



# Final Results

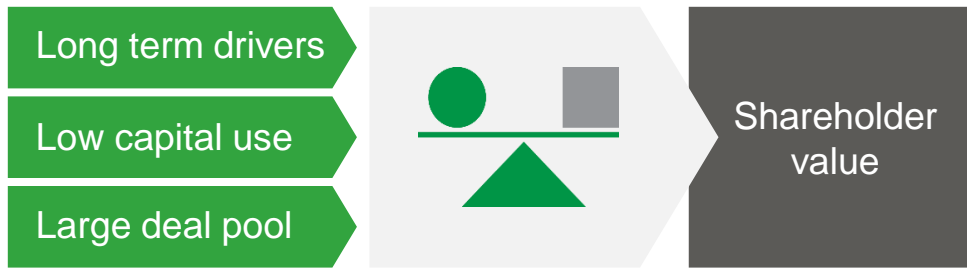
Year ended 31 December 2022

David Cicurel, CEO  
Brad Ormsby, CFO  
Mark Lavelle, COO

22<sup>nd</sup> March 2023

# About Judges Scientific

Buy and build model within the scientific instrument market



## Execution

### Strict acquisition discipline

Buying sustainable businesses at sensible prices

### Reputation as a good acquirer

Twenty acquisitions since May 2005

### Organic growth

Business autonomy and performance optimisation

# Acquisition criteria

- Strict acquisition discipline
- Acquisition attributes:
  - Strong exporters in their global niche markets; solid EBIT margins
  - Generate sustainable profits and cashflows
  - Pay 3 to 7 times EBIT according to size
  - Borrow up to 3 times EBITDA @ 3 to 6%

Long deal  
incubation  
period

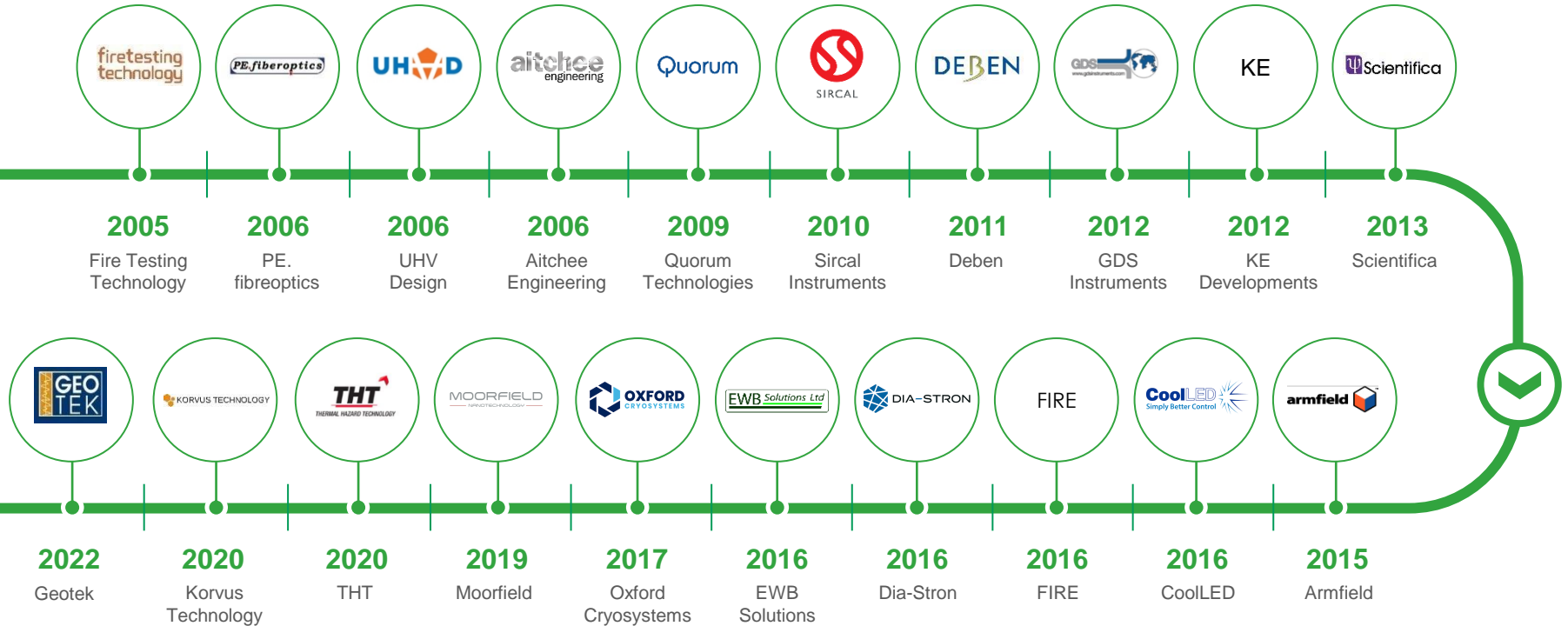
Crystallisation  
notoriously  
erratic

Financial  
certainty  
for seller

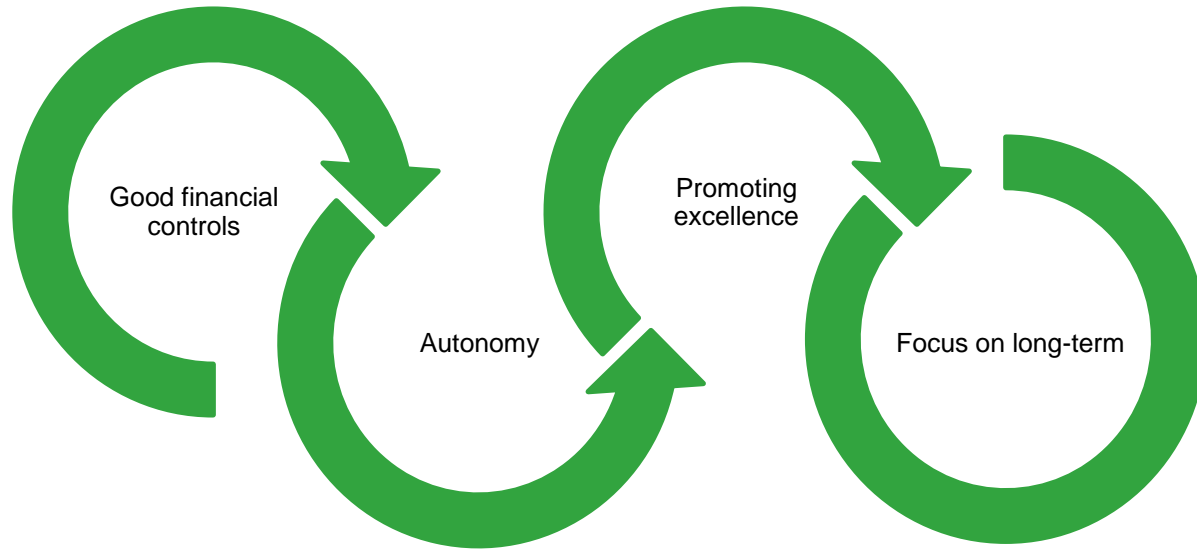
Honourable  
process

Reduce debt  
& reinvest  
in further  
acquisitions

# The Judges Group



# Post acquisition



# Key Messages

## Execution of strategy

Completed largest acquisition which delivered strong H2 performance

Record organic performance

23% increase to full year dividend

## Navigating challenges

Satisfied orders amidst supply chain shortages

Continued R&D investment

Strengthened management team

## Outlook

Uncertainty remains

Record Organic order book

Solid Organic intake Feb YTD

# Performance review



# Highlights

Organic revenue

+8%

Total revenue up 24%



Cash from operations

£24.0m

(FY 2021: £19.6m)



Organic order intake

+1%

Organic order book 21.1 weeks



Full year dividend

+23%

81p per share  
Proposed final dividend of 59p



Adjusted operating profit

+60%

£30.1 million



Adjusted net debt

£52.0m

(31 December 2021:  
£1.4m net cash)



Adjusted EPS

+53%

363.8p



Cash balances

£20.8m

(31 December 2021:  
£18.4m)





# Performance

	FY 2022 (£m)	FY 2021 (£m)	Variance (£m)	Variance (%)
<b>Revenue</b>	<b>113.2</b>	<b>91.3</b>	<b>22.4</b>	<b>24%</b>
Operating costs	(83.1)	(72.5)	(10.6)	15%
<b>Adjusted operating profit</b>	<b>30.1</b>	<b>18.8</b>	<b>11.3</b>	<b>60%</b>
Interest	(1.8)	(0.7)		
<b>Adjusted PBT</b>	<b>28.3</b>	<b>18.1</b>	<b>10.2</b>	<b>56%</b>
Taxation	(4.9)	(2.8)		
Adjusted PAT	23.4	15.3	8.1	55%
Adjusting items (post tax)	(10.6)	(2.4)		
Statutory PAT	12.8	12.9	(0.1)	

**8%** organic revenue growth with H2-weighted Geotek contribution

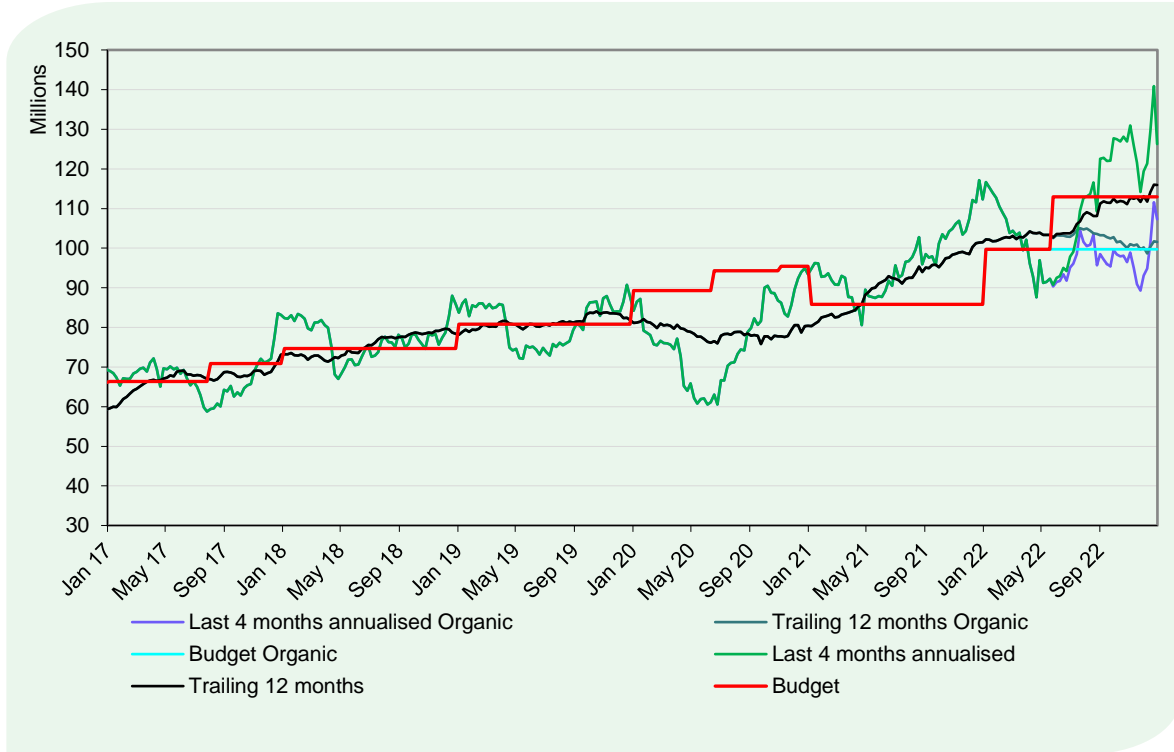
Organic operating margin maintained at **21%**

Effective tax rate **17.2%** - benefit from R&D tax credits

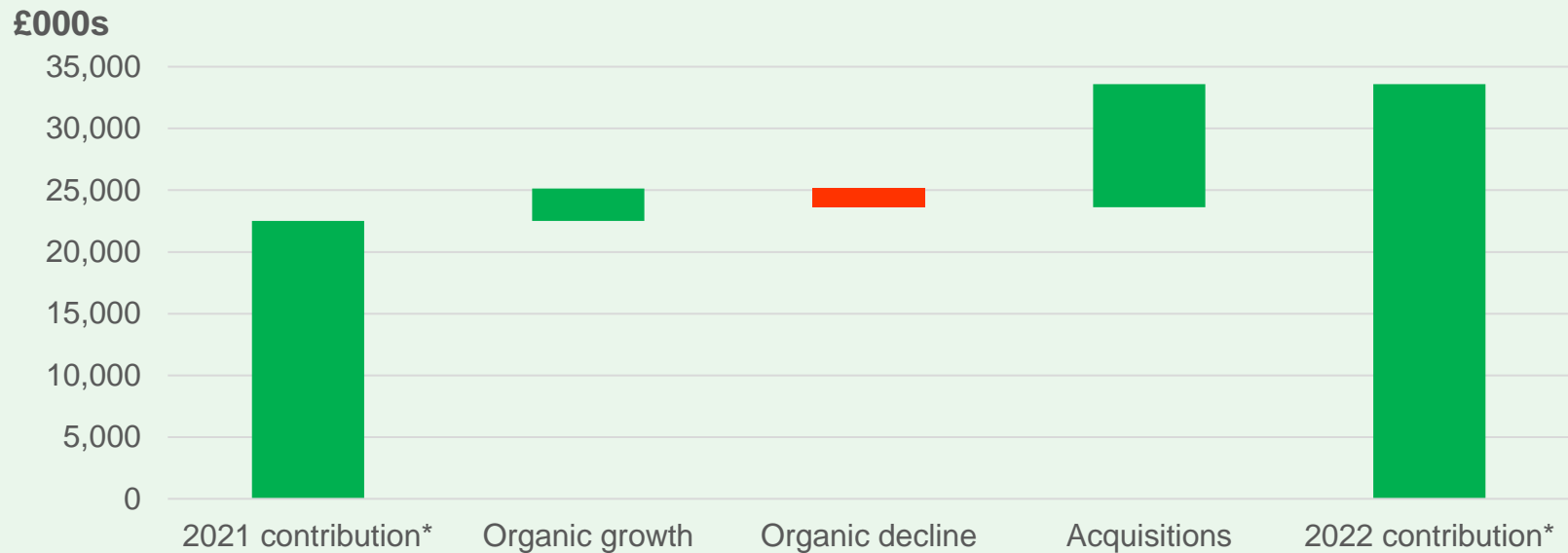
Significant adjusting items – **Geotek** acquisition intangible amortisation (£6m) and deal costs (£3m)

# Order intake

- **Organic order intake up 0.5% on FY21 and continued to be ahead of revenue**
- Geographically:
  - North America up 6%
  - China/Hong Kong up 6%; Rest of the World up 19%
  - UK down 28%, Rest of Europe down 2.5%
- Organic order book of 21.1 weeks at 31 December 2022 (31 December 2021: 19.8 weeks)
- Total order book at 22.9 weeks at 31 December 2022
- **Solid growth in Organic intake to Feb 2023**



# Profit bridge



*\*Contribution is EBIT from trading subsidiaries before central costs*

# Balance sheet and cash flow

Balance Sheet summary	Dec 22 (£m)	Dec 21 (£m)
Cash	20.8	18.4
Debt (excl IFRS 16)	(72.8)	(17.0)
<b>Adjusted net (debt)/cash (excl IFRS 16)</b>	<b>(52.0)</b>	<b>1.4</b>
Working Capital	20.3	10.1
DB Pension (net of tax)	0.9	(1.0)
Other assets / liabilities	85.3	32.9
<b>Net assets</b>	<b>54.5</b>	<b>43.4</b>

Significant increase to adjusted net debt following **Geotek** acquisition (£62.5m related debt)

Working capital above 10% of annual revenue - affected by high inventory and year end receivables

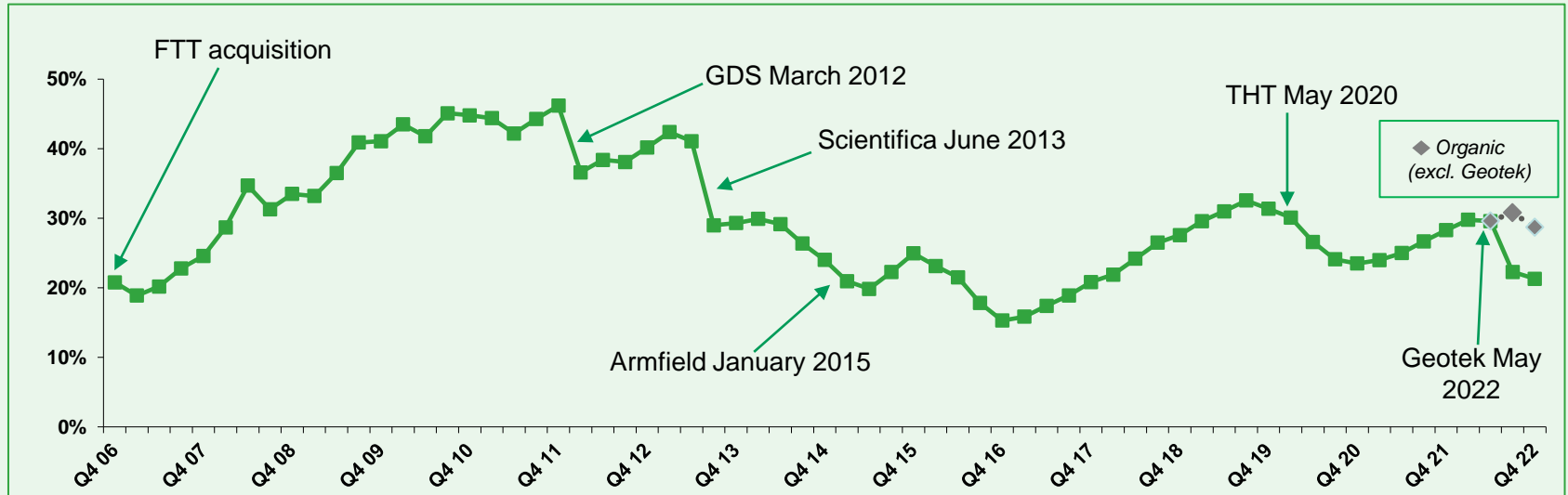
Cash conversion of **80%**

Armfield DB pension scheme **net asset** – driven by discount rate increases

Cashflow summary	2022 (£m)	2021 (£m)
Adjusted EBITDA	32.5	20.9
Working capital movements	(5.0)	(0.7)
DB pension contributions	(0.4)	(0.6)
Exceptional transaction costs	(3.1)	-
<b>Cash generated from ops</b>	<b>24.0</b>	<b>19.6</b>
Tax	(2.2)	(2.2)
Interest paid (exc. IFRS R-o-U)	(1.6)	(0.5)
IFRS 16 lease repayment	(1.3)	(1.2)
Capitalised development costs	(1.5)	(0.8)
Capex (non-acquisition)	(6.4)	(2.7)
Capex (acquisition related)	(43.2)	(1.8)
Repayment of borrowings	(6.5)	(4.2)
Drawdown for acquisition	45.1	-
Dividends	(4.4)	(3.6)
Equity related (net)	0.3	0.3
<b>Movement in cash</b>	<b>2.3</b>	<b>2.9</b>

# Return on Total Invested Capital

ROTIC (Trailing 12 months)\*



\*excludes central costs and properties, and the effect of R&D capitalisation

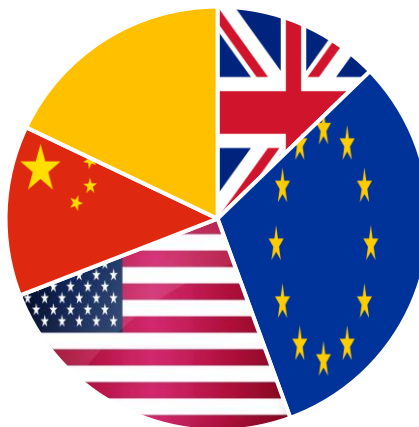
# Diversification

Group revenue



- FTT
- Sircal
- PFO
- GDS
- Armfield
- Dia-Stron
- Quorum
- UHV
- EWB
- Scientifica
- CoolLED
- Deben
- Oxford
- Moorfield
- THT
- Korvus
- Geotek

Group organic revenue by geography



- UK
- Rest of Europe
- North America
- China/Hong Kong
- Rest of World

Group organic orders by geography

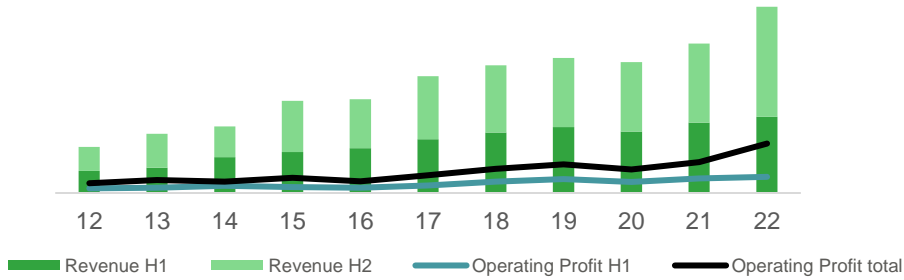


- UK
- Rest of Europe
- North America
- China/Hong Kong
- Rest of World

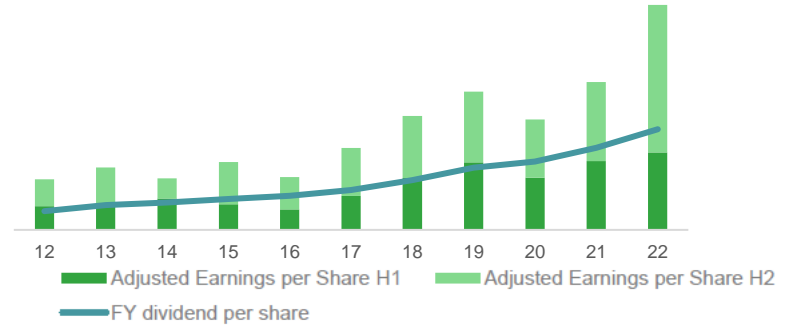
85% of revenue exported

# Financial history

## Revenue and profit

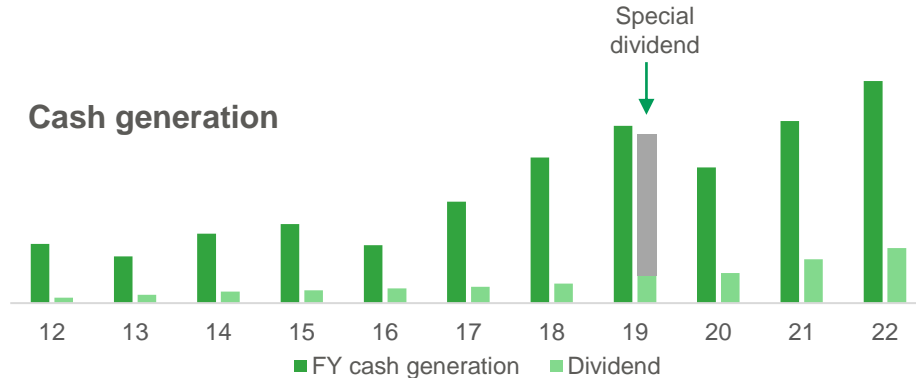


## EPS and Dividends (Excluding special dividends)



**COAGR**  
7.4% for past  
13 full years

## Cash generation



**Focus on cash generation**

# Refinancing of the Group's banking facilities

New 4-year multi-bank £100m facility in May 2022 replaced £60m facility

## Consists of:

£25m term loan  
£55m Revolving Credit Facility  
£20m accordion

## Covenants:

Gearing no greater than 3.0 times Adjusted EBITDA  
Interest cover no less than 3 times

Interest rates consistent with previous facility



# Acquisitions



# Geotek business and acquisition rationale

Geotek is a world leading provider of instruments conducting non-destructive testing on geological cores, and related services

## Acquisition rationale

Good size at a reasonable multiple

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High exporter

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Global niche

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Strong margins

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Cash generative and earnings enhancing

**Geotek comprises three divisions of broadly similar sizes consisting of:**

an instrument development and manufacturing business

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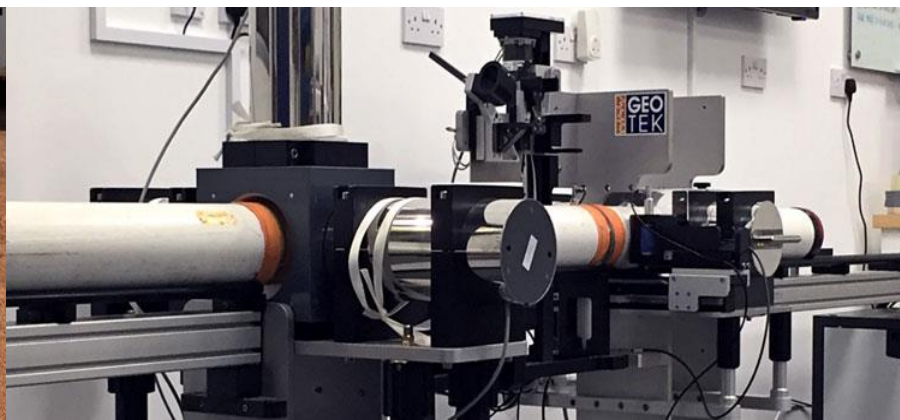
a core logging service business

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a gas hydrate business

# Acquisition of Geotek

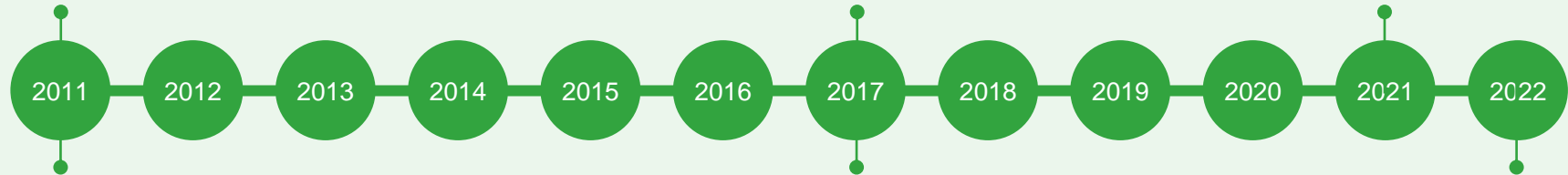
- Largest acquisition to date; consideration of up to £80m plus excess cash split as:
  - Initial £45m consideration - 7x 3-year pre-COVID average EBIT of £6.4m
  - £35m maximum earn-out based on calendar year 2022 EBIT achieved - payable where EBIT >£6.4m up to an £11.4m cap at the rate of 7x.
- Earnout to be settled in full (50% cash & 50% shares) in 2023



# Further investment

- Increased interest in majority owned subsidiary Bordeaux Acquisition Limited from 88% to 100% in June 2022
- Consideration was £2.1m (based on an EV of £12.6m plus excess cash)
- In 2021, Bordeaux generated £2.8m EBIT
- £2m paid in new shares and balance paid in cash

Judges initial stake in Bordeaux of 51% (Deben UK vendors 49%)



Judges increased its stake to 75.5%

Judges increased its stake to 88%

Judges purchased Deben UK through Bordeaux, a newly created buy-out vehicle

Bordeaux acquired Oxford Cryosystems Limited

Judges increased its stake to 100%

# Delivering organic growth

## Financial

- Implement robust financial controls
- Improve business information & analysis

## Operational

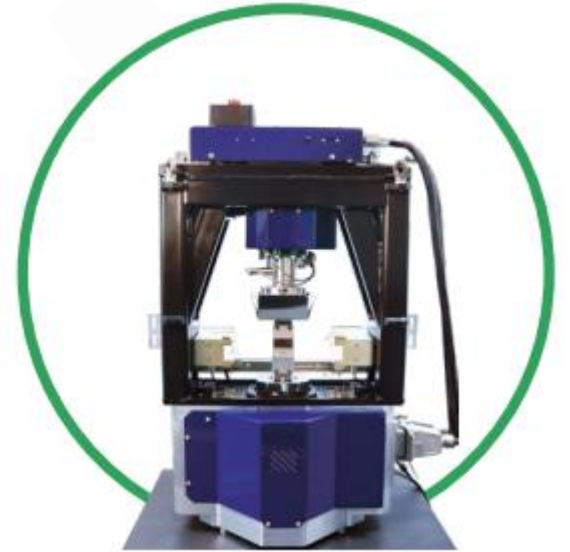
- Create environment for businesses to continue to thrive
- Support and advice for entity management teams
- Peer networking and collaboration
- Internal benchmarking to encourage optimal performance
- Encourage investment in research & development – c. 6% of annual revenue

## Strategic

- Succession planning
- Leadership programme
- Long term focus

...Whilst maintaining autonomy

# Outlook



# Outlook

## Long-term fundamentals remain positive

Market drivers

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Strong balance sheet

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Focused on shareholder value

## Uncertainty remains

Geopolitical uncertainty

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Supply chain challenges

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Inflation & higher interest rates

## Current trading

Record Organic order book

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Solid Organic order intake ytd  
Feb 2023

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Sterling / Dollar

# Investment Case



- Robust business model; pursued with discipline
- Large pool of targets, every acquisition is earnings enhancing
- Strong long-term growth drivers in higher education and process optimization
- Well diversified by geography and by scientific application
- Management focused on shareholder value – profitability, cash generation, debt reduction, dividend growth and return on capital
- Dividend growth of 10+% for past 15 years, CAGR 23%
- Inheritance tax free shareholding after two years



Q&A

# Appendices

- Management team
- Major shareholders
- Group customers
- ESG
- Trading businesses

# Management team



**David Cicurel**

*Chief Executive*

Founded Judges in 2003; Turnaround specialist and veteran deal-maker



**Brad Ormsby**

*Group Finance Director*

Seven years at Judges, previously CFO of Kalibrate Technologies plc; PwC trained Chartered Accountant



**Mark Lavelle**

*Chief Operating Officer*

15 years leadership experience at Halma plc including five years as Divisional CEO



**Tim Prestidge**

*Group Business Development Director*

8 years as Divisional CEO with Halma plc and previously Divisional CEO of Renishaw PLC

## Major shareholders – at 14 March 2023

David Cicurel (including SIPP, SIP and 59,000 non-beneficial)	711,303	11.1%
Odin Global	407,726	6.4%
Liontrust	295,984	4.7%
Broadcrest	261,351	4.0%
Interactive Investor	225,809	3.5%
JP Morgan Asset Management	213,731	3.4%
Hargreaves Lansdown	200,359	3.1%
Stephen Upton & Jacqueline Upton	187,050	2.9%
Directors (excluding those listed separately above)	185,775	2.9%
Baillie Gifford	164,239	2.6%
Rathbones	149,175	2.3%
Blackrock	128,068	2.0%
Danske Bank Asset Management	116,458	1.8%
Brown Shipley	116,219	1.8%

# A snapshot of Group customers

## Universities



## OEMs



## Industry



## Other research and compliance



# Environment, Social & Governance

## Environment

- Nature of our business is not capital intensive manufacturing and environmental impact is limited.
- Aim to minimise environmental impact across all aspects of business, including consideration for energy consumption and packaging of instruments.

## Our culture

- Respect, openness, honesty and integrity in all of our actions and engagement with our business owners, staff and all stakeholders.
- Encourage all employees to be entrepreneurial. 40% of team are shareholders through our Share Incentive Plan.

## Health & safety

- A key priority for the Group and subsidiary management teams is that all employees must be and feel safe.
- Implemented Group-wide annual independent health and safety review which evaluates compliance and provides management with feedback for continuous improvement.

## Social

- Supporting equal opportunities to build a meritocratic work environment for all.
- Built a good reputation in the local community dealing fairly with staff, customer and suppliers.
- Active supporter of local community causes.

## Governance

- Adopted the principal provisions of the QCA Governance Code.
- Commitment to stakeholder engagement with active engagement throughout the calendar year.

# Our businesses

1

**firetesting  
technology**

FTT is internationally recognised as the world's leading supplier of fire testing instrumentation and has supplied the majority of leading fire research groups and testing laboratories around the world. Our directors and senior researchers participate in UK, ISO, CEN and ASTM standardisation committees to ensure that our instruments are always compliant.

These include committees dealing with construction products, electro-technical products, furnishing products and transport applications for instruments such as the Cone Calorimeter, NBS Smoke Density Chamber, EN 50399 and SBI.

2

**PE.fiberoptics**

PE.fiberoptics is a leading manufacturer of test equipment that measures optical and physical properties of optical fibres and cables. Optical fibres are the main medium for long distance transmission of telecommunication data and form the backbone of the world's internet and telecommunications networks. Our products support the leading fibre and cable manufacturing companies around the world during production and in their quality assurance and R&D laboratories, and we export 95% of our products.

3

**UHV** 

UHV Design, founded in 1993, specialises in the design, manufacture and supply of high precision motion, manipulation, heating and cooling (cryogenic) of samples for use in the high and ultra-high vacuum environments for materials research. Globally, our products are essential in major big physics experiments including:

- high energy particle accelerators such as CERN and SLAC; and
- synchrotron light sources including PSI (Swiss), Argonne (USA) and the UK's own facility, Diamond.

They are also used routinely in

laboratory-scale R&D instrumentation focused on new state-of-the-art materials in: semiconductors, photovoltaics, catalysis and bio-compatible materials.

# Our businesses

4

**aitchee**  
engineering

Aitchee Engineering is a well established precision engineering company that can offer high end sheet metalwork, laser cutting and CNC machining. We use state of the art software to take customers' drawings and turn them into manufactured goods in steel, aluminium, stainless steel, yellow metals or plastics.

We can supply large batch-work, call off orders and R&D including prototypes; we can also offer manufacturing process assistance and value engineering

5

**Quorum**

East Sussex-based Quorum Technologies manufactures market-leading scientific instruments primarily used for electron microscopy (EM) sample preparation. Electron microscopy is a key research tool in almost every area of scientific endeavour, from the fight against coronavirus and other diseases such as cancer, through to food safety and the development of advanced microelectronics and new materials.

**Key products:**

- Q Series of vacuum coating systems; and
- PP3010T cryo preparation systems for SEM and FIB/SEM.

6

  
SIRCAL

Sircal designs, manufactures and distributes rare gas purifiers typically for use in metal analysis utilising the Arc/Spark spectrometry technique.

This technique provides qualitative and quantitative analysis of a metallic sample for determination of its purity.

The products are sold worldwide to OEM customers (spectrometer manufacturers that use such purifiers in conjunction with their own instruments) or directly to end users such as metal manufacturers and dealers, and test houses.



# Our businesses

7

**DEBEN**

Deben is a precision engineering company providing innovative solutions for SEM and  $\mu$ X-Ray CT in-situ tensile testing. Deben also manufactures SEM detectors and a range of SEM accessories including motor control and heating and cooling stages.

**Product groups:**

- in-situ tensile and compression systems;
- accessories for electron beam applications; and
- imaging and detectors for SEM and TEM.

8



GDS designs, develops and manufactures equipment and software used for the computer-controlled testing of soils and rocks. This technology is used to evaluate the mechanical properties that are key in geotechnical and earthquake engineering design.

**Services include:**

- advanced systems for commercial soil and rock testing laboratories; and
- bespoke systems for university research in the engineering properties of soil and rock.

9

**ΨScientifica**

Scientifica is a multi-award winning, globally recognised manufacturer of advanced imaging, micro-positioning, and photomanipulation systems for neuroscience research. We develop cutting-edge equipment designed to enhance discoveries in neuronal electrophysiology, multiphoton imaging and optogenetics. Our world-class equipment enables researchers to conduct ground-breaking investigations of the nervous system and advance understanding of neurological diseases and processes. All equipment is manufactured in the United Kingdom and exported to more than 40 countries worldwide. We have offices in the UK and the USA, with product consultants based in Germany and China.

# Our businesses

10



Armfield offers unrivalled experience in the design and provision of teaching equipment aligned to global agricultural, chemical, civil, environmental, geology and geography, marine, mechanical, public health and food technology curriculums from entry-level vocational training through to bespoke research flumes.

The industrial division designs and manufactures complex research and development systems and processing lines, focusing primarily on the food, beverage, dairy, edible oil and pharmaceutical industries for businesses of all sizes from start-up companies to the world's leading brands.

11



CoolLED designs and manufactures cutting-edge illumination systems for microscopy and other applications, pioneering the use of LEDs as controllable and environmentally friendly replacements for mercury-based lamps. Our expertise spans optical engineering and the life sciences, driving the development of our vast product range which includes:

- the award-winning triple-wavelength pE-300 Series for everyday fluorescence microscopy;
- 16-wavelength pE-4000 for high end research;
- pE-340fura for Fura-2 ratiometric calcium imaging;
- and pT-100 for transmitted light imaging techniques.

We continue to push the boundaries with our OEM service and an exciting development plan.

12



Dia-Stron is the leading manufacturer of automated measurement systems for single fibres and filaments, with our expertise globally recognised by the R&D community. Our instrumentation provides a full range of fibre measurement capabilities; dimensional/mechanical properties, interfacial evaluation and fatigue failure analysis. Additionally, Dia-Stron contract testing services are a key offering in building long-term relationships with our customers.

We deliver measurement solutions to support:

- the hair care industry with product development/advancing hair fibre science; and
- the technical fibre market with the development of fibre composite materials.

# Our businesses

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**EWB Solutions Ltd**

EWB Solutions specialises in the design and manufacture of edge-welded metal bellows where a high integrity hermetic seal is required in the presence of an applied movement.

Supplied globally, EWB bellows are produced in a wide range of materials, meeting a variety of life and environmental constraints for applications within a diverse range of industries such as semiconductor processing, particle physics experimentation, material/surface analysis, oncology therapy and petrochemical processing.

14



Oxford Cryosystems is a market-leading manufacturer of cryogenic devices. Spun out of Oxford University in the 1980s, the company designs and manufactures a range of nitrogen and helium-based low temperature devices which are exported to leading research institutes worldwide. Oxford Cryosystems products are used in fields as diverse as the characterisation of individual molecules to the mapping of deep space.

15

**MOORFIELD**  
NANOTECHNOLOGY

Moorfield Nanotechnology design and manufactures R&D/pilot-scale laboratory systems to a global customer base in academic and industry. Core ranges are vacuum deposition products (MiniLab and nanoPVD) for production of high quality metal, inorganic and Organic films used throughout various high technology fields. Standalone and benchtop models are available, to match budgets and facilities. More recently, the company has expanded into applications in carbon nanomaterials with its range of nanoCVD and nanoETCH tools. Aside from deposition, the company also supplies portable HEPA-filtered cleanroom solutions through its clean environments division.

# Our businesses

16



THT is a world leader in the design, manufacture and supply of specialised calorimeters for use in the chemical and battery industries. Application areas include process development, optimisation and safety of chemical reactions, and determining performance and safety characteristics of batteries. THT has over 25 years' of calorimetry experience and offer a full range of adiabatic, reaction, and isothermal calorimeters. THTs products allow measurement of heats of reaction, derivation of kinetic parameters, assessment of maximum safe temperatures, and pressure generation.

17



Korvus Technology sells and manufactures highly modular thin film deposition systems designed to allow custom-built systems to be assembled from standard parts. The systems are employed in academic and industry settings to advance research into novel thin film materials; most recently with heavy emphasis on Li battery research.

The company is built on over 20 years of experience in the thin film technology market, designing, manufacturing and installing HV and UHV deposition systems. The company's HEX platform offers an unmatched level of user control and customization, designed to incorporate the latest thin film technologies and performance into a bench top PVD system.

18



Geotek Ltd. (UK) specialises in high-resolution, non-destructive analysis of geological cores. Geotek has designed, built, and supplied its range of Multi-Sensor Core Logger (MSCL) systems for over 20 years, using a suite of geophysical and geochemical sensors primarily aimed at non-destructive core analysis. Geotek provides equipment sales and services to science and industry worldwide.

The Geotek Multi-Sensor Core Logger (MSCL) systems enable a suite of geophysical measurements to be obtained rapidly, accurately and automatically on sediment or rock cores. Geotek design and manufacture a full range of cabinet-based digital 2D and 3D X-ray imaging systems for a variety of geoscience markets.