



# Chairman's statement

In an improving business environment, the Group's operations continued to progress from the difficulties caused by the pandemic and the war in Ukraine with the first half of 2023 establishing new records in Organic order intake, Organic revenues and Organic EBITA contribution. Adjusted pre-tax profits and Adjusted earnings per share also reached new records, including a full six-month contribution from Geotek together with a modest maiden contribution from the two small acquisitions which were completed in the first half, Henniker Scientific Limited ("Henniker") and Bossa Nova Vision LLC ("Bossa Nova").

In February we were pleased to welcome Dr Tim Prestidge to the Board as Group Business Development Director. With his significant experience in leadership and innovation, Tim's appointment serves as a reinforcement of the executive team.

## Order intake

As we entered this six-month period China ended its national lockdown which edged Organic order intake toward normality. Not all Organic businesses reached a complete recovery but, as a whole, bookings were successful and 14% up on H1 2022. Organic intake for the first half was 28% above H1 2019, the last pre-pandemic comparative; this shows a compound annual growth rate of 6.3%, although still not quite the 9% pre-Covid Organic revenue trend yet.

All regions showed progress, the most successful being China/Hong Kong, which grew 78% after two years of stagnation and produced more than half of the total absolute increase. North America was up 6.6% including 10.3% in the US. Europe grew 7.5% with the best performance in Germany and the worst in the Czech Republic. The UK progressed 4.5% and the Rest of the World 3.5% with an excellent increase in Japan (+103%).

## Revenues

The revival in order intake and the large order book at the start of H1 drove strong Organic sales revenues. Revenue growth was tempered by the ongoing supply chain difficulties but these attenuated during the period, enabling Organic revenues to reach £53.3m, which was a 16.5% increase over H1 2022. Total Group revenues for the period increased to £61.3m (H1 2022: £46.4m), including a much larger six-month contribution from Geotek (against only one month in H1 2022).

Organic revenues increased in all territories, particularly in North America (up 43%). The Rest of the World grew 16% and the UK 12%. China/Hong Kong increased 5% and the Rest of Europe ahead by 4%. The largest absolute changes by country were the US (up £4m) and Taiwan (up £1.1m), followed by the UK, Sweden and Germany (up £0.6m each). Turkey was down £0.6m.

Although the growth in Organic intake (14%) was lower than the growth in Organic revenues (16.5%), in absolute terms Organic order intake was still larger than Organic revenues, resulting in an increased Organic order book at 22.4 weeks (21.3 weeks at 30 June 2022). The Group total order book stood at 23.5 weeks.

Geotek's revenues significantly supplemented Organic growth, together with a small addition from the two acquisitions completed in H1. As explained at the time of the acquisition, Geotek would normally generate its revenues in relatively equal measures from each of its three divisions: instruments, services and coring. Coring expeditions would typically (but not necessarily) occur once a year, with the timing of the Coring revenue recognition being uncertain. As in 2022, coring activity in 2023 is taking place in H2 and Group revenues and profits will therefore be weighted towards the second half. Looking further forward, we are anticipating another expedition during the course of 2024, although it is currently expected to take place towards the end of the year causing uncertainty regarding the amount of the related revenue to be recognised in 2024.

## Profits

Adjusted operating profit improved 41% to £14.2m (H1 2022: £10.1m) and Adjusted pre-tax profit progressed 33% to £12.8m (H1 2022: £9.6m); the lower growth reflects the increase in Adjusted interest expense resulting from the Geotek acquisition.

The main drivers of improved profitability were the contribution of Geotek and the increase in Organic revenue: the EBITA contribution of the Organic businesses progressed 12% versus H1 2022 despite the delayed effect of measures taken to compensate for the inflationary pressures.

Return on Total Invested Capital ("ROTIC") improved from 21.3% at 31 December 2022 to 22.8% for the trailing 12 months ended 30 June 2023 (30 June 2022: ROTIC of 29.6%). The reduction in ROTIC compared with 30 June 2022 reflects the size and higher multiple paid for the large Geotek acquisition.

Adjusted basic earnings per share grew 23% to 152.8p (H1 2022: 124.6p) and Adjusted diluted earnings per share progressed similarly to 150.3p from 123.0p. Adjusted Earnings per share grew less than pre-tax profit mostly as a result of the increase in UK corporation tax rates to 25% during the period. The increase in the issued share capital following settlement of the Geotek earn-out had a minor impact but this will accentuate in H2.

The Directors continue to publish Adjusted figures alongside the statutory results, prepared consistently with past reports, in order to communicate to shareholders what is, in the Directors' opinion, the true operating performance of the Group. The total pre-tax adjustments of £12.0m (H1 2022: £5.7m) consist primarily of a £6.1m charge for amortisation of acquired intangible assets arising through acquisition and £5.5m in respect of the premium on the shares issued to satisfy the Geotek earn-out. These adjusting items reduce profit before tax from £12.8m to £0.8m (H1 2022: £3.9m) and result in a loss per share of 18.7p basic and 18.4p diluted (H1 2022: earnings of 44.4p per share basic and 43.8p per share diluted).

## Corporate activity

On 3 April 2023, the Group acquired 100% of the share capital of Henniker Scientific Limited ("Henniker"), a company specialising in instruments for plasma and surface science applications, based in Runcorn. The initial consideration was £1.85m paid in cash on completion plus excess cash. A cash earn-out capped at £0.46m will be paid if and to the extent that Henniker's EBIT for 2023 or 2024 reaches toward £0.58m.

On 2 May 2023, the Group acquired 100% of the share capital of Bossa Nova Vision LLC ("BNV"), a California based company specialising in imaging technology for the hair care industry for a consideration of \$1.6m in cash. BNV produced \$0.4m EBIT in 2022. BNV will, over time, be integrated into Dia-Stron as both companies offer complementary instrumentation to the hair industry.

## Cashflow and net debt

The Group saw reasonable cash conversion: cash generated from operations grew to £11.5m (H1 2022: £8.2m) representing 81% of Adjusted operating profit (H1 2022: 81%). Cash generation was still affected by increased working capital requirements from stockpiling of components to counteract supply channel difficulties and increased work in progress due to component shortages.

The interim balance sheet includes cash balances of £14.6m and Adjusted net debt of £50.0m from £52.0m at the beginning of 2023.

## Dividend

In accordance with the Company's policy of increasing dividends by no less than 10% per annum, the Board is declaring an interim dividend of 27p (2022: 22p), which will be paid on Friday 3 November 2023 to shareholders on the register on Friday 6 October 2023. The shares will go ex-dividend on Thursday 5 October 2023. The interim dividend is covered 5.7 times by Adjusted earnings (2022: 5.7 times).

## Outlook

Last year we said "Business as usual" in comparison to pre-pandemic has not returned yet". While this is still the case, improvement is continuing. Well-documented world tensions are unresolved and breed a tendency to reshore and buy local, a trend that is not ideal for the scientific community which thrives on free exchange and a cosmopolitan atmosphere. Furthermore, vast government debt worldwide is aggravated by high interest rates, and those as well as inflation seem to always last longer than promised. Therefore, growth in research spending may be less smooth as a result.

That said, we are well configured in the face of uncertainty: our niche businesses are less vulnerable to inflation, Sterling is still a very competitive currency and the debt incurred in 2022 was hedged at an advantageous fixed rate. Higher interest rates on future deals and higher taxation must sharpen our acquisition discipline and our focus on cash generation.

At the end of August, Organic order intake remained 13% ahead and the total order book was 21 weeks. This together with an anticipated strong H2 contribution from Geotek, provides the Board with confidence that Adjusted Earnings per Share for the full year will meet current market expectations.

**Alex Hambro**

**Chairman**

*20 September 2023*

# Condensed consolidated interim statement of comprehensive income

	Note	Adjusted £m	Adjusting items £m	30 June 2023 £m	Adjusted £m	Adjusting items £m	30 June 2022 £m	Year to 31 December 2022 £m
<b>Revenue</b>	3	<b>61.3</b>	<b>—</b>	<b>61.3</b>	46.4	<b>—</b>	46.4	113.2
Operating costs	3,4	<b>(47.1)</b>	<b>(12.4)</b>	<b>(59.5)</b>	(36.3)	(5.2)	(41.5)	(95.0)
<b>Operating profit/(loss)</b>		<b>14.2</b>	<b>(12.4)</b>	<b>1.8</b>	10.1	(5.2)	4.9	18.2
Interest income		<b>0.1</b>	<b>—</b>	<b>0.1</b>	<b>—</b>	<b>—</b>	<b>—</b>	0.2
Interest expense	4	<b>(1.5)</b>	<b>0.4</b>	<b>(1.1)</b>	(0.5)	(0.5)	(1.0)	(2.4)
<b>Profit/(loss) before tax</b>		<b>12.8</b>	<b>(12.0)</b>	<b>0.8</b>	9.6	(5.7)	3.9	16.0
Taxation (charge)/credit		<b>(2.8)</b>	<b>1.0</b>	<b>(1.8)</b>	(1.5)	0.6	(0.9)	(3.2)
<b>Profit/(loss) for the period</b>		<b>10.0</b>	<b>(11.0)</b>	<b>(1.0)</b>	8.1	(5.1)	3.0	12.8
<b>Attributable to:</b>								
Owners of the parent		<b>9.8</b>	<b>(11.0)</b>	<b>(1.2)</b>	7.9	(5.1)	2.8	12.5
Non-controlling interests		<b>0.2</b>	<b>—</b>	<b>0.2</b>	0.2	<b>—</b>	0.2	0.3
<b>Profit/(loss) for the period</b>		<b>10.0</b>	<b>(11.0)</b>	<b>(1.0)</b>	8.1	(5.1)	3.0	12.8
<b>Other comprehensive income</b>								
<b>Items that will not be reclassified subsequently to profit or loss</b>								
Retirement benefits actuarial gain				<b>0.2</b>			1.4	2.1
Deferred tax on retirement benefits actuarial gain				<b>—</b>			(0.4)	(0.5)
<b>Items that may be reclassified subsequently to profit or loss</b>								
Exchange (loss)/gain on translation of foreign subsidiaries				<b>(0.1)</b>			0.2	0.1
<b>Other comprehensive income for the period, net of tax</b>				<b>0.1</b>			1.2	1.7
<b>Total comprehensive (loss)/income for the period</b>				<b>(0.9)</b>			4.2	14.5
<b>Attributable to:</b>								
Owners of the parent				<b>(1.1)</b>			4.0	14.2
Non-controlling interests				<b>0.2</b>			0.2	0.3
<b>Earnings per share – adjusted</b>								
Basic	5	<b>152.8</b>				124.6		363.8
Diluted	5	<b>150.3</b>				123.0		359.0
<b>Earnings per share – total</b>								
Basic	5			<b>(18.7)</b>			44.4	196.1
Diluted	5			<b>(18.4)</b>			43.8	193.5

# Condensed consolidated interim balance sheet

	Note	30 June 2023 £m	30 June 2022 £m	31 December 2022 £m
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	6	52.6	50.5	51.4
Other intangible assets	7	41.0	49.7	44.4
Property, plant and equipment		16.7	15.3	15.9
Right-of-use leased assets		6.5	4.3	4.2
Retirement benefit surplus	11	1.5	—	1.2
Deferred tax assets		—	4.1	—
		<b>118.3</b>	123.9	117.1
<b>Current assets</b>				
Inventories		28.4	21.9	22.3
Trade and other receivables		25.7	20.1	25.6
Cash and cash equivalents		14.6	36.4	20.8
		<b>68.7</b>	78.4	68.7
<b>Total assets</b>		<b>187.0</b>	202.3	185.8
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		(26.5)	(28.4)	(25.9)
Payables relating to acquisitions	9	(1.6)	(48.2)	(34.3)
Borrowings	10	(6.2)	(6.7)	(6.2)
Right-of-use lease liabilities		(1.2)	(1.0)	(1.0)
Current tax liabilities		(3.3)	(2.0)	(2.2)
		<b>(38.8)</b>	(86.3)	(69.6)
<b>Non-current liabilities</b>				
Borrowings	10	(56.8)	(52.5)	(49.4)
Right-of-use lease liabilities		(5.5)	(3.4)	(3.3)
Deferred tax liabilities		(8.6)	(12.5)	(9.0)
		<b>(70.9)</b>	(68.4)	(61.7)
<b>Total liabilities</b>		<b>(109.7)</b>	(154.7)	(131.3)
<b>Net assets</b>		<b>77.3</b>	47.6	54.5
<b>EQUITY</b>				
Share capital	8	0.3	0.3	0.3
Share premium		17.6	17.0	17.2
Other reserves		26.9	4.2	4.1
Retained earnings		32.1	26.0	32.7
<b>Equity attributable to owners of the parent</b>		<b>76.9</b>	47.5	54.3
Non-controlling interests		0.4	0.1	0.2
<b>Total equity</b>		<b>77.3</b>	47.6	54.5

## Condensed consolidated interim statement of changes in equity

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total attributable to owners of parent £m	Non-controlling interests £m	Total equity £m
<b>At 1 January 2023</b>	0.3	17.2	4.1	32.7	54.3	0.2	54.5
Issue of share capital	—	0.4	22.9	—	23.3	—	23.3
Purchase of own shares for Company reward scheme	—	—	—	(0.1)	(0.1)	—	(0.1)
Tax on Company reward scheme shares awarded	—	—	—	(0.1)	(0.1)	—	(0.1)
Share-based payments	—	—	—	0.6	0.6	—	0.6
<b>Transactions with owners</b>	—	0.4	22.9	0.4	23.7	—	23.7
Loss for the period	—	—	—	(1.2)	(1.2)	0.2	(1.0)
Retirement benefit actuarial gain	—	—	—	0.2	0.2	—	0.2
Foreign exchange differences	—	—	(0.1)	—	(0.1)	—	(0.1)
<b>Total comprehensive income for the period</b>	—	—	(0.1)	(1.0)	(1.1)	0.2	(0.9)
<b>At 30 June 2023</b>	<b>0.3</b>	<b>17.6</b>	<b>26.9</b>	<b>32.1</b>	<b>76.9</b>	<b>0.4</b>	<b>77.3</b>
<b>At 1 January 2022</b>	0.3	16.7	2.0	23.8	42.8	0.6	43.4
Change in non-controlling interest	—	—	2.0	(1.4)	0.6	(0.7)	(0.1)
Issue of share capital	—	0.3	—	—	0.3	—	0.3
Purchase of own shares for Company reward scheme	—	—	—	(0.1)	(0.1)	—	(0.1)
Deferred tax on share-based payments	—	—	—	(0.4)	(0.4)	—	(0.4)
Share-based payments	—	—	—	0.3	0.3	—	0.3
<b>Transactions with owners</b>	—	0.3	2.0	(1.6)	0.7	(0.7)	—
Profit for the period	—	—	—	2.8	2.8	0.2	3.0
Retirement benefit actuarial gain	—	—	—	1.0	1.0	—	1.0
Foreign exchange differences	—	—	0.2	—	0.2	—	0.2
<b>Total comprehensive income for the period</b>	—	—	0.2	3.8	4.0	0.2	4.2
<b>At 30 June 2022</b>	<b>0.3</b>	<b>17.0</b>	<b>4.2</b>	<b>26.0</b>	<b>47.5</b>	<b>0.1</b>	<b>47.6</b>
<b>At 1 January 2022</b>	0.3	16.7	2.0	23.8	42.8	0.6	43.4
Dividends	—	—	—	(4.4)	(4.4)	—	(4.4)
Change in non-controlling interest	—	—	2.0	(1.4)	0.6	(0.7)	(0.1)
Issue of share capital	—	0.5	—	—	0.5	—	0.5
Purchase of own shares for Company reward scheme	—	—	—	(0.1)	(0.1)	—	(0.1)
Deferred tax on share-based payments	—	—	—	—	—	—	—
Share-based payments	—	—	—	0.7	0.7	—	0.7
<b>Transactions with owners</b>	—	0.5	2.0	(5.2)	(2.7)	(0.7)	(3.4)
Profit for the period	—	—	—	12.5	12.5	0.3	12.8
Retirement benefit actuarial gain	—	—	—	1.6	1.6	—	1.6
Foreign exchange differences	—	—	0.1	—	0.1	—	0.1
<b>Total comprehensive income for the year</b>	—	—	0.1	14.1	14.2	0.3	14.5
<b>At 31 December 2022</b>	<b>0.3</b>	<b>17.2</b>	<b>4.1</b>	<b>32.7</b>	<b>54.3</b>	<b>0.2</b>	<b>54.5</b>

# Condensed consolidated interim cashflow statement

	Six months to 30 June 2023 £m	Six months to 30 June 2022 £m	Year to 31 December 2022 £m
<b>Cashflows from operating activities</b>			
(Loss)/profit after tax	(1.0)	3.0	12.8
Adjustments for:			
Financial instruments measured at fair value: hedging contracts	(1.1)	(0.4)	(2.3)
Share-based payments	0.6	0.3	0.7
Depreciation of property, plant and equipment	0.8	0.6	1.4
Depreciation of right-of-use leased assets	0.6	0.5	1.1
Amortisation of acquired intangible assets	6.1	2.3	8.4
Amortisation of internally generated intangible assets	0.1	—	0.1
Profit on disposal of property, plant and equipment	—	—	—
Interest income	(0.1)	—	(0.2)
Interest expense	1.4	0.4	1.8
Interest payable on right-of-use lease liabilities	0.1	0.1	0.2
Unwinding of discount on fair value of deferred consideration	0.7	0.5	2.6
Premium on shares issued to fund acquisition	5.5	—	—
Retirement benefit obligation net interest cost	—	—	—
Contributions to defined benefit plans	—	—	(0.4)
Tax recognised in the Consolidated Statement of Comprehensive Income	1.8	0.9	3.2
Increase in inventories	(5.9)	(3.7)	(4.2)
Decrease/(increase) in trade and other receivables	1.4	0.2	(3.1)
Increase in trade and other payables	0.5	3.5	1.9
Cash generated from operations	11.5	8.2	24.0
Tax paid	(1.7)	(0.7)	(2.1)
<b>Net cash from operating activities</b>	<b>9.8</b>	<b>7.5</b>	<b>21.9</b>
<b>Cashflows from investing activities</b>			
Paid on acquisition of subsidiaries	(3.2)	(45.0)	(45.0)
Paid in respect of surplus working capital	—	—	(17.8)
Paid in respect of earn out	(17.5)	—	—
Gross cash inherited on acquisition	1.5	19.6	19.6
Acquisition of subsidiaries, net of cash acquired	(19.2)	(25.4)	(43.2)
Purchase of property, plant and equipment	(1.6)	(5.1)	(6.4)
Capitalised development costs	(0.6)	(0.5)	(1.5)
Proceeds on disposal of property, plant and equipment	—	—	0.1
Interest received	0.1	—	0.2
<b>Net cash used in investing activities</b>	<b>(21.3)</b>	<b>(31.0)</b>	<b>(50.8)</b>
<b>Cashflows from financing activities</b>			
Proceeds from issue of share capital	0.1	0.3	0.3
Purchase of own shares for Company reward scheme	(0.1)	(0.1)	(0.1)
Tax on shares awarded under Company reward scheme	(0.1)	—	—
Finance costs paid	(1.4)	(0.4)	(1.8)
Repayments of borrowings	(3.1)	(2.9)	(6.5)
Repayments of right-of-use lease liabilities	(0.6)	(0.6)	(1.3)
Proceeds from bank loans*	10.5	45.1	45.1
Equity dividends paid	—	—	(4.4)
Paid on acquisition of non-controlling interest in subsidiary	—	(0.1)	(0.1)
<b>Net cash from financing activities</b>	<b>5.3</b>	<b>41.3</b>	<b>31.2</b>
<b>Net change in cash and cash equivalents</b>	<b>(6.2)</b>	<b>17.8</b>	<b>2.3</b>
Cash and cash equivalents at the start of the period	20.8	18.4	18.4
Exchange movements	—	0.2	0.1
<b>Cash and cash equivalents at the end of the period</b>	<b>14.6</b>	<b>36.4</b>	<b>20.8</b>

\* On 23 May 2022, £15.2m of outstanding loans were repaid and £60.3m was simultaneously reborrowed as the Group renewed its banking facilities.

# Notes to the interim report

## 1. General information and basis of preparation

The Judges Scientific plc Group's principal activities comprise the design, manufacture and sale of scientific instruments. The subsidiaries are grouped into two segments: Materials Sciences and Vacuum.

The financial information set out in this Interim Report for the six months ended 30 June 2023 and the comparative figures for the six months ended 30 June 2022 are unaudited. The Interim Report has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The Interim Report does not contain all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRS).

The financial information for the year ended 31 December 2022 set out in this Interim Report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2022 have been filed with the Registrar of Companies. The Auditor's Report in respect of those financial statements was unqualified and did not contain statements under section 498 of the Companies Act 2006.

Judges Scientific plc is the Group's ultimate parent company. The Company is a public limited company incorporated and domiciled in the United Kingdom. Its registered office and principal place of business is 52c Borough High Street, London SE1 1XN and the Company's shares are quoted on the Alternative Investment Market. The Interim Report is presented in Sterling, which is the functional currency of the parent company. The Interim Report has been approved for issue by the Board of Directors on 19 September 2023.

### Going concern

The consolidated financial statements have been prepared on a going concern basis. The Group ended the first half of 2023 with adjusted net debt of £50.0m compared to adjusted net debt of £52.0m at 31 December 2022, after paying £3.2m in cash in respect of the Henniker and BNV acquisitions (see note 9) and having settled the full £35m earn-out from the Geotek acquisition. The Group uses adjusted net debt rather than statutory net debt for this comparison, as this figure includes actual cash liabilities arising from acquisitions which are due within one year. The reduction in net debt arose as a result of consistent cash generation arising from strong performance of the Group's principal operating companies, supported by Organic order intake greater than revenue, and is after payment of our fair share of tax (£1.7m) and ongoing investment into capital expenditure (including property refurbishment) for the businesses (£2.2m).

The Directors have considered the ongoing impact of the war in Ukraine, the Covid-19 pandemic, the continued inflationary challenges and subsequent increases in interest rates. The Group is in a strong financial position with high cash balances, low gearing and a solid future order book enabling it to face the challenge of the continued uncertain global economic environment. The Directors have planned for reasonably foreseeable worsening scenarios including a repetition of the same level of reduction in orders in 2024 as happened after the first outbreak of Covid-19 in 2020, which would not cause any significant challenges to the Group's continued existence.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing the Interim Report.

## 2. Significant accounting policies

The Interim Report has been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2022, except for the taxation policy where, for the purposes of the interim results, the tax charge on adjusted business performance is calculated by reference to the estimated effective rate for the full year.

## 3. Segmental analysis

	Note	Materials Sciences £m	Vacuum £m	Head office £m	Total £m
<b>For the period ended 30 June 2023</b>					
<b>Revenue</b>		<b>31.0</b>	<b>30.3</b>	<b>-</b>	<b>61.3</b>
Operating costs		(23.7)	(21.4)	(2.0)	(47.1)
<b>Adjusted operating profit</b>		<b>7.3</b>	<b>8.9</b>	<b>(2.0)</b>	<b>14.2</b>
Adjusting items	4				(12.4)
<b>Operating profit</b>					<b>1.8</b>
Net interest expense					(1.0)
<b>Profit before tax</b>					<b>0.8</b>
Income tax charge					(1.8)
<b>Loss for the period</b>					<b>(1.0)</b>



For the period ended 30 June 2022	Note	Materials Sciences £m	Vacuum £m	Head office £m	Total £m
<b>Revenue</b>		21.9	24.5	-	46.4
Operating costs		(17.3)	(17.5)	(1.5)	(36.3)
<b>Adjusted operating profit</b>		4.6	7.0	(1.5)	10.1
Adjusting items	4				(5.2)
<b>Operating profit</b>					4.9
Net interest expense					(1.0)
<b>Profit before tax</b>					3.9
Income tax charge					(0.9)
<b>Profit for the period</b>					3.0

For the year ended 31 December 2022	Note	Materials Sciences £m	Vacuum £m	Head office £m	Total £m
<b>Revenue</b>		59.9	53.3	-	113.2
Operating costs		(41.6)	(38.2)	(3.3)	(83.1)
<b>Adjusted operating profit</b>		18.3	15.1	(3.3)	30.1
Adjusting items	4				(11.9)
<b>Operating profit</b>					18.2
Net interest expense					(2.2)
<b>Profit before tax</b>					16.0
Income tax charge					(3.2)
<b>Profit for the year</b>					12.8

Unallocated items relate to the Group's head office costs.

#### Segment assets and liabilities

At 30 June 2023	Materials Sciences £m	Vacuum £m	Head office £m	Total £m
Assets	50.4	40.9	95.7	187.0
Liabilities	(28.3)	(13.7)	(67.7)	(109.7)
<b>Net assets</b>	22.1	27.2	28.0	77.3
Capital expenditure	0.8	0.8	—	1.6
Depreciation of property, plant and equipment	0.4	0.4	—	0.8
Depreciation of right-of-use leased assets	0.4	0.2	—	0.6
Amortisation of acquired intangible assets	5.8	0.3	—	6.1
Amortisation of internally generated intangible assets	—	0.1	—	0.1

At 30 June 2022	Materials Sciences £m	Vacuum £m	Head office £m	Total £m
Assets	62.4	37.8	102.1	202.3
Liabilities	(22.1)	(13.0)	(119.6)	(154.7)
<b>Net assets</b>	40.3	24.8	(17.5)	47.6
Capital expenditure	0.1	5.0	—	5.1
Depreciation of property, plant and equipment	0.3	0.3	—	0.6
Depreciation of right-of-use leased assets	0.3	0.2	—	0.5
Amortisation of acquired intangible assets	1.6	0.7	—	2.3
Amortisation of internally generated intangible assets	—	—	—	—

At 31 December 2022	Materials Sciences £m	Vacuum £m	Head office £m	Total £m
Assets	54.7	38.4	92.7	185.8
Liabilities	(24.4)	(11.7)	(95.2)	(131.3)
<b>Net assets</b>	30.3	26.7	(2.5)	54.5
Capital expenditure	0.5	5.9	—	6.4
Depreciation of property, plant and equipment	0.6	0.7	0.1	1.4
Depreciation of right-of-use leased assets	0.6	0.4	0.1	1.1
Amortisation of acquired intangible assets	7.3	1.1	—	8.4
Amortisation of internally generated intangible assets	—	0.1	—	0.1

Head office items are borrowings, intangible assets and goodwill arising on acquisition, deferred tax, defined benefit obligations and parent company net assets.

	Six months to 30 June 2023 £m	Six months to 30 June 2022 £m	Year to 31 December 2022 £m
<b>Geographic analysis</b>			
UK (domicile)	7.4	5.9	13.3
Rest of Europe	16.0	14.5	32.3
North America	16.4	10.2	31.9
China/Hong Kong	6.7	6.2	13.9
Rest of the World	14.9	9.6	21.8
<b>Revenue</b>	<b>61.4</b>	<b>46.4</b>	<b>113.2</b>

#### 4. Adjusting items

	Six months to 30 June 2023 £m	Six months to 30 June 2022 £m	Year to 31 December 2022 £m
Amortisation of acquired intangible assets	6.1	2.3	8.4
Financial instruments measured at fair value: hedging contracts	—	(0.4)	(0.1)
Share-based payments	0.6	0.3	0.7
Employment taxes arising from share-based payments	—	0.1	(0.1)
Contingent consideration measured at fair value (see note 9)	5.5	—	—
Acquisition costs (see note 9)	0.2	2.9	3.0
<b>Total adjusting items within operating profit</b>	<b>12.4</b>	<b>5.2</b>	<b>11.9</b>
Unwinding of discount on fair value of deferred consideration	0.7	0.5	2.6
Retirement benefits obligation net interest (credit)/cost	—	—	—
Financial instruments measured at fair value: interest rate swaps	(1.1)	—	(2.1)
<b>Total adjusting items</b>	<b>12.0</b>	<b>5.7</b>	<b>12.4</b>
Taxation	(1.0)	(0.6)	(1.7)
<b>Total adjusting items net of tax</b>	<b>11.0</b>	<b>5.1</b>	<b>10.7</b>
Attributable to:			
Owners of the parent	11.0	5.1	10.6
Non-controlling interests	—	—	0.1
	<b>11.0</b>	<b>5.1</b>	<b>10.7</b>

#### 5. Earnings per share

	Note	Six months to 30 June 2023 £m	Six months to 30 June 2022 £m	Year to 31 December 2022 £m
<b>Profit for the period attributable to owners of the parent</b>				
Adjusted profit		9.8	7.9	23.1
Adjusting items	4	(11.0)	(5.1)	(10.6)
<b>Profit for the period</b>		<b>(1.2)</b>	<b>2.8</b>	<b>12.5</b>

	Pence	Pence	Pence
<b>Earnings per share – adjusted</b>			
Basic	152.8	124.6	363.8
Diluted	150.3	123.0	359.0
<b>Earnings per share – total</b>			
Basic	(18.7)	44.4	196.1
Diluted	(18.4)	43.8	193.5

	Note	Number	Number	Number
Issued Ordinary shares at start of the period	8	6,369,746	6,318,415	6,318,415
Movement in Ordinary shares during the period	8	237,992	36,002	51,331
<b>Issued Ordinary shares at end of the period</b>	<b>8</b>	<b>6,607,738</b>	<b>6,354,417</b>	<b>6,369,746</b>
Weighted average number of shares in issue		6,411,767	6,325,433	6,342,759
Dilutive effect of share options		109,140	85,251	85,077
<b>Weighted average shares in issue on a diluted basis</b>		<b>6,520,907</b>	<b>6,410,684</b>	<b>6,427,836</b>

Adjusted basic earnings per share is calculated on the adjusted profit, which excludes any adjusting items, attributable to the Company's shareholders divided by the weighted average number of shares in issue during the period.

Adjusted diluted earnings per share is calculated on the adjusted basic earnings per share, adjusted to allow for the issue of Ordinary shares on the assumed conversion of all dilutive share options and any other dilutive potential Ordinary shares. The calculation is based on the treasury method prescribed in IAS 33. This calculates the theoretical number of shares that could be purchased at the average middle market price in the period out of the proceeds of the notional exercise of outstanding options. The difference between this theoretical number and the actual number of shares under option is deemed liable to be issued at nil value and represents the dilution.

Total earnings per share is calculated as above whilst substituting total profit for adjusted profit.

## 6. Goodwill

The following tables show the additions to goodwill:

	Total £m
Carrying amount at 1 January 2023	51.4
Acquisitions (see note 9)	1.2
<b>Carrying amount at 30 June 2023</b>	<b>52.6</b>

	Total £m
Carrying amount at 1 January 2022	18.7
Acquisitions	31.8
<b>Carrying amount at 30 June 2022</b>	<b>50.5</b>

	Total £m
Carrying amount at 1 January 2022	18.7
Acquisitions	32.7
<b>Carrying amount at 31 December 2022</b>	<b>51.4</b>

## 7. Other intangible assets

The following tables show the additions to, and amortisation of, intangible assets:

	Internally generated development costs £m	Acquired distribution agreements £m	Acquired technology £m	Acquired sales order backlog £m	Acquired brand and domain names £m	Acquired customer relationships £m	Total £m
Carrying amount at 1 January 2023	2.1	—	22.1	3.2	2.1	14.9	44.4
Acquisitions (see note 9)	—	—	1.3	0.2	—	0.7	2.2
Additions	0.6	—	—	—	—	—	0.6
Amortisation	(0.1)	—	(2.0)	(1.8)	(0.3)	(2.0)	(6.2)
<b>Carrying amount at 30 June 2023</b>	<b>2.6</b>	<b>—</b>	<b>21.4</b>	<b>1.6</b>	<b>1.8</b>	<b>13.6</b>	<b>41.0</b>

	Internally generated development costs £m	Acquired distribution agreements £m	Acquired technology £m	Acquired sales order backlog £m	Acquired brand and domain names £m	Acquired customer relationships £m	Total £m
Carrying amount at 1 January 2022	0.8	0.1	2.0	—	0.9	1.3	5.1
Acquisitions	—	—	22.8	5.4	1.8	16.5	46.5
Additions	0.5	—	—	—	—	—	0.5
Amortisation	—	(0.1)	(0.8)	(0.3)	(0.3)	(0.9)	(2.4)
<b>Carrying amount at 30 June 2022</b>	<b>1.3</b>	<b>—</b>	<b>24.0</b>	<b>5.1</b>	<b>2.4</b>	<b>16.9</b>	<b>49.7</b>

	Internally generated development costs £m	Acquired distribution agreements £m	Acquired technology £m	Acquired sales order backlog £m	Acquired brand and domain names £m	Acquired customer relationships £m	Total £m
Carrying amount at 1 January 2022	0.8	0.1	2.0	—	0.9	1.3	5.1
Acquisitions	—	—	22.8	5.4	1.8	16.5	46.5
Additions	1.4	—	—	—	—	—	1.4
Amortisation	(0.1)	(0.1)	(2.7)	(2.2)	(0.6)	(2.9)	(8.6)
<b>Carrying amount at 31 December 2022</b>	<b>2.1</b>	<b>—</b>	<b>22.1</b>	<b>3.2</b>	<b>2.1</b>	<b>14.9</b>	<b>44.4</b>

## 8. Share capital

Movements in the Group's Ordinary shares in issue are summarised as follows:

Ordinary shares of 5p each	2023 £m	2022 £m
Allotted, called up and fully paid – Ordinary shares of 5p each		
1 January: 6,369,746 shares (2022: 6,318,415 shares)	0.3	0.3
Exercise of share options: 7,851 shares (2022: 3,876 shares)	—	—
Issue of shares as consideration for shareholding in subsidiary company: nil shares (2022: 29,197 shares)	—	—
Issue of shares as settlement of acquisition costs: 2,278 shares (2022: 2,929 shares)	—	—
Issue of shares as settlement of earn-out (see note 9): 227,863 shares (2022: nil)	—	—
30 June: 6,607,738 shares (2022: 6,354,417 shares)	0.3	0.3

Allotments of Ordinary shares in the first six months of 2023 were made to satisfy the exercise of 7,851 share options in aggregate on 14 occasions during the period when the share price was within the range of 8000p to 9910p (2022: exercise of 3,876 share options when the share price was within the range of 7500p to 8360p).

## 9. Acquisitions

### **Acquisition of Geotek Holding Limited and Geotek Coring Limited**

The £35m earn-out on the acquisition was achieved in full, and was settled in June 2023. 50% (£17.5m) of the earn-out was satisfied in cash, partly financed from the Group's existing banking facilities (see note 10) and 50% was satisfied by the issue of 227,863 new Ordinary shares, at a price of 7690p per share, which was the prevailing share price at the time of signing heads of terms with Geotek's vendors. To the extent that the Judges share price at the date of issue was higher than the prevailing share price at the time of signing heads of terms with Geotek's vendors, a charge of £5.5m has been recognised in the Interim statement of comprehensive income, within adjusting items (see note 4) as no changes are permitted to the acquisition consideration or goodwill to reflect the share price movement. The issue of shares also increased merger reserve by £22.9m.

No changes have been made to the provisional fair values as presented in the 2022 Annual Report and Accounts.

### **Acquisition of Henniker Scientific Limited**

On 3 April 2023, Judges Scientific acquired 100% of the entire issued share capital of Henniker Scientific Limited ("Henniker"), a leading supplier of instruments, systems & technologies for plasma and surface science applications, supplying solutions for cleaning, surface activation to improve adhesion, and functional nano-scale coatings.

The purchase price of Henniker consists of:

- The initial consideration, paid in cash at completion, of £1.85m.
- Contingent consideration up to a maximum of £0.46m to be satisfied in cash.
- The contingent consideration becomes payable on achievement of a minimum adjusted EBIT of £0.46m for the year to 31 March 2024 increasing pro rata on a 4:1 ratio until it reaches a cap when an adjusted EBIT of £0.58m is achieved.
- An additional payment for excess cash (surplus working capital) at completion over and above the ongoing requirements of the business and will be covered by the cash inherited at completion.

The summary provisional fair value of the cost of this acquisition includes the components stated below:

Consideration	£m
Initial cash consideration	1.8
Contingent consideration	0.5
	2.3
Gross cash inherited on acquisition	1.3
Cash retained in the business	(0.1)
Payment in respect of surplus working capital	1.2
<b>Total consideration</b>	<b>3.5</b>
Acquisition-related transaction costs charged to the Consolidated Statement of Comprehensive Income	0.1

The payment in respect of surplus working capital was settled in July 2023.

### **Acquisition of Bossa Nova Vision**

On 2 May 2023, Judges Scientific acquired 100% of the entire issued share capital of Bossa Nova Vision LLC ("BNV"), a company specialising in imaging measurement technology for the cosmetics industry based in Los Angeles, California, USA.

The consideration for BNV was £1.3m in cash, which was paid in May 2023.

Acquisition-related transaction costs charged to the Consolidated Statement of Comprehensive Income amounted to £0.1m.

The summary provisional fair values recognised for the assets and liabilities acquired from the two acquisitions during the period are as follows:

	Book value £m	Accounting policy alignments £m	Fair value adjustments £m	Fair value £m
Intangible assets	—	—	2.2	2.2
Property, plant and equipment	—	—	—	—
Right-of-use leased assets	—	—	—	—
Deferred tax assets	—	—	—	—
Current tax recoverable	—	—	—	—
Inventories	0.2	—	—	0.2
Trade and other receivables	0.4	—	—	0.4
Cash and cash equivalents	1.5	—	—	1.5
<b>Total assets</b>	<b>2.1</b>	<b>—</b>	<b>2.2</b>	<b>4.3</b>
Deferred tax liabilities	—	—	(0.5)	(0.5)
Trade payables	(0.1)	—	—	(0.1)
Right-of-use lease liabilities	—	—	—	—
Current tax liability	(0.1)	—	—	(0.1)
<b>Total liabilities</b>	<b>(0.2)</b>	<b>—</b>	<b>(0.5)</b>	<b>(0.7)</b>
<b>Net identifiable assets and liabilities</b>	<b>1.9</b>	<b>—</b>	<b>1.7</b>	<b>3.6</b>
Total consideration				4.8
<b>Goodwill recognised</b>				<b>1.2</b>

The intangible assets recognised reflect recognition of acquired customer relationships, the value of the acquired future committed order book, together with the acquired technology. A significant amount of the value of the acquired business is attributable to its workforce and sales knowhow and contributes to the goodwill recognised upon acquisition. £0.4m of goodwill has been allocated to the Materials Sciences segment in relation to the acquisition of BNV and £0.8m of goodwill has been recognised within the Vacuum segment in relation to Henniker.

The majority of the deferred tax liabilities recognised represent the tax effect which will result from the amortisation of the intangible assets, estimated using the tax rate substantively enacted at the balance sheet date.

#### 10. Changes in net debt

Changes in net debt for the six months ended 30 June 2023 were as follows:

	1 January 2023 £m	Cashflow £m	Non-cash items £m	30 June 2023 £m
Cash at bank and in hand	20.8	(6.3)	0.1	<b>14.6</b>
Bank debt	(55.6)	(7.4)	—	<b>(63.0)</b>
IFRS 16 right-of-use lease liabilities	(4.3)	0.6	(3.0)	<b>(6.7)</b>
Statutory net debt (including IFRS 16)	(39.1)	(13.1)	(2.9)	<b>(55.1)</b>
Less: IFRS 16 right-of-use lease liabilities	4.3	(0.6)	3.0	<b>6.7</b>
Statutory net debt (excluding IFRS 16)	(34.8)	(13.7)	0.1	<b>(48.4)</b>
Accrued acquisition consideration payable in cash (note 9)	(17.2)	17.5	(1.9)	<b>(1.6)</b>
<b>Adjusted net debt</b>	<b>(52.0)</b>	<b>3.8</b>	<b>(1.8)</b>	<b>(50.0)</b>

Non-cash items primarily represent foreign exchange differences on foreign currency bank balances.

The movement in borrowings over the period was as follows:

	2023 £m	2022 £m
At 1 January	<b>55.6</b>	17.0
Net proceeds from drawdown of loans*	<b>10.5</b>	45.1
Repayment of loans	<b>(3.1)</b>	(2.9)
Interest payable	<b>1.4</b>	0.4
Interest paid	<b>(1.4)</b>	(0.4)
<b>At 30 June</b>	<b>63.0</b>	59.2

\* On 23 May 2022, £15.2m of outstanding loans were repaid and £60.3m was simultaneously reborrowed as the Group renewed its banking facilities.

	2023 £m	2022 £m
Current	<b>6.2</b>	6.7
Non-current	<b>56.8</b>	52.5
<b>Total borrowings at 30 June</b>	<b>63.0</b>	59.2

### **11. Defined benefit scheme**

The Group's defined benefit pension scheme is a net asset of £1.5m, compared to a net asset of £1.2m at 31 December 2022, and £0.0m at 30 June 2022. The increase in the asset is primarily due to an increase of 0.4% in the discount rate to 5.2% from 4.8% at 31 December 2022.

### **12. Dividends**

During the period, the Company paid no dividends (period to 30 June 2022: £nil).

The Company paid a final dividend of 59.0p per share totalling £3.9m to shareholders on 7 July 2023 relating to the financial year ended 31 December 2022.

The Company will pay an interim dividend for 2023 of 27p per share (2022: interim dividend of 22.0p per share) on 3 November 2023 to shareholders on the register on 6 October 2023. The shares will go ex-dividend on 5 October 2023.

### **13. Related party transaction**

The acquisition of Geotek was originated by Charles Holroyd, a Non-Executive Director of Judges. As with all Judges Scientific Non-Executive Directors, and as disclosed in the Group's Annual Report and Accounts, he is incentivised to originate acquisitions on behalf of the Group. Accordingly, at the time of his appointment to the Board of Judges Scientific in 2018, he entered into an introduction agreement entitling him to the payment of a fee amounting to 1% of the enterprise value of any business that he introduced to the Group and was subsequently acquired by the Group ("Introduction Fee"). Based on the experience of the Group, the level of the Introduction Fee is materially lower than the fees charged by independent brokers.

Mr Holroyd was not involved in any part of the decision-making process in relation to the acquisition. The Introduction Fee in relation to Geotek was payable at the same time and in the same proportion as the payments of the initial consideration and the Earn-out to the sellers. Following settlement of the Earn-out in June 2023, Mr Holroyd elected to receive one half of his fee of £350,000 in new Ordinary shares, valued at £76.80 per Ordinary share, and the other half in cash to enable him to pay the related taxation.