Systems - Submarine Atmosphere Management revenue includes the development, manufacture and support of specialist systems for submarine atmosphere management, used in the UK and international naval defence markets. Systems - Audio Chips and Modules revenue includes sales of chips and modules which are incorporated into digital radios. The Freehold Properties Segment includes the results for the two freehold properties owned by the Group. Income is derived from third party tenants from the Harston Mill site and from internal businesses which have been charged fees at an arm's length market rental rate for their utilised property space and associated costs. Corporate costs include PLC/Group costs.

The segmental analysis is reviewed to operating profit. Other resources are shared across the Group.

Consultancy Services	2024 £000	2023 £000
Services revenue	70,978	79,729
Other	1,231	1,553
Revenue	72,209	81,282
Direct operating expenses	(38,768)	(43,142)
Sales and marketing expenses	(7,209)	(7,322)
Administrative expenses	(11,342)	(13,938)
Adjusted operating profit	17,947	20,355
Amortisation of acquisition related intangible assets	(1,487)	(1,918)
Share-based payment charge	(1,570)	(1,557)
Operating profit	14,890	16,880

Systems – Submarine Atmosphere Management	2024 £000	2023 £000
Systems revenue - Submarine Atmosphere Management	25,857	21,265
Revenue	25,857	21,265
Direct operating expenses	(17,066)	(14,686)
Sales and marketing expenses	(338)	(327)
Administrative expenses	(3,769)	(3,462)
Adjusted operating profit	5,737	3,619
Amortisation of acquisition related intangible assets	(820)	(752)
Share-based payment charge	(233)	(77)
Operating profit	4,684	2,790

Systems – Audio Chips and Modules	2024 £000	2023 £000
Systems revenue - Audio Chips and Modules	11,970	9,975
Revenue	11,970	9,975
Direct operating expenses	(9,558)	(8,496)
Sales and marketing expenses	(1,293)	(1,463)
Administrative expenses	(3,356)	(3,946)
Adjusted operating profit/(loss)	85	(1,427)
Amortisation of acquisition related intangible assets	(2,081)	(2,274)
Share-based payment charge	(241)	(229)
Operating loss	(2,237)	(3,930)

Freehold Properties	2024 £000	2023 £000
Inter-company property income	3,313	3,398
Third party property income	633	819
Revenue	3,946	4,217
Direct operating expenses	(2,330)	(2,810)
Administrative expenses	(966)	(854)
Adjusted operating profit	713	597
Share-based payment charge	(63)	(44)
Operating profit	650	553

Corporate	2024 £000	2023 £000
Direct operating expenses	(1,082)	(1,354)
Sales and marketing expenses	(78)	(94)
Administrative expenses	(1,946)	(6,531)
Share of loss of equity-accounted investment	-	(169)
Adjusted operating loss	(2,941)	(2,609)
Acquisition integration costs	-	(518)
Loss on remeasurement of equity-accounted investment	-	(4,762)
Share-based payment charge	(165)	(90)
Share of loss of equity-accounted investment	-	(169)
Operating loss	(3,106)	(8,148)

Group	2024 £000	2023 £000
Consultancy Services revenue	70,978	79,729
Systems revenue - Submarine Atmosphere Management	25,857	21,265
Systems revenue - Audio Chips and Modules	11,970	9,975
Third party property income	633	819
Other	1,231	1,553
Revenue	110,669	113,341
Direct operating expenses	(65,491)	(67,090)
Sales and marketing expenses	(8,918)	(9,206)
Administrative expenses	(21,379)	(28,731)
Share of loss of equity-accounted investment	-	(169)
Adjusted operating profit	21,541	20,535
Acquisition integration costs	-	(518)
Amortisation of acquisition related intangible assets	(4,388)	(4,944)
Loss on remeasurement of equity-accounted investment	-	(4,762)
Share-based payment charge	(2,272)	(1,997)
Share of loss of equity-accounted investment	-	(169)
Operating profit	14,881	8,145
Net finance costs	(142)	(526)
Profit before income tax	14,739	7,619
Income tax charge	(2,719)	(2,095)
Profit for the period	12,020	5,524

Geographical and currency revenue analysis

Primary geographic markets	2024 £000	2023 £000
United Kingdom	51,067	52,522
Other European Countries	15,023	14,202
North America	24,368	29,056
Asia	19,489	16,641
Other	722	920
	110,669	113,341

Currency	2024 £000	2023 £000
US Dollar	32,762	34,642
Euro	1,788	3,876
Sterling	76,119	74,823
	110,669	113,341

3. Income Tax

The tax charge comprises:

Year ended 31 December	Note	2024 £000	2023 £000
Current taxation		(3,435)	(3,056)
Current taxation – adjustment in respect of prior years		854	84
Deferred taxation	4	(72)	317
Deferred taxation – adjustment in respect of prior years		(772)	43
R&D tax credit		706	517
		(2,719)	(2,095)

The adjustments in prior years are due to estimation differences related to the tax charge. In 2024, the Group opted to use tax losses sooner than anticipated, resulting in a higher-than-normal current tax adjustment offset by a matching deferred tax adjustment.

The corporation tax on Science Group's profit before tax differs from the theoretical amount that would arise using the blended corporation tax rate across the various jurisdictions applicable to profits/(losses) of the consolidated companies of 23.3% (2023: 24.1%) as follows:

	2024 £000	2023 £000
Profit before tax	14,739	7,619
Tax calculated at domestic tax rates applicable to profits/(losses) in the respective countries	(3,434)	(1,836)
Expenses not deductible for tax purposes	(280)	(1,589)
Adjustment in respect of prior years – current tax	854	84
Adjustment in respect of prior years – deferred tax	(772)	43
Share scheme movements	77	554
Utilisation of losses previously not recognised	11	241
Utilisation of previously unrecognised tax losses	119	(71)
Share of loss of equity-accounted investment	-	(38)
Research & Development ('R&D') tax credit	706	517
Tax charge	(2,719)	(2,095)

The Group claims R&D tax credits under the R&D expenditure credit scheme. In the current year, the Group recognised a tax credit of £0.7 million (2023: £0.5 million). The Group performed a reasonable estimate of all amounts involved to determine the R&D tax credits to be recognised in the period to which it relates.

4. Deferred Tax

The movement in deferred tax assets and liabilities during the year by each type of temporary difference is as follows:

	Accelerated capital allowances	Tax losses	Share- based payment	Acquisition related intangible assets	Other temporary differences	Total
	£000	£000	£000	£000	£000	£000
At 1 January 2023	28	2,176	1,768	(1,811)	(67)	2,094
Credited/(charged) to the Income Statement	47	(678)	66	985	(103)	317
Deferred taxation relating to acquisitions	4	2,259	-	(5,108)	63	(2,782)
(Charged)/credited to the income statement (adjustment in respect of prior year)	(8)	-	(51)	-	102	43
(Charged)/credited to Equity	-	-	(486)	-	147	(339)
Effect of movements in exchange rates	(5)	(115)	-	85	-	(35)
At 31 December 2023	66	3,642	1,297	(5,849)	142	(702)
(Charged)/credited to the Income Statement	(18)	(1,114)	288	864	(92)	(72)
(Charged)/credited to the income statement (adjustment in respect of prior year)	(74)	(798)	-	-	100	(772)
Charged to Equity	-	-	262	-	104	366
Effect of movements in exchange rates	4	28	-	(7)	1	26
At 31 December 2024	(22)	1,758	1,847	(4,992)	255	(1,154)

	2024	2023
	£000	£000
Tax losses	1,758	3,642
Share-based payment	1,847	1,297
Accelerated capital allowances	-	66
<i>Other temporary differences:</i>		
Lease liabilities	178	293
Provision	320	142
Total deferred tax assets	4,103	5,440
Set-off deferred tax liabilities pursuant to set-off provisions	(2,052)	(3,369)
Net deferred tax assets	2,051	2,071

Deferred tax liabilities comprise temporary differences attributable to:

	2024	2023
	£000	£000
Acquisition related intangible assets	4,992	5,849
<i>Other temporary differences:</i>		
Right-of-use assets	243	293
Provision	22	-
Total deferred tax liabilities	5,257	6,142
Set-off deferred tax liabilities pursuant to set-off provisions	(2,052)	(3,369)
Net deferred tax liabilities	3,205	2,773

At 31 December 2024, Science Group had £21.4 million (2023: £29.3 million) of tax losses, the largest component of which related to Frontier (£16.8 million (2023: £19.2 million)). Of the Frontier losses balance, £7.0 million (2023: £9.1 million) is recognised as a deferred tax asset which is anticipated to be used to offset future taxable profits. The balance of £9.8 million (2023: £10.1 million) has not been recognised as a deferred tax asset due to the uncertainty in the timing of utilisation of these losses. Aside from these amounts, the Group has other tax losses of £4.6 million (2023: £4.2 million) unrecognised as a deferred tax asset due to the low probability that these losses will be utilised.

5. Earnings Per Share

The calculation of earnings per share is based on the following result and weighted average number of shares:

	2024			2023		
	Profit after tax £000	Weighted average number of shares	Pence per share	Profit after tax £000	Weighted average number of shares	Pence per share
Basic earnings per ordinary share	12,020	45,377,531	26.5	5,524	45,553,584	12.1
Effect of dilutive potential ordinary shares: share options	-	915,406	(0.5)	-	638,394	(0.1)
Diluted earnings per ordinary share	12,020	46,292,937	26.0	5,524	46,191,978	12.0

Only the share options granted are dilutive.

The calculation of adjusted earnings per share is as follows:

	2024			2023		
	Adjusted* profit after tax £000	Weighted average number of shares	Pence per share	Adjusted* profit after tax £000	Weighted average number of shares	Pence per share
Adjusted basic earnings per ordinary share	16,413	45,377,531	36.2	15,187	45,553,584	33.3
Effect of dilutive potential ordinary shares: share options	-	915,406	(0.7)	-	638,394	(0.4)
Adjusted diluted earnings per ordinary share	16,413	46,292,937	35.5	15,187	46,191,978	32.9

*Calculation of adjusted profit after tax:

	2024 £000	2023 £000
Adjusted operating profit	21,541	20,535
Finance income	828	679
Finance costs	(970)	(1,205)
Adjusted profit before tax	21,399	20,009
Tax charge at the blended corporation tax rate across the various jurisdictions 23.3% (2023: 24.1%)	(4,986)	(4,822)
Adjusted profit after tax	16,413	15,187

The tax charge is calculated using the blended corporation tax rate across the various jurisdictions in which the Group companies are incorporated.

6. Dividends

The final dividend for 2023 of £3.7 million was paid in July 2024 (2023: £2.3 million paid for 2022 in June 2023).

The Board has proposed a final dividend for 2024 of 8.0 pence per share (2023: 8.0 pence per share). The dividend is subject to approval by shareholders at the next Annual General Meeting and the expected cost of £3.6 million has not been included as a liability as at 31 December 2024.

7. Intangible Assets

	Technical know-how and intellectual property rights £000	Customer relationships £000	Goodwill £000	Total £000
Cost				
At 1 January 2023	13,656	14,343	17,200	45,199
Acquisitions through business combination	3,346	17,084	4,222	24,652
Effect of movement in exchange rates	(679)	(211)	(319)	(1,209)
At 31 December 2023	16,323	31,216	21,103	68,642
Effect of movement in exchange rates	158	54	64	276
At 31 December 2024	16,481	31,270	21,167	68,918
Accumulated amortisation				
At 1 January 2023	4,971	12,206	-	17,177
Amortisation charged in year	2,349	2,595	-	4,944
Effect of movement in exchange rates	(296)	(138)	-	(434)
At 31 December 2023	7,024	14,663	-	21,687
Amortisation charged in year	2,180	2,208	-	4,388
Effect of movement in exchange rates	123	50	-	173
At 31 December 2024	9,327	16,921	-	26,248
Accumulated impairment				
At 1 January, 31 December 2023 and 31 December 2024	-	7	2,225	2,232
Carrying amount				
At 31 December 2023	9,299	16,546	18,878	44,723
At 31 December 2024	7,154	14,342	18,942	40,438

Goodwill and acquisition related intangible assets recognised arose from acquisitions during 2013, 2015, 2017, 2019, 2021 and 2023. The discount rates used for goodwill impairment reviews and the carrying amount of goodwill is allocated as follows:

	2024		2023	
	Pre-tax discount rate	£000	Pre-tax discount rate	£000
R&D Consultancy	17.2%	3,383	17.8%	3,383
Leatherhead Research	17.2%	650	18.1%	650
TSG Americas	17.5%	2,778	17.5%	2,732
TSG Europe	17.2%	4,546	17.9%	4,546
Frontier Smart Technologies Group	20.0%	3,363	20.2%	3,345
CMS2	15.9%	1,576	16.1%	1,576
TPG Services	17.2%	2,646	17.8%	2,646
		18,942		18,878

Impairment review of goodwill

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the Cash Generating Units ('CGUs') are determined from value in use. (CGUs are a description of a cash-generating unit (such as a whether it is a product line, a business operation or a reportable segment as defined in IFRS8)). The key assumptions for the value in use calculations are those regarding the discount rates and growth or decline rates of revenue.

The Group prepares the cash flow forecasts derived from the most recent annual financial plan approved by the Board and extrapolates cash flows for the following four years based on forecast rates of growth or decline in revenue by the CGU. Beyond 5 years, cash flows were extrapolated using a terminal growth rate of 2.5% based on historic average inflation rates.

The Group monitors its post-tax weighted average cost of capital and those of its competitors using market data. In considering the discount rates applying to CGUs, the Directors have considered the relative sizes, risks and the inter-dependencies of its CGUs. The impairment reviews use a discount rate adjusted for pre-tax cash flows and are included in the table above.

8. Inventories

	2024	2023
	£000	£000
Raw materials	220	174
Work in progress	433	743
Finished goods	514	415
	1,167	1,332

9. Trade and Other Receivables

	2024 £000	2023* £000 Restated
Current assets:		
Trade receivables	16,739	13,899
Provision for impairment	(97)	(100)
Trade receivables – net	16,642	13,799
Amounts recoverable on contracts	4,283	4,300
Unbilled invoices on contracts	1,679	2,408
Other receivables	43	161
Other taxation and social security	1,111	768
VAT	423	222
Prepayments	3,605	1,657
	27,786	23,315

All amounts disclosed above, except for prepayments, are receivable within 90 days.

The Other taxation and social security asset relates to employer's NIC liability on share options vested. Of this balance, £653,000 is due after one year. See Note 12 for further information.

*An amount of £2,408,000, previously disclosed under 'Amount recoverable on contracts' is now presented under 'Unbilled invoices on contracts, reflecting a correction in the presentation to align with the nature of the balances, which are uninvoiced but where an unconditional right to receive consideration exists. The 2023 'Amount recoverable on contracts' has been restated from £6,708,000 to £4,300,000.

10. Cash and Cash Equivalents

	2024 £000	2023 £000
Cash and cash equivalents – Group cash	38,556	30,949
Cash and cash equivalents – Client registration funds	2,895	1,881
	41,451	32,830

The Group receives cash from clients, primarily in North America, for the purpose of payment of registration fees to regulatory bodies. This cash is separately identified for reporting purposes and is unrestricted.

11. Trade and Other Payables

	2024 £000	2023* £000 Restated
Current liabilities:		
Contract liabilities	17,863	15,669
Client registration funds on account	2,895	1,881
Trade payables	4,022	4,106
Other taxation and social security	1,841	1,730
VAT	2,305	998
Accruals	6,604	7,657
	35,530	32,041

*An amount of £1,881,000, previously disclosed under 'Contract liabilities' is now presented under 'Client registration funds on account, reflecting a correction in the presentation to align with the nature of the balances, which are amounts collected from clients for onward payment of registration fees, and which are payable to the client until such time as they are utilised. The 2023 'Contract liabilities' has been restated from £17,550,000 to £15,669,000.

12. Provisions

	Dilapidations £000	Restructuring £000	Legal £000	Other £000	Total £000
At 1 January 2023	706	40	351	-	1,097
Assumed in business combination	271	-	135	393	799
Disposed	-	-	-	(138)	(138)
Provisions made during the year	84	-	454	768	1,306
Provisions used during the year	(129)	(8)	(71)	-	(208)
Provisions reversed during the year	(83)	-	(289)	(34)	(406)
Effect of movement in exchange rates	(70)	-	(10)	-	(80)
At 1 January 2024	779	32	570	989	2,370
Provisions made during the year	64	35	24	420	543
Provisions used during the year	(55)	-	(71)	-	(126)
Provisions reversed during the year	(107)	-	(352)	(70)	(529)
Effect of movement in exchange rates	1	-	1	-	2
At 31 December 2024	682	67	172	1,339	2,260
Current liabilities	124	67	172	686	1,049
Non-current liabilities	558	-	-	653	1,211
At 31 December 2023	779	32	570	989	2,370
Current liabilities	387	32	570	492	1,481
Non-current liabilities	392	-	-	497	889

Dilapidation provisions have been recognised at the present value of the expected obligation. These discounts will unwind to their undiscounted value over the remaining lives of the leases via a finance charge within the income statement.

The average remaining life of the leases as at 31 December 2024 is 3.5 years (2023: 2.7 years).

The restructuring provision relates to the costs associated with the closure of some non-trading Group entities.

Legal provisions reflect the best estimate of the future cost of responding to potential legal claims.

The other provision relates to a provision for the employer's NIC liability on share options that have vested (or the proportion that have vested). As the employee is contractually responsible for the employer's NIC on any share options exercised and is required to remit this sum to the Company prior to the share options being exercised, a corresponding asset is recognised in current assets. It also includes provisions made in respect of product and services deliveries that include warranty provisions.

13. Called-up Share Capital

	2024 £000	2023 £000
<i>Allotted, called-up and fully paid</i>		
Ordinary shares of £0.01 each	462	462
	Number	Number
<i>Allotted, called-up and fully paid</i>		
Ordinary shares of £0.01 each	46,185,874	46,185,874

The allotted, called-up and fully paid share capital of the Company as at 31 December 2024 was 46,185,874 shares (2023: 46,185,874) and the total number of ordinary shares in issue (excluding treasury shares) was 44,738,465 (2023: 45,458,972). The total number of voting rights in the Company is 44,738,465 (2023: 45,458,972).

14. Borrowings

(a) Term loan

	2024 £000	2023 £000
Current bank borrowings	1,200	1,200
Non-current bank borrowings	10,572	11,756
Total borrowings	11,772	12,956
	2024 £000	2023 £000
Opening balance	12,956	14,139
Repayments in the year	(1,200)	(1,200)
Amortisation of loan arrangement fee	16	17
Total borrowings	11,772	12,956

During the year ended 31 December 2016, the Group entered into a 10-year fixed term loan of £15.0 million which is secured on the freehold properties of the Group and on which interest is payable based on SONIA plus 2.6% margin. During the year ended 31 December 2019, the Group increased this existing loan by £4.8 million to £17.5 million on similar terms. The repayment profile of the loan is £1.2 million per annum over the term with the remaining balance repaid on expiry of the loan in 2026. Costs directly associated with entering into the loan (including the loan increase), have been offset against the balance outstanding and are being amortised over the period of the loan.

During the year ended 31 December 2020, the Group drew a further £1.5 million of loan funds from the £17.5 million existing loan agreement. This was on similar terms and with no change to the loan repayment profile (i.e. the quarterly repayments remained the same and the loan balance remains payable on 30 September 2026). Costs directly associated with entering into the additional loan have been offset against the balance outstanding and are being amortised over the period of the loan.

At 31 December 2024, the amount outstanding on the term loan was £11.8 million (2023: £13.0 million).

The carrying amount of the term loan is considered to be a reasonable approximation of the fair value.

The reconciliation of bank loans interest expense is shown below.

	2024	2023
	£000	£000
Interest expense	463	499
Interest paid	(447)	(482)
Amortisation of loan arrangement fee	(16)	(17)
Interest accrual at the year end	-	-

In accordance with an agreed repayment schedule with the bank, bank borrowings are repayable to Lloyds Bank plc as follows:

	2024	2023
	£000	£000
Within one year	1,200	1,200
Between 1 and 2 years	1,200	1,200
Between 2 and 5 years	9,400	10,600
	11,800	13,000

On 19 March 2025 a refinancing of the existing term loan was announced. Further details can be found at Note 15.

(b) Revolving credit facility

In December 2021 Science Group plc signed a Revolving Credit Facility ('RCF') with Lloyds Bank plc in order to provide additional capital resources to enable the execution of the Group's acquisition strategy. The RCF is for up to £25.0 million, with an additional £5.0 million accordion option. The original agreement was for a term of four years, however an option to extend the term by an additional year was taken by the Group in December 2023 (meaning the term end date is now December 2026). The margin on drawn sums is 3.3% over the Sterling Overnight Index Average ('SONIA') and is 1.1% per annum on undrawn amounts. Drawn amounts are secured on the Group's assets by debentures. The RCF is in addition to the Group's existing term loan.

The RCF has two financial covenants with which the Group needs to comply if the facility is drawn: (i) the Group's net leverage, as defined as the net debt divided by the rolling 12 month EBITDA, should not exceed 2.5; and (ii) the Group's interest cover, as defined as the rolling 12 month EBITDA divided by the rolling interest payments on all borrowings, should not be less than 4.0. Reporting is on a 6 monthly basis unless the net leverage exceeds 2, in which case reporting moves to quarterly until net leverage returns to below 2 again. For the term of the RCF, the previous covenants for the term loan are superseded by the covenants of the RCF and will not apply.

The reconciliation of RCF interest expense is shown below.

	2024	2023
	£000	£000
Interest expense	349	349
Interest paid	(268)	(268)
Amortisation of RCF arrangement fee	(81)	(81)
Interest accrual at the year end	-	-

On 19 March 2025 a refinancing of the existing term loan was announced. Further details can be found at Note 15.

(c) Hedge accounting

In order to address interest rate risk, the Group entered into phased interest rate swaps in order to fully hedge the loan resulting in a 10-year fixed effective interest rate of 3.5%. The interest rates on the swaps range from 0.4% to 1.3% which when combined with the margin on the loan economically fix the finance cost at 3.5%. The notional amount on the interest rate swaps reduces in line with the repayment of the term loan, so an effective hedge remains throughout the term of the loan. There are 4 active swaps in place at 31 December 2024, totalling £11.8 million. Of this total, £0.8 million will mature in September 2025 and the remaining balance of £11.0 million will mature in September 2026.

15. Post Balance Sheet Events

Investment in Ricardo plc

On 28 February 2025 the Group announced an investment in Ricardo plc. Over the period 16 February 2025 to 27 February 2025, the Group acquired 5.3 million shares in Ricardo plc equivalent to 8.5% of the voting rights. These shares were acquired at a total cost of £12.2 million (including brokerage fees) at an average cost of 231 pence per share.

Share purchases continued and by 19 March 2025 the Group had increased its shareholding to 10.1 million shares, equivalent to 16.2% of the voting rights. The total cost of shares acquired to date was £23.3 million (including brokerage fees). This investment was funded from the Group's existing cash resources.

The Group will engage with the Ricardo plc board and its major shareholders in relation to managing this investment.

Refinancing of existing bank facilities

On 19 March 2025 the Group announced it had agreed new bank borrowing facilities with Lloyds Bank plc. The existing Term Loan and RCF were scheduled to expire in September 2026 and December 2026 respectively.

There are now two new Term Loans for a combined value of £12.0 million, each for 10 years expiring in March 2035. Each loan is secured solely and individually against the Group's freehold properties: one loan to the property in Harston, near Cambridge, and, a second, independent loan to the property in Epsom, Surrey.

The new, increased RCF is for £30.0 million, for a period of 5 years expiring in March 2030, an increase of £5.0 million over the 2021 RCF. The RCF also has a £10.0 million accordion, a further increase of £5.0 million over the 2021 RCF. The RCF is currently undrawn and therefore no covenants apply.

16. Statement by the Directors

Whilst the information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRSs') as adopted by the UK in conformity with the requirements of the Companies Act 2006, this announcement does not itself contain sufficient information to comply with IFRSs. The accounting policies adopted in this preliminary announcement are consistent with the Annual Report for the year ended 31 December 2024.

The financial information set out above, which was approved by the Board on 21 March 2025, is derived from the full Group accounts for the year ended 31 December 2024 and does not constitute the statutory accounts within the meaning of section 434 of the Companies Act 2006. The Group accounts on which the auditors have given an unqualified report, which does not contain a statement under section 498(2) or (3) of the Companies Act 2006 in respect of the accounts for 2024, will be delivered to the Registrar of Companies in due course.

The Board of Science Group approved the release of this preliminary announcement on 21 March 2025.

The Annual Report for the year ended 31 December 2024 will be posted to shareholders in due course and will be delivered to the Registrar of Companies following the Annual General Meeting of the Company. The report will also be available on the investor relations page of the Group's website. Further copies will be available on request and free of charge from the Company Secretary.

- Ends -