Judges Scientific plc

Annual report and accounts 2023

Strategic Report
Highlights
For the year ended 31 December 2023

Key financials

Year ended 31 December	2023	2022	Change
Revenue	**£136.1m**	**£113.2m**	20%
Adjusted* operating profit	**£34.8m**	**£30.1m**	16%
Tax on Adjusted earnings	**£6.9m**	**£4.9m**	41%
Adjusted* basic earnings per share	**374.6p**	**363.8p**	3%
Cash generated from operations	**£31.3m**	**£24.0m**	30%
Final dividend per share	**68.0p**	**59.0p**	
Statutory operating profit	**£21.6m**	**£18.2m**	
Statutory basic earnings per share	**145.8p**	**196.1p**	
As at:	**31 Dec 2023**	**31 Dec 2022**	
Adjusted* net debt (excl. IFRS 16)	**£(45.1)m**	**£(52.0)m**	
Cash balances	**£13.7m**	**£20.8m**	
Statutory net debt	**£(51.6)m**	**£(39.1)m**	

Other financial highlights
- Organic** revenue increased 15% compared with 2022.
- Organic** order intake up 7% compared with 2022.
- Organic** order book at 17.0 weeks (2022: 21.1 weeks); total order book at 16.2 weeks.
- Proposed final dividend of 68p, totalling 95p for the year, an increase of 17%; covered 3.9 times by Adjusted earnings.

Strategic Highlights
- Two small acquisitions, Henniker Scientific and Bossa Nova Vision, for a total consideration of £3.6m (including earn-out but excluding excess cash).
- Strengthened Executive team following the appointment of Dr Tim Prestidge as Group Business Development Director in February 2023.
- Appointment of Sue Nyman to the Board as independent non-executive director.

Outlook
- Commencing 2024 with a solid Organic order book.
- Timing of next Geotek Coring expedition and its revenue recognition in 2024 remains uncertain.
- Supply chain now returned to normal.
- YTD Organic orders marginally behind 2023 comparative period, which included exceptionally large post-lockdown contribution from China.
- The Board remains comfortable with current market expectations.

** Adjusted earnings figures exclude adjusting items relating to amortisation of acquired intangible assets, acquisition-related costs, share based payments and hedging of risks materialising after the end of the year. Adjusted net debt includes acquisition-related liabilities and excludes IFRS 16 liabilities.*
*** Organic describes the performance of the Group including businesses acquired prior to 1 January 2022.*

Strategic Report
Chairman's Statement

For the year ended 31 December 2023

The year started in a positive fashion, following the final re-opening of China after successive Covid lockdowns. An exceptionally good order intake in December 2022 laid the foundations for a strong 2023 and the alleviation of supply chain issues during the year enabled the Group to achieve new records in Organic order intake, Organic revenue and Organic Adjusted profits. Pre-tax profits (including a full year of Geotek and the contribution of two small acquisitions completed in the spring) and cash generation also reached record levels as well as Adjusted earnings per share, although as previously highlighted to shareholders, the increased UK corporate tax rate tempered post-tax growth.

Generating attractive returns for our shareholders remains the core purpose of the Group. As such, the Board is pleased to be recommending a final dividend of 68p, for a total dividend of 95p in respect of 2023, which was a 17% increase on the prior year (2022: 81p), whilst retaining ample cover of 3.9 times to enable sustained progression in line with the Group's dividend policy. Since the payment of the first dividend in respect of 2006, regular dividends have grown at a compound annual rate of 23% and total dividend distributions have aggregated to 7.5x the 2005 re-admission price of 100p. Your Board is delighted to be recommending the payment of a total dividend for the year equal to the placing price paid by all shareholders when the shares were first admitted in 2003, demonstrating Judges' well-established track record of delivering both growth and shareholder value.

Strategy

The Group's strategy remains unchanged and is based on creating attractive returns through highly selective and carefully structured acquisitions, underpinned by the diversified, solid and growing earnings and cashflows arising from our existing businesses.

The Group's acquisition model is to acquire small/medium-sized scientific instrument manufacturers, paying a disciplined multiple of earnings and to finance any acquisition, ideally, through existing cash resources and/or bank borrowings. We remain highly selective in seeking to acquire businesses with a history of sustainable profits and cashflows, to obtain immediate and enduring earnings enhancement for our shareholders. It is paramount that acquisitions are completed only when the Directors are satisfied that the target business has sound underlying strength with robust and defensible margins and is acquired at a sensible multiple.

Post-acquisition, the Group provides a favourable environment for these businesses to continue to prosper. Much executive effort is invested into helping their autonomous management teams improve their quality in terms of talent, leadership, innovation, geographic reach, production speed/quality and financial control. Organic revenue growth and operational improvements are an ever-growing component of shareholder returns.

As a result of the dependable growth of your Group, it has been possible to promptly reduce debt, thereby generating the financial resources necessary to reinvest in further acquisitions and reward shareholders with a progressively increasing dividend, subject always to our prudent approach to gearing and earnings cover.

The underlying global market for scientific instrumentation remains robust and the sector's long-term growth drivers provide comfort that the Group will continue to deliver durable returns for our shareholders despite the potential for some short-term variability in performance. These long-term market drivers are rooted in the global expansion of higher education; the need for measurement tools to support the relentless worldwide search for optimisation and the desire for discovery across industry and science.

The nature of Judges' business model, combined with management's consistent execution of its strategy, has generated excellent returns for investors. Sustained growth has been delivered through our business model clearly seen through the long-term compound annual growth rate ("CAGR") for revenue and profit, both for the Group as whole and also on an Organic basis. Over the past 17 years, the Group has provided shareholders with a total revenue CAGR of 21% and related EBIT growth of 28% and the Organic measure is 8% and 11% respectively. Our disciplined approach to acquisitions allied with the aforementioned performance, has resulted in maintaining Return on Total Invested Capital ("ROTIC") of comfortably over 20% and with the Group's strong ability to convert profit into cash, has enabled us to stick to our policy of increasing the dividend by a minimum of 10% per year with compound annual growth of 23% also over the past 17 years.

Strategic Report
Chairman's Statement
For the year ended 31 December 2023

Our team
Another year of records in our performance metrics illustrates the quality and dedication of all our colleagues at every level. I trust our shareholders will join the Board in thanking them for delivering these results.

Early in the year, our Board was delighted to strengthen our Executive team with the appointment of Dr Tim Prestidge, as Group Business Development Director. Tim has significant and relevant experience having spent his career to date in senior roles at both Renishaw plc and Halma plc. He is already making a substantial contribution to the future growth of our Group.

In November, the Board welcomed Sue Nyman as a non-executive director; she brings extensive public company and governance experience to the Board and we look forward to working with her as the Group continues to execute its growth strategy.

Ralph Cohen retired at the end of the year after 18 years with Judges, initially as finance director and latterly as a non-executive director. His contribution to the Group and its culture has been invaluable and he has overseen a period of substantial corporate growth and increase in shareholder value and the Board, on behalf of the shareholders, thanks him for his service to the Group.

Alex Hambro
Chairman
20 March 2024

Strategic Report
Chief Executive's Report

For the year ended 31 December 2023

2023 started on a positive note as the impact of Covid was finally abating and China had put an end to a succession of strict lockdowns. This resulted in a strong influx of orders in December 2022 particularly from China, which gave us a larger than usual opening order book, which alongside the progressive alleviation of supply chain difficulties, ensured healthy revenue growth. The Group's solid market positioning and continued favourable exchange rates enabled it to mitigate inflationary pressures, and operating margins were maintained. This translated into new record Organic revenues, Adjusted pre-tax profits, cash generation and Adjusted earnings per share. A full year of Geotek and two small acquisitions in the spring contributed to the Group's performance. As previously noted, this and the Organic achievements were largely absorbed by higher tax rates, increased borrowing costs and some dilution from the issue of new shares in respect of half of the Geotek earn-out.

We were pleased to have navigated the inflationary environment and to have maintained margins at our Organic businesses. The supply chain difficulties, previously encountered by the Group, mostly abated during the year which enabled our businesses to increase capacity, thereby reducing lead-times for our customers, and returning the order book back to more usual levels. Overall, more than half of our Organic businesses were therefore able to deliver record profits in 2023. We continue to focus on operational and business information improvements and also piloted a new approach to R&D projects which we hope to roll out across the Group. We also welcomed several new leaders this year with our continued focus on having the highest quality management teams, who are relentless in delivering incremental growth and new and improved products with which to support the requirements of our ever increasing customer base.

Order intake

Order intake is the main driver of our business. Organic intake was up 7% year-on-year. This shows a compound growth of 4% since the pre-Covid 2019 record. Although Organic intake made solid progress, this was not uniform and a few of our smaller Organic businesses still found it challenging to restore order intake to 2019 levels.

The strongest region was the UK (30% up on 2022 but this included one large single order), followed by China/Hong Kong (up 27%). The rest of Europe and North America were both 4% up and the Rest of the World was down 11%. The best absolute performances by country were achieved in the UK, China/Hong Kong and the USA and the worst in Australia and South Africa.

Total Group intake was affected by the fact that the Geotek coring expedition conducted in 2023, had already been booked in 2022.

Revenues

Group revenues for the financial year ended 31 December 2023 progressed from £113 million to £136 million, including Organic growth of 15%, the full-year contribution from Geotek and the part-year contribution of the acquisitions completed during 2023.

Supply chain issues that previously impacted the Group alleviated during 2023, enabling the Group to convert some of a large order book into sales revenue and hence Organic revenue grew 15% to reach £113m, a new record. Most Group companies have successfully and progressively reduced their large order book. As Organic revenue exceeded Organic intake by £3m, this produced a small absolute reduction in the Organic order book. When measured in weeks (in accordance with budgeted Organic revenue of the following year) it receded from 21.1 weeks at 31 December 2022 to 17.0 weeks at the end of 2023. The total order book at 31 December 2023 stood at 16.2 weeks.

The Group continues to be a strong exporter and is well diversified, both via its end markets and across the globe, with 28% of the Group's revenues earned in North America, 25% in the Rest of Europe and 14% in China/Hong Kong. Organic revenues grew in all regions: China/Hong Kong progressed 33% and the Rest of the World 31%; North America advanced 16%. The UK grew 4% and the Rest of Europe 2%. The highest absolute increases were China/Hong Kong, the US, Taiwan, South Africa and Japan; the most notable decreases were Germany and the Czech Republic.

Profits

The most important driver of Judges' operating margins is volume. The 15% growth in Organic revenue maintained our Organic EBITA margin before central costs at 25% (2022: 25%). Inflationary pressures and the resumption of travel and exhibition costs were well absorbed thanks to our strong market positions and favourable exchange rates. The growth in Organic revenue produced growth of 17% in Adjusted Organic EBIT contribution; this was supplemented by the two small acquisitions made in 2023, and by a full year of Geotek which generated EBIT that was 9% lower than its earn-out EBIT threshold.

Adjusted profit before tax progressed to a record £31.7m (2022: £28.3m). Return on Total Invested Capital ("ROTIC") progressed to 22.7% (2022: 20.6% adjusted as explained in the Chief Financial Officer's report) . Statutory profit before tax was £13.4m (2022: £16.0m), reflecting a full year impact of large adjusting items primarily arising from the amortisation of acquired intangible assets and of the premium on the shares issued in respect of the Geotek earnout.

Strategic Report
Chief Executive's Report
For the year ended 31 December 2023

The Group continued to invest in the improvement of its existing products and the development of new products. Investment in research and development amounted to £6.8m in 2023 (2022: £6.8m), equivalent to 5.7% of Group revenue (2022: 6.0%).

The 12% increase in Adjusted pre-tax profit did not produce a similar increase in EPS, due largely to the increase in tax rates in April 2023 from 19% to 25% and, to a lesser degree, to the issue of shares in respect of the Geotek earn-out. Adjusted earnings per share progressed by 3% to 374.6p from 363.8p; adjusted fully diluted earnings per share similarly progressed to 368.5p (2022: 359.0p). Statutory basic earnings per share were 145.8p (2022: 196.1p) and statutory diluted earnings per share were 143.5p (2022: 193.5p) affected by the large non-cash adjusting items.

Cashflow
Cash conversion was still impacted by caution and an appropriate desire to avoid any return to the lengthy delays for our customers that the long-persisting supply chain difficulties had caused. It was improved but lower than usual at 90% (2022: 80%), with cash generated from operations of £31.3m (2022: £24.0m). Cash conversion is an essential element of our business model and we must strive to return to our pre Covid/Ukraine performance in this area.

Year-end cash balances decreased to £13.7m from £20.8m at 31 December 2022. Adjusted net debt (excluding IFRS 16 lease liabilities but including sums still due in respect of acquisitions) at the year-end amounted to £45.1 m (2022: £52.0m).

Corporate activity
Geotek, which the Group acquired in May 2022, delivered sufficient profits during that calendar year to trigger the payment of the maximum £35m earn-out, half payable in shares, half in cash. This was settled in the first half of 2023.

On 3 April 2023, the Group acquired 100% of the 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, for a total price capped at £2.3m including £1.85m at completion and an earn-out capped at £0.46m.

On 2 May 2023, our subsidiary Dia-Stron acquired 100% of the 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, for $1.6m in cash.

Post year-end, on 1 February 2024, our subsidiary PE.fiberoptics acquired 100% of the shares of Luciol Instruments SA ("Luciol") for CHF 2m plus a potential earn-out capped at CHF 0.5m.

The Board believes that the BNV and Luciol transactions have synergistic potential with other businesses in our Group. Given the widening number of sectors we operate in, it naturally becomes more likely that we will acquire businesses adjacent to existing Group activities.

As a buy and build focused group, the acquisition of new businesses is a fundamental feature of the Group's strategy. Executing this effectively ensures that long-term value is generated for shareholders. We retain a strict acquisition discipline and are highly selective in relation to both the acquisition multiple and long-term quality of any potential addition to our Group.

The industry in which we operate contains a multitude of small global niches, as illustrated by the diverse nature of the new entrants to our Group. The UK is recognised in this arena as a centre of excellence for product innovation and manufacturing with world-leading businesses. Our Group has built a strong reputation over the past decade as an ethical, experienced and well-financed buyer and a supportive home for businesses in our sector whose owners wish to sell. We are trusted to act decisively and to complete deals under the initial terms agreed. For the businesses we acquire, the Group offers advice and support wherever necessary, stimulates intra-group cooperation, participates in succession planning and implements robust financial controls. We trust subsidiary management teams with the day-to-day running of their businesses. This has been a successful operating model for the Group, as management teams are given responsibility for their own destinies, as well as an environment in which they can thrive.

Dividends
The Board is recommending a final dividend of 68p per share subject to approval at the forthcoming Annual General Meeting on 21 May 2024, which will make a total distribution of 95p per share in respect of 2023 (2022: 81p per share). The total dividend per share is 3.9 times covered by adjusted earnings per share (2022: 4.5 times). Our policy of increasing the dividend by a minimum of 10% per year remains sustainable as long as we have ample cover.

The proposed final dividend, if approved by shareholders, will be payable on Friday 5 July 2024 to shareholders on the register on Friday 7 June 2024. The shares will go ex-dividend on Thursday 6 June 2024.

The Company's shareholders are reminded that a Dividend Reinvestment Plan (DRIP) is in place to enable shareholders to automatically reinvest their dividends into additional Judges shares should they so wish.

Strategic Report
Chief Executive's Report
For the year ended 31 December 2023

Trading environment

The long-term fundamentals supporting demand for scientific instruments and related techniques and services remain positive. In addition to the global expansion of higher education, market demand is driven by continuing strong worldwide growth of scientific research across academic, corporate, and industrial sectors, and the increasing number of industrial applications for scientific techniques and technologies driven by the enduring pursuit for process control and optimisation. Of course, control and optimisation require measurement.

In parallel to these positive long-term trends, the markets across which Judges and its peers operate are also characterised by a degree of shorter-term variability, influenced mostly by government spending, research funding, currency fluctuations and the business climate in major trading blocs, particularly the USA and China.

In the medium-term, the competing goals in the various jurisdictions where the Group operates, of stimulating recovery and of reducing ballooning government deficits should increase uncertainty in worldwide research funding. Whilst it now appears that inflation may finally be under control and interest rates could slowly decline, government debt worldwide is an issue and may cause the return of austerity.

As a large percentage of the Group's revenue is overseas, exchange rates have a significant influence on the Group's business. Judges' manufacturing costs are largely denominated in Sterling and most of the Group's revenue originates from countries where the standard of value is the US Dollar (approximately one half of total revenue) or the Euro (around one third of total revenue). The currency movements since the Brexit referendum vote in 2016 have had a positive influence on our margins and our competitiveness; exchange rates have continued to remain favourable to our Group although Sterling firmed up toward the year-end.

Outlook

Judges' business is very international and thrives with peace and free trade. The macro environment remains uncertain, and while the disruptions due to Covid and the war in Ukraine have now receded, the after-effect of budget deficits may still make itself felt on research budgets in the years to come. Despite the elevated tensions in the world, which are of great concern, the resilience and adaptability of the Group, combined with supportive long-term drivers, provide confidence in the ongoing delivery of durable returns for shareholders.

For the immediate future, the new year has started with a healthy order book; order intake for the first eleven weeks of the year has been marginally below the 2023 comparative which included an exceptionally large post-lockdown contribution from China. At this point, we are still envisaging another coring expedition during the course of 2024, however, Geotek has not yet contracted for this expedition and there is uncertainty regarding its timing and the amount of any related revenue to be recognised in 2024.

Exchange rates remain favourable to the Group's competitive position, but this year will see the final impact of the April 2023 corporation tax rate increases. The Board remains comfortable with current market expectations.

David Cicurel
Chief Executive
20 March 2024

Strategic Report
Chief Financial Officer's Report
For the year ended 31 December 2023

The Group's strategy is based on acquiring companies within the scientific instruments sector and ensuring continued profitable performance and growth at its existing subsidiary businesses.

Key Performance Indicators
The Group's financial Key Performance Indicators ("KPIs"), which are aligned with the ability to deliver Organic growth, reduce acquisition debt and fund dividend payments to shareholders, are Adjusted basic earnings per share, Adjusted Organic operating margins, Organic return on total invested capital and cash conversion. We have a further non-financial KPI of Organic order intake which is the bellwether of future short-term financial performance. All five KPIs are commented on during this report.

	2023	2022
Adjusted basic earnings per share	**374.6p**	363.8p
Adjusted Organic operating profit margin	**20.5%**	21.5%
Organic return on total invested capital	**33.5%**	28.7%
Cash conversion	**90%**	80%
Organic order intake	**+7%**	+0.5%

Alternative performance measures
The Group uses alternative performance measures ("APMs") in order to provide readers of the accounts with a clearer picture of the Group's actual trading performance and future prospects. Amongst these measures are: (1) Organic, which describes the performance of the Group only including those businesses acquired prior to the start of the comparative period, and for these accounts the reference date is 1 January 2022; (2) Adjusted earnings figures, which exclude adjusting items (as disclosed in note 4); (3) Adjusted net debt, which (a) includes acquisition payables not yet settled at the Balance sheet date and (b) excludes IFRS 16 lease liabilities; and (4) Return on total invested capital and cash conversion which are defined within the relevant sections of this report.

Revenue
Group revenues increased from £113.2m in 2022 to £136.1m, an increase of 20%. Organic revenues improved by 15% (2022: Organic growth of 8%) supported by a strong opening order book and full year Organic order intake, itself ahead of 2022 by 7%. The remainder of the increased revenue arose from a full year's ownership of Geotek and from the two small acquisitions of Henniker and BNV during the year.

Across our two segments, Materials Sciences total revenues rose by £12.6m to £72.5m (2022: £59.9m) and Vacuum revenues increased by £10.3m to £63.6m (2022: £53.3m).

Profits
Adjusted operating profit increased from £30.1m to £34.8m as a result of the strong revenue growth. We benefited from improved supply chain conditions which allowed our Organic businesses to deliver a higher capacity and whilst costs did increase, as travel and marketing returned to more normal pre-Covid levels, we were able to offset this with suitably balanced price increases, the consequence of which meant that we were able to maintain our Organic operating margins (before central costs) however Adjusted Organic operating margins reduced from 21.5% to 20.5% due to increased central costs, including the recruitment of one additional executive director. Total Adjusted operating margin similarly reduced from 26.6% to 25.6%.

Sterling remained stable on average against both the Euro and US Dollar across the year which enabled us to maintain our competitiveness as a high exporter and, overall, exchange rates continue to be usefully positioned for the Group.

Statutory operating profit increased to £21.6m (2022: £18.2m), and statutory profit before tax was £13.4m compared to £16.0m in 2022. Both figures were affected by significantly increased adjusting items, which are detailed further below and, for the profit before tax figure, also increased borrowing costs.

Capitalisation of development costs
We capitalised £1.2m (2022: £1.5m) of our total R&D expense relating to development of new or significantly improved products. Amortisation on the total amounts capitalised (inclusive of prior years) is £0.4m (2022: £0.1m) reflecting an increase in the number of completed projects this year. Many projects are still not yet commercialised, often due to long lead times in acquiring parts to complete prototypes, and hence these products are not yet production ready.

Adjusting items
£18.3m of pre-tax adjusting items were recorded in 2023 (2022: £12.3m). The two main constituents were £11.8m of amortisation of the intangible assets recognised upon acquisition (2022: £8.4m), primarily arising as a result of the acquisition of Geotek, together with a £4.0m charge primarily relating to the difference between the market value of the new Judges shares issued for the equity component of the Geotek earn-out compared 31 December 2022 share price. IFRS prohibits adjusting the total acquisition consideration for the post-acquisition change in share price so it is instead recorded as an expense.

Finance costs
Net finance costs (excluding adjusting items) totalled £3.1m (2022: £1.8m). The higher interest charge reflects (i) a full year of holding a higher debt following the May 2022 acquisition of Geotek, which was fixed at approximately 5% (including margin) via an interest rate swap taken out in 2022, (ii) an additional net £10m borrowed in 2023 as part of settling the cash element of the Geotek earn-out and is unhedged at higher interest rates.

The vast majority of the Group's borrowings are hedged, which ensures that a risk of rising or consistently higher interest rates has been mitigated for the duration of the Group's existing facilities.

Statutory net finance costs were £8.2m (2022: £2.2m). The two key items reconciling between the Adjusted and statutory figures are a £4.0m expense for the fair value movements on the Geotek contingent consideration (2022: £2.6m) and a £1.2m debit relating to the valuation of the interest rate hedging (2022: £2.2m credit).

Taxation
The Group's tax charge arising from Adjusted profit before tax was £6.9m (2022: £4.9m). The effective tax rate on Adjusted profits of 21.8% compares with 17.2% in 2022 and the percentage increase is largely related to the increase in UK corporation tax rates at the start of April 2023 from 19% to 25%, as was signposted to shareholders in last year's annual report. This 6% increase for three-quarters of the year mathematically equates to a 4.5% rate increase, and therefore aligns closely to the increase in the effective tax rate. For 2024, we expect to have a full year of the 6% increase, such that the Group's tax rate will again rise closer to the UK's prevailing rate.

One upside relating to tax, was announced by the UK government during 2023 in relation to changes to the UK research and development tax scheme which improves the credit attainable from the large companies R&D scheme, such that there is less of a gap between the benefits attainable under small and large companies R&D schemes.

Earnings per share
Adjusted basic earnings per share improved by 3% to 374.6p from 363.8p and Adjusted diluted earnings per share was a similar percentage higher at 368.5p (2022: 359.0p). This small increase in Adjusted earnings per share compares with a 12% increase in Adjusted profit before tax. The aforementioned 4.5% increase in effective tax rate equates to over £1.4m additional tax payable which is approximately 22p of earnings per share. Without this tax rate change in 2023, Adjusted basic earnings per share would have been 396.6p.

Statutory basic and diluted earnings per share have significantly reduced as a result of the higher adjusting items as explained in the Adjusting items section of this report. Statutory basic earnings per share was 145.8p (2022: 196.1p) and statutory diluted earnings per share totalled 143.5p (2022: 193.5p).

Order intake
Organic order intake for 2023 was 7% above the prior year figure, and remained ahead of revenue for most of the year. Your Board considers order intake and the resultant year-end order book as an important bellwether to the Group's ability to achieve its expected results, and this intake resulted in a closing Organic order book at 31 December 2023 of 17.0 weeks of budgeted sales (31 December 2022: 21.1 weeks). Total order book was 16.2 weeks inclusive of the acquisitions of Henniker and BNV. For 2024 Geotek is now part of the Organic group of companies.

Adjustment to 2022 Geotek acquisition consideration
During review of the settlement of the Geotek contingent consideration, it was identified that the contingent consideration balance should have been £2.2m higher at the acquisition date with a corresponding increase in Goodwill, as the equity share component of the contingent consideration should have been measured by reference to the fair value of the Judges share price. This adjustment therefore had no impact on net assets at 31 December 2022 and had no impact on profit for the year ended 31 December 2022.

Return on Capital
The Group closely monitors the return it derives on the capital invested in its subsidiaries. The annual rate of Return on Total Invested Capital ("ROTIC") at 31 December 2023 on an Organic basis was 33.5% (2022: 28.7%). This is as a result of overall performance improvement during 2023 whilst noting some variability in the performance of our group of businesses.

The annual rate of ROTIC is calculated by comparing attributable earnings excluding central costs, adjusting items and before interest, tax and amortisation ("EBITA") with the amounts invested in plant and equipment, net current assets (excluding cash) and unamortised intangible assets and goodwill (as recognised at the initial acquisition date) together with any acquisition costs and any increases to acquisition consideration post-acquisition date.

Last year we presented an Organic and total ROTIC as a result of the effect of the significant acquisition of Geotek, which was both the largest and highest multiple paid in Judges' history. Within the ROTIC calculation, we have finalised the total consideration for this acquisition, and it reflects the value of the equity component of the earn-out having increased from £17.5m to £23m on settlement. This increase has accordingly been included within the ROTIC calculation from the date of acquisition.

The consequential effect of the Geotek acquisition, on the Group's total ROTIC, adjusted to the date of acquisition, was a reduction of 8.1% and hence total ROTIC was amended to 20.6% at 31 December 2022. The overall Group figure for the year ended 31 December 2023 progressed to 22.7%.

Dividends
For the financial year ended 31 December 2023 the Company paid an interim dividend of 27.0p per share in November 2023 (2022: 22.0p per share). Following a good performance in 2023, albeit with earnings per share impacted by the increased corporate tax rates, the Board is recommending a final dividend of 68.0p per share giving a 17% increase in the total dividend for the year of 95.0p per share (2022: 81.0p per share). Dividend cover is approximately 3.9 times Adjusted basic earnings per share (2022: 4.5 times).

The Group's policy is to pay a progressively increasing dividend, with an annual minimum increase of at least 10% (dependent on the Group's performance), covered by earnings provided the Group retains sufficient cash and borrowing resources with which to pursue its longstanding acquisition strategy.

Headcount
The Group's full time equivalent ("FTE") employees for 2023 stood at 682 (2022: 595). This growth reflects recruitment in support of the Group's long-term growth strategy, the acquisitions of Henniker and BNV, coupled with a full year effect of our May 2022 acquisition of Geotek.

Share capital and share options
The Group's issued share capital at 31 December 2023 totalled 6,615,717 Ordinary shares (2022: 6,369,746). The vast majority of the shares issued during 2023 were to satisfy acquisition consideration for the Geotek earnout. The remaining share issues related to the exercise of share options by various members of staff during the year and settlement in ordinary shares of a portion of the introduction fee payable to Charles Holroyd for the acquisition of Geotek (see note 9 for further details).

Share options issued during the year under the 2015 scheme totalled 85,759 (2022: 4,735), most of which were issued to the Executive Directors, and the total share options in issue at the year-end under both the 2005 and 2015 schemes amounted to 254,169 (2022: 184,740).

Defined benefit pension scheme
The Group has a defined benefit pension scheme which was acquired with Armfield in 2015. This scheme has been closed to new members from 2001 and closed to new accrual in 2006. The latest triennial full actuarial valuation was performed in March 2023 which resulted in a surplus for the scheme with no further deficit reduction contributions being required. Previous annual contributions were £0.4m.

The Group accounts for post-retirement benefits in accordance with IAS 19 Employment Benefits. The Consolidated balance sheet reflects the net surplus or deficit on the pension scheme, based on the market value of the assets of the scheme and the valuation of liabilities using year end AA corporate bond yields. At 31 December 2023, the pension scheme was in a position of a £1.1m surplus (net of deferred tax) (31 December 2022: £0.9m net surplus). This movement is explained through an improved fund asset performance offset by the higher deferred tax rate.

Following the outcome of the triennial valuation, the Trustees of the scheme took steps to secure the pension surplus by aligning the asset management strategy with the expected future pension outflows to the members of the scheme.

In March 2024, the Trustees entered into a buy-in policy with an insurance company. This policy secures payment of all future pensions due to the scheme's members in relation to their pensions.

Cashflow and net debt
The Group has an enduring track record of converting profits into cash and this year's profitable trading delivered a strong cash performance with cash generated from operations of £31.3m (2022: £24.0m). Our cash conversion rate, which compares cash generated from operations with Adjusted operating profit, was 90%, an improvement on 2022's 80% but still below our expectations of a 90+% conversion rate. Whilst global supply chain issues abated and allowed us to increase capacity this year, we still were faced with many of our businesses feeling the need to maintain historically high inventory levels, partly due to supply chain conservatism. We are keenly aware that reducing component levels will be essential as part of good working capital management in driving our expected cash conversion, but it is not a quick fix when managing important supplier relationships for the long-term.

Total capital expenditure on property, plant and equipment amounted to £4.7m (2022: £6.4m). Whilst nearly £2m lower than 2022, this year's figure remains higher than usual due to ongoing property purchases and/or refurbishments for our trading businesses as a number have either moved or are in the process of moving facility.

Strategic Report
Chief Financial Officer's Report
For the year ended 31 December 2023

We started this year with £52.0m of Adjusted net debt and ended the year with £45.1m. Adjusted net debt includes acquisition-related cash payables that had yet to be settled at the balance sheet date and excludes IFRS 16 liabilities. The Group uses Adjusted net debt rather than statutory net debt, as this figure includes actual cash liabilities arising from acquisitions which are due within one year. Gearing, calculated as the proportion of Adjusted net cash/debt compared to Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA"), at 31 December 2023 was 1.38 times (2022: 1.6 times). We remain committed to maintaining a prudent gearing position whilst at the same time taking the opportunities of acquiring strong, sound businesses at disciplined multiples. We acquired Henniker and BNV for a combined cash consideration of £3.6m (including contingent consideration). We also paid £5.7m of dividends to shareholders, £4.8m for our tax liabilities, and invested £4.7m in capital expenditure; an overall £18.8m outflow and we still managed to decrease net debt by £6.9m. This illustrates to shareholders the Group's cash generating capability and its ability to de-leverage. In 2023, we also settled the full Geotek earn-out, paying £17.5m cash (the full earn out was £35m and was payable 50% in cash and 50% in new Judges shares) although this amount was already largely captured within Adjusted net debt at the start of the year.

Our Group's multi-bank facility ("Facility") with Lloyds Banking Group plc, Santander UK plc and Bank of Ireland (the "Banks") is for an aggregate £100m consisting of a £25m term loan ("Term Loan"), a committed £55m revolving credit facility ("RCF") plus a £20m uncommitted accordion facility, which can be drawn with the agreement of the Banks and had a four-year term expiring on 25 May 2026 ("Borrowing Term").

The Term Loan amortises on a straight line basis over the Borrowing Term by quarterly instalments. The RCF is repayable in a bullet at the end of the Borrowing Term.

The banking covenants are:

- Gearing no greater than 3.0 times Adjusted EBITDA; and
- Interest cover no less than 3.0 times.

Interest rate margins are consistent with the previous facilities, save for an additional rate between 2.5 and 3.0 times gearing.

This Facility provides the Group, in support of its buy and build strategy, with greater acquisition capacity, both in terms of higher frequency and of size.

At the year end the Term Loan was £14.1m (2022: £20.3m) and the RCF was £44.3m drawn (2022: £35.3m drawn), with £10.7m available to drawdown for future acquisitions alongside the £20m accordion should it be required to be converted from uncommitted to committed borrowings.

We continue to greatly appreciate the unwavering support of our three long-term relationship lenders, Lloyds Banking Group plc, Santander UK plc and Bank of Ireland, who all understand and champion the execution of the Group's buy and build strategy.

Year-end cash balances totalled £13.7m (2022: £20.8m). In previous years when the Group had low net debt and interest rates were lower, there was little effect on the Group's performance in maintaining optimised levels of cash compared with paying down debt, however with higher net debt and in this higher interest rate environment, there is a greater benefit for shareholders in carrying a lower level of cash to allow unhedged debt to be repaid as and when cashflows allow. Whilst rates remain higher, we will continue to encourage our businesses to improve their working capital positions to generate higher cash conversion, in order that we can repay unhedged debt as quickly as possible, subject to our usual caveat of funding future acquisitions.

Overall, 2023 was positive for the Group, supported by a team that continue to deliver improvements every year, despite the wider economic and geopolitical challenges that abound. Organic growth continued, cash generation improved, and we maintained a healthy balance sheet with conservative leverage. Consequently, we remain well positioned to continue the Group's strategy of delivering growth in earnings via selective, reasonably priced acquisitions of strong niche businesses in the scientific instruments sector, alongside encouraging long-term organic growth in its existing group of businesses.

B. O

Brad Ormsby
Chief Financial Officer
20 March 2024

Strategic Report
Section 172 statement
For the year ended 31 December 2023

As required by Section 172 of the Companies Act, a director of a company must act in the way he or she considers, in good faith, would likely promote the success of the company for the benefit of the shareholders.

In doing so, the director must have regard, amongst other matters, to the following issues:
- Likely consequences of any decisions in the long term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers/customers and others;
- Impact of the company's operations on the community and environment;
- The company's reputation for high standards of business conduct;
- Need to act fairly between members of the company.

The Group's ongoing engagement with stakeholders and consideration of their respective interests in its decision-making process is as described below.

Our culture
Judges has always espoused a long-term perspective, from its first interaction with a prospective acquisition and thereafter on an ongoing basis. This approach forms part of what makes this Group unique. No change was made to the strategic outlook, despite the ongoing geopolitical environment, and key decisions continued to be made only for the long-term benefit of the Group. Further detail is explained in the sustainability report on pages 12 to 19.

Shareholders
The primary mechanism for engaging with shareholders is through the Company's AGM and also through the annual cycle of investor meetings held alongside the publication of the Group's financial results for the half year and full year. Further information is disclosed in the Corporate Governance statement on pages 26 to 29.

Customers and suppliers
Our companies operate in global niche markets and hence reputation is key to our ongoing success. Maintaining the strong reputation with our customer base for providing instruments and service of the highest quality is therefore of paramount importance. Likewise, we have long-standing close relationships with our locally situated suppliers, as evidenced via the payment terms on page 36 in the Directors' Report.

Employees
A key to the Group's success has been its engaged workforce. As well-regarded local employers within each of our businesses' respective communities, the Group's Directors, alongside our subsidiary management teams, work hard to provide a positive work environment with opportunities for all our staff to grow and achieve their potential. Our management teams remain focused on maintaining staff wellbeing and have created a safe environment for our staff. As disclosed in the sustainability report on pages 12 to 19, we are also proud that around forty percent of our staff are shareholders.

Community and environment
Our businesses are proud of their positive contribution to the wider, and more local, community both as low carbon-intensive businesses and as a well-respected local employer. More information can be found in the sustainability report on pages 12 to 19.

"Corporate Social Responsibility is integral to our ongoing business success. It reminds us of the need to minimise our impact on the environment, encourages us to pay attention to the needs of our customers, employees, and other stakeholders, and to build engagement with local communities."

Judges Scientific is focused on acquiring and developing global niche companies within the scientific instrument sector. It selectively acquires businesses that generate sustainable profits and cash. We produce scientific instruments that enable our customers, to push the boundaries of science and also make the world a little safer. At the same time, Judges Scientific recognises that its operations have an environmental and social impact. Whilst this impact is relatively small, given that we operate a portfolio of low carbon-intensity manufacturing businesses, it is still imperative that we seek to minimise our negative impact on the environment.

Given the structure of our Group, which consists of 20 small and medium-sized businesses, each of whom employ less than 100 staff, we also have to prioritise our time and resources into those areas that provide the most positive outcome or greatest reduction in negative impact.

This report is split into four main areas, Culture, Products, People and Environment because these are the core areas applicable to our business.

Providing a good working environment for our employees and maintaining an efficient use of resources have always been key features of the success of Judges Scientific's businesses. Transparency is important as we want to ensure stakeholders are well informed about our actions and continued progress across the key ESG areas.

We know that the focus on sustainability also opens up opportunities for us, for example in the application of our products and services in industries that will provide environmental or social impact, in the way we do business, and in how we interact with our employees, our suppliers, our communities and the wider society.

We expect to continually evolve this strategy, further reduce emissions at our businesses, continue to provide a fulfilling place of work, and provide our customers with even better products. Sustainability is becoming more and more important and our businesses do contribute.

We are committed to communicate better with our stakeholders as, over time, we gradually increase the volume of disclosure in this area, particularly in line with the advent of our reporting requirements under the Task Force on Climate-related Disclosures ("TCFD") reported on pages 20 to 21 and the companies act 414CB which details the disclosure requirements of the non-financial and sustainability information statement, covered by both the sustainability report and the TCFD statement, but also taking due note of existing recommendations such as the UN's Sustainable Development Goals (SDG's) of which objectives 8 (Decent Work and Economic Growth) and 5/10 (Gender Equality/Reduced Inequalities) are most closely linked to our business. We will also update our reporting to reflect the requirements of the IASB's future standard on non-financial reporting in this area.

Culture

Judges Scientific's unique culture drives decision-making within the organisation

Purpose

"Our purpose is to build a portfolio of businesses with longevity, within the scientific instrument sector, by selectively acquiring businesses that generate sustainable profits and cash."

The Group's strategy is based on creating attractive shareholder returns through highly selective and carefully structured acquisitions, underpinned by the diversified, solid and growing earnings and cashflows arising from our existing businesses.

Judges Scientific's unique culture starts from when we first interact with the vendors of acquisition prospects. We expect that each company that joins our Group will remain for the long term, and therefore we must begin that relationship properly from our first contact with them. We acquire successful businesses and we expect them to remain successful, so it is very important that we treat the vendors with respect, and never seek to change the terms of a deal once heads of terms are agreed. We also treat their staff in the same manner as we treat our own, showing respect, openness, honesty and integrity in all our actions.

Whilst we do not manufacture products that directly create an impact on society or the planet, our products are used for research, for example in finding solutions to pressing global problems.

We take our role in the world seriously and recognise that how we do business is as important as what we do. Internally, we work to minimise the environmental footprint of our operations, while investing in our employees to keep them safe and help them develop their own careers. Externally, we focus on delivering on our purpose to support our customers in addressing some of the world's most difficult challenges, improving scientific understanding and enabling a greener economy.

Shared values
"Our employees share our long-term values, and we encourage all our employees to act like entrepreneurs and treat the company as if they are its owner."

Approximately forty percent of our team are Judges Scientific shareholders (286 staff at 31 December 2023) (2022: 240 staff), the vast majority of whom have acquired shares through the Judges Scientific Share Incentive Plan, an HMRC approved scheme, which enables our staff to acquire Judges Scientific shares from pre-tax earnings; Judges Scientific matches our staff's investment up to a certain level which ensures that all staff can benefit from Judges Scientific's maximum matching contribution, not just the highest paid.

We value employee tenure and longevity and always encourage long-term decision-making above the short term as we expect that our businesses build for the future, not just for the present. Consequently we have many long-standing experienced staff happy to work within our businesses throughout their career.

Our businesses have all built a good reputation as a key employer in their local community, dealing fairly with their own staff, customers and suppliers. We expect them to continue to do this, understanding that as a public company we must continue to uphold high standards of behaviour.

Ethical Behaviour
"Our belief is that principles of honesty and fairness should apply to our relationships with all stakeholders, internal and external, across the entirety of our value chain."

Judges Scientific has a zero-tolerance policy on bribery and corruption in relation to all business transactions in which the Group is involved. This policy includes the offering or receiving of inappropriate gifts or making payments to influence the outcome of business transactions. We also require customers and suppliers who contract with the Group on our standard business terms to comply with anti-corruption and anti-bribery laws, which are summarised in our Code of Conduct (https://www.judges.uk.com/PDF/Judges-code-of-conduct-2024.pdf) and ensures everyone employed within the Group, together with all our suppliers and customers, are aware of and adhere to this code (https://www.judges.uk.com/financial-performance/corporate-social-responsibility.html).

Judges Scientific also supports the provisions set out in the Modern Slavery Act and endorses the core requirements of the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. We do not tolerate practices which contravene these international standards. Additional information is included within the Judges Scientific Modern Slavery statement on our website at https://www.judges.uk.com/PDF/Modern-Slavery-Act-statement-Judges-2024.pdf.

Products

Our products enable our customers to make the world healthier and safer. We do this by helping our customers to accelerate life sciences research, solve complex analytical challenges and increase laboratory productivity.

Purpose
"High quality products help our customers develop and enhance their own offerings, innovations or research."

Judges Scientific's portfolio businesses are diverse and provide varied products and services that contribute to making a positive societal and planetary impact, although not always directly on their end user.

A good illustration is at one of our subsidiaries, Scientifica, which supports researchers in achieving breakthroughs in neuroscience, cardiology, cancer, and various scientific fields by supplying cutting-edge electrophysiology, multiphoton imaging, and optogenetics equipment. Electrophysiology is vital for understanding nerve and muscle function, as well as diagnosing and treating related medical conditions, such as Parkinson's and Alzheimer's disease. Multiphoton Imaging is a high-precision technique used in biology and neuroscience to visualise living tissues and cells and allows for deep-tissue imaging with minimal damage to the sample, decreasing live-tissue waste and improving the environmental impact of the research. Optogenetics are techniques in neuroscience which allow for precise control of neuron activity. This technology is constantly being improved upon within Scientifica, to support their customers in making breakthroughs in their respective fields. Recently, one of their products, the "VistaScope" was recognised as one of the top ten microscopy innovations in the 2022 Microscopy Today Innovation Awards.

Product quality
"High standards of quality of products and services and ensuring global regulatory compliance."

Judges Scientific businesses design and manufacture highly engineered equipment with long-life applications, providing longer lifespan of products and parts. Quality for our customers means they can rely on our products and services to consistently meet their specifications and requirements, and some of our businesses have customers with products greater than ten years old still working as well as the day they were purchased.

Quality for regulatory authorities means that we operate at the highest ethical standards and meet or exceed all applicable regulatory requirements. Eight of our businesses are ISO 9001 certified with one also having ISO 14001 certification, with more of our businesses seeking to gain certification.

Quality for our colleagues means we take personal ownership to aim to ensure our work meets customer requirements and is error-free from design through use.

Quality for our Group means we encourage a continuous improvement culture.

People

We believe that our people are fundamental to the success of the business. We invest in our people to help them to develop the capabilities that they need to succeed in the long term.

Purpose

Our vision is that all employees are proud to work for businesses that are the best at what they do and understand the positive difference that their products make in the world. Simply put, well-motivated employees are more productive.

Our aim is to retain, attract and enable the best people, creating an inclusive environment for all, noting at the same time that recruitment for small companies is often more challenging than for blue-chip businesses.

Diversity, Equity and Inclusion

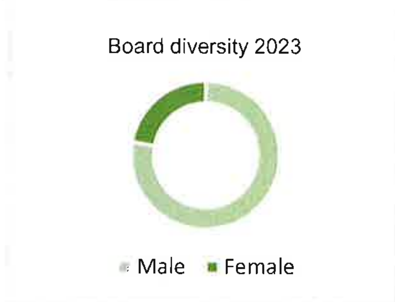
"Our employees share our values and we encourage all our employees to act like entrepreneurs and treat the company as if they are its owner."

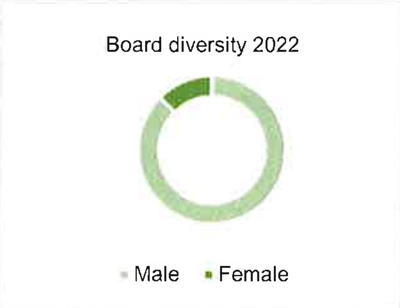
Judges Scientific supports equal opportunity for all our employees and those that wish to join our Group. Our aim is to build a meritocratic work environment where everyone can make the most of their skills and talents throughout their career, without discrimination or harassment. In the event of a member of staff becoming disabled, every effort is made to ensure that they can continue their employment with the Group with suitable support.

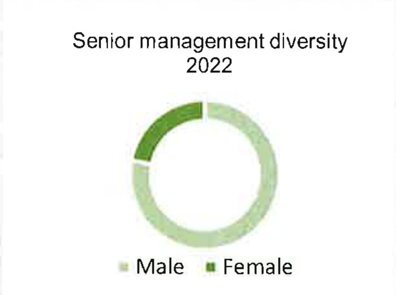
It is the Group's policy that disabled people should have access to the same career path, training and promotion opportunities as all other employees. It is a Group policy to not discriminate against staff or candidates on the basis of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, or sex or sexual orientation.

Our Group believes in providing a secure workplace with meaningful roles for all our staff which is evidenced through employee tenure and staff turnover rates. People who feel safe at work and enjoy their job, stay with their employer longer, it is as simple as that. Our average length of service is 6 years (2022: 6 years), with 5% of our team having worked for our businesses for more than 20 years. Staff turnover has always been fairly low and in 2023 it was 14% of our workforce, which is the same as the UK average (2022: 14%). We calculate this figure as the number of leavers in the year (excluding any retirements) divided by the average annual number of staff.

The average age of our staff is 44.1 years old. As a niche engineering business that produces cleverly designed products that require skilled design, manufacture and assembly, we are happy to employ anyone with a good skillset together with a positive attitude. Often when recruiting, we find more experienced people applying, who sometimes have felt less welcome in other businesses and we are delighted to bring them into our team. We have 256 staff over the age of 50 and our oldest staff member is 82 years old. Our recruitment philosophy is that it doesn't matter what your age is, if you can do the job and want to do the job, you are welcomed. At the same time, we regularly recruit apprentices and younger staff into our Group, who bring in fresh knowhow on emerging technologies and the changing needs of our end-customers. This protects our subsidiaries' long-term viability, with 18% of the Group being under the age of 30 (2022: 18%).







2023	Male	%	Female	%
Judges Board	7	78%	2	22%
Senior management	75	77%	23	23%
Total workforce	526	74%	188	26%
2022	**Male**	**%**	**Female**	**%**
Judges Board	7	87%	1	13%
Senior management	82	78%	23	22%
Total workforce	487	74%	168	26%

It is clear that there is an over-representation of males in our workforce. As an engineering group we are in an industry that has historically been male-dominated, so consequently for many years we have been challenged with recruiting from a largely male pool for a number of our roles. That having been said, 26% of our Group are female (2022: 26%). Over the past few years the composition of our Board has changed and during 2023 we appointed Sue Nyman to replace the now retired Ralph Cohen, and we now have 2 female independent Non-Executive Directors on our Board. Additionally we now have six female directors on our subsidiary boards (2022: three), including one externally appointed managing director.

Across the last decade, significant efforts have been made by governments around the world, including the UK, to encourage the study of STEM by females, but there is only a low flow of these graduates to smaller companies as so many of our blue-chip peers are their first choice. Additionally, we already have challenges in finding good shortlists of potential recruits for open roles, and so whilst we are keen to improve the diversity across all levels of our business, it is not easy for us to change this situation quickly.

At the same time, an important aspect of how we are trying to close the diversity gap and build greater inclusion is through flexible working, in a trusting environment, which we have been offering for a number of years to many of our staff. For example, we have a number of our finance team who are able to work the hours they wish in order to balance their personal and work lives. More recently, and reflective of some of the changes to working practices following the pandemic, we have wherever possible offered hybrid working, and we have accommodated the needs of many of our staff to work remotely.

Gender Pay Gap Report

The Gender Pay Gap Regulations state that employers with more than 250 employees in Great Britain are required to report their Gender Pay Gap. Judges Scientific, with its group of smaller trading businesses, each below this level, is not required to report under these criteria, but has taken the decision to do so in order to provide greater transparency.

Having collected and analysed our Group pay data, the overall result shows a 7% average gender pay gap between males and females across all employees excluding senior management. This has increased by 3% from 2022, whilst the median gap has increased by 2%. If one also includes senior management (both Judges Scientific and subsidiary level directors), the mean pay gap becomes larger due to the majority male demographic of this group, this gap has also increased from 18% in 2022 to 20% in 2023, and the median gap has remained flat at 16%. In relation to bonuses, there is a larger gap due to bonuses paid to senior management and also from commissions payable to salespeople, who are predominantly male. In 2023 82.1% of women received a bonus with 74.9% of men (2022: 71.7% of women and 64.8% of men).

The pay gap is summarised in the following tables/graphs:

	Excluding Senior management		Including Senior management	
2023	Mean	Median	Mean	Median
Pay gap	7%	15%	20%	16%
Bonus pay gap	-14%	6%	28%	12%
2022	Mean	Median	Mean	Median
Pay gap	4%	13%	18%	16%
Bonus pay gap	-11%	-14%	45%	20%

Pay gap progress:

As our businesses are fairly small, we do not have a consistent staff structure across them all. It is therefore not straightforward to collate groups of staff in similar roles across all regions in order to benchmark pay between males and females to establish whether there were any significant differences. Where we have been able to do this, particularly in more senior roles, where is it is easier to compare like-for-like e.g. non-executive directors, sales or operations director or finance managers of our subsidiary companies, we have not noted any significant variance in pay. That having been said, this does not exclude us from looking at opportunities to bridge any apparent gap.

The table below provides quartile hourly pay data, ordered from highest to lowest, into four equal groups. This provides a picture of where male and female employees are in the pay hierarchy.

	2023 Female	**2023 Male**	2022 Female	2022 Male
Upper	**20%**	**80%**	**20%**	**80%**
Upper Middle	**21%**	**79%**	**24%**	**76%**
Lower Middle	**24%**	**76%**	**19%**	**81%**
Lower	**38%**	**62%**	**38%**	**62%**

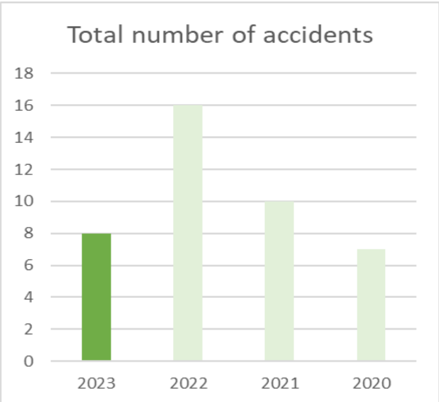
We know that a highly capable, diverse workforce will be important to Judges Scientific's long-term success. Having a diverse team enables the Group to better understand our different customers and markets, particularly as we sell to blue-chip universities and commercial businesses whose own demographics are changing quickly, together with having broader perspective to ensure we maximise our ability to make the right decisions and thereby deliver solutions to our customers that exceed their expectations. To achieve this, we must continue to make our workplace an environment that everyone looks forward to working in and to continue to offer career development so that all women and men realise they can develop their careers and be rewarded fairly at Judges Scientific.

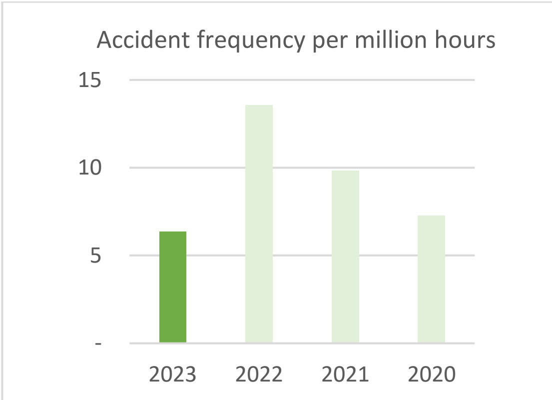
Health & Safety

Health and safety is of paramount importance across the entire Judges Scientific group and a key priority for our subsidiary management teams. Our employees must be and feel safe at work and we therefore aim to provide a safe and comfortable working environment for them. The Group encourages all of its subsidiary companies to seek continuous improvement and promote a strong health and safety culture.

The Group routinely monitors health and safety adherence across our trading subsidiaries. As we operate a decentralised autonomous operating structure, performance is monitored at a Group level with the board of each trading subsidiary directly responsible for compliance with local health and safety regulations. We have also instituted a Group-wide annual independent health and safety review which assesses compliance and provides local management with feedback to continually improve health and safety.

During 2023, we had 8 minor incidents and no significant injuries across all our businesses (2022: 16 minor incidents and no significant injuries). All incidents are followed up with changes to procedures and/or training of our employees as appropriate to prevent recurrence.





Employee Engagement and Training
"Only by fully engaging with our workforce, embedding our values across all that we do and developing progressive people management practices, will we achieve a culture that aims to allow employees to maximise their potential."

As seen over the past few years, the commitment and dedication of our people enables us to fulfil our Group's potential and successfully deliver on our business strategy. We strive to continuously improve Judges Scientific as a great place to work and to achieve personal goals. Having a sustained focus on engagement will help us retain our talent, which is crucial to our future success. Improving engagement also helps us to build on our core values, resulting in committed, hardworking and loyal employees.

Over 80% of our subsidiary leadership teams have attended our Judges Scientific leadership development programme. During 2023 we further continued our new management development course with another cohort of our most promising managers attending, which aids with their progression towards becoming the next generation of senior leadership. We will continue with both these types of course over the coming years, as this will ensure we have the highest quality of junior and senior management across our businesses. We further encourage all our businesses to invest in other skills training for staff to enable everyone to become more proficient in their roles.

An added benefit in being part of a diversified group of companies is staff mobility. Where we have good employees, but where there may be structural barriers to their career advancement in a particular business or a change in their circumstances which stops them from performing their current role, we have the capacity for staff to join a sister company rather than continuing their career outside the Group and this has worked well for a number of our team during the past few years.

Sustainability report

For the year ended 31 December 2023

Environment

Judges Scientific recognises that concerns about the environment, including climate change, must be addressed by all its businesses.

Purpose

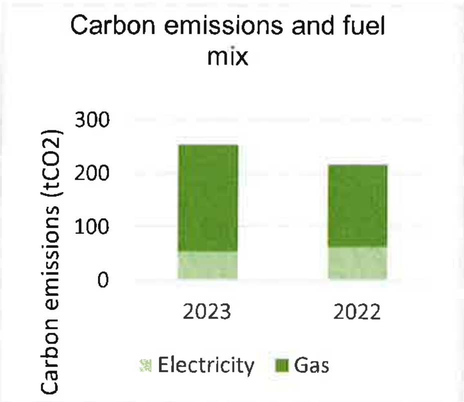
We work to minimise the environmental impact of our operations wherever possible. As a manufacturer of niche scientific instruments, we do not have carbon-intensive manufacturing facilities, instead the vast majority of our businesses are assembling instruments. Our niche instruments are largely used for research, to help progress scientific advancement.

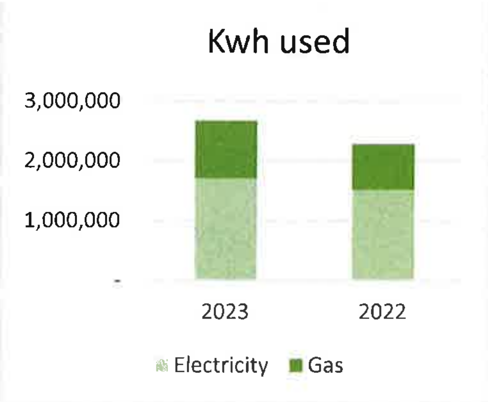
Through our culture of sustainable ownership, it is often our colleagues who identify areas for improvement to combat climate change. Best practices in individual businesses are shared across the Group, and implemented where feasible. This year, we instituted the Judges Sustainability Committee, with members drawn from across the Judges' group companies to help drive sustainability and environmental practices both at individual Judges businesses and sharing best practices and ideas across the Group.

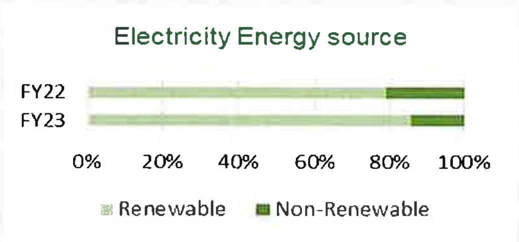
Energy use

"Efficient use of energy makes commercial sense. "

Due to our low capital-intensive manufacturing processes, we use comparatively little fossil fuels. We are a business founded on technological innovation, and this mindset translates into our businesses adopting energy efficient technologies wherever sensibly achievable. The vast majority of our facilities have used energy efficient LED lighting for a number of years, and we have almost completed the conversion of the remainder. We have energy management technologies in many of our facilities; simple things like having motion-sensor lighting in low-footfall areas and making sure lights are turned off at the end of the day ensure we keep a low-waste mindset. Further, as part of all new buildings acquired for our businesses, we encourage the addition of solar-panelling to help generate a portion of the energy required to operate, and UHV Design's new offices, which they expect to move into in the first half of 2024, incorporate these aforementioned features.







Energy use and GHG (Scope 1) emissions

	2023	2022	2021
Global energy usage (kWh)	2,678,260	2,289,107	2,442,838
Emissions			
Scope 1 (direct emissions) tCO_2e	200.0	154.1	182.0
Scope 2 (indirect emissions) tCO_2e	53.8	63.1	189.1
Normalised values			
Scope 1 (direct emissions) tCO_2e/£m revenue	1.86	1.91	4.06

Sustainability report

For the year ended 31 December 2023

Our businesses continue to seek ways of reducing energy consumption and despite adding two further businesses into the Group this year, the Group's energy usage increased by 17% with an increase of 20% in revenue, positively affected by relocations into more energy efficient buildings and our energy usage per £ of revenue has again improved. We continue to look at best practices across the Group, and seek to implement other innovations that may improve this performance. 84% of the electricity we use comes from renewable sources (2022: 79%) and we will continue to encourage adoption across our businesses to renewable energy sources.

The UK's share of the Group's global energy usage was 97% for gas and 94% for electricity (2022: 96% and 99% respectively).

As mentioned in the Products section, much design effort also goes into reducing the energy requirements of our products such that our customers benefit from lower energy consumption per use.

Environmental Accreditations
"We believe that it is important that our facilities are operating to the highest environmental standards "

We continue to look at new ways through certification to improve our environmental performance, both through achieving ISO 14001 certification, proving their facilities are in compliance with environmental laws and regulation in the UK and EU, and via a My Green Lab ACT Label Certification for sustainability.

Benefits of certification so far have included cost savings, energy use improvement and allowing us to align ourselves with the ethical values of our customers. We will seek to achieve ISO 14001 certification in other facilities as appropriate.

Other Environmental Concerns
"Climate change should not only include energy and carbon emissions."

We understand that concerns about the climate should not be confined to the remit of energy use and carbon, and are aware that water, waste and recyclability are other areas that must be addressed.

We continue to be at an early stage of our journey, but we are exploring ways to further improve, such as looking at how to measure our waste and water use, and how to further extend our use of eco-packaging wherever possible. As a Group, we continue to examine further ways to package our products more sustainably, particularly give the inevitable volume of packaging that we use in transporting our instruments to our customers around the world.

We will continue to provide this report in order to support our stakeholders' understanding of our business and whilst our Group is a collection of small businesses with limited resources, we will continue to focus on the greatest opportunities to improve our impact on society.

Brad Ormsby
Director
20 March 2024

Strategic Report
Task Force on Climate-related Financial Disclosures
For the year ended 31 December 2023

Introduction

Judges recognises the importance of business operational resilience in response to the rapidly changing climate, such as the 40 degree Celsius heatwaves in Europe in 2023.

Despite the small size of the group and its low carbon intensive operations, rising global temperatures and weather-related disasters will impact businesses of all sizes, making them vulnerable to change and disruption. The physical and transition risks due to climate change may be felt along entire value chains, such as through increased operating and compliance costs.

Opportunities to make environmental operational improvements to address such risks such as utilising solar panels, introducing production standardisation and efficiency processes, along with using efficient new equipment, can deliver real benefits. These include reducing costs and material wastage, increased business opportunities and a positive image of our businesses to our staff, customers, suppliers, and investors.

This is Judges' first Task Force on Climate-related Financial Disclosures ("TCFD") report. The Group is now governed by the mandatory Climate-related Financial Disclosure Regulations which were published by the UK government in 2022. These have slightly lower requirements than TCFD regulations, but instead, to aid users of the Group accounts, the Group has elected to report voluntarily under TCFD.

Whilst our disclosures are consistent with the recommendations made by the TCFD, we intend to improve the level of disclosure over time. We will continue to use the TCFD framework to help enhance our understanding of the climate-related risks and opportunities facing our organisation to enable informed decision-making.

Overview of the organisation

Judges Scientific is focused on acquiring and developing global niche companies within the scientific instrument sector. It selectively acquires businesses that generate sustainable profits and cash. We produce scientific instruments to support our customers in the relentless worldwide search for optimisation and discovery across industry and science. At the same time, Judges recognises that its operations have an environmental impact. Whilst the impact is relatively small, given that we operate a portfolio of low carbon-intensity manufacturing businesses, it is still key for us to do our bit in minimising any negative environmental effect.

Strategy

Judges has a culture of sustainable ownership, where we empower colleagues to drive change and deliver improvements within the businesses they work in. In 2023, Judges established the Judges Sustainability Committee (JSC), set up to help optimise sustainability across Judges and is sponsored by Brad Ormsby, CFO. The JSC consists of a member of staff from each business, ranging from supply chain analysts to members of a subsidiary senior leadership team (SLT), with each business responsible for its own plan, which is reported up to, and monitored by, the Group. Best practices in individual businesses are shared across other group companies and implemented where feasible, with increased capital expenditure budgets made available for specific sustainability projects.

- The Group understands that climate change will bring a wide range of both positive and negative impacts to businesses and Judges' preliminary focus over the next year is to identify the priority risks and opportunities to which the business is exposed.
- The Group intends to start with physical and transition risks and opportunities, before prioritising them based on the potential impact, likelihood and stakeholder relevance.
- The Group encourages its portfolio of subsidiaries to improve quality and achieve efficiencies in manufacturing processes and attain accreditation, firstly in ISO 9001, where process improvement delivers reductions in waste thereby reducing our use of resources. Subsequently, our businesses can then seek to attain the more environment focused ISO 14001.
- It is becoming increasingly apparent that there will be opportunities for Judges due to the application of our products and services in industries that will provide environmental or social impact, in the way we do business, and in how we interact with our employees, our suppliers, our communities and the wider society.

The Group is developing an environmental policy during 2024.

Governance

The structure of the Group consists of 20 small and medium-sized businesses, each of whom employs less than 100 staff. This decentralised business model with locally-managed autonomous companies enables us to deliver real competitive advantage by allowing us to place our operational resources close to our customers. We therefore prioritise our time and resources into those areas that provide the best outcome or greatest reduction in negative impact.

For businesses that have been acquired, the Group offers advice and support, stimulates intra-group cooperation, participates in succession planning and implements robust financial controls. We trust subsidiary management teams with the day to day running of their businesses. This has been successful operating model for the Group, as management teams are given responsibility for their business strategy, and an environment in which they can thrive.
Despite the complexity of this decentralised business model, Judges understands the importance in managing climate-related risks and addressing the market opportunities through robust governance processes, controls and procedures.

- Climate-related change is a standing agenda item in subsidiary SLT meetings with the Group Chief Operating Officer ("COO") & Group Business Development Director ("GBDD").
- Judges' Board of Directors has oversight of ESG. The COO and GBDD report to the board quarterly on progress with sustainability. This consistent reporting and oversight of climate transition planning enables the Group to embed climate transition targets into group strategy and ensures actions are taken to meet these targets as appropriate.
- The JSC serves as a platform for knowledge sharing on ESG-related issues, including climate-related risks and opportunities.
- The JSC meets on a periodic basis, where progress on sustainability-related work is reported, along with further targets and improvements set.
- The structures and processes in place for the governance of ESG and climate-related issues have been in operation during 2023, with formal documentation of the governance structure for TCFD planned for 2024.

Risk Management

Judges is at the start of its journey and is in the process of integrating climate-related risk into our risk management processes. Over time we expect to rank, and respond to, climate-related risks in relation to other risks. We expect that a greater understanding of our climate-related risks and opportunities will inform our processes for prioritising climate-related risks, including how they are assessed, quantified and reviewed.

- Judges expects to take steps to ensure that TCFD-related risks are captured in the Group's risk management system in the same manner and rigour as other business risks. This will include TCFD-specific reviews with each of our businesses.
- In time, we will perform a comprehensive TCFD-specific review of our business which is a significant exercise, and will absorb much management effort. This will include running specific scenario assessments to ensure that the level and type of risks that might arise in a number of different climate scenarios are captured by our risk management systems.
- Due to the diversified nature of our businesses, we do not expect there to be significant climate-related risks to the Group arising at an individual company level.

Metrics and Targets

Judges understands that developing a complete emissions breakdown will allow the Group to focus its efforts on reducing greenhouse gas emissions.

- Judges currently reports energy consumption data across Scope 1 and 2 in line with GHG reporting protocol. This can be found on page 18.
- We understand that Scope 3 emissions form most of our emissions. We are currently building a more thorough understanding of our Scope 3 emissions, and expect to provide more comprehensive disclosure in the future.
- We are in the process of setting appropriate climate-related goals and objectives and expect to implement them in 2024.
- Judges believes that integrating climate-related performance metrics into executive compensation is important to hold management accountable for achieving climate goals and capturing climate transition opportunities. The remuneration committee has assigned an element of Executive incentivisation for 2024 to encourage creation of an appropriate group system of measurements and targets for the future.

Brad Ormsby
Director
20 March 2024

Strategic Report
Principal Risks and Uncertainties
For the year ended 31 December 2023

Political tensions
The tensions between the West and China may well degenerate into an open conflict; China is an important destination for our products and an open conflict or even a strict sanction regime would affect our sales to China and Taiwan but also profoundly disrupt the stability of industrial activity worldwide.

More generally, heightened political tensions may have a detrimental effect on our ability to trade worldwide and divert government funding priorities away from research.

Acquisitions
A most significant risk for the Group is that an acquired company does not meet its expected profitability. As an important element of the Group's business strategy is development through acquisition, the Group's growth is also exposed to the risk of insufficient availability of target companies of requisite quality or available within the disciplined price range to which the Group adheres. The emergence of competing acquirers and the aggressive search for returns by private equity funds may increase competition for acquisition targets. The Group manages these risks by maintaining relationships with organisations that market appropriate targets, by performing detailed research into potential acquisitions and through its honourable behaviour during and after an acquisition. Post-acquisition, the Group provides advice and support to entity management teams as appropriate, in order to facilitate their ongoing performance.

Economic conditions
The Group's customers are internationally located and are often state owned or their liquidity is closely linked to government spending. The stress in the world economy and in public finances resultant from Covid-19, will affect the Group's prospects. In the short to medium term, individual countries are likely to oscillate between austerity and economic stimulation and this will affect research funding worldwide. Persistent inflation and related higher interest rates may disrupt the stability of the Group's environment.

Key personnel
The Group's future success is dependent on high quality senior management and key personnel and, given the small niche-serving nature of the Group's businesses, it is often a challenge to maintain back-up support in respect of key roles or to replace key staff should they leave our organisation. Finding quality executives in our sector is a challenge and it can take a long time to replace and/or to prove the suitability of any new executive. The Group encourages succession planning wherever possible and seeks to provide a positive work environment with opportunities for career growth coupled with appropriate remuneration and, where appropriate, longer-term rewards.

Currency and foreign exchange
The Group exports the large majority of its products, hence it is exposed to fluctuations in exchange rates which may impact on its competitiveness. Rates are affected by macro-economic factors such as Brexit and the levels of government borrowings due to Covid-19 and the Ukraine war; should Sterling appreciate this may reduce the Group's competitiveness. The Group seeks, so far as is practicable, to mitigate currency effects for the financial year via hedging foreign exchange rates. Additional detail is set out in note 27.

Taxation and interest rates
Higher rates of corporation tax and higher interest rates directly impact our net profitability and reduce the level of returns for our shareholders. Additional Government efforts to control public debt may further increase this burden. Where appropriate the Group seeks to mitigate fluctuations in interest rates through hedging external debt (see note 27).

R&D and products
The Group continues to invest in the development of new products to meet the needs of our end customers. There is a risk that our businesses may be unable to develop suitably commercial and technically reliable new products with which to maintain and drive revenue performance. There is also a risk that new developments in science will make certain of the Group's products obsolete. The Group maintains a focus on ensuring there are ongoing R&D roadmaps for our businesses and that we continue to invest in well trained and qualified R&D and operations teams to deliver quality, well-engineered products for our customers.

Competition
The Group faces competition across its businesses and there can be no certainty that each business will achieve the market penetration it seeks. There is also no guarantee that there will be no new competition or new entrant to the market with better products. The Group seeks to mitigate this through relevant analysis of market and scientific developments when considering acquisitions and seeks to acquire companies in small global niches. Additionally, the Group continues to listen carefully to its customers' aspirations for product development and, where possible, satisfy those product development aspirations.

Cyber security

The Group faces the risk of cyber-attacks which could compromise the confidentiality, integrity and availability of IT systems and data. This could impact our ability to respond and deliver to our customers and ultimately affect our reputation and financial performance, including potentially significant financial loss as a result of the effects of ransomware or breach of the General Data Protection Regulation (GDPR). The Group is partnering with cyber security experts to monitor our resilience to cyber-attacks and also provide early warnings of risks or attempted intrusions, together with providing our staff with regular cyber-security training.

On behalf of the Board

David Cicurel
Director
20 March 2024

Company registration number: 04597315

Board of Directors

Our Board

Providing a unique combination of international business, investor and financing experience across public and private markets.

Hon. Alexander Hambro

Chairman

N

Alex Hambro has been active in the small company investment sector both in the UK and the USA for some 30 years, during which time he acted as a principal investor, manager and sponsor of private equity and venture capital management teams.

In addition to his responsibilities at Judges Scientific plc, Alex is also Chairman of Cloudified Holdings Ltd and a Non-Executive Director of Oberon Investments Group plc, Octopus Apollo VCT plc, and a small number of private companies.

David Cicurel

Chief Executive

E

David Cicurel founded Judges in 2002 having spent much of his career as a turnaround specialist and, subsequently, as an "active value" investor operating with his own funds.

He has been responsible for several corporate recovery exercises including two UK public companies, International Media Communications plc (later known as Continental Foods) and International Communication and Data plc.

Brad Ormsby

Chief Financial Officer

E

Brad Ormsby is a Chartered Accountant who has significant senior finance and operational experience acquired during nine years at PwC followed by six years at Eurovestech plc, the pan-European development capital fund, and associated companies.

Prior to joining Judges Scientific in 2015, Brad was Chief Financial Officer at Kalibrate Technologies plc where he led the company's IPO.

Brad is also a Non-Executive Director at Octopus AIM VCT 2 plc, a Venture Capital Trust which invests in AIM-quoted companies.

Dr Tim Prestidge (appointed 1 February 2023)

Group Business Development Director

E

Tim joined Judges with significant experience in leadership and innovation, gained through 22 years in senior positions at FTSE100 and FTSE250 industrial businesses. Following the completion of his PhD, Tim was appointed as Divisional CEO and subsequently Executive Committee Director of Renishaw plc. Whilst there, he gained expertise in global markets, overseeing a sustained period of strong growth and expansion for the company. Tim also saw his division awarded five Queen's Awards for Enterprise in the Innovation category.

Most recently, Tim spent 8 years as Divisional CEO with Halma plc, where he chaired portfolios of technology companies based in the UK, Europe, USA, and China, operating in a diverse range of scientific and industrial sectors. Throughout this period, Tim continued the trend of driving strong growth and gained direct experience in acquisitions and mergers.

Tim holds degrees in Theoretical Physics from the University of Edinburgh and the University of Cambridge.

Mark Lavelle

Chief Operating Officer

E

Mark Lavelle gained sales and marketing experience with PerkinElmer, and finance experience with Bank of America in London and the USA, then moved into Industrial general management. Before joining Judges as COO in 2017, Mark spent 15 years at Halma plc where he was Managing Director of two separate businesses (in Medical Devices and Ion Beam Coating), ran Acquisitions for the group, and led two Divisions (Industrial Safety and Water Analysis & UV) comprising a total of 15 companies in the UK, Europe, the USA and Asia-Pacific. He also had responsibility for Innovation at Halma, and subsequently the group's Indian presence. He was also a Pension trustee for 12 years. Mark is a Chemistry graduate of the University of Cambridge and holds an MBA from INSEAD in France.

Charles Holroyd

Non-Executive

N I A R

Charles Holroyd has a BSc in Electrical and Electronics Engineering from the University of Bristol and an MBA from INSEAD. He is a Chartered Engineer and a Fellow of the Institution of Engineering and Technology. Charles has held senior management positions within a number of publicly quoted companies. Most recently Charles worked at Oxford Instruments plc, which he joined in 1999 and where he served on the board from 2005 until 2013 and was responsible for group business development including M&A activities.

He is the Senior Independent Director and is Chairman of the Remuneration Committee.

Lushani Kodituwakku

Non-Executive

N I R

Lushani is the founder and Managing Director of Luminii Consulting, a consulting firm specialising in Strategy, Commercial Due Diligence ("CDD") and Value Creation. Lushani has over 25 years' experience in advising corporates, private equity and banks on their investments and growth strategy across UK, Europe, and USA. She founded Luminii in 2017 after setting up and heading the Grant Thornton Strategy and CDD practice in 2008 and holding various other senior roles with KPMG, Frost & Sullivan, PMSI and Neovian Partners.

Lushani holds a Bachelor of Science (BSc) in Economics with first-class honours, and a Master of Research (MRes) in Management and Organisational Behaviour.

She is an Independent Director and is a member of the Remuneration Committee.

Sue Nyman (appointed 21 November 2023)

Non-Executive

N I A

Sue is an experienced business leader, and National Director in the Advisory practice at Grant Thornton UK LLP, a professional services firm, specialising in areas from client engagement and quality and risk matters to ethics and thought leadership. For over 18 years, Sue was Head of Grant Thornton's Advisory Quality and Risk Management team, a team which she created and successfully built from one person to over twenty. Previously she spent many years as a corporate financier advising companies both public and private. Sue's work saw her become a member of various external committees in relation to public company reporting and corporate finance technical issues. She is also the compliance officer for the Public Company Advisory team at Grant Thornton.

Sue has significant experience of being a member of Trust boards, with particular emphasis on finance and governance. Sue is FCA qualified and holds a Bachelor of Science (BSc) in Economics and Economic History from University College London.

She is an Independent Director and is a member of the Audit Committee.

Ralph Elman

Non-Executive

N A R

Ralph Elman is a former Finance Director of quoted companies Paramount plc, Delyn plc and International Communication & Data plc and Finance Director of businesses within GUS plc and RR Donnelley.

Ralph was Senior Partner of accountancy firm Elman Wall and is a Non-Executive Director of a number of private companies.

He is Chairman of the Audit Committee and is a member of the Remuneration Committee.

Glynn Reece

Company Secretary

Glynn Reece is a graduate of Oxford University and a qualified solicitor. Since 1987, he has specialised in providing corporate finance deal origination and advisory services, working for (inter alia) Coopers & Lybrand, Arthur Andersen and CLB, a specialist AIM firm.

He is currently a proprietor of Carl Reiss Meyer, a business that acts as an arranger of pre-flotation finance for small fast-growing companies.

Committee membership

E	Executive
N	Non-Executive
I	Independent
A	Audit Committee
R	Remuneration Committee

Board composition

Chairman	1
Executive Directors	4
Non-Executive Directors	1
Independent Non-Executive Directors	3

Board tenure

0–3 years	2
4–7 years	3
8+ years	4

Corporate Governance Statement

For the year ended 31 December 2023

Introduction

I have pleasure in introducing the Corporate Governance Statement. In accordance with the requirements of being an AIM-listed company we recognise that the application of sound corporate governance is essential to the Group's ongoing success and adopt the principal provisions of the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies published in April 2018 ("QCA guidelines"). This report sets out our approach to Judges' corporate governance in accordance with AIM rule 26, also documented in the Investors section of the Judges website.

During 2023, the QCA published the 2023 QCA Corporate Governance Code (the "2023 Code") which will be applicable for companies from 1 April 2024. The Group expects to converge with the requirements of the 2023 Code over time.

Board composition

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is also ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group.

The year commenced with the Board comprising three Executive Directors, together with the Non-Executive Chairman and four further Non-Executive Directors, supported by the Company Secretary.

At the start of the year, the Group had two independent Non-Executive Directors as defined via the QCA guidelines. All other Non-Executive Directors were not considered independent under the QCA guidelines by virtue of the duration of their tenure, as they had served more than nine years from the date of their first election or were previously an Executive Director of the Company. Nevertheless, the Company considers that these Non-Executive Directors, in practice, act independently of the Executive management and police adherence to the Group's enduring buy and build strategy and act as guardians to the Group's culture, which continues to provide shareholders with long-term market-beating performance. They deliver value via their long association with the Company, enabling retention of an appropriate corporate memory, and together with their deep understanding of the Group's business model, ensures they appropriately challenge the Executive Directors.

The structure of the Board has been refreshed over the recent past, however wholesale change for the purpose of adopting perceived best practice is not considered beneficial for our shareholders. At the same time, the Group continues its process of refreshing the composition of the Board to enable a balance between newer Non-Executive Directors and those that retain the strongest understanding of the Group's culture and history together with creating a more [gender] diverse Board.

During 2023 the Group appointed Dr Tim Prestidge as an Executive Director, reflecting the expansion of the Group and desire to broaden the strength of the management team. Tim's experience at Halma plc and Renishaw plc, make him an excellent addition to the team.

Further, Ralph Cohen, one of the Group's long-standing Non-Executive Directors, notified the Board of his intention to retire as a Non-Executive Director of the Company at 31 December 2023. As part of the aforementioned succession planning and refreshment of the composition of the Board, Sue Nyman was appointed as an independent Non-Executive Director. Sue's background in corporate finance, governance and risk management, and as a Chartered Accountant, enables a seamless replacement for Ralph.

At the end of the year, the Board's composition comprised four Executive Directors, together with the Non-Executive Chairman and four further Non-Executive Directors, three of whom are considered independent under the QCA guidelines.

Board operation

The Board is responsible for the Company's strategy and for its overall management. The operation of the Board is documented in a formal schedule of matters reserved for its approval, which is reviewed annually. These include (although not exhaustively) matters relating to:

- the Group's strategic aims and objectives;
- the approval of significant acquisitions and expenditure;
- financial reporting, financial controls and dividend policy;
- the approval of the Group's annual budget;
- the structure, capital and financing of the Group;
- internal control, risk and the Group's risk appetite;
- effective communication with shareholders; and
- any changes to Board membership or structure.

Board decision making

The Board has a schedule of matters covering business, financial and operational matters ensuring that all areas of Board responsibility are addressed throughout the year. The Chairman, supported by the Company Secretary, is responsible for ensuring the Directors receive accurate and timely information. The Company Secretary compiles the Board papers which are circulated to Directors in advance of meetings. The Company Secretary prepares and provides minutes of each meeting and every Director is aware of the right to formally minute any concerns.

Board meetings
The Board meets monthly (except in August) in addition to any ad hoc Board meetings that may be required during the year. Non-Executive Directors communicate directly with Executive Directors between formal Board meetings as necessary.

Directors are expected to attend all meetings of the Board, and the Committees on which they sit, and to devote sufficient time to the Company's affairs to enable them to fulfil their duties as Directors. In the event that Directors are unable to attend a meeting in person they will endeavour to attend via phone, Microsoft Teams or similar arrangement. In a normal year, Board meetings are held either at the Group's head office or rotated around the Group's operating companies so that the Board are able to meet local management, and during 2023 the Board was able to hold 11 meetings in person, of which 6 were held at our subsidiaries, including Geotek, Quorum, CoolLED, Deben, Scientifica and Armfield.

When Directors cannot attend, their comments on papers to be considered at the meeting will be discussed in advance with the Chairman so that their contribution can be included in the wider Board discussion.

The Directors' attendance record at Board and Committee meetings during the year is disclosed in the table below:

	Board	Audit	Remuneration
Hon. AR Hambro	11/11	—	—
DE Cicurel	11/11	—	—
BL Ormsby	11/11	—	—
MS Lavelle	11/11	—	—
T Prestidge (appointed 1 February 2023)	10/10	—	—
CJA Holroyd	11/11	4/4	3/3
LD Kodituwakku	11/11	—	3/3
RL Cohen (retired 31 December 2023)	11/11	4/4	—
RJ Elman	11/11	4/4	3/3
SA Nyman (appointed 21 November 2023)	2/2	—	—

Board Committees
The Board has delegated specific responsibilities to the Audit and Remuneration Committees, details of which are set out below. As the Board is small, there is no separate nominations committee and any consideration of recommendations for appointments to the Board is considered by a specific committee of Directors set up at that time. As part of the recruitment of Tim Prestidge, a committee of three Directors was set up to oversee the recruitment process, and his remuneration package was separately approved by the Remuneration Committee. For the appointment of Sue Nyman, a similar process occurred, although no involvement of the Remuneration Committee was required.

Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. Copies of all the Committee terms of reference are available on the Company's website (www.judges.uk.com) or on request from the Company Secretary. The terms of reference of each Committee are kept under continuous review to ensure they remain appropriate to the Group. Each Committee is comprised of three of the Non-Executive Directors of the Company. The Company Secretary is the secretary of each Committee.

Audit Committee
During 2023, the Audit Committee was chaired by Ralph Elman with the other members being Ralph Cohen and Charles Holroyd. At 31 December 2023, Ralph Cohen retired from the Audit Committee and was replaced by Sue Nyman. The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews information and reports from the Group's management, internal audit function and Auditor relating to the annual financial statements and the accounting and internal control systems in use throughout the Group. It also advises the Board on the appointment of the Auditor, reviews their fees and discusses the nature, scope and results of the audit with the Auditor. The Audit Committee meets at least twice a year and has unrestricted access to the Group's Auditor. The Executive Directors and the Chairman attend the Committee meetings by invitation as required.

The Audit Committee Report on page 30 and 31 contains more detailed information on the Committee's role.

Remuneration Committee
The Remuneration Committee is chaired by Charles Holroyd, the Senior Independent Non-Executive Director. The other members of this Committee are Ralph Elman and Lushani Kodituwakku. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment as well as making recommendations for the remuneration of incoming Executive Directors, as was the case with the 2023 appointment of Tim Prestidge. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the Non-Executive Directors of the Company are set by the Board. The Chief Executive and Chief Financial Officer are invited to attend for some parts of the Committee meetings where their input is required although they do not take part in any discussion on their own benefits and remuneration. The Remuneration Committee meets at least once per year.

The Remuneration Report on pages 32 to 35 contains more detailed information on the Committee's role and the Directors' remuneration and fees.

Board effectiveness

Biographies of the Board on pages 24 and 25 set out the skills, knowledge and experience of the Board. This mix of capabilities enables them to constructively challenge strategy and review performance. All Directors undertake ongoing training sessions to ensure they retain relevant skills to execute their roles.

Induction of new Directors

New Directors undergo a programme tailored to the existing knowledge and experience of the Director concerned and ensures they develop the requisite knowledge about the Group such that they can contribute fully from an early stage. Both Tim Prestidge and Sue Nyman have received personalised inductions to suit the nature of their roles.

Time commitments

All Directors are aware of the time required to fulfil the role prior to appointment and have confirmed their ability to meet the required commitment prior to appointment. This requirement is also included in their letters of appointment or service contract. The Board is satisfied that the Chairman and each of the Non-Executive Directors is able to devote sufficient time to the Group.

Development

The Company Secretary ensures that all Directors are made aware of changes in relevant legislation and regulations, with the assistance of the Company's advisers where appropriate. Executive Directors are subject to the Company's performance development review process and will obtain additional professional training as appropriate.

External appointments

In the appropriate circumstances, the Board may authorise Executive Directors to take Non-Executive positions in other companies and organisations, provided the time commitment does not impact upon the Director's ability to perform their role, since such appointments should widen their experience. The Chairman will approve any such appointment.

Conflicts of interest

The Board regularly reviews any Directors' conflicts of interest. The Company's Articles of Association provide for the Board to authorise any actual or potential conflicts of interest.

Independent professional advice

Directors have access to independent professional advice at the Company's expense. In addition, they have access to the advice and services of the Company Secretary who is responsible to the Board for advice on corporate governance matters.

Directors' and Officers' liability insurance

The Company has obtained Directors' and Officers' liability insurance during the year as permitted by the Company's articles.

Election of Directors

Sue Nyman, who was appointed by the board on 21 November 2023, will offer herself for election at the Annual General Meeting. The Board has decided, commencing with the 2024 Annual General Meeting, that all Directors will be offered up for re-election every year, in accordance with corporate governance best practice.

Performance evaluation

The Chairman discusses with each of the Non-Executive Directors their ongoing effectiveness. He is also responsible for the Executive composition of the Board. The Chief Executive assesses each Executive Director and provides informal feedback on their performance on a timely basis.

Internal controls

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

The principal components of the Group's internal control system include:

- overview of the day-to-day activities of the Group by the Executive Directors;
- all proposed acquisitions are comprehensively reviewed by the Board;
- a comprehensive annual budgeting process which is approved by the Board;
- a decentralised organisational structure with defined levels of responsibility for all trading subsidiaries, to encourage principled entrepreneurial behaviour whilst minimising risks;
- rotational visits by the Board to the trading subsidiaries;
- detailed monthly reporting of performance against budget and forecast;
- central control over key areas such as cash/banking facilities; capital expenditure and cyber security; and
- an internal audit function which, on a rotational basis, reviews each of the Group's trading subsidiaries and seeks to ensure consistent application of the Group's policies.

The Group continues to assess and develop its internal control system to ensure compliance with best practice for a Group of its size.

Relations with shareholders

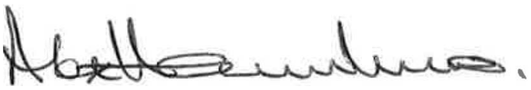
The Group maintains communication with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year results. Additionally, the Group also has a twice yearly roadshow to meet US investors and an annual visit to Scandinavian investors. The Group's results presentations are recorded on video in a live webinar which all shareholders are able to attend, and are subsequently available on the Judges website. Additionally, the Group operates a twice-yearly site visit where a group of significant shareholders/potential shareholders are shown around a number of the Group's subsidiaries to view their operations and meet with the local management.

The Group also holds its Annual General Meeting in-person and all shareholders are again encouraged to attend the upcoming Annual General Meeting which is due to be held on 21 May 2024 (full details in the Directors' Report on page 38). This is the main opportunity for all shareholders to meet with all the Executive and Non-Executive Directors and where the Group's activities are considered and questions are both welcomed and answered.

General information about the Group is also available on the Group's website (www.judges.uk.com). This includes a Group overview, detailed information about our trading businesses (including short videos introduced by subsidiary Managing Directors), details of all recent Group announcements and other relevant investor information.

Whistleblowing

The Group has had in place for several years a whistleblowing policy which sets out the formal process by which any employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, via a whistleblowing hotline. Whistleblowing is a standing item on the Board's agenda with updates provided at each meeting. During 2023 no matters were raised via the hotline (2022: none).



Alex Hambro
Chairman
20 March 2024

Audit Committee Report

For the year ended 31 December 2023

On behalf of the Board, I am pleased to present the Audit Committee report for the year ended 31 December 2023.

Composition of the Committee

Throughout the year, the Committee consisted of myself (as Chairman), Ralph Cohen and Charles Holroyd. Ralph Cohen retired from the Committee on 31 December 2023. Ralph is thanked for his commitment and valuable contribution to the Committee's work. I am pleased to welcome Sue Nyman who joined the Committee when Ralph Cohen retired. The Group's Executive and other Non-Executive Directors may be invited to attend Committee meetings. During the year, the Committee met four times, to undertake our responsibilities as set out below and, in particular, review the audit and interim findings, approve the audit plan of the Group's auditors, approve an internal audit approach for 2023 and consider internal audit findings together with risk management and internal controls. The Board is satisfied that I, as Chairman of the Committee, have recent and relevant financial experience. I am a Chartered Accountant; I have served as Finance Director in a number of quoted companies and as Non-Executive Director of a number of other companies. Sue Nyman also has recent and relevant financial experience having worked at Grant Thornton throughout her career, has led the firm's Advisory Quality & Risk Management team and also holds a number of governance roles and trusteeships. Glynn Reece acts as Secretary to the Committee. I report the Committee's deliberations at the next Board meeting and the minutes of each meeting are circulated to all members of the Board.

Responsibilities

The main duties of the Audit Committee are set out in its Terms of Reference, which are available on the Company's website (www.judges.uk.com) and are available on request from the Company Secretary.

The Committee's main duties are to:

- ensure the integrity of the financial statements (including annual and interim accounts and results announcements);
- review significant financial reporting judgements and the application of accounting policies thereon;
- ensure the Annual Report and Accounts are fair, balanced and understandable and recommend their approval to the Board;
- manage the relationship with the Group's external Auditor and review their suitability and independence;
- negotiate and approve the external Auditor's fee, the scope of their audit and terms of engagement;
- advise on the appointment of external Auditors and to review and monitor the extent of the non-audit services undertaken by the Group's external Auditor;
- review the risk management and internal control systems;
- review the assessment of going concern; and
- assess the approach of the internal audit function and review its reporting to the Committee.

Role of the external Auditor

The Audit Committee monitors the relationship with the external Auditor to ensure that auditor independence and objectivity are maintained. The Group adopts a policy to restrict work of the Auditor to audit or audit-related services only. No non-audit fees were charged to the Group by BDO LLP. An analysis of fees charged by BDO LLP is disclosed in note 8 to the Group's financial statements.

No material issues impacting upon the Auditor's independence were observed or brought to the Committee's attention, however the following matter was brought to the Committee's attention:

During 2023 BDO LLP inadvertently provided P11D software to Thermal Hazard Technology Limited, a Judges Scientific subsidiary, for a fee of £343. Following rigorous follow up to understand how this occurred, it was determined that the service, which has now been terminated and fees reimbursed, had no direct or indirect effect on the Group's results nor impacted materially upon the independence of the Group's Auditor. Procedures have been reinforced, both by Judges and the Auditor to ensure non-recurrence. This has also been referenced in the Independent Auditor's Report on pages 39 to 46.

Audit process

The external Auditor prepares an audit plan for its review of the full year financial statements. The audit plan sets out the scope of the audit, specific areas of risk to target and audit timetable. This plan is reviewed and agreed in advance by the Audit Committee. Following its review, the Auditor presents their findings to the Audit Committee for discussion. No matters of significant concern relating to either the Group's internal controls or accounting practices were highlighted by the Auditor during the year, however, possible areas of significant risk and other matters of audit relevance are regularly communicated.

Internal audit
The scope of the internal audit work performed by the Group's internal audit function in 2023 was determined following feedback from the 2022 audit, and also via a selection of subsidiary undertakings chosen through a selective process. The scope of the internal audit work in 2023 focused on specific reviews at six of the Group's entities - Geotek, Armfield, GDS, Thermal Hazard Technology, EWB Solutions and the parent company - together with follow up visits to assess progress in relation to findings from the prior year's internal audits at five subsidiary undertakings. No material issues for the Group were noted during any of the internal audit visits. At this stage, it is planned that six internal audits will take place in 2024 in addition to follow up visits to assess progress in relation to findings from internal audits undertaken in 2023.

The Committee has continued to apply an agreed approach that every one of the Group's trading subsidiaries should receive an internal audit review at least once every four years, with each new material subsidiary receiving an internal audit within twelve months of joining the Judges Scientific Group.

The Committee considers that management is generally able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures but that the internal audit work performed provides additional assurance.

Risk management and internal controls
As described in the Corporate Governance Statement on pages 26 to 29, the Group has established a framework of risk management and internal control systems and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. The Committee has initiated a review procedure to be satisfied that the appropriate internal controls are in place. Comfort on the effective operation of the Group's internal control systems has been obtained via feedback from internal and external audits and through assessment of risk matrices and annual confirmation certifications from each of the Group's trading subsidiaries and the parent company.

Ralph Elman
Audit Committee Chairman
20 March 2024

Remuneration Committee Report
For the year ended 31 December 2023

On behalf of the Board, I am pleased to present the 2023 Remuneration Committee Report, which sets out the Director's remuneration policy and their remuneration for the year. As an AIM-quoted company, Judges has no statutory requirement to produce a remuneration report, however the Remuneration Committee consider that providing a report is good practice, transparent and beneficial for shareholders, although not every best practice disclosure has been produced.

Composition of the Committee
The Committee consists of myself (as Committee Chairman), Lushani Kodituwakku and Ralph Elman. The Committee's composition was in accordance with the QCA guidelines throughout the year. The Chief Executive and Chief Financial Officer may be invited to attend Committee meetings or provide supporting information to the Committee if required.

Executive Director remuneration policy
Our remuneration arrangements are designed to align the interests of the Executive Directors with shareholders over the short and longer term. The Committee is aware of recent developments in corporate governance and good practice in Executive remuneration and ensures that it is able to benchmark Executive remuneration against similar sized AIM-quoted businesses, in order to attract, motivate and retain high quality individuals who will, over time, contribute to the continuing success of the Group. No external remuneration consultants have been engaged to support the Committee's deliberations, instead the Committee has utilised publicly available remuneration benchmarking to assist its decision-making.

To achieve our goal of alignment between shareholders and the Executive Directors, the Group provides competitive pay, split between fixed and performance-related elements. Overall remuneration is reviewed annually, and the key elements are explained below:

Base salary

This is set to reasonably reflect the market value of the role and the individual's performance and contribution to the Group. Base salary is reviewed annually with any changes applied from 1 January.

Pension and other benefits

The Group provides a matching contribution of up to 5% of base salary, consistent with that offered to employees within the Group. Furthermore, the Group may provide additional market-competitive benefits such as private healthcare, car allowance and life assurance.

Annual bonus
The Committee elected to amend the scheme from 1 January 2023 such that the Executive Directors could earn up to 50% of base salary as a bonus, which more closely aligned this incentive with other similar companies. Half of the annual bonus remains based upon the achievement of annual earnings per share targets set within the annual budget and the other half is attainable through meeting certain individual performance related objectives. The Judges Scientific policy includes a preclusion to earning the bonus element relating to the annual earnings per share target if earnings per share is below a historical high watermark.

Share options

Share options are issued to incoming Executive Directors and/or in the course of their employment in order to drive sustained long-term performance supporting the creation of shareholder value. Share options are issued at market value and vest over a period of three years. All share option awards to Executive Directors have a performance condition typically of at least 6% compound annual growth of earnings per share over the three-year vesting period in order for them to be exercisable, with the Executive Directors being able to 'bank' one-third of the award each year subject to meeting this annual requirement.

Non-Executive Director fee policy
Fees are set such that the Chairman and Non-Executive Directors receive a base fee for their respective roles designed to be comparable to similar AIM-quoted companies. Further fees are payable for additional services such as chairing any of the Board's Committees.

Fees payable to the Chairman and Non-Executive Directors are fixed and determined by the Board and are reviewed at least every three years.

Non-Executive Directors also have long-standing agreements in place which, should they introduce an acquisition to the Company, would result in the payment of a one percent introduction fee, a rate that is well below market rate for acquisition deal brokers. For good governance purposes and to ensure independence of process, any Non-Executive Director that introduces a potential acquisition to the Company is required to recuse themselves from any decision-making activities in relation to that acquisition.

Key Committee activities in 2023
The Remuneration Committee operates under the Group's agreed Terms of Reference and determines the Group's remuneration policy in respect of the terms of employment of Executive Directors and their remuneration packages.

During the year the Committee held three meetings for regular Committee business. Its main activities were:

- review and approval of the remuneration arrangements for Tim Prestidge upon his appointment in February 2023;
- benchmarking of and review of Executive Director remuneration arrangements for 2024;
- review and update of the short-term annual bonus arrangements for Executive Directors;

- review of the longer-term incentive arrangements for Executive Directors and award of share options, inclusive of appropriate performance conditions;
- determining the performance targets for the 2024 Executive Director annual bonus arrangements; and
- review of developments in corporate governance and best practice.

Service contracts

Executive Directors

The Executive Directors are all employed on service contracts. These are not of a fixed duration and are terminable by either party giving 12 months' written notice.

Executive Director	Date of service contract
DE Cicurel	24 December 2002
BL Ormsby	3 March 2015
MS Lavelle	15 November 2017
T Prestidge	1 February 2023

Non-Executive Directors

The Non-Executive Directors signed letters of appointment with the Company upon appointment for the provision of Non-Executive Directors' services, terminable by three months' written notice given by either party.

Non-Executive Director	Appointment date
Hon. AR Hambro	24 December 2002
RJ Elman	25 October 2005
RL Cohen (retired 31 December 2023)	1 May 2015
CJA Holroyd	1 June 2018
LD Kodituwakku	23 September 2020
SA Nyman	21 November 2023

Directors' remuneration

The remuneration paid to or receivable by each person who served as a Director during the year was as follows:

	Salary/fees £000	**Bonus £000**	**Pension £000**	**Benefits £000**	**2023 total £000**	Salary/fees £000	Bonus £000	Pension £000	Benefits £000	2022 total £000
Non-Executive Directors										
Hon. AR Hambro	**50**	**—**	**—**	**—**	**50**	40	—	—	—	40
CJA Holroyd[1]	**40**	**—**	**—**	**—**	**40**	35	—	—	—	35
RL Cohen (retired 31 December 2023)	**35**	**—**	**—**	**—**	**35**	30	—	—	—	30
RJ Elman	**40**	**—**	**—**	**—**	**40**	35	—	—	—	35
LD Kodituwakku	**35**	**—**	**—**	**—**	**35**	30	—	—	—	30
SA Nyman (appointed 21 November 2023)	**4**				**4**	—	—	—	—	—
Executive Directors										
DE Cicurel	**251**	**80**	**—**	**25**	**356**	230	58	—	17	305
BL Ormsby	**218**	**70**	**5**	**8**	**301**	200	50	2	7	259
MS Lavelle	**257**	**129**	**—**	**24**	**410**	236	59	—	21	316
T Prestidge (appointed 1 February 2023)	**279**	**137**	**10**	**29**	**455**	—	—	—	—	—
Total	**1,209**	**416**	**15**	**86**	**1,726**	836	167	2	45	1,050

[1]The acquisition of Geotek was originated by Charles Holroyd which entitled him to the payment of a fee amounting to 1% of the enterprise value of Geotek ("Introduction fee"). The Introduction Fee 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; £450,000 was payable at completion in 2022 and £350,000 paid on settlement of the Earn-out in 2023. Further detail is disclosed in Note 32 to the accounts.

The 2023 annual bonus percentages achieved for each Director (out of a maximum 50%) were as follows: DE Cicurel 32%; BL Ormsby 32%; MS Lavelle 50%; T Prestidge 50% (2022: 25% annual bonus was awarded). All Directors achieved the bonus relating to Earnings per Share totalling 25% of base salary. Any additional bonus above 25% related to the achievement/partial achievement of other targets as set by the Committee.

The Remuneration Committee set targets for the individual objectives of the Directors which for DE Cicurel and BL Ormsby were outperformance of the Earnings per share target, and for MS Lavelle and T Prestidge were outperformance of the budget EBITA of the Organic businesses that they oversee.

During 2023 no Director exercised options over the Ordinary shares of the Company (2022: one Director with a gain of £119,000).

Implementation of remuneration policy for 2024

Base salary

During the year, the Committee reviewed the base salary of the Executive Directors and considered individual performance, experience and comparable market rates and also the average salary increases across Judges. In conclusion, the Committee approved a 5.5% increase in base salaries, which is similar to the average annual percentage increase for the Group's employees, except for Brad Ormsby whose salary was deemed to have the largest variance from similar roles at comparative companies and was increased by 12.4%. The base salaries for 2024 are as follows:

	2024 £000	2023 £000
DE Cicurel	**264**	251
BL Ormsby	**245**	218
MS Lavelle	**271**	257
T Prestidge	**317**	300

Pension and other benefits

Mark Lavelle receives 5% of his base salary as cash in lieu of contributions into a pension scheme. Brad Ormsby and Tim Prestidge receive 5% of their base salary partly as matched pension contributions into a pension scheme and partly as cash in lieu of contributions. Tim Prestidge receives an annual car allowance of £16,000.

Annual bonus

The annual bonus for the Executive Directors is set at up to 50% of base salary. For 2024, the scheme has been slightly amended to include an ESG element in line with many of the Group's comparative companies. The bonus is now split into three elements and may be earned as follows:

Bonus element	**% of maximum potential bonus**
Achievement of annual earnings per share targets set within the annual budget	50%
Achievement of individual performance objectives	40%
ESG related objectives/targets	10%

The 2024 individual performance objectives for the Executive Directors are, for DE Cicurel and BL Ormsby growth of Adjusted Earnings per share above 2023's result and for MS Lavelle and T Prestidge, growth in EBITA above 2023's result, for the subsidiary businesses they oversee.

Share options

As part of the Committee's review of longer-term incentives, the Committee approved annual share option issues to each of the Executive Directors subject to the Group's performance as disclosed in the Directors interest table on the next page. Options for 2024 were issued in January 2024 as noted in the Post Balance Sheet Events section of this report.

Chairman and Non-Executive fees

The Chairman and Non-Executive Directors' fees were updated as of 1 January 2023 and fixed for three years as follows:

	£000
Chairman base fee	50
Non-Executive Director base fee	35
Fee for chairing Audit or Remuneration Committee	5

Chief Executive Remuneration Level

The pay ratio regulations for large UK listed companies came into force in 2019. Whilst we, as an AIM-quoted group, are not required to adhere to these regulations, the Remuneration Committee consider it valuable to provide additional disclosure to enable comparison of the Chief Executive's total remuneration for 2023.

	2023 £000	2022 £000
Chief Executive total remuneration	**356**	305
Upper quartile UK employee total remuneration	**49**	50
Median UK employee total remuneration	**36**	36
Lower quartile UK employee total remuneration	**29**	29

Directors' interests

At 31 December 2023, the Directors had the following beneficial interests in the Company's Ordinary shares of 5p each and options to subscribe for shares:

Ordinary shares of the Company

	31 December 2023		1 January 2023	
	Shares	**Options**	Shares	Options
Non-Executive Directors				
Hon. AR Hambro	**46,414**	—	49,500	—
RL Cohen	**66,116**	—	66,116	—
RJ Elman	**62,991**	—	62,923	—
LD Kodituwakku	**325**	—	325	—
SA Nyman				
CJA Holroyd	**7,223**	—	4,945	—
Executive Directors				
DE Cicurel*	**711,325**	**33,000**	711,302	28,500
BL Ormsby	**3,930**	**25,500**	3,873	21,000
MS Lavelle	**1,258**	**85,500**	1,235	81,000
T Prestidge (appointed 1 February 2023)	**16**	**60,000**	—	—

*includes non-beneficial interest in the 63,000 shares held by Shoftim Charitable Trust (2022: 59,000 shares).

Dividends paid in the year to Directors who hold shares amounted to £0.8m in aggregate (2022: £0.6m).

In 2023, the Group continued to award a free "matching share" under the Judges Scientific Share Incentive Plan for every share purchased. The match was increased up to a maximum value of £900 per employee per tax year for all eligible employees. Shares acquired by Directors under this plan, including matching shares, were 23 shares acquired by David Cicurel (2022: 31 shares), 24 shares by Brad Ormsby (2022: 32 shares), 23 shares by Mark Lavelle (2022: 32 shares) and 16 shares by Tim Prestidge.

Options over Ordinary shares in the Company

Date of option issue	DE Cicurel	MS Lavelle	BL Ormsby	T Prestidge
2015 Option Scheme				
21 October 2015 at 1402.5p	7,500	—	—	—
23 November 2017 at 1935.0p	—	60,000	—	—
3 November 2020 at 5200.0p*	1,000	1,000	1,000	—
8 January 2021 at 6580.0p**	20,000	20,000	20,000	—
20 January 2023 at 8000.0p***	4,500	4,500	4,500	—
30 March 2023 at 8560.0p***	—	—	—	60,000
	33,000	85,500	25,500	60,000

* These share options were issued with a performance condition of 6% compound growth in Adjusted Earnings Per Share.

** These share options were issued with a performance condition of Adjusted Earnings Per Share of 200p in 2021, with 10% compound growth in Adjusted Earnings Per Share above the 2021 target in 2022 and 2023 respectively.

***These share options were issued with a performance condition of 10% compound growth in Adjusted Earnings Per Share.

Post balance sheet events

On 23 January 2024 David Cicurel, Brad Ormsby and Mark Lavelle were awarded by the Remuneration Committee 4,400 options at an exercise price of 9500p. Vesting of the options after three years is subject to the achievement of 5% compound growth in adjusted earnings per share over the vesting period. It is noted that the Remuneration Committee decided that the minimum performance condition should be slightly lower than the previous floor of 6% due to the effect on earnings per share of the 2023 increases to UK Corporation tax.

Charles Holroyd
Remuneration Committee Chairman
20 March 2024

Directors' Report
For the year ended 31 December 2023

The Directors present their report and audited consolidated financial statements for the year ended 31 December 2023. Comparative information is provided for the year ended 31 December 2022.

Results and dividends
The results for the financial year to 31 December 2023 are set out in the Consolidated Statement of Comprehensive Income. The Company paid an interim dividend of 27.0p per Ordinary share on 3 November 2022 (2022 interim dividend: 22.0 pence). At the forthcoming Annual General Meeting, the Directors will recommend payment of a final dividend for the year of 68.0p (2022 final dividend: 59.0 pence) per Ordinary share to be paid on Friday 5 July 2024 to shareholders on the register on Friday 7 June 2024. The shares will go ex-dividend on Thursday 6 June 2024. The total dividend proposed for the 2023 financial year will aggregate to 95.0p, an increase of 17.3% (2022: 81.0p).

Going concern
The consolidated financial statements have been prepared on a going concern basis. The Directors have taken note of guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements. In delivering its buy and build strategy, and having acquired Henniker and BNV together with settling the full earn-out from the Geotek acquisition (see note 28), the Group ended 2023 with adjusted net debt of £45.1m compared to £52.0m at 31 December 2022. 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, after reflecting the aforementioned acquisition activity, was as a result of consistent cash generation arising from strong performance of the Group's principal operating companies, supported by growth in the Organic order intake. The size of the decrease in adjusted net debt also reflects the payment of dividends to our shareholders (£5.7m), settlement of our fair share of tax arising on profits (£4.8m) and ongoing investment into usual capital expenditure together with property improvements for our trading businesses (£4.5m).

The Directors have considered the potential ongoing impact of heightened political tensions globally, and of continuing higher levels of interest rates and inflation, and a summary of the implications is included in the Strategic Report. 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. In making this assessment the Directors have considered the period until the end of March 2025 and therefore continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Future developments
The Group will continue to execute its long-standing business model in the same manner it has done every year, including acquiring sustainably profitable businesses, supporting them to continue to deliver profitable results and encouraging investment in their range of products to stimulate future growth.

Research and development
The Group spent £6.8m in 2023 (2022: £6.8m) on a mixture of development of new products, amendments to existing products and other routine activities such as updating products due to obsolescence of parts or faults. During the year £1.2m of this expenditure was capitalised (2022: £1.5m) with amortisation of £0.4m (2022: £0.1m).

Engagement with stakeholders
The Group engages with all its stakeholders as disclosed in the Section 172 statement on page 11. The Group's payment policy is to agree terms and conditions with suppliers in advance and to pay agreed invoices in accordance with the agreed terms of payment. Creditor days of the Company at the end of the year represented 21 days (2022: 36 days).

Significant shareholders
The following are beneficial interests of 3% or more of the Company's issued ordinary share capital, the only class of voting capital, of which the Directors have been notified at 20 March 2024:

	No. of shares held	% of total Share Capital
David Cicurel	711,332	10.9
Odin Global	425,926	6.1
Capital Group	331,935	5.0
Broadcrest	261,351	4.1
JP Morgan Asset Management	248,124	3.4
Liontrust	223,256	3.4
Interactive Investor	219,490	3.3
Hargreaves Lansdown	218,594	3.3

Advice and Insurance
This is disclosed in the Corporate Governance Statement on pages 26 to 29.

Financial risk management objectives and policies
The Group utilises financial instruments (see note 23), comprising borrowings, cash and cash equivalents and various other items such as trade receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments relate to interest rates, liquidity, credit and foreign currency exposure. The Directors review and agree policies for managing each of these risks, which are described and evaluated in more detail in note 27 and which are summarised below. Except as stated, the policies have remained unchanged from previous years.

1. Interest rate risk
The Group finances its operations through a mixture of bank borrowings, equity and retained profits. With adjusted net debt of £45.1m (31 December 2022: £52.0m) (see note 21), exposure to interest rate fluctuations is a higher risk to the Group than in prior years; however, to mitigate this increased risk, a large proportion of the Group's loans have been hedged with interest rate swaps, as described in note 27.

2. Liquidity risk
The Group seeks to manage liquidity risk by ensuring that sufficient funds are available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through loans arranged at Group level. Short-term flexibility is achieved through the significant cash balances that the Group currently holds. Additionally, where the Group has already repaid funds into its revolving credit facility, it is able to subsequently redraw these funds should the need arise.

3. Credit risk
The Group reviews the credit risk relating to its customers by ensuring, wherever possible, that it deals with long-established trading partners, agents and university/government-backed bodies, where the risk of default is considered low. Where considered appropriate, the Group will protect itself via requiring advance payment or letters of credit to be provided. The credit risk in relation to cash is considered immaterial due to holding banking facilities primarily with Lloyds Banking Group.

4. Currency risk
With exports representing a significant proportion of its sales, the main risk area to which the Group is exposed is that of foreign currencies (principally US Dollars and Euros). The Group adopts a strategy to hedge against this risk by entering into currency options/forward exchange contracts and/or by maintaining a proportion of its bank loans in these currencies as appropriate, although this strategy does not represent hedging under IFRS 9. The Directors review the value of this economic hedging on a regular basis. There remains, nevertheless, an ongoing threat to the Group's competitive position in international markets from any sustained period of Sterling strength. Forward and option contracts are entered into in both US Dollars and Euros maturing in the subsequent year, aimed at protecting the ensuing year's competitive position and margins from adverse currency movements.

5. Cashflow risk
The Group manages its cashflow through a mixture of working capital, bank borrowings, equity and retained profits. Following the Group's acquisition of Geotek together with the current year acquisitions, the year end adjusted net debt was £45.1m (31 December 2022: adjusted net debt of £52.0m) and with cash and cash equivalents of £13.7m (31 December 2022: £20.8m) and strong consistent cash generation, the Group's cashflow risk is appropriately managed.

Streamlined energy and carbon reporting (SECR)
The Group presents disclosures relating to energy emissions in its Sustainability Report on pages 12 to 19. The parent company is a low energy user consuming less than 40MWh per annum.

Employee engagement
Please refer to the s172 statement and the Sustainability report on pages 11 and 12 to 19 respectively for further information.

Disabled employees
Applications for employment by disabled persons are given full and fair consideration in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is given to retrain them in order that their employment with the Group may continue. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

Directors
The following Directors have held office during the year and until the date of signing this report:

Hon. AR Hambro – Non-Executive Chairman
DE Cicurel
BL Ormsby
MS Lavelle
T Prestidge (appointed 1 February 2023)
CJA Holroyd – Non-Executive
LD Kodituwakku – Non-Executive
RL Cohen – Non-Executive (retired 31 December 2023)
RJ Elman – Non-Executive
SA Nyman – Non-Executive (appointed 21 November 2023)

Statement of Directors' responsibilities
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group consolidated financial statements in accordance with UK-adopted international accounting standards (IAS) and those parts of the Companies Act 2006 that applies to companies reporting under IAS and the parent company in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 'Reduced Disclosure Framework). 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 the parent company and of the profit or loss of the Group 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted IAS or UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Provision of information to the Auditor
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 Auditor is aware of that information.

Auditor
The auditor has expressed willingness to continue in office and in accordance with section 489(4) of the Companies Act 2006, a resolution to re-appoint BDO LLP will be proposed at the Annual General Meeting.

Annual General Meeting
The Annual General Meeting of the Company will be held on Tuesday 21 May 2024 at 12.00 noon at The Lansdowne Club, 9 Fitzmaurice Place, London W1J 5JD.

Brad Ormsby
Director
20 March 2024

Company registration number: 04597315 (England and Wales)

Independent auditor's report

To the members of Judges Scientific plc

Opinion on the financial statements

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 31 December 2023 and of the Group'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.

We have audited the financial statements of Judges Scientific plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Cashflow Statement, and notes to the financial statements, including a summary of significant accounting policies.

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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

During the year it was identified that BDO LLP had provided "off the shelf" P11D software to Thermal Hazard Technology Limited, which is a controlled undertaking of Judges Scientific Plc. As such, this constitutes a service which is not permitted to be provided to Other Entities of Public Interest and their controlled undertakings under paragraph 5.40 and 5.42 of the FRC Ethical Standard. The service was provided during the financial years ended 31 December 2023 with fees of less than £350. The services, which were immediately terminated, had no direct or indirect effect on Judges Scientific Plc's Consolidated Financial Statements. We have assessed the threats to independence arising from the provision of this non-audit service and, in our professional judgment, we confirm that based on our assessment of the breach, our integrity and objectivity as auditor has not been compromised and we believe that an objective, reasonable and informed third party would conclude that the provision of this service would not impair our integrity or objectivity for any of the impacted financial years. Those Charged With Governance at the entity have concurred with this view.

Other than the matter noted above, no other non-audit services prohibited by the FRC's Ethical Standard were provided to the entity.

Conclusions relating to going concern

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. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained the Directors' budgeted operating results, cashflow and covenant compliance covering the period to 31 March 2025 and checked that the information was arithmetically accurate;
- We critically reviewed these budgets and forecasts and assessed the achievability of the projections outlined within the Directors' model, specifically with reference to detailed performance and growth assumptions for those significant components and components subject to full scope audit procedures included within the scope of our Group audit. This included challenge of assumptions with reference to the current economic climate and current year and post-year-end performance against budget;
- We checked that budgets and forecasts included appropriate cash outflows for relevant subsequent events.
- We confirmed the arithmetic accuracy and appropriateness of sensitivity analysis performed and performed additional sensitivity testing to determine whether any variances would result in a risk to going concern including the impact on forecast cashflows and covenant compliance;
- We confirmed the applicable financial covenants to relevant loan documentation to ensure inputs are consistent with the definitions within the financing arrangement and have been calculated correctly;

- We evaluated the Group's disclosures on going concern compliance against the requirements of IAS 1 'Presentation of financial statements' (IAS 1) and assessed the consistency with the going concern assessment performed by the Directors.

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 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.

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

Overview

Coverage	*96% (2022: 108%) of Group profit before tax* *79% (2022: 80%) of Group revenue* *95% (2022: 75%) of Group total assets*		
		2023	2022
Key audit matters	Fraud risk in revenue recognition from sales of instruments and spares	✓	✓
	Risk of fraud and error in revenue recognition from short-term material service contracts	X	✓
	Business Combination accounting	X	✓
	Valuation of Group goodwill and non-current assets and valuation of Parent Company investment in subsidiaries *The risk of fraud and error in revenue recognition from short-term material service contracts is no longer considered to be a key audit matter as there were no contracts of this type that were partially complete at year end. Consequently there was not considered to be a material judgement on the amount of revenue to recognise at year end.* *The business combination accounting risk was not considered a key audit matter in the current year due to the acquisitions in the year being of significantly lower value and complexity and therefore there was not considered to be a significant risk of material error in the valuations applied.*	✓	✓
Materiality	*Group financial statements* as a whole £0.86m (2022: £0.96m) based on based on 5% (2022: 5%) of 5% of Group profit before tax, as adjusted for fair value adjustments for the Geotek contingent consideration. (2022: adjusted for Geotek acquisition costs and the fair value adjustment to contingent consideration).		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

For UK components, full scope procedures were performed where components contributed over 5% of revenue or 10% of adjusted profit before tax. Twelve components (2022: twelve) were captured by these criteria of which five (2022: five), were deemed significant.

We also performed specific scope audit procedures on the revenue and cost of sales of two US (2022: two) non-significant components and one (2022: none) Brazilian non-significant component from which 8% (2022: 12%) of Group revenue was generated, to address the risks raised with regard to revenue recognition.

The remaining components of the Group, which include non-significant UK and overseas operating components, as well as non-significant holding companies, were principally subject to analytical review procedures performed by the Group audit team.

Components that were subject to full and specific scope audit procedures, accounted for 79% (2022: 80%) of the Group's revenue, 96% (2022:108%) of the Group's profit before taxation and 95% (2022: 75%) of the Group's total assets. All work was completed by the Group audit team and BDO LLP component teams.

Our involvement with component auditors
For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

Component audit teams were initially briefed by the Group senior statutory auditor and were involved in engagement team discussions held at the planning stage of the engagement.

The Group audit team communicated to component audit teams through detailed instructions, the scope of the work to be performed, including component materiality and the planned audit approach in response to key risks, in accordance with applicable auditing standards.

Furthermore, detailed reviews of working papers were performed by the Group audit team with a focus on Group significant risk areas, to ensure that the Group audit opinion was supported by the underlying work of the component audit teams. Regular meetings were held between the Group and component audit teams which allowed for constant communication throughout the audit, ensuring that areas of interest for the Group audit were flagged in a timely manner. We discussed the proposed audit differences and improvement points identified by the component teams with both component and Group management.

Climate change
Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector;
  and
- Review of the minutes of Board and Audit Committee meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the Annual report may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment.

We also assessed the consistency of management's disclosures included as Other Information with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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, including those which 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Fraud risk in revenue recognition from sales of instruments and spares. The Group's accounting policy relating to Revenue Recognition is shown in note 2 with corresponding disclosures within note 3.	The amounts reported in relation to revenue represent information of significant interest to many users of the financial statements. This puts revenue at a greater risk of manipulation, bias, and misstatement. Having regard to the potential for fraud in relation to revenue recognition, we identified the following as areas of significant risk of material misstatement: • A significant portion of the Group's sales are in international markets, which may drive complexities in revenue recognition. We therefore consider there to be a risk around compliance with IFRS 15 for key revenue contracts with overseas distributors. • There is an increased risk that revenue around the year end is recorded in the wrong period as the shipping incoterms may not have been complied with by the year-end date. For these reasons we considered this to be a key audit matter.	Our audit work included the following: • We obtained an understanding of the design and implementation of the controls and procedures operating over the delivery of goods and services and recognition of revenue within the Group's accounting systems. • We held discussions to obtain an understanding of any distributor relationships. We reviewed a sample of contracts and other relevant communications with distributors to check that revenue had been recognised in line with IFRS 15 and Group accounting policies. • We selected a sample of transactions from the revenue transaction listing covering the defined cut off period in 2023, which was specific to each component based on assessment of specific risk factors. We agreed these through to sales order, invoice and third-party dispatch note or evidence of delivery, dependent on the terms of the sale. • We reviewed sales patterns around year end to identify any instances of channel stuffing. This included testing a sample of post-year-end credit notes selected from the January 2024 transaction listing relating to revenue recognised in the year to identify any unusual reasons for sales being subsequently reversed in 2024. **Key observations:** We did not identify any indicators to suggest that revenue recognition was inappropriate.
Valuation of Group goodwill and non-current assets. The Group's accounting estimates and policies relating to the impairment assessment and carrying value of goodwill are shown in note 2 with the supporting disclosures outlined in note 13. **Valuation of Parent Company investments in subsidiaries.** The Group's accounting policies relating to investments are shown in Parent Company financial statements note 2 with the supporting disclosures outlined in note 5	Management exercise significant judgement in determining the underlying assumptions used in the impairment review of the Group's cash-generating units (CGUs). These assumptions include the determination of the CGUs, the discount rate, CGU forecast performance including revenue growth, operating margins, and the growth rate over the measurement period. The same CGU value in use calculation as used in the impairment assessment for the Group's goodwill is used for the impairment assessment of the Parent Company's investments in subsidiaries. Due to the judgements involved we considered this and the related disclosures to be a key audit matter.	We performed the following procedures over the impairment assessment applied by management across the valuation of goodwill on consolidation and the valuation of the Parent Company investments in subsidiaries: • We have assessed management's determination of each CGU against the criteria of IAS 38 and confirmed the allocation of goodwill and net assets through to the underlying consolidation, which we have performed detailed testing on. • We have obtained, reviewed, and challenged the impairment models prepared by management including confirming their arithmetic accuracy and obtaining an understanding of assumptions included within the CGU forecasts. • With the assistance of our internal valuation experts we have reviewed and assessed the reasonability of the discount rate applied. We independently recalculated the Group discount rate, based on applicable gearing, risk and equity premiums and compared this to the rate used by management. • We challenged and assessed the reasonableness of the CGU level FY23 budgets and expected growth rate assumptions within the models through discussions with management, and, where appropriate, agreement to supporting documentation and historical trends. • Sensitivities that have been applied by management have been challenged and compared against sensitivities deemed reasonable by the audit team ensuring that the current economic environment has been taken into consideration. • We have reviewed relevant Group and Parent Company disclosures to confirm relevant assumptions and sensitivity conclusions have been correctly summarised by management based on their assessment performed. Key observations: We consider the judgements made by management when assessing impairment to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.
In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2023 £m	2022 £m	2023 £m	2022 £m
Materiality	£0.86m	£0.96m	£0.85m	£0.95m
Basis for determining materiality	5% of Group profit before tax, as adjusted for fair value adjustments for the Geotek contingent consideration. (2022: adjusted for Geotek acquisition costs and the fair value adjustment to contingent consideration).		Capped at 99% (2022: 99%) Group Materiality	
Rationale for the benchmark applied	Profit before tax was deemed the appropriate benchmark to calculate materiality as maximising shareholder return is a key objective for the Group. Profit before tax was adjusted to exclude items not reflective of the ongoing operations of the Group.		Capped at 99% Group Materiality given our assessment of component aggregation risk.	
Performance materiality	65% Materiality- £0.56m	60% Materiality - £0.58m	65% Materiality- £0.55m	60% Materiality - £0.57m
Rationale for the percentage applied for performance materiality	Performance materiality was determined based a percentage of materiality on a number of factors including: • Our risk assessment; • The Group operates a decentralised management structure; and for 2022 only: • This was a first-year audit.		Performance materiality was determined based on a number of factors including: • Our risk assessment. and for 2022 only: • This was a first-year audit.	

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 21% and 99% (2022: 16% and 99%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £0.18m to £0.85m (2022: £0.15m to £0.95m). In the audit of each component, we further applied performance materiality levels of between 55-65% (2022: 60%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £0.04m (2022: £0.04m). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. 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 financial statements, or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the 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.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	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 financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

- We updated our understanding of the legal and regulatory framework applicable at both the Group and component level and the industry in which they operate, and considered the risk of acts by the Group or components that were contrary to applicable laws and regulations, including fraud. We determined that the following laws and regulations remained the most significant: UK-adopted international accounting standards for the Group and Financial Reporting Standard 101 'Reduced Disclosure Framework' for the Parent Company, Companies Act 2006, AIM listing rules and UK tax compliance regulations which is the principal jurisdiction in which the Group operates.
- We discussed among the Group engagement team, component audit teams and relevant internal experts how and where non-compliance with laws and regulations and fraud might occur in the financial statements and any potential indicators of fraud. The engagement team has accumulated extensive knowledge of the industry through their work on the audit of similar entities over a number of years.
- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included:
    - reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary;
    - with the assistance of our internal tax specialists to performing reviews for employment tax, sales tax and corporation tax for significant components and those components subject to full scope audits;
    - reviewing all Board and Committee meetings held throughout the year for any indicators of non-compliance; and
    - making enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management, those charged with governance and the Audit Committee regarding any known or suspected instances of fraud;
- obtaining an understanding of the Group's policies and procedures relating to detecting and responding to the risks of fraud and internal controls established to mitigate risks related to fraud;
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team, including an internal forensics specialist, as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the risk of fraud in revenue recognition and management override of controls, specifically manual adjustments outside the finance system, year end adjustments, and adjustments to results and balances through material estimates including impairment review inputs, acquisition accounting assumptions and provisions.

Our procedures in respect of the above included:

- We addressed the risk of management override of controls, considered to be in connection with the posting of inappropriate journals and bias in significant management estimates and judgements, through testing journal entries processed during the year and subsequent to the year-end which met a specific criterion, including a review of unusual journal entries that benefited the profit before tax or cash position, consolidation journals and manual late adjustments. Where we identified journals that met our criteria as being unusual, we challenged management and verified these journals to supporting documentation.
- We also evaluated whether there was evidence of bias in setting significant estimates and judgements by the Directors that represented a risk of material misstatement due to fraud including those set out in the Key Audit Matters section of our report relating to the valuation of Group goodwill, non-current assets, and the Parent Company investments in subsidiaries.
- We used data analytics to review the combinations of journals posted to revenue. Where the corresponding debit entries were outside of our expectations, we have obtained supporting documentation from management.
- In response to the risk of fraud in revenue recognition we have performed the procedures set out in the Key Audit Matters section of our report.
- We selected a judgemental sample of journals not meeting the defined risk criteria and agreed these to supporting documentation.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Nigel Harker

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Nigel Harker (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK
20 March 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income
For the year ended 31 December 2023

	Note	Adjusted £m	Adjusting items £m	2023 Total £m	Adjusted £m	Adjusting items £m	2022 Total £m
Revenue	3	**136.1**	**—**	**136.1**	113.2	—	113.2
Operating costs	3,4,5	**(101.3)**	**(13.2)**	**(114.5)**	(83.1)	(11.9)	(95.0)
Operating profit/(loss)		**34.8**	**(13.2)**	**21.6**	30.1	(11.9)	18.2
Interest income	4,9	**0.3**	**0.1**	**0.4**	0.2	—	0.2
Interest expense	4,9	**(3.4)**	**(5.2)**	**(8.6)**	(2.0)	(0.4)	(2.4)
Profit/(loss) before tax		**31.7**	**(18.3)**	**13.4**	28.3	(12.3)	16.0
Taxation (charge)/credit	4,10	**(6.9)**	**3.4**	**(3.5)**	(4.9)	1.7	(3.2)
Profit/(loss) for the year		**24.8**	**(14.9)**	**9.9**	23.4	(10.6)	12.8
Attributable to:							
Owners of the parent		**24.4**	**(14.9)**	**9.5**	23.1	(10.6)	12.5
Non-controlling interests	30	**0.4**	**—**	**0.4**	0.3	—	0.3
Profit/(loss) for the year		**24.8**	**(14.9)**	**9.9**	23.4	(10.6)	12.8
Other comprehensive income							
Items that will not be reclassified subsequently to profit or loss							
Retirement benefits actuarial gain				**0.1**			2.1
Deferred tax on retirement benefits actuarial gain				**—**			(0.5)
Items that may be reclassified subsequently to profit or loss							
Exchange differences on translation of foreign subsidiaries				**(0.1)**			0.1
Other comprehensive income for the year, net of tax				**—**			1.7
Total comprehensive income for the year				**9.9**			14.5
Attributable to:							
Owners of the parent				**9.5**			14.2
Non-controlling interests				**0.4**			0.3

		2023 Pence	2023 Pence	2022 Pence	2022 Pence
Earnings per share – adjusted					
Basic	12	**374.6**		363.8	
Diluted	12	**368.5**		359.0	
Earnings per share – total					
Basic	12		**145.8**		196.1
Diluted	12		**143.5**		193.5

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated balance sheet

As at 31 December 2023

	Note	2023 £m	2022 £m restated
ASSETS			
Non-current assets			
Goodwill	13	**54.8**	53.6
Other intangible assets	14	**35.6**	44.4
Property, plant and equipment	15	**19.8**	15.9
Right-of-use leased assets	16	**6.6**	4.2
Retirement benefit surplus	29	**1.4**	1.2
		118.2	119.3
Current assets			
Inventories	18	**26.5**	22.3
Trade and other receivables	19	**25.1**	25.6
Cash and cash equivalents		**13.7**	20.8
		65.3	68.7
Total assets		**183.5**	188.0
LIABILITIES			
Current liabilities			
Trade and other payables	20	**(24.6)**	(25.9)
Payables relating to acquisitions	28	**(0.5)**	(36.5)
Borrowings	21	**(6.2)**	(6.2)
Right-of-use lease liabilities	22	**(1.2)**	(1.0)
Current tax liabilities		**(2.5)**	(2.2)
		(35.0)	(71.8)
Non-current liabilities			
Borrowings	21	**(52.2)**	(49.4)
Right-of-use lease liabilities	22	**(5.7)**	(3.3)
Deferred tax liabilities	17	**(8.0)**	(9.0)
		(65.9)	(61.7)
Total liabilities		**(100.9)**	(133.5)
Net assets		**82.6**	54.5
EQUITY			
Share capital	24	**0.3**	0.3
Share premium account	24	**17.7**	17.2
Other reserves	26	**26.9**	4.1
Retained earnings		**37.5**	32.7
Equity attributable to owners of the parent company		**82.4**	54.3
Non-controlling interests	30	**0.2**	0.2
Total equity		**82.6**	54.5

The accompanying notes form an integral part of these consolidated financial statements.

The financial statements were approved by the Board on 20 March 2024.

The 31 December 2022 balance sheet was restated to adjust the initial goodwill and equity component of contingent consideration payable which was recognised in the Geotek acquisition. See note 28 for further details. This amendment had no impact on net assets and no impact on the Statement of Comprehensive Income for the year ended 31 December 2022.

David Cicurel
Director

Brad Ormsby
Director

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total attributable to owners of the parent £m	Non-controlling interests £m	Total equity £m
At 1 January 2023	0.3	17.2	4.1	32.7	54.3	0.2	54.5
Dividends	—	—	—	(5.7)	(5.7)	(0.4)	(6.1)
Issue of share capital	—	0.5	22.9	—	23.4	—	23.4
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)
Deferred tax on share-based payments	—	—	—	(0.1)	(0.1)	—	(0.1)
Share-based payments	—	—	—	1.2	1.2	—	1.2
Transactions with owners	—	0.5	22.9	(4.8)	18.6	(0.4)	18.2
Profit for the year	—	—	—	9.5	9.5	0.4	9.9
Retirement benefit actuarial gain	—	—	—	0.1	0.1	—	0.1
Foreign exchange differences	—	—	(0.1)	—	(0.1)	—	(0.1)
Total comprehensive income for the year	—	—	(0.1)	9.6	9.5	0.4	9.9
At 31 December 2023	**0.3**	**17.7**	**26.9**	**37.5**	**82.4**	**0.2**	**82.6**
At 1 January 2022	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)
Share-based payments	—	—	—	0.7	0.7	—	0.7
Transactions with owners	—	0.5	2.0	(5.2)	(2.7)	(0.7)	(3.4)
Profit for the year	—	—	—	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
Total comprehensive income for the year	—	—	0.1	14.1	14.2	0.3	14.5
At 31 December 2022	**0.3**	**17.2**	**4.1**	**32.7**	**54.3**	**0.2**	**54.5**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated cashflow statement

For the year ended 31 December 2023

	2023 £m	2022 £m
Cashflows from operating activities		
Profit after tax	**9.9**	12.8
Adjustments for:		
Financial instruments measured at fair value: hedging contracts	**1.2**	(2.3)
Share-based payments	**1.2**	0.7
Depreciation of property, plant and equipment	**1.9**	1.4
Depreciation of right-of-use leased assets	**1.3**	1.1
Amortisation of acquired intangible assets	**11.8**	8.4
Amortisation of internally generated intangible assets	**0.4**	0.1
Interest income	**(0.3)**	(0.2)
Interest expense	**3.0**	1.8
Interest payable on right-of-use lease liabilities	**0.4**	0.2
Fair value movement on contingent consideration (note 28)	**4.0**	2.6
Retirement benefit obligation net finance income	**(0.1)**	—
Contributions to defined benefit plans	**—**	(0.4)
Tax expense recognised in the Consolidated Statement of Comprehensive Income	**3.5**	3.2
Increase in inventories	**(5.1)**	(4.2)
Increase in trade and other receivables	**(0.3)**	(3.1)
(Decrease)/increase in trade and other payables	**(1.5)**	1.9
Cash generated from operations	**31.3**	24.0
Tax paid	**(4.8)**	(2.1)
Net cash from operating activities	**26.5**	21.9
Cashflows from investing activities		
Paid on acquisition of subsidiaries	**(3.1)**	(45.0)
Payment in respect of surplus working capital	**(1.2)**	(17.8)
Paid in respect of earn out	**(17.5)**	—
Gross cash inherited on acquisition	**1.5**	19.6
Acquisition of subsidiaries, net of cash acquired	**(20.3)**	(43.2)
Purchase of property, plant and equipment	**(4.7)**	(6.4)
Capitalised development costs	**(1.2)**	(1.5)
Proceeds on disposal of property, plant and equipment	**—**	0.1
Interest received	**0.3**	0.2
Net cash used in investing activities	**(25.9)**	(50.8)
Cashflows from financing activities		
Proceeds from issue of share capital	**0.5**	0.3
Purchase of own shares for Company reward scheme	**(0.1)**	(0.1)
Tax on shares awarded under Company scheme	**(0.1)**	—
Finance costs paid	**(3.0)**	(1.8)
Repayments of borrowings*	**(9.2)**	(6.5)
Repayments of right-of-use lease liabilities	**(1.6)**	(1.3)
Proceeds from bank loans*	**12.0**	45.1
Equity dividends paid	**(5.7)**	(4.4)
Dividends paid to non-controlling interest	**(0.4)**	—
Paid on acquisition of non-controlling interest in subsidiary	**—**	(0.1)
Net cash (used in)/ from financing activities	**(7.6)**	31.2
Net change in cash and cash equivalents	**(7.0)**	2.3
Cash and cash equivalents at the start of the year	**20.8**	18.4
Exchange movements	**(0.1)**	0.1
Cash and cash equivalents at the end of the year	**13.7**	20.8

* On 23 May 2022, £15.2m of outstanding loans were repaid and £60.3m was simultaneously reborrowed as the Group renewed its banking facilities (see Note 21).

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
For the year ended 31 December 2023

1. General information
Judges Scientific plc is the ultimate parent company of the Group, whose principal activities comprise the design, manufacture and sale of scientific instruments.

Judges Scientific plc is incorporated and domiciled in the UK and its registered office is 52c Borough High Street, London SE1 1XN.

2. Summary of significant accounting policies
Basis of preparation
The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments which are carried at fair value.

Being quoted on the Alternative Investment Market of the London Stock Exchange, the Company has prepared its consolidated financial statements in accordance with UK-adopted international accounting standards (IAS) and those parts of the Companies Act 2006 that apply to companies reporting under IAS. Accordingly, these financial statements have been prepared in accordance with the accounting policies set out below which are based on the aforementioned IAS and in effect at 31 December 2023.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed under "Use of key accounting estimates and judgements."

Going concern
The consolidated financial statements have been prepared on a going concern basis. The Directors have taken note of guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements. In delivering its buy and build strategy, and having acquired Henniker and BNV together with settling the full earn-out from the Geotek acquisition (see note 28), the Group ended 2023 with adjusted net debt of £45.1m compared to £52.0m at 31 December 2022. 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, after reflecting the aforementioned acquisition activity, was as a result of consistent cash generation arising from strong performance of the Group's principal operating companies, supported by growth in the Organic order intake. The size of the decrease in adjusted net debt also reflects the payment of dividends to our shareholders (£5.7m), settlement of our fair share of tax arising on profits (£4.8m) and ongoing investment into usual capital expenditure together with property improvements for our trading businesses (£4.5m).

The Directors have considered the potential ongoing impact of heightened political tensions globally, and of continuing higher levels of interest rates and inflation, and a summary of the implications is included in the Strategic Report. 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. In making this assessment the Directors have considered the period until the end of March 2025 and therefore continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Changes in accounting policies
Amendments to IAS 1 are in effect for these financial statements. These amendments have no effect on the measurement or presentation of any items in the Group accounts but instead affect the disclosure of the Group's accounting policies. These changes are intended to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance relating to measurement of materiality.

Standards, amendments and interpretations to existing standards that are not yet effective:

At the date of approval of these consolidated financial statements, certain new standards, amendments to and interpretations of existing standards have been published but are not yet effective. None of these pronouncements have been adopted early by the Group, and they have not been disclosed as they are not expected to have a material impact on the Group's financial statements. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after their effective date.

Consolidation
The consolidated financial statements include those of the parent company and its subsidiaries.

The Group uses the purchase method of accounting for the acquisition of a subsidiary. Acquisition consideration is measured at the fair value of the consideration given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Business combination costs directly attributable to the acquisition are immediately written off through the Consolidated Statement of Comprehensive Income. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest.

The parent company has taken the merger relief that is required by section 612 of the Companies Act 2006 in respect of the fair value of the consideration received in excess of the nominal value of the equity shares issued in connection with the acquisition of Fire Testing Technology Limited, UHV Design Limited, Scientifica Limited and Armfield Limited.

Goodwill

Goodwill is the difference between the fair value of the consideration paid and the fair value of the net identifiable assets and liabilities acquired in a business combination. Following recognition, it is not amortised; however, it is subject to impairment testing on an annual basis or more frequently if circumstances indicate that the asset may have become impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Revenue recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group, excluding value added tax (or similar local sales tax), in exchange for transferring the promised goods or services to the customer. The consideration is allocated to each separate performance obligation that is identified in a sales contract, based on stand-alone selling prices. Sales of instruments and spares, and sales of services, such as material service contracts, non-specialised installation and training, extended warranty, maintenance and service, contract testing, software licences or consultancy, are assessed to be separate performance obligations.

Revenue is recognised when (or as) the Group satisfies the identified performance obligation. For sales of instruments, spares, installation, and one-off services, the performance obligation is satisfied at a point in time; for revenue from other services, the performance obligation is satisfied over time. As the period of time between payment and performance is less than one year, the Group does not adjust revenue for the effects of financing.

Revenue from sales of instruments and spares is recognised at the point at which the customer obtains control of the asset, which is deemed to be the point at which risks and responsibilities for the goods pass to the customer as defined in the terms of the invoice, including incoterms. For sales of instruments from overseas subsidiaries, the point at which the customer obtains control of the asset is deemed to be when the customer receives the goods. Revenue from installations and one-off services is recognised at the point at which the installation or service is completed. For large, complex instruments which require highly specialised installation, revenue from both the instrument and installation is recognised at the point at which installation is completed.

Revenue from material service contracts is recognised when the contractual obligation to be on site is fulfilled and spread over the term of the contract, based on the input cost method.

Revenue from extended warranty, maintenance and testing contracts and software licences is recognised rateably as the performance obligation to the customer is satisfied.

Segment reporting

The Group's activities are predominantly in or in support of the design and manufacture of scientific instruments. The Group operates two main operating segments: Materials Sciences and Vacuum. No operating segments have been aggregated.

Operating segments are reported in a manner consistent with internal reporting provided to the Executive Directors, which is responsible for allocating and assessing performance of operating segments, and which is considered to be the Chief Operating Decision Maker. Each segment's range of instruments has its individual requirements in terms of design, manufacture and marketing.

Intangible assets acquired as part of a business combination

An intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group.

Amortisation charges are included as adjusting items in operating costs in the Consolidated Statement of Comprehensive Income. Amortisation is provided at rates calculated to write off the cost of each intangible asset over its expected useful life, as follows:

Acquired customer relationships	Between 3 and 5 years
Acquired non-competition agreements	2 years
Acquired distribution agreements	Between 2 and 5 years
Acquired technology	Between 5 and 7 years
Acquired sales order backlog	Upon recognition of the related revenue
Acquired brand and domain names	Between 1 and 5 years

Research and development

Research and development expenditure is recognised in the Consolidated Statement of Comprehensive Income as an expense until it can be demonstrated that the conditions for capitalisation under IAS 38 Intangible Assets apply.

The criteria for capitalisation include demonstration that the project is technically and commercially feasible, the Group has sufficient resources to complete development and the asset will generate probable future economic benefit. Assets capitalised are amortised on a straight-line basis over three years from the start of the commercial sales life.

Property, plant and equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation.

Depreciation is provided at annual rates calculated to write off the cost less residual value of each asset over its expected useful life (with the exception of land which is held at cost and reviewed annually for impairment), within the following ranges:

Freehold buildings	50 years (excluding the estimated cost of land)
Plant and machinery	7 years
Fixtures, fittings and equipment	Between 3 and 10 years
Motor vehicles	4 years
Building improvements	Over the minimum term of the lease

Impairment testing of goodwill, other intangible assets, property, plant and equipment and right-of-use assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. Value in use is based on estimated future cashflows from each cash-generating unit, discounted at a suitable rate in order to calculate the present value of those cashflows. The data used for impairment testing procedures is directly linked to the Group's latest approved budgets, adjusted as necessary to exclude any future restructuring to which the Group is not yet committed. Discount rates are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by the Directors.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Impairment charges are included in operating costs in the Consolidated Statement of Comprehensive Income.

Leases

Any contract entered into, which contains an identified asset, whose use the Group has the right to direct throughout the period of the lease, and the right to obtain substantially all of the economic benefits from, is accounted for as a lease. At the lease commencement date, the Group recognises a right-of-use leased asset and a right-of-use lease liability on the balance sheet. The lease liability is measured at the present value of the total lease payments due, discounted using the interest rate implicit in the lease if readily available, or at the Group's incremental borrowing rate. The right-of-use asset is measured at cost, being the lease liability, plus any initial direct costs incurred by the Group, the present value of any contractual provisions such as dilapidations, or lease payments made in advance of the commencement date.

Right-of-use assets are depreciated on a straight-line basis to the end of the lease term. The Group assesses the right-of-use asset for impairment when such indicators exist.

The lease liability is repaid over the life of the lease, through the lease payments, which includes interest which is accrued monthly at the same rate used to calculate the liability. Lease liabilities are remeasured to reflect any reassessment or modification of the lease – when the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use leased asset, or in the Consolidated Statement of Comprehensive Income if the asset is already reduced to zero.

The Group does not recognise an asset or liability when entering into a lease with a term of less than 12 months, in accordance with the exemption in IFRS 16.

Inventories

Inventories are recorded at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first-in, first-out cost formula. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

Taxation

Deferred taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of those temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its Directors and employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values.

Share-based compensation is recognised as an expense in the Consolidated Statement of Comprehensive Income with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of share options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

Financial assets

Financial assets consist of cash and cash equivalents, trade and other receivables and derivatives.

Financial assets measured at amortised cost

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are recognised and carried at the original invoice amount less a provision for uncollectable amounts. An estimate of uncollectable amounts is made on initial recognition of each receivable based on any future expected risk of non-collection. This estimate is updated should collection of the amount become no longer probable. The Group uses historical experience and external information to determine the need for, and quantum of, any such provision.

Financial assets measured at fair value

Interest rate swaps and foreign currency options are treated as derivative financial instruments and are accounted for at fair value through profit and loss.

Financial liabilities

Derivatives are recorded at fair value through profit or loss. The fair value of derivative financial instruments is determined by reference to active market transactions or using a valuation technique where no active market exists.

All financial liabilities with the exception of out-of-the-money interest rate swaps and foreign currency options are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the Consolidated Statement of Comprehensive Income.

These financial liabilities include trade and other payables, accruals and external borrowings, including bank loans and right-of-use lease liabilities. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the Consolidated Statement of Comprehensive Income on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Interest rate swaps and foreign currency options are treated as derivative financial instruments and are accounted for at fair value through profit and loss. Contingent acquisition consideration is also accounted for at fair value through profit and loss.

Employee benefits – Defined contribution plans

The Group operates defined contribution pension schemes for employees and Directors. The assets of the schemes are held by investment managers separately from those of the Group. The contributions payable to these schemes are recorded in the Consolidated Statement of Comprehensive Income in the accounting period to which they relate.

Employee benefits – Defined benefit plans

The Group operates a funded defined benefit scheme, where payments are made to trustee administered funds. The asset or liability recognised in the Consolidated Balance Sheet is calculated as the present value of the defined benefit obligation less the fair value of the plan assets, as at the balance sheet date. The Group only recognises an asset where the pension deed provides it the right to do so.

The defined benefit obligation is calculated at least triennially by independent actuaries using the projected unit credit method and is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds, matched to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. The retirement benefits obligation net finance cost is the change during the year in the net defined benefit asset or liability due to the passage of time and is recognised as an interest expense in the Consolidated Statement of Comprehensive Income. The interest rate is based on the yield on high quality corporate bonds. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in the Consolidated Statement of Comprehensive Income in the year in which they arise.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the Consolidated Statement of Comprehensive Income in the period in which they arise. In respect of overseas subsidiaries on consolidation, assets and liabilities are translated at the closing rate and income and expenses are translated at the average rate over the reporting period. Exchange differences are recorded in other comprehensive income.

Dividends

Final dividend distributions payable to equity shareholders are included in trade and other payables when the dividends are approved in general meeting but not paid prior to the balance sheet date. Interim dividends are recognised in the period in which they are paid.

Equity

Other reserves include:

Capital redemption reserve

Capital redemption reserve represents amounts set aside from retained earnings on conversion of convertible redeemable shares equal to the reduction then arising in the overall nominal value of share capital of all classes.

Merger reserve

Merger reserve represents the fair value of the consideration received in excess of the nominal value of equity shares issued in connection with acquisitions where the Company has taken the merger relief that is required by section 612 of the Companies Act 2006.

Adjusting items

Adjusting items (and their related tax impact) are those which by their size or nature the Directors consider should be disclosed separately for the purposes of presenting results and earnings per share figures so as to enable users of the financial statements to evaluate more effectively the underlying operating performance of the Group. Amortisation of intangible assets recognised following an acquisition is excluded from the underlying performance as these assets are not otherwise allowed to be recognised in the normal course of business. Acquisition costs are also considered to be a cost outside of normal trading and are therefore presented separately. Movements in the fair value of future hedging is also excluded from normal trading as the total cost of the hedge is recorded as a trading expense in the period to which the hedge relates. Share-based payments have consistently been treated as non-trading cost as these are non-cash and equity related, together with any corporation tax benefit arising from the exercise of share options. Normal costs of restructuring are treated as a trading expense, and not as an adjusting item as these are considered to be a normal cost of doing business.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is likely that an outflow of resource will be required to settle the obligation and that the amount of the probable outflow can be reasonably estimated. Where the Group expects all or some of the obligation to be reimbursed, the reimbursement is recognised as a separate asset to the extent that it is virtually certain to be reimbursed. The expense relating to any provision is presented in the Consolidated Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the year-end date. If material, provisions are determined by discounting the expected future cashflows using rates that reflect current market assessments of the time value of money.

Use of key accounting estimates and judgements

Many of the amounts included in the consolidated financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the consolidated financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the consolidated financial statements and the key areas are summarised below.

Judgements in applying accounting policies

- **Fair value assessment of a business combination:** Following an acquisition the Group makes an assessment of all assets and liabilities, inclusive of making judgements on the identification of specific intangible assets which are recognised separately from goodwill. These include items such as brand names and customer lists, to which value is first attributed at the time of acquisition. The valuation process for the intangible assets requires a number of judgements to be made regarding future performance of an acquisition, together with other asset-specific factors. In order to estimate the fair value of separately identifiable assets in business combinations certain judgements must be made about future trading performance, royalty rates and customer attrition rates. Where acquisitions are significant, appropriate advice is sought from professional advisers before making such allocations. The fair values of assets and liabilities acquired in business combinations are disclosed in note 28 and the carrying values of separately identifiable intangible assets initially measured at fair value are disclosed in note 14.

- **Capitalisation of development costs:** Expenditure incurred in the development of major new products is capitalised as internally generated intangible assets only when it has been judged that strict criteria are met, specifically in relation to the products' technical feasibility and commercial viability (the ability to generate probable incremental future economic benefits for the Group). The assessment of technical feasibility and future commercial viability of development projects requires significant judgement particularly around whether a product in development will have a sufficient appeal to its niche market and also the level of marketplace competition. During 2023 the Group capitalised £1.2m of expenditure on new or significantly improved products (2022: £1.5m), as per note 14.
- **Fair value assessment of business combination consideration:** Following an acquisition the Group is required to determine the value of contractual contingent consideration. The Directors will therefore estimate the expected performance of the acquired business and the amount of contingent consideration that will therefore become payable. Additionally, where the value of such contingent consideration is material, the contingent consideration will be discounted to reflect the time value of money and the consideration will therefore be recorded at its present value at the date of the acquisition. Subsequently the discount will be unwound as the due date for payment approaches.
- **Revenue recognition on material service contracts:** Where the Company has a material service contract deliverable over a short-term period (usually less than six months) it uses the input method in accordance with IFRS 15 to recognise revenue. This requires judgement in arriving at the expected total cost and margin attributable to the project and then matching the revenue with the forecast total cost incurred to date.

Sources of estimation uncertainty

- **Retirement benefits:** Determining the value of the future defined benefit obligation involves significant estimates in respect of the assumptions used to calculate present values. These include discount rates, future mortality and inflation. The Group uses previous experience and independent actuarial advice to select the values for critical estimates. See note 29 for additional information.
- **Carrying value of goodwill:** In carrying out impairment reviews of goodwill, a number of significant assumptions have to be made when preparing cashflow projections to determine the value in use of the asset or cash-generating unit (CGU). These include the future rate of market growth, discount rates, the market demand for the products acquired and the future profitability of acquired businesses or products. If actual results differ or changes in expectations arise, impairment charges may be required which may adversely impact the statutory results. Further information can be found in note 13.
- **Valuation of acquired intangible assets:** Following an acquisition the Group is required to make an assessment to identify and value separable intangible assets. The assumptions involved in valuing these intangible assets require the use of certain estimates. The estimates made in relation to valuing acquired intangible assets include future growth rates, expected inflation and discount rates. Further estimates are made in relation to the useful economic lives of the acquired intangible assets. Third party specialists are engaged to assist with this valuation. Further details on intangible assets are disclosed in note 14.

3. Segmental analysis

For the year ended 31 December 2023	Note	Materials Sciences £m	Vacuum £m	Head office £m	Total £m
Revenue		**72.5**	**63.6**	**—**	**136.1**
Adjusted operating costs		**(51.9)**	**(45.0)**	**(4.4)**	**(101.3)**
Adjusted operating profit		**20.6**	**18.6**	**(4.4)**	**34.8**
Adjusting items	4				**(13.2)**
Operating profit					**21.6**
Net interest expense					**(8.2)**
Profit before tax					**13.4**
Income tax charge					**(3.5)**
Profit for the year					**9.9**

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

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

Segment assets and liabilities

At 31 December 2023	Materials Sciences £m	Vacuum £m	Head office £m	Total £m
Assets	**52.8**	**41.6**	**89.1**	**183.5**
Liabilities	**(24.1)**	**(13.1)**	**(63.7)**	**(100.9)**

Net assets	**28.7**	**28.5**	**25.4**	**82.6**
Capital expenditure	**2.2**	**2.5**	**—**	**4.7**
Depreciation of property, plant and equipment	**1.1**	**0.7**	**0.1**	**1.9**
Depreciation of right-of-use leased assets	**0.9**	**0.4**	**—**	**1.3**
Amortisation of acquired intangible assets	**11.1**	**0.7**	**—**	**11.8**
Amortisation of internally generated intangible assets	**0.1**	**0.3**	**—**	**0.4**

At 31 December 2022	Materials Sciences £m	Vacuum £m	Head office (Restated) £m	Total £m
Assets	54.7	38.4	94.9	188.0
Liabilities	(24.4)	(11.7)	(97.4)	(133.5)
Net assets	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	0.0	0.1	—	0.1

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

Analysis of revenue and non-current assets by geographical areas

	Revenue		Non-current assets	
Geographic analysis	**Year to 31 December 2023 £m**	Year to 31 December 2022 £m	**Year to 31 December 2023 £m**	Year to 31 December 2022 £m
UK (domicile)	**14.7**	13.3	**117.3**	118.5
Rest of Europe	**33.7**	32.3	**—**	—
North America	**37.9**	31.9	**0.8**	0.7
China/Hong Kong	**18.4**	13.9	**—**	—
Rest of the World	**31.4**	21.8	**0.1**	0.1
	136.1	113.2	**118.2**	119.3

Segmental revenue is presented on the basis of the destination of the goods where known, otherwise the geographical location of customers is utilised.

Analysis of revenue by performance obligation

	2023 £m	2022 £m
Sale of goods, recognised at a point in time	**117.0**	98.4
Sale of services, recognised at a point in time	**4.3**	3.7
Sale of services, recognised over time	**14.8**	11.1
	136.1	113.2

No customer makes up more than 10% of the Group's revenues.

4. Adjusting items

	2023 £m	2022 £m
Amortisation of acquired intangible assets	**11.8**	8.4
Financial instruments measured at fair value: hedging contracts	**—**	(0.1)
Share-based payments (note 25)	**1.2**	0.7
Employment taxes arising from share-based payments	**—**	(0.1)
Acquisition costs (note 28)	**0.2**	3.0
Total adjusting items in operating profit	**13.2**	11.9
Fair value movement on contingent consideration (note 28)	**4.0**	2.6
Retirement benefits obligation net interest income (note 29)	**(0.1)**	—
Financial instruments measured at fair value: interest rate swaps (note 23)	**1.2**	(2.2)
Total adjusting items	**18.3**	12.3
Taxation	**(3.4)**	(1.7)
Total adjusting items net of tax	**14.9**	10.6
Attributable to:		
Owners of the parent	**14.9**	10.6
Non-controlling interest	**—**	—
	14.9	10.6

5. Operating costs

	2023 £m	2022 £m
Raw materials and consumables	**41.3**	36.2
Staff costs	**40.0**	31.5
Other external charges	**16.4**	12.8
Depreciation of property, plant and equipment	**1.9**	1.4
Depreciation of right-of-use leased assets	**1.3**	1.1
Amortisation of internally generated intangible assets	**0.4**	0.1
Other operating costs, excluding adjusting items	**101.3**	83.1
Amortisation of acquired intangible assets	**11.8**	8.4
Hedging contracts	**—**	(0.1)
Share-based payments	**1.2**	0.7
Employment taxes arising from share-based payments	**—**	(0.1)
Acquisition costs	**0.2**	3.0
Total operating costs	**114.5**	95.0

Research and development expenditure totalled £6.8m (2022: £6.8m) of which £1.2m (2022: £1.5m) was capitalised in the year.

6. Remuneration of key senior management

	2023 £m	2022 £m
Short-term employee benefits:		
Salaries including bonuses and social security costs	**3.9**	3.1
Share-based payments	**1.0**	0.6
Company car allowance and other benefits	**0.1**	0.1
Total short-term employee benefits	**5.0**	3.8
Post-employment benefits:		
Defined contribution pension plans	**0.2**	0.1
Total post-employment benefits	**0.2**	0.1
	5.2	3.9

Key management personnel comprise Directors of the parent company and the Managing Directors of the principal operating companies and totalled 26 (2022: 23).

Remuneration of Directors is disclosed in the Remuneration Report on pages 32 to 35 and in the parent company note 13.

7. Employees

Employment costs

	2023 £m	2022 £m
Wages and salaries	**35.9**	28.4
Social security costs	**3.1**	2.5
Defined contribution pension costs	**1.7**	1.4
Capitalised development costs	**(0.7)**	(0.9)
	40.0	31.4
Share-based payments	**1.2**	0.7
	41.2	32.1

Average number of employees

	2023 No.	2022 No.
By function:		
Manufacturing	**381**	317
Sales and administration	**333**	305
	714	622
By operating segment:		
Materials Sciences	**375**	315
Vacuum	**322**	294
Head office (includes Non-Executive Directors in both years)	**17**	13
	714	622

8. Operating profit

	2023 £m	2022 £m
Operating profit is stated after charging:		
Fees payable to the Company's auditor:		
for the audit of the Company's annual accounts	**0.2**	0.1
Fees payable to the Company's auditor for other services:		
for the audit of the Company's subsidiaries, pursuant to legislation	**0.5**	0.4
for audit-related assurance services	**—**	—
for non-audit services	**—**	—
Depreciation of property, plant and equipment	**1.9**	1.4
Depreciation of right-of-use fixed assets	**1.3**	1.1
Amortisation of internally generated intangible assets	**0.4**	0.1
Amortisation of acquired intangible assets	**11.8**	8.4

9. Interest income and expense

	2023 £m	2022 £m
Interest income – short-term bank deposits	**0.3**	0.2
Interest expense – bank loans	**(3.0)**	(1.8)
Interest expense – payable on right-of-use lease liabilities	**(0.4)**	(0.2)
Interest expense before adjusting items	**(3.4)**	(2.0)
Net interest expense before adjusting items	**(3.1)**	(1.8)
Retirement benefits obligation net finance income	**0.1**	—
Fair value movement on contingent consideration	**(4.0)**	(2.6)
Financial instruments measured at fair value: hedging contracts	**(1.2)**	2.2
Net interest expense	**(8.2)**	(2.2)

10. Taxation charge/(credit)

	2023 £m	2022 £m
UK corporation tax at 23.52% (2022: 19%)		
Current year charge	**5.0**	3.2
Adjustment in respect of prior years	**(1.0)**	(1.1)
Foreign tax suffered	**1.1**	0.7
	5.1	2.8

The prior year's current tax adjustments represent claims for UK Research and Development tax credits.

	2023 £m	2022 £m
Deferred tax – origination and reversal of temporary differences:		
Current year (credit)/charge	**(2.1)**	0.3
Adjustment in respect of prior years	**0.5**	—
Effect of changes in tax rates	**—**	0.1
	(1.6)	0.4
Tax on profit for the year – current year	**4.0**	4.3
Tax on profit for the year – prior years	**(0.5)**	(1.1)
	3.5	3.2
Factors affecting the tax charge for the year:		
Profit before tax	**13.4**	16.0
Profit before tax multiplied by standard rate of UK corporation tax of 23.52% (2022: 19%)	**3.2**	3.0
Share options	**(0.3)**	(0.1)
Provisions and expenditure not deductible for tax purposes	**0.9**	1.2
Changes in tax rates	**—**	0.1
Overseas tax	**0.2**	0.1
Tax on profit for the year – current year	**4.0**	4.3
Tax on profit for the year – prior years	**(0.5)**	(1.1)
Total net taxation charge	**3.5**	3.2

Finance Act 2021, which was effective from 1 April 2023, increased the corporation tax rate from 19% to 25%. The effective rate for the year ended 31 December 2023 is 23.52%, which has been applied when calculating current tax (2022: 19%). The 25% rate has been applied when calculating deferred tax at the year end (2022: 25%).

11. Dividends

	2023		2022	
	Pence per share	**£m**	Pence per share	£m
Final dividend for the previous year	**59.0**	**3.9**	47.0	3.0
Interim dividend for the current year	**27.0**	**1.8**	22.0	1.4
Total final and interim dividend	**86.0**	**5.7**	69.0	4.4

The Directors will propose a final dividend of 68p per share, amounting to £4.8m, for payment on 7 July 2024. As the final dividend remains conditional on shareholders' approval at the Annual General Meeting, provision has not been made for this dividend in these consolidated financial statements.

12. Earnings per share

	Note	2023 £m	2022 £m
Profit attributable to owners of the parent			
Adjusted profit		**24.4**	23.1
Adjusting items	4	**(14.9)**	(10.6)
Profit for the year		**9.5**	12.5

	Pence	Pence
Earnings per share – adjusted		
Basic	**374.6**	363.8
Diluted	**368.5**	359.0
Earnings per share – total		
Basic	**145.8**	196.1
Diluted	**143.5**	193.5

	Note	Number	Number
Issued Ordinary shares at the start of the year		**6,369,746**	6,318,415
Movement in Ordinary shares during the year	24	**245,971**	51,331
Issued Ordinary shares at the end of the year		**6,615,717**	6,369,746
Weighted average number of shares in issue		**6,514,028**	6,342,759
Dilutive effect of share options		**106,816**	85,077
Weighted average Ordinary shares in issue on a diluted basis		**6,620,844**	6,427,836

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 year.

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 are calculated as above whilst substituting total profit for adjusted profit.

13. Goodwill

	2023 £m	2022 restated £m
Cost		
1 January	**53.6**	18.7
Acquisitions (note 28)	**1.2**	34.9
31 December	**54.8**	53.6

£45.7m of goodwill resides in the Material Sciences segment (including £34.9m relating to Geotek) (2022: £45.3m) and £9.1m resides in the Vacuum segment (2022: £8.3m). There are 9 CGU's within the Material Sciences segment and 10 within the Vacuum segment. Goodwill is tested annually for impairment by reference to the value in use of each of the relevant cash-generating units it is allocated to and aggregated for disclosure purposes into the respective operating segments. The value in use is calculated on the basis of projected cashflows for five years together with the terminal value at the end of the five years, which is computed by reference to projected year six cashflows and discounted. There was no requirement for any impairment provision at 31 December 2023 (2022: £nil). The key assumptions in determining the value in use are:

Revenue and margins: These are derived from the detailed 2024 budgets which are built up with reference to markets and product categories with projected 6% medium term growth factors (2022: 6%). Projected margins reflect historical performance and the expected impact of efforts to improve operational efficiency.

Discount rate: Cashflows are discounted using a pre-tax discount rate of 16.5% (2022: 16.4%) per annum, calculated by reference to year-end data on equity values and interest, dividend and tax rates.

Long-term growth rates: 2.1% long-term growth rate takes into account both UK and overseas industry growth expectations (2022: 2.1%).

The long-term growth rate and discount rate are consistent for all cash-generating units on the basis that the businesses operate in similar markets and are exposed to similar risks.

The Directors have considered the sensitivity of the key assumptions, including the discount rate and long-term growth rates, and have concluded that any possible changes that may be reasonably contemplated in these key assumptions would not result in the value in use falling below the carrying value of goodwill, given the amount of headroom available, and the conservative nature of the assumptions.

2022 has been restated to reflect the adjustment to the Geotek acquisition consideration (see note 28).

14. Other 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
Gross carrying amount							
1 January 2022	0.7	3.8	12.6	5.5	13.6	11.3	47.5
Acquisitions	—	—	22.8	5.3	1.8	16.5	46.4
Additions	1.5	—	—	—	—	—	1.5
31 December 2022	2.2	3.8	35.4	10.8	15.4	27.8	95.4
Acquisitions (note 28)	—	—	1.3	0.2	—	0.7	2.2
Additions	1.2	—	—	—	—	—	1.2
31 December 2023	3.4	3.8	36.7	11.0	15.4	28.5	98.8
Amortisation							
1 January 2022	—	3.7	10.6	5.5	12.7	10.0	42.5
Charge for the year	0.1	0.1	2.7	2.1	0.6	2.9	8.5
31 December 2022	0.1	3.8	13.3	7.6	13.3	12.9	51.0
Charge for the year	0.4	—	4.0	3.4	0.6	3.8	12.2
31 December 2023	0.5	3.8	17.3	11.0	13.9	16.7	63.2
Carrying amount 31 December 2023	**2.9**	—	**19.4**	—	**1.5**	**11.8**	**35.6**
Carrying amount 31 December 2022	2.1	—	22.1	3.2	2.1	14.9	44.4
Carrying amount 31 December 2021	0.7	0.1	2.0	—	0.9	1.3	5.0

The key assumptions in valuing the acquired intangible assets of technology and customer relationships at the date of acquisition are:

Discount rate: Cashflows are discounted using a pre-tax discount rate ranging between 16% to 17% per annum. (2022: 15.5%)

Long-term growth rates: 2-2.9% long-term revenue growth rate takes into account both UK and overseas markets and 3% cost growth to maintain margin which broadly aligns with long-term inflation.

Included in the above is Geotek customer relationships and acquired technology with carrying value £11.2m and £17.5m respectively.

15. Property, plant and equipment

	Plant and machinery £m	Fixtures, fittings and equipment £m	Motor vehicles £m	Freehold land and buildings £m	Leasehold improvements £m	Total £m
Cost						
1 January 2022	2.3	3.9	0.2	5.8	1.3	13.5
Acquisitions (note 28)	0.6	0.8	0.1	4.8	0.1	6.4
Additions	2.4	0.1	—	—	—	2.5
Disposals	(0.3)	(0.8)	(0.1)	—	—	(1.2)
Exchange differences	0.1	0.1	—	—	—	0.2
31 December 2022	5.1	4.1	0.2	10.6	1.4	21.4
Additions	1.1	0.8	—	1.8	1.0	4.7
Acquisitions (note 28)	—	—	—	—	—	—
Transfers	1.1	—	—	—	—	1.1
Disposals	(0.2)	—	(0.1)	—	(0.4)	(0.7)
31 December 2023	7.1	4.9	0.1	12.4	2.0	26.5
Accumulated depreciation						
1 January 2022	1.3	2.5	0.2	0.7	0.6	5.3
Charge for the year	0.6	0.5	—	0.1	0.2	1.4
Disposals	(0.3)	(0.8)	(0.1)	—	—	(1.2)
31 December 2022	1.6	2.2	0.1	0.8	0.8	5.5
Charge for the year	0.9	0.7	—	0.2	0.1	1.9
Disposals	(0.2)	—	(0.1)	—	(0.4)	(0.7)
31 December 2023	2.3	2.9	—	1.0	0.5	6.7
Net book value – 31 December 2023	**4.8**	**2.0**	**0.1**	**11.4**	**1.5**	**19.8**
Net book value – 31 December 2022	3.5	1.9	0.1	9.8	0.6	15.9
Net book value – 31 December 2021	1.0	1.4	—	5.1	0.7	8.2

Included in Freehold land and buildings is land held at cost of £1.5m including £nil (2022: £0.7m) acquired during the year. During the year there was no impairment to this value (2022: £nil).

Included in transfers is stock reclassified to fixed assets due to their use generating services revenue.

16. Right-of-use leased assets

	Plant and machinery £m	Fixtures, fittings and equipment £m	Motor vehicles £m	Property £m	Total £m
Cost					
1 January 2022	0.1	0.2	0.1	6.0	6.4
New leases	0.2	—	0.1	0.2	0.5
Acquisitions (note 28)	—	—	—	0.7	0.7
Exit from leases	(0.1)	(0.1)	—	(0.6)	(0.8)
31 December 2022	0.2	0.1	0.2	6.3	6.8
New leases	—	—	—	3.8	3.8
Exit from leases	—	—	—	(0.8)	(0.8)
31 December 2023	0.2	0.1	0.2	9.3	9.8
Accumulated depreciation					
1 January 2022	0.1	0.1	0.1	2.0	2.3
Charge for the year	—	—	—	1.1	1.1
Exit from leases	(0.1)	(0.1)	—	(0.6)	(0.8)
31 December 2022	—	—	0.1	2.5	2.6
Charge for the year	0.1	—	—	1.2	1.3
Exit from leases	—	—	—	(0.7)	(0.7)
31 December 2023	0.1	—	0.1	3.0	3.2
Net book value – 31 December 2023	**0.1**	**0.1**	**0.1**	**6.3**	**6.6**
Net book value – 31 December 2022	0.2	0.1	0.1	3.8	4.2
Net book value – 31 December 2021	—	0.1	—	4.0	4.1

Right-of-use lease liabilities are disclosed in note 22.

New lease agreements in the year have been valued using a discount rate in the range of 7-9%.

17. Deferred tax

Deferred tax balances are presented in the balance sheet as follows:

	2023 £m	2022 £m
Net deferred tax liabilities	**(8.0)**	(9.0)

Deferred tax balances have been presented on a net basis on the balance sheet where the amounts relate to the same tax jurisdiction and the group intends to settle the balances on a net basis. Deferred tax assets and liabilities are split as follows:

	2023 £m	2022 £m
Assets		
1 January	**2.4**	3.1
Acquisitions in the year (note 28)	**—**	1.8
Adjustments in respect of prior years	**(0.1)**	—
Movement in other comprehensive income – retirement benefits actuarial gain	**—**	(0.5)
Credit/(charge) to the Consolidated Statement of Comprehensive Income in the year	**0.3**	(1.9)
Charge to equity in the year	**(0.1)**	(0.1)
31 December	**2.5**	2.4
Deferred tax balances relate to temporary differences as follows:		
Provisions allowable for tax in subsequent periods	**—**	0.1
Share options	**2.5**	2.3
	2.5	2.4
Liabilities		
1 January	**11.4**	1.9
Acquisitions in the year (note 28)	**0.5**	11.0
Adjustment in respect of prior years	**0.4**	—
Credit to the Consolidated Statement of Comprehensive Income in the year	**(1.8)**	(1.5)
31 December	**10.5**	11.4
Deferred tax balances relate to temporary differences as follows:		
Accelerated capital allowances	**2.0**	0.8
Defined benefit obligation	**0.3**	0.3
Intangible assets	**8.2**	10.3
	10.5	11.4

Finance Act 2021, which was effective from 1 April 2023, increased the corporation tax rate from 19% to 25%. The 25% rate has been applied when calculating deferred tax at the year end (2022: 25%).

18. Inventories

	2023 £m	2022 £m
Raw materials	**18.5**	15.3
Work in progress	**3.7**	2.2
Finished goods	**4.3**	4.8
	26.5	22.3

In 2023, a total of £41.3m of inventories was included in the Consolidated Statement of Comprehensive Income as an expense (2022: £36.2m). This includes an amount of £0.1m (2022: £0.4m) resulting from write-downs of inventories and an amount of £nil (2022: £nil) which is the reversal of previous write-downs. All Group inventories form part of the assets pledged as security in respect of bank loans.

19. Trade and other receivables – current

	2023 £m	2022 £m
Trade receivables	**18.7**	19.0
Other receivables	**2.8**	2.0
Interest rate swap receivable	**1.1**	2.4
Prepayments	**2.5**	2.2
	25.1	25.6

The fair value of receivables approximates to their carrying value. All trade and other receivables have been reviewed for expected credit losses with no significant provision being required as the Group has not experienced significant loss via unpaid overdue receivables. The interest rate swap balance is further detailed in note 23. Included in other receivables is VAT recoverable of £1.3m (2022: £1.1m).

Trade receivables which were past due at the balance sheet date are analysed as follows:

	2023 £m	2022 £m
Not more than three months	**4.2**	6.3
More than three months but not more than six months	**1.1**	0.9
More than six months but not more than twelve months	**0.6**	1.4
Greater than one year	**0.6**	1.0
	6.5	9.6

20. Trade and other payables – current

	2023 £m	2022 £m
Trade payables	**7.2**	8.0
Social security and other taxes	**2.6**	1.3
Other payables	**1.7**	1.3
Accruals and payments-on-account	**13.1**	15.3
	24.6	25.9

The fair value of trade and other payables approximates to their carrying value. Payments-on-account, which relate to receipts from customers for instruments in advance of their shipment or for future contracted services, amount to £7.7m (2022: £9.4m). All such payments-on-account are expected to be recognised as revenue within 12 months and £9.4m of the opening payments-on-account balance has been included in revenue in 2023 (£5.1m of the opening balances included in revenue in 2022).

21. Borrowings

	2023 £m	2022 £m
Current		
Bank loans	**6.2**	6.2
	6.2	6.2
Non-current		
Bank loans	**52.2**	49.4
	52.2	49.4

The movement in borrowings over the year was as follows:

	2023 £m	2022 £m
At 1 January	**55.6**	17.0
Proceeds from drawdown of loans	**12.0**	45.1
Repayment of loans	**(9.2)**	(6.5)
Interest payable – non cash	**3.0**	1.8
Interest paid - cash	**(3.0)**	(1.8)
At 31 December	**58.4**	55.6

On 23 May 2022, the Group entered into a new £100m multi-bank facility ("Facility") with Lloyds Banking Group plc, Santander UK plc and Bank of Ireland (the "Banks") which replaced its existing unilateral banking arrangements with Lloyds Bank, which were for an aggregate amount of £60m. The initial consideration for the acquisition of Geotek was financed from this Facility.

The Facility is for an aggregate £100m consisting of a £25m term loan ("Term Loan"), a committed £55m revolving credit facility ("RCF") plus a £20m uncommitted accordion facility, which can be drawn with the agreement of the Banks. The Facility replaced the Group's previous facilities of which £15.2m was outstanding at the time of the acquisition of Geotek. The life of this new Facility is coterminous with the previous facility and therefore has a term of four years until 25 May 2026 ("Borrowing Term").

The Term Loan amortises on a straight line basis over the Borrowing Term by quarterly instalments. The RCF is repayable in a bullet at the end of the Borrowing Term.

During 2023, loans were drawn down in order to finance the cash element of the earn-out payable on the Geotek acquisition (2022: £45.1m net drawn down).

The banking covenants have been adjusted from the previous banking arrangements, namely:

- Gearing no greater than 3.0 times Adjusted EBITDA (an increase from 2.5 times in the previous arrangement);
- Interest Cover no less than 3 times; and
- Minimum EBITDA covenant within the previous facilities is no longer required.

The group was in compliance with the above covenants throughout the year.

Interest rates are consistent with the previous facilities, save for an additional rate between 2.5 and 3.0 times gearing. The Banks have a fixed and floating charge over the Group's UK assets.

The existing lending facilities via Bordeaux Acquisition Limited ("Bordeaux") were unchanged at the date of the refinancing. Following Judges' purchase of the remaining 12% of Bordeaux on 27 June 2022, Bordeaux repaid in full its outstanding loan of £0.4m on 28 July 2022.

As at 31 December 2023, the Group's outstanding loans were as follows:

- The term loan outstanding was £14,062,500 (2022: £20,312,500);
- The committed RCF was £44,329,501 drawn (2022: £35,329,501); and
- The accordion remained uncommitted and undrawn.

Borrowings mature as follows:

31 December 2023	Bank loans £m
Repayable in less than six months	4.6
Repayable in months seven to twelve	4.6
Current portion of long-term borrowings	9.2
Repayable in years one to five	55.9
Total borrowings	65.1
Less: interest included above	(6.7)
Less: cash and cash equivalents	(13.7)
Add: right-of-use lease liabilities	6.9
Statutory net debt	**51.6**
Less: right-of-use lease liabilities	(6.9)
Add: accrued acquisition consideration payable in cash	0.4
Adjusted net debt	**45.1**

31 December 2022	Bank loans £m
Repayable in less than six months	4.5
Repayable in months seven to twelve	4.4
Current portion of long-term borrowings	8.9
Repayable in years one to five	54.7
Total borrowings	63.6
Less: interest included above	(8.0)
Less: cash and cash equivalents	(20.8)
Add: right-of-use lease liabilities	4.3
Statutory net debt	39.1
Less: right-of-use lease liabilities	(4.3)
Add: accrued acquisition consideration payable in cash	17.2
Adjusted net debt	52.0

22. Right-of-use lease liabilities

The majority of the Group's right-of-use liabilities related to medium-term property leases, measured to the end of the agreed lease term, irrespective of any break clauses therein. The movement in the right-of-use lease liabilities over the year was as follows:

	2023 £m	2022 £m
At 1 January	**4.3**	4.3
New leases (note 16)	**3.8**	0.5
Lease liabilities acquired on acquisition (note 28)	—	0.6
Interest payable (note 9)	**0.4**	0.2
Repayments of lease liabilities	**(1.6)**	(1.3)
At 31 December	**6.9**	4.3

Right-of-use lease assets are disclosed in note 16.

Lease liabilities mature as follows:

	2023 £m	2022 £m
Minimum right-of-use lease liabilities falling due		
Within one year – land and property	**1.5**	1.0
Within one year – vehicles	**—**	—
Within one year – plant and machinery	**0.1**	0.1
Within one year – fixtures, fittings and equipment	**—**	—
	1.6	1.1
Between one and five years – land and property	**4.7**	2.9
Between one and five years – vehicles	**—**	0.1
Between one and five years – plant and machinery	**0.1**	0.1
Between one and five years – fixtures, fittings and equipment	**—**	0.1
	4.8	3.2
Greater than five years – land and property	**2.0**	0.5
Total commitment	**8.4**	4.8
Less: finance charges included above	**(1.5)**	(0.5)
Net present value of lease liabilities	**6.9**	4.3
Current	**1.2**	1.0
Non-current	**5.7**	3.3

23. Financial instruments

The Group's policies on treasury management, capital management objectives and financial instruments are given in the Directors' Report commencing on page 36.

Fair value of financial instruments

The Group enters into derivative financial instruments in order to manage its interest rate and foreign currency exposure. The principal derivatives used include foreign currency options and interest rate swaps. Material changes in the carrying values of these instruments are recognised in the Consolidated Statement of Comprehensive Income in the periods in which the changes arise. Such recognition is treated as an adjusting item in the Consolidated Statement of Comprehensive Income where the foreign currency hedge was entered into in order to protect profits in later accounting periods, or if there is a gain or loss on the value of the interest rate swap. In such cases, the charge or credit will be reversed out of adjusting items in the accounting period for which the hedge was intended and will be shown in results before adjusting items. All financial instruments denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The Directors believe that there is no material difference between the book value and fair value of all financial instruments.

Borrowing facilities

Financial instruments include the borrowings set out in note 21. The Group has a term loan, a committed revolving credit facility and an uncommitted accordion. See note 21 for further details.

Trade and other payables and accruals

All amounts are short-term (all payable within six months) and their carrying values are considered reasonable approximations of fair value.

Right-of-use lease liabilities

Right-of-use lease liabilities reflect the present value of the contracted lease liabilities. See note 22 for further details.

Fair value hierarchy

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 prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The interest rate swaps and foreign currency hedges (level 2) are measured at fair value, calculated as the present value of the estimated future cashflows based on observable yield curves.

	2023 £m	2022 restated £m
Summary of financial assets and financial liabilities by category		
Financial assets – amortised cost		
Trade and other receivables	**20.2**	19.9
Cash and cash equivalents	**13.7**	20.8
Financial assets – fair value		
Derivative financial instruments	**1.1**	2.4
Total financial assets	**35.0**	43.1
Financial liabilities – amortised cost		
Trade payables	**(7.2)**	(8.0)
Accruals	**(5.4)**	(5.9)
Other payables	**(1.7)**	(1.3)
Right-of-use lease liabilities – current	**(1.2)**	(1.0)
Right-of-use lease liabilities – non-current	**(5.7)**	(3.3)
Borrowings – current	**(6.2)**	(6.2)
Borrowings – non-current	**(52.2)**	(49.4)
Financial liabilities – fair value		
Payables relating to acquisitions	**(0.5)**	(36.5)
Total financial liabilities	**(80.1)**	(111.6)
Net financial liabilities	**(45.1)**	(68.5)
Non-financial assets and liabilities		
Goodwill	**54.8**	53.6
Other intangible assets	**35.6**	44.4
Property, plant and equipment	**19.8**	15.9
Right-of-use leased assets	**6.6**	4.2
Retirement benefit surplus	**1.4**	1.2
Inventories	**26.5**	22.3
Prepayments	**2.5**	2.2
Social security and other taxes - VAT	**1.3**	1.1
Social security and other taxes - other	**(2.6)**	(1.3)
Payments-on-account	**(7.7)**	(9.4)
Current tax payable	**(2.5)**	(2.2)
Deferred tax liabilities	**(8.0)**	(9.0)
	127.7	123.0
Total equity	**82.6**	54.5

Trade and other receivables are denominated in the following currencies:

	2023 £m	2022 £m
Sterling	**13.2**	11.0
US Dollars	**5.5**	7.1
Euros	**1.3**	1.7
Other	**0.2**	0.1
	20.2	19.9

Financial assets

The Group's financial assets held at amortised cost (which are summarised above) comprise cash and cash equivalents and trade and other receivables.

The amounts derived from these assets and included as interest income in the Consolidated Statement of Comprehensive Income are £0.3m (2022: £0.2m) (see note 9).

Cash and cash equivalents are principally denominated in Sterling and earn interest at floating rates.

Interest expense from financial assets held at fair value through profit or loss (in-the-money derivatives) totalled £1.2m (2022: income of £2.2m).

Financial liabilities

The Group's principal financial liabilities held at amortised cost are bank loans, trade and other payables and accruals. The Group also holds interest rate swaps and foreign currency forward contracts and options.

The costs attributable to these liabilities and included as interest expense in the Consolidated Statement of Comprehensive Income amounted to £3.4m (2022: £2.0m) (see note 9).

Finance expense arising from financial liabilities held at fair value through profit or loss, being contingent acquisition consideration, totalled £4.0m (2022: £2.6m).

Following the Group's acquisition of Geotek in 2022 (see note 28), the Group entered into an interest rate swap over all of its unhedged debt at that time. This swap fixed the element of floating SONIA rate debt for a fixed rate of 2.86% for the remainder of the term of the Group's bank facilities. The amount of the swap reduces in step with the quarterly repayments on the Group's term loan.

24. Share capital and share premium

Share capital

	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: 15,830 shares (2022: 19,205 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 28): 227,863 shares (2022: nil shares)	—	—
31 December: 6,615,717 shares (2022: 6,369,746 shares)	**0.3**	0.3

Allotments of Ordinary shares in 2023 were made to satisfy the exercise of 15,830 share options in aggregate on 23 occasions during the year when the share price was within the range 7910p to 9800p (2022: exercise of 19,205 share options when the share price was within the range 6800p to 8300p).

Throughout 2023, the Group continued to award a free "matching share" under the Judges Scientific plc Share Incentive Plan for every share purchased. This was increased to a maximum value of £900 per employee per tax year from 1 April 2023 (previously £600). During 2023, an average of 260 employees participated in the scheme each month (2022: 225 employees), purchasing 4,897 shares in total, including matching shares (2022: 4,261 shares). At 31 December 2023, there were 286 employee shareholders in this Share Incentive Plan.

The market price of the Company's Ordinary shares at 31 December 2023 was 9120p (2022: 8440p). The share price range during the year was 7400p to 10200p (2022: 6090p to 8740p).

Share premium

The cash-free issue of shares as settlement for acquisition costs (note 32) increased share premium by £0.2m (2022: £0.2m). The remaining increase in share premium results from the aforementioned share option exercises.

25. Share-based payments

Equity share options

At 31 December 2023, options had been granted and remained outstanding in respect of 254,169 Ordinary shares in the Company (2022: 184,740), all priced by reference to the mid-market price of the shares on the date of grant and all exercisable (subject to achievement of performance conditions where applicable), following a three-year vesting period, between the third and tenth anniversaries of grant, as below:

	At 1 January 2023 Number	Granted Number	Lapsed Number	Exercised Number	**At 31 December 2023 Number**	Of which exercisable Number	Weighted average exercise price (p)
2005 Approved Option Scheme	2,525	—	—	(2,525)	—	—	1690.0
2005 Unapproved Option Scheme	350	—	—	(350)	—	—	2180.0
2015 Approved Option Scheme	20,370	5,837	(500)	(5,404)	**20,303**	8,395	1937.9
2015 Unapproved Option Scheme	161,495	79,922	—	(7,551)	**233,866**	92,114	1643.7
	184,740	85,759	(500)	(15,830)	**254,169**	100,509	
Weighted average exercise price (p)	3712.3	8445.4	1402.5	1763.4	**5435.2**	2173.3	1763.4

2005 Option Scheme

Exercise prices for the year ended 31 December 2023 ranged between 1690.0p and 2180.0 per share (2022: between 865.0p and 2180.0p per share). As at 31 December 2023 there were no remaining unexercised options under this scheme (the remaining shares at 31 December 2022 had a weighted average remaining contractual life of 0.87 years).

2015 Option Scheme

Exercise prices for the year ended 31 December 2023 ranged between 1402.5p and 5150.0p per share (2022: between 1285.0p and 3735.0p per share). The unexercised options have a weighted average remaining contractual life of 6.48 years (2022: 5.91 years).

In accordance with IFRS 2, a Black Scholes valuation model has been used. The key assumptions used in the model are as follows:

- interest rate – 4.9%;
- historical volatility – 31.8%;
- dividend yield – 1.0%;
- expected life of option – 5.0 years; and
- employee leavers – 5.0%.

Growth reward plan

The Group has an annual scheme for subsidiary management whereby upon achievement of certain compound growth targets they will receive Judges shares. Any award, which is accounted for as equity settled, is deferred for three years, consistent with the vesting of share options.

The total share-based payment charge for both of these plans for the year ended 31 December 2023 was £1.2m (2022: £0.7m).

26. Other reserves

	Capital redemption reserve £m	Merger reserve £m	Translation reserve £m	Total £m
Balance at 1 January 2023	**—**	**4.0**	**0.1**	**4.1**
Issue of share capital	—	22.9	—	22.9
Transactions with owners	**—**	**22.9**	**—**	**22.9**
Exchange differences on translation of foreign subsidiaries	—	—	(0.1)	(0.1)
Total comprehensive income	**—**	**—**	**(0.1)**	**(0.1)**
Balance at 31 December 2023	**—**	**26.9**	**—**	**26.9**

	Capital redemption reserve £m	Merger reserve £m	Translation reserve £m	Total £m
Balance at 1 January 2022	—	2.0	—	2.0
Issue of share capital	—	—	—	—
Change in non-controlling interest	—	2.0	—	2.0
Transactions with owners	—	2.0	—	2.0
Exchange differences on translation of foreign subsidiaries	—	—	0.1	0.1
Total comprehensive income	—	—	0.1	0.1
Balance at 31 December 2022	—	4.0	0.1	4.1

The cash-free issue of shares as consideration for a shareholding in a subsidiary company (note 28) qualified for merger relief, and therefore increased the Merger reserve by £22.9m (2022: £2.0m).

27. Risk management objectives and policies

The Group is exposed to market risks, arising predominantly from currency exposure resulting from its export activities, interest rate fluctuation on its loans and deposits and credit and liquidity risks. Risk management strategies are co-ordinated by the Directors.

Foreign currency risk

The Group exports a substantial proportion of its sales, frequently denominated in foreign currencies (principally in US Dollars and Euros). Exposure to currency rate fluctuations exists from the moment a sales order is confirmed through to the time when the related remittance is converted into Sterling. This exposure is computed monthly (along with offsetting exposure on purchases, generally of minimal amounts) and economically hedged, predominantly through the use of currency forward contracts and options. The net exposure to risk is therefore substantially reduced. This does not, however, represent a hedge under IFRS 9.

The table below summarises the foreign currency hedged at year end, and which is expected to be settled within the first four months of 2024 as such the amount of foreign currency hedged in the below table is calculated by taking the Group's monthly options and multiplying them by the four month settlement period. Residual exposure is the difference between the net exposure and the amounts of currency hedges, both translated into Sterling at each measurement date.

31 December 2023	Sterling equivalent of US$ £m	Sterling equivalent of € £m	Sterling equivalent of other £m
Amount of foreign currency hedged at year end	**10.0**	**2.8**	**—**
Residual exposure at year end – long/(short)	**(2.6)**	**(0.9)**	**1.7**
Impact on pre-tax profits of a 5% variation in exchange rate on year-end residual exposure	**(0.1)**	**—**	**0.1**
Impact on equity of a 5% variation in exchange rate on year-end residual exposure	**(0.1)**	**—**	**0.1**

31 December 2022	Sterling equivalent of US$ £m	Sterling equivalent of € £m	Sterling equivalent of other £m
Amount of foreign currency hedged at year end	6.5	3.5	—
Residual exposure at year end – long/(short)	1.8	(1.4)	2.4
Impact on pre-tax profits of a 5% variation in exchange rate on year-end residual exposure	0.1	(0.1)	0.1
Impact on equity of a 5% variation in exchange rate on year-end residual exposure	0.1	(0.1)	0.1

In addition to the hedging of this foreign currency exposure, the Group seeks to mitigate the impact of currency fluctuations on future trading performance. This was achieved at 31 December 2023 by entering into currency options to sell €9.9m and $39.9m for the rest of 2024, at predetermined exchange rates.

The fair value of the hedging financial instruments is a liability of £0.1m (2022: £0.1m).

Interest rate risk

The Group's interest rate exposure arises in respect of its bank loans and cash, which are SONIA linked for interest rate purposes. To hedge this risk the Group is party to interest rate swaps at predetermined rates. The fair value of these financial instruments has been recognised in these accounts and the fair value of interest rate swaps is an asset of £1.1m (2022: asset of £2.4m). Summary of movements in this asset is as follows:

	2023 £m	2022 £m
Value at 1 January	**2.4**	—
Change from financing cash flows	**(1.2)**	—
Change in fair value	**(0.1)**	2.4
Value at 31 December	**1.1**	2.4

The Group's sensitivity to interest rate changes is as follows:

	2023 £m	2022 £m
Unhedged bank loans outstanding at year end	**9.3**	—
Impact on pre-tax profits of a 1% change in SONIA	**0.1**	—
Impact on equity of a 1% change in SONIA	**0.1**	—
Cash at year end	**13.7**	20.8
Impact on pre-tax profits of a 1% change in bank base rates	**0.1**	0.2
Impact on equity of a 1% change in bank base rates	**0.1**	0.2

Credit risk

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the balance sheet date, as follows:

	2023 £m	2022 £m
Cash and cash equivalents	**13.7**	19.9
Trade and other receivables	**20.2**	20.8
	33.9	40.7

The Group reviews the credit risk relating to its customers by ensuring wherever possible that it deals with long-established trading partners, distributors and government/university-backed bodies, where the risk of default is considered low. Where considered appropriate, the Group insists on upfront payment and requires letters of credit to be provided. The Directors monitor the ageing of trade receivables to identify balances where there is no reasonable expectation of recovery and no material provision is required. None of the financial assets are secured by collateral or other credit enhancements. For other receivables there is minimal credit risk in relation to these balances.

Where Group companies trade through overseas distributors, credit exposure to an individual distributor can be significant at times. At 31 December 2023, no counterparty owed more than 10% of the Group's total trade and other receivables (2022: none).

The credit risk for liquid funds and other short-term financial assets is considered small. The substantial majority of these assets are deposited with Lloyds Banking Group or other high quality financial institutions.

Liquidity risk

Longer-term finance is required to enable the Group to pursue its strategic goal of growing through acquisitions as well as through organic development. This requirement for financing is satisfied for the foreseeable future by a £55.0m revolving credit facility (drawn to £44.3m at 31 December 2023) together with a £20.0 million uncommitted accordion facility provided by Lloyds Banking Group, Santander UK plc and Bank of Ireland. Further the Group has a term loan repayable over four years with £14.1m outstanding at 31 December 2023. Despite the increase in the Group's borrowings during 2023, the Group's strategy continues to envisage the servicing of this debt to be achieved from the cashflow arising from the businesses acquired. For short and medium-term financial needs, the Group regularly compares its projected requirements with available cash and borrowing facilities.

The periods of maturity of the Group's borrowings are set out in note 21 and the maturity of the Group's right-of-use lease liabilities are set out in note 22. The maturity of all trade and other payables is within the period of less than six months.

28. Acquisitions

Acquisition of Geotek Holding Limited and Geotek Coring Limited

During review of the settlement of the contingent consideration in the current year, it was identified that the contingent consideration balance should have been £2.2m higher at the acquisition date with a corresponding increase in Goodwill, as the equity share component of the contingent consideration should have been measured by reference to the fair value of the Judges share price. This adjustment had no impact on reported earnings for the year ended 31 December 2022 and had no impact on net assets at 31 December 2022.

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, financed in cash and via the Group's existing banking facilities (see note 21) and 50% was satisfied by the issue of 227,863 new Ordinary shares. To reflect the adjustment in fair value of the contingent consideration, which includes both unwinding of the discount relating to the cash liability and increase in the Judges share price between 31 December 2022, and the date of issue of the new Judges shares, a charge of £4.0m has been recognised in the Consolidated statement of comprehensive income, within adjusting items (see note 4). The issue of shares also increased the merger reserve by £22.9m (see note 24).

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, expected to 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
Total consideration	3.5
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.

Henniker has an accounting reference date of 31 March, which is not coterminous with the Group's accounting reference date. Following completion of the earn-out period, the accounting reference date will be aligned with the Group.

Acquisition of Bossa Nova Vision

On 2 May 2023, Judges Scientific's subsidiary, Dia-Stron Inc., 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 $1.6m (£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	Fair value adjustments £m	Fair value £m
Intangible assets	—	2.2	2.2
Inventories	0.2	—	0.2
Trade and other receivables	0.4	—	0.4
Cash and cash equivalents	1.5	—	1.5
Total assets	**2.1**	**2.2**	**4.3**
Deferred tax liabilities	—	(0.5)	(0.5)
Trade payables	(0.1)	—	(0.1)
Current tax liability	(0.1)	—	(0.1)
Total liabilities	**(0.2)**	**(0.5)**	**(0.7)**
Net identifiable assets and liabilities	**1.9**	**1.7**	**3.6**
Total consideration			4.8
Goodwill recognised			1.2

The intangible assets recognised reflect 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 intangible assets total is split between Henniker (£1.4m) and BNV (£0.8m).

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.

These acquisitions resulted in revenue of £2.4m and a profit after tax (before adjusting items) attributable to owners of the parent company of £0.3m in the period post-acquisition. After amortisation of intangible assets, the contribution to owners of the parent company's results amounted to a loss of £0.1m after tax.

If these acquisitions had completed on 1 January 2023, revenue for the Group for the year ended 31 December 2023 would have increased by a further £0.9m and profit after tax (before adjusting items) attributable to the owners of the parent company would have increased by a further £0.1m. After amortisation of intangible assets, the contribution to owners of the parent company's results would have amounted to a loss of £0.3m after tax.

Acquisition of Luciol Instruments SA (post balance sheet event)

Post year-end, on 1 February 2024, the Group's subsidiary PE.fiberoptics acquired 100% of the shares of Luciol Instruments SA ("Luciol") for an initial cash consideration of CHF 2m plus a potential earn-out capped at CHF 0.5m. Due to the timing of this acquisition, full disclosures have not been provided, including fair value of acquired assets and liabilities. A payment in respect of surplus working capital totalling CHF 0.7m was made in February 2024, covered by the business's existing cash resources.

All acquisitions were made in line with group strategy.

29. Retirement benefit obligations

Defined benefit obligations

The Group's subsidiary, Armfield Limited, operates a defined benefit scheme for certain of its employees. A full actuarial valuation was carried out as at 31 March 2023 and the retirement benefit liability was independently revalued as at 31 December 2023. The scheme has been closed to new members from 2001 and closed to new accrual in 2006. The average duration of the plan's liabilities has been calculated to be approximately 13 years (2022: 14 years). The trustees are normally drawn partly from Armfield's employees and also from nominees of the Judges Scientific group.

The full actuarial valuation carried out as at 31 March 2023 was in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the plan is agreed between Armfield Limited and the pension trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate, actuarial assumptions. It was agreed with the trustees that, as the scheme was in surplus, no annual contributions were necessary until at least the next triennial valuation. The next full actuarial valuation will be carried out no later than 31 March 2026. The asset investment strategy is the responsibility of the trustees and after the 2023 valuation was completed, the portfolio of assets were more closely coupled to the future cash outflows of the liabilities. There are four insured pensions which were separately valued at £0.2m as at 31 December 2023 (£0.2m at 31 December 2022). These pensions do not affect the overall valuation as they are a liability with a fully insured offsetting asset.

Summary	**31 December 2023 £m**	31 December 2022 £m	31 December 2021 £m
Fair value of plan assets	**7.4**	7.0	7.9
Present value of defined benefit obligation	**(6.0)**	(5.8)	(9.2)
Surplus/(deficit) in scheme	**1.4**	1.2	(1.3)
Deferred tax	**(0.3)**	(0.3)	0.3
Net retirement benefit surplus/(obligation)	**1.1**	0.9	(1.0)

The retirement benefit surplus has been recognised as it meets the conditions for recognition as the scheme's trust deed allows for a refund of any remaining surplus upon closure of the scheme.

Changes in the fair value of plan assets	**31 December 2023 £m**	31 December 2022 £m
1 January	**7.0**	7.9
Interest income	**0.4**	0.2
Return on plan assets (excluding amounts in interest income)	**0.3**	(1.3)
Contributions by the Company	**—**	0.4
Expenses	**—**	—
Benefits paid	**(0.3)**	(0.2)
31 December	**7.4**	7.0

The actual return on plan assets for the year ended 31 December 2023 was an increase of £0.7m (2022: reduction of £1.1m).

Changes in the fair value of defined benefit pension obligations	**31 December 2023 £m**	31 December 2022 £m
1 January	**5.8**	9.3
Current service cost	**—**	—
Past service cost	**—**	—
Expenses	**—**	—
Interest expense	**0.3**	0.2
Actuarial losses/(gains) due to scheme experience	**0.1**	(0.2)
Actuarial gains due to changes in demographic assumptions	**(0.1)**	—
Actuarial losses/(gains) due to financial assumptions	**0.2**	(3.3)
Benefits paid	**(0.3)**	(0.2)
31 December	**6.0**	5.8

There were no plan amendments, curtailments or settlements in the above years. The estimated Guaranteed Minimum Pension ("GMP") equalisation impact, which would equalise for the different effects of GMPs between men and women, is expected to have no material impact on the defined benefit obligation above.

Major categories of plan assets	**31 December 2023 £m**	31 December 2022 £m	31 December 2021 £m
Quoted equities	**—**	4.2	4.5
Bonds	**7.4**	2.7	3.1
Property	**—**	—	—
Cash and other assets	**—**	0.1	0.3
	7.4	7.0	7.9

Principal actuarial assumptions	**31 December 2023 %**	31 December 2022 %
Discount rate	**4.50**	4.75
Inflation rate (RPI)	**3.30**	3.30
Inflation rate (CPI)	**2.70**	2.70
In payment pension increases	**3.50**	3.50
In deferment pension increases	**5.00**	5.00

The mortality assumptions used in valuing the liabilities of the plan in 2022 and 2023 are based 100% on the standard tables S3PxA, projected using the CMI 2022 model with a 1.25% per annum long-term rate of improvement for males and a 1.00% per annum long-term rate of improvement for females. No allowance has been made for the effect of Covid-19 as this impact remains uncertain.

The life expectancies assumed are as follows:

	31 December 2023 Life expectancy at age 65 (years)	31 December 2022 Life expectancy at age 65 (years)
Male retiring in current financial year	**21.7**	22.2
Female retiring in current financial year	**23.9**	24.3
Male retiring in twenty years	**22.9**	23.5
Female retiring in twenty years	**25.0**	25.5

Sensitivity

The significant actuarial assumptions in determining the defined benefit obligation are the discount rate, the rate of mortality and the rate of inflation. Changes to these actuarial assumptions may impact this obligation as follows:

	31 December 2023 Change in liabilities £m	31 December 2022 Change in liabilities £m
Discount rate – decrease by 0.25% per annum	**0.2**	0.2
Inflation rate – increase by 0.25% per annum	**—**	—
Mortality rate – increase of one year in life expectancy	**0.2**	0.2

The above shows the impact on the defined benefit obligation if the assumptions were changed as shown (assuming all other assumptions remain constant). The sensitivity analysis may not be representative of the actual change in the obligation as it is unlikely that any change in assumption would happen in isolation.

Risk management

There is a risk that changes in discount rates, price inflation, asset returns and/or mortality assumptions could lead to a material deficit. Given the long-term time horizon of the pension plan cashflows, the assumptions used are uncertain. The assumptions can also be volatile from year to year due to changes in investment market conditions. A material pension deficit could directly impact the Group's equity valuation and credit rating and may lead to additional funding requirements in future years. Any deficit relative to the actuarial liability for funding purposes, which may differ from the funding position on an accounting basis, will generally be financed over a period that ensures the contributions are reasonably affordable to the Group and in line with local regulations.

Post balance sheet event

In March 2024, the Trustees of the scheme entered into a buy-in policy with an insurance company. This policy secures payment of all future pensions due to the scheme's members in relation to their pensions.

30. Non-controlling interests

Summarised financial information of the Group's non-controlling interests is set out below:

	2023 £m	2022 £m
Non-current assets	**0.1**	0.1
Current assets	**2.0**	1.7
Total assets	**2.1**	1.8
Current liabilities	**(0.4)**	(0.6)
Total liabilities	**(0.4)**	(0.6)
Total equity	**1.7**	1.2
Attributable to:		
Owners of the parent	**1.5**	1.0
Non-controlling interest	**0.2**	0.2

	2023 £m	2022 £m
Revenue	**3.5**	7.0
Profit for the year	**2.0**	2.4
Attributable to:		
Owners of the parent	**1.6**	2.1
Non-controlling interest	**0.4**	0.3
Dividend paid to non-controlling interest	**(0.4)**	—

	2023 £m	2022 £m
Net cash from operating activities	**1.7**	1.2
Net cash from/(used in) investing activities	**0.2**	0.2
Net cash used in financing activities	**(2.4)**	—
Net cash (outflow)/inflow	**(0.5)**	1.4

31. Capital commitments

At 31 December the Group had capital commitments as follows:

	2023 £m	2022 £m
Contracted for but not provided in these financial statements	**0.4**	0.3

32. 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 £0.4m in new Ordinary shares and the other half in cash to enable him to settle the related tax payable. (2022: £0.4m was paid to Mr Holroyd in respect of the completion of the purchase of Geotek).

Dividends paid in the year to Directors who hold shares amounted to £0.8m in aggregate (2022: £0.6m).

33. Alternative performance measures

The Group uses several alternative performance measures (APMs) in order to provide additional useful information to shareholders regarding the performance and position of the Group. APMs are non-GAAP and not defined by IFRS and may not be directly comparable with APM's of other companies. The Group uses these measures for planning and reporting purposes and to enhance the comparability of information between reporting periods. The measures are also used during discussions with the investment community. We have identified and defined the following key measures which are used within the business by management to assess the performance of the Group:

APM term	Definition
Organic	Organic describes the performance of the Group including businesses acquired prior to 1 January 2022. This measure is used to provide a consistent comparison of the results of the Group to exclude recent acquisitions. The terms most commonly used in these accounts are Organic revenue, Organic order intake and Organic operating margin.
Order intake	The amount of contracted orders that the Group has received in any defined period.
Order book	The total contracted orders yet to be converted to revenue reported in weeks, and calculated as total contracted orders yet to be converted to revenue divided by budgeted sales for the period.
Operating profit or EBIT	Operating profit or EBIT is earnings before interest (or finance costs) and tax. A reconciliation of operating profit to profit before tax is shown in the consolidated statement of comprehensive income.
EBIT contribution	EBIT contribution is equivalent to the EBIT of the Group's trading businesses excluding central costs, adjusting items and before interest, tax and amortisation
Adjusted earnings	The Group has consistently reported adjusted earnings figures, such as Adjusted operating profit and Adjusted earnings per share, that exclude adjusting items relating to amortisation of acquired intangible assets, acquisition-related costs, share based payments and hedging of risks materialising after the end of the year. See note 4 for a summary of adjusting items and note 12 for a reconciliation of Adjusted earnings per share to the equivalent statutory figure.
Statutory net debt	Statutory net debt is total borrowings (bank and IFRS 16 lease liabilities) less cash balances. See note 18 for an analysis of net cash/(debt).
Adjusted net debt	Adjusted net debt differs from Statutory net debt as it includes acquisition-related cash payables that had yet to be settled at the balance sheet date and excludes IFRS 16 liabilities.
Return on Total Invested Capital ("ROTIC")	ROTIC is calculated over a rolling 12-month period calculated by comparing EBITA with the amounts invested in plant and equipment, net current assets (excluding cash) and unamortised intangible assets and goodwill (as recognised at the initial acquisition date) together with any acquisition costs and any increases to acquisition consideration post-acquisition date.
Capital expenditure	Comprises additions to property, plant and equipment, capitalised development and other intangible assets, excluding assets acquired through business combinations.
Cash conversion	Cash conversion compares cash generated from operations with Adjusted operating profit

Parent company balance sheet

As at 31 December 2023

	Note	2023 £m	2022 Restated £m
Fixed assets			
Tangible assets	3	**0.5**	0.6
Right-of-use leased assets	4	**0.1**	0.1
Investments in subsidiaries	5	**173.6**	172.5
		174.2	173.2
Current assets			
Debtors	6	**12.4**	14.6
Cash and cash equivalents		**—**	1.6
		12.4	16.2
Creditors: amounts falling due within one year	7	**(11.3)**	(9.4)
Creditors relating to acquisitions due within one year	7	**(0.5)**	(36.5)
Right-of-use lease liabilities falling due within one year	9	**(0.1)**	(0.1)
Net current assets / (liabilities)		**0.5**	(29.8)
Total assets less current liabilities		**174.7**	143.4
Creditors: amounts falling due after more than one year	8	**(52.2)**	(49.4)
Right-of-use lease liabilities falling due after more than one year	9	**—**	—
Total net assets		**122.5**	94.0
Capital and reserves			
Called up share capital	11	**0.3**	0.3
Share premium	11	**17.7**	17.2
Capital redemption reserve		**—**	—
Merger reserve		**24.9**	2.0
Retained earnings		**79.6**	74.5
Shareholders' funds		**122.5**	94.0

The accompanying notes form an integral part of these financial statements.

In accordance with the exemptions permitted by section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company has not been presented. Profit for the year totalled £9.7m (2022 restated: £42.6m).

These parent company financial statements were approved by the Board on 20 March 2024.

Refer to note 5 for details of the restatement.

David Cicurel
Director

Brad Ormsby
Director

Parent company statement of changes in equity

For the year ended 31 December 2023

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 January 2023	0.3	17.2	2.0	74.5	94.0
Dividends	—	—	—	(5.7)	(5.7)
Issue of share capital	—	0.5	22.9	—	23.4
Purchase of own shares for Company reward scheme	—	—	—	(0.1)	(0.1)
Tax on Company reward scheme shares awarded	—	—	—	(0.1)	(0.1)
Deferred tax on share based payments	—	—	—	0.1	0.1
Share-based payments	—	—	—	1.2	1.2
Transactions with owners	—	0.5	22.9	(4.6)	18.8
Profit for the year	—	—	—	9.7	9.7
Total comprehensive income for the year	—	—	—	9.7	9.7
At 31 December 2023	**0.3**	**17.7**	**24.9**	**79.6**	**122.5**
At 1 January 2022	0.3	16.7	—	35.4	52.4
Dividends	—	—	—	(4.4)	(4.4)
Issue of share capital	—	0.5	—	—	0.5
Purchase of own shares for Company reward scheme	—	—	—	(0.1)	(0.1)
Change in non-controlling interest	—	—	2.0	—	2.0
Adjustment to merger reserve	—	—	0.6	—	0.6
Deferred tax on share-based payments	—	—	—	(0.3)	(0.3)
Share-based payments	—	—	—	0.7	0.7
Transactions with owners	—	0.5	2.6	(4.1)	(1.0)
Profit for the year (reported)	—	—	(0.6)	41.0	40.4
Restatement (note 5)	—	—	—	2.2	2.2
Total comprehensive income for the year (restated)	—	—	(0.6)	43.2	42.6
At 31 December 2022 (restated)	0.3	17.2	2.0	74.5	94.0

The accompanying notes form an integral part of these financial statements.

Notes to the parent company financial statements
For the year ended 31 December 2023

1. Statement of compliance
The financial statements were prepared in accordance with FRS 101 Reduced Disclosure Framework.

2. Summary of significant accounting policies
Basis of preparation
As permitted by FRS 101, for both periods presented, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cashflow statement, share-based payments, fair value measurements, comparative reconciliations for tangible and intangible assets, standards not yet effective, related party transactions with other wholly owned members of the Group, and key management personnel compensation.

The financial statements have been prepared on the historical cost basis.

Equivalent disclosures and accounting policies are, where required, given in the publicly available Group financial statements of Judges Scientific plc.

The relevant accounting policies for the parent company financial statements that are disclosed in note 2 to the Group financial statements are as follows:

- Tangible fixed assets (Property, plant and equipment)
- Taxation
- Employee benefits – defined contribution plans
- Share-based employee compensation
- Foreign currencies
- Leases
- Equity
- Dividends
- Other income
- Financial assets and liabilities

The accounting policies relevant only for the parent company are as follows:

Investments
Fixed asset investments in subsidiaries are stated at cost, including directly attributable transaction costs less provision for impairment.

Financial assets and liabilities
Financial assets relevant to the parent company consist of cash and cash equivalents, amounts owed by Group companies, other debtors and derivatives. Except for amounts owed by Group companies, which are held at amortised cost and accounted for consistent with the Group's trade debtors, all other policies are included in the Group accounting policies.

Financial liabilities include creditors and borrowings, including bank loans, trade and other payables, amounts owed to Group companies, accruals, contingent consideration and lease liabilities. Except for amounts owed to Group companies, which are held at amortised cost and accounted for consistent with the Group's trade payables, all other policies are included in the Group accounting policies.

Use of key accounting estimates and judgements
Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimates is contained in the accounting policies and/or the notes to the financial statements, and the key areas are summarised below.

Key judgements
Fair value assessment of business combination consideration – disclosed in the Group accounting policies.

Sources of estimation uncertainty
The carrying value of investments is assessed based on the current trading performance, the expected future performance and net assets of the investment. If actual results differ or changes in expectations arise, impairment charges may be required which would adversely impact the parent company result. See note 13 to the Group accounts for a summary of the key assumptions for the value in use calculations.

3. Tangible assets

	Property and leasehold improvements £m	Fixtures, fittings and equipment £m	Total £m
Cost			
1 January and 31 December 2023	**0.8**	**0.1**	**0.9**
Depreciation			
1 January 2023	0.2	0.1	0.3
Charge for the year	0.1	—	0.1
31 December 2023	**0.3**	**0.1**	**0.4**
Net book value – 31 December 2023	**0.5**	**—**	**0.5**
Net book value – 31 December 2022	0.6	—	0.6

4. Right-of-use leased assets

	Land and property £m	Total £m
Cost		
At 1 January and 31 December 2023	0.3	0.3
Depreciation		
1 January 2023	0.2	0.2
Charge for the year	—	—
31 December 2023	**0.2**	**0.2**
Net book value – 31 December 2023	**0.1**	**0.1**
Net book value – 31 December 2022	0.1	0.1

5. Investments in subsidiaries

	2023 £m	2022 restated £m
Cost		
1 January	**172.5**	66.6
Additions	**3.6**	99.2
Increased shareholding in existing Group subsidiary	—	2.1
Transfer of ownership of entity from a Group subsidiary	—	6.0
Increased investment in group subsidiary	—	0.5
Adjustment to merger reserve	—	0.6
Impairment of investment in a subsidiary	**(2.5)**	(2.5)
31 December	**173.6**	172.5

Additions in 2023 relate to the acquisition of Henniker. 2022 additions have been restated to increase the cost of investment in Geotek by £4.7m.

£2.2m of this restatement relates to the adjustment to the contingent consideration (as disclosed in note 28 to the Group accounts).

£2.5m of this restatement relates to acquisition costs in respect of the Geotek acquisition in May 2022 which were incorrectly expensed to the Statement of Comprehensive Income in 2022, net of the associated tax deduction of £0.3m. This has been restated with investments increasing by £2.5m and corporation tax recoverable by £0.3m, with a corresponding increase in company profit and retained earnings for the year of £2.2m.

In 2022 the Company acquired the remaining shareholding in Bordeaux Acquisition Limited. Oxford Cryosystems Limited and Deben UK Limited were transferred from Bordeaux Acquisition Limited to the parent company during 2022 at book value.

The Company's subsidiaries at 31 December 2023, including those acquired during 2023, all of which are incorporated and domiciled in the United Kingdom (except as stated), are as follows:

Company	Principal activity	Class of shares	% held
Fire Testing Technology Limited	Design and manufacture of fire testing instruments	Ordinary £1	100%
PE.fiberoptics Limited	Design and manufacture of fibre-optic testing instruments	"A" and "C" Ordinary 1p	100%
UHV Design Limited	Design and manufacture of instruments used to manipulate objects in ultra-high vacuum chambers	Ordinary £1	100%
Aitchee Engineering Limited	Manufacture of engineering parts and finished products	Ordinary £1	100%
Quorum Technologies Limited	Design, manufacture and distribution of instruments that prepare samples for examination in electron microscopes	Ordinary £1	100%
Moorfield Nanotechnology Limited*	Design, manufacture and distribution of instruments that prepare samples for examination in electron microscopes	Ordinary £1	100%
Sircal Instruments (U.K.) Limited*	Design, manufacture and distribution of rare gas purifiers for use in metals analysis	Ordinary £1	100%
Deben UK Limited	Design and manufacture of devices to enable observation of objects under a microscope	Ordinary £1	100%
Oxford Cryosystems Limited	Design, manufacture and marketing of products for crystallography and other markets	Ordinary £1	100%
Global Digital Systems Limited	Design and manufacture of instruments used to test the physical properties of soil and rocks	"A" and "B" Ordinary £1	100%
Scientifica Limited	Design and manufacture of instruments used in electrophysiology.	Ordinary £1	100%
Scientifica LLC (USA)*	Sale of instruments used in electrophysiology.	Common Shares	100%
Armfield Limited	Design and manufacture of research and training equipment	Ordinary £1	100%
Armfield Inc. (USA)*	Sale of research and training equipment	Common Shares	100%
CoolLED Limited	Design and manufacture of illumination systems for fluorescence microscopy	Ordinary £1	100%
Dia-Stron Limited	Design and manufacture of systems to test the mechanical properties of fibres	Ordinary £1	100%
Dia-Stron Inc. (USA)*	Sale of systems to test the mechanical properties of fibres	Common Shares	100%
EWB Solutions Limited	Design and manufacture of edge-welded bellows	Ordinary £1	100%
Thermal Hazard Technology Limited	Design and manufacture of calorimeters	Ordinary £1	100%
Thermal Hazard Technology Inc. (USA)*	Sale of calorimeters	Common Shares	100%
Korvus Technology Limited	Design and manufacture of deposition systems	Ordinary £1	100%
Geotek Holding Limited	Holding company	Ordinary £1	100%
Geotek Limited*	Design and manufacture of geotechnical instruments and supply of geotechnical services	Ordinary £1	100%
Spectra Map Limited*	Geotechnical service provider	Ordinary £1	100%
Geotek Do Brazil Ltda (Brazil)*	Geotechnical service provider	Ordinary £1	82%
Geotek Coring Limited	Geotechnical service provider	Ordinary £1	100%
Geotek Coring Inc. (USA)*	Geotechnical service provider	Ordinary £1	100%
Judges Scientific (Shanghai) Co. Ltd.	Sale of scientific instruments	Common Shares	100%
Gatehouse Engineering Limited*	Dormant (From 1 January 2023)	Ordinary £1	100%
Bordeaux Acquisition Limited	Dormant (From 1 January 2023)	Ordinary £1	100%
Crystallon Limited*	Dormant (From 1 January 2023)	Ordinary £1	100%
Judges Capital Limited	Dormant	Ordinary £1	100%
Judges Scientific (Dublin) Limited (Ireland)	Dormant	Ordinary €1	100%
Heath Scientific Company Limited*	Dormant	Ordinary £1	100%
Armfield Technical Education Company Limited*	Dormant	Ordinary £1	100%
EM Technologies Limited*	Dormant	Ordinary £1	100%
FTT Scientific Limited*	Dormant	Ordinary £100	100%
GDS Instruments Limited*	Dormant	Ordinary £1	100%
Polaron Instruments Limited*	Dormant	Ordinary £1	100%
Stanton Redcroft Limited*	Dormant	Ordinary £1	100%
Acquired during 2023			
Henniker Scientific Ltd	Design and manufacture of plasma and surface science applications	Ordinary £1	100%

Bossa Nova Vision Inc. (USA)*	Design and manufacture of systems to test the mechanical properties of fibres	Common Shares	100%

* Indirectly held.

The head office for each of the UK subsidiaries is 52c Borough High Street, London SE1 1XN. The address for each of the US subsidiaries is 9 Trenton–Lakewood Road, Clarksburg NJ 08510, USA, with the exception of Geotek Coring Inc., whose address is 3350 W Directors Row Suite 600, Salt Lake City, Utah 84194, USA, and Bossa Nova Vision which is 5777 W Century Blvd, Los Angeles, CA 90045, USA. The address for Geotek do Brazil Ltda is 50, AV. Nilo Pecenha, Sala 2701, Centro, Rio De Janeiro, RJ, Brazil, and the address of Judges Scientific (Shanghai) Co. Ltd. Is Floor 1-2, Building 4, No. 1628 Lizheng Road, Lingang, FTZ, Shanghai, 201304, P.R. China.

6. Debtors

	2023 £m	2022 restated £m
Amounts owed by Group companies	**8.1**	5.9
Prepayments and accrued income	**0.6**	4.3
Deferred tax asset (note 10)	**1.8**	1.5
Corporation tax recoverable (restated, see note 14)	**0.2**	—
Interest rate swap	**1.1**	2.4
Other debtors	**0.6**	0.5
	12.4	14.6

Except as stated, all amounts are recoverable in less than one year. In accordance with IFRS 9, expected credit losses for amounts due from subsidiaries has been determined at inception. There has been no significant increase in credit risk associated with the amounts due since initial recognition. All intercompany balances are expected to be recovered via the operating cashflows of the related subsidiary entities.

The Company enters into derivative financial instruments in order to manage its interest rate and foreign currency exposure. The principal derivatives used include interest rate swaps and foreign currency forward contracts and options. The fair value of the foreign currency financial instruments is a liability of £0.1m (2022: £0.1m), in addition to a fair value asset of £1.1m (2022: £2.4m) relating to the interest rate swaps.

7. Creditors: amounts falling due within one year

	2023 £m	2022 £m
Bank overdraft	**0.7**	—
Current portion of bank loans	**6.2**	6.2
Trade creditors	**0.7**	0.6
Amounts owed to Group companies	**—**	0.5
Social security and other taxes	**1.7**	0.3
Other creditors	**0.6**	0.3
Accruals and deferred income	**1.4**	1.5
	11.3	9.4

Creditors relating to acquisitions of £0.5m (2022: £34.3m) are disclosed in further detail in note 28 to the Group accounts.

Overdraft facilities totalling £5m are available to the parent company as part of the Group's bank facility. As part of this facility the Group is able to set off overdraft balances against existing sterling cash balances.

8. Creditors: amounts falling due after more than one year

	2023 £m	2022 £m
Bank loans	**52.2**	49.4

The bank loans are detailed in note 21 of the consolidated financial statements of the Group.

The repayment profile of borrowings is as follows:

	Bank loans £m
Repayable in less than one year	9.2
Repayable in years one to five	55.9
	65.1
Less: interest included above	(6.7)
	58.4

9. Right-of-use lease liabilities

The movement in the right-of-use lease liability over the year was as follows:

	2023 £m	2022 £m
At 1 January	**0.1**	0.2
Interest payable	—	—
Repayments of lease liabilities	—	(0.1)
At 31 December	**0.1**	0.1

Lease liabilities mature as follows:

	2023 £m	2022 £m
Minimum right-of-use lease liabilities falling due		
Within one year – land and property	**0.1**	0.1
Within one year – fixtures, fittings and equipment	—	—
	0.1	0.1
Between one and five years – land and property	—	—
Between one and five years – fixtures, fittings and equipment	—	—
	—	—
Total commitment	**0.1**	0.1
Less: finance charges included above	—	—
Net present value of lease liabilities	**0.1**	0.1
Current	**0.1**	0.1
Non-current	—	—

10. Deferred tax asset

	2023 £m	2022 £m
1 January	**1.5**	1.3
Adjustments in respect of prior years	—	(0.1)
Credit to the Consolidated Statement of Comprehensive Income in the year	**0.3**	0.6
Credit/(charge) to equity in the year	**0.1**	(0.3)
31 December	**1.9**	1.5
Deferred tax balances relate to temporary differences as follows:		
Provisions allowable for tax in subsequent periods	**(0.1)**	(0.1)
Share options	**2.0**	1.6
	1.9	1.5

Finance Act 2021 which was substantively enacted on 24 May 2021 included provisions to increase the corporation tax rate further to 25% effective from 1 April 2023 and this rate has been applied when calculating the deferred tax at the year end.

11. Share capital, share premium and share-based payments

Details relating to the parent company's share capital are set out in notes 24 and 25 to the consolidated financial statements.

12. Related party transactions

The Company is exempt under the terms of FRS 101.8 from disclosing transactions with its wholly owned subsidiaries.

Dividends paid in the year to Directors who hold shares amounted to £0.8m in aggregate (2022: £0.6m).

See note 32 to the consolidated financial statements for disclosure on the related party transaction with Charles Holroyd, a Judges Non-Executive director.

13. Directors and employees

	2023 £m	2022 £m
Staff costs (including Directors)		
Wages and salaries	**2.2**	1.5
Social security costs	**0.3**	0.2
Other pension costs	**0.1**	—
	2.6	1.7
Total Directors' emoluments		
Emoluments	**1.7**	1.1
Defined contribution pension scheme contributions	—	—
	1.7	1.1

During 2023 no Directors exercised options over the Ordinary shares of the Company (2022: one Director with a gain of £0.1m).

Emoluments of the highest paid Director		
Emoluments	**0.5**	0.3

During the year, two Directors participated in a defined contribution pension scheme (2022: one).

	2023 Number	2022 Number
Average number of persons employed		
Directors	**9**	8
Administrative staff	**7**	3
Total	**16**	11

Company information

Directors
The Hon. Alexander Robert Hambro (Non-Executive Chairman)
David Elie Cicurel (Chief Executive)
Bradley Leonard Ormsby (Chief Financial Officer)
Mark Stephen Lavelle (Chief Operating Officer)
Tim Prestidge (Group Business Development Director) (appointed 1 February 2023)
Sue Nyman (Non-Executive Director) (appointed 21 November 2023)
Ralph Julian Elman (Non-Executive Director)
Charles John Arthur Holroyd (Non-Executive Director)
Lushani Kodituwakku (Non-Executive Director)

Company Secretary
Glynn Carl Reece

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