science group plc

Annual Report and Financial Statements 2025

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Statement of Executive Chair

Science Group is an international services and systems company delivering innovation through the application of science, technology & engineering. In 2025, the Group again demonstrated the resilience of its business model reporting record operating profit and earnings per share despite volatile market conditions.

Science Group's strong balance sheet provides a solid foundation for the business operations and enables capital allocation options including cash returns to shareholders and investment in corporate opportunities where the Group's management and technical resources can be deployed to enhance shareholder returns. In 2025, both capital allocation strategies were successfully deployed, delivering increased capital returns and material incremental value to Science Group shareholders.

Group Financial Summary

For the year ended 31 December 2025, Science Group reported adjusted operating profit ('AOP') of £23.1 million (2024: £21.5 million) with adjusted (operational) basic earnings per share of 40.2 pence (2024: 36.2 pence). Revenue was broadly consistent at £111.7 million (2024: £110.7 million) with an increased operating margin of 20.7% (2024: 19.5%).

The Group's statutory operating profit was £40.9 million for the year (2024: £14.9 million) including the benefit of £24.1 million resulting from the corporate activity. Profit before tax was £41.5 million (2024: £14.7 million) and statutory basic earnings per share was 75.1 pence (2024: 26.5 pence).

Cash generated from operations was £31.8 million in the year (2024: £21.8 million), benefitting from the normalisation of a higher receivables balance at the end of 2024. The strong operating cash flow was further enhanced by the net gain from the corporate investment. As a result, at 31 December 2025, Group cash was £72.6 million (2024: £38.6 million) and net funds were £61.2 million (2024: £26.8 million), after returning £14.3 million to shareholders in the year, more than doubling the buy-back programme to £10.7 million (2024: £5.0 million) whilst maintaining the dividend payment. The estimated tax liability (£5.1 million) associated with the investment was also paid prior to the year end.

The Board's priority remains operating margin, profit and cash flow. Shareholder alignment is evidenced by the 9-fold increase in AOP over the past 15 years delivered from share capital dilution of less than 4% since December 2010. Combining the margin and profitability focus with disciplined working capital and balance sheet management, since 2020 Science Group has reported a Return on Capital Employed ('ROCE', defined as AOP/Net equity less net funds) in excess of 30%, with 2025 reaching 54.7% (2024: 37.6%).

In view of the consistent operating performance, strong operating cash flow and significant cash resources, the Board is recommending the annual dividend be increased by 25% to 10.0 pence per share (2024: 8.0 pence). Subject to shareholder approval at the Annual General Meeting, scheduled for 20 May 2026, the dividend will be payable on 2 July 2026 to shareholders on the register at the close of business on 22 May 2026.

Operating Business Review

Science Group provides services and systems, characterised by deep technical expertise applied with detailed domain knowledge, across Medical, Defence, Industrial and Consumer market sectors. Shared services functions provide Finance, Legal, HR, Property Management and IT support across the Group, improving efficiency and operational governance. The costs of these central functions (along with allocated property costs) are charged into the operating businesses and the segmental reporting therefore reflects the financial performance of each business as a stand-alone entity. The only costs not charged to the operating businesses are the Corporate costs which account for less than 3% of Group revenue.

Sagentia Services Division

The Services Division, operating under the Sagentia brand, is an international business providing advisory, product development and regulatory services. The Division's high calibre science, engineering and technical resources are deployed across Medical, Defence, Consumer (including Food & Beverage) and Industrial/ Chemical markets.

Sagentia is a trusted services partner to its clients, often providing leading edge innovation or technical insight in support of a customer's strategy. While the majority of the Division's projects are therefore confidential, the Division's reputation for providing high quality services is reflected in the levels of repeat business and long-term relationships. Recent projects have covered a diverse range of activities:

- from market-leading medical robotics to the application of generative AI in consumer-facing R&D;
- from developing new concepts in defence to environmentally-friendly pest control; and
- from formulating MAHA-compliant edible dyes to incorporating physical AI into domestic robotics.

Sagentia is positioned as a premium rate, high value-add services organisation. A significant proportion of consultants have Masters Degrees or PhD qualifications in science or engineering subjects and the Group benefits from impressive freehold properties providing office and laboratory facilities consistent with the high-end market positioning. It is the deployment of multi-disciplinary teams, combined with the Division's commercial and operational management, that translates into shareholder value.

The Defence practice, acquired as part of TP Group in 2023, was historically dependent on low margin, pass-through contractor revenue, which also carried material counterparty risk. This emphasis on revenue rather than margin was inconsistent with the Sagentia strategy of focusing on high value-add services. Therefore, a progressive exit of this low-end activity has been undertaken whilst developing the higher quality practice areas, enabling the Division's deep science and technology innovation services to access the UK defence market.

For the year ended 31 December 2025, the Services Division generated revenue of £71.5 million (2024: £72.2 million), the slight decline reflecting the Defence transition referenced above, partially offset by a strong performance in the Medical practice. The Industrial and Consumer sectors delivered a creditable performance in challenging market conditions during 2025. By geography, the UK accounts for 36% of the Division's revenue with North America accounting for 41% and Continental Europe for 13%. (The business has minimal direct exposure to the Middle East.) The execution of the Services strategy translated into an increased adjusted operating profit of £18.8 million (2024: £17.9 million) and a margin improvement to 26.3% (2024: 24.9%). Subject to external factors (e.g. geopolitical events), the Board does not anticipate the market to change materially in 2026 and the priorities will continue to be margin, profitability and cash conversion.

With regard to the potential influence of AI on the business, Sagentia continually evaluates new technologies. Accordingly AI tools are being utilised in several areas to augment the Division's service propositions, within a defined governance regime. Due to the strategic emphasis on higher end scientific, technical and engineering services, AI applications to date have been incremental although this is anticipated to progressively increase in the years ahead, enhancing Sagentia advisory services while potentially expanding the opportunities in Physical-AI where the Division's sensor and robotics expertise is highly relevant.

Statement of Executive Chair continued

Systems Businesses
The Group has two systems businesses, CMS2 and Frontier, both of which have leading positions in their specialist markets. These businesses operate independently but are supported by the Group's corporate functions/infrastructure and, if required, can access the Sagentia Division's science, technology and engineering capabilities on an arm's length basis. In aggregate, for the year ended 31 December 2025, the Systems businesses reported increased revenue of £39.6 million (2024: £37.8 million) and an adjusted operating profit of £6.6 million (2024: £5.8 million).

CMS2 (Critical Maritime Systems & Support) designs, manufactures and supports atmosphere management systems for submarines, providing both oxygen generation and CO2 extraction capabilities. The business has a market leading position outside the USA and services an international client base, although the UK (direct to MoD and via prime contractors) continues to account for the majority of the revenue.

For the year ended 31 December 2025, revenue was £26.4 million (2024: £25.9 million), including £5.2 million of low-margin pass-through materials related to support contracts (2024: £5.6 million). Adjusted operating profit was broadly consistent at £5.5 million (2024: £5.7 million), within the anticipated variability for the characteristics of the business.

The solid financial performance, delivering operating margin of 21.0% (2024: 22.2%) in a defence business, demonstrates the success of the financial and operational turnaround since the acquisition in 2023. This progress continued throughout 2025 with the ongoing roll-out of support contracts across the majority of the installed base enabling improvements in customer service.

The volatile geopolitical environment in recent years, combined with developments in the operational theatre, continue to reinforce the imperative of submarines and particularly the need for extended underwater deployments. CMS2 is well positioned as a supplier to the UK fleet and to international allies.

Frontier is a market leading supplier of DAB/DAB+ radio and connected audio chips and modules. Rarely visible to the end user, Frontier technology powers the majority of the DAB products (non-automotive) sold across the European market, with a reputation for quality and reliability. In recent years, Frontier has developed a new connected audio product, Auria, and following multiple design wins from a range of brands, the first products are expected to enter the retail channel in 2026.

While the consumer electronics market is unlikely to return to the levels experienced during the pandemic, volumes appear to have stabilised and Frontier's customers (collectively, brands in Europe and factories in China) have returned to more predictable ordering patterns. As a result, revenue increased to £13.2 million (2024: £12.0 million) producing an adjusted operating profit of £1.1 million (2024: £0.1 million). This result was achieved after expensing all costs associated with the investment in Auria, since Frontier does not capitalise R&D expenditure.

While the underlying outlook for the established product range is anticipated to be relatively stable in the year ahead, there are external factors potentially affecting the business, including industry-wide memory cost increases, US Dollar exchange rate volatility and uncertainty related to potential transport disruption resulting from the situation in the Middle East. More strategically, the medium-term opportunity represented by Auria is significantly larger than the core radio market, offering potential for material growth.

Corporate
The Corporate function is responsible for the strategy, corporate development and governance of the Group, ensuring alignment of business operations with shareholder priorities. The capital generated from the high margin, high cash flow operations is invested in corporate opportunities where the Group's management and technical resources can be deployed to enhance shareholder returns. The underlying costs of the corporate function were £3.1 million (2024: £2.9 million), which are the only costs not charged to the operating businesses.

The major activity of the Corporate function in 2025 was the successful investment in Ricardo plc ('Ricardo'). This followed detailed analysis undertaken in 2024 which concluded that Ricardo market forecasts appeared challenging, analysis that was subsequently confirmed by the Ricardo profit warning in January 2025. Science Group commenced building a stake, ultimately becoming the second largest shareholder in Ricardo. While the potential opportunities for collaboration were readily apparent, the Ricardo Board elected not to engage with Science Group, resulting in a progressive escalation. However, in June 2025, a third party made an attractive offer for Ricardo at a significant premium to the Science Group investment cost and the Board accepted the offer, realising a net gain of £24.1 million before tax, a return-on-investment in excess of 70% in less than 5 months.

In parallel with the corporate activity, the Group also renewed its financing facilities with an extended forward commitment to provide the Board with optionality in capital allocation. In summary:

- Two new Term Loans totalling £12.0 million for a 10-year period at the same margin as the previous (2016) Loan, with interest rate swaps to fully hedge the loan interest. These 10-year loans are secured solely on the Group's freehold properties and are not subject to covenants related to operating business performance.
- A new Revolving Credit Facility ('RCF') of £30.0 million on a 5-year term (with an additional £10.0 million accordion option, subject to approval) at 1.95% above SONIA, a significantly lower margin than the previous RCF. The RCF was undrawn at 31 December 2025 and remains undrawn.

Share Buy-Back Programme
In view of the Group's balance sheet strength, cash resources and consistent operational cash generation, the Board maintains an active share buy-back programme. Since 2024 the share buy-backs undertaken by the Group have included a delegated programme implemented via Panmure Liberum, supplemented with ad hoc activities at the Board's discretion. In 2025, the buy-back capital allocation was significantly increased to £10.7 million (2024: £5.0 million), as the Company repurchased 1,996,657 shares, at an average price of 538.0 pence per share. At 31 December 2025, shares in issue (excluding treasury shares held of 3.0 million) were 43.1 million (2024: 44.7 million excluding treasury shares held of 1.4 million).

Between 1 January and 13 March 2026 (being the latest practicable date prior to the results announcement), the Company has repurchased an additional 446,830 shares through the Panmure Liberum delegated authority. Therefore, since the last Annual General Meeting in May 2025 ('2025 AGM'), the Company has in total repurchased 2,236,377 shares, equivalent to 5.02% of the issued share capital at the time of the 2025 AGM. As a result, at market close on 13 March 2026, shares in issue (excluding treasury shares held of 3,489,062) were 42,696,812.

Subject to market dynamics and corporate activity, the Board anticipates the capital allocation to the share buy-back programme in 2026 being at a broadly similar level to 2025. The standard shareholder authority ('Standard Authority') to buy back up to 10% of issued share capital will be proposed to shareholders at the Annual General Meeting in May 2026 ('2026 AGM').

The Board acknowledges the substantial cash balances held by the Company, reinforced by the consistent operating cash flow from the business. While dialogue with major shareholders encourages the Board to seek to deploy the capital to accelerate

the growth of the Group, the Board remains concerned that Science Group's relative valuation may act as an inhibitor. Indeed, it is the Board's opinion that, on a relative valuation basis, one of the most attractive buying opportunities is the repurchase of the Company's shares. Accordingly, if the Board considers it to be in the best interests of Science Group shareholders, additional capital allocation to the buy-back programme may be appropriate and this could potentially exceed the Standard Authority. To facilitate this option in a timely and cost-effective manner, should it be appropriate in the future, a second buy-back resolution will be put to shareholders at the 2026 AGM, such that in the event that the Standard Authority were to be fully utilised, the buy-back programme would be able to continue up to an additional 10% of the issued share capital ('Additional Buy-Back Resolution').

If fully utilised, the Standard Authority and the Additional Buy-Back Resolution (if approved by shareholders at the 2026 AGM) could result in a significant return of capital to shareholders and will therefore be subject to a buy-back limit of £50.0 million. For the avoidance of doubt, the Board is not at the present time intending to use the buy-back extension related to the second resolution and the Board would notify shareholders of the intent to utilise the facility as appropriate.

Summary and Outlook

Science Group has reported another robust operating performance in 2025, maintaining strong margins and extending the Group's track record of adjusted operating profit growth, despite economic, political and market volatility. The Group also benefited from the corporate investment activity in the first half of the year resulting in an exceptional profit before tax and record earnings per share.

Over the past 15 years, the Group has delivered substantial EPS growth and since 2020, a ROCE exceeding 30% every year. As a result, shareholder value accretion has exceeded relevant market indices, while more recently the Board has materially increased capital returns to shareholders through the share buy-back programme. In 2026, the Board is also recommending a 25% increase in the dividend and will continue to monitor the buy-back programme to reflect the best interests of shareholders.

The outlook for the Group's services and systems is influenced by external factors. As a result, in the current geopolitical environment, the Board continues to adopt a pragmatic and conservative perspective that underlying organic revenue growth may be constrained. The Board's focus on margin, profit and correlated cash conversion will remain the operating priority in order to continue to deliver value to shareholders whilst positioning the business to have resilience to market instability. Accordingly the Board retains a positive outlook for the year ahead.

Finally, the Board's consistent, disciplined approach has enabled Science Group to build an exceptionally strong balance sheet with significant cash resources. This financial strength not only provides a solid foundation for the Group and the ability to sustain capital returns to shareholders, but also enables the Board to continue to seek opportunities to accelerate the growth of the existing operating businesses or to explore more material increases in the scale of the Group. In an unpredictable world, Science Group continues to provide shareholders with both resilience and opportunity.

Martyn Ratcliffe
Executive Chair

Finance Director's Report

In the year ended 31 December 2025, the Group generated revenue of £111.7 million (2024: £110.7 million). The Sagentia Services Division, generated revenue of £71.5 million (2024: £72.2 million), including materials charged on projects. Systems revenue totalled £39.6 million of which £26.4 million (2024: £25.9 million) was generated by the CMS2 business and £13.2 million (2024: £12.0 million) by the Frontier business. External revenue derived from freehold property was £0.6 million (2024: £0.6 million).

Adjusted operating profit for the Group increased to £23.1 million (2024: £21.5 million), reflecting another year of strong underlying performance, despite economic and political volatility. The Group's statutory operating profit was £40.9 million (2024: £14.9 million), a significant increase including a £24.1 million pre-tax net gain on disposal of a corporate investment in June 2025.

Adjusted operating profit is an alternative profit measure that is calculated as operating profit excluding amortisation of acquisition related intangible assets, share based payment charges, and other specified items that meet the criteria for adjustment. Further information is provided in the notes to the financial statements on this and other alternative performance measures. The amortisation charge on acquisition-related intangible assets was £4.1 million (2024: £4.4 million) and the share-based payment charge for the year was £2.1 million (2024: £2.3 million).

Statutory profit after tax was £33.3 million (2024: £12.0 million), including net finance income of £0.6 million (2024: net finance cost of £0.1 million) and a tax charge of £8.2 million (2024: £2.7 million). The tax charge increase is primarily linked to an additional £5.1 million payable following the gain on disposal of the corporate investment. Statutory basic earnings per share was 75.1 pence (2024: 26.5 pence per share).

Corporate Investment

During the first half of 2025, the Group initiated a significant investment in Ricardo. Between February and May 2025, Science Group acquired 13.5 million shares in Ricardo, equivalent to approximately 21.8% of the voting rights, at an average price of 239.0 pence per share (including brokerage fees), a total investment of £32.7 million funded entirely from the Group's existing cash resources.

On 11 June 2025, a third party made an offer for Ricardo at a price per share of 430.0 pence, a substantial premium to the share price following the Ricardo profit warning and to Science Group's average share purchase price. Accordingly, Science Group supported the offer and agreed to sell 12.4 million Ricardo shares, equivalent to 19.99% of the issued share capital, to the offeror at the offer price. Science Group shortly thereafter sold the remainder of its Ricardo shareholding on the open market and the aggregate cash proceeds of the sales, totalling approximately £58.0 million, were received in June 2025. In addition, during the period Science Group also received a dividend of £0.2 million, increasing total cash received to £58.2 million.

After directly attributable costs of £32.7 million, the gain on disposal of investment for Science Group was £25.5 million. After additional associated costs (linked to the gain on investment) of £1.4 million, the net pre-tax gain was £24.1 million (see Consolidated Income Statement), equivalent to a return on investment in excess of 70.0%. There is an estimated tax liability of £5.1 million on the gain, which was paid in 2025, bringing the estimated post tax gain to £19.0 million.

Finance System Upgrades

The Group successfully completed two accounting system upgrades in the year. These were the final stage in a rolling programme of migrations over recent years and the Group ended the year with all major businesses operating on the same Finance IT platform. The migrations were completed on time and with minimal disruption to business activities. As a result of the system upgrades, there is greater Finance operational efficiency and organisational resilience.

Foreign Exchange

In 2025, £30.6 million (equivalent to 27.4%) of the Group's operating business revenue was denominated in US Dollars (2024: £32.8 million), including all of Frontier's revenue. In addition, £2.1 million of the Group's operating business revenue was denominated in Euros (2024: £1.8 million). The average exchange rates during 2025 were 1.32 for US Dollars and 1.17 for Euros (2024: 1.28 and 1.18 respectively).

As in 2024, 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 Services Division cash flows through to the end of 2025. The option instrument applied to $0.5 million per month at an exchange rate of $1.25/£1 and a further $0.5 million per month at an exchange rate of $1.30/£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 2026 for $0.5 million per month at an exchange rate of $1.30/£1 and the Board continue to monitor FX exposure to both US Dollar and the Euro.

Taxation

The tax charge for the year was £8.2 million (2024: £2.7 million). The marked increase was primarily as a result of £5.1 million of tax payable in respect of the gain on the corporate investment activity. The overall Group tax charge has been reduced through utilising brought forward tax losses, together with Research and Development ('R&D') tax credits.

Science Group recognises R&D tax credits as a credit against the Income Statement tax charge, not as a reversal of operating expenses which is a common practice. While the Science Group practice reduces reported adjusted operating profit and profit before tax, the Board considers this approach to be more appropriate and inherently more conservative.

At 31 December 2025, the Group had £11.6 million of tax losses (2024: £21.4 million), predominantly relating to Frontier (£11.3 million (2024: £16.8 million)). Of the Frontier losses, £3.5 million (2024: £7.0 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 £0.3 million (2024: £4.6 million) unrecognised as a deferred tax asset due to the low probability that these losses will be utilised, although during the year, the Group was able to utilise some of these other tax losses to offset against the corporate investment gain.

Financing and Cash

Cash generated from operations, which for Science Group typically correlates with profitability, was particularly strong at £31.8 million (2024: £21.8 million), benefitting from the normalisation of a high receivables balance at the end of 2024. Group cash was also significantly boosted by the realisation of the gain on the corporate investment (net of the associated costs and tax outflow). With such strong cash inflows, during the year, £14.3 million was returned to shareholders through share buy-backs (£10.7 million) and dividends paid (£3.6 million).

The Group cash balance (excluding Client Registration Funds) at 31 December 2025 was £72.6 million (2024: £38.6 million) and net funds were £61.2 million (2024: £26.8 million). Client Registration Funds of £2.4 million (2024: £2.9 million) were held at the year end in relation to pass-through payments for US regulatory processing.

In addition, the Board took the opportunity to renew the Group's bank borrowing facilities which comprise a Term Loan and a Revolving Credit Facility ('RCF'):

- The 2016 Term Loan was 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 loan interest 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 realised a one-off benefit, with corresponding cash inflow, of approximately £0.6 million.
- The 2021 RCF was 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 set at a rate of 1.95% plus SONIA. To date, the RCF remains undrawn but provides flexibility if required.

Working capital management continued to be a strong focus for the Group with debtor days sales outstanding ('DSO') of 33 at 31 December 2025 (2024: 36 days) reflecting the disciplined process, from initial sale to cash collection. Days sales in inventory ('DSI') was relatively flat at 73 days (2024: 76 days), following the normal cycle expected for the Frontier business to which this metric relates (there are minimal levels of inventory held in the CMS2 business or the Services division).

Property

Science Group owns two UK freehold properties, Harston Mill, near Cambridge (approx. 9,000 sq. m. on 6.5 hectares), and Great Burgh (approx. 4,000 sq. m. on 3.6 hectares), near Epsom. The primary function of these properties is to host the Group's operations.

The Group charges market rents to its operating businesses and lets out part of the Harston Mill site to third parties. For the year ended 31 December 2025, the rental and associated services income derived from this activity was £3.9 million (2024: £3.9 million), of which £0.6 million (2024: £0.6 million) was 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 £20.6 million (2024: £20.8 million).

Share Capital

At 31 December 2025, the Company had 43,143,642 ordinary shares in issue (2024: 44,738,465) and the Company held an additional 3,042,232 shares in treasury (2024: 1,447,409). The voting rights in the Company at 31 December 2025 were 43,143,642 (2024: 44,738,465). 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

Key Performance Indicators

The key performance indicators (KPIs) used by the Board to monitor the performance of the Group include revenue, operating profit, cash flow and the alternative performance measures disclosed in Note 1 to the Financial Statements.

Profitability is monitored primarily through revenue and adjusted operating profit. Working capital management is assessed through measures of trade receivables and inventory levels.

Principal Risks

The Directors consider that the principal and emerging risks facing the Group, including those that would threaten the sustainability of its business model, future performance, solvency or liquidity, are as set out below.

The Group reviews, analyses and manages the risks it faces through the Board, Audit Committee, Executive management and business management teams, and project and functional reviews. The frequency of reviews depends on the nature of the risk and may vary from weekly to annually. Project risks are generally reviewed at least monthly.

The Group maintains a risk register which is reviewed by the Board in full at least once a year. The Board also regularly reviews key existing and emerging risks across the Group on a monthly basis. The Board considers this monthly period to be appropriate for the business as it allows the Board to remain informed of developments that may affect the delivery of its strategy and to identify and implement any mitigating actions. It also supports the Board's review and revision of forecasting, undertaken on at least a quarterly basis, to minimise the impact of any emerging risks to the Group. A summary of the key measures taken to mitigate the identified risks are set out below.

The Group uses internal and external methods to help identify emerging business risks. Internally the Managing Directors of the operating businesses report weekly to the Executive management team on business performance and issues, and provide formal reports to the full Board on a monthly basis. This ensures that potential emerging risks identified on the ground are escalated to the Board in a timely manner. Externally, the Group's professional advisors raise relevant potential issues from time to time. Identified potential risks are discussed by the Board and, if necessary, risk mitigation strategies are considered. Identified risks may also be assigned to a working party to keep a watching brief and update the Board as appropriate.

Operational risks	Mitigation
Economic conditions impacting demand for services	
The Services division is dependent on the market for outsourced science, technology, engineering, regulatory and project management services. An economic downturn or instability may cause customers to delay or cancel projects or to use internal resources instead. The current economic uncertainty and potential for recession in the Western economies may impact both the total investment and the investment priorities of the Group's customers. In particular customer R&D investment allocated to long-term initiatives may be negatively impacted.	The Group seeks to diversify exposure across geographical markets, increasing the number of market sectors in which it operates, types of customers and range of service offerings. The Group also undertakes marketing activities to inform current and prospective customers regarding the benefits of outsourced services and Science Group's proven ability to fulfil those objectives. The Group seeks to exploit opportunities resulting from a reduction in customers' internal resources which may result in greater levels of outsourcing for business critical projects.
Financial circumstances of customers	
A deterioration in the global economic climate and/or financial failure of customers or potential customers may adversely affect the profitability of the Group, including by customers defaulting on or delaying the payment of invoices.	The Group actively manages customer relationships including credit limits which, if appropriate, may require payment in advance, regularly reviews debtors and overdue payments, and has proactive credit control procedures.
Reputational risk	
Failure to deliver service or product deliverables to agreed budgets, timetables and/or quality may result in reputational damage to the Group's brands that may adversely affect future sales. This may be particularly significant in respect of the Sagentia brand which is used by the majority of the Services division.	The Group operates Quality Assurance procedures, review meetings with customers, formal customer feedback procedures, and holds various quality certifications in the relevant businesses including ISO 9001 (Quality Management Systems), ISO 13485 (Quality Management Systems for Medical Devices), ISO 17025 (Testing and Calibration Laboratories) and ISO 27001 (Information Security Management). In the Group's systems businesses, testing is undertaken prior to release of new products and remedial action taken in a timely manner when faults are reported.
The Frontier business relies upon third party factories to manufacture its product modules and upon its customers to manufacture complete consumer products on behalf of end-client consumer brands. Any deterioration in quality in these manufacturing facilities may impact the Frontier brand and its ability to sell product and/or maintain margin.	Frontier maintains long term relationships with trusted partner factories and relationships with end-client consumer brands to obtain product quality feedback.

Operational risks continued	**Mitigation**
Projects over-run or fail to meet technical milestones	
Projects may over-run and/or may fail to meet technical milestones, in particular because the nature of the work undertaken is often technically challenging. Project over-runs may lead to loss of margin on projects and overall profitability.	The risks of project failures are mitigated by the Group's internal project management processes including formal bid review processes, regular reviews to assess whether the revenue recognised on work in progress is a fair representation of actual costs incurred and estimated costs to completion, regular formal project board review meetings for large projects, and customer meetings to review progress. In addition the Group contracts the majority of consultancy projects on a time and materials basis.
Key personnel	
The Group relies on recruiting and retaining highly qualified technical experts on whom the Group depends to deliver its services and products. Failure to recruit and retain key staff could threaten the Group's ability to deliver projects to its customers, to win new work or to maintain market competitiveness. The Group's growth also places greater demands on the Group's management and infrastructure across a wider range of geographical locations and markets. Failure to recruit and retain key management and functional staff could increase the risks associated with operational and financial controls, sales and marketing, information technology and other functional support areas.	The Group encourages staff retention through both competitive remuneration packages and a stimulating work environment. The Group's growth also provides career opportunities across the Group. In addition to base salary, remuneration can include annual bonus or profit share, pension contributions, health benefits, life assurance and share option awards, and the remuneration components are reviewed regularly. Efforts are made to foster a vibrant, dynamic and supportive environment for employees, offering diverse, technically challenging work for large and small customers across a range of industries and specialist market, science and technology areas.
Loss of a major customer	
Loss of one of the Group's large customers may impact the Group's revenue and/or profit.	The diversity of the Group's businesses across market sectors and geographies mitigates against the loss of a major customer.
Cyber security	
Cyber security threats pose a risk to confidential or sensitive data held in the normal course of business as well as business interruption risk. A breach of cyber security could result in a loss of data, damage to the Group's reputation and breach of customer or other contracts.	The Group enforces appropriate IT controls, continuously reviewing the quality of its security shields and protocol, and implementing regular cyber awareness training for all staff, test phishing campaigns and penetration testing. Networks used by those Group businesses operating in the defence industry hold ISO 27001 (Information Security Management) and Cyber Essentials Plus certifications and other accreditations.
Geopolitical considerations	
Global conflicts may impact on energy prices and significant operational cost increases for the Group's freehold properties. Energy costs remain high and may increase again throughout 2026. Global energy and fuel prices also impact materials costs, employee remuneration and other costs, and the Group may not be able to pass increases onto customers.	The Group monitors energy prices, fixing prices where appropriate and seeking to reduce energy usage.
In addition to its engineering base near Cambridge, UK, the Frontier business has an office in Shenzhen and also has employees in Hong Kong. Political instability in Asia may affect local employees and suppliers and therefore impact Frontier's sales, product development and manufacturing functions.	The Group seeks to mitigate the risk of interruption to its usual business activity in Asia by ensuring that product knowledge, documentation, systems and data are backed up and replicated in the UK offices on a daily basis. Manufacturing of Frontier products is outsourced and could be replicated in other locations.
Supply chain availability	
The Systems businesses (CMS2 and Frontier) rely on the supply of components for the manufacture of their products. An inability to source these components in sufficient quantities is a risk to these businesses' ability to fulfil customer orders. Component shortages may also result in increased prices which may not be able to be passed on to customers. In the Frontier business, a reduction in consumer demand may result in high levels of inventory which may not be fully utilised.	The Group proactively manages inventory levels and seeks to identify alternative, cheaper suppliers of certain key components. Supply constraints are also mitigated through long term relationships with key suppliers.

Key Performance Indicators continued

Operational risks continued	**Mitigation**
Market for radio products	
The Frontier business has a high market share of the counter-top DAB radio and smart radio markets and is therefore subject to market demand and the competitive environment. These factors are correspondingly affected by the economic climate, a reduction in consumer spending and alternative methods of receiving radio/audio programmes. This was reflected in the challenging conditions experienced across the consumer electronics sector in 2024 and 2025. The market for consumer electronics goods is price sensitive. Frontier's products are manufactured in Asia and local conditions such as import tariff changes and shipping may also impact the cost of radio production and therefore the selling price to the end consumer, which may affect demand and/or the margins of the business.	The Group actively monitors market developments, focussing on operational efficiencies and adjusting material purchases. The Group also has employees based in Asia to manage relationships with customers and manufacturing locations. The switch off of FM services in certain geographies may provide opportunities for increasing DAB sales.
Litigation	
All project contracts carry possible litigation risks including the potential for product or professional liability claims, intellectual property infringement claims and other warranty and indemnity claims. In particular the Services division has a significant exposure to the US, where there is a higher propensity for litigation and where the Group may also be required to respond to court orders relating to disputes between third parties. Any litigation has the potential for significant cost, management disruption and reputational damage.	Contractual risks are mitigated through internal approvals processes, the use of standard commercial terms where practicable or otherwise negotiating appropriate contractual protections, and relevant insurance policies.
Legislative or regulatory changes	
Changes in legislation or regulation may result in increased costs and/or interruptions to business processes. This may include changes relating to health and safety, environmental, privacy or social issues, trading, taxation or accounting practices.	The Group monitors forthcoming legislative and regulatory changes to enable assessment of and planning for business impacts and to ensure compliance. External advice is sought where required.
Loss or unavailability of Group sites	
The unavailability of offices and/or laboratories may impact the Group's usual business operations.	Where required, much of the Group can continue to operate with limited site facilities. Resilience is also provided through the Group's two large freehold sites in the UK, both with laboratory facilities.
Manufacturing activities at the Portsmouth site cannot easily be moved to alternative facilities. The unavailability of the site and/or equipment, or inability to operate at full capacity or loss of equipment, may result in significant delays to fulfilling customer contracts.	The CMS2 business has a strong market position that may provide some protection against the loss of customers. The facility is also protected by appropriate insurance policies. There is no practical option for maintaining alternative manufacturing facilities.
Significant external event impacting normal business operations (for example, pandemic)	
A significant external event may restrict the Group's ability to undertake its usual business operations or meet customer demands.	The Group has invested in software and communications tools to enable a combination of remote and essential office-based working where required. The diversity of the Group's businesses, customers and sites also mitigates potential impacts.

Strategic risks	**Mitigation**
Acquisitions & strategic investments	
The Group has grown through the acquisition of companies with compatible service and technology offerings. Acquisitions and strategic investments may bring risks in respect of value, integration, distraction of key personnel and legacy onerous obligations.	Acquisition risks are mitigated so far as practicable by the acquisition decisions and processes being led by the Board and Executive management team. External advice and expertise are engaged as required. Risks are also mitigated by the potential for growth and diversification, whilst increased scale provides efficiencies of back office functions across the Group. The Board considers further acquisitions and strategic investments to be a core part of the Group's strategy and the Group is continually monitoring for opportunities.

Strategic risks continued	**Mitigation**
UK defence policy	
Businesses operating in the defence and aerospace industries, including the Sagentia Defence and Sagentia Aviation practices and the CMS2 business, may be impacted by changes in Government defence policies and legislation. This may lead to a risk of delay to or loss of customer contracts.	The Group seeks to develop long-term, close working relationships with customers and to maintain current industry knowledge providing visibility of future defence programmes and spend.
Insider risk	
Rogue activity by an insider, whether employee, contractor or advisor, could result in financial loss and/or the disclosure of confidential or price-sensitive data, damage to the Group's reputation and breach of customer or other contracts.	Science Group seeks to mitigate this risk through its cyber security measures, strong financial controls, and appropriate data access controls. The Group encourages a culture of openness and clear lines of escalation including through its whistleblowing policy.
Inaccurate reporting of data	
Inaccurate external reporting of financial or other data through RNS or other public announcements could result in market volatility and damage to the Group's reputation.	The Group takes advice from its Nomad, auditors, corporate and other professional advisors as applicable, and maintains robust Board-level controls over all external announcements.
Technology advances	
The ongoing development of new and existing technologies provides opportunities for Science Group to provide market-leading products and services to its customers. However, the Group's personnel must stay at the forefront of technical advances and understanding of technical specialisms in order to exploit these opportunities and sustain the Group's growth.	Management teams regularly identify and review new technical areas for investment, employees are encouraged to keep up to date on technological developments by both formal and informal training and self-learning in relevant areas of technical expertise, and where appropriate recruitment is targeted at employees with new technical skills where gaps in expertise are identified.
Generative AI	
Generative AI technologies may have the potential to negatively impact the provision of lower-value consultancy services by delivering such services with a higher degree of automation.	The Group regularly evaluates potential Generative AI tools and use cases to assess their potential use in both internal work and the provision of high-value services to customers. The Group operates a human-led approach to all work to maintain quality standards.

Financial risks	**Mitigation**
Inflationary pressures	
Inflation in the global economy is a risk across the Group including: • increased costs from suppliers which may impact all businesses. • increases in living costs including fuel, energy and food costs which may impact employees. • wage inflation and associated pressure on salaries and remuneration packages for both specialist skills in technology and science as well as functional skills such as human resources, marketing and finance. The Group may or may not be able to pass on supply chain price increases or higher employee costs to customers.	The Group proactively manages inflation where practicable. This includes negotiating customer pricing or fee rate increases and building inflationary cost increases into financial plans.
Currency exchange rates	
A significant proportion of the Group's revenues are invoiced in currencies other than Pounds Sterling, including but not limited to the US Dollar and Euro, whilst the majority of the Group's employee-based costs are incurred in Pounds Sterling. In addition, materials related to Frontier products are typically priced in US Dollars and end products are generally sold priced in US Dollars. As a result, variations in currency exchange rates may have a material impact, either positive and negative, on Group revenue and profit performance.	The Group procures currency exchange instruments to cap the Sterling:US Dollar rate for the Services practices (Sagentia Innovation and Sagentia Medical). These instruments provide the business with improved visibility and reduced volatility. In addition, the Group seeks to mitigate foreign currency exposure and volatility by transferring excess foreign currency holdings into Pounds Sterling on a regular basis.
Decrease in value of freehold properties	
The Group owns two large freehold properties which may increase or decrease in value. The Group's bank facilities are secured on these properties.	The Group maintains these properties on a long term basis primarily for its own use. Maintenance is undertaken by dedicated on site facilities teams and specialist external contractors. The properties are also protected by appropriate insurance policies.

Key Performance Indicators continued

Financial risks continued	**Mitigation**
Treasury	
Liquidity risk	The Group maintains a strong cash balance and also has access to an undrawn RCF facility. The Group ensures it can access sufficient cash to meet any potential short term needs.
Credit and counterparty risks including customer, supplier and banks	Credit risk with customers is actively managed with weekly review meetings by local management teams and monthly review by the Board. Key suppliers are subject to Executive management approval including a review of financial position. The majority of the Group's cash is held in large UK banks with regular reviews of cash levels across other countries and accounts.
Interest rate risk	The Group has interest rate swap instruments to fix interest and remove risk and volatility.
Covenant breach	The Group's debt facilities include no operating covenants. The risk of breaching financial covenants is mitigated by maintaining a strong cash balance. Covenants are reviewed monthly by the Board.

Environmental
The Group's environmental risks, including in respect of climate change, are detailed in the Climate-Related Financial Disclosures on page 18.

Viability Statement

In accordance with the UK Corporate Governance Code January 2024, the Board has determined that a three year period to December 2028 constitutes an appropriate period over which to provide its viability statement given the evolving nature of the technology sector. The viability assessment considers solvency and liquidity over a longer period than the going concern assessment which covers a period to June 2027. Inevitably, the degree of certainty reduces over the longer period.

The Board prepares a detailed financial plan annually, forecasting sales and costs at a divisional level and a Group cash flow covering this period. The plan provides a prudent basis of assessment whilst enabling the Group to remain agile in implementing significant opportunities for further growth when they arise. Performance against the financial plan is reviewed on a monthly basis by the Board and forecasts are updated at least quarterly.

The Board has considered sensitivity analyses reflecting downside scenarios of principal risks (for example a downturn in market demand) applied to the Group's financial plan and cash flows (extended to 3 years from year end).

The scenarios assume an appropriate management response to the specific event, but not broader mitigating actions which could be undertaken and which have been considered separately. Severe downside testing has also been performed to assess the severity of scenario that would have to occur to exceed headroom. The assessment took account of the Group's current funding, forecast requirements and existing committed borrowing facilities. In conclusion, the financial plan withstood the stress testing and application of downside scenarios.

In each scenario or combination of sensitivity scenarios applied to the financial plan, the Group is able to rely on its cash reserves and take other cost and/or cash management measures to mitigate the impacts and still have residual capacity to absorb further unanticipated events.

The financial plan and going concern review formed the basis of the extended viability assessment. The Board has also considered the effect of the banking covenants for this assessment period and noted that there is no expectation of covenant breach, particularly as the Group ends the year with Net Funds of £61.2 million (2024: £26.8 million) and an undrawn RCF facility of £30.0 million. Based on the results of these analyses, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of this assessment.

Section 172 Statement

The Companies (Miscellaneous Reporting) Regulations 2018 require qualifying companies to publish a statement explaining how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 (Act) in performing their duties under section 172.

In accordance with section 172, the Directors confirm that they have continued to act in such a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, have had regard to the matters set out below.

Section 172 matter	How the Board has regard to these matters	Page reference
The likely long term consequences of decisions	The Directors regularly consider the long term consequences of the Board's decisions and actions. The Board oversees the Group's strategy and closely monitors progress against financial and other plans throughout the year, both at a Group and divisional level. The Board also considers the Group's commercial and operational risks and how to protect shareholder value. For more information see the Principal Risks section and the Principal decisions made during the year.	8 – 12, 14
The interests of the Company's employees	The Board recognise that the Group's employees are essential to its success and the Directors take a keen interest in the development and retention of key employees across the Group. The Executive Directors regularly engage with Managing Directors, management teams and other employees across the Group to understand business-specific issues. For more information see the Social section of the Non-Financial and Sustainability Information Statement, the Statement on engagement with employees, and the Report of the Remuneration Committee.	16, 24, 27
The need to foster business relationships with suppliers, customers and others	While there are circumstances in which the Executive Directors engage directly with certain stakeholder groups or on certain issues, the structure of the Group means that engagement with customers and suppliers usually takes place at an individual business level. The Board supports the senior management teams in fostering and maintaining good relationships. The Board monitors relationships with key customers and suppliers through the Executive Directors and the Managing Directors. The Managing Directors provide updates on significant issues in their businesses on a weekly basis to the Executive Directors and as part of their monthly reporting directly to the full Board. For more information see the Statement on engagement with customers, suppliers and others.	24
The impact of the Company's operations on the community and the environment	The Directors are conscious of the importance of investing in and caring for the physical environments in which the Group operates and contributing to its local communities. These factors are key to the Group's ongoing work to reduce and manage its use of energy, water and other resources, and its charitable donations. For more information see the Environmental and Social sections of the Non-Financial and Sustainability Information Statement and the Climate-Related Financial Disclosures.	15, 16, 18
The desirability of maintaining a reputation for high standards of business conduct	The Board sets out the values and standards of behaviour expected from all of its employees through the Group's corporate values. This is supported by the Group's governance and compliance framework which requires adherence to a range of Group policies and procedures including anti-bribery and whistleblowing policies. The Directors are committed to high standards of business conduct throughout the Group and take into account the desirability of maintaining its reputation for the same in their decision making. For more information see the Governance section of the Non-Financial and Sustainability Information Statement.	17
The need to act fairly as between shareholders	The Directors are committed to treating all shareholders equally and, as part of its decision making process, the Board considers the interests of shareholders as a whole. The Board recognises that it may need to balance competing interests in reaching its decisions and, where there are conflicting interests, the Board will act as equitably and fairly as it is able to do. For more information see the Relations with shareholders section of the Corporate Governance Report.	26

Section 172 Statement continued

Principal decisions made during the year

Some of the key decisions considered by the Board in 2025, taking into account the likely long term consequences and the interests of stakeholders, are set out below.

Investment in Ricardo plc	Between February and May 2025 the Company made a strategic investment in Ricardo plc (Ricardo), acquiring approximately 21.8% of the voting rights. The Directors considered that the Company's active management of this investment, through engagement with the Ricardo Board and other major shareholders, would provide opportunities for growth benefiting both the Company's and Ricardo's shareholders. Following a third party offer in June 2025 to purchase the entire shareholding of Ricardo at a significant premium to the share prices paid by the Company, the Company sold the majority of its Ricardo shareholding to the third party. The remainder of the Company's Ricardo shareholding was subsequently sold on the open market. The Directors considered that these sales, with a total pre-tax return on investment in excess of 70%, were in the best interests of Science Group shareholders, being materially accretive in 2025 and further strengthening the Group's cash position.
Other acquisitions and investments	The Company is acquisitive and regularly considers potential acquisitions and strategic investment opportunities. In addition to the Ricardo activity, throughout the year the Board considered a number of potential acquisitions although none were considered to be appropriate long term investments taking into account the Group's strategy, the financial impact and likely operational and other risks.
New term loan and RCF	The Group's term loan and revolving credit facility were renewed, increased and extended in 2025. The Directors considered that these new facilities, combined with the Group's existing cash resources, would strengthen the Group's ability to continue to consider corporate opportunities which may arise.
Discretionary buy-back programme	The discretionary buy-back programme managed by Panmure Liberum Limited was renewed during 2025 enabling the continued buy-back of Company shares on an independent basis, subject to defined pre-agreed parameters, until the earlier of the next Annual General Meeting and 30 June 2026. In view of the realisation of the Ricardo investment, the Directors subsequently increased the limits of the delegated buy-back authorisation. The Directors considered the discretionary buy-back programme to be in shareholder's interests given the Group's balance sheet, cash resources and operating cashflow, and the current share price.
Currency exchange instrument	The Company procured a currency exchange instruments to cap the Sterling:US Dollar rate in relation to the R&D practices (Sagentia Innovation and Sagentia Medical) through to the end of 2026. As in previous years, the Directors considered that the hedge was appropriate to provide the business with improved visibility and reduced volatility.
Dividend	In considering the appropriate level of dividend payment to shareholders, the Board took into account the need to maintain cash resources to implement both organic and strategic investment opportunities and acquisitions, and the varying interests of investors.

Non-Financial and Sustainability Information Statement

This Non-Financial and Sustainability Information Statement includes the Environmental, Social and Governance section below and the Climate-Related Financial Disclosures on page 18.

Environmental, Social and Governance

The Directors are committed to acting in accordance with high levels of ethics and governance. A review of the Group's approach to sustainability and societal impact during the year is set out below.

Environmental

The Group is committed to managing the environmental impact of its activities and to improving resource efficiency and reducing waste. The Directors consider that, due to the nature of the Group's operations, it does not have a significant impact on the environment. In particular, the Group's Services division delivers consultancy-based projects performed by staff in office and laboratory facilities and do not use large quantities of raw materials or processes that impact the environment. However, the Group seeks to minimise its carbon impact and recognises that its activities should be carried out in an environmentally friendly manner where practicable. Where relevant, the Board has regard to environmental factors in relation to its strategy and decision making.

The Group's Streamlined Energy and Carbon Reporting ('SECR') is included below. See page 18 for the Group's Climate-Related Financial Disclosures.

Energy and greenhouse gas ('GHG') reporting

Science Group reports its environmental performance in accordance with the UK Government's Streamlined Energy and Carbon Reporting Guidance as required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The Group's methodology for this reporting has been developed following the GHG Protocol Corporate Accounting and Reporting Standard and GHG emissions for 2025 have been assessed using the 2025 emissions conversion factors published by the Department for Energy Security and Net Zero.

The table below summarises the GHG emissions for the year ended 31 December 2025 on a UK basis. The Group has been assessing its carbon emissions since 2023 and provides both the prior year's assessment results and the baseline year for comparison.

The Group continues to refine its data collection to improve the accuracy and reliability of GHG emissions reporting. In particular for 2025 Scope 3 emissions data was improved and expanded by updates to the Group's expenses systems to enable the collection of fuel-type data and a survey of employee commuting habits. The inclusion of employee commuting in Scope 3 primarily accounts for the overall increase in reported emissions compared to previous years.

Scope	Activity	**2025 Location based tCO^2e**	2024 Location based tCO^2e	2023 Location based tCO^2e
Scope 1	Site gas	**403.74**	382.67	431.25
	Company car travel	**1.34**	3.41	2.29
	Refrigerant	**80.04**	120.44	2.37
Scope 1 subtotal		**485.12**	506.52	435.91
Scope 2	Site electricity	**492.43**	534.47	581.86
Scope 2 subtotal		**492.43**	534.47	581.86
Scope 3	Employee-owned car travel	**87.56**	133.74	137.58
	Hire cars	**8.14**	5.39	2.03
	Commuting	**531.27**	–	–
	Flights	**279.57**	465.09	520.64
Scope 3 subtotal		**906.54**	604.22	660.25
Total tonnes of CO_2e		**1,884.09**	1,645.21	1,678.02
Tonnes of CO_2e per employee		**4.02**	3.42	2.99
Tonnes of CO_2e per £m revenue		**37.36**	32.23	31.95
Total energy consumption (kWh)[1]		**5,411,229**	5,293,926	5,822,284

1 Includes UK gas, electricity, company vehicles, employee-owned cars and hire cars

Notes:
- Group sites and businesses outside of the UK have not been included.
- Scope 1 and 2 data has been based on invoices for energy consumption across UK sites where possible and internal mileage and refrigerant records.
- Scope 3 travel data has been collected from Group travel agencies, employee expense claims and an employee commuting survey.
- Employee-owned car travel and hire car usage relates to UK usage only.
- Flight data includes flights starting or ending in the UK and wholly international flights by UK employees. The reduction of Scope 3 emissions relating to flights was primarily due to differences between the applicable 2025 and 2024 emissions conversion factors rather than a reduction in flights taken.

Non-Financial and Sustainability Information Statement continued

Energy efficiency

The Group considers energy efficiency initiatives on an ongoing basis. Science Group owns two large freehold sites near Cambridge and Epsom where many energy efficiency measures have already been implemented.

Additional incremental improvements continue to be assessed where practicable and economically viable. At its leased properties there are varying opportunities to influence energy efficiency according to lease terms and landlord responsibilities and these are assessed on a case by case basis.

For the freehold properties and other sites where the Group purchases gas and/or electricity, this is purchased from renewable sources so far as practicable. Most lighting at the Cambridge and Epsom sites has been upgraded from fluorescent to LED with the remainder, as well as lighting at the Portsmouth manufacturing site, being upgraded when reaching end of life. LED lighting is installed as standard in new office fit outs. Lighting automation is used across all large sites as appropriate in lesser used areas. At the Cambridge site the boilers and chillers have been progressively upgraded to energy efficient versions. Thermal imaging surveys of the roof are used to identify areas requiring new insulation. At the Epsom site the original chillers have been replaced with energy efficient versions and excess capacity has been reduced. At both freehold sites and Portsmouth, air conditioning and air handling systems are programmed to increase efficiency and implement timed shut downs when not required.

The Group undertakes energy audits periodically and implements practicable recommendations. The Group has previously considered the installation of solar panels at the Group's freehold sites but this was not found to be economically viable.

Waste and recycling

The Group's Waste Management Policy supports the continued reduction of waste and, where practicable, re-use and recycling of consumables with incremental improvements implemented during the year. All large sites facilitate the separation of office waste into recycling and general waste and provide separate facilities for food waste. Commercial waste is collected in skips at the Cambridge, Epsom and Portsmouth sites. All office and skip waste collections are processed by the Group's waste management contractors at recycling centres. The Portsmouth site also separates scrap metal for recycling.

Confidential waste, both paper and hardware, is disposed of by specialist suppliers and recycled once shredded. Electronic waste, ink cartridges, fluorescent tubing, and chemical and biological waste are disposed of responsibly through specialist suppliers and in accordance with applicable regulations including the Restriction of Hazardous Substances ('RoHS') Directive and the Waste Electrical and Electronic Equipment ('WEEE') Directive.

Water usage

Given the nature of the Group's businesses, total water consumption is relatively low, being largely limited to office-based consumption from bathroom and kitchen facilities. However, the Group proactively manages the use of water within its sites and seeks to implement water reduction measures where practicable.

Travel

Electric vehicle charging points are installed at the Cambridge and Epsom sites for employees' usage to encourage a move away from petrol and diesel vehicles. All Science Group companies in the UK offer employees access to the Government Cycle to Work initiative offering tax free bicycles as part of the Group's standard employee benefits offering. The Group also makes significant use of virtual meetings where appropriate and has a US-based sales team to reduce trans-Atlantic travel.

Ecology and conservation

The Cambridge site includes woodland and grassland areas and a tributary of the river Cam, and the Group maintains these various ecosystems for the benefit of a wide variety of flora and fauna including several endangered and protected species. The Group has previously commissioned ecology surveys to better understand the biodiversity on site. Tree surveys are undertaken periodically at both freehold sites to assist proactive management. The Epsom property is Grade II listed within a parkland setting and in recent years the Group has undertaken significant repair and restoration work on the exterior stonework to preserve this historic building.

ISO 14001

The CMS2 business holds ISO 14001 (Environmental Management Systems) certification to assist in managing the environmental impact of its manufacturing operations at the Group's Portsmouth site.

Sustainability services

The Services division leverages its broad scientific, commercial and regulatory expertise to develop sustainability strategies and provide sustainable solutions for clients across a wide range of industries. In the Sagentia Medical, Sagentia Innovation and Sagentia Regulatory practices services cover a wide range of sustainability areas such as circularity, sustainable sourcing, emissions reduction, environmental impact, and regulatory impact and compliance. The Sagentia Aviation practice advises on the impact of proposed wind and solar farms on aviation safety and associated mitigations in the planning consent process for renewable energy developments.

Compliance

The Group's operations are conducted in compliance with relevant environmental legislation. There were no internal or external environmental incidents during 2025 at any Group site and Science Group did not incur any fines.

Social

Science Group takes its responsibilities as a corporate citizen seriously in the territories in which the Group operates. The Board's primary goal is to create shareholder value but in a responsible way which serves all stakeholders including the communities within which the Group operates. Furthermore, Science Group seeks to continually enhance and extend its science and technology contribution to society through the work the Group undertakes with its customers and in areas where the Group decides to invest and explore directly.

The Board regularly monitors the Group's culture and practices, including the review of recruitment, retention and turnover data, health and safety reports, and reports from senior managers within the Group.

Diversity, equity and inclusion

Science Group is committed to supporting diversity, equity and inclusion (DEI) among its employees. The Group's employment policies are non-discriminatory, particularly on the grounds of any protected characteristic. This includes, but is not necessarily limited to, age, gender, nationality, ethnic or racial origin, disability, religion or belief, pregnancy and maternity, sexual orientation or marital or civil partnership status. Science Group gives due consideration to all applications and provides training and the opportunity for career development wherever possible. The Board does not support discrimination of any form, positive or negative, and all appointments are based on merit.

The Board reviews reports on DEI matters at least once a year. DEI initiatives during 2025 included:

- Disability Confident Employer: All of the Group's UK trading companies registered with government's Disability Confident scheme for the first time during 2025.
- Engagement with women in the Group: Ongoing support of local "Lean In Circles" to provide networking opportunities and support, and executive-level engagement with women to foster communication and opportunities.
- Menopause support: Practical support for women including a monthly support group, awareness training for line managers, and female-specific health benefits.
- Recruitment practices: Ongoing monitoring of recruitment panels to ensure the inclusion of diverse representation and review of job adverts for unconscious gender bias.
- Veterans: The Sagentia Defence and Sagentia Aviation practices have signed the Armed Forces Covenant, are recognised under the Defence Employer Recognition Scheme and support Armed Forces Day each year.

The Group currently has native speakers of around 25 languages. No Science Group company is currently required to report on its gender pay gap. The gender ratios for the number of persons employed by the Group at the end of the year are set out in the table below.

	31 December 2025				31 December 2024			
	Male		**Female**		Male		Female	
	No	**%**	**No**	**%**	No	%	No	%
Plc Board of Directors & Company Secretary	**4**	**67%**	**2**	**33%**	4	67%	2	33%
Senior management & staff (>£75,000 per annum FTE salary)	**98**	**72%**	**38**	**28%**	92	71%	38	29%
Other employees	**228**	**60%**	**151**	**40%**	242	60%	163	40%
Total employees	**330**	**63%**	**191**	**37%**	338	62%	203	38%

Notes:
- Employees are only allocated to one category. For example, where an individual is a member of the plc Board, that person is not then included within the other classifications.
- Subsidiary directors have not been separately identified in the above table.

Employee training and development

Science Group's employees are its primary asset and the Board is committed to nurturing their abilities, investing in career development and rewarding exceptional performance. The Group offers training and mentorship to allow ambitious individuals to thrive within their environment and realise their personal potential. Employee performance is aligned to the Group's objectives through an annual performance review process and ongoing project management, line management and mentorship feedback. Formal training and career development is offered to staff of all levels through internal and external programmes that cover technical, business and managerial advancement opportunities. Beyond formal training, employees also hold informal lunchtime sessions on a regular basis to enable knowledge and skills transfer amongst teams.

The Group regularly takes one year or summer student placements and the CMS2 business runs an apprenticeship programme. The Group also supports employees across the Group with extra-curricular studies and qualifications in relevant fields.

Financial rewards and support

Employee remuneration and incentives are overseen and approved by the Remuneration Committee. In addition to its standard remuneration and benefits packages, the Group invests in and rewards its workforce through the operation of its bonus and profit share schemes for qualifying employees, its share option scheme and other discretionary incentives. During 2025 additional discretionary payments were made to employees reflecting individual performance. Employees also benefited from a one-off discretionary payment following the realisation of the Ricardo investment. For more information see the Report of the Remuneration Committee on page 27.

Health and wellbeing

The Group's employee assistance programmes and other benefits are available for employees to access a range of medical, financial, wellbeing and other support services and information. Mental Health Awareness Week is given a particular focus each year in the UK with site-specific programmes of activities and support.

The majority of employees are also eligible for private medical insurance.

Charitable donations

Science Group focuses its charitable donations on organisations supporting people-related issues. During 2025 this primarily included donations to charities supporting health issues, local hospices and foodbanks. The Group's Charitable Donations Policy also supports the matching of funds raised by employees on a discretionary basis.

Governance

The Board considers sound governance a critical component of Science Group's success and the delivery of its strategy. Science Group has an effective and engaged Board, with a strong Non-Executive presence from diverse backgrounds and well-functioning governance committees. Through the Group's compensation policies and variable components of employee remuneration, the Remuneration Committee seeks to ensure that Science Group's values are reinforced in employee behaviour and that effective risk management is promoted.

The Board takes issues of governance seriously and seeks to ensure transparency and streamlined administration. The Directors bring a broad range of technical, commercial, business, accounting, audit and corporate finance expertise. Culturally, the Board demonstrates a high degree of integrity, fairness and non-discrimination and promotes these values through the organisation. For more information see the Corporate Governance Report on page 26.

Ethical business conduct

The Board is committed to high standards of governance and ethics. The Group has a strong ethical culture and it is the Group's policy to conduct all business in an honest and ethical manner. The Group's Ethics Policy and other associated policies set out the standards of behaviour expected from all those working for or on behalf of the Group.

Non-Financial and Sustainability Information Statement continued

Anti-bribery
Science Group has a zero tolerance approach to bribery and corruption. The Group's Anti-Bribery Policy applies to all employees and the Group seeks to impose equivalent principles on suppliers and representatives.

Modern slavery
In accordance with the requirements of the Modern Slavery Act 2015, the Group publishes an annual statement setting out the steps taken to ensure that slavery and human trafficking are not present in the Group's businesses and supply chains. A copy of the current statement, together with previous versions, can be found on the Investor information page of the Science Group website.

Whistleblowing
The Group's Whistleblowing Policy provides protection and support for whistleblowers raising a genuine concern. One of the Group's Non-Executive Directors acts as the escalation contact for whistleblowing reports.

Cyber and data security
Science Group proactively manages the security of its IT networks and the confidential and sensitive data held by the Group. The Group has documented Information Security, IT and data privacy policies and implements regular cyber awareness training for all staff, test phishing campaigns and penetration testing. Businesses operating in the defence industry are subject to heightened monitoring of cyber threats, and the associated IT networks hold ISO 27001 (Information Security Management) and Cyber Essentials Plus certifications and other accreditations.

Health and safety
Science Group is committed to the health and safety of its employees, customers, sub-contractors and others who may be affected by the Group's activities. The Group evaluates the risks to health and safety in the business and manages this through its Health and Safety Management Systems. The Group's Health and Safety at Work policies are reviewed and updated regularly.

The Board Executive Director responsible for health and safety is the Group Finance Director with day to day responsibility being undertaken by the Company Secretary. The Directors receive monthly health and safety reports covering all sites which include updates on safety incidents across the Group.

The Group's largest sites (Cambridge, Epsom and Portsmouth) have dedicated Health and Safety Committees that meet quarterly. Laboratory and manufacturing areas are subject to monthly inspections by competent reviewers and the results are reported on a monthly basis to the Board. Access to laboratory and test facilities is electronically controlled with permissions reviewed on a regular basis. The Portsmouth site holds ISO 45001 (Occupational Health and Safety Management) certification.

The Group provides necessary information, instruction, training and supervision to ensure that employees are able to discharge their duties effectively. The Health and Safety Management Systems ensure compliance with applicable legal and regulatory requirements and internal standards and seeks, by continuous improvement, to develop health and safety performance.

Supplier management process
The Group operates a supplier management process to ensure Executive management review of proposals to engage new large or business critical suppliers.

Administrative rationalisation
The Group regularly reviews and closes dormant legal entities to reduce administrative costs and, during 2025, one entity was dissolved. The Group also rationalises its property portfolio and administrative functions where appropriate to reduce overheads and increase efficiencies.

Climate-Related Financial Disclosures

Science Group reports its Climate-Related Financial Disclosures pursuant to sections 414CA and 414CB of the Companies Act 2006. These disclosures align with the recommendations issued by the international Task Force on Climate-related Financial Disclosures (TCFD). This statement covers Science Group's governance of climate change, its integration with overall risk management, the identification and strategy for managing the Group's climate-related issues and opportunities, and the metrics used to measure progress.

Governance
The Board has overall responsibility for sustainability issues, including the oversight of climate-related matters and effective management of climate-related risks and opportunities, in line with the responsibility to monitor any issues which impact strategy, risk management, and operations of the Group. For more information on the Board and Board Committees see the Report of the Directors on page 26. The Board discussed climate-related issues and the Group's TCFD-aligned reporting twice during 2025 and was ultimately responsible for approving the Group's climate-related financial disclosures. To date it has not been deemed necessary to nominate an individual Board member to oversee climate-related issues due to the small size of the Board which ensures sufficient accountability.

Science Group has a small Executive management team and all members have responsibility for the management of overall risks and climate change strategy across the Group. The Executive team stays in close contact with the Managing Directors to ensure they are up to date with any risks to the Group. The Company Secretary has been appointed to formalise the feeding of any strategy changes to the individual businesses and ensure they are carrying out specified initiatives against the strategy. Progress is then reported back to the Board by the Company Secretary.

Based on the assessment of climate-related risks and opportunities and exposure being at the lower end of scale, as discussed in the Strategy section below, the Board believes there is sufficient expertise to manage climate-related matters at the Board and management levels. Where appropriate, external consultants may be engaged to advise further.

Risk management

Science Group has previously undertaken a formal exercise to identify and assess the Group's climate-related risks and opportunities with the support of sustainability consultants. Identified climate-related risks and opportunities were assessed using the Group's existing risk management framework to integrate them with the Group's wider business risks and to enable the significance of climate-related risks relative to these wider Group risks to be determined. These risks and opportunities are re-reviewed each year and updated accordingly.

While Science Group's risk assessment is standardised across the Group, risks may be unique to different businesses. The Managing Directors report weekly to the Executive management team on business performance and any significant issues and provide formal reports to the full Board on a monthly basis. This ensures that potential emerging risks identified on the ground are escalated to the Board in a timely manner. Externally, the Group's professional advisors raise relevant potential issues from time to time.

Identified potential risks are discussed by the Executive management team. Both the impact (on a five point scale from Minor to Catastrophic based on financial loss exposure) and likelihood (on a five point scale from Rare to Very High) of the risks are assessed and an overall risk rating (on a three point scale from Green to Red) is determined which allows for the prioritisation of risks. A mitigation response (avoid, transfer, reduce or accept) is then determined as required.

The Group has assessed climate-related risks and opportunities against the following defined time horizons:

Short term	1 to 3 years	In line with specific business plans and the Group's viability statement
Medium term	3 to 10 years	In line with the majority of the Group's site lease terms, which are between 5-10 years in remaining duration
Long term	More than 10 years	Long enough to encompass long-term industry and policy trends, such as UK Net Zero 2050 and for climate-related risks to manifest

In the Group's climate-related risk assessment, all risk and opportunity categories outlined in the TCFD guidance have been considered. Risks have been assessed in relation to the Group's own operations, supply chain and downstream. Not all risk categories are applicable or material to the business.

The Group's climate-related risks are included in the risk register which was reviewed and approved by the Board during the year. Where appropriate, identified risks may also be assigned to a working party to keep a watching brief and update the Board as appropriate, although this was not deemed necessary during 2025.

Strategy

As a science and technology business primarily providing consultancy services, Science Group is at the lower end of exposure for climate-related risks. Based on the risk exposure after mitigation outlined in this statement, the Board believes that the Group is resilient to climate change and does not require a fundamental change to its strategy, financial planning or budgets. There are no effects of climate-related matters reflected in judgements and estimates applied in the financial statements.

The key climate-related risks and opportunities for the Group are:

- Physical risks: As Science Group sites span the UK, Europe, US and Asia, and the Frontier business relies on manufacturing suppliers in Asia, the Group is currently exposed to physical risks that continue to persist into the long term. Adequate mitigation strategies including, where practicable, considering climate factors when choosing sites and diversifying suppliers will assist the Group to withstand these potential physical risks.
- Transition risks: The Group provides services and systems to customers in a range of sectors including medical, defence, industrial and consumer. This adds complexity to the analysis as these customers face their own climate-related issues and reporting pressures on them could be passed to Science Group. Keeping abreast of reporting expectations will reduce this risk.
- Opportunities: Opportunities exist both operationally to reduce the Group's scope 1 and 2 emissions and in the market to assist customers who need to adapt to climate change.

Other risks and opportunities have been assessed according to the TCFD guidance including increased costs for critical raw materials, technological redundancy of equipment, reputational risk due to projects in high environmental impact sectors and products that reduce energy usage. However, these have been deemed to be immaterial to the Group.

Science Group will continue to develop its analysis as new data becomes available, both internally and externally, and will continue to monitor climate exposures and action plans through the Group's risk management framework. Details of the physical and transition risks and opportunities identified are outlined below.

Non-Financial and Sustainability Information Statement continued

Physical climate-related risks

Risk #	1. Storm and flood disruption	2. Flood & heat disruption in supply chain
Acute/Chronic	Acute	Acute
Area	Group operations	Upstream
Primary potential financial impact	Lost production & revenue, asset damage	Lost production and revenue
Time horizon	Short & long term	Short, medium & long term
Likelihood	Low	Medium
Impact	Significant	Serious
Location or service most impacted	CMS2 business – Portsmouth site	Frontier suppliers in Asia

All Science Group sites have been assessed for physical climate-related risks using geospatial risk modelling software and it was determined that the overall risk is limited.

Of the Group's three largest sites (Cambridge, Epsom and Portsmouth), only the Portsmouth manufacturing site has any associated physical risks.

The Intergovernmental Panel on Climate Change ('IPCC') has developed a suite of scenarios that represent the future pathways of carbon in the atmosphere. Each of these is titled as a Representative Concentration Pathway (RCP). The following three IPCC climate-related scenarios have been used to assess the Group's physical climate-related risks:

A. *RCP 2.6:* a climate-positive pathway, likely to keep global temperature rise below 2°C by 2100. CO_2 emissions start declining by 2020 and go to zero by 2100.

B. *RCP 4.5:* an intermediate and probable baseline scenario, more likely than not to result in global temperature rise between 2°C and 3°C, by 2100 with a mean sea level rise 35% higher than that of RCP 2.6. Many plant and animal species will be unable to adapt to the effects of RCP 4.5 and higher RCPs. Emissions peak around 2040, then decline.

C. *RCP 8.5:* a bad case scenario where global temperatures rise between 4.1°C to 4.8°C by 2100. This scenario is included for its extreme impacts on physical climate risks as the global response to mitigating climate change is limited.

Risk 1: Storm and flood disruption

The Group's Portsmouth site is the manufacturing facility for the CMS2 business and includes an industrial unit with a large factory floor located in the middle of a commercial estate. The site is currently subject to extreme exposure risk to flood due to a 1 in 100 years storm surge risk and an extreme risk of sea level rise under the RCP 8.5 scenario in 2100, and therefore the risk of flooding continues into the future. The Group is not aware of any incidents or insurance claims related to such events during the last 10 years. Floods can be difficult to predict so this risk will be actively monitored. The risk is well known and Portsmouth Council is investing to improve sea defences which will assist in protecting the Portsmouth site into the longer term.

The CMS2 business contributed approximately 24% of the Group's revenue in 2025. Although disruption from weather events may be covered by insurance, any requirement for the business to move locations, an inability to operate at full capacity or a lack of manufacturing equipment and facilities could result in significant delays to fulfilling customer contracts and possible damage to CMS2's reputation. CMS2 has a long track record and a strong market position which may protect the division from customer switching although this could change in the longer term. Three servers are housed at the Portsmouth site. The risk of disruption to the CMS2 business's IT infrastructure as a result of flooding is mitigated by daily back ups both locally and to servers at another Group site.

The Board has considered mitigating the risk of storm and flood disruption more broadly by relocating the manufacturing facility to higher ground. However, the existing site lease continues until 2033 and it would cost an estimated £4.5-5.0m to relocate now (including ongoing existing lease costs as well as rental and fit out costs for a new site). The Board does not consider this to be an economically viable option given the size of the CMS2 business and the cost and likelihood of the current climate-related risk. When the existing lease expires the Board currently expects to relocate the CMS2 business at that stage to mitigate the longer term risks. More generally, these risks are mitigated by the Group's insurance policies which include cover for property damage and business interruption.

Risk 2: Flood & heat disruption in supply chain

Physical climate-related risks could impact the Group's suppliers. Some components used in the Frontier business are specialised and supply cannot easily be switched out for alternatives. Therefore, weather disruption to suppliers in this business could severely impact the supply chain and the Group's ability to fulfil customer contracts.

The Frontier business uses seven key suppliers across nine sites for the supply of components, outsourced manufacturing and logistics. These sites are located in mainland China, Hong Kong, South Korea, Singapore and the Philippines and have been assessed for physical climate-related risks as follows:

- There is a high risk of heat stress for all seven supplier sites which continues as a high or very high risk under the RCP 8.5 scenario for 2030, 2050 and 2100 at each site. The impact of this is expected be a limited risk as staff are not working outside. Frontier has previously sought to engage with its key suppliers to understand any issues associated with the risk of heat stress and their potential mitigations but has been unable to obtain detailed information. Any new information received will be kept under review. Eight of the supplier sites (two being logistics providers for which alternatives are readily available) have a high precipitation stress risk which continues under the RCP 8.5 scenario for 2030, 2050 and 2100. One supplier site (being a logistics provider) has an extreme precipitation stress risk which continues under the RCP 8.5 scenario for 2030, 2050 and 2100. As the risk is already high and the suppliers have been able to operate under these conditions, it is assumed that the risk is manageable. Similarly, the tropical cyclone risk for one supplier site is already high and appears manageable.

- Three supplier sites have current high or very high flood risk. Frontier has previously sought to investigate the potential impacts of floods on these suppliers and understand what safeguards they have in place but has been unable to obtain detailed information. Any new information received will be kept under review.
- The analysis of supplier sites also investigated fire stress, sea level rise and drought stress of which there was no impact.

The Frontier business contributed approximately 12% of the Group's revenue in 2025 and disruption in the supply chain could result in serious loss if not mitigated. While options for alternative suppliers in the region which are not impacted by similar risks may be limited, these are kept under review.

Transition climate-related risks

Risk #	3. Carbon pricing in operations & value chain	4. Reputational risk linked to sustainability performance & reporting
Type	Transition (Market), Policy & Legal, Reputation	Transition (Market), Reputation
Area	Group operations & upstream	Upstream
Primary potential financial impact	Higher energy, raw materials & transport costs	Lost revenue
Time horizon	Medium term	Medium term
Likelihood	High	Medium
Impact	Minor	Minor
Location or service most impacted	CMS2 & Frontier businesses due to higher emission profiles	Group-wide

The following two climate-related scenarios, published by the International Energy Agency ('IEA'), have been used to assess the Group's transition risks:

A. *Net Zero 2050 ('NZE')* an ambitious scenario which sets out a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050.

B. *Stated Policies Scenario ('STEPS'):* a scenario which represents the roll forward of already announced policy measures. This scenario outlines a combination of physical and transitions risk impacts as temperatures rise by around 2.5°C by 2100 from pre-industrial levels, with a 50% probability. This scenario is included as it represents a base case pathway with a trajectory implied by today's policy settings.

Risk 3: Carbon pricing in operations & value chain

For the Group's operational emissions (scope 1 and 2), carbon pricing risks represent a risk of higher energy prices. For the Group's principal value chain (upstream scope 3) emissions, carbon pricing mechanisms could result in higher costs of purchased goods or in-bound transportation.

The IEA forecasts that carbon prices (US$/t$CO^2$e) relevant to the Group are projected to increase from $140/t in 2030 to $250/t in 2050 under the NZE scenario and from $90/t in 2030 to $113/t in 2050 under the STEPS scenario. The impact of this has been assessed as follows:

- Scope 1 and 2 emissions: The forecast carbon prices have a minor impact in both the NZE and STEPS scenarios when applied to the Group's reported operational emissions for 2025 (see the Energy and greenhouse gas ('GHG') reporting section on page 15). This does not take account of any future mitigation actions or material changes to the business and assumes that the full impact of carbon prices is passed onto the Group.
- Scope 3 emissions: The Group's reporting on its emissions and energy usage includes limited scope 3 emissions (see the Energy and greenhouse gas ('GHG') reporting section on page 15). Since the Group's full scope 3 emissions footprint has not yet be calculated, the full financial impact of the forecast carbon prices cannot be assessed at this stage. It is also uncertain how and when carbon prices will be imposed in the value chain and how much will be passed on to the Group. However, the Group's current view is that the impact of carbon pricing in the value chain is likely to be minor. As the sophistication of the Group's scope 3 emissions reporting increases, a clearer insight will develop into the impact on the Group and how this may be mitigated.

Given its nature, there is limited scope for the Group to manage this risk but it will be kept under review.

Risk 4: Reputational risk linked to sustainability performance & reporting

There is an increasing trend of investors incorporating sustainability criteria into their assessments. The Group has not experienced adverse investor interaction on climate change to date although ESG has been a topic of discussion with some investors. The Group's bank loan and debt facilities are not tied to sustainability criteria and no negative feedback has been received from the Group's banks.

The Services division sees some customer's incorporating climate-related and other ESG topics into supplier questionnaires although this has had no significant impact to date.

There are limited opportunities to mitigate this risk but the Group will keep sustainability performance and reporting under close review.

Non-Financial and Sustainability Information Statement continued

Climate-related opportunities

Opportunity #	1. Market opportunities	2. Operational opportunities
Type	Market	Energy source, resource efficiency
Area	Group operations	Group operations
Primary potential financial impact	Increased revenue	Reduced cost variability, reduced exposure to carbon taxes
Time horizon	Short term	Short term
Likelihood	Medium	Medium
Impact	Medium	Minor
Location or service most impacted	Services division	Group-wide

Opportunity 1: Market opportunities
The demand for sustainability-related services reduced during 2025 as economic challenges impacted buying decisions across multiple sectors. Opportunities may increase in future years as customers continue to adapt to climate change and mitigate their climate risks. Science Group's cross-divisional sustainability practice seeks to take advantage of such opportunities by supporting customers with management and strategy services, sustainable innovation and product stewardship. For more information see the Sustainability services section on page 16.

Opportunity 2: Operational opportunities
The Group has already implemented many renewable energy and energy reduction initiatives in its offices (see the Energy efficiency section on page 16). Similarly, water consumption and waste have a minimal impact as the majority of the Group's sites are offices. However, there is still opportunity for incremental improvements to resource efficiencies and these will continue to be explored.

Metrics and Targets
The Board does not consider that climate-related risks currently pose a significant risk to the Group's business. However, the Group has considered appropriate metrics to track identified climate-related risks and opportunities which are set out below. At present the Group has not established targets associated with these metrics.

Climate-related risk/opportunity	Metric
Opportunity: reduction of energy usage at UK sites	Assessment of energy usage and emissions ('SECR')
Opportunity: provision of sustainability-related consultancy services	Revenue generated from relevant projects
Risk: physical climate-related risks to Group sites	Assessment of physical climate-related risks for all sites

The Group will continue to review its metrics, and any potential targets, on an annual basis and may adapt these metrics or adopt new metrics and/or targets as its governance and assessment of climate-related risks and opportunities evolves.

The Group's report on its scope 1, 2 and limited scope 3 emissions for the year ended 31 December 2025 is included in the Energy and greenhouse gas ('GHG') reporting section on page 15. Science Group recognises the requirements of all businesses to contribute to the UK's 2050 net zero ambitions. The Group has continued to evolve its data collection and reporting processes to improve and expand its emissions reporting. Accordingly employee commuting emissions data is included within scope 3 reporting for the first time this year. Science Group will continue to explore calculating additional scope 3 emissions in future reports.

Approved by the Board of Directors on 16 March 2026 and signed on its behalf by:

Martyn Ratcliffe
Executive Chair

GOVERNANCE

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Report of the Directors

The Directors present their annual report on the business of Science Group plc together with Consolidated Financial Statements and Independent Auditor's Report for the year ended 31 December 2025.

Accompanying the Report of the Directors is the Strategic Report.

Review of the business and its future development

A review of the business and its future development is set out in the Strategic Report, incorporating the Statement of Executive Chair and Financial Report.

Cautionary statement

The review of the business and its future development in the Strategic Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for these strategies to succeed. It should not be relied on by any other party for any other purpose. The review contains forward looking statements which are made by the Directors in good faith based on information available to them up to the time of the approval of these reports and should be treated with caution due to inherent uncertainties associated with such statements.

Results and dividends

The results of the Group are set out in detail on page 42.

Subject to shareholder approval at the next Annual General Meeting, the Directors propose to pay a final dividend of 10.0 pence per share for the year ended 31 December 2025 (2024: 8.0 pence per share).

Financial instruments and risk management

Disclosures regarding financial instruments are provided within Note 3 to the Financial Statements.

Directors

The Directors and associated biographies are listed on page 25.

Martyn Ratcliffe and Susan Clement Davies will retire by rotation and offer themselves for re-election at the next Annual General Meeting.

Directors' indemnities

The Directors have the benefit of an indemnity provision contained in the Articles. The Directors have also been granted a qualifying third party indemnity provision which was in force throughout the financial year and remains in force. In addition, throughout the year the Company purchased and maintained Directors' and Officers' liability insurance in respect of itself and for its Directors and Officers.

Annual General Meeting

The next Annual General Meeting ('AGM') will be held on 20 May 2026 at 17 Waterloo Place, London, SW1Y 4AR. The AGM notice contains the full text of resolutions to be proposed.

Purchase of own shares

At the AGM on 21 May 2025 shareholders approved a resolution for the Company to buy back up to 10% of its own shares. This resolution remains valid until the conclusion of the next Annual General Meeting in 2026 or 30 June 2026 if earlier. As at 13 March 2026, the Company has bought back 2,236,377 shares pursuant to this authority. Throughout 2025 the Company bought back a total of 1,996,657 shares at a cost of £10.7 million pursuant to both the 2025 AGM authority and the equivalent authority approved at the 2024 AGM. The nominal value of the share purchased was £19,966.57. For further information refer to Note 22.

Since October 2024, part of the Company's buy-back programme has been delegated to Panmure Liberum Limited on a discretionary basis based on parameters defined by the Board at certain windows. The Board also undertakes ad hoc buy-backs when appropriate.

Employees

The average number of persons, including Directors, employed by the Group and their remuneration is set out in Note 8 to the Financial Statements.

Statement on engagement with employees

The Board recognises the importance of engagement with employees and considers the current balance of engagement to be appropriate and reasonable given the size of the Group.

At a Group level, employees are provided with information on matters of concern to them through the Group's intranets, human resources (HR) policies, direct updates from the HR team, and formal and informal meetings with line managers and senior managers. Individual businesses manage their own internal communications delivered across a variety of channels as appropriate. These include regular town hall meetings and presentations where employees have the opportunity to ask questions. The Executive Directors contribute to business management team meetings as appropriate. Executive Directors regularly visit UK sites to engage directly with local management teams and employees in person, and work closely with Managing Directors. Employee communications are also made by Executive Directors through direct all-employee emails and update presentations.

The Group also implements a range of practices, policies and procedures to enable effective engagement with employees including mentoring, training and development programmes, appraisal processes and the Group's whistleblowing policy. Engagement with the Group's strategy, performance and values is encouraged through reward payments made under the Group's bonus and profit share schemes and other discretionary incentives and, for more senior grades, the award of share options.

Statement on engagement with customers, suppliers and others

Engagement with customers, suppliers and other stakeholders in the business is an important factor in ensuring the successful implementation of the Group's strategy.

Engagement with customers and suppliers usually takes place at an individual business and project level. Where appropriate, the relevant management teams engage with customers over long-term or strategic programmes of work to foster strong relationships and enable the Group to understand customers' initiatives and priorities.

The development and maintaining of relationships with customers is taken into account in key account management, the development and improvement of service offerings, the ongoing review and strengthening of the Group's Quality Assurance procedures, and the maintenance of ISO 9001 (Quality Management Systems), ISO 13485 (Quality Management Systems for Medical Devices) and ISO 17025 (Testing and Calibration Laboratories) certifications in relevant businesses. In relation to suppliers, the need for good business relationships is considered when reviewing key and critical supplier lists, inventory purchasing and supplier payment terms.

Disabled persons

The Company gives full and fair consideration to suitable applications for employment from disabled persons where a disabled person can adequately fulfil the requirements of the role. Where an employee of the Company becomes disabled during the course of their employment the Company would seek to arrange appropriate further training for the employee, and make reasonable adjustments to the employee's working environment, where it is possible for the employee to continue fulfilling the requirements of their role. Employees with a disability are eligible to participate in career development opportunities across the Company including training and promotion opportunities. All of the Group's UK trading companies registered with government's Disability Confident scheme for the first time during 2025.

Donations
Total charitable contributions made by the Group in 2025 were approximately £6,000 (2024: £3,500). No political donations were made during the period (2024: £nil). For more information see the Charitable donations section on page 17.

Energy usage and greenhouse gas emissions
The Company is required to disclose its UK energy usage and associated greenhouse gas emissions under the Streamlined Energy and Carbon Reporting Regulations. Details are set out in the Environmental section of the Non-Financial and Sustainability Information Statement on page 15.

Research and development
Science Group provides outsourced science-based services and therefore has an inherent and continuing commitment to high levels of research and development, primarily on behalf of its customers but also, when appropriate, on its own behalf.

Post balance sheet events
There were no post balance sheet events for the year ended 31 December 2025.

Auditor
Grant Thornton UK LLP were re-appointed as auditor at the AGM on 21 May 2025. Grant Thornton UK LLP are willing to continue in office and a resolution to reappoint them will be proposed at the forthcoming AGM.

Disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors
The Directors of the Company who served during the year were:

Director	Role at 31 December 2025	Date of (re-) appointment	Board Committee		
Martyn Ratcliffe	Executive Chair	18/05/2023		N	
Daniel Edwards	Group Managing Director	21/05/2025			
Jon Brett	Group Finance Director	21/05/2025			
Peter Bertram+	Non-Executive	18/06/2024	A	N	R
Susan Clement Davies+	Non-Executive	18/05/2023	A	N	R

A = Audit Committee; R = Remuneration Committee; N = Nomination Committee
\+ Independent Director

Directors' Biographies
Below are the biographies of the current Directors:

Martyn Ratcliffe
Executive Chair*
Martyn Ratcliffe was appointed Chairman on 15 April 2010 following his investment in Sagentia Group, now Science Group. He was Chairman of Microgen plc from 1998 to 2016 and Chairman of RM plc from 2011 to 2013. He was previously Senior Vice President of Dell Computer Corporation, responsible for EMEA. He has a degree in Physics from the University of Bath and an MBA from City University, London.

Daniel Edwards
Group Managing Director
Dan Edwards was appointed to the Board on 24 April 2019. Mr Edwards joined the Company in 2004 and has held a number of roles within the Group including four years in the US before being appointed Managing Director in 2012. He has an Engineering degree from the University of Cambridge and an MBA from Harvard Business School. He started his career at Rolls-Royce plc.

Jon Brett
Group Finance Director
Jon Brett was appointed to the Board as Acting Finance Director on 10 August 2021 and confirmed as Finance Director on 1 March 2022. Mr Brett joined Science Group as Financial Controller in March 2020 and was previously Group Financial Controller for Study Group Limited. He trained with Deloitte LLP and qualified as a Certified Accountant in 2004.

Peter Bertram
Senior Independent Director
Peter Bertram was appointed as a Non-Executive Director on 17 June 2020. He has previously held a variety of Non-Executive board positions including Alphameric plc, Anite plc, Manolete Partners plc, Microgen plc, Phoenix IT Group plc and Psion plc and was CEO of Azlan Group plc. Mr Bertram is a Chartered Accountant and has a degree in Accounting from the University of Kent.

Susan Clement Davies
Independent Director*
Susan Clement Davies was appointed a Non-Executive Director on 18 May 2022. Ms Clement Davies has over 25 years capital markets and investment banking experience, including 10 years at Citigroup/Salomon Smith Barney. She is currently Non-Executive Director of MiNA Therapeutics and Scancell Holdings plc, chair of Vulcan Two plc and Member of the CW+ NHS Hospital Innovation Advisory Board. Previous roles include non-executive director of Exploristics Ltd and Evgen Pharma plc. She has an Economics degree from the University College London and an MSc in Economics from London School of Economics.

Sarah Cole
Company Secretary
Sarah Cole joined the Company on 10 January 2011 and was appointed Company Secretary on 22 March 2013. Ms Cole has a degree in Jurisprudence from the University of Oxford and qualified as a Solicitor in 2003.

* To stand for re-election at the next AGM

Corporate Governance Report

The Company is registered in England and Wales and listed on the Alternative Investment Market of the London Stock Exchange (AIM).

Adoption of recognised corporate governance code

The Board has adopted the Financial Reporting Council's UK Corporate Governance Code January 2024. The Company's statement of compliance and associated disclosures are available on the Investor information pages of the Company's website.

Board of Directors

At 31 December 2025 the Board comprised an Executive Chair (part-time), Group Managing Director, Group Finance Director, and two independent Non-Executive Directors. All Directors bring a wide range of skills and international experience to the Board. The Non-Executive Directors hold meetings without the Executive Chair, Group Managing Director and Group Finance Director present if appropriate.

The Executive Chair is primarily responsible for the working of the Board of Science Group plc and the Group corporate strategy.

High-level strategic decisions are discussed and taken by the full Board. Investment decisions (above a de minimis level) are taken by the full Board. Operational decisions are taken by the Executive Board members, Managing Directors and other senior managers within the frameworks approved in the annual financial plan and Board-approved authorisation levels.

The Board typically holds ten regular meetings a year to consider a formal schedule of matters including the operating performance of the business and to review Science Group's financial plan and business model. Other meetings are held on an ad hoc basis as the need arises.

The Board met 24 times during 2025 (2024: 20). The Board regulations define a framework of high-level authorities that map the structure of delegation below Board level, as well as specifying issues which remain within the Board's preserve.

Non-Executive Directors are appointed for a three year term after which their appointment may be extended by mutual agreement after due consideration by the Nomination Committee of the Board. In accordance with the Company's Articles of Association, the longest serving Director (from their last appointment) must retire at each Annual General Meeting and each Director must retire in any three year period, so that over a three year period all Directors will have retired from the Board and been subject to shareholder re-election.

All Directors have access to the advice and services of the Company Secretary and other independent professional advisers as required. Non-Executive Directors have access to key members of staff and are entitled to attend management meetings in order to familiarise themselves with all aspects of Science Group.

It is the responsibility of the Executive Chair and the Company Secretary to ensure that Board members receive sufficient and timely information regarding corporate and business issues to enable them to discharge their duties.

Relations with shareholders

The Directors seek to establish and maintain a mutual understanding of objectives between Science Group and its major shareholders by meeting to discuss long-term issues and receive feedback, communicating regularly throughout the year and issuing trading or business updates as appropriate.

Engagement with shareholders is primarily via trading updates and other important information through announcements made via a regulatory news service and the Science Group website. During 2025 the Company issued four trading updates in addition to the Preliminary and Interim Results statements. Regular updates are also made to the Investor section of the Science Group website. The 2024 annual report was made available to all shareholders together with the notice of the 2025 Annual General Meeting. All shareholders were invited to attend the AGM and had the opportunity to ask questions of the Directors.

Remuneration strategy

Science Group operates in a competitive market. If Science Group is to compete successfully, it is essential that it attracts, develops and retains high quality staff. Remuneration policy has an important part to play in achieving this objective. Science Group aims to offer its staff a remuneration package which is both competitive in the relevant employment market and which reflects individual performance and contribution. For 2025, in addition to base salary, benefits included pension contributions, healthcare and life assurance benefits, Group bonus and profit share schemes, additional bonus schemes based on achievement of billed hours targets for certain businesses within the Group, a commission scheme for sales people and, where appropriate, share options.

Board Committees

The Board maintains three standing committees, being the Audit, Remuneration and Nomination Committees. The minutes of all sub-committees are circulated for review and consideration by all relevant Directors, supplemented when appropriate by oral reports from the Committee Chairs at Board meetings.

The Board does not conduct a formal performance evaluation of the Directors nor do the independent Non-Executive Directors formally appraise the Executive Chair. The Board conducts an annual internal evaluation of the Board and its committees, the results of which are reviewed and discussed by the Board. Due to the small size of the Board this annual evaluation, together with regular informal performance evaluations of Directors and the Executive Chair by the Board, is considered sufficient.

Audit Committee

The Audit Committee comprises Peter Bertram (Chair) and Susan Clement Davies. The Audit Committee met twice during 2025 (2024: 4). It considers the findings from the Company's auditors and tax advisors. Further details on the Audit Committee are provided in the Report of the Audit Committee on page 28.

Remuneration Committee

The Remuneration Committee comprises Susan Clement Davies (Chair) and Peter Bertram. The Remuneration Committee met 9 times during 2025 (2024: 13). It may take advice from time to time from external advisers but did not do so in 2025. Further details on the Remuneration Committee are provided in the Report of the Remuneration Committee on page 27.

Nomination Committee

The Nomination Committee comprises Martyn Ratcliffe (Chair), Peter Bertram and Susan Clement Davies. The Nomination Committee met once during 2025 (2024: 2). It may take advice from time to time from external advisers but did not do so in 2025. Further details on the Nomination Committee are provided in the Report of the Nomination Committee on page 29.

Meetings of the Board and sub-committees during 2025 were as follows:

	Board Meetings	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings held in 2025	**24**	**2**	**9**	**1**
Martyn Ratcliffe	24	2*	7*	1
Jon Brett	23	2*	7*	1*
Daniel Edwards	22	2*	7*	1*
Peter Bertram	23	2	9	1
Susan Clement Davies	23	2	9	1

* Attendance by invitation

Report of the Remuneration Committee

The Remuneration Committee comprises Susan Clement Davies (Chair) and Peter Bertram.

The Remuneration Committee monitors Science Group's remuneration policies to ensure that they are consistent with the Group's business objectives. Its terms of reference include recommending and implementing policy on Director and Executive management remuneration and reporting its decisions to the Board. The Remuneration Committee determines the individual remuneration package of the Executive Chair and Executive Directors, and also reviews remuneration packages for all senior employees of Science Group. This responsibility includes pension rights and any other compensation payments including bonus and profit share payments and share option awards. The Remuneration Committee's remuneration practices do not include engagement with employees regarding Executive remuneration.

The Remuneration Committee recognises that employee incentivisation is a key issue for Science Group, which depends on the skill of its people for its success. The Remuneration Committee seeks to incentivise employees by linking individual remuneration to individual performance and contribution, and to Science Group results. During the year, the Remuneration Committee approved grants of share options and confirmed Group profit related bonus and profit share schemes for the Company for 2025. The Remuneration Committee also approved a number of individual discretionary bonuses, a festive winter bonus of £200 per employee, and a one-off discretionary payment following the realisation of the Ricardo investment. All such payments are pro-rated for part time staff and, where appropriate, localised for employees outside of the UK.

The aim of the Board and the Remuneration Committee is to maintain a policy that:

- establishes a remuneration structure that will attract, retain and motivate Executives, senior managers and other staff of appropriate calibre;
- rewards Executives and senior managers according to both individual and Group performance;
- establishes an appropriate balance between fixed and variable elements of total remuneration, with the performance-related element forming a potentially significant proportion of the total remuneration package; and
- aligns the interests of Executives and senior managers with those of shareholders through the use of performance-related rewards and share options in Science Group.

From time to time the Remuneration Committee may obtain market data and information as appropriate when making its comparisons and decisions and is sensitive to the wider perspective, including pay and employment conditions elsewhere in Science Group, especially when undertaking salary/remuneration reviews. The Company is not required to seek shareholder approval for its remuneration policy and does not undertake formal shareholder consultation on remuneration matters. The remuneration policies operated as intended during the year.

Employee remuneration can include the following elements:

- basic salary: normally reviewed annually and set to reflect market conditions, personal performance and benchmarks in comparable companies. A limited interim review is normally undertaken each year to reflect the accelerated progression often experienced by more junior grades.
- annual Group performance-related bonus or profit share: Executives, managers and eligible employees receive annual bonus or profit share payments related to company performance. The bonus scheme includes a clawback mechanism in certain circumstances. The Executive Chair does not participate in the Group annual performance-related bonus scheme but the Remuneration Committee may at its sole discretion award a bonus if appropriate.
- billed hours bonus: employees in certain businesses participate in additional bonus schemes based on achievement of billed hours targets.
- commission: some employees in sales roles participate in commission schemes based on revenue received from relevant sales. These employees are not eligible for the Group bonus or profit share schemes.
- benefits: benefits include medical insurance, income protection, life assurance and pension contributions. The Executive Chair does not receive these benefits.
- share options: share option grants are normally reviewed annually and granted on a discretionary basis by the Remuneration Committee. The Executive Chair has excluded himself from all such awards since 2010.

Full details of each Director's remuneration package and their interests in shares and share options can be found in Note 9 to the Financial Statements. There are no elements of remuneration, other than basic earnings, which are treated as being pensionable.

Report of the Remuneration Committee continued

Share option plans

The Company's current unapproved Performance Share Plan (PSP) was adopted by the Company and approved by shareholders in 2022 on broadly equivalent terms to its previous PSP. All options granted under a PSP scheme are issued at the nominal value. The Remuneration Committee approves any options granted and sets the performance conditions required for vesting.

Directors are entitled to participate in Science Group's share option schemes. It is the policy of Science Group to grant share options to Executive Directors and key employees as a means of encouraging ownership and providing incentives for performance. Independent Non-Executive Directors do not participate in Science Group's share option schemes. The only share options granted to the Executive Chair were awarded in 2010 following shareholder approval. He has excluded himself from annual awards since that time.

Director contracts and remuneration

The Executive Directors have employment contracts that contain notice periods of six months. Non-Executive Directors' service contracts may be terminated on three months' notice. There are no additional financial provisions for termination.

The Executive Chair and Non-Executive Directors receive a fixed salary. The Executive Chair does not participate in the Group bonus scheme but, if appropriate, the Remuneration Committee may award a discretionary bonus. Remuneration of the Executive Directors (excluding the Executive Chair) follows a simple structure of base salary, bonus and long term incentives using share options, including under the Enhanced Executive Incentive (EEI) addendum to the PSP plan that was approved by shareholders at the 2022 AGM. To date, performance conditions relating to share options issued under the EEI addendum to the PSP plan have been based on share price targets. The Executive Chair is not formally excluded from the share option plan but has declined awards of share options since 2010.

The market price of the Company's shares at 31 December 2025 was 547.5 pence (2024: 453.0 pence). The highest and lowest price during the year was 605.0 pence and 406.0 pence respectively.

Malus and clawback

The Group bonus scheme and PSP scheme each include provisions that would enable the Company to withhold, reduce or claw back bonus payments or share option awards to the Executive Directors.

In respect of the bonus scheme, the Company may, at the discretion of the Remuneration Committee, claw back up to 25% of a contractual bonus payment for up to 18 months after the end of the relevant bonus year. Key trigger events for the Remuneration Committee's use of this discretion may include:

- a substantial contribution to a significant financial detriment to the Group;
- a significant act or omission by an individual;
- a significant breach of the Group's policies and procedures;
- material non-compliance with prudent accounting practices;
- circumstances in which the Company has justification for summary dismissal;
- where an individual is reasonably considered to have made a fraudulent representation; and
- conviction of a criminal offence.

In respect of the PSP scheme the Board may, at its discretion and within two years of the vesting of any share option award, reduce the relevant number of shares, cancel or impose further conditions on an award or, where an award has been exercised, claw back some or all of the award by requiring the transfer back of shares or payment of the cash equivalent.

The key trigger events for the Board's use of this discretion may include:

- material misstatement of the Company's audited results;
- an error in the information or assumptions on which an award was granted or in assessing a performance condition that affects vesting of an award;
- material failure of risk management by the Company or any part of the Group;
- reputational damage to the Company or any part of the Group; and
- an individual's misconduct or breach of employment contract.

Report of the Audit Committee

The Audit Committee comprises Peter Bertram (Chair) and Susan Clement Davies. Other Directors and relevant senior managers attend by invitation.

The Audit Committee provides a mechanism through which the Board can maintain the integrity of the financial statements of Science Group (including financial reporting policies) and any formal announcements relating to Science Group's financial performance, review Science Group's internal financial controls and Science Group's internal control and risk management systems, and make recommendations to the Board in relation to the appointment of the external auditor, their remuneration both for audit and non-audit work, the nature, scope and results of the audit and the cost effectiveness and the independence and objectivity of the auditors. The Group does not maintain a separate internal audit function but the Group finance team undertakes regular reviews of key controls and processes. A recommendation regarding the auditors is put to shareholders for their approval in general meetings.

Provision is made by the Audit Committee to meet the auditors at least twice a year including at least one meeting without any Executive Directors present.

Financial reporting and significant financial matters

In carrying out its duties, the Audit Committee is required to assess whether suitable accounting policies have been adopted and to challenge the robustness of significant management judgements reflected in the financial results. This is performed through discussions at Audit Committee meetings where the Group Finance Director explains any changes to accounting policies and describes any significant management judgements made. In addition, the Audit Committee reviews the year end Report to the Audit Committee from the external auditors which details its work performed and findings from the annual audit.

During the year, the Audit Committee considered the following key financial matters in relation to the Group's financial statements and disclosures, with input from the external auditor:

Going concern – The going concern assertion has a significant impact on the basis of preparation of the financial statements. The Audit Committee reviewed the business plan presented by management for the financial year ending 31 December 2025 and considered the key assumptions made by management. The Audit Committee challenged management on the assumptions in the plan and consequently considered them appropriate. The Audit Committee received the business plan cash flow which covered the period to the end of June 2027 and considered the associated assumptions, which were concluded to be appropriate. The business plan also considered compliance with the banking covenants.

The Group Finance Director performed a sensitivity analysis to assess the amount of headroom available in the event of a downside event occurring. The analysis considered the likelihood of a scenario where covenants would be breached. The conclusion was that the Group would continue to have sufficient cash resources in order to meet its liabilities as they fall due.

Carrying value of goodwill and acquisition related intangible assets – The value of the goodwill and acquisition related intangible assets is supported by a value in use model prepared by management. This is based on cash flows extracted from the Group's financial plan which has been approved by the Board. The Group Finance Director communicated the key assumptions within the value in use model and the Audit Committee concurred with management's conclusion that the carrying value of these assets was fully supported.

Risk of fraud within revenue recognition – Revenue is the most material balance in the Consolidated Income Statement and accordingly there is a rebuttable presumption that there is a fraud risk surrounding revenue. There is presumed to be an incentive to manipulate revenue in a manner that inflates the Group profit, particularly around the year-end period. The risk is higher for those businesses which undertake fixed price work, in particular the CMS2 business and the Sagentia Defence practice.

Project managers carefully monitor the revenue recognised against projects and are accountable for the progress of projects. The Group Finance Director reviews the revenue recognised and accrued income balances on a monthly basis and investigates any unusual amounts recognised against projects. Collectively these processes would identify any unwarranted revenue recognised. No instances of fraudulent revenue recognition have been noted from these monitoring procedures in the current year. In the event of any significant issues arising the Group Finance Director would raise with the Chair of the Audit Committee and the Board. Whilst the Audit Committee is satisfied with management's response to the risk this incentive represents, the Committee provides regular challenge to the Executive Directors. The Audit Committee fully reviews the Auditor's Report (particularly in relation to revenue matters) and seeks to ensure that any recommendations are quickly implemented and that subsequent compliance is monitored.

Recoverability of investments in subsidiaries of Science Group plc – The value of investments in subsidiaries is supported by a value in use model prepared by management. This was based on cash flows extracted from the Group's financial plan which has been approved by the Board. The Group Finance Director communicated the key assumptions within the value in use model and the Audit Committee concurred with management's conclusion that the carrying value of these assets was fully supported.

Internal controls

In applying the principle that the Board should maintain a sound system of internal control to safeguard shareholders' investments and Science Group's assets, the Directors recognise that they have overall responsibility for ensuring that Science Group maintains systems to provide them with reasonable assurance regarding effective and efficient operations, internal control and compliance with laws and regulations and for reviewing the effectiveness of that system. However, there are inherent limitations in any system of control and accordingly even the most effective system can provide only reasonable and not absolute assurance against material misstatement or loss. The system is designed to manage rather than eliminate the risk of failure to achieve the business objectives.

Science Group has established procedures necessary to implement the guidance on internal control issued by the FRC Guidance on Audit Committees 2014. This includes identification, categorisation and prioritisation of critical risks within the business and allocation of responsibility to its Executives and senior managers.

The Group has considered revisions to the UK Corporate Governance Code which were released in January 2024 and in particular the broadened Provision 29 which will apply from the financial year ending December 2026. Review of the Group's material controls is in progress in line with the requirements of Provision 29.

The key features of the internal control system are described below:

Control environment – Science Group is committed to high standards of business conduct and seeks to maintain these standards across all of its operations. There is a whistleblowing policy in place for the reporting and resolution of suspected fraudulent activities. There is a continual review of payment processes, authorisation levels for expenditure, and awareness raising of the risks of fraudulent activities. Science Group has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve its objectives.

Risk identification – Corporate and operational managers are responsible for the identification and evaluation of key risks applicable to their areas of business. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources, including infringement of IP, sales channels, investment risk, staff retention, disruption in information systems, natural catastrophe and regulatory requirements.

Information systems – Group businesses participate in operational/strategy reviews and annual plans. The Board actively monitors performance against the financial plan. Forecasts and operational results are consolidated and presented to the Board on a regular basis. Through these mechanisms, performance is continually monitored, risks identified in a timely manner, their financial implications assessed, control procedures re-evaluated and corrective actions agreed and implemented.

Main control procedures – Science Group has implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the exposure to loss of assets and fraud. Measures taken include segregation of duties, as far as reasonably practicable.

Monitoring and corrective action – There are procedures in place for monitoring the system of internal financial controls.

This process, which operates in accordance with the FRC Guidance, was maintained throughout the financial year, and has remained in place up to the date of the approval of these financial statements. The Board, via the Audit Committee, has reviewed the systems and processes in place in meetings with the Group Finance Director during 2025. No internal audit function is operated outside of the systems and processes in place as the Board considers that Science Group is currently too small for a separate function, although this remains under regular review. The Board considers the internal control system to be appropriate for the Group.

Auditors

Grant Thornton UK LLP were re-appointed at the AGM on 21 May 2025. The Audit Committee considers the independence of the auditors as part of considering their annual re-appointment.

Report of the Nomination Committee

The Nomination Committee comprises Martyn Ratcliffe (Chair), Peter Bertram and Susan Clement Davies.

The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and re-appointments and also to advise generally on issues relating to Board composition and balance. The Committee seeks input from all Directors regarding nominations for Board positions. All Board appointments have to be ratified at a General Meeting of the Company.

Report of the Nomination Committee continued

The Nomination Committee does not believe that it is appropriate to set any specific targets with regards to diversity, including gender. The Committee believes that the search for Board candidates should be conducted, and appointments made, on merit, against objective criteria but with due regard for the benefits of diversity on the Board. Given the small size of the Board and infrequency of Board appointments, the Company does not have a fixed process for seeking new candidates. However, where appropriate, this may include appointing an external search agency to assist with recruitment.

For information on the Board's performance evaluation process, see the Board Committees section on page 26.

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the UK and applicable law and have elected to prepare the parent Company financial statements under FRS 101.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK-adopted international accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and therefore for taking reasonable steps to prevent and detect fraud and other irregularities.

The Directors consider that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy. The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

To the best of the Directors' knowledge:

- the Group financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approval

The Report of the Directors was approved by the Board on 16 March 2026 and signed on its behalf:

By order of the Board

Sarah Cole
Company Secretary
Harston Mill
Harston
Cambridge
CB22 7GG

Independent auditor's report to the members of Science Group plc

Opinion

Our opinion on the Group financial statements is unmodified

We have audited the financial statements of Science Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st December 2025, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Shareholders' Equity, the Company Statement of Changes in Shareholders' Equity, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2025 and of the group's profit and the parent company's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining and assessing management's paper and assessment of going concern, including forecasts approved by the board covering the period to 30 June 2027;
- performing arithmetical accuracy procedures on each of management's forecast scenarios, including forecast liquidity and covenant calculations;
- assessing management's ability to forecast accuracy by comparing prior period forecasts to actuals;
- assessing the reasonableness of the key assumptions applied in management's forecasts by comparing to external market data and historic performance;
- assessing forecast compliance with financial covenants within the group's facilities for the period to 30 June 2027, and assessing the headroom available to the group in the forecast period;
- assessing the downside scenario performed by management and determining if it is plausible;
- considering post balance sheet events, and their impact on management's forecast scenarios; and
- assessing the appropriateness of disclosures in respect of going concern made in the financial statements.

Independent auditor's report to the members of Science Group plc continued

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as inflationary pressures and wider changes in the geo-political environment, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the group's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

Overview of our audit approach

Overall materiality:

Group materiality: £830,000 which represents approximately 5% of the group's profit before tax at the planning stage of the audit, excluding the gain on financial investment.

Parent company: £2,372,000, which represents approximately 2% of the parent company's net assets at the planning stage of the audit.

Key audit matters were identified as:

- Valuation of existing goodwill in TPS and investment in Frontier Smart Technologies (same as previous year); and
- Occurrence and accuracy of revenue from open fixed price over-time contracts in Critical Maritime Systems & Support Limited ('CMS2').

Our auditor's report for the year ended 31 December 2024 included the occurrence of fixed price over-time contracts in TPG Services Limited as a key audit matter. Upon reviewing the contract information for the current year, we noted a reduction in the population of open, fixed-price contracts. As a result, the level of judgment required for revenue recognition related to these contracts has also decreased and so this matter is no longer deemed a key audit matter for the current year.

We performed an audit of the entire financial information of 3 components using component performance materiality (full scope audit procedures) and specific-scope audit procedures on the financial information of a further 8 components.

We performed analytical procedures using group materiality (analytical procedures) on the financial information of all the remaining Group components which are based in a number of countries across US, France, Germany, Spain, Canada, Hong Kong and the UK.

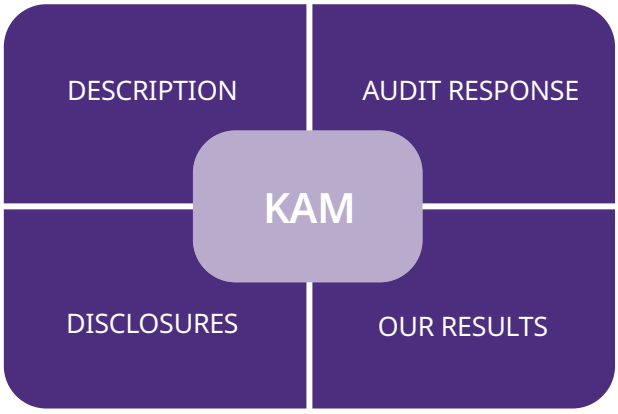
Our work performed over components covered 86% of the Group's revenue and 64% of profit before tax.

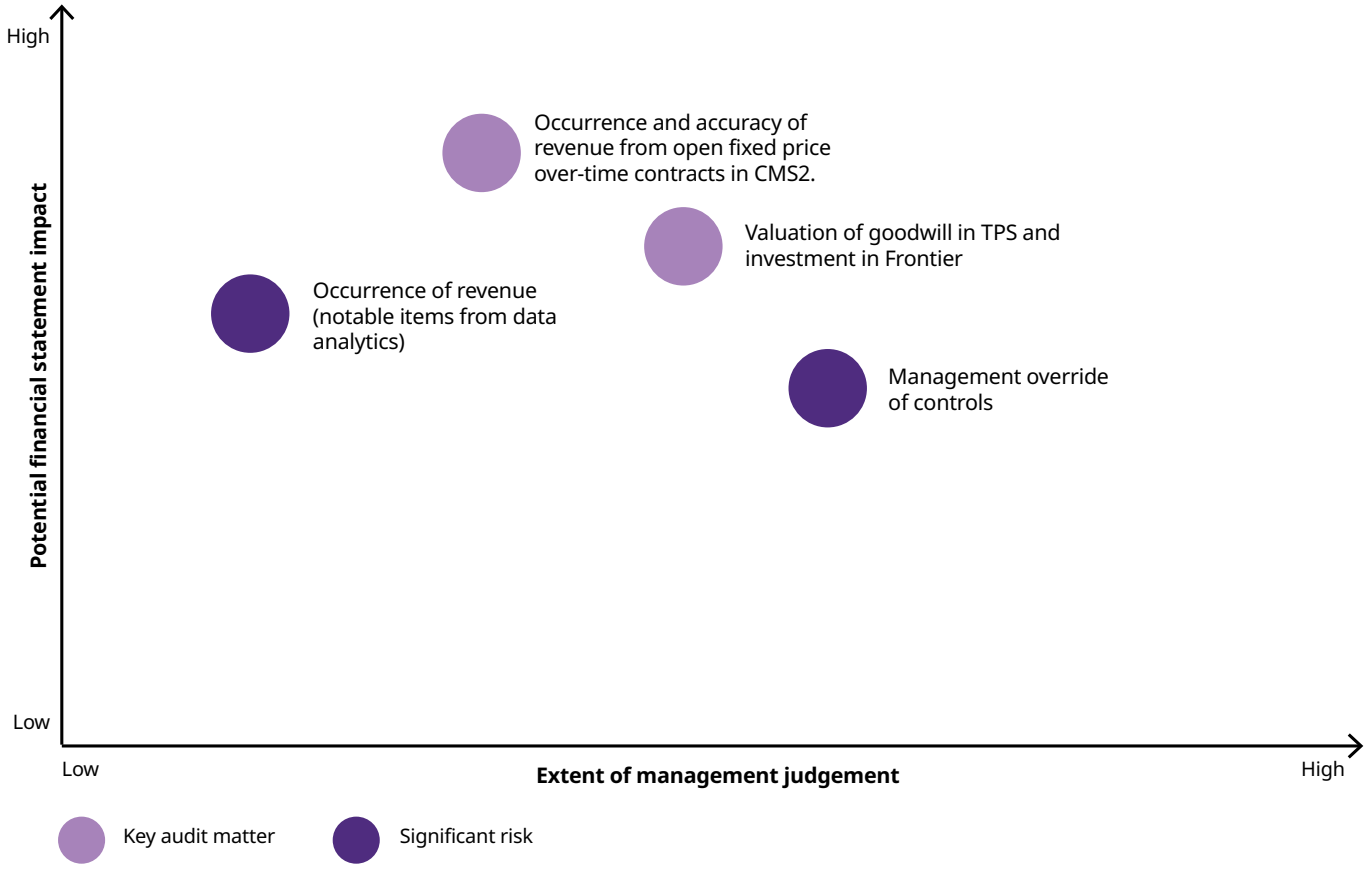
The nature of work performed on components has changed compared to the prior year due to changes in the composition of the group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.





Independent auditor's report to the members of Science Group plc continued

Key Audit Matter – Group	How our scope addressed the matter – Group
Valuation of existing goodwill in TPS and investment in Frontier Smart Technologies: We identified the carrying value of goodwill, and the associated investment value in the parent company, as one of the most significant assessed risks of material misstatement due to fraud and error. The Group has £2,646k of goodwill relating to the TPG Services CGU and £13,739k relating to the investment in Frontier as at 31 December 2025. No impairments have been recognised in either of these balances to date. We have pinpointed the significant risk in relation to the carrying value of goodwill (group) to the TPG Services CGU ('Cash Generating Unit') and carrying value of investments (parent company) to the Frontier Smart Technologies CGU. There is an incentive and opportunity to overstate the value of these CGUs due to their recent performance and their significance to the group. This is due to there being significant judgement and uncertainty in management's forecasted growth beyond 2025, and the headroom over the carrying value of the CGUs being more sensitive to changes in management's assumptions regarding the future performance of the CGUs. Under International Accounting Standard (IAS) 36 'Impairment of Assets', management is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to perform an annual assessment whether the group's goodwill within a CGU is impaired. The process for assessing whether impairment of assets exists under IAS 36 is complex, and therefore required significant auditor attention. Management prepares models to calculate the value in use through forecasting cash flows relating to each CGU, applying an appropriate discount rate and, other assumptions. These are all highly judgemental and can therefore be subject to error. The selection of certain inputs into the cash flow forecasts can also significantly impact the results of the impairment assessment.	In responding to the key audit matter, we performed the following audit procedures: • Evaluated the design and implementation of relevant controls around the process of preparing an impairment assessment by performing a walkthrough; • Tested the accuracy of management's forecasting through a comparison of prior forecasts to actual data; • Obtained management's assessment over carrying value and value in use and assessed management's identification of CGUs against the requirements of IAS 36; • Assessed the mathematical accuracy of the impairment model and the methodology applied by management for consistency with the requirements of IAS 36; • Checked the consistency between the figures in the impairment model to the consolidated budget evaluated as part of our work performed on the going concern basis of preparation; • Challenged management on their methods and assumptions including, but not limited to, short- and long-term growth rates, future profitability, discount rates, and capital expenditure and working capital assumptions, ensuring these are reasonable and supported by data. • Engaged our internal valuations team (auditor experts) to challenge the methodology and key assumptions used before forming an opinion on the weighted average cost of capital (WACC) rates and long-term growth rates used in management's model; • Assessed the actual performance of the CGUs between the impairment assessment date and signing of the financial statements to understand the consistency or otherwise between post-assessment trading and management's forecasts thereof; • Assessed the sensitivities applied by management, and performed auditor sensitivities to understand the impact of any reasonably possible change in assumptions and evaluated the headroom available to assess whether goodwill or investment balances could be impaired; and • Assessed the adequacy of the disclosures in the financial statements against the requirements of the relevant reporting framework for accuracy and completeness.
Relevant disclosures in the Annual Report • Financial statements: Note 2.7, Accounting policy – Goodwill; and Note 14, Intangible assets	**Our results** Our audit procedures did not identify any material misstatements related to the valuation of existing goodwill (group) and investments (parent company).

Key Audit Matter – Group	How our scope addressed the matter – Group
Occurrence and accuracy of revenue from open fixed price over-time contracts in CMS2 We identified the occurrence and accuracy of revenue arising from open fixed price over-time contracts in CMS2 as one of the most significant assessed risks of material misstatement due to fraud and error. Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. Revenue in CMS2 from over-time contracts totalled £11.5m in the period. We pinpointed the significant risk to contracts which exhibited certain qualitative and quantitative risk criteria. Management continues to apply the provisions of IFRS 15 'Revenue from Contracts with Customers'. Revenue is recognised based on stage of completion measured in reference to costs incurred as a proportion of total costs ('input method'). Stage of completion is therefore based on actual costs incurred to date over estimated costs to complete. The estimation of costs to complete is inherently complex and significant management judgment is required.	In responding to the key audit matter, we performed the following audit procedures: • Evaluated the design and implementation of relevant controls around the process of revenue recognition by performing a walkthrough; • For contracts identified as higher risk, we obtained management's accounting papers and reviewed the revenue recognition against the identified contract terms; • Performed substantive testing on higher risk those contracts, assessing the appropriateness of revenue recognised in the year; • Recalculated the accrued and/or deferred income on the high risk contracts selected to determine whether these are accurate and appropriately made. • Made inquiries of project managers to obtain an understanding of the performance of the contract throughout the period and at period end; • Tested the accuracy of management's forecasting, and the completeness of forecast costs, by: – Obtaining evidence of milestones being met and checking whether costs to achieve milestone are in line with forecasts; – Inquiring with project managers - to assess current status of open projects and to identify whether there have been any significant changes in budget, and whether they expect remaining costs to be in-line with forecasts post year-end. – Assessing post year-end costs incurred and updated forecasts; and – Assessing the group's historical forecasting accuracy by comparing prior estimated costs to complete to actual costs incurred and actual margin achieved when the contracts were completed during the current period; • Assessed the treatment of liquidated damages, or similar contract terms, for the sample of contracts reviewed to determine whether any required constraint of variable consideration had been applied; • In addressing the significant risk on manipulation of project costs, performed a journals procedure to test the re-allocation of costs between project codes; • Tested a sample of costs incurred to corroborative support such as purchase orders, subcontractor agreements, goods-received notes and purchase invoices, as appropriate, to determine if these were valid project costs, allocated to the correct project, and that the value of revenue recognised was therefore appropriate in relation to the stage of completion; and • Assessed the accounting policy and adequacy of the disclosures against the requirements of IFRS 15, and the disclosure made in respect of key judgments and estimates involved in long term contract accounting.
Relevant disclosures in the Annual Report • Financial statements: Note 2.18, Accounting Policy – Revenue Recognition, Note 4 – Segment Information, Note 5 – Revenue	**Our results** Our audit procedures did not identify any material misstatements related to the occurrence and accuracy of revenue from fixed price over-time contracts in CMS2.

Independent auditor's report to the members of Science Group plc continued

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

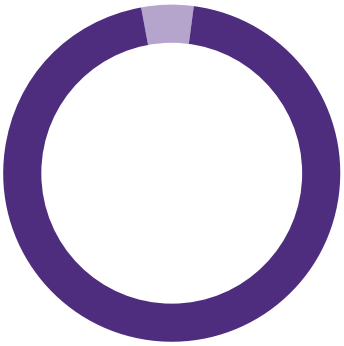
Materiality was determined as follows:

Materiality measure	Group	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£830,000 (2024: £744,000), which represents approximately 5% of profit before tax at the planning stage of the audit, excluding the gain on financial investment (2024: 5.0% profit before tax).	£2,372,000 (2024: £1,609,200), which represents approximately 2% (2024: 1.9%) of the parent company's net assets at the planning stage of the audit.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: • We have selected profit before taxation as the most appropriate benchmark because this is a key performance indicator used by the Directors to report to investors on the financial performance of the group. • We have adjusted the profit before tax for the gain on disposal of a financial investment of £24.1m, as this was a one-off transaction in the year. • We have considered 5% to be an appropriate percentage, given the business operates in a stable environment and has not been impacted by significant changes in operations during the year. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2024 to reflect the higher adjusted profit before tax in the year.	In determining materiality, we made the following significant judgements: • We have selected net assets as the most appropriate benchmark as it reflects the parent company's status as a non-trading holding company. • We have considered 2% to be an appropriate percentage given a large portion of the asset total is made up of investments in subsidiary undertakings. These subsidiaries operate in stable environments, which supports the overall stability and resilience of the Group's financial position. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2024 to reflect the increase in net assets.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£581,000 (2024: £558,000), which is 70% (2024: 75%) of financial statement materiality. The range of component performance materialities used across the group was £319,000 to £406,000.	£1,567,500 (2024: £1,206,750), which is 75% (2024: 75%) of financial statement materiality. Parent company component performance materiality has been capped at an amount less than group performance materiality for group audit purposes
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgements: • Whether there were any significant adjustments made to the group financial statements in prior years; and • Whether there were any significant control deficiencies identified in prior years. We have elected to use a threshold of 70% rather than 75% (as applied in the prior year) due to two key components migrating data during the year to align with the accounting system used by the wider Group. This migration introduces an increased risk of error. We made judgements in respect of the extent of disaggregation of financial information across components, including the relative risk and size of a component to the group For each component in scope for our group audit, we allocated a performance materiality that is less than our overall group performance materiality.	In determining performance materiality, we made the following significant judgements: • Whether there were any significant adjustments made to the group financial statements in prior years; and • Whether there were any significant control deficiencies identified in prior years.

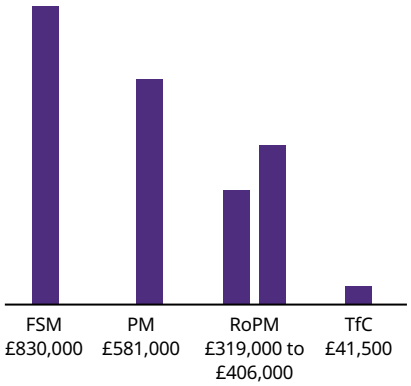
Materiality measure	Group	Parent Company
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Related party transactions outside of the normal course of the business; • Auditor's remuneration; and • Directors' remuneration	We determined a lower level of specific materiality for the following areas: • Related party transactions outside of the normal course of the business; • Auditor's remuneration; and • Directors' remuneration
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£41,500 (2024: £37,200), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£118,600 (2024: £80,500), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality and the range of component performance materiality interacts with our overall materiality and the threshold for communication to the audit committee.

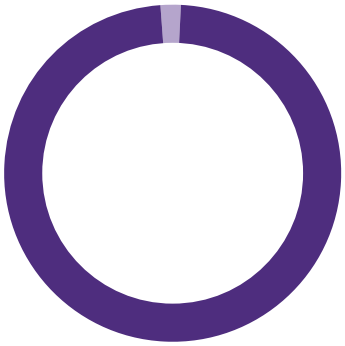
Materiality – Group



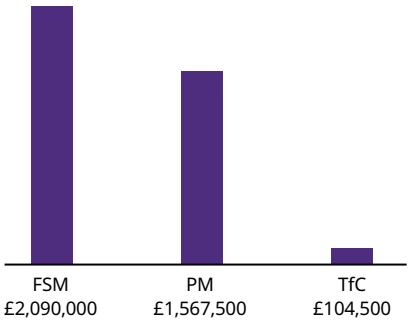
Adjusted profit before tax, £17,444,000
FSM £830,000



Materiality – Parent company



Net Assets, £114,357,000
FSM £2,090,000



FSM: Financial statement materiality, PM: Performance materiality, RoPM: Range of performance materiality at components, TfC: Threshold for communication to the audit committee

Independent auditor's report to the members of Science Group plc continued

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the parent company's business and in particular matters related to:

Understanding the group, its components, their environments and it's system of internal control including common controls

- All financial reporting is based in the UK. Each division maintains its own accounting function, which reports both to the divisional management and the group finance team. We have obtained an understanding of the Group and its environment, including common controls, and assessed the risks of material misstatement at the Group level.
- We documented our understanding of the Group's processes and controls over all areas of significant risk and significant classes of transactions and performed walkthroughs on these controls to confirm they are designed and implemented effectively.
- In assessing the risk of material misstatement of the group financial statements, we considered the transactions undertaken by each component and therefore where the focus of our work was required.

Identifying components at which to perform audit procedures

We identified components at which to perform further audit procedures by considering:

- components which included an individual risk of material misstatement to the group financial statements; this included considering the nature of the individual components and circumstances during the period. Individual risks of material misstatement included, but were not limited to, revenue recognition where revenue is recognised over time, occurrence and accuracy of revenue, valuation of goodwill and management override of controls;
- components which contained a nature and/or size of classes of transactions, account balances or disclosures which were deemed material to the group opinion.

In addition, components were identified for further audit procedures to obtain sufficient appropriate audit evidence for significant classes of transactions, account balances and disclosures, or for unpredictability.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

The audit of the entire financial information of each of the following components was completed using component performance materiality: Sagentia Limited, Frontier Smart Technology Limited, CMS2.

For the following components, we performed audits of one or more classes of transactions including specified, risk focused audit procedures (specific scope procedures) relating to the risks of material misstatement of the Group financial statements, using component performance materiality: Science Group plc, Quadro Epsom Limited, Quadro Harston Limited, Leatherhead Research Limited, Technology Sciences Group Consulting Limited, TSG Inc, Frontier Smart (HK) and TPG Services Limited.

We performed analytical procedures using group materiality (analytical procedures) on the financial information of all the remaining Group components which are based in a number of countries across US, France, Germany, Spain, Canada, Hong Kong and the UK. Analytical procedures were performed on the financial information of all other components using group materiality.

Performance of our audit

- During our audit, all audit procedures over full-scope audits, specified audit procedures and analytical procedures, were performed by the group engagement team, and the use of staff from Grant Thornton International Limited member firms to observe physical stock counts at overseas locations. Onsite visits were made to United Kingdom based sites by the group engagement team throughout the audit process.
- The group has a set of centralised controls, performed by the group finance team based in the UK. We have assessed the design and implementation of group wide controls, acquiring corroborating evidence of the process. Additionally, we have obtained a sufficient understanding of relevant controls over their consolidation process, and IT environment for in-scope components. All components subject to audit procedures report in the UK.

Further audit procedures performed on components subject to specific scope and specified procedures may not have included testing of all significant account balances of such components, but further audit procedures were performed on specific accounts within that component that we, the group auditor, considered had the potential for the greatest impact on the group financial statements either due to risk, size or coverage.

The components within the scope of further audit procedures accounted for the following percentages of the group's results, including the key audit matters identified:

Audit approach	No. of components	% coverage revenue	% coverage PBT
Full-scope audit	3	60	49
Specific scope procedures	8	26	15
Full scope procedures and specific scope procedures coverage	11 (2024:11)	86 (2024: 83)	64 (2024: 70)
Analytical procedures	9 (2024: 9)	14 (2024: 17)	36 (2024: 30)
Total	20 (2024: 20)	100	100

Changes in approach from previous period

Our approach to the audit has changed from the previous year. The level of audit procedures for TPG Services has changed from full-scope audit procedures to specified audit procedures. Frontier Smart Hong Kong was added into scope to introduce unpredictability into our audit procedures. For Osprey Consulting Services Limited, the scoping has been reduced from specified audit procedures to analytical procedures at the Group level. These changes reflect the change in contribution to the Group's results across these entities.

To introduce additional unpredictability into our Group scoping and risk assessment, the Group auditor performed additional procedures on journals within Frontier Hong Kong as part of the specified scope procedures.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the parent company financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the parent company financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified;
- the directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate;
- the director's statement on whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities;
- the directors' statement on fair, balanced and understandable;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks;
- the section of the annual report that describes the review of the effectiveness of risk management and internal control systems; and
- the section describing the work of the audit committee.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 30, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Science Group plc continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the parent company and the group and industry in which they operate. We determined that the following laws and regulations were most significant: UK-adopted international accounting standards, the Companies Act 2006, the UK Corporate Governance Code 2018 and the relevant tax compliance regulations in the jurisdictions in which the group operates;
- We inquired of management, the finance team, legal counsel and the board of directors about the group's and parent company's policies and procedures relating to:
  - The identification, evaluation and compliance with laws and regulations;
  - The detection and response to risks of fraud; and
  - The establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We obtained an understanding of the group's policies and procedures implemented to prevent and detect non-compliance with laws and regulations by inquiry of management, those responsible for legal and compliance procedures including the company secretary. We corroborated our inquiries through our reading of board meeting minutes;
- We assessed the susceptibility of the parent company's and group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the group engagement team included;
  - identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud and the adequacy of procedures for authorisation of transactions and internal review procedures;
  - challenging assumptions and judgements made by management in its significant accounting estimates, including utilisation of valuation specialists to review management's impairment calculation; and
  - identifying and testing journal entries, in particular large or unusual journals
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- It is the engagement partner's assessment that the audit team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations based on understanding of, and practical experience with, audit engagements of a similar nature and complexity and through appropriate training and participation;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. No matters relating to non-compliance with laws and regulations were determined as key audit matters;

A further description of our responsibilities for the audit of the parent company financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Osborne
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
16 March 2026

FINANCIAL STATEMENTS
AND NOTES TO THE FINANCIAL STATEMENTS

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Consolidated Income Statement

For the year ended 31 December 2025

	Note	Group 2025 £000	2024 £000
Revenue	5	**111,663**	110,669
Direct operating expenses	6	**(65,627)**	(65,491)
Sales and marketing expenses		**(7,952)**	(8,918)
Administrative expenses		**(21,203)**	(21,379)
Net proceeds from disposal of corporate investment	1(a)	**24,051**	–
Adjusted operating profit	4	**23,065**	21,541
Amortisation of acquisition related intangible assets	14	**(4,084)**	(4,388)
Net proceeds from disposal of corporate investment	1(a)	**24,051**	-
Share-based payment charge	8, 22	**(2,100)**	(2,272)
Operating profit		**40,932**	14,881
Finance income	7	**2,034**	828
Finance costs	7	**(1,471)**	(970)
Profit before tax		**41,495**	14,739
Tax charge (net of R&D tax credit of £731,000 (2024: £706,000))	10	**(8,223)**	(2,719)
Profit for the year		**33,272**	12,020
Earnings per share			
Earnings per share (basic)	12	**75.1p**	26.5p
Earnings per share (diluted)	12	**73.6p**	26.0p

The accompanying Notes on pages 50 to 94 form an integral part of this Consolidated Income Statement.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

		Group	
	Note	**2025 £000**	2024 £000
Profit for the year attributable to:			
Equity holders of the parent		**33,272**	12,020
Profit for the year		**33,272**	12,020
Other comprehensive income/(expenses) items that will or may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(606)**	10
Fair value loss on hedging instruments	24	**(400)**	(416)
Hedging instruments reclassed to profit or loss	24	**(789)**	–
Deferred tax credit on hedging instruments	11,24	**322**	104
Other comprehensive expense for the year		**(1,473)**	(302)
Total comprehensive income for the year attributable to:			
Equity holders of the parent		**31,799**	11,718
Total comprehensive income for the year		**31,799**	11,718

The accompanying Notes on pages 50 to 94 form an integral part of this Consolidated Statement of Comprehensive Income.

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2025

Group	Share capital £000	Share premium £000	Treasury shares £000	Merger reserve £000	Translation reserve £000	Cashflow hedge reserve £000	Retained earnings £000	Total equity £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 13)	–	–	–	–	–	–	(3,657)	(3,657)
Share-based payment charge (Note 22)	–	–	–	–	–	–	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/(expenses) items that will or may be reclassed to profit or loss:								
Exchange differences on translating foreign operations	–	–	–	–	10	–	–	10
Fair value loss on hedging instruments (Note 24)	–	–	–	–	–	(416)	–	(416)
Deferred tax credit on hedging instruments (Note 24)	–	–	–	–	–	104	–	104
Total comprehensive income/(expenses) 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
Balance at 1 January 2025	**462**	**26,834**	**(6,424)**	**10,343**	**766**	**553**	**51,461**	**84,005**
Contributions and distributions:								
Purchase of own shares	**–**	**–**	**(10,737)**	**–**	**–**	**–**	**–**	**(10,737)**
Issue of shares out of treasury	**–**	**–**	**1,610**	**–**	**–**	**–**	**(1,606)**	**4**
Dividends paid (Note 13)	**–**	**–**	**–**	**–**	**–**	**–**	**(3,564)**	**(3,564)**
Share-based payment charge (Note 22)	**–**	**–**	**–**	**–**	**–**	**–**	**2,100**	**2,100**
Deferred tax credit on share-based payment transactions	**–**	**–**	**–**	**–**	**–**	**–**	**(291)**	**(291)**
Transactions with owners	**–**	**–**	**(9,127)**	**–**	**–**	**–**	**(3,361)**	**(12,488)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**33,272**	**33,272**
Other comprehensive income/(expenses) items that will or may be reclassed to profit or loss:								
Exchange differences on translating foreign operations	**–**	**–**	**–**	**–**	**(606)**	**–**	**–**	**(606)**
Fair value loss on hedging instruments	**–**	**–**	**–**	**–**	**–**	**(400)**	**–**	**(400)**
Hedging instruments recycled to profit or loss	**–**	**–**	**–**	**–**	**–**	**(789)**	**–**	**(789)**
Deferred tax credit on hedging instruments (Notes 11 & 24)	**–**	**–**	**–**	**–**	**–**	**322**	**–**	**322**
Total comprehensive income/(expenses) for the year	**–**	**–**	**–**	**–**	**(606)**	**(867)**	**33,272**	**31,799**
Balance at 31 December 2025	**462**	**26,834**	**(15,551)**	**10,343**	**170**	**(314)**	**81,372**	**103,316**

The accompanying Notes on pages 50 to 94 form an integral part of this Consolidated Statement of Changes in Shareholders' Equity.

Company Statement of Changes in Shareholders' Equity

For the year ended 31 December 2025

Company	Share capital £000	Share premium £000	Treasury shares £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2024	462	26,834	(2,930)	10,343	45,357	80,066
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 13)	–	–	–	–	(3,657)	(3,657)
Share-based payment charge (Note 22)	–	–	–	–	2,272	2,272
Transactions with owners	–	–	(3,494)	–	(2,847)	(6,341)
Profit and total comprehensive income for the year	–	–	–	–	13,141	13,141
Balance at 1 January 2025	**462**	**26,834**	**(6,424)**	**10,343**	**55,651**	**86,866**
Contributions and distributions:						
Purchase of own shares	**–**	**–**	**(10,737)**	**–**	**–**	**(10,737)**
Issue of shares out of treasury	**–**	**–**	**1,610**	**–**	**(1,606)**	**4**
Dividends paid (Note 13)	**–**	**–**	**–**	**–**	**(3,564)**	**(3,564)**
Share-based payment charge (Note 22)	**–**	**–**	**–**	**–**	**2,100**	**2,100**
Transactions with owners	**–**	**–**	**(9,127)**	**–**	**(3,070)**	**(12,197)**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**40,786**	**40,786**
Balance at 31 December 2025	**462**	**26,834**	**(15,551)**	**10,343**	**93,367**	**115,455**

The accompanying Notes on pages 50 to 94 form an integral part of this Company Statement of Changes in Shareholders' Equity.

Consolidated and Company Balance Sheet

As at 31 December 2025

	Note	Group 2025 £000	Group 2024 £000	Company 2025 £000	Company 2024 £000
Assets					
Non-current assets					
Acquisition related intangible assets	14	**17,302**	21,496	**–**	–
Goodwill	14	**18,544**	18,942	**–**	–
Property, plant and equipment and right-of-use assets	15	**23,600**	25,002	**170**	306
Investments	16	**–**	–	**80,202**	78,102
Derivative financial instruments	24	**–**	627	**–**	–
Deferred tax assets	11	**1,870**	2,051	**80**	26
		61,316	68,118	**80,452**	78,434
Current assets					
Inventories	17	**1,039**	1,167	**–**	–
Trade and other receivables	18	**24,247**	27,786	**6,675**	5,646
Current tax assets		**1,631**	2,428	**–**	–
Derivative financial instruments	24	**185**	144	**–**	–
Cash and cash equivalents – Group cash	19	**72,608**	38,556	**53,286**	18,721
Cash and cash equivalents – Client registration funds	19	**2,398**	2,895	**–**	–
		102,108	72,976	**59,961**	24,367
Total assets		**163,424**	141,094	**140,413**	102,801
Liabilities					
Current liabilities					
Trade and other payables	20	**38,071**	35,530	**24,468**	15,499
Current tax liabilities		**341**	599	**–**	–
Provisions	21	**3,095**	1,049	**200**	–
Borrowings	23	**600**	1,200	**–**	–
Lease liabilities	25	**731**	809	**200**	146
		42,838	39,187	**24,868**	15,645

		Group		Company	
	Note	**2025 £000**	2024 £000	**2025 £000**	2024 £000
Non-current liabilities					
Provisions	21	**931**	1,211	**90**	90
Borrowings	23	**10,832**	10,572	**–**	–
Lease liabilities	25	**2,055**	2,914	**–**	200
Derivative financial instruments	24	**603**	–	**–**	–
Deferred tax liabilities	11	**2,849**	3,205	**–**	–
		17,270	17,902	**90**	290
Total liabilities		**60,108**	57,089	**24,958**	15,935
Net assets		**103,316**	84,005	**115,455**	86,866
Shareholders' equity					
Share capital	22	**462**	462	**462**	462
Share premium		**26,834**	26,834	**26,834**	26,834
Treasury shares		**(15,551)**	(6,424)	**(15,551)**	(6,424)
Merger reserve		**10,343**	10,343	**10,343**	10,343
Translation reserve		**170**	776	**–**	–
Cash flow hedge reserve	24	**(314)**	553	**–**	–
Retained earnings		**81,372**	51,461	**93,367**	55,651
Total equity		**103,316**	84,005	**115,455**	86,866

The accompanying Notes on pages 50 to 94 form an integral part of this Consolidated and Company Balance Sheet.

The Company's profit for the year was £40,786,000 (2024: £13,141,000).

The Financial Statements were approved by the Board of Directors and signed on its behalf by:

Martyn Ratcliffe
Executive Chair

Jon Brett
Finance Director

On 16 March 2026

The Company's registered number is 06536543.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Note	Group 2025 £000	2024 £000
Profit before income tax		**41,495**	14,739
Adjustments for:			
Gain on corporate investment disposal	1(a)	**(25,483)**	–
Amortisation of acquisition related intangible assets	14	**4,084**	4,388
Depreciation of property, plant and equipment	15	**542**	528
Depreciation of right-of-use assets	15,25	**846**	865
Bank charges on derivative financial instruments		**135**	211
Net interest (income)/costs	7	**(563)**	142
Share-based payment charge	8	**2,100**	2,272
Decrease in inventories		**68**	165
Decrease/(increase) in receivables		**3,756**	(4,552)
(Decrease)/increase in payables representing client registration funds		**(328)**	1,014
Increase in payables excluding balances representing client registration funds		**3,361**	2,247
Increase/(decrease) in provisions		**1,781**	(183)
Cash generated from operations		**31,794**	21,836
Interest paid		**(1,296)**	(870)
Proceeds from interest rate swaps		**612**	–
UK corporation tax paid*		**(7,458)**	(1,930)
Foreign corporation tax paid		**(488)**	(560)
Cash flows from operating activities		**23,164**	18,476
Interest received		**1,422**	723
Purchase of property, plant and equipment	15	**(33)**	–
Purchase of intangible assets	14	**(166)**	–
Proceeds from sale of corporate investment	1(a)	**58,176**	–
Purchase of corporate investment and associated costs	1(a)	**(32,693)**	–
Cash flows used in investing activities		**26,706**	723

* Of the £7.5 million UK corporation tax paid (2024: £1.9 million), £5.1 million relates to the one-off taxable gain of £24.1 million arising on the disposal of corporate investment (see Note 10).

	Note	Group 2025 £000	2024 £000
Issue of shares out of treasury		**4**	3
Repurchase of own shares		**(10,737)**	(4,959)
Dividends paid	13	**(3,564)**	(3,657)
Purchase of derivative financial instruments		**(135)**	(211)
Payment of bank loan arrangement fees		**(415)**	–
Repayment of term loans	23	**(250)**	(1,200)
Principal elements of lease payments	25	**(888)**	(693)
Cash flows from financing activities		**(15,985)**	(10,717)
Increase in cash and cash equivalents in the year		**33,885**	8,482
Cash and cash equivalents at the beginning of the year		**41,451**	32,830
Exchange (loss)/gain on cash		**(330)**	139
Cash and cash equivalents at the end of the year	19	**75,006**	41,451

The accompanying Notes on pages 50 to 94 form an integral part of this Consolidated Statement of Cash Flows.

Notes to the Financial Statements

For the year ended 31 December 2025

1. General information

Science Group plc (the 'Company') together with its subsidiaries ('Science Group' or the 'Group') is an international services and systems organisation. The Group and Company Financial Statements of Science Group plc were prepared under the International Financial Reporting Standards ('IFRS') FRS101 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 2025, was 547.5 pence per share (31 December 2024: 453.0 pence per share).

These Consolidated Financial Statements have been approved for issue by the Board of Directors on 16 March 2026.

Alternative performance measures (APM)

The Group uses alternative non-Generally Accepted Accounting Principles performance measures which are not defined within IFRS and may not be comparable across companies, as management believe these measures enable management and stakeholders to assess the underlying trading performance of the business as they exclude certain items that are considered to be significant in nature and/or quantum.

The APMs are consistent with how the businesses' performance is planned and reported within the internal management reporting to the Board. The appropriateness of the APMs is kept under review by the Audit Committee. The key APMs that the Group uses and explanations on how they are calculated are set out below:

(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 (i.e. those directly related to the restructuring, relocation and integration of acquired businesses), 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 are 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.

Excluded from adjusted operating Profit in 2025 is the net gain on corporate investment disposal arising from Ricardo plc ('Ricardo') (including costs associated with the gain on this corporate investment which are intrinsically linked.

During the first half of 2025, following a Ricardo profits warning in January, the Group initiated a significant investment in Ricardo. Between February and May 2025, Science Group acquired 13.5 million shares in Ricardo, equivalent to approximately 21.8% of the voting rights, at an average price of 239.0 pence per share (including brokerage fees), a total investment of £32.7 million funded entirely from the Group's existing cash resources.

On 11 June 2025, a third party made an offer for Ricardo at a price per share of 430.0 pence, a substantial premium to the average share price paid by Science Group. Accordingly, Science Group supported the offer and agreed to sell 12.4 million Ricardo shares, equivalent to 19.99% of the issued share capital, to the offeror at the offer price. Science Group shortly thereafter sold the remainder of its Ricardo shareholding on the open market and the aggregate cash proceeds of the sales, totalling approximately £58.0 million, were received in June 2025. In addition, during the period Science Group also received a dividend of £0.2 million, increasing total cash received to £58.2 million.

After directly attributable costs of £32.7 million, the gain on disposal of investment for Science Group was £25.5 million. After additional associated costs of £1.4 million (linked to the gain on investment), the net pre-tax gain was £24.1 million (see Consolidated Income Statement), equivalent to a return on investment in excess of 70.0%. There is an estimated tax liability of £5.1 million on the gain, which was paid in 2025, bringing the estimated post tax gain to £19.0 million.

(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 12. 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 24.6% (2024: 23.3%) 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:

		Group	
	Note	**2025 £000**	2024 £000
Cash and cash equivalents – Group cash	19	**72,608**	38,556
Borrowings	23	**(11,432)**	(11,772)
Net funds		**61,176**	26,784

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. The cash from operations measure similarly excludes movements in Client registration funds.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

2.1 Basis of preparation

The Consolidated and Company Financial Statements of Science Group have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments at fair value. The Group Financial Statements are prepared under IFRS as adopted by the UK in conformity with the requirements of the Companies Act 2006.The Company Financial Statements are prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework ('FRS 101'), applying the recognition and measurement requirements of UK-adopted international accounting standards, with amendments where required to comply with the Companies Act 2006 and with exemptions permitted by FRS 101.

The principal accounting policies applied in the preparation of the Company Financial Statements are the same as those used in the Consolidated Financial Statements with the addition of the policies set out below. These policies have been consistently applied to the information presented, unless otherwise stated.

The transition to FRS 101 on 1 January 2024 did not have a material effect on the recognition, measurement or disclosure of the Company's financial statements.

FRS 101 sets out amendments that are necessary to achieve compliance with the Act and related regulations. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 28.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements in accordance with FRS 101:

The following paragraphs of IAS 1, 'Presentation of financial statements

- 10(d) (Statement of cash flows)
- 16 (statement of compliance with all IFRS); and
- 111 (cash flow information)

As the Consolidated Financial Statements include the equivalent disclosures, the Company has also taken advantage of the exemptions under FRS 101 in respect of the following disclosures:

- IFRS 2 - Share based payments in respect of Group settled share-based payments;
- Certain disclosures required by IFRS 13 - Fair Value measurement and disclosures required by IFRS 7 - Financial Instruments: Disclosures; and
- The Company has taken the exemption not to disclose related-party transactions with wholly-owned members of the Group, in accordance with the disclosure exemptions available under FRS 101 Reduced Disclosure Framework, which provide relief from extensive related-party disclosures otherwise required under IAS 24

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 for future financial statements.

Of the new standards and interpretations effective for the year ended 31 December 2025, there was no impact on the presentation of the financial statements of Science Group.

As set out in the Climate-Related Financial Disclosures the climate-related risks and opportunities and exposure faced by the Group at the lower end of scale. These risks and opportunities have been considered as part of the Directors' assessment of going concern and impairment and are not considered to be material risks.

No income statement is presented for the Company as provided by Section 408 of the Companies Act 2006. The Company's profit for the financial period after tax, determined in accordance with the Act, was £40,786,000 (2024: £13,141,000).

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 June 2027. 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 and implausible downside forecast which envisages a 'stress' or 'downside' situation.

For the severe but implausible downside forecast the assumptions include:

- A revenue reduction of at least 25% across all businesses
- 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.

Notes to the Financial Statements continued

For the year ended 31 December 2025

2. Summary of significant accounting policies continued

2.1 Basis of preparation continued

Going concern continued

In reaching these conclusions the Directors noted that the Group had a cash balance at 31 December 2025 of £72.6 million (excluding client registration funds) and net funds of £61.2 million, together with the undrawn Revolving Credit Facility ('RCF') of £30.0 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, each for 10 years expiring in March 2035 (Balance owed at 31 December 2025 is £11.4 million). 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, an increase of £5.0 million over the 2021 RCF. The RCF was undrawn at 31 December 2025 and remains undrawn.

2.2 Changes in accounting policies

The accounting pronouncements which are effective for periods beginning on or after 1 January 2025 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

2.3 Standards, IFRICs and other guidance applicable

Standards and IFRICs newly applicable for companies with 31 December 2025 year ends are set out below, together with any noted impact on the Group.

Number	Title	Impact in year
IAS 21 (amendments)	Lack of exchangeability	No material impact

2.4 Standards issued but not yet effective

At the date of authorisation of these Consolidated Financial Statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or are awaiting endorsement by the UK Endorsement Board. None of these Standards nor amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

Number	Title	Effective
IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual improvements to IFRS Accounting Standards	1 Jan 26
IFRS 9 and IFRS 7 (amendments)	Classification and measurement of financial instruments	1 Jan 26
IFRS 9 and IFRS 7 (amendments)	Contracts referencing nature dependent electricity (n/a to Group)	1 Jan 26
Annual Improvements 2024		1 Jan 26
IFRS 18	Presentation and disclosures in financial statements	1 Jan 27
IFRS 19	Subsidiaries without public accountability disclosures	1 Jan 27
IAS 21 (amendments)	The effect of changes in foreign exchange rates: Translation to a hyperinflationary presentation currency (n/a to Group)	1 Jan 27

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 'Presentation of Financial Statements'.

Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including

- two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes
- the classification of all income and expenses within the statement of profit or loss in one of five categories
- a new requirement to disclose performance measures defined by management, and
- an improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes.

Some of the disclosure requirements previously contained in IAS 1 have been transferred to IAS 8 without any material changes. This applies in particular to disclosures on accounting policies and sources of estimation uncertainty. As a result of these changes, IAS 8 will be renamed 'Basis of Preparation of Financial Statements'.

The publication of IFRS 18 also results in consequential amendments to other IFRS Accounting Standards, including IAS 7.

IFRS 18 is effective for annual periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 will be applied retrospectively with specific transitional provisions.

The Group is currently working to identify all of the impacts that IFRS 18 will have on the primary financial statements and notes to the financial statements.

2.5 Basis of consolidation
The basis of consolidation is set out below:

Subsidiaries – subsidiaries are entities controlled by Science Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investment in subsidiaries – in the Company accounts, investments in subsidiaries are stated at cost less any provision for impairment where appropriate.

Business combinations – the acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given and liabilities incurred or assumed in exchange for control. The acquired Company's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date. Acquisition expenses are expensed as incurred.

Interests in equity-accounted investees – Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss, and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases. The carrying value of the associate investment would not be impaired to the extent it is exceeded by the share of accumulated losses in associate.

With regards to the investment in and subsequent disposal of Ricardo during the year, the Group did not exercise significant influence over the investee, and therefore the investment was accounted for in accordance with IFRS 9 rather than IAS 28, which requires equity accounting only where significant influence exists. Accordingly, no associate relationship was recognised at any time.

2.6 Segment reporting
Under IFRS 8, the accounting policy for identifying segments is based on the internal management reporting information that is regularly reviewed by the Chief Operating Decision Makers ('CODMs'), being the Executive Board. The CODMs monitor the performance of these operating segments as well as deciding on the allocation of resources to them. See Note 4 for further details.

2.7 Intangible assets
All intangible assets, except goodwill, are stated at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill – goodwill represents the amount by which the fair value of the cost of a business combination exceeds the fair value of net assets acquired. Goodwill is not amortised and is stated at cost less any accumulated impairment losses.

The recoverable amount of goodwill is tested for impairment annually or when events or changes in circumstance indicate that it might be impaired. Impairment charges are deducted from the carrying value and recognised immediately in profit or loss. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Acquisition related intangible assets – net assets acquired as part of a business combination include an assessment of the fair value of separately identifiable acquisition related intangible assets, in addition to other assets, liabilities and contingent liabilities purchased. These intangible assets are amortised on a straight-line basis over the individually assessed useful lives. The estimated useful economic life for acquired intangible assets, customer contracts and relationships are between 5 and 12 years. The assets are assessed on an annual basis for impairment and amortised over its remaining economic useful life. These intangible assets are allocated to CGUs as part of impairment testing. See Note 14 for further details.

2.8 Research and development expenditure
Expenditure on research activities is recognised in profit or loss as incurred. The vast majority of this expenditure relates to research and development performed as part of customer contracts and as a result is not capitalised. The remainder of the costs do not meet the criteria for capitalisation.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Any tax credit receivable under the R&D Expenditure Credit scheme (RDEC) is treated as a taxable credit and included in the Group's taxable income in accordance with IAS 12 Income Taxes. The credit is first used to offset the Group's corporation tax liability for the same accounting period. After accounting for tax, the net benefit of the RDEC schemes is recognised in the tax line.

2.9 Property, plant and equipment
Land and buildings as shown in the Notes to the Financial Statements comprise offices and laboratories at Harston Mill, Harston, Cambridge, UK and at Great Burgh, Epsom, UK. Land and buildings are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to Science Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Notes to the Financial Statements continued

For the year ended 31 December 2025

2. Summary of significant accounting policies continued

2.9 Property, plant and equipment continued

Land is not depreciated. Depreciation on all other property, plant and equipment is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Buildings	25 years
Furniture and fittings	3-5 years
Equipment	3 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount, when an indicator of impairment is identified. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term highly liquid investments (maturing not greater than 3 months) from the date of acquisition that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Bank overdrafts are included in liabilities.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs includes all cost incurred in bringing each product to its present location and condition, which comprises the cost of direct materials and third-party charges. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

2.12 Trade and other receivables

Trade and other receivables are carried at original invoice amount and are subsequently held at amortised cost less provision for impairment. The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. The movement in the provision is recognised in the Consolidated Income Statement.

2.13 Trade and other payables

Trade and other payables are initially recognised at original invoice amount or transaction price and subsequently measured at amortised cost using the effective interest method.

2.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Dilapidation provisions are recognised when the Group has an obligation to rectify, remove improvements, repair or reinstate the leased premises to a certain condition in accordance with the lease agreement. The provision is measured at the present value of the estimated cost of rectifying, repairing, or reinstating the leased premises at a specified future date.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.16 Financial instruments

(a) Classification

The Group classifies its financial assets in the following measurement categories:

(i) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

(ii) those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(c) Impairment
The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group recognises loss allowances for expected credit losses ('ECLs') on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(d) Derivative financial instruments and hedge accounting
Derivative financial instruments are accounted for at fair value through profit or loss except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment (see Note 24). To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument,
- the effect of credit risk does not dominate the value changes that result from that economic relationship,
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item, and
- At inception, there is formal designation and documentation of the hedging relationship.

The Group has entered into currency exchange instruments which have been designated as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate foreign currency exchange risk arising from certain highly probable sales transactions denominated in foreign currency.

In order to address interest rate risk, the Group has entered into phased interest rate swaps in order to fully hedge the loan borrowings. The interest rate swaps have been designated as hedging instruments in cash flow hedge relationships because the critical terms of the interest rate swaps entered exactly match the terms of the hedged item.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the Consolidated Balance Sheet.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item. In the event that the currency exchange instrument is exercised in any month the gain is recognised as revenue.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Notes to the Financial Statements continued

For the year ended 31 December 2025

2. Summary of significant accounting policies continued

2.17 Equity

Equity comprises the following:

Share capital represents the nominal value of equity shares net of incremental costs directly attributable to the issue of new shares or options, net of tax.

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares net of expenses of the share issue.

Treasury shares represent Company shares purchased directly by the Company to satisfy obligations under employee share incentive obligations and for settling liquidated sums of cash consideration in any future business acquisitions, and in limited circumstances to satisfy shareholder demand which market liquidity is unable to meet.

Merger reserve is a reserve which reflects historical business combinations where merger relief was obtained.

Translation reserve represents the foreign currency differences arising on translating foreign operations into the presentational currency of the Group.

Cash flow hedge reserve represents the outstanding notional amount of cash flow hedges, net of deferred tax, at the balance sheet date.

Retained earnings represent retained profits.

Where the Company purchases the Company's equity share capital into treasury (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued, or disposed of. Where such shares are subsequently sold or reissued, including settlement of employee share incentive obligations, any consideration received, net of any directly attributable incremental transaction costs, and the related income tax effects are included in equity attributable to the Company's equity holders. The credit for proceeds received is restricted to the purchase price of the treasury shares with the difference between prices paid for treasury shares and proceeds received taken to share premium. Where such shares are subsequently cancelled, the movement is recognised directly in equity with no gain or loss recognised in profit or loss.

2.18 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer, net of returns and discounts, and excludes amounts collected on behalf of third parties, value added tax and other sales-related taxes. The Group recognises revenue when it transfers control of a product or service to a customer.

Contracts are accounted for under IFRS15 'Revenue from Contracts with Customers' taking into account the requirements to distinguish between various performance obligations within a contract and treating these separately. IFRS15 methodology is applied on a contract-by-contract basis which includes such matters as: considerations for contract modifications, variable consideration, the determination of distinct performance obligations and the determination of agency and principal relationships.

Performance obligations

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer, and they are separately identifiable in the contract.

Transaction price

At the start of the contract, the total transaction price is estimated as the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding sales taxes. The transaction price does not include estimates of consideration resulting from contract modifications, such as change orders, until they have been approved by the parties to the contract. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative standalone selling prices.

Revenue recognition

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer. For each performance obligation within a contract, the Group determines whether it is satisfied over time or at a point in time. The Group categories revenue recognition according to three types. One or more of each type can apply to a single customer contract.

Revenue recognition by segments

The Group's revenue arises from the following segments:

a) **Services** – Comprising 5 consultancy Practices: Medical, Innovation, Regulatory, Defence and Aviation.

b) **Systems** – Critical Maritime Systems & Support ('CMS2') which designs, develops and manufactures submarine atmosphere systems for the Defence sector; and

c) **Systems** – Frontier Smart Technologies ('Frontier') which designs and supplies radio and audio semi-conductors/modules.

(a) Services Revenue
Service contracts are generally 'test and evaluation' or 'advice-based' contracts where control of the service is transferred over time. At contract inception the Group undertakes an assessment to determine how many distinct performance obligations exist within the contract. As part of that assessment the Group obtains an understanding of the overall deliverable to the customer through discussions with project leads. Each individual deliverable in the contract is then assessed to determine if it is an input into the overall deliverable, and therefore part of a single performance obligation, or if it is a standalone separable deliverable with its own transaction price and therefore a distinct obligation in its own right. Each distinct performance obligation identified within a contract is accounted for separately.

Certain contracts have a similar pattern of transfer of control to the customer where each period is effectively the same from a performance obligation perspective. The Group has applied the series guidance as permitted within the Standard to these contracts and accounts for these as a series of distinct service performance obligations satisfied over the contract term.

Fair value of the consideration for consultancy services either takes the form of time and materials-based contracts or fixed price based contracts:

(i) Time and Materials Revenue
Revenue from providing consultancy services on a time and materials basis is recognised as the Services is provided as generally the Group has the right to consideration for services performed to date. It is generally based on time worked and are at an hourly or daily rate. Expenses for materials are as incurred as the Group has the right to consideration for materials purchased to date.

(ii) Fixed Price Revenue
Services provided under a fixed price contract generally have a single distinct performance obligation, or a single distinct series of performance obligations, which is satisfied over time.

For each contract there is an assessment as to whether revenue should be recognised under the input or output method.

- If the input method is used revenue is recognised based on total costs incurred to date as a percentage of total estimated costs to satisfy each performance obligation.
- If the output method is used revenue is recognised based on progress against contractual milestones.

In determining whether the input or output method should be used, the Group considers for each contract what is appropriate given the nature of the services being provided.

Contract modification
Service contracts are often amended for changes in customers' requirements and specifications. A contract modification exists when the parties to the contract approve a modification that either changes existing or creates new enforceable rights and obligations. The effect of a contract modification on the transaction price and the Group's measure of progress towards the satisfaction of the performance obligation to which it relates is recognised in one of the following ways:

1. prospectively, as an additional, separate contract;
2. prospectively, as a termination of the existing contract and creation of a new contract; or
3. as part of the original contract using a cumulative catch-up.

The majority of Service contract modifications are treated under either 1 (for example, the requirement for additional distinct goods or services) or 3 (for example, a change in the specification of the distinct goods or services for a partially completed contract), although the facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes.

Principal-agent arrangements
The Group enters certain arrangements which involve a consortium of service providers. The Group acts as a 'Prime' contractor in certain contracts with customers and utilises sub-contracts to undertake the work. Under these contracts the Group is considered to be primarily responsible for fulfilling the service to the customer. The Group performs a technical assessment of the work before it is delivered to the customer and is responsible for quality and performance of the sub-contractor. As such the Group is considered to be the principal in the arrangement with the customer and includes sub-contractor costs within revenue. However, where the Group is merely acting as an agent of the sub-contractor then no revenue is recognised in respect of sub-contractor costs.

(b) Systems Revenue – The Design and Manufacture of Submarine Atmosphere Systems
The Group's operations generate revenues through both the design and manufacture of submarine atmosphere systems.

The Group determines the transaction price based on the consideration to which the Group expects to be entitled in a contract with a customer. Where the amount of consideration is variable (e.g. due to trade discounts, late delivery penalties and other similar items) the Group includes the variable consideration in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The Group recognises revenue when it transfers control of a product or service to a customer as more fully explained below.

The Group designs and manufactures mission-critical systems under long-term contracts with customers. The promises in these contracts include the design and manufacture of systems for delivery to the customer and standard assurance warranties. The promises in these contracts are combined as a single performance obligation because the customer cannot benefit from the promises on their own, and they are not separately identifiable in the context of the contract. In some instances, the contract will also include a promise to install the equipment at the customer site.

Notes to the Financial Statements continued

For the year ended 31 December 2025

2. Summary of significant accounting policies continued

2.18 Revenue recognition continued

(b) Systems Revenue – The Design and Manufacture of Submarine Atmosphere Systems continued

On inception of each contract, the Group assesses whether ongoing contractual obligations represent a distinct performance obligation. If the performance obligation is considered distinct e.g. relates to the delivery of more than one main system to separate boats, each main system for each separate boat is treated as a separate performance obligation and revenue recognised under a separate project code. Where it is multiple systems for a single boat, this is considered to be a single performance obligation and revenue is recognised under a single project code.

The systems that are designed and manufactured are bespoke for each customer and do not have an alternative use to the Group.

For each Contract or Project if distinct obligations, the Group considers what is the most appropriate method of revenue recognition. In the case of this segment the following methods are used:

- Time and Materials
- Fixed price basis (input method)
- Point in time

(i) Time and Materials Revenue

Revenue for contracts billed on a time-and-materials basis, the measurement of progress towards complete satisfaction of the performance obligation is measured in line with invoicing (consistent with the time and materials incurred). Under IFRS15.B16, the Group recognises revenue in line with amounts it has the right to invoice. See Note 28 for critical accounting estimates and judgements in relation to certain contracts within this category.

(ii) Fixed Price Revenue

For fixed price contracts within this category, where the Group has an enforceable right to payment for performance completed to date, being recovery of costs incurred in satisfying the performance obligation plus a reasonable profit margin, the performance obligation is satisfied over time. The measurement of progress towards complete satisfaction of the performance obligation is measured using the input method, based on costs incurred compared to total contract costs.

Costs are only included in the measurement of progress towards satisfying the performance obligation where there is a direct relationship between the input and the satisfaction of the performance obligation. Full costs to complete, including Labour and material costs are considered the most faithful depiction of progress as this most accurately reflects the value provided to the customer. The Company designs and manufactures bespoke systems with the time allocated to projects of engineers and technicians, as well as bespoke materials procured from suppliers which can take a number of months to be manufactured and delivered to the Group.

The Group does not have control over component materials whilst they are being manufactured by the supplier. It is only once the goods are delivered and accepted by the Group that costs associated with the materials are incurred and revenue is recognised. Where payments on account are made to the supplier which are in nature milestone payments, these are not considered to be reflective of costs incurred to date by the supplier in the manufacturing of the components. Material costs are recognised at an amount equal to the cost of the good used to satisfy the performance obligation.

For contracts where the Group becomes entitled to invoice customers based on achieving a series of performance related milestones, at the point a customer is invoiced, any amount previously recognised as amounts due from contract customers is reclassified to trade receivables. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method, then the Group recognises a contract liability for the difference.

There is not considered to be any significant financing components as the period between recognition of revenue and milestone payment is always less than one year.

(iii) Point-in-time Revenue

For contracts where the Group does not have an enforceable right to payment for performance completed to date, being recovery of costs incurred in satisfying the performance obligation plus a reasonable profit margin, revenue is recognised at a point in time. For these contracts, revenue is recognised at the point of customer delivery (as defined in each specific contract) of the system, as this is the point at which the customer is in control of the deliverable, has the risks and rewards of ownership and the Group has a present right for payment for the deliverable.

For the supply of consumables, the customer receives the benefit of the service on delivery (as defined in the contract) of the consumable. This is the point at which the customer is in control of the deliverable, has the risks and rewards of ownership and the Group has a present right for payment for the deliverable. Where the Group resells consumables products to customers an assessment is made as to whether the Group is acting as a principal or agent.

Principal-agent arrangements

There have been no situations identified, based on these assessments, where the Directors have concluded the Group is acting as an agent rather than a principal based on the following indicators:

- the Group has control of the goods prior to them being transferred to the customer,
- the Group is deemed to have control where the Group holds the responsibility of designing and manufacturing the items and is therefore primarily responsible for fulfilling the promise to provide the goods,
- the Group holds the inventory risk before goods are transferred to the customer,
- the Group has discretion in establishing the price for the goods.

(c) Systems Revenue – Frontier
The Group supplies audio chips and modules to customers based on purchase orders received from customers. Revenue is recognised upon the transfer of control of promised products or services and for the majority of revenue, transfer of control occurs once the product has been collected, as the terms are ex-works.

Revenue is recorded net of sales tax and relevant sales incentives when the performance conditions are met. Sales incentives are rebates offered to customers and paid based on total sales made to respective customers each year. The rebates are estimated on a regular basis by using the most likely amount method.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as trade and other payables in the statement of financial position.

Contract assets
Contract assets represent revenue recognised in excess of amounts invoiced across the Group. Payment for contracts are not always due from customers until certain milestones have been reached and, therefore, a contract asset is recognised over the period in which the services are performed representing the Groups right to consideration for services performed to date, to the extent that the customer has not yet been invoiced for those services.

If at the reporting date the revenue recognised exceed the payments received to date, an asset is recognised, within:

- trade receivables, if the sales invoice has been raised and an unconditional right to receive consideration exists;
- unbilled invoices on contracts, if the services rendered have not been invoiced but where an unconditional right to receive consideration exists;
- amounts recoverable on contract if the services rendered have not been invoiced and no unconditional right to receive consideration.

Contract liabilities
A contract liability is the obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Group satisfies its performance obligation under the contract.

The Group bills customers in advance or performing certain types of work which results in the Group recognising contract liabilities. Once the work has been performed these amounts will be reduced and recognised as revenue.

For the sale of materials, revenue is recognised in the Income Statement when control of the goods has been transferred to the customer being the point when the goods are effectively delivered. Any transaction price received by the Group prior to that point is recognised as a contract liability. This particularly applies to Services and Systems - Submarine Atmosphere Management segments.

2.19 Foreign currency
(a) Functional and presentation currency – items included in the financial statements of each of Science Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Sterling, which is the Group's functional and presentation currency.

(b) Transactions and balances – foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

In respect of translation differences on non-monetary items, items held at cost are translated at the exchange rate at the date of transaction.

(c) Group companies – the results and financial position of all Science Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

(iii) all resulting exchange differences are recognised as a separate component of equity.

(iv) on disposal of a foreign subsidiary the accumulated translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

2.20 Employee benefits
(a) Post employment benefit plans
The Group provides post-employment benefits through various defined contribution plans.

Defined contribution plans
The Group pays fixed contributions into independent entities in relation to several retirement plans and insurances for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

(b) Share-based compensation
Science Group operates an equity-settled, share-based compensation plan, awarding options to certain employees. More details on the scheme are reported in Note 22. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, as calculated by using an appropriate valuation method.

2. Summary of significant accounting policies continued

2.20 Employee benefits continued

(b) Share-based compensation continued

The Black-Scholes model excludes the impact of any non-market vesting conditions (for example profitability and sales growth targets). The Monte Carlo and Binomial Option Pricing models incorporate any market performance conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

The Group has the following plans.

- The Performance Share Plan ('PSP'): Targets are set on EPS over three years, with options valued using the Binomial Option Pricing model.
- The Enhanced Executive Incentive Addendum: Options for directors and senior managers with vesting conditions based on the share price, valued using the Monte Carlo model.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The employer's NIC liability on vested share options, or the proportion that have vested, is recognised as a provision. 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 Group prior to the share options being exercised) a corresponding current asset is recognised.

The share-based compensation charge in the Group accounts is based only on those option holders employed directly by the Group.

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Science Group recognises termination benefits at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognises any related restructuring costs.

(d) Profit-sharing and bonus plans

Science Group recognises a liability and an expense for bonuses and/or profit-sharing, based on the incentive plans approved by the Remuneration Committee. Science Group recognises a liability where contractually obliged or where there is a past practice that has created a constructive obligation.

(e) Sales commission

Science Group operates a sales commission scheme for relevant sales staff. A liability and expense is recognised based on sales made by employees who are eligible for the scheme and is calculated using the commission scheme rules. Sales commission is typically paid quarterly. As the amortisation period of such costs, if capitalised, would be less than one year, the Group makes use of the practical expedient in IFRS 15 and expenses them as incurred.

2.21 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income, or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Income tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws of the relevant countries that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from goodwill, the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction effects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by Science Group, and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

2.22 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(a) As a lessee

The Group has leases, principally for office space, in the UK, Europe, North America and China. Office rental contracts are typically negotiated for terms ranging from 2 and 10 years with some including extension options. The Group does not enter into sale and leaseback arrangements. None of the leases included residual value guarantees or purchase options. All the leases are negotiated on an individual

basis and contain different terms and conditions such as break clauses, rent reviews and extensions. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, being the rate of interest which a lessee would have to pay to borrow the funds necessary to obtain an asset, obtained from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The Group determines its incremental borrowing rate as a lessee by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

As of the balance sheet date, there are no leases that have been committed to but have not yet commenced.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee.
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. In general, the Group assumes that leases will run to the end of the break period.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and associated lease obligations in 'lease liabilities' in the Consolidated Balance Sheet.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The total expense for short-term leases and leases with low-value assets for the year ended 31 December 2025 was £0.2 million (2024: £0.1 million).

(b) As a lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

2.23 Dividends paid
Dividends are recognised as a liability in the period in which the shareholders' right to receive payment has been established.

2.24 Dividend income
Dividend income is recognised when the right to receive payment is established.

Notes to the Financial Statements continued

For the year ended 31 December 2025

3. Financial risk management

3.1 Financial risk factors

Science Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest risk), credit risk, liquidity risk and cash flow interest rate risk. Science Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Science Group's financial performance. Science Group uses derivative financial instruments to hedge certain risk exposures.

(a) Foreign currency sensitivity

Science Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities.

To manage the Group's foreign exchange risk arising from commercial transactions, recognised assets and liabilities, entities in Science Group may use forward contracts and other instruments. The Group acquired a currency exchange instrument to cap the US Dollar/GBP rate in relation to the Services segment US Dollar revenue through to the end of 2025. The instrument is a US Dollar/GBP cap set at the average rate of $1.275/£1 which applies to $1.0 million per month. In the event that the exchange rate moves above $1.25/£1 at set monthly dates the Services segment was guaranteed to receive £0.4 million for $0.5 million. There was a second instrument in place for the year which guaranteed the Services segment would receive a further £0.4 million for £0.5 million in the event that the exchange rate was above $1.30/£1. A similar instrument has also been acquired in relation to 2026 covering $0.5 million per month at a rate of $1.30/£1 (see Note 24). Foreign exchange risk arises when commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group finance function is responsible for managing the net position in each foreign currency primarily by selling monies held in currency into GBP on a regular basis.

Science Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Foreign currency denominated financial assets and liabilities, translated into GBP at the closing rate, are as follows:

2025	**US Dollar £000**	**Euro £000**	**Other £000**	**Total £000**
Financial assets	**11,456**	**944**	**178**	**12,578**
Financial liabilities	**(1,636)**	**(84)**	**(247)**	**(1,967)**
Exposure	**9,820**	**860**	**(69)**	**10,611**

2024	US Dollar £000	Euro £000	Other £000	Total £000
Financial assets	11,032	845	359	12,236
Financial liabilities	(1,450)	(171)	(218)	(1,839)
Exposure	9,582	674	141	10,397

All foreign currency denominated financial assets and liabilities are classified as current.

The following table illustrates the sensitivity of the net movement on Consolidated Income Statement and equity in regard to Science Group's financial assets and financial liabilities and the US Dollar/GBP exchange rate and Euro/GBP exchange rate. It assumes a 10.0% change of the US Dollar/GBP exchange rate as at 31 December 2025 (2024: +/-10.0%). A 10.0% change is considered for the Euro/GBP exchange rate (2024: +/-10.0%). If the GBP had strengthened against the US Dollar and Euro by 10.0% (2024: 10.0%) respectively then this would have had the following impact:

2025	**US Dollar £000**	**Euro £000**	**Other £000**	**Total £000**
Income statement	**(322)**	**(68)**	**(2)**	**(392)**
Equity	**(1,376)**	**(160)**	**(169)**	**(1,705)**

2024	US Dollar £000	Euro £000	Other £000	Total £000
Income statement	(352)	(54)	(14)	(420)
Equity	(333)	(126)	77	(382)

For a 10.0% weakening of GBP against the relevant currency, there would be a comparable but opposite impact on the Consolidated Income Statement and equity.

The Company did not hold any material financial assets or liabilities in foreign currencies at the start nor end of the year.

The currency rate movements against the US Dollar and Euro at year end compared to the previous year end were -7.4% (2024: 1.7%) and 5.3% (2024: -4.9%) respectively. Exposures to foreign exchange rates vary during the year depending on the volume and value of transactions.

(b) Interest rate risk

Science Group manages its longer-term cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, Science Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if Science Group borrowed at fixed rates directly. Under the interest rate swaps, Science Group agrees with other parties to exchange, at specified intervals (typically quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Science Group's bank borrowings and its interest rate profile are as follows:

Group	**2025 £000**	2024 £000
Pound Sterling – bank loan	**11,550**	11,800
Weighted average interest rate		
Pound Sterling – fixed rate bank loan	**7.3%**	3.5%
Pound Sterling – floating rate bank loan	**SONIA+2.6%**	SONIA+2.6%

For benchmark rates of interest, Science Group refers to the Sterling Overnight Index Average ('SONIA'). The fixed rate bank loan is secured via a fixed charge over the Harston and Epsom properties and is repayable as disclosed in Note 23. Terms and conditions of the interest rate swaps are as disclosed in Note 23. The interest rate swaps mature in accordance with the repayment profile of the loan. Given the interest rate swaps in place there is no exposures to interest rate movements to P&L and an immaterial impact to equity. If the SONIA rate goes up by 25 basis points, it is estimated that the net impact to equity would be approximately £207,000 (2024: £37,000).

(c) Credit risk analysis

Science Group has policies in place to ensure that sales are made to clients with an appropriate credit history. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions although counterparty risk is not negligible. Science Group has policies that limit the amount of credit exposure to any financial institution. Science Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

		Group	
	Note	**2025 £000**	2024 £000
Cash and cash equivalents – Group cash	19	**72,608**	38,556
Cash and cash equivalents – Client registration funds	19	**2,398**	2,895
Trade and other receivables *(excluding VAT, taxation and prepayments)*	18	**18,362**	22,648
		93,368	64,099

Science Group monitors defaults of customers and other counterparties identified either individually or by Group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. Science Group's policy is to deal only with creditworthy counterparties or to require settlement in advance, although there can be no certainty that counterparty creditworthiness will be maintained. Cash balances are held with more than one creditworthy institution.

Management reviews the credit status of the financial institutions with whom it holds its deposits. Science Group's management considers that all in relation to the above financial assets the expected credit losses are considered to be insignificant. An analysis of trade and other receivable balances that are considered to be impaired are disclosed in Note 18. None of Science Group's financial assets are secured by collateral nor other credit enhancements.

(d) Liquidity risk analysis

Science Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in day-to-day business. Liquidity needs are monitored on a weekly and monthly basis. Long-term liquidity needs for a quarterly and semi-annual period are reviewed monthly.

Science Group maintains cash to meet its liquidity requirements in interest bearing current accounts.

Notes to the Financial Statements continued

For the year ended 31 December 2025

3. Financial risk management continued

3.1 Financial risk factors continued

As at 31 December 2025, Science Group's financial liabilities have contractual undiscounted cashflows and maturities as below:

2025		**Current**		**Non-current**		**Total**
Group	Note	**< 6 months £000**	**6 to 12 months £000**	**1 to 5 years £000**	**> 5 years £000**	**£000**
Bank borrowings	23	**300**	**300**	**2,400**	**8,550**	**11,550**
Interest on bank borrowings		**414**	**410**	**2,863**	**2,274**	**5,961**
Lease liabilities	25	**297**	**434**	**1,366**	**689**	**2,786**
Trade payables	20	**3,292**	**–**	**–**	**–**	**3,292**
Accruals	20	**7,296**	**–**	**–**	**–**	**7,296**
		11,599	**1,144**	**6,629**	**11,513**	**30,885**

This compares to the maturity of Science Group's financial liabilities in the previous reporting period as follows:

2024		Current		Non-current		**Total**
Group	Note	< 6 months £000	6 to 12 months £000	1 to 5 years £000	> 5 years £000	**£000**
Bank borrowings	23	600	600	10,600	-	**11,800**
Interest on bank borrowings		198	191	264	-	**653**
Lease payments	25	509	512	2,354	1,106	**4,481**
Trade payables	20	4,022	-	-	-	**4,022**
Accruals	20	6,604	-	-	-	**6,604**
		11,933	1,303	13,218	1,106	**27,560**

The carrying amounts of Science Group's financial assets and liabilities as recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

		Group	
	Note	**2025 £000**	2024 £000
Financial assets at amortised cost:			
Trade receivables	18	**14,872**	16,642
Other receivables*	18	**3,490**	6,005
Cash and cash equivalents – Group cash	19	**72,608**	38,556
Cash and cash equivalents – Client registration funds	19	**2,398**	2,895
		93,368	64,098
Financial liabilities at amortised cost:			
Non-current borrowings	23	**10,832**	10,572
Current borrowings	23	**600**	1,200
Lease liabilities	25	**2,786**	4,481
Trade payables	20	**3,292**	4,022
Accruals	20	**7,296**	6,604
		24,806	26,879
Derivatives used for hedging held at fair value:			
Non-current financial instrument assets	24	**–**	627
Current financial instrument assets	24	**185**	144
Non-current financial instrument liabilities	24	**(603)**	–
		(418)	771

* Other receivables includes Amounts recoverable on contracts and unbilled invoices on contracts. Please refer to Note 18.

The fair value of Science Group's financial assets and liabilities is not materially different from the carrying value.

3.2 Fair value estimation

Financial assets and liabilities measured at fair value in the Consolidated Balance Sheet are grouped into three levels based on the significance used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2 – inputs other than quoted market prices included within level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- level 3 – input for the asset or liability that are not based on observable market data (unobservable inputs)

The level within which the financial asset or liability is determined is based on the lowest level of significant input to the fair value measurement.

The fair value of the Group's borrowings, which are carried at amortised cost, is determined using a discounted cash flow ('DCF') valuation technique, which applies observable market discount rates for instruments with similar terms, maturities and credit profiles. These discount rates are derived from market yield curves for the relevant currencies at the balance sheet date, adjusted for the Group's observable credit spread based on recent transactions and market comparables. As the inputs are predominantly observable, the borrowings are classified as Level 2 in the fair value hierarchy.

The fair value of lease liabilities is also estimated using a DCF method, applying discount rates that reflect the Group's incremental borrowing rate ('IBR') at the lease commencement date. The IBR is determined using observable benchmark interest rates relevant to the lease term and economic environment, adjusted for factors such as collateral, credit risk and lease duration. These inputs are considered Level 2 under IFRS 13 as they are based on observable market data.

The Group has measured the interest rate swaps and the currency exchange instruments in non-current financial instruments and current financial instruments in the Consolidated Balance Sheet respectively at fair value under level 2. The Group's finance team performs valuations of financial items for financial reporting purposes, including level 2 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. These contracts have been fair valued using observable interest rates and exchange rates corresponding to maturity of the contract. The effects of non-observable inputs are not significant for both instruments.

The Group has the financial assets and liabilities categorised within level 2 of the fair value hierarchy as below:

		Group	
	Note	**2025 £000**	2024 £000
Financial liabilities at amortised cost:			
Non-current borrowings	23	**10,832**	10,572
Current borrowings	23	**600**	1,200
Lease liabilities	25	**2,786**	4,481
		14,218	16,253
Derivatives used for hedging held at fair value:			
Non-current derivative financial asset	24	**–**	627
Current derivative financial asset	24	**185**	144
Non-current financial instrument liabilities	24	**(603)**	–
		(418)	771

The fair values of financial assets and liabilities measured at amortised cost are considered to approximate their carrying amounts. This is due to the use of market-based discount rates and short-term or variable-rate nature of the underlying instruments. The carrying value of the Group's cash, short-term receivables and payables are a reasonable approximation of their fair values.

There were no transfers between levels of the fair value hierarchy during the year.

Notes to the Financial Statements continued

For the year ended 31 December 2025

3. Financial risk management continued

3.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital and to provide funds for merger and acquisition activity. The Group primarily views its capital as being its shareholders' funds, net funds (being Group cash less borrowings) and the freehold properties at Harston Mill and Great Burgh.

		Group	
	Note	**2025 £000**	2024 £000
Shareholders' funds		**103,316**	83,626
Net funds	1	**61,176**	26,784
Freehold properties at Harston Mill and Great Burgh	15	**20,594**	20,836

Net funds

The net funds of the Group have increased by £34.4 million in 2025 (2024: increased by £8.8 million) as set out in the Net Funds Movement in Note 1(c). Details of the Group's borrowings are set out in Note 23 which summarises the terms of the loan and interest rate swap arrangement.

Freehold property

Details of freehold property and related rental income are set out in Note 15.

4. Segment information

The Services segment comprises 5 consultancy Practises under the Sagentia brand: Medical, Innovation Regulatory, Defence and Aviation. The Systems segments comprise two businesses: (a) Critical Maritime Systems & Support ('CMS2'), which designs, manufactures and supports submarine atmosphere systems for the defence sector; and (b) Frontier Smart Technologies Limited ('Frontier') which designs and supplies radio and audio 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 Services Segment consists of five Practices as set above. Financial information is provided to the Chief Operating Decision Makers ('CODMs') in line with this structure: the Services segment; the two Systems Businesses (CMS2 and Frontier); the Freehold Properties and Corporate costs.

The Services Practices are aggregated into one 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.

Services revenue includes all consultancy fees plus recharged materials and expenses relating directly to the performance of the services. Systems - CMS2 revenue includes the design, manufacture and support of specialist systems for submarine atmosphere management, used in the UK and international naval defence markets. Systems - Frontier revenue includes sales of chips and modules which are incorporated into digital radios and audio systems. 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.

Services	**2025 £000**	2024 £000
Services revenue	**71,487**	72,209
Revenue	**71,487**	72,209
Direct operating expenses	**(38,208)**	(38,768)
Sales and marketing expenses	**(6,638)**	(7,209)
Administrative expenses	**(10,557)**	(11,342)
Adjusted operating profit	**18,769**	17,947
Amortisation of acquisition related intangible assets	**(1,231)**	(1,487)
Share-based payment charge	**(1,454)**	(1,570)
Operating profit	**16,084**	14,890

Systems – CMS2	**2025 £000**	2024 £000
Systems revenue -	**26,396**	25,857
Revenue	**26,396**	25,857
Direct operating expenses	**(17,830)**	(17,066)
Sales and marketing expenses	**(30)**	(338)
Administrative expenses	**(3,987)**	(3,769)
Adjusted operating profit	**5,532**	5,737
Amortisation of acquisition related intangible assets	**(819)**	(820)
Share-based payment charge	**(164)**	(233)
Operating profit	**4,549**	4,684

Systems – Frontier	**2025 £000**	2024 £000
Systems revenue -	**13,193**	11,970
Revenue	**13,193**	11,970
Direct operating expenses	**(9,824)**	(9,558)
Sales and marketing expenses	**(1,139)**	(1,293)
Administrative expenses	**(3,350)**	(3,356)
Adjusted operating profit	**1,102**	85
Amortisation of acquisition related intangible assets	**(2,034)**	(2,081)
Share-based payment charge	**(188)**	(241)
Operating loss	**(1,120)**	(2,237)

Freehold Properties	**2025 £000**	2024 £000
Intra-Group property income	**3,311**	3,313
Third party property income	**587**	633
Revenue	**3,898**	3,946
Direct operating expenses	**(2,212)**	(2,330)
Administrative expenses	**(992)**	(966)
Adjusted operating profit	**769**	713
Share-based payment charge	**(75)**	(63)
Operating profit	**694**	650

Corporate	**2025 £000**	2024 £000
Direct operating expenses	**(863)**	(1,082)
Sales and marketing expenses	**(115)**	(78)
Administrative expenses	**(2,348)**	(1,946)
Net proceeds from disposal of corporate investment	**24,051**	–
Adjusted operating loss	**(3,107)**	(2,941)
Net proceeds from disposal of corporate investment	**24,051**	–
Share-based payment charge	**(219)**	(165)
Operating profit/(loss)	**20,725**	(3,106)

Notes to the Financial Statements continued

For the year ended 31 December 2025

4. Segment information continued

Group	2025 £000	2024 £000
Services revenue	**71,487**	72,209
Systems revenue - CMS2	**26,396**	25,857
Systems revenue - Frontier	**13,193**	11,970
Third party property income	**587**	633
Revenue	**111,663**	110,669
Direct operating expenses	**(65,627)**	(65,491)
Sales and marketing expenses	**(7,952)**	(8,918)
Administrative expenses	**(21,203)**	(21,379)
Net proceeds from disposal of corporate investment	**24,051**	–
Adjusted operating profit	**23,065**	21,541
Amortisation of acquisition related intangible assets	**(4,084)**	(4,388)
Net proceeds from disposal of corporate investment	**24,051**	–
Share-based payment charge	**(2,100)**	(2,272)
Operating profit	**40,932**	14,881
Net finance income/(costs)	**563**	(142)
Profit before income tax	**41,495**	14,739
Income tax charge	**(8,223)**	(2,719)
Profit for the period	**33,272**	12,020

In the Freehold Properties Segment, income includes £3.3 million (2024: £3.3 million) generated from intra-group recharges. The corresponding costs are included within the respective Group businesses and are eliminated on consolidation.

During 2025, no single customer accounted for more than 10% of the Group's revenue (2024: nil).

Geographical analysis

Non-current assets (excluding derivative financial instruments and deferred tax assets) by geographical area are as follows:

	2025 £000	2024 £000
United Kingdom	**59,065**	64,287
Other European Countries	**3**	3
North America	**368**	692
Asia	**10**	79
	59,446	65,061

Non-current assets are allocated based on their physical location. The assets of the Group are predominantly based in the UK.

Operating profit for the Services Segment included a depreciation charge of £0.4 million (2024: £0.5 million), the Systems – CMS2 Segment included a depreciation charge of £0.3 million (2024: £0.3 million), the Systems - Frontier Segment included a depreciation charge of £0.1 million (2024: £0.1 million), the Freehold Properties included a depreciation charge of £0.4 million (2024: £0.3 million) and Corporate included a depreciation charge of £0.1 million (2024: £0.1 million).

5. Revenue

5.1 Revenue streams

The Group's operations and main revenue streams are those described in Note 4. The Group's revenue is derived from contracts with customers.

5.2 Disaggregation of revenue

In the following table, revenue is disaggregated by geographical market and by the currency in which the contract is denominated. For the purpose of the analysis of revenue, geographical markets are defined as the country or area in which the client is based.

Primary geographic markets	**2025 £000**	2024 £000
United Kingdom	**47,606**	51,067
Other European Countries	**10,832**	15,023
North America	**29,305**	24,368
Asia	**22,638**	19,489
Other	**1,282**	722
	111,663	110,669

Currency	**2025 £000**	2024 £000
US Dollar	**30,622**	32,762
Euro	**2,080**	1,788
Sterling	**78,961**	76,119
	111,663	110,669

Included in the Sterling disclosure above is rental income of £587,000 (2024: £633,000).

Timeframe	**2025 £000**	2024 £000
Revenue recognised at a point in time	**32,399**	29,788
Revenue recognised over a period of time	**79,264**	80,881
	111,663	110,669

5.3 Contract balances

The following table provides information about receivables, amount recoverable on contracts and contract liabilities from contracts with customers.

	Note	**2025 £000**	2024 £000
Receivables that are included in 'Trade and other receivables'	18	**14,872**	16,642
Unbilled invoices on contracts that are included in 'Trade and other receivables'	18	**1,145**	1,679
Amount recoverable on contracts that are included in 'Trade and other receivables'	18	**2,269**	4,283
Contract liabilities that are included in 'Trade and other payables'	20	**(21,750)**	(17,863)
Client registration funds on account that are included in 'Trade and other payables'	19, 20	**(2,398)**	(2,895)

The amounts recoverable on contracts primarily relate to the Group's rights to consideration for work performed but not billed at the reporting date. The amounts recoverable on contracts are transferred to receivables when the rights to receive cash become unconditional, i.e. when the Group has fulfilled all the performance obligations, and an invoice is issued to the customer.

The contract liabilities primarily relate to the advance consideration received from customers (Note 20). The remainder represents revenue to be recognised over time as the work is performed. The balance of £2.4 million (2024: £2.9 million) that relates to pass through fees which represent advance payments for registration fees to be paid to regulatory bodies is excluded as these balances are not recognised as revenue (Note 19).

Notes to the Financial Statements continued
For the year ended 31 December 2025

5. Revenue continued
5.3 Contract balances continued
Significant changes in the amount recoverable on contracts and the contract liabilities balances during the period are as follows:

Year ended 31 December 2025	Amount recoverable on contracts £000	Contract Liabilities £000
Revenue recognised that was included in the contract liability at the beginning of the period	**–**	**17,863**
Increase due to invoices raised to clients, excluding amounts recognised as revenue in the period	**–**	**(21,750)**
Transfers from amount recoverable on contracts recognised at the beginning of the period to receivables	**(4,283)**	**–**
Increases as a result of changes in the measure of progress	**2,269**	**–**

Year ended 31 December 2024	Amount recoverable on contracts £000	Contract Liabilities £000
Revenue recognised that was included in the contract liability at the beginning of the period	–	15,669
Increase due to invoices raised to clients, excluding amounts recognised as revenue in the period	–	(17,863)
Transfers from amount recoverable on contracts recognised at the beginning of the period to receivables	(4,300)	–
Increases as a result of changes in the measure of progress	4,283	–

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

6. Operating expenses
Operating profit is stated after charging/(crediting):

Year ended 31 December	Note	2025 £000	2024 £000
Cost of inventories	17	**16,575**	16,457
Net proceeds from disposal of corporate disposal	1(a)	**(24,051)**	-
Depreciation of property, plant and equipment	15	**542**	528
Depreciation of right-of-use assets	15, 25	**846**	865
Foreign currency (gains)/losses		**212**	(202)
Amortisation of intangible assets	14	**4,084**	4,388
Research and development*		**9,563**	8,889

*Research and development ('R&D') costs are represented by employee and material costs incurred in relation to R&D projects.

Auditor's remuneration	2025 £000	2024 £000
Auditor's remuneration to Grant Thornton UK LLP:		
Fees payable to the Company's auditors for the audit of the financial statements	**189**	173
Fees payable to the Company's auditors for the audit of the Company's subsidiaries pursuant to legislation	**455**	442
Remuneration to Grant Thornton UK LLP for non-audit services:		
Audit related assurance services	**27**	18
Tax compliance services	**–**	5
Remuneration to Grant Thornton member firms for audit and non-audit services:		
Fees payable for the audit of the financial statements	**19**	26
Accountancy and taxation services for a foreign subsidiary	**–**	4

7. Finance income and finance costs

Net finance costs include all interest-related income and expenses through profit or loss. The following have been included in the Consolidated Income Statement for the years presented:

	Group	
Year ended 31 December	**2025 £000**	2024 £000
Finance income		
Bank interest receivable and similar income	**1,422**	828
Proceeds from Interest rate swaps	**612**	–
	2,034	828
Finance costs		
Interest on bank borrowings	**(864)**	(447)
Fees on settlement of revolving credit facility	**(207)**	(268)
Amortisation of loan arrangement fees	**(39)**	(16)
Amortisation of revolving credit facility arrangement fee	**(135)**	(81)
Bank interest payables and similar costs	**(18)**	(7)
Interest on lease liabilities	**(208)**	(151)
	(1,471)	(970)
Net finance income/(costs)	**563**	(142)

8. Employee benefit expenses

Employment costs are shown below:

		Group	
Year ended 31 December	Note	**2025 £000**	2024 £000
Wages and salaries (including bonuses)		**37,926**	39,056
Social security costs		**6,196**	5,296
Redundancy costs		**54**	424
Pension costs		**2,398**	2,626
		46,574	47,402
Share-based payments	22	**2,100**	2,272
Total employee benefit expenses		**48,674**	49,674

Wages and salaries costs (including bonuses) for the Company were £1,633,000 (2024: £672,000) with social security costs for the year of £238,000 (2024: £90,000) and pension costs of £36,000 (2024: £nil). The employee costs include the recharge of £934,000 (2024: £454,000). None of the employees of the Company have share options and therefore there is no share-based payment charge within the Company prior to capital contributions (2024: £nil).

The average monthly number of total persons employed (including Executive and Non-Executive Directors and fixed term contractors) by Science Group was as follows:

	Group	
Year ended 31 December	**2025 Number**	2024 Number
Consultants and engineers	**395**	449
Marketing, support, administration, and other technically qualified staff	**136**	141
Total average number	**531**	590

The average monthly number of persons employed by the Company was 3 (2024: 3).

Notes to the Financial Statements continued

For the year ended 31 December 2025

9. Directors' remuneration, interests and transactions

Directors' emoluments and benefits include:

Year ended 31 December 2025 Name of Director	Salary/ fee £000	Bonus £000	Pension contribution £000	Other payment £000	Total £000
Ratcliffe	**450**	**250**	**–**	**–**	**700**
Edwards	**289**	**194**	**20**	**1**	**504**
Brett	**181**	**95**	**13**	**–**	**289**
Bertram	**65**	**–**	**–**	**–**	**65**
Clement Davies	**65**	**–**	**–**	**–**	**65**
Aggregate emoluments	**1,050**	**539**	**33**	**1**	**1,623**

Year ended 31 December 2024 Name of Director	Salary/ fee £000	Bonus £000	Pension contribution £000	Other payment £000	Total £000
Ratcliffe	450	–	–	–	450
Edwards	251	102	17	1	371
Brett	165	33	11	–	209
Bertram	49	–	–	–	49
Clement Davies	49	–	–	–	49
Aggregate emoluments	964	135	28	1	1,128

Directors' emoluments and benefits are stated for the Directors of Science Group plc only.

A share-based payment charge of £487,000 was recognised in the Consolidated Income Statement relating to share options held by Directors who are employed by Sagentia Limited (2024: £419,000).

The amounts shown were recognised as an expense during the year and relate to the Directors of the Company. Bonuses, pension and medical benefits are not paid to Non-Executive Directors. Although Mr Ratcliffe does not participate in the Group bonus scheme, or receive pension or medical benefits, the Remuneration Committee awarded him a discretionary bonus of £250,000 during the year related to the corporate investment gain. Mr Edwards and Mr Brett also received a discretionary bonus of £50,000 each related to the successful corporate investment. Mr Bertram and Ms Clement Davies also received £15,000 of additional fees to reflect the substantial time spent on the corporate activity.

Total social security costs related to Directors during the year was £231,000 (2024: £154,000).

Other payments relate to the provision of private medical insurance.

Directors' interests in the shares of Science Group as at 31 December 2025 and 31 December 2024 are as follows.

Science Group plc Ordinary shares of £0.01			**Options**		**Shares**	
Year ended 31 December	**2025**	2024	**2025**	2024	**2025**	2024
	Average exercise price (pence)		**Number**	Number	**Number**	Number
Ratcliffe	**–**	–	**–**	–	**8,042,080**	9,462,080
Edwards	**1.0**	1.0	**650,000**	620,000	**100,000**	93,333
Brett	**1.0**	1.0	**230,000**	235,000	**5,000**	2,000
Bertram	**–**	–	**–**	–	**5,000**	5,000
			880,000	855,000	**8,152,080**	9,562,413

During the year Mr Edwards was granted 50,000 options (2024: 275,000) and exercised 20,000 options (2024: 40,000) and Mr Brett was granted 20,000 options (2024: 120,000) and exercised 25,000 options (2024: 10,000).

There have been no changes subsequent to 31 December 2025.

See Note 22 for further details on option plans.

10. Income tax

The tax charge comprises:

Year ended 31 December	Note	2025 £000	2024 £000
Current taxation		**(9,252)**	(3,435)
Current taxation – adjustment in respect of prior years		**76**	854
Deferred taxation	11	**170**	(72)
Deferred taxation – adjustment in respect of prior years	11	**52**	(772)
R&D tax credit		**731**	706
Tax charge		**(8,223)**	(2,719)

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 24.6% (2024: 23.3%) as follows:

	2025 £000	2024 £000
Profit before tax	**41,495**	14,739
Tax calculated at domestic tax rates applicable to profits/(losses) in the respective countries	**(10,208)**	(3,434)
Expenses not deductible for tax purposes	**(762)**	(280)
Adjustment in respect of prior years – current tax	**76**	854
Adjustment in respect of prior years – deferred tax	**52**	(772)
Share scheme movements	**660**	77
Utilisation of losses previously not recognised	**-**	11
Utilisation of previously unrecognised tax losses	**1,228**	119
Research & Development ('R&D') tax credit	**731**	706
Tax charge	**(8,223)**	(2,719)

During the year, the Group recognised a gain of £24.1 million on the disposal of shares in an investee company. The corporation tax on this gain was £6.0 million, which was reduced to £5.1 million after utilising available brought-forward losses.

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 (2024: £0.7 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.

Notes to the Financial Statements continued

For the year ended 31 December 2025

11. Deferred tax

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

Group	Accelerated capital allowances £000	Tax losses £000	Share-based payment £000	Acquisition related intangible assets £000	Other temporary differences £000	Total £000
At 1 January 2024	66	3,642	1,297	(5,849)	142	(702)
Credited/(charged) 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)
(Charged)/credited to the Income Statement	**(8)**	**(772)**	**153**	**785**	**12**	**170**
(Charged)/credited to the income statement (adjustment in respect of prior year)	**(42)**	**–**	**–**	**–**	**94**	**52**
(Charged)/credited to Equity	**–**	**–**	**(291)**	**–**	**322**	**31**
Effect of movements in exchange rates	**(12)**	**(104)**	**–**	**49**	**(11)**	**(78)**
At 31 December 2025	**(84)**	**882**	**1,709**	**(4,158)**	**672**	**(979)**

Company	Other temporary differences £000	Total £000
At 1 January 2024	23	23
Credited to Consolidated Income Statement	3	3
At 31 December 2024	**26**	**26**
Charged to Consolidated Income statement	**(3)**	**(3)**
Credited to Consolidated Income Statement (adjustment in respect of prior year)	**57**	**57**
At 31 December 2025	**80**	**80**

The Company had £2.3 million of pre-April 2017 management expenses brought forward. In accordance with UK tax rules, such expenses are not eligible for group relief but are available to offset the Company's own taxable total profits and chargeable gains. During the year, the brought-forward amount was utilised against the chargeable gain arising on disposal of a financial investment (see Note 10, "Utilisation of previously unrecognised tax losses"). Consequently, the Company had no unrelieved tax losses at 31 December 2025.

Deferred tax assets comprise temporary differences attributable to:

	Group		Company	
	2025 £000	2024 £000	**2025 £000**	2024 £000
Tax losses	**882**	1,758	**–**	–
Share-based payment	**1,709**	1,847	**–**	–
Other temporary differences:				
Lease liabilities	**141**	178	**–**	–
Provision	**629**	320	**80**	26
Total deferred tax assets	**3,361**	4,103	**80**	26
Set-off deferred tax liabilities pursuant to set-off provisions	**(1,491)**	(2,052)	**–**	–
Net deferred tax assets	**1,870**	2,051	**80**	26

Deferred tax liabilities comprise temporary differences attributable to:

	Group		Company	
	2025 £000	2024 £000	**2025 £000**	2024 £000
Acquisition related intangible assets	**4,158**	4,992	**–**	–
Accelerated capital allowances	**84**	22	**–**	–
Other temporary differences:				
Right-of-use assets	**98**	243	**–**	–
Total deferred tax liabilities	**4,340**	5,257	**–**	–
Set-off deferred tax liabilities pursuant to set-off provisions	**(1,491)**	(2,052)	**–**	–
Net deferred tax liabilities	**2,849**	3,205	**–**	–

In accordance with IAS 12 Income Taxes, deferred tax assets and liabilities have been offset to the extent that they arise in the same tax jurisdiction and the Group has a legally enforceable right to offset current tax assets against current tax liabilities. After offsetting, a net deferred tax asset of £1.9 million (2024: £2.1 million) and a net deferred tax liability of £2.8 million (2024: £3.2 million) are presented in the Balance Sheet.

At 31 December 2025, Science Group had £11.6 million (2024: £21.4 million) of tax losses, the largest component of which related to Frontier (£11.3 million (2024: £16.8 million)). Of the Frontier losses balance, £3.5 million (2024: £7.0 million) is recognised as a deferred tax asset which is anticipated to be used to offset future taxable profits. The balance of £7.8 million (2024: £9.8 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 £0.3 million (2024: £4.6 million) unrecognised as a deferred tax asset due to the low probability that these losses will be utilised, although during the year the Group was able to utilise some of these other tax losses to offset against the corporate investment gain.

Factors affecting future tax charges

Deferred tax assets and liabilities were calculated at the substantively enacted corporation tax rates in the respective jurisdictions, taking into account the impact of any known future changes.

Notes to the Financial Statements continued

For the year ended 31 December 2025

12. Earnings per share

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

	2025			2024		
	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	**33,272**	**44,314,909**	**75.1**	12,020	45,377,531	26.5
Effect of dilutive potential ordinary shares: share options	**–**	**919,731**	**(1.5)**	–	915,406	(0.5)
Diluted earnings per ordinary share	**33,272**	**45,234,640**	**73.6**	12,020	46,292,937	26.0

Only the share options granted, as disclosed in Note 22, are dilutive.

The calculation of adjusted earnings per share is as follows:

	2025			2024		
	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	**17,816**	**44,314,909**	**40.2**	16,413	45,377,531	36.2
Effect of dilutive potential ordinary shares: share options	**–**	**919,731**	**(0.8)**	–	915,406	(0.7)
Adjusted diluted earnings per ordinary share	**17,816**	**45,234,640**	**39.4**	16,413	46,292,937	35.5

*The calculation of adjusted profit after tax is as follows:

Group	**2025 £000**	2024 £000
Adjusted operating profit	**23,065**	21,541
Finance income	**2,034**	828
Finance costs	**(1,471)**	(970)
Adjusted profit before tax	**23,628**	21,399
Tax charge at the blended corporation tax rate across the various jurisdictions 24.6% (2024: 23.3%)	**(5,812)**	(4,986)
Adjusted profit after tax	**17,816**	16,413

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

13. Dividends

The final dividend for 2024 of £3.6 million was paid in July 2025 (2024: £3.7 million paid for 2023 in July 2024).

The Board has proposed a final dividend for 2025 of 10.0 pence per share (2024: 8.0 pence per share). The dividend is subject to approval by shareholders at the next Annual General Meeting and the expected cost of £4.3 million has not been included as a liability as at 31 December 2025.

14. Intangible assets

Group	Technical know-how and intellectual property rights £000	Customer relationships £000	Goodwill £000	Total £000
Cost				
At 1 January 2024	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
Additions	166	-	-	166
Effect of movement in exchange rates	(865)	(275)	(398)	(1,538)
At 31 December 2025	**15,782**	**30,995**	**20,769**	**67,546**
Accumulated amortisation				
At 1 January 2024	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
Amortisation charged in year	2,134	1,950	–	4,084
Effect of movement in exchange rates	(634)	(230)	–	(864)
At 31 December 2025	**10,827**	**18,641**	**–**	**29,468**
Accumulated impairment				
At 1 January, 31 December 2024 and 31 December 2025	**–**	**7**	**2,225**	**2,232**
Carrying amount				
At 31 December 2024	7,154	14,342	18,942	40,438
At 31 December 2025	**4,955**	**12,347**	**18,544**	**35,846**

Notes to the Financial Statements continued

For the year ended 31 December 2025

14. Intangible assets continued

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:

	2025		2024	
Group	**Pre-tax discount rate**	**£000**	Pre-tax discount rate	£000
R&D Consultancy	**16.3%**	**3,383**	17.2%	3,383
Leatherhead Research	**16.3%**	**650**	17.2%	650
TSG Americas	**17.0%**	**2,587**	17.5%	2,778
TSG Europe	**16.3%**	**4,546**	17.2%	4,546
Frontier Smart Technologies Group	**19.8%**	**3,156**	20.0%	3,363
CMS2	**16.0%**	**1,576**	15.9%	1,576
TPG Services	**16.3%**	**2,646**	17.2%	2,646
		18,544		18,942

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 amount of the CGUs are determined to be the higher of value in use and fair value less costs of disposal. Historically, value in use has led to a recoverable amount higher than the carrying amount of goodwill and is therefore the chosen method of valuation for the goodwill impairment review (A CGU is defined by IAS 36 as a grouping of assets at the lowest level for which there are identifiable and largely independent cash inflows). The key assumptions for the value in use calculations are those regarding the discount rates, profit margins, and rates of growth or decline in 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.

The revenue growth rates vary by CGU and are included in the relevant CGU section below:

R&D Consultancy CGU

Based on an average revenue growth rate over the next 5 years of 4.0%, the net present value of future cash flows exceeds the carrying value of the CGU, as such no impairment has been recorded.

A sensitivity analysis using reasonably possible changes in key assumptions has been performed. None of these changes result in the value of goodwill allocated to R&D Consultancy being in excess of its recoverable amount and therefore no sensitivity analysis is presented.

When assessing the recoverability of the Harston freehold property, it was reviewed individually for any indicators of impairment and was also included within the R&D Consultancy CGU as part of the goodwill impairment assessment. The R&D Consultancy business uses the Harston property (Cambridge) for office space. No issues relating to recoverability or impairment were identified as a result of this review.

Leatherhead Research CGU

Based on an average revenue growth rate over the next 5 years of 2.4%, the net present value of future cash flows exceeds the carrying value of the CGU, as such no impairment has been recorded.

A sensitivity analysis using reasonably possible changes in key assumptions has been performed. None of these changes result in the value of goodwill allocated to Leatherhead Research being in excess of its recoverable amount and therefore no sensitivity analysis is presented.

When assessing the recoverability of the Epsom freehold property, it was reviewed individually for any indicators of impairment and was also included within the Leatherhead CGU as part of the goodwill impairment assessment. The Leatherhead Food Research business utilises the Epsom site for office and kitchen space. No issues relating to recoverability or impairment were identified as a result of this review.

TSG America CGU

Based on an average revenue growth rate over the next 5 years of 4.5%, the net present value of future cash flows exceeds the carrying value of the CGU, as such no impairment has been recorded.

A sensitivity analysis using reasonably possible changes in key assumptions has been performed. None of these changes result in the value of goodwill allocated to TSG America being in excess of its recoverable amount and therefore no sensitivity analysis is presented.

TSG Europe CGU
Based on an average revenue growth rate over the next 5 years of 4.2%, the net present value of future cash flows exceeds the carrying value of the CGU, as such no impairment has been recorded.

A sensitivity analysis using reasonably possible changes in key assumptions has been performed. None of these changes result in the value of goodwill allocated to TSG Europe being in excess of its recoverable amount and therefore no sensitivity analysis is presented.

Frontier Smart Technologies Group CGU
Based on an average revenue growth rate over the next 5 years of 10.1%, the net present value of future cash flows exceeds the carrying value of the CGU, and as such no impairment has been recorded.

A sensitivity analysis using reasonably possible changes in key assumptions has been performed. None of these changes result in the value of goodwill allocated Frontier Smart Technologies being in excess of its recoverable amount, as such no impairment has been recorded.

CMS2 CGU
Based on revenue remaining flat over the next 5 years, the net present value of future cash flows exceeds the carrying value of the CGU, as such no impairment has been recorded.

A sensitivity analysis using reasonably possible changes in key assumptions has been performed. None of these changes result in the value of goodwill allocated to CMS2 being in excess of its recoverable amount and therefore no sensitivity analysis is presented.

TPG Services CGU
There has been management action in TPG Services to reduce some legacy, low margin defence revenue contracts. This has led to an overall forecast decrease in revenue within the CGU, with a corresponding forecast improvement in margin.

Based on an average revenue reduction over the next 5 years of 2.5%, and an improvement in the average gross margin percentage of 16% from that achieved in 2025, the net present value of future cash flows exceeds the carrying value of the CGU by £3.4 million and as such no impairment has been recorded.

The recoverable amount calculations are sensitive to reasonably possible changes in the following key assumptions, each of which would result in the recoverable amount of the CGU being reduced to a level equal to its carrying value: 1) if the annual revenue assumptions in the over the forecast period decreased by 13%; 2) if the pre-tax WACC applied as a discount rate to cashflows was increased by 4.1% (from 16.3% to 20.4%); and, if the adjusted operating profit over the forecast period decreased from 10% growth to 5% growth.

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For the year ended 31 December 2025

15. Property, plant and equipment

Group	Freehold land and buildings £000	Right–of–use Assets £000	Furniture and fittings £000	Equipment £000	Total £000
Cost					
At 1 January 2024	25,194	5,957	2,399	2,301	35,851
Additions	–	204	–	–	204
Lease amendment	–	408	–	–	408
Disposals	–	(821)	–	(57)	(878)
Exchange differences on cost	–	39	1	6	46
At 1 January 2025	25,194	5,787	2,400	2,250	35,631
Additions	–	–	–	33	33
Disposals	–	–	(41)	(74)	(115)
Exchange differences on cost	–	(111)	(7)	(29)	(147)
At 31 December 2025	**25,194**	**5,676**	**2,352**	**2,180**	**35,402**
Accumulated depreciation					
At 1 January 2024	4,180	2,028	1,755	2,032	9,995
Depreciation charge	178	865	188	162	1,393
Disposals	–	(736)	–	(57)	(793)
Exchange differences on depreciation	–	25	3	6	34
At 1 January 2025	4,358	2,182	1,946	2,143	10,629
Depreciation charge	242	846	195	105	1,388
Disposals	–	–	(41)	(74)	(115)
Exchange differences on depreciation	–	(62)	(6)	(32)	(100)
At 31 December 2025	**4,600**	**2,966**	**2,094**	**2,142**	**11,802**
Carrying amount					
At 31 December 2024	20,836	3,605	454	107	25,002
At 31 December 2025	**20,594**	**2,710**	**258**	**38**	**23,600**

Freehold land and buildings include two properties in the UK.

The Great Burgh property (near Epsom) is held at cost less accumulated depreciation. Included within land and buildings for the Group is freehold land to the value of £500,000 (2024: £500,000) which has not been depreciated. During the year ended 31 December 2016, the property was brought into use from which point depreciation commenced. This property was acquired solely for the use of Science Group. This property was last formally valued by BNP Paribas Real Estate in December 2023 to a range of between £3.9 million (subject to the assumption of full vacant possession) and £7.6 million (under a sale and leaseback scenario).

The Harston Mill property (near Cambridge) is held at cost less accumulated depreciation. Included within land and buildings for the Group is freehold land to the value of £1,360,000 (2024: £1,360,000) which has not been depreciated. Cumulative interest capitalised up to 31 December 2003 was £340,000. No further interest has been capitalised. The Harston Mill property was last formally valued during December 2023 by BNP Paribas Real Estate. Under the assumptions used, including tenant covenant strength and market rents, the indicative valuation range for the property was between £13.0 million (subject to the assumption of full vacant possession) and £24.0 million (under a sale and leaseback scenario).

The Harston Mill and Great Burgh buildings are depreciated using the straight-line method to allocate their cost less their residual values over their estimated useful lives of 25 years.

The Harston Mill property generated third party rental and associated income of £587,000 (2024: £633,000). Of this income, £345,000 (2024: £363,000) was rental income and £242,000 (2024: £270,000) was associated income. Associated income includes, but is not limited to, utilities, cleaning, and general maintenance.

The total space on the Harston Mill site available for business use is approximately 9,000 sq. m. Of this space, the average total space let to third parties during 2025 was 1,400 sq. m. (2024: 1,400 sq. m.). The leases to tenants are typically for between 24 and 60 month terms and normally have a termination notice period of 3 to 12 months. An average of 4,400 sq. m. (2024: 4,400 sq. m.) was used by the Group during the year for its business activities including office space and laboratory space and 2,150 sq. m. are common areas. The remaining space of 1,050 sq. m. (2024:1,050 sq. m.) was vacant during the year.

Given the continuing rental values and occupancy rates, as well as the general trend in UK commercial property prices since the last external valuation in December 2023, the Directors believe that the combined fair value of the Harston Mill and Great Burgh properties is in excess of the combined carrying value of £20.6 million (2024: £20.8 million).

The Term Loans with Lloyds Bank plc are secured on the Harston Mill and Great Burgh properties.

Science Group plc, the Company, had fixed assets with a net book value of £170,000 at 31 December 2025 (£306,000 at 31 December 2024).

Residual values for the Harston Mill and Great Burgh properties (unchanged from 2024) are based on estimates of the amounts the Group would receive currently for the properties if they were already of an age and in the condition expected at the end of their useful lives. The residual values are reviewed annually to ensure that they do not exceed the estimated market values of the properties. The property book values have been considered in comparison to third party valuation reports as well as value in use to the Group. Taking into account these valuation indicators, the Directors are comfortable the book values are appropriately stated and hold up to a robust level of sensitivity stress testing.

Details of the Term Loans supported by the Harston Mill and Great Burgh properties can be found in Note 23.

Notes to the Financial Statements continued

For the year ended 31 December 2025

16. Investments

a) Investments in subsidiaries

Science Group plc held investments in the following subsidiaries at 31 December 2025:

Subsidiaries of Science Group plc	Registered office	Country of incorporation	Principal activity	Shares held	%
Sagentia Limited*	(1)	England	Consultancy	Ordinary	100
Quadro Harston Limited*	(1)	England	Property	Ordinary	100
Quadro Epsom Limited*	(1)	England	Property	Ordinary	100
Sagentia Inc.	(2)	USA	Consultancy	Ordinary	100
Oakland Innovation Ltd*	(1)	England	Consultancy	Ordinary	100
Leatherhead Research Limited*	(1)	England	Consultancy	Ordinary	100
Technology Sciences Group Consulting Limited*	(1)	England	Consultancy	Ordinary	100
Technology Sciences Group (TSG) Canada Inc.	(6)	Canada	Consultancy	Ordinary	100
Technology Sciences Group Iberia SL	(4)	Spain	Consultancy	Ordinary	100
TSGE Deutschland GmbH	(5)	Germany	Consultancy	Ordinary	100
Technology Sciences Group Inc.*	(2)	USA	Consultancy	Ordinary	100
Technology Science Group France SAS*	(3)	France	Consultancy	Ordinary	100
Frontier Smart Technologies Limited*	(1)	England	Production	Ordinary	100
Frontier Silicon (HK) Ltd	(7)	Hong Kong	Production	Ordinary	100
Magic Systech Inc	(8)	Taiwan	Production	Ordinary	100
TPG Services Limited*	(1)	England	Consultancy	Ordinary	100
Critical Maritime Systems & Support Limited*	(1)	England	Production	Ordinary	100
Osprey Consulting Services Limited*	(1)	England	Consultancy	Ordinary	100

* Direct subsidiaries of Science Group plc as at 31 December 2025.

On 30 September 2025 the ownership of Critical Maritime Systems & Support Limited, Osprey Consulting Services Limited and TPG Services Limited was transferred from TP Group Limited to Science Group plc. The investments in the three subsidiaries were transferred at cost to Science Group plc with payment via a dividend in specie. TP Group Limited was subsequently dissolved on 30 December 2025.

(1) Harston Mill, Royston Road, Harston, Cambridge, CB22 7GG, England

(2) 1150 18th Street NW Suite 475, Washington, DC 20036

(3) 229 Rue Saint-Honoré, 75001, Paris, France

(4) Avenida de Galicia, 22, 1º Izda., 33005 Oviedo, Asturias, Spain

(5) Im Fliegerhorst 12 38642 Goslar, Germany

(6) 50 O'Connor Street, Suite 300, Ottawa, Ontario, K1P 6L2, Canada

(7) 31/F Tower Two Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, China

(8) Taipei Concord, 8F, No.367 Fuxing N Rd, Songshan Dist. Taipei 10543 Taiwan

b) Investments summary

	Subsidiary investments £000	Total Company £000
Cost		
At 1 January 2024 (restated)**	75,830	75,830
Capital contribution to subsidiaries*	2,272	2,272
At 1 January 2025	78,102	78,102
Capital contribution to subsidiaries*	2,100	2,100
At 31 December 2025	**80,202**	**80,202**
Carrying amount		
At 31 December 2024	78,102	78,102
At 31 December 2025	**80,202**	**80,202**

* Capital contributions to subsidiaries are in relation to share-based payment charges for employees of the subsidiaries.

** The restatement of the gross cost and accumulated investments relates to accumulated impairment that relate to investments that have been dissolved. The value of these investments was transferred to other Group companies, and at such time this should have been reflected in the gross cost of the investments.

17. Inventories

	Group	
	2025 £000	2024 £000
Raw materials	**192**	220
Work in progress	**234**	433
Finished goods	**613**	514
	1,039	1,167

The costs of inventory included in operating expenses were £16,575,000 (2024: £16,457,000).

The Company held £nil inventories at 31 December 2025 (2024: £nil).

18. Trade and other receivables

	Group		Company	
	2025 £000	2024 £000	**2025 £000**	2024 £000
Current assets:				
Trade receivables	**14,954**	16,739	**–**	–
Provision for impairment	**(82)**	(97)	**–**	–
Trade receivables – net	**14,872**	16,642	**–**	–
Unbilled invoices on contracts	**1,145**	1,679	**–**	–
Amounts recoverable on contracts	**2,269**	4,283	**–**	–
Other receivables	**76**	43	**–**	–
Other taxation and social security	**1,616**	1,111	**–**	–
Amounts owed by Group undertakings	**–**	–	**4,927**	4,694
VAT	**795**	423	**543**	337
Prepayments	**3,474**	3,605	**1,205**	615
	24,247	27,786	**6,675**	5,646

Notes to the Financial Statements continued

For the year ended 31 December 2025

18. Trade and other receivables continued

All amounts disclosed above, except for prepayments and amounts owed by Group undertakings, are receivable within 90 days. Amounts owed by Group undertakings are unsecured and repayable on demand.

The Other taxation and social security assets relate to employer's NIC liability on share options vested. Of this balance, £452,000 (2024: £653,000) is due after one year. See Note 21 for further information.
The following table provides information about the exposure to credit risk and Expected Credit Losses ('ECLs') for trade receivables and amounts recoverable on contracts.

	2025		2024	
Group	**Gross carrying amount £000**	**Provision for impairment £000**	Gross carrying amount £000	Provision for impairment £000
Current (not past due)	**16,316**	**–**	19,788	–
1-30 days past due	**1,668**	**–**	2,567	–
31-60 days past due	**218**	**4**	302	21
61-90 days past due	**150**	**4**	12	–
More than 90 days past due	**99**	**74**	33	76
	18,368	**82**	22,702	97

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables and amounts recoverable on contracts as these items do not have a significant financing component.

The ECLs are based on the payment profile for sales over the past 48 months before 31 December 2025 and 31 December 2024 respectively as well as the corresponding historical credit losses during that period. The historical ECLs are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade receivables and amounts recoverable on contracts are written off (i.e. derecognised) when there is no reasonable expectation of recovery.

In relation to amounts owed by Group Undertakings, based on historical experience and informed credit assessment, the ECL is not material.

	Group	
	2025 £000	2024 £000
Provision brought forward	**97**	100
Provision made	**11**	52
Provision released	**(20)**	(56)
Movement due to foreign exchange fluctuations	**(6)**	1
Provision carried forward	**82**	97

19. Cash and cash equivalents

	Group		**Company**	
	2025 £000	2024 £000	**2025 £000**	2024 £000
Cash and cash equivalents – Group cash	**72,608**	38,556	**53,286**	18,721
Cash and cash equivalents – Client registration funds	**2,398**	2,895	**–**	–
	75,006	41,451	**53,286**	18,721

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.

20. Trade and other payables

	Group		Company	
	2025 £000	2024 £000	**2025 £000**	2024 £000
Current liabilities:				
Contract liabilities	**21,750**	17,863	**–**	–
Client registration funds on account	**2,398**	2,895	**–**	–
Trade payables	**3,292**	4,022	**133**	–
Other taxation and social security	**1,752**	1,841	**92**	88
Amounts owed to Group undertakings	**–**	–	**23,370**	14,098
VAT	**1,583**	2,305	**–**	–
Accruals	**7,296**	6,604	**873**	1,313
	38,071	35,530	**24,468**	15,499

Amounts owed to Group undertakings are unsecured and repayable on demand.

21. Provisions

Group	**Dilapidations £000**	**Restructuring £000**	**Legal £000**	**Other £000**	**Total £000**
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 1 January 2025	682	67	172	1,339	2,260
Provisions made during the year	4	72	160	2,041	2,277
Provisions used during the year	–	(39)	(2)	–	(41)
Provisions reversed during the year	(45)	–	(65)	(346)	(456)
Effect of movement in exchange rates	(6)	–	(5)	(3)	(14)
At 31 December 2025	**635**	**100**	**260**	**3,031**	**4,026**
Current liabilities	156	100	260	2,579	3,095
Non-current liabilities	479	–	–	452	931
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

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 2025 is 2.5 years (2024: 3.5 years).

The restructuring provision relates to the costs associated with the closure or re-organisation of some Group entities.

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

Other provisions include a settlement balance where the Group is currently engaged in commercial discussions with a customer in relation to a contractual matter. While the discussions remain ongoing and the matter is commercially sensitive, the Group has assessed that it has a present obligation arising from past events. Based on management's best estimate of the potential outflow, a provision of £1.3 million has been recognised at the reporting date. The timing and final amount of any settlement remain uncertain, and the associated risks have been taken into account in determining the value of the provision. No further information has been disclosed as it is considered that doing so would prejudice the Group's position in the continuing discussions.

In addition, other provisions include is an amount of £1.6 million (2024: £1.1 million) relating to the employer's NIC liability on share options that have vested in full (or the proportion that has vested). As the employee is contractually responsible for the employer's NIC on any share

Notes to the Financial Statements continued

For the year ended 31 December 2025

21. Provisions continued

options exercised and is required to remit this sum to the Group prior to the share options being exercised, a corresponding asset, of equal value, is recognised in current assets.

Other provisions also include smaller value provisions made in respect of product and service deliveries that include warranty provision.

22. Called-up share capital

	2025 £000	2024 £000
Allotted, called-up and fully paid		
Ordinary shares of £0.01 each	**462**	462

	Number	Number
Allotted, called-up and fully paid		
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 2025 was 46,185,874 shares (2024: 46,185,874) and the total number of ordinary shares in issue (excluding treasury shares) was 43,143,642 (2024: 44,738,465). The total number of voting rights in the Company is 43,143,642 (2024: 44,738,465).

A reconciliation of treasury shares held by the Company is as follows:

	Company	
Reconciliation of treasury shares	**2025 Number**	2024 Number
At beginning of year	**1,447,409**	726,902
Purchase of own shares	**1,996,657**	1,080,507
Settlement of share options	**(401,834)**	(360,000)
At end of year	**3,042,232**	1,447,409

It is the intention of the Company to hold the treasury shares for the purpose of settling employee share schemes and for settling liquidated sums of cash consideration in any future business acquisitions, and in limited circumstances to satisfy shareholder demand which market liquidity is unable to meet. No dividend or other distribution may be made to the Company in respect of the treasury shares.

The total charge relating to employee share-based payment plans, all of which related to equity-settled share-based payment transactions, was £2,100,000 (2024: £2,272,000).

Reconciliation of outstanding options	**2025**		2024	
	Number	**Weighted average exercise price (pence)**	Number	Weighted average exercise price (pence)
At beginning of year	**3,807,490**	**1.0**	2,717,990	1.0
Granted during the year	**260,000**	**1.0**	1,530,000	1.0
Exercised during the year	**(401,834)**	**1.0**	(360,000)	1.0
Lapsed during the year	**(100,000)**	**1.0**	(80,500)	1.0
At end of year	**3,565,656**	**1.0**	3,807,490	1.0

The Group has an employee share option scheme which awards options to certain employees. The Performance Share Plan ('PSP') sets the target based on EPS over 3 years. The vesting period is 3 or 5 years. The Enhanced Executive Incentive Addendum ('EEI') options are for Directors and senior managers. The vesting conditions for these awards is based on the share price. The vesting period for these awards is 5 years.

During the year ended 31 December 2025, share options were issued under the PSP.

The options outstanding at 31 December 2025 had a weighted average contractual life of 7.4 years (2024: 8.0 years).

Included within the total outstanding options at 31 December 2025 are 379,656 options which are exercisable (2024: 404,490). The weighted average exercise price of exercisable options at the end of the year was 1.0 pence (2024: 1.0 pence).

Options exercised during the year had a weighted average share price at the date of exercise of 534.0 pence (2024: 421.0 pence).

Exercise of an option is subject to continued employment and normally lapses upon leaving employment.

The fair values of options granted under the PSP in 2025 were determined using a variation of the Binomial Option Pricing model that takes into account factors specific to the share incentive plans including performance conditions. The performance conditions have been incorporated into the measurement by means of actuarial modelling. One vesting condition attached to options granted in the year is such that 100% of the options vest dependent on the Company achieving earnings per share targets. For options granted in the year, a risk-free rate of 3.74% and a dividend yield factor of 1.82% has been used. The share price on the date the options were granted was 440.0 pence. The other principal assumptions used in the valuation are set out in the table below.

At 31 December 2025, options granted to subscribe for ordinary shares of the Company that remain unexercised are as follows:

	Option exercise period		**Number of shares under option**					
Date of grant	**From**	**To**	**Performance Share Plan**	**Enhanced Executive Incentive Addendum**	**Exercise Price (pence)**	**Fair Value of Options (pence)**	**Expected Life (years)**	**Volatility**
Sept 2018	Sep 2021	Sep 2028	8,489	–	1.0	225.3	10	23%
Oct 2019	Oct 2022	Oct 2029	19,167	–	1.0	177.8	10	17%
Oct 2020	Oct 2023	Oct 2030	25,000	–	1.0	222.3	10	23%
Oct 2021	Oct 2024	Oct 2031	30,000	–	1.0	435.8	10	31%
Oct 2021	Oct 2026	Oct 2031	–	1,050,000	1.0	245.7	10	31%
Mar 2022	Mar 2025	Mar 2032	10,000	–	1.0	382.4	10	31%
Sept 2022	Sept 2025	Sept 2032	287,000	–	1.0	377.6	10	27%
May 2023	May 2026	May 2033	381,000	–	1.0	388.4	10	24%
May 2023	May 2028	May 2033	45,000	–	1.0	379.0	10	24%
Jun 2023	Jun 2026	Jun 2033	15,000	–	1.0	382.4	10	23%
May 2024	May 2027	May 2034	285,000	–	1.0	395.0	10	17%
Aug 2024	Aug 2029	Aug 2034	–	1,150,000	1.0	144.1	10	18%
May 2025	May 2028	May 2035	260,000	–	1.0	415.9	10	20%
			1,365,656	**2,200,000**				

At 31 December 2024, options granted to subscribe for ordinary shares of the Company that remain unexercised are as follows:

	Option exercise period		Number of shares under option					
Date of grant	From	To	Performance Share Plan	Enhanced Executive Incentive Addendum	Exercise Price (pence)	Fair Value of Options (pence)	Expected Life (years)	Volatility
Sept 2018	Sep 2021	Sep 2028	9,990	–	1.0	225.3	10	23%
Oct 2019	Oct 2022	Oct 2029	20,000	–	1.0	177.8	10	17%
Nov 2019	Nov 2022	Nov 2029	20,000	–	1.0	211.7	10	18%
Oct 2020	Oct 2023	Oct 2030	52,500	–	1.0	222.3	10	23%
Oct 2021	Oct 2024	Oct 2031	302,000	–	1.0	435.8	10	31%
Oct 2021	Oct 2026	Oct 2031	–	1,050,000	1.0	245.7	10	31%
Mar 2022	Mar 2025	Mar 2032	30,000	–	1.0	382.4	10	31%
Sept 2022	Sept 2025	Sept 2032	352,000	–	1.0	377.6	10	27%
May 2023	May 2026	May 2033	396,000	–	1.0	388.4	10	24%
May 2023	May 2028	May 2033	45,000	–	1.0	379.0	10	24%
Jun 2023	Jun 2026	Jun 2033	15,000	–	1.0	382.4	10	23%
May 2024	May 2027	May 2034	315,000	–	1.0	395.0	10	17%
Aug 2024	Aug 2029	Aug 2034	–	1,200,000	1.0	144.1	10	18%
			1,557,490	2,250,000				

Notes to the Financial Statements continued

For the year ended 31 December 2025

23. Borrowings

(a) Term Loan

Group	2025 £000	2024 £000
Current bank borrowings	**600**	1,200
Non-current bank borrowings	**10,832**	10,572
Total borrowings	**11,432**	11,772

Group	2025 £000	2024 £000
Opening balance	**11,772**	12,956
Additional loans taken out in the year	**12,000**	–
Repayments of the previous term loans	**(11,800)**	(1,200)
Repayments for the new term loans in the year	**(450)**	–
Additional borrowing arrangement fee	**(129)**	–
Amortisation of loan arrangement fee	**39**	16
Total borrowings	**11,432**	11,772

In March 2025 the Group agreed new bank borrowing facilities with Lloyds Bank plc. The previous Term Loan (with a subsidiary Sagentia Limited) which was scheduled to expire in September 2026 was repaid and two new Term Loans were agreed with a combined value of £12.0 million. The new Term Loans are 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 owned by a subsidiary Quadro Harston Limited, and a second, independent loan to the property in Epsom, Surrey owned by a subsidiary Quadro Epsom Limited. As the loan repayment and new Term Loans were all within the Group, Lloyds Bank plc remitted the net balance due of £200,000 to the Group on completion.

At 31 December 2025, the amount outstanding on the Term Loans was £11.4 million (2024: £11.8 million).

The carrying amount of the Term Loans is considered to be a reasonable approximation of the fair value.

The reconciliation of bank loans interest expense is shown below.

Group	2025 £000	2024 £000
Interest expense	**903**	463
Interest paid	**(864)**	(447)
Amortisation of loan arrangement fees	**(39)**	(16)
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:

Group	2025 £000	2024 £000
Within one year	**600**	1,200
Between 1 and 2 years	**600**	1,200
Between 2 and 5 years	**1,800**	9,400
Over 5 years	**8,550**	–
	11,550	11,800

The new Term Loans have financial covenants that the Group needs to comply with namely (i) the Loan to Value ratio, as defined as the loan balance divided by the property value should not exceed 65% and (ii) the Debt Service Cover, defined as the Net Rental Income divided by Debt Service for the period, shall not be less than 110%. These covenants apply to each Term Loan.

(b) Revolving Credit Facility

As part of the refinancing referred to above Science Group plc signed a new 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 £30.0 million, with an additional £10.0 million accordion option, subject to agreement. The new RCF agreement runs for a term of five years and ends in March 2030. The margin on drawn sums is 1.95% over the Sterling Overnight Index Average ('SONIA') and is 0.6% 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 new Term Loans. At 31 December2025, the RCF was undrawn.

(b) Revolving Credit Facility continued
The RCF has two financial covenants with which the Group needs to comply: (i) the Group's net leverage, as defined as the net debt divided by the rolling 12 month EBITDA, should not exceed 3.0; 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.

The reconciliation of RCF interest expense is shown below.

Group	**2025 £000**	2024 £000
Interest expense	**342**	349
Interest paid	**(207)**	(268)
Impairment of arrangement fee of terminated RCF	**(66)**	-
Amortisation of RCF arrangement fee	**(69)**	(81)
Interest accrual at the year end	**–**	–

(c) Hedge accounting
In order to address interest rate risk, the Group entered into interest rate swaps in order to fully hedge the finance cost on the new Term Loans resulting in a 10-year fixed effective interest rate of 7.3%. The interest rate on the swaps at 4.7% which, when combined with the contractual loan margin, economically fixes the finance cost at 7.3%.

Hedge effectiveness is determined at inception of the hedge relationship and at every reporting period end through the assessment of the hedged items and hedging instrument to determine whether there is still an economic relationship between the two. The critical terms of the interest rate swaps entered into exactly match the terms of the hedged items. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

Hedge ineffectiveness may arise where the critical terms of the forecast transaction no longer meet those of the hedging instrument, however the hedged items and the hedging instrument relationship matches one to one. For example, if the payment of the loan and the interest are transacted at different times, the hedge will become ineffective however the timing of the payments are within the control of the Group. All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the Consolidated Balance Sheet. To the extent the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss. At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

The Group has adopted hedge accounting for the interest rate swaps under IFRS 9 Financial Instruments, and the loss on change in fair value of the discontinued interest rate swaps and continuing interest rate swaps of £0.02 million and £0.6 million respectively (2024: loss of £0.3 million) were recognised in other comprehensive income. The fair value of the swaps at 31 December 2025 was a liability of £0.6 million (2024: an asset of £0.6 million).

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

Discontinued Interest rate swaps	**2025**	2024
Carrying amount (non-current assets)	**–**	£627,000
Notional amount	**–**	£11,800,000
Termination date/maturity date	**Mar 2025**	Sept 2026
Hedge ratio	**1:1**	1:1
Change in the fair value of the outstanding hedging instruments since 1 January	**(£15,000)**	£85,000
Change in the fair value of hedged item used to determine hedge effectiveness	**(£15,000)**	£85,000
Weighted average hedged rate for the year	**3.5%**	3.5%

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For the year ended 31 December 2025

23. Borrowings continued

Continuing Interest rate swaps	2025	2024
Carrying amount (non-current liabilities)	**(£603,000)**	–
Notional amount	**£11,550,000**	–
Maturity date	**Mar 2035**	–
Hedge ratio	**1:1**	–
Change in the fair value of the outstanding hedging instruments since March 2025	**(£603,000)**	–
Change in the fair value of hedged item used to determine hedge effectiveness	**(£603,000)**	–
Weighted average hedged rate for the year	**7.3%**	–

The notional amount on the interest rate swaps reduces in line with the repayment of the Term Loans, so an effective hedge remains throughout the term of the loans. There were 2 active interest rate swaps in place at 31 December 2025, totalling £11.6 million which will mature in March 2035.

(d) Changes in liabilities arising from financing activities

This section sets out an analysis of changes in liabilities from financing activities for each of the periods presented.

Group	Liabilities from financial activities			Other assets/(liabilities)	
	Borrowings £000	Leases £000	Sub total £000	Interest rate swaps £000	Total £000
Balance at 1 January 2024	(12,956)	(3,945)	(16,901)	886	(16,015)
Cash movement	1,200	–	1,200	–	1,200
Principal elements of lease payments	–	693	693	–	693
Acquisitions – leases	–	(542)	(542)	–	(542)
Change in fair values of the continuing hedging instruments	–	–	–	(259)	(259)
Lease cancellations	–	88	88	–	88
Foreign exchange adjustments	–	(17)	(17)	–	(17)
Interest expense	(463)	(158)	(621)	–	(621)
Interest payments (presented as operating cash flows)	447	158	605	–	605
Balance at 1 January 2025	(11,772)	(3,723)	(15,495)	627	(14,868)
Additional loans taken out in the year	(12,000)	–	(12,000)	–	(12,000)
Repayments of the previous loans	11,800	–	11,800	–	11,800
Cash movement	450	–	450	–	450
Principal elements of lease payments	–	888	888	–	888
Additional borrowing arrangement fee	129	–	129	–	129
Change in fair values of the discontinued hedging instruments	–	–	–	(15)	(15)
Hedge gains recognised in profit or loss in respect of discontinued hedging instruments	–	–	–	(612)	(612)
Change in fair values of continuing hedging instruments	–	–	–	(603)	(603)
Foreign exchange adjustments	–	49	49	–	49
Interest expense	(903)	(208)	(1,111)	–	(1,111)
Interest payments (presented as operating cash flows)	864	208	1,072	–	1,072
Balance at 31 December 2025	**(11,432)**	**(2,786)**	**(14,218)**	**(603)**	**(14,821)**

24. Derivative financial instruments

The Group's derivative financial instruments are measured at fair value and are summarised below:

	Note	**2025 £000**	2024 £000
Non-current assets			
Interest rate swaps – cash flow hedge	23	**-**	627
Total non-current derivative financial instruments		**-**	627
Current assets			
US Dollar currency exchange instruments – cash flow hedge		**185**	144
Total current derivative financial instruments		**185**	144
Non-current liabilities			
Interest rate swaps – cash flow hedge	23	**(603)**	
Total non-current derivative financial instruments		**(603)**	

The Group's cashflow hedge reserve relates to the following hedging instruments:

	Cash flow hedge reserve		
	Currency exchange instruments £000	**Interest rate swaps £000**	**Total £000**
At 1 January 2024	226	639	865
Change in fair value of hedging instruments recognised in other comprehensive income	(146)	283	137
Reclassified from other comprehensive income to profit or loss in respect of continuing hedging instruments	(10)	(543)	(553)
Net change in fair value of hedging instruments recognised in other comprehensive income	(156)	(260)	(416)
Deferred tax credit	39	65	104
At 1 January 2025	109	444	553
Change in fair value of hedging instruments recognised in other comprehensive income on continuing financial instruments	218	(603)	(385)
Change in fair value of hedging instruments recognised in other comprehensive income on discontinued hedging instruments	-	(15)	(15)
Hedge gains recognised in profit or loss in respect of discontinued hedging instruments	-	(612)	(612)
Reclassified from other comprehensive income to profit or loss in respect of continuing hedging instruments	(177)	-	(177)
Net change in fair value of hedging instruments recognised in other comprehensive income	41	(1,230)	(1,189)
Deferred tax (charge)/credit	(10)	332	322
At 31 December 2025	**140**	**(454)**	**(314)**

The interest rate swaps are used to mitigate interest rate risk (see Note 23). The Group uses currency exchange instruments to mitigate foreign exchange rate exposure arising from highly probable forecast sales in US Dollars.

Hedge effectiveness is determined at inception of the hedge relationship and at every reporting period end through the assessment of the hedged items and hedging instruments to determine whether there is still an economic relationship between the two.

The critical terms of the currency exchange instruments exactly match the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

Hedge ineffectiveness may arise where the critical terms of the forecast transaction no longer meet those of the hedging instrument, for example if there was a change in the timing of the forecast sales transactions from what was initially estimated or if the volume of currency in the hedged item was below expectations leading to over-hedging.

The hedged items and the hedging instrument are denominated in the same currency and as a result the hedging ratio is always one to one.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the Consolidated Balance Sheet.

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For the year ended 31 December 2025

24. Derivative financial instruments continued

To the extent the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in the income statement.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

The impact of the currency exchange instruments on the Consolidated Balance Sheet as at 31 December 2025 is, as follows:

Date of inception	20/11/2025
Carrying amount (current asset)	£185,000
Amount hedged per month (12 separate instruments, maturing December 2026)	$500,000
Hedge ratio	1:1
Strike price	$1.30 US Dollars per £1 Sterling
Change in the fair value of the currency exchange instruments since inception	£50,000
Change in the fair value of the hedged item used to determine hedge effectiveness	£50,000

25. Leases

a. Leases as lessee (IFRS 16)

The Group leases office facilities for periods between 2 and 10 years, based on the non-cancellable period.

At 31 December 2025, the leases had remaining periods of 0 to 7 years.

Right-of-use assets

Information about leases for which the Group is a lessee is presented below.

Group – Land and Buildings	**2025 £000**	2024 £000
Balance at 1 January	**3,605**	3,929
Additions	**–**	204
Lease amendment	**–**	408
Disposals	**–**	(85)
Depreciation charge for the year	**(846)**	(865)
Effect of movements in exchange rates	**(49)**	14
Balance at 31 December	**2,710**	3,605

Lease liabilities

Information about leases for which the Group is a lessee is presented below.

Group – Land and Buildings	**2025 £000**	2024 £000
Balance at 1 January	**3,723**	3,945
Additions	**–**	134
Amendment	**–**	408
Repayments in year	**(1,096)**	(851)
Interest expense in the year	**208**	158
Lease cancellations	**–**	(88)
Effect of movements in exchange rates	**(49)**	17
Balance at 31 December	**2,786**	3,723

Lease liabilities are payable as follows:

31 December 2025	**Within 1 year £000**	**1-2 years £000**	**2-3 years £000**	**3-4 years £000**	**4-5 years £000**	**> 5 years £000**	**Total £000**
Lease payments	**892**	**552**	**414**	**370**	**370**	**729**	**3,327**
Finance charges	**(161)**	**(118)**	**(94)**	**(74)**	**(54)**	**(40)**	**(541)**
Net present values	**731**	**434**	**320**	**296**	**316**	**689**	**2,786**

31 December 2024	Within 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	4-5 years £000	> 5 years £000	Total £000
Lease payments	1,021	1,010	560	414	370	1,106	4,481
Finance charges	(212)	(162)	(118)	(95)	(75)	(96)	(758)
Net present values	809	848	442	319	295	1,010	3,723

b. Leases as lessor

The Group leases out some of the Harston Mill (near Cambridge) site to third parties on leases which normally have a termination notice period of 3 to 6 months and typically for a 36-month term.

The leases are classified as operating leases from a lessor perspective because they do not transfer substantially all the risk and rewards to the ownership of the assets. Note 15 sets out information about the Harston Mill leases and rental income recognised by the Group during the periods presented.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Operating leases under IFRS 16	**2025 £000**	2024 £000
Within one year	**335**	572
Between 1 and 2 years	**111**	315
Between 2 and 3 years	**–**	97
Total	**446**	984

26. Contingent liabilities

At 31 December 2025, there were no contingent liabilities (2024: £nil).

27. Related party transactions

The remuneration of the key management personnel of the Group, recognised in the Income Statement, is set out below in aggregate. Key management personnel include all members of Science Group plc Board.

Aggregate remuneration

Year ended 31 December	**2025 £000**	2024 £000
Short-term employee benefits (including social security costs)	**2,201**	1,533
Pension costs	**47**	42
Share-based payment transactions	**652**	587
	2,900	2,162

28. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Science Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Critical accounting estimate

Assessment of the percentage of completion of long-term contracts

The Group's revenue recognition policy, which is set out in Note 2.18, requires forecasts to be made of the outcomes of long-term design and manufacture contracts. This requires estimates of labour hours and rates, and material costs to determine forecast costs to completion and therefore revenue recognition on each long-term contract. Where actual costs incurred differ to forecast costs, or where forecast cost estimates change, the assessment of the percentage of completion of long-term contracts will be affected and therefore revenue and profits or losses recognised impacted. Estimates are reviewed regularly throughout the contract life and adjustments are made based on the latest available information.

As at 31 December 2025, at the Group level, the amounts due from contract customers and amounts due to contract customers amounted to £2,269,000 and £21,750,000 respectively (2024 comparisons £4,283,000 and £17,863,000 respectively) as set out in Note 5 although only the Systems segment business, Critical Maritime Systems and Support ('CMS2'), undertakes material long-term contracts.

As at 31 December 2025, the amounts due from contract customers and amounts due to contract customers in respect of the Systems segment business Critical Maritime Systems and Support ('CMS2') amounted to £1,725,000 and £6,555,000 respectively (2024 comparisons £3,783,000 and £4,381,000 respectively). Given the nature of long-term contracts undertaken by the business, the Forecast Costs to Complete ('FCC') are closely monitored with weekly and monthly project review meetings. In the event that FCC were 10% higher than forecast at 31 December 2025 the revenue and adjusted operating profit for the year ended 31 December 2025 would have been £380,000 lower.

Assessment of contracts subject to Ministry of Defence ('MOD') audit

It should be also noted that revenue recognisable on work performed under MOD procurement contracts is subject to audit of rates applied for each year by MOD's audit team. The Group judgement is not to recognise any non-finalised amendments until the audit has been fully completed as it is substantive in nature, and the outcome could lead to significantly different rates being applied through contract pricing methodology. As a result of the substantive audits being complete, there may be a one-off adjustment to the revenue recognised in respect of these projects.

The Group has considered the nature of the estimates involved in deriving these balances and concluded that it is possible that outcomes within the next financial year may be different from the assumptions applied at 31 December 2025, which could require a material adjustment to revenue and profits or losses recognised and the carrying amounts of the related assets and liabilities in the next financial year.

Impairment of non-financial assets and goodwill

In assessing impairment, the Group estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 14).

(b) Significant accounting judgement

Accounting for freehold property at Harston Mill (near Cambridge)

Science Group owns and maintains the freehold property at Harston Mill. The property is used primarily in the delivery of the Group's business services and for administrative purposes. Where certain areas of the site are not required for these activities, the Group lets out surplus space to third-party tenants. Revenue and costs relating to these lettings are reported within third-party property income activities in the business segment disclosures.

The property is not classified as an investment property under IAS 40 as a significant proportion of the Harston Mill site is held to support the Group's operational activities, i.e., for the production or supply of services and for administrative purposes. Accordingly, the property does not meet the definition of an investment property, which requires the asset to be held solely to earn rentals or for capital appreciation.

Further details about the space leased to third-party tenants are provided in Note 15.

Recognition of deferred tax assets

The Group recognises deferred tax assets on carried forward unused tax losses to the extent that it is probable future taxable profits will be available against which the tax losses can be utilised.

At 31 December 2025, the Group has recognised deferred tax assets amounting to £0.9 million (2024: £1.8 million) related to tax losses carried forward (see Note 11). The deferred tax asset value is based upon an estimate of the next 2 years of respective taxable profits (or a longer period where the use of losses is less restrictive), this being the period over which the Group has reasonable confidence in estimating future taxable profits that meet the evidence requirement for deferred tax asset recognition purposes.

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