

Registration number: 12315541

LGC Science Group Holdings Limited

Report and financial statements

For the fiscal year ended 31 March 2023

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# LGC Science Group Holdings Limited

## About LGC

### Science for a Safer World

LGC is a leading global life science tools company providing mission critical products and solutions for our clinical diagnostics, pharmaceutical and food, beverage and environmental customers. Our 181 years of scientific heritage, combined with a track record of innovation and value-enhancing acquisitions, has enabled us to build our product portfolio and expertise, and closely collaborate with our customers, industry partners and the global scientific community. We are committed to our purpose - Science for a Safer World.

Our high-quality product portfolio includes tools for genomics and quality assurance applications. With around 47,000 customers, our portfolio is valued for its performance, quality and range. This enables our customers to: bring new diagnostics and therapies to market; progress research and development; optimise food production; and monitor and enhance the quality of food, the environment and consumer products.

Typically embedded in our customers' products and workflows, our tools include critical, controlled components "designed-in" to a customer diagnostic test or process. We also have products that provide our customers with vital quality assurance around the discovery, development and manufacturing of their medicines and diagnostic tests.

LGC is a science-driven Group. Our culture is infused with our values – Passion, Curiosity, Integrity, Brilliance and Respect. As of March 31, 2023, we employ around 4,000 colleagues who work with our diverse customers around the world to solve some of the most complex challenges facing society and our planet.

### Key highlights

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue	£790 million	£748 million
Adjusted EBITDA	£272.1 million	£278.9 million
Number of employees (at 31 March)	4,144	4,361

# LGC Science Group Holdings Limited

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### Registered Office

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Teddington  
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TW11 0LY

### Independent Auditors

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

# LGC Science Group Holdings Limited

## Introduction: Euan O'Sullivan, President & Chief Executive Officer

I am pleased to introduce LGC's Annual Report for the year ended 31 March 2023 ("FY23").

Following a highly challenging period between early 2020 until early 2022, FY23 saw us transition from extraordinary working practices and pandemic-driven demand, to new ways of working and a more typical demand profile from our broad cross section of customers. During this time, we communicated our long-term growth strategy and announced Horizon – a multi-year programme of activities to accelerate our future growth.

### Our COVID-19 Response

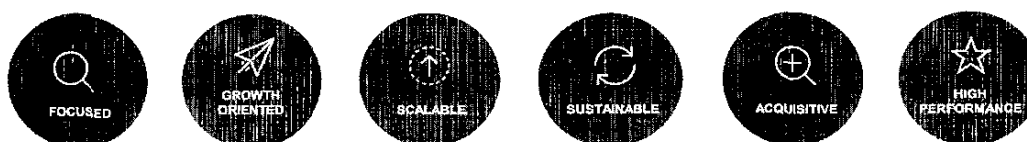
Before sharing our long-term growth strategy and the Horizon programme, I would first like to reflect on our colleagues' contribution to protect global public health throughout the COVID-19 pandemic. When the world turned to science for a path back to normality, I am proud our people shared their knowledge and expertise to develop tools and solutions that were fundamental to the global response.

In the most challenging of circumstances, we scaled-up manufacturing of critical components and reagents to support our clinical diagnostics customers, delivered ultra-high throughput COVID-19 testing solutions to the UK Government and other customers around the world, and ensured the standardisation of measurements globally. From supplying antigens and antibodies for early-stage research, to developing controls and proficiency programs for diagnostic tests, our expert scientists worked hand-in-hand with our customers at every stage of the pandemic.

I would like to personally acknowledge and thank everyone at LGC for their individual and collective efforts. By connecting and collaborating across our global teams, our combined response to COVID-19 was outstanding and a true reflection of our purpose: Science for a Safer World. It demonstrated the remarkable power of our science, but also the power of teamwork across LGC.

### LGC's growth strategy

During FY23 I announced six strategic growth pillars which are at the heart of our long-term plans:



#### Focused

LGC has thrived through building differentiated solutions in carefully identified life science tools market segments, where we believe we can build sustainable competitive advantage. In each case, we seek to serve segments which have attractive, long-term growth characteristics in which we have achieved a leading position or have a clear path to do so. This framework enables us both to prioritise investments and to identify elements of our business which are not aligned with our future priorities. The divestment of our Drug Development Services business to Alliance Pharma in July 2022 is an example of that proactive portfolio management which ensures we remain focused and competitive in each of the segments we serve. This also enabled us to simplify our operating model and provided capital to invest back into the rest of the Group.

#### Growth-Oriented

During FY23, we have continued to invest heavily in our scientific, operational and commercial capabilities, prioritising investment in those areas of greatest customer need. For example, we continue to increase our oligo-therapeutics footprint, substantially expanding our team of experts across LGC Axolabs' sites in Kulmbach and Petaluma. Simultaneously we are investing in a new, c 90,000 sq. ft. GMP manufacturing facility in Berlin which is due to open in phases throughout 2024.

# LGC Science Group Holdings Limited

## Introduction from Euan O'Sullivan (continued)

We have also made significant investments to support our **clinical diagnostics** customers. For example, in September 2022 we opened a state-of-the-art facility at the Oxford Technology Park. This substantially expands our manufacturing capacity for production of infectious disease reagents, antibodies and assays. Work is also ongoing to expand our US manufacturing facilities in Cumberland Foreside, Maine and Gaithersburg, Maryland – both critical locations for the production of calibration verification materials and clinical genomics reference materials respectively.

### Scalable

In January 2023, we announced a new strategic partnership with Tata Consulting Services (TCS) to enable us to simplify and scale our IT, HR and Finance support services and systems. Over time, this partnership promises to deliver material efficiency and effectiveness benefits across our support services and I am grateful for the passion and commitment of colleagues, as we transition to that new model and different ways of working.

### Sustainable

We have made good progress during FY23 regarding our environmental, social and governance objectives, with support from our highly engaged colleagues in each of these areas. Highlights from the year include donating over \$94,000 to our corporate charity, the Coalition for Rainforest Nations and donating just under £50,000 to the Disasters Emergency Committee (DEC) Ukraine Appeal, in support of all those displaced by the war in Ukraine. We also started our new partnership with Camara Education to support the recycling and reuse of IT products. We introduced supply chain innovations with our clinical diagnostics customers to reduce the packaging, waste and costs associated with bulk shipments significantly. All of our physical infrastructure projects will also have a positive impact on our carbon footprint: for example, our new facility in Oxford follows international best practice for sustainable buildings, uses 100% renewable electricity and generates zero carbon emissions from energy.

### Acquisitive

At the beginning of FY23, (April 2022), we announced the acquisition of Rapid Genomics, a provider of mid- to high-density Next-Generation Sequencing (NGS) kits and services for genotyping, primarily in the agri-genomics market. Rapid Genomics enables high-throughput, cost-effective DNA analysis in plant, livestock and aquaculture genetics – an excellent complement to our existing genotyping portfolio and a valuable addition to our NGS capabilities.

In March 2023, we announced the acquisition of Lipomed AG's reference materials business, strengthening our product offering in reference standards for substances of abuse and toxicology applications and providing access to an expanded customer base worldwide.

### My FY24 priorities

FY24 priorities for the Executive Leadership Team are as follows

**Business performance:** In a challenging macro-economic and geopolitical environment, we will deliver against our budget targets and progress the critical strategic growth projects which lie at the heart of our Horizon programme. We will continue to provide differentiated products and services to our customers, while attracting and retaining great talent, enabling us to fulfil considerable potential of LGC.

**Scalability:** We will simplify the way in which we operate, with a focus on the medium to long-term scalability of our Group. Critical priorities over FY24 will include embedding our strategic partnership with TCS across Finance, HR and IT, while continuing process standardisation and simplification. We will nurture unique capabilities across our Group that are critical to competitive differentiation. We will also focus on harnessing economies of scale to enable improved efficiency and effectiveness for common activities across our Group.

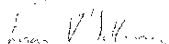
**Sustainability:** We will continue to drive our improvement agenda for those environmental, social and governance factors critical to our medium to long-term sustainability, focusing on the priorities set out in our latest [ESG Report](#).

## LGC Science Group Holdings Limited

### Introduction from Euan O'Sullivan (continued)

**M&A:** We will seek opportunities to augment our own scientific, operational and commercial capabilities through acquisitions of companies with complementary capabilities and values to our own.

Ultimately, it is our brilliant people who make it possible to deliver our purpose – Science for a Safer World -- and our continued success. I would like to thank everyone at LGC for their contribution and commitment over the past year. We have demonstrated great resilience despite a challenging global economic landscape and I am confident that we are in a very strong position to grow and thrive in the coming years.



Euan O'Sullivan  
President & Chief Executive Officer

# LGC Science Group Holdings Limited

## Our financial performance: Vivid Sehgal, Chief Financial Officer

During a year of significant uncertainty, driven by surging inflation, supply chain disruption, higher interest rates and geopolitical pressures, we delivered a strong financial performance, demonstrating the resilience and strength of our Group and of our people.

Not surprisingly, our Group Revenue and adjusted EBITDA margins were negatively impacted by the expected COVID-19 revenue declines as the pandemic moved into endemic phase. However, our base revenue, excluding the transitional COVID-19 related business, showed excellent momentum, delivering double-digit revenue growth.

Despite the headwinds, we maintained a strong financial discipline and successfully navigated these challenges through increased focus on price delivery, productivity improvements and cost and cash management. We had to take some tough decisions balancing risk and opportunity during the year, which I believe will only strengthen our resilience to handle future turbulence.

Importantly, we continued to invest selectively in both organic and inorganic opportunities to support our future growth ambitions, simplify our operating model and deliver on our customer commitments.

Despite the continued macroeconomic uncertainty, we have many advantages that create a strong platform for sustainable value creation:

- We operate in large markets with attractive growth rates;
- We have a clear strategic direction;
- We have a strong track record of cost-conscious growth; and
- We are a diversified and resilient Group with great people.

I remain confident that LGC is well positioned to deliver on our ambitious targets.

Vivid Sehgal  
Chief Financial Officer

# LGC Science Group Holdings Limited

## Group strategic report

The Directors present their Group strategic report of LGC Science Group Holdings Limited ("the Company") and subsidiaries (together "the Group" or "LGC") for the year ended 31 March 2023.

The consolidated financial statements on pages 28 to 85 are prepared in accordance with UK adopted International Accounting Standards ("IAS") in conformity with the requirements of the Companies Act 2006 and as issued by the International Accounting Standards Board (IASB). The parent company's financial statements have been prepared in accordance with the Companies Act 2006 and the Financial Reporting Standard 101 ("FRS 101") Reduced Disclosure Framework.

### Business model

We report our activities through two reporting segments, Genomics and Quality Assurance, comprising six business units.

#### Genomics comprises:

- LGC Biosearch Technologies:
  - Nucleic acid production: high value, complex and modified oligonucleotides and related specialty raw materials, products and analytical services for molecular diagnostics and advanced therapeutics,
  - Molecular biology: reagents, kits and other critical components including enzymes, sample preparation solutions, instruments and consumables for use in PCR and NGS workflows;
  - Complete PCR workflow solutions: integrated systems targeting high and ultra-high throughput capacity applications with compelling performance and economics in industrialised lab settings.
- LGC Axolabs:
  - High-end discovery and pre-clinical to late clinical stage solutions in the field of oligonucleotide therapeutics with deep knowledge across all synthetic modalities and in the characterisation of mRNA.

#### Quality Assurance comprises:

- LGC Standards:
  - Reference Standards for the development, validation and quality control of analytical testing methods, from applied research and discovery through to analytical testing laboratories and the final manufacturing of medicines.
  - Critical tools to customers in the pharma, healthcare, food, beverage, environmental and industrial market segments, including proficiency testing schemes.
- LGC Clinical Diagnostics
  - Controls, reference materials and calibration verification materials for clinical and molecular diagnostic customers to enable consistently accurate measurements in clinical laboratories;
  - Proficiency testing schemes for regular independent assessment of laboratory performance.
- LGC Assure:
  - A series of connected solutions that verify product integrity and protect consumers and brand reputation through assessment, analysis and actionable insight focused on systems, product performance and processes. The business unit's offering includes management system standards, consumer-facing endorsement marks in sports and nutritional supplements and surveillance screening in human drug and animal sports testing.
- National Laboratories and Science:
  - A range of expert science functions and services in partnership with government, business and academia;
  - World-leading measurement science that solves complex global challenges, ensuring trust and confidence in high quality measurement and research, performed routinely to improve quality of life.



# LGC Science Group Holdings Limited

## Group strategic report (continued)

### Our Values

**Passion** for our work makes the world a safer place. We are inspired by our purpose. It drives us forward to deliver the best we can every day.

**Curiosity** makes tomorrow's innovations possible. We challenge and question to discover, creative and innovative solutions, enabling our customers and LGC to grow and evolve.

**Integrity** is embedded in LGC and our 180+ year heritage. We hold ourselves to the highest standards and trust our colleagues to do the right thing.

**Brilliance** is in everything we do. Our remarkable colleagues are experts in their field. They collaborate to deliver brilliant science to exceed our customers' expectations.

**Respect** for individuality and diversity is our strength. We respect and value our colleagues, our customers, our environment and our science.

### ESG Highlights

#### Our Purpose

- New reference materials to support accurate, non-invasive pre-natal testing
- Over 3,500 chemicals now available for the development of new cancer therapies
- Launched version 9 of the BRCGS Global Standard for Food Safety, used by 22,000 manufacturing sites globally.

#### Our People

- 6,250 hours of leadership and management learning delivered
- Berlin site wins 'top family-friendly workplace' award for third year running
- Over \$94,000 raised for our corporate charity, the Coalition for Rainforest Nations (CfRN)
- 1,145 Cheers Awards worth over £109,000 awarded to colleagues.

#### Our Planet

- Over 50% of electricity from renewable sources
- Solar panels installed in Bury, UK providing 10% of site electricity demand
- 17% reduction in scope 1 and 2 greenhouse gas emissions

#### Our Products

- One of the first companies in Ireland to be certified against EU In-Vitro Diagnostic Regulation
- 43% of cardboard packaging sourced from certified sustainable sources
- 34 peer-reviewed publications
- 120+ key supplier sustainability credentials assessed.

# LGC Science Group Holdings Limited

## Group strategic report (continued)

### LGC's s172 statement

This section serves as LGC's s172 statement in compliance with the Companies Act 2006.

**Our people** make our purpose – Science for a Safer World – possible. We continue to strive to attract, retain and grow the brightest and best talent to build an innovative and collaborative community of experts. We encourage our people managers to lead by example, equipping them to coach and communicate effectively, sharing our values, business goals, challenges and successes that help us connect, learn and improve. We have built a network of complementary channels to support them including Town Halls, global and local intranet sites, leadership blogs, discussion boards, cross-business councils, consultative committees, communities of practice and employee resource groups. To strengthen our speak-up culture, and empower our colleagues, we run quarterly Employee Net Promoter Score (eNPS) pulse surveys and an Annual Employee Engagement Survey, in which we capture anonymous feedback on our colleagues' experience with LGC.

**Our approach to ESG** Over the past 12 months, we have continued to deliver on the ESG initiatives that contribute to our continued commercial success, strengthen our stakeholder relationships, fulfil our role in wider society and drive shareholder value. Our latest ESG Report is available on our website.

**Our customers:** We work in partnership with our customers to deliver high quality products and services. Our innovative science is driven by close collaboration with our customers and understanding their needs.

**Our suppliers:** We seek to build relationships with suppliers who share our values. We expect our suppliers to act with integrity and respect in all business interactions and to continually improve business standards. We consider supplier risk and environmental impact as we source products and services from suppliers around the globe. We seek to ensure quality, assurance of supply, legal compliance and innovation.

**Our growth strategy:** Our six strategic growth pillars are at the heart of our long-term plans. We seek to serve segments which have attractive, long-term growth characteristics and continue to make targeted investments across high-growth application areas. Further details are set out on pages 3 and 4. Our institutional shareholders have representation at the Board level and are regularly updated on LGC's strategy and financial performance.

**Our values:** Integrity is embedded in LGC, and the Board is committed to high standards of corporate governance and ethical behaviour in directing LGC's affairs. Further details are set out in the corporate governance report on page 18.

### Ownership

At the balance sheet date, LGC's ultimate parent company is LGC Science Corporation S.à r.l., an entity incorporated under the laws of the Grand Duchy of Luxembourg. LGC Science Corporation S.à r.l. was established through investment funds managed by Astorg Asset Management S.à r.l., an independent private equity group ("Astorg"), and investment funds managed by Cinven (the "Seventh Cinven Fund" and, together with Astorg, the "Majority Sponsors"). Subsequently and prior to 31 March 2021, each of Astorg and the Seventh Cinven Fund sold 9.7% of their interests in LGC Science Corporation S.à r.l. to Luxinva S.A. ("Luxinva"), a wholly owned subsidiary of the Abu Dhabi Investment Authority ("ADIA").

- Astorg is a European private equity group, founded in 1998, with offices in London, Paris, New York, Luxembourg, Frankfurt and Milan. Astorg invests in global B2B companies, with market-leading positions, that sell highly differentiated products or services.
- Founded in 1977, Cinven is a leading international private equity firm with offices in London, New York, Frankfurt, Paris, Milan, Madrid, Guernsey and Luxembourg. Cinven funds focus on investments across six core sectors: Business Services, Consumer, Financial Services, Healthcare, Industrials and Technology, Media and Telecommunications.
- ADIA is an independent public investment institution owned by the Emirate of Abu Dhabi, founded in 1976, it manages a diversified global investment portfolio across more than two dozen asset classes and sub-categories, including quoted equities, fixed income, real estate, private equity, alternatives and infrastructure.

# LGC Science Group Holdings Limited

## Group strategic report (continued)

### Review of the business and financial performance

#### Key performance indicators (KPIs)

During the year we have continued to invest organically and pursue our strategy of making targeted acquisitions to continue to develop leading positions in sustainably growing market segments.

We have performed well in the year ended 31 March 2023 with revenue of £789.6 million and Adjusted EBITDA of £272.1 million (Adjusted EBITDA is defined as operating profit/loss excluding depreciation and amortisation, material, unusual or non-recurring items and the impact of unrealised foreign exchange gains or losses). Operating profit was £41.2 million. Net cash flow from operating activities was £205.9 million.

£million	Year ended 31 March 2023	Year ended 31 March 2022
Revenue	789.6	748.3
Adjusted EBITDA	272.1	278.9
Operating profit/(loss)	41.2	83.1
Net cash flows from operating activities	205.9	166.0

Reconciliations of Adjusted EBITDA to operating profit/(loss) are as follows:

£million	Year ended 31 March 2023	Year ended 31 March 2022
Adjusted EBITDA	272.1	278.9
Depreciation and amortisation	(191.0)	(134.5)
Material, unusual or non-recurring items	(33.3)	(57.5)
Unrealised foreign exchange net loss	(6.6)	(3.8)
Operating profit/(loss)	41.2	83.1

#### KPI - Revenue

Revenue progression is a key metric aligned to our overall aim to deliver long-term sustainable growth. Revenue performance in the financial year was ahead of leadership expectations, with strong progression of our core business across geographies.

Revenue increased £41.3 million, or 5.5%, to £789.6 million for fiscal year 2023 from £748.3 million in fiscal year 2022. This is driven by strong organic growth, primarily from the EMEA and North American regions.

We have continued to make strategic acquisitions in existing and adjacent customer market segments to supplement organic growth, solidify our current market presence and expand into new areas. In the current financial year, we have made the following acquisitions:

Business	Location	Principal activity
Rapid Genomics LLC	Gainesville, FL, USA	A provider of mid- to high-density NGS kits and services for genotyping in the agri-genomics market
Lipomed	Switzerland & Cambridge, MA, USA	Leading manufacturer and supplier of analytical reference standards relating to toxicology and substance abuse

# LGC Science Group Holdings Limited

## Group strategic report (continued)

### **KPI - Adjusted EBITDA**

Adjusted EBITDA is one of our key internal performance metrics monitored by both our executive leadership and our main stakeholders and capital providers as a measure of recurring, underlying profit performance. Adjusted EBITDA of £272.1 million represents a margin of 34.5% which was consistent with executive leadership expectations.

Adjusted EBITDA is operating profit/loss before depreciation, amortisation, material, unusual or non-recurring items and the impact of unrealised foreign exchange gains or losses. Adjusted EBITDA is not specifically defined under, nor presented in accordance with IFRS. It should therefore not be considered as an alternative to profit for the financial year as determined in accordance with IFRS.

In deriving Adjusted EBITDA, operating profit/loss is adjusted for a number of material, unusual and non-recurring items to permit a better understanding of our recurring profit performance. Typically, these material, unusual and non-recurring items include: transaction-related costs (such as transaction and integration costs in relation to business acquisitions), business disposals, transactions and financing activities, inventory fair value uplifts (being the amount added to the carrying value of the inventory acquired as required by business combination accounting principles), share-based payments expense and restructuring costs. Further details are included in note 6.

### **KPI - Long-term syndicate borrowings and financial position**

Strong financial capital management is critical to the delivery of our strategy. The capital structure of LGC is managed and controlled by our executive leadership, working closely with our investors and external advisors. Limits are set regarding the mix and funding of capital, and long-term syndicate borrowings and operating cash flows are therefore included as key performance indicators above.

We maintain sufficient cash to fund day-to-day operating requirements. At 31 March 2023, we had £131.4 million of cash and cash equivalents on our consolidated statement of financial position.

In common with many other private equity-backed businesses, our capital structure includes a proportion of debt. Together with equity funding and reserves of £1,851.3 million, we have long-term loans and borrowings of £1,631.0 million at 31 March 2023, a ratio of equity and reserves to long-term debt of 1:1.

At 31 March 2023, the Group's long-term bank loans and borrowings comprised:

	Interest	Maturity	31 March 23 £million	31 March 22 £million
USD denominated loans	USD LIBOR +3.00%-3.50%	April 2027	905.4	860.0
EUR denominated loan	EURIBOR +2.75%-3.25%	April 2027	740.4	709.8
EUR denominated borrowing	EURIBOR +2.25%-3.25%	October 2026	-	4.2
GBP denominated borrowing	SONIA +2.25%-3.25%	October 2026	-	3.0
less: unamortised issuance costs			(14.8)	(17.8)
			<b>1,631.0</b>	<b>1,559.2</b>

Our loans and borrowings are secured on the assets of the Company and certain subsidiary undertakings.

The total committed and undrawn Group facilities under the Senior Facilities Agreement at 31 March 2023 were £265.0 million.

Further information on the Group's capital structure is included in notes 18 and 22 to the financial statements.

### **KPI - Operating cash flow**

During the year ended 31 March 2023, our cash generation was also strong, with positive net cash flow from operating activities of £205.9 million (2022: £166.0 million). This represents net cash flows from operating activities after the material and non-recurring costs detailed in note 6. Leadership monitors this metric when deciding future strategic priorities.

# LGC Science Group Holdings Limited

## Group strategic report (continued)

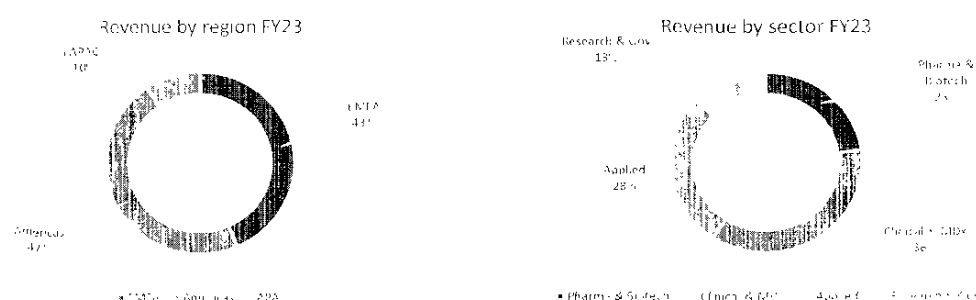
### Other key performance indicators

#### Employee engagement

Our people make it possible. We want to hear our colleagues experiences and opinions wherever they are in the Group. Therefore, we capture anonymous feedback through quarterly eNPS pulse surveys and an annual Employee Engagement Survey using a best in class employee experience platform. Survey findings are shared with all colleagues and our senior leaders are provided with focused data that enables them to respond and create targeted, local, improvement plans.

#### Sector and geography

In addition to the main financial KPIs, our executive leadership reviews revenue metrics regarding end market segments, market geography and growth in those key market segments, as a measure of performance against strategy.



#### Financial risks

Our operations expose the company to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk, interest rate cash flow risk and foreign exchange risk.

Our treasury policies seek to minimise financial risks and ensure sufficient liquidity for the Group's operations and strategic plans. Accordingly, we have in place a financial risk management programme that seeks to limit adverse effects on our financial performance, including by monitoring levels of debt finance and related finance costs. No complex derivative financial instruments are used, and no trading or speculative transactions in financial instruments are undertaken.

When we do use financial instruments, these are mainly to manage currency risks arising from normal operations and its financing. Day-to-day operations are financed mainly through retained profits. Cash flow and leverage in respect of the Group's banking facilities are reported monthly to the Board. Given the size of LGC, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board are implemented by our Finance team.

#### Financial risk

##### Risk approach

##### Capital

We manage our capital to ensure that the business is able to continue as a going concern while maximising the return to shareholders through optimising the debt and equity balance. The capital structure of the Group comprises cash, equity (issued capital, reserves and retained earnings) and debt.

##### Foreign exchange

We are exposed to foreign currency risk as a consequence of both trading with foreign companies and owning subsidiaries located in other countries. We earn a significant proportion of our profit in currencies other than Sterling. This gives rise to translational currency risk, where the Sterling value of profits earned by the Group's foreign subsidiaries fluctuates with the strength of Sterling relative to their operating (or "functional") currencies. We do not hedge this risk, so reported profit/loss is sensitive to the strength of Sterling, particularly against the US Dollar and Euro.

# LGC Science Group Holdings Limited

## Group strategic report (continued)

<b>Financial risk</b>	<p><b>Risk approach</b></p> <p>We have significant investments in overseas operations in the USA and the EU, with further investments worldwide. As a result, our balance sheet can be affected by movements in those exchange rates. Where significant and appropriate, currency denominated net assets are hedged by currency borrowings. These currency exposures are reviewed regularly and the balance adjusted accordingly.</p> <p>We have significant investments in overseas operations in the USA and the EU, with further investments worldwide. As a result, our balance sheet can be affected by movements in these countries' exchange rates. Where significant and appropriate, currency denominated net assets are hedged by currency borrowings. These currency exposures are reviewed regularly and the balance adjusted accordingly.</p> <p>We also have transactional currency exposures. These arise on sales or purchases by operating companies in currencies other than the companies' operating (or "functional") currency. Significant sales and purchases are matched where possible and where significant, a proportion of the net exposure is hedged by means of forward foreign currency contracts.</p>
Interest rate cash flow	<p>During the year ended 31 March 2023 all of the Group's bank debt was at floating interest rates (1-month USD LIBOR/EURIBOR/SONIA). Term SOFR ("Secured Overnight Financing Rate") replaced USD LIBOR effective 30 June 2023. We monitor the trends in interest rates and regularly consult with investors and advisors regarding interest rates. We have interest rate caps for portions of our USD and EUR bank loans. We hold fluctuating cash balances that earn interest at market rates.</p>
Credit	<p>Credit risk is defined as the risk that a counterparty will default on its contractual obligations resulting in financial loss to us. Trade receivables consist of a large number of customers, spread across diverse industries and geographic areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit protection methods are employed. We have implemented policies that require appropriate credit checks on potential customers before sales are made and individual customer credit limits are applied to manage exposure to any individual customer. Our principal financial assets are bank balances, cash, trade and other receivables.</p>
Liquidity	<p>We actively maintain a mixture of long-term and short-term debt finance and cash deposits that are designed to ensure we have sufficient available funds for operations, expansion and planned acquisitions. There are no liquidity covenants associated with the Group's banking facilities. We have a strong cash flow and the funds generated by operating companies are coordinated centrally and managed regionally, based on geographic location, to ensure the appropriate balance between treasury control and operational agility.</p>

### **Investment**

During the year ended 31 March 2023, we have continued to invest in our businesses, in new technology and in new opportunities. Overall capital expenditure for the period was £90.6 million, reflecting investment in capacity and infrastructure for future growth, scientific equipment and IT across the Group. Of particular note are the capacity and scalability investments in the cGMP oligonucleotide production in Berlin, Germany; CPG manufacturing and enzyme manufacturing across our facilities in the USA, Germany and Denmark; investment in Canada to create a new centre of excellence for organic synthetic chemistry and wider eCommerce investments.

# LGC Science Group Holdings Limited

## Group strategic report (continued)

### **Other principal risks and uncertainties**

The review of other principal risks and uncertainties contains certain forward-looking statements. These statements have been made by the Directors in good faith based on the information available to them at the time of their approval of this report. They should be treated with caution due to the inherent uncertainties arising because they relate to circumstances that may or may not occur in the future.

Enterprise risk management is central to the achievement of our strategic priorities. It is managed through both formal and informal processes, which sit within our overall governance framework, and include clear accountabilities, delegated authority limits and well-defined policies and procedures that govern employee and business conduct.

We approach risk in accordance with standard risk management methodology, based upon the process set out in ISO 31000:2018 Risk Management, Principles and Guidelines. Where appropriate risk transfer is delivered via a comprehensive global insurance programme.

We also consider organisational resilience as a key part of risk management and works in accordance with the principles set out in ISO 22301:2019 Security and Resilience. Our Enterprise Risk Management (ERM) Team provides an, risk-based, internal audit function, with clear reporting lines to our General Counsel.

Risk oversight and governance is maintained through a combination of our Strategic Risk Committee (which includes members of the Executive Leadership Team) and our Operational Risk Committee (members include senior business unit management leads and key central function heads). Both risk committees meet regularly to review the risk environment and risk mitigations.

The principal risks facing the Group include

<b>Risk</b>	<b>Risk approach</b>
Cyber attack	<p>We operate a global IT infrastructure that is critical to the operation of the business. This has exposure to a range of cyber-attack threats, which have the potential to disrupt the operations. This threat landscape continues to evolve.</p> <p>We employ a number of organisational procedural and technical controls supported by a range of user education programmes and external monitoring measures designed to minimise the risk posed to the business by a cyber-attack. Our Cyber-Security team closely monitors the cyber threat landscape and emerging trends and developments. We continue to invest in a range of threat detection, response and business resilience technologies, to protect against potential cyber threats.</p>
Geo-political instability, macroeconomic and market exposure, supply chain resilience and competition.	<p>Our market position, global reach, and exposure to a number of end market sectors driven by long-term macro drivers, help to mitigate the impact of macroeconomic shocks on the Group.</p> <p>Our business is subject to widespread consequences of geo-political uncertainty. We closely monitor the affect that this might have on supply chain resilience such as the impact of inflationary pressure on both supply chain and key end markets.</p> <p>LGC operates in a number of countries and markets where competition and innovation is strong. We regularly monitor market trends and competitor developments. We invest in research and development, new production capabilities, laboratory instrumentation, innovative technologies and improving general business infrastructure to maintain our leading position in these markets.</p> <p>We have a number of longer-term contracts, some with governmental bodies, which are subject to periodic competitive tender. Renewal of these contracts is uncertain and is based on financial and performance criteria, in some cases allied to the continuance or</p>

# LGC Science Group Holdings Limited

## Group strategic report (continued)

Risk	<p><b>Risk approach</b></p> <p>otherwise of publicly funded testing or research programmes. Overall, our customer concentration is low with our largest customer accounting for less than 10% of revenues</p>
Legal and regulatory	<p>LGC is subject to various legal and regulatory requirements in relation to, for example, employment, data protection, health and safety, environmental protection, trade controls and sanctions, as well as tax and other corporate regulations governing our activities. We are aware of the importance of identifying and complying with all applicable legislation and regulation relevant to our business activities globally.</p> <p>Legal and regulatory developments are actively monitored by our Risk Committee and by our Legal, Compliance, Tax, ERM and Company Secretariat teams, in conjunction with our advisors, to ensure that new and existing laws and regulations are identified, understood and followed.</p>
Employee recruitment and retention	<p>Our recruitment strategy is designed to identify exceptional candidates who align with our company values and possess the skills and expertise needed to deliver for our long term business success. We are enhancing our approach by strengthening our Talent Acquisition capability including introducing a best-in-class recruitment platform to enable us to attract, select and fill vacant roles faster and with more precision than was previously possible, and provides an integrated and engaging hiring process</p> <p>To support improved talent mobility and colleague retention we are creating a consistent and transparent job architecture. This framework will become a strategic backbone for people processes and activities enabling better career development pathways. We have focused our formal development activity on our leadership, with over 300 of our managers undertaking training programmes during this period. These facilitated programmes are complemented by a new suite of "Leadership Essentials" E-Learning courses.</p>
IT resilience	<p>Modern, supported and robust information technology underpins our ability to deliver our strategy and operate effectively. IT infrastructure resilience is of critical importance. We have made investments in our IT infrastructure, applications and resources to enhance the resilience of our IT systems. We work with third party providers to complement the expertise of our IT and Cyber Security teams. We monitor and secure our IT infrastructure and provide appropriate business continuity systems and processes</p>

### ***Trends and factors affecting future development and performance***

Our success and financial performance are dependent on our ability to continue to serve as a trusted, long-term partner to our large and diverse customer base

As a provider of life science tools, our performance benefits from long-term macro trends. These trends include:

- A growing, ageing and more affluent global population with increasingly high expectations of the healthcare they receive. They expect safety guarantees around the food they consume and monitoring of the environment in which they live. Together these have led to increased global spending within the human healthcare and applied market segments.
- Market participants, from multinational In Vitro Diagnostics (IVDs) providers, pharmaceutical and food companies, to early-stage biotechnology companies, operate in increasingly highly-regulated environments. They are measured against both established and often-enhanced governmental and industry standards which have driven demand for our products and solutions; and
- Life science innovators developing new technologies, or new applications for established technologies, which drive human progress and create new markets for life science practitioners and the tools they use, which result in growing demand for our products and solutions



# LGC Science Group Holdings Limited

## Group strategic report (continued)

We have made, and intend to continue to make, targeted investments across a number of high-growth application areas, such as advanced therapeutics and diagnostics for human health. Our success is dependent on our ability to manage and execute on these investments. Our current major capital expenditure projects include:

- Strengthening nucleic acid therapeutics capabilities further, with the strategic investment in a new laboratory in Berlin, Germany, dedicated to medium to large scale and early- to late-phase clinical GMP manufacturing of nucleic acid therapeutics; and
- Consolidating existing locations in Toronto into a 203,000 sq. ft., purpose-built centre of excellence for organic synthetic chemistry.

We have made, and intend to continue to make, strategic acquisitions in existing and adjacent customer market segments to supplement organic growth, solidify our current market presence and expand into new areas.

### Environment, Social and Governance (ESG)

Our approach focuses on the environmental, social and governance (ESG) topics which matter most to our continued commercial success and hence our ability to drive sustainable shareholder value, as well as how we fulfil our role in wider society.

These range from reducing our environmental impact through renewable energy for our sites and plastic recycling; supporting diversity, equity and inclusion (DEI); supporting science education within our local communities and fundraising for corporate charity partners; to ensuring we do business in a responsible and ethical manner.

To embed ESG across the organisation, this year we have established five internal ESG KPIs which cover *energy, diversity, employee engagement, packaging and responsible procurement*. These metrics are tracked quarterly and reported to executive leadership. We produce an annual ESG report, utilising the Global Reporting Initiative (GRI) Standards, an internationally recognised framework for ESG reporting.

Our ESG approach is overseen by the ESG Policy Committee, which is chaired by our President & Chief Executive Officer and other senior leaders.

Please see our latest ESG report on our website for further information.

### Quality, Health, Safety and the Environment (QHSE)

We have continued to advance our quality, health, safety and environmental practices. Our ERM team, divisional QHSE teams and global SHE (Safety, Health and Environment) colleagues have continued to ensure significant focus in these areas across the Group.

Our quality performance was validated through successful regulatory and customer audits. We seek to comply with all applicable environmental laws and regulations in the locations in which we operate and maintain a programme of controls seeking continuous improvement in all these areas. Individual sites and manufacturing operations are accredited to best practice and international standards relevant to their specific operations.

We are committed to operating in accordance with health and safety law and regulations and follow accepted good practice. Our ERM team and divisional safety representatives monitor and report on QHSE performance across LGC.

We are committed to the continuous improvement of our environmental performance and aim to keep our Environmental Management System (EMS) aligned with ISO 14001 principles. Our EMS provides the framework for setting and reviewing environmental objectives and targets.

Our ERM team and divisional QHSE representatives, are responsible for monitoring environmental compliance and performance.

# LGC Science Group Holdings Limited

## Group strategic report (continued)

We are reducing the environmental impact of our business operations. Our sourcing of energy and materials consumption, along with the responsible management of waste, are key to efforts to improve environmental performance and reduce our carbon footprint

Please see our latest ESG report, available on our website for further information

### Employees and Gender Diversity

The number of employees at 31 March 2023 was 4,144.

We are committed to building an inclusive and diverse workplace across LGC. We recognise that diversity is a driver of innovation, creativity and higher business and financial performance. It is our policy to provide equal opportunities for all applicants and employees on the basis of objective criteria and personal ability regardless of gender, age, religion, sexual orientation or ethnic origin. This policy ensures that recruitment and advancement are carried out on the basis of merit

Our approach to Diversity, Equity and Inclusion (DEI) is action-based and consultative. We are committed to identifying and removing barriers to gender balance within our leadership. We have introduced inclusive leadership modules to our global training programmes and have ensured that these are reinforced regularly through our eLearning programmes. We continue to support and promote the great work our Employee Resource Groups carry out and look to harness these further. We currently have two ERGs, the LGC Women's Network, which was established in 2021 and PRYSM, our LGBTQIA+ group which was established in 2022. We are focusing on diversity at the very start of colleague career development by seeking diverse candidates and interview panels, gathering robust data and reporting this to our colleagues, Executive Leadership and the Board.

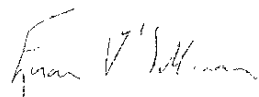
We want LGC to be a place where that is welcoming, diverse and respectful. A place where all can realise their potential.

We publish our gender pay data in the UK, which is available on our website, along with our modern slavery statement

The table below shows the gender diversity within the Group on 31 March 2023 and 31 March 2022.

	March 2023		March 2022	
	Male %	Female %	Male %	Female %
Executive Leadership Team	83	17	83	17
Senior Managers	70	30	71	29
Total employees	47	53	48	52

The Group strategic report, as set out on pages 7 to 17 has been approved by the Board.



**Euan O'Sullivan**  
President and Chief Executive Officer  
28 July 2023

# LGC Science Group Holdings Limited

## Corporate governance report

The Board of Directors of the Company during the year comprised

Euan O'Sullivan  
Vivid Sehgal

The Company is a subsidiary undertaking of LGC Science Corporation Limited and that company's Board of Directors is responsible for setting LGC's strategic direction, the overall management of the Group and maintaining effective operational control, including significant financial, organisational, legal and regulatory controls.

The LGC Science Corporation Limited Board is committed to high standards of corporate governance and ethical behaviour in directing LGC's affairs and is responsible for the oversight of the corporate governance framework and its implementation within all Group operating companies.

During the financial year, the LGC Science Corporation Limited Board consisted of senior LGC executive directors, specifically: the Chairman, the President and Chief Executive Officer, the Chief Financial Officer, the Chief Scientific Officer and non-executive directors comprising two Astorg appointed directors, two Cinven-appointed directors, one ADIA-appointed director and three independent directors.

The LGC Science Corporation Limited Board is organised in such a way as to ensure each member receives appropriate business and functional support required to discharge their responsibilities and ensure an appropriate level of information to allow constructive challenge and debate at Board level.

The Board of Directors and Company Secretary of LGC Science Corporation Limited at 31 March 2023 were:

**Euan O'Sullivan,**  
*President and Chief  
Executive Officer  
(previously President  
and Chief Operating  
Officer up until 8  
September 2021)*

Having initially joined LGC as a Non-Executive Director, a role he filled from 2007 to 2010, Euan took up an Executive role as Corporate Development Director from July 2010 before being appointed Managing Director of the Standards division in 2012 and building LGC's wider Quality Assurance business over the following eight years. Euan has served as an Executive Director on the Board of LGC since 2017 and was appointed President & Chief Operating Officer (COO) in June 2020.

Euan joined LGC from the UK mid-market private equity house LGV Capital, where he was an Investment Director. Prior to that, Euan spent the early part of his career in business strategy consulting and corporate finance. Euan is a graduate of University College, Oxford.

**Vivid Sehgal**  
*Chief Financial Officer*

Vivid joined LGC as Chief Financial Officer on 24 January 2022, from Tate & Lyle Plc, a global ingredients and solutions company.

Prior to this, he served as CFO of Delphi Technologies Plc and LivaNova Plc and led both companies through their public listings. Earlier in his career, he held senior management positions in Allergan Inc., Gillette Inc., and GlaxoSmithKline Plc in the US, Europe and the Middle East.

Vivid is a member of the Chartered Institute of Management Accountants and holds a Master's Degree in Finance from the University of Exeter.

# LGC Science Group Holdings Limited

## Corporate governance report (continued)

**Tish S Creasey, Ph.D.,**  
Non Executive Director

Tish joined the Board of LGC in August 2020.

Prior to joining the Group, Tish served as the Executive Vice President of Applied Solutions Strategy, Marketing and Innovation (SMI) for MilliporeSigma, a Merck KGaA Company. Before the acquisition of Sigma-Aldrich by Merck KGaA, Tish was part of Sigma-Aldrich from 2005 – 2015 and served as Vice President of the Diagnostics & Testing team as well as Vice President of the Global Custom Products business focused on oligonucleotides and peptides.

From 1999 to 2005, Tish was with Applied Biosystems serving as Director, R&D Proteomics & Small Molecule Division with a focus on mass spectrometry. Tish has enjoyed a career directing multidisciplinary product development in the life science and pharmaceutical markets and has a successful track record managing in both global multinational environments and small entrepreneurial settings.

Professionally, Tish is the recipient of several scientific achievement awards; she is a published author of both scientific articles and patents. Tish completed her PhD in Organic Chemistry from The Pennsylvania State University, State College, Pennsylvania, USA.

**James Davis,**  
Non Executive Director

James joined Astorg in 2019 and is a member of the Investment team. Prior to this, he spent 20 years at ICG where he was Managing Director responsible for investments in the Nordic Region and a member of the Investment Committee.

James started his career at Deloitte where he qualified as a chartered accountant.

James is a graduate of Oxford University.

**François de Mitry,**  
Non Executive Director

François joined Astorg in 2012 and is a member of its Investment team.

He has been involved in a number of transactions including Megadyne, Linxens, IQ-EQ, Flowbird, Audiotonix and Anaqua. Prior to joining Astorg, François was with Intermediate Capital Group Plc from 1997. There, he was appointed Managing Director in 2005, becoming progressively more responsible for ICG's investment activities in Mezzanine and Equity worldwide. Previously, he was an Associate Director at the LBO division of Société Générale in London and began his career at the M&A division of HSBC in London.

François graduated from the Institut d'Etudes Politiques de Paris and Université de Paris-Dauphine.

**Matthew Norton,**  
Non Executive Director

Matthew joined Cinven in 2010 and is a member of its Healthcare sector team. He has been involved in a number of transactions, including Medpace, NPS, Pronet, Sebia, STADA, Labco and Synlab (merged under the Synlab brand), Envirotainer and Ufinet.

Prior to joining Cinven, Matthew worked in the Investment Banking Division of Citigroup in London, advising on M&A and restructuring deals across a range of sectors including consumer, real estate, TMT and healthcare.

Matthew graduated from Imperial College London with a Master's Degree in Physics.

**Supraj Rajagopalan,**  
Non Executive Director

Supraj joined Cinven in 2004 and leads its Healthcare Sector team. He sits on the firm's Investment and Executive Committees and has worked on a number of transactions, including Ahlson, Barentz, Bioclinica, CeramTec, JLA, Medpace, National Seating & Mobility, Phadia, Sebia and STADA.

Prior to joining Cinven, Supraj was at The Boston Consulting Group, where he worked on projects in the healthcare and financial services sectors.

Supraj graduated from Cambridge University with undergraduate and postgraduate degrees in Medical Sciences.

**Dr Nicolas Roelofs,**  
Non Executive Director

Nicolas joined the Board of LGC in April 2016. Prior to joining the Group, Nicolas served as Senior Vice President at Agilent Technologies Inc., as well as President of its Life Sciences Group (2009 to 2013) and Vice President & General Manager of the Life Sciences Division (2006 to 2009).

Prior to joining Agilent Technologies Inc., Nicolas was with Bio-Rad Laboratories, Inc. (2005 to 2006) and served as the Life Science Group's Group Operations Officer, heading five business divisions spanning life science and food science. His time at Stratagene Corporation (2001 to 2005) saw him serve as Senior Vice President of Marketing, Sales and Business Development for the first two years and then as Chief Operating Officer.

# LGC Science Group Holdings Limited

## Corporate governance report (continued)

Professionally, Nicolas is currently a Thematic Partner with Summa Equity AB and serves on several public and private Boards. He also serves as an industry consult to PE firms across the Global Life Science and Diagnostics markets.

**Sebastian Shea,**  
*Non Executive Director*

Sebastian is a Senior Portfolio Manager in ADIA's EMEA Private Equity team. Prior to joining ADIA in 2017, he held positions at G Square Healthcare Private Equity Ltd and Rothschild & Co's Healthcare team in London. Sebastian holds a Bachelor's Degree in Physics and Philosophy from Yale University and an MBA from Columbia Business School.

**Greer McMullen,**  
*General Counsel and  
Company Secretary*

Greer joined LGC in September 2020 as General Counsel and Company Secretary. Greer has a wealth of experience spanning executive roles in a number of companies, including GE, The Service Master Company and most recently Coly Inc. Greer has operated across a number of different geographies and cultures, in the Americas, Europe and Asia Pacific. He was educated in the UK and France before attending university in the US at Georgetown University School of Foreign Service and then law school at the University of Virginia School of Law. He is a member of the Virginia Bar.

### Board meetings and committees

Scheduled Board meetings of LGC Science Corporation Limited were held nine times during the year ended 31 March 2023, with papers only distributed in August 2022 in lieu of a meeting. The LGC Science Corporation Limited Board was also convened from time to time when specific matters arose requiring Board discussion or approval.

At each scheduled Board meeting, the Chief Executive Officer provided an update on key activities and the Chief Financial Officer provided an update on financial performance.

In addition to the routine reports, the Board considered a range of matters during the year including:

- Strategy: LGC's strategy was discussed, confirmed and approved;
- Business performance: financial, operational and strategic performance updates on LGC's divisions were provided;
- Annual budget: LGC's annual budget was scrutinised and approved;
- People: the Board reviewed the output and actions arising from the eNPS surveys
- Technology: progress updates were provided by senior operational, science and technology employees on the development of LGC's ERP and ecommerce systems, and other significant investments in technology, facilities and scientific;
- ERM and QSHE: LGC's approach to ERM and QHSE performance were discussed; and
- Disputes and litigation: updates on any material disputes were provided by the General Counsel.

The President & Chief Executive Officer and other members of the Board provide regular updates to colleagues both face to face, by email and via recorded videos and the intranet. These updates provide a summary of our strategy and performance, together with details of the challenges and opportunities faced by LGC. Those events are designed to update colleagues on the progress of LGC and provide them with an opportunity to ask questions and provide feedback regarding the conduct of the business.

The Board is supported by two Board Committees: the Audit Committee and the Remuneration Committee.

# LGC Science Group Holdings Limited

## Corporate governance report (continued)

### Audit committee

During the year ended 31 March 2023, the members of the Audit Committee included one Astorg-appointed director, one Cinven appointed director, one non-executive director and the Chief Financial Officer. The President & Chief Executive Officer typically attends all meetings. An ADIA-appointed director is entitled to attend meetings as an observer but is not entitled to vote. The quorum for the Audit Committee is two, which must include each of the Astorg-appointed director and the Cinven-appointed director. The Cinven-appointed director was appointed as Audit Committee Chair on 6 December 2022 including for calendar year 2023.

The Audit Committee's main responsibilities are:

- Monitoring the integrity of the Group's financial statements and reviewing significant accounting and reporting judgements;
- Receiving feedback from the Group's external auditor regarding key financial controls and any judgment areas;
- Reviewing the effectiveness of the internal control environment; and
- Overseeing the relationship with the Group's external auditor, including appointment, remuneration, nature and scope of work and review of independence.

The Audit Committee discharges its responsibilities through its meetings which are typically held twice per year and at other times as needed.

### Remuneration committee

During the year ended 31 March 2023, the members of the Remuneration Committee included one Astorg-appointed director, one Cinven-appointed director, the President & Chief Executive Officer and LGC's non-executive Chairman. An ADIA appointed director could attend meetings as an observer but was not entitled to vote.

The quorum for the Remuneration Committee is two, which must include each of the Astorg-appointed director and the Cinven-appointed director.

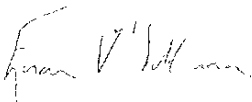
The Committee has responsibility for determining the overall framework and policy for the remuneration of the executive directors, other senior executives and employees overall, as determined by the Board.

The remuneration policy in respect of executive directors and senior executives is to provide packages that are intended to attract, motivate and retain the talent necessary to develop LGC and deliver LGC's strategy.

Items discussed included appointments, objectives, performance management and related incentive schemes.

The Committee discharges its responsibilities through its meetings, which are typically held four times per year and at other times as needed.

Signed on behalf of the Board



**Euan O'Sullivan**  
President and Chief Executive Officer  
28 July 2023

# LGC Science Group Holdings Limited

## Directors' report

The Directors present their report and financial statements for the year ended 31 March 2023.

### Directors

The Directors of the Company who served during the year are set out on page 18 of the Corporate Governance Report

### Directors' liabilities

The Company has in force and has granted indemnities in respect of some of its subsidiary companies to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the Directors' report. The Company reviews its policies on an annual basis in order to satisfy itself that its level of cover remains adequate.

### Employee involvement and disabled employees

The Group's approach to employee involvement, inclusiveness, equal opportunities and support of disabled employees are set in the Group strategic report on page 17

### Going concern

The financial statements have been prepared on a going concern basis, having regard to future projections for the Group and financing arrangements in place. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence through to 31 March 2025.

The Group loan facilities provide adequate financing to support the Group's operations. The covenants set out in the facilities are, and are forecast to continue to be, satisfied. The loans have a remaining term in excess of four years from the reporting date.

The Directors note that the Group has access to a Revolving Credit Facility (RCF) of £265 million, of which £265 million was undrawn at the reporting date. No covenant tests apply to any of the Group's debt during the going concern year except if the RCF is more than 40% drawn.

As such, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the period to 31 March 2025. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Research and development activities

In the year ended 31 March 2023, significant R&D was undertaken by the Group, both directly funded by the Group, through Government and other customer funded programmes in support of both customers' and the Group's own projects. The Group is proud of its record of developing new products and services, with a significant focus on research and development activities again in the year.

### Financial instruments

Details of financial instruments are provided in the Group strategic report on page 11.

### Future developments

Details of future developments are provided in the Group strategic report.

### Guidelines for Disclosure and Transparency in Private Equity

The Directors consider that this report and financial statements have been prepared in accordance with the Walker Guidelines for Disclosure and Transparency in Private Equity.

### Streamline energy and carbon reporting (SECR)

As required under the changes introduced by the 2018 Regulations of the Companies Act 2006, the Directors present their report on energy and carbon consumption. The primary sources of energy used by LGC's sites are electricity and natural gas. We measure and track monthly energy usage relating to operations globally.

# LGC Science Group Holdings Limited

## Directors' report (continued)

Our SECR statement has been prepared in line with the requirements of the Streamlined Energy and Carbon Reporting regulations and the relevant areas of the Greenhouse Gas ('GHG') Protocol Corporate Accounting and Reporting Standard. A dual reporting methodology has been used to indicate emissions using UK electricity grid average emission factors (known as the 'location based' method), and also emissions using supplier specific generation emission factors (the 'market based' method).

Energy consumption at our UK sites (where we are responsible for purchasing electricity<sup>1</sup>), excluding those of acquisitions during the current period, is set out below, noting that 100% of the electricity used during the current period at these UK sites is from certified renewable sources:

	Year ended 31 March 2023	Year ended 31 March 2022
	mWH	mWH
Combustion of gas and fuel for transport	8,413	7,160
Purchased electricity <sup>2</sup>	8,917	9,384
Total energy consumption	17,330	16,544

This energy consumption equated to the following emissions and intensity metrics:

	Year ended 31 March 2023	Year ended 31 March 2022
	tCO2e	tCO2e
Location based method:		
- emissions	3,454	3,504
- carbon intensity (tCO2e / 1,000 sq. ft.)	12.95	15.11
Market based method:		
- emissions	1,572	1,335
- carbon intensity (tCO2e / 1,000 sq. ft.)	5.90	5.76

<sup>1</sup> Energy data is collated by an external partner based on utility bills

<sup>2</sup> includes allowance for transmission and distribution

Measures taken by LGC to reduce energy consumption include investment in energy efficient equipment such as low flow fume hoods, high efficiency air conditioning units and improved energy use across its sites through the installation of LED lighting and electric water heaters.

### Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Reappointment of auditors

In accordance with the Company's shareholder resolution dated 27 June 2023, Ernst & Young LLP was removed as auditor of the Company (following conclusion of the 2023 fiscal year audit) and KPMG LLP was appointed as auditor of the Company, to hold office until the end of the next period for appointing auditors under section 485(2) of the Companies Act 2006.

### Dividends

No dividends have been paid during the financial year.

By order of the Board

**Vivid Sehgal**

Director and Chief Financial Officer

28 July 2023



# LGC Science Group Holdings Limited

## Directors' responsibility statement

The Directors are responsible for preparing the group strategic report, the Corporate governance report, the Directors' report and the financial statements in accordance with applicable United Kingdom 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 in conformity with the requirements of the Companies Act 2006 and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) for the parent company, specifically 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 Company and of the profit or loss of the Group and the Company for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (and in respect of the parent company financial statements, FRS 101) and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific UK adopted international accounting standards requirements (and in respect of the parent company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the group financial statements, state whether UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101 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 appropriate to presume that the Company and the Group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### Directors' responsibility statement (DTR 4.1)

The Directors confirm, to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with UK adopted international accounting standards give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole;
- That the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- That they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

# LGC Science Group Holdings Limited

## Independent auditor's report

to the members of LGC Science Group Holdings Limited

### Opinion

We have audited the financial statements of LGC Science Group Holdings Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows as well as the Parent Statement of Financial Position and the Parent Statement of Changes in Equity and the related notes 1 to 34, 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 in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 March 2023 and of the group's loss 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Policy) as applied in accordance with section 408 of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period through to 31 March 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

# LGC Science Group Holdings Limited

## Independent auditor's report

to the members of LGC Science Group Holdings Limited

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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 directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

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

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 set out on page 24, 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.

### Explanation as to what extent the audit was considered 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 irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

# LGC Science Group Holdings Limited

## Independent auditor's report

to the members of LGC Science Group Holdings Limited

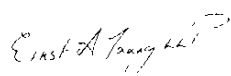
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the UK adopted international reporting framework: United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework", the Companies Act 2006, and the relevant tax compliance regulations. In addition, the company must comply with laws and regulations relating to its operations, including the UK Bribery Act, Employment regulations and GDPR.
- We understood how LGC Science Group Holdings Limited is complying with those frameworks by corroborating our enquiries through our review of board minutes and papers provided to those charged with governance at the company's ultimate parent company as well as consideration of the results of our audit procedures over the company's financial statements.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining an understanding through discussions with management of fraud risk areas. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter, and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk which were designed to provide reasonable assurance that the financial statements were free from material misstatement, whether due to fraud or error. We tested specific transactions back to source documentation or independent confirmations as appropriate.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual non-standard journals and journals indicating large or unusual transactions identified by specific risk criteria based on our understanding of the business, enquiries of those responsible for legal and compliance of the company and management, and focused testing. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and accounts with all applicable requirements.

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

### Use of our report

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



**Richard Addison (Senior statutory auditor)**  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
28 July 2023

# LGC Science Group Holdings Limited

## Consolidated statement of profit or loss

for the fiscal year ended 31 March 2023

		Fiscal year 2023	Fiscal year 2022
		£000	
<b>Continuing operations:</b>			
<b>Revenue</b>	5	789,577	748,318
Cost of sales		(344,575)	(320,389)
<b>Gross profit</b>		<b>445,002</b>	<b>427,929</b>
Selling, general and administrative expenses		(365,194)	(344,860)
Impairment of intangible assets	15	(38,575)	-
<b>Operating profit</b>	6, 7	<b>41,233</b>	<b>83,069</b>
Finance income	10	5,619	6,827
Finance costs	11	(86,260)	(66,053)
Profit on disposal of investments	30	29,187	-
Share of loss of joint venture		-	(400)
Gain on previously held equity interest	29(b)	-	2,035
<b>(Loss)/profit before tax</b>		<b>(10,221)</b>	<b>25,478</b>
Taxation	12	(3,601)	(8,280)
<b>(Loss)/profit for the period</b>		<b>(13,822)</b>	<b>17,198</b>
<b>Attributable to:</b>			
Equity holders of the Company		(13,822)	17,198

# LGC Science Group Holdings Limited

## Consolidated statement of comprehensive income

for the fiscal year ended 31 March 2023

		Fiscal year 2023	Fiscal year 2022
Notes		£000	
<b>(Loss)/profit for the period</b>		<b>(13,822)</b>	<b>17,198</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss in subsequent periods (net of tax)			
Exchange differences on translation of foreign operations net of hedges of net investment		12,274	42,282
Net change on cash flow hedges	18(c)	15,274	21,208
Tax on items that may be reclassified subsequently to profit or loss	12(a)	(1,376)	(3,987)
		26,172	59,503
Items that will not be reclassified subsequently to profit or loss in subsequent periods			
Actuarial net (losses)/gains on defined benefit pension schemes	26	(9,851)	5,531
Tax on items that will not be reclassified subsequently to profit or loss	12(a)	1,850	(1,029)
		(8,001)	4,502
<b>Other comprehensive income for the period, net of tax</b>		<b>18,171</b>	<b>64,005</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>4,349</b>	<b>81,203</b>
<b>Attributable to:</b>			
Equity holders of the Company		4,349	81,203

# LGC Science Group Holdings Limited

## Consolidated statement of financial position

at 31 March 2023

		At 31 March	
		2023	2022
	Notes	£000	
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	207,431	172,103
Goodwill	14	1,812,564	1,781,741
Intangible assets	15	1,369,829	1,436,215
Right-of-use assets	25	91,505	61,168
Long-term receivables	16	8,224	6,475
Retirement benefit asset	26	-	8,898
Other financial assets	18(a)	4,192	16,075
		<b>3,493,745</b>	<b>3,482,675</b>
<b>Current assets</b>			
Inventories	19	208,724	191,289
Trade, other receivables and other current assets	20	123,075	140,276
Current tax assets		9,896	5,666
Other financial assets	18(a)	73,819	39,933
Cash and cash equivalents	21	131,442	84,488
		<b>546,956</b>	<b>461,652</b>
<b>Total assets</b>		<b>4,040,701</b>	<b>3,944,327</b>
<b>Equity and liabilities</b>			
Issued share capital	22(a)	-	-
Share premium	22(b)	2,864	2,864
Other capital reserves		8,314	10,409
Translation reserve		(8,704)	(21,033)
Hedging reserve		34,775	19,501
Retained earnings		1,813,437	1,836,636
<b>Total equity</b>		<b>1,850,686</b>	<b>1,848,377</b>
<b>Non-current liabilities</b>			
Loans and borrowings	18(b)	1,719,351	1,615,718
Retirement benefit obligations	26	2,104	1,362
Deferred tax liabilities	12(c)	256,197	280,409
Provisions	23	21,696	16,085
Other payables	24	1,072	2,096
		<b>2,000,420</b>	<b>1,915,670</b>
<b>Current liabilities</b>			
Trade and other payables	24	162,139	166,501
Current tax liabilities		17,756	6,409
Provisions	23	1,250	-
Other financial liabilities	18(b)	-	2
Loans and borrowings	18(b)	8,450	7,368
		<b>189,595</b>	<b>180,280</b>
<b>Total liabilities</b>		<b>2,190,015</b>	<b>2,095,950</b>
<b>Total equity and liabilities</b>		<b>4,040,701</b>	<b>3,944,327</b>

**Vivid Sehgal**

Director

28 July 2023

# LGC Science Group Holdings Limited

## Company statement of financial position

at 31 March 2023

		At 31 March	
		2023	2022
	Notes	£000	
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	17	2,319,714	2,319,714
<b>Current assets</b>			
Loans and borrowings	18(a)	14,362	13,443
Trade, other receivables and other current assets		157	-
<b>Total assets</b>		<b>2,334,233</b>	<b>2,333,157</b>
<b>Equity and liabilities</b>			
Issued share capital	22(a)	-	-
Share premium	22(b)	2,864	2,864
Retained earnings		2,317,009	2,317,230
<b>Total equity</b>		<b>2,319,873</b>	<b>2,320,094</b>
<b>Current liabilities</b>			
Loans and borrowings	18(b)	14,360	13,063
<b>Total liabilities</b>		<b>14,360</b>	<b>13,063</b>
<b>Total equity and liabilities</b>		<b>2,334,233</b>	<b>2,333,157</b>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax for the parent company during the fiscal year ended 31 March 2023 was £221,000 (2022: profit of £404,324,000).

**Vivid Sehgal**  
Director

28 July 2023



# LGC Science Group Holdings Limited

## Consolidated statement of changes in equity

for the fiscal year ended 31 March 2023

£000	Issued share capital	Share premium	Other capital reserves	Translation reserve	Hedging reserve	Retained earnings	Total
<b>At 1 April 2021</b>	-	2,316,840	11,662	(63,315)	(1,707)	(93,423)	2,170,057
Profit for the period	-	-	-	-	-	17,198	17,198
Other comprehensive income	-	-	-	42,282	21,208	515	64,005
Total comprehensive income	-	-	-	42,282	21,208	17,713	81,203
Share-based payments (note 27)	-	-	(1,253)	-	-	-	(1,253)
Dividends (note 22)	-	-	-	-	-	(404,494)	(404,494)
Issue of share capital (note 22)	-	2,864	-	-	-	-	2,864
Capital reduction (note 22)	-	(2,316,840)	-	-	-	2,316,840	-
<b>At 31 March 2022</b>	-	2,864	10,409	(21,033)	19,501	1,836,636	1,848,377
Loss for the period	-	-	-	-	-	(13,822)	(13,822)
Other comprehensive income	-	-	-	12,274	15,274	(9,377)	18,171
Total comprehensive income	-	-	-	12,274	15,274	(23,199)	4,349
Share-based payments (note 27)	-	-	(2,095)	-	-	-	(2,095)
Transferred to profit and loss on sale of subsidiary (note 30)	-	-	-	55	-	-	55
<b>At 31 March 2023</b>	-	2,864	8,314	(8,704)	34,775	1,813,437	1,850,686

# LGC Science Group Holdings Limited

## Company statement of changes in equity

for the fiscal year ended 31 March 2023

£000	Issued share capital	Share premium	Retained earnings	Total
<b>At 1 April 2021</b>	-	<b>2,316,840</b>	<b>560</b>	<b>2,317,400</b>
Profit for the period	-	-	404,324	404,324
Total comprehensive income	-	-	404,324	404,324
Dividends (note 22)	-	-	(404,494)	(404,494)
Issue of share capital (note 22)	-	2,864	-	2,864
Capital reduction (note 22)	-	(2,316,840)	2,316,840	-
<b>At 31 March 2022</b>	-	<b>2,864</b>	<b>2,317,230</b>	<b>2,320,094</b>
Loss for the period	-	-	(221)	(221)
Total comprehensive loss	-	-	(221)	(221)
<b>At 31 March 2023</b>	-	<b>2,864</b>	<b>2,317,009</b>	<b>2,319,873</b>

# LGC Science Group Holdings Limited

## Consolidated statement of cash flows

for the fiscal year ended 31 March 2023

		Fiscal year 2023	Fiscal year 2022
	Notes	£000	
<b>Operating activities</b>			
(Loss)/profit for the period		(13,822)	17,198
Adjustments to reconcile (loss)/profit for the period to net cash flows			
Depreciation	7	45,442	35,636
Amortisation	7	106,951	98,858
Equity-settled share-based payments	27	(2,095)	(1,253)
Net loss on disposal of property, plant and equipment		54	104
Impairment of intangible assets	15	38,575	-
Finance income	10	(5,619)	(6,827)
Finance costs	11	86,260	66,053
Profit on disposal of investments	30	(29,187)	-
Share of loss of joint venture		-	400
Gain on previously held interest		-	(2,035)
Tax	12	3,601	8,280
Foreign exchange net loss		6,589	3,774
Movement in provisions	23	1,104	1,135
Working capital adjustments:			
(Increase)/decrease in inventories		(9,423)	1,928
Decrease/(increase) in trade, other receivables and other current assets		19,658	(15,788)
(Decrease)/increase in trade and other payables		(9,424)	879
Operating cash flows (before income tax)		238,664	208,344
Net income tax paid		(32,750)	(42,299)
<b>Net cash flows from operating activities</b>		<b>205,914</b>	<b>166,045</b>
<b>Investing activities</b>			
Interest received		861	115
Loans advanced		(7,580)	(25,491)
Purchase of property, plant and equipment		(68,436)	(49,666)
Proceeds from sale of property, plant and equipment		332	49
Purchase of intangible assets	15	(20,710)	(16,855)
Acquisitions of businesses (net of cash acquired)	29(a)	(18,734)	(1,492)
Proceeds from sale of businesses (net of cash disposed)	30	60,667	-
<b>Net cash flows used in investing activities</b>		<b>(53,600)</b>	<b>(93,340)</b>
<b>Financing activities</b>			
Proceeds from issue of share capital	22(a)	-	2,864
Interest paid		(72,581)	(55,130)
Premium paid on interest rate caps	(18f)	(1,100)	(970)
Repayment of loans and borrowings	18(f)	(16,536)	(134,004)
Proceeds from loans and borrowings	18(f)	-	531,644
Dividends paid	22(c)	-	(404,494)
Principal element of lease liabilities paid	18(f)	(9,132)	(7,855)
Interest element of lease liabilities paid	18(f)	(5,957)	(3,521)
<b>Net cash flows used by financing activities</b>		<b>(105,306)</b>	<b>(71,466)</b>
Net increase in cash and cash equivalents		47,008	1,239
Net foreign exchange difference		(54)	1,770
<b>Cash and cash equivalents at end of period</b>	21	<b>131,442</b>	<b>84,488</b>

# LGC Science Group Holdings Limited

## Notes to the financial statements

### 1. Presentation of financial statements

#### (a) General information

The Company was incorporated in England and Wales on 14 November 2019 as Loire UK Midco 3 Limited, as a private company limited by share capital, and is domiciled in the United Kingdom. On 21 July 2021, the Company changed its name to LGC Science Group Holdings Limited.

LGC's operating entities are principally engaged in the life science tools sector, providing mission critical components to customers across clinical diagnostics, pharmaceutical, research & government, food and other applied markets.

The consolidated financial statements of LGC Science Group Holdings Limited and its subsidiaries (the "Group") at 31 March 2023 and for the period from 1 April 2022 to 31 March 2023 were authorised for issue in accordance with a resolution of the Directors and the Board on 28 July 2023.

The address of its registered office is:

LGC  
Queens Road  
Teddington  
Middlesex  
TW11 0LY

#### (b) Basis of preparation and consolidation

The consolidated financial statements of the Group have been prepared in accordance with UK adopted International Accounting Standards ("IAS") in conformity with the requirements of the Companies Act 2006 and as issued by the International Accounting Standards Board (IASB).

The parent company financial statements have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 ("FRS 101") Reduced Disclosure Framework.

The parent company financial statements have taken advantage of the following exemptions from the requirements of IFRS in accordance with FRS 101:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment'
- the requirements of IFRS 7 'Financial Instruments Disclosures';
- the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurements';
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A to 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements';
- the requirements of IAS 7 'Statement of Cash Flows';
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- the requirements of paragraph 17 of IAS 24 'Related Party Disclosures'; and
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'

The Company has taken advantage of the legal dispensation contained in section 408 of the Companies Act 2006 allow it to not publish a separate profit and loss account and related notes.

#### (c) Going concern

These consolidated financial statements have been prepared on a going concern basis, having regard to future projections for the Group and financing arrangements in place at 31 March 2023.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 1. Presentation of financial statements (continued)

#### (c) Going concern (continued)

The Group meets its day-to-day working capital requirements from the cash surpluses generated as a result of normal trading. In considering going concern, the Directors have reviewed the Group's forecasts and projections, taking account of reasonably possible changes in trading performance. These show that the Group should be able to operate within the limits of its available resources.

As such, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the period to 31 March 2025. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### (d) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities under its control. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Consolidation of a subsidiary is from the effective date of control and ceases when control is lost. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. All intra-group transactions, balances, equity, income and expenses are eliminated in full.

### 2. Significant accounting policies

#### Business combinations

The acquisition method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The consideration paid for a business combination is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, except for certain items, including the following, which are measured in accordance with the relevant accounting policy:

- pensions and other post-employment benefit arrangements;
- equity instruments related to the replacement of share-based compensation awarded to employees of the acquired business; and
- deferred tax assets and liabilities of the acquired business.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill. Acquisition-related costs are expensed as incurred.

Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as financial asset or financial liability in accordance with IFRS 9 'Financial Instruments', is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

When the Group does not acquire all of the equity of a subsidiary, the resulting non-controlling interest is identified separately from the Group's equity and recognised either at fair value or at the non-controlling interest's proportionate share of the identifiable net assets of the subsidiary, on a case-by-case basis. Where the non-controlling interest is considered to have present access to the risks and benefits of ownership of the subsidiary's equity, their proportion of profit and loss and other comprehensive income is allocated to the non-controlling interest even if this results in the non-controlling interests having a deficit balance. Put options over non-controlling interests are recognised as a financial liability measured at amortised cost, with a corresponding entry in either retained earnings or against non-controlling interest reserves on a case-by-case basis. Call options over non-controlling interests are assessed on a case-by-case basis to determine whether they meet the definition of an equity instrument or of a financial asset. Where the consideration payable is variable and cannot be settled with equity instruments, the option is determined to be a financial asset and, since they are not considered to give the Group present access to the risks and benefits of ownership, are accounted for at fair value through profit and loss.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint ventures are accounted for using the equity method. On acquisition, any excess of the investment over the share of the net fair value of the investee's identifiable assets and liabilities is recognised as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the investee's profit/(loss) in the period.

Under the equity method, investments are initially recognised at cost, or fair value if the joint venture is acquired as part of a business combination. The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's statement of comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The acquisition of Technopath included an investment in joint venture, which was recognised as an investment in joint venture at fair value. The aggregate of the Group's share of profit or loss of joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture. On 31 August 2021, the Group acquired the 50% equity of Technopath Northwell North America LLC which it did not already own to increase its ownership to 100% (note 29(b)).

#### Fair value measurement

The Group measures certain financial instruments at fair value. The Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement, as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group determines each year whether transfers have occurred between levels of the hierarchy.

#### Revenue recognition

The Group is in the business of generating revenue through the sale of reference materials and analytical standards, clinical diagnostics, quality control materials, and product sales in relation to the majority of oligonucleotides, Polymerase Chain Reaction ("PCR") components and solutions, Next-Generation Sequencing ("NGS") components and solutions, and supply chain assurance. In addition, the Group also provides national laboratories and science services, drug development services, and services in relation to oligonucleotides, PCR components and solutions, NGS components and solutions, and supply chain assurance. Contracts are entered into with customers for the provision of these products and services. Due to the nature of these product sales and service contracts, the majority of the contracts entered into with customers have an expected duration of one year or less, however, in certain limited circumstances, contracts have an expected duration of less than five years. Contracts generally include payment terms of 30 to 90 days from the date of invoice.

Contracts entered into with customers for product sales typically do not include a right of return. In limited circumstances where contracts include a right of return, refunds are limited and typically made only for faulty goods.

Revenue is measured at the fair value of the consideration received or receivable net of discounts, rebates, value added tax and other sales taxes. Revenue is recognised when control of the products or services are transferred to the customer at an amount that reflects the consideration which is expected in exchange for those products or services.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### Revenue recognition (continued)

The majority of contracts with customers contain a single performance obligation, whether from the sale of goods or providing services but when a contract contains promises that are separate performance obligations, the transaction price is allocated to the performance obligations in proportion to their standalone selling price. Typically, stand-alone selling prices are directly observable.

When the performance obligation is satisfied at a point in time, such as where the contract relates to goods or the provision of a report, revenue is recognised respectively when the customer takes control of the goods, typically upon delivery, or when the completed report is issued to the customer.

Where the performance obligation is satisfied over time, revenue is recognised either based on inputs, outputs or, where performance completed corresponds with the right to invoice, the practical expedient is applied. The input method used is dependent on the nature of the contract, and is either based on the labour hours expended, cost incurred, or time elapsed. The output method used is dependent on the nature of the contract, and is either based on contract milestones reached, time elapsed, and units produced or delivered. These respective methods are used to measure progress because there is a direct relationship between the labour hours expended, cost incurred, time elapsed, or contract milestones reached, or units produced or delivered, as applicable, and the transfer of the product or service to the customer.

If the consideration in a contract includes a variable amount, the amount of variable consideration is estimated, based on past experience and forecasts, at the amount entitled in exchange for transferring the products or services to the customer using the expected value method or the most likely amount. The variable consideration is constrained until it is highly probable that a significant reversal in the amount recognised will not occur.

The Group has not disclosed information about the aggregate amount of transaction price allocated to unsatisfied performance obligations because the contracts have original expected durations of one year or less, or revenue is recognised in the amount to which the Group has a right to invoice. There is no consideration not included in the transaction price.

#### Cost of sales

Cost of sales are recognised as the associated revenue is recognised. Cost of sales includes inventories recognised as an expense, laboratory consumables, freight, movements in provisions for inventories and inventory write-offs, amortisation of technologies and other intangible assets, and royalties payable on revenues recognised.

#### Foreign currencies

Transactions in foreign currencies are recorded in the functional currency of the respective Group entity at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at rates of exchange ruling at the balance sheet date. Exchange differences are recognised in the statement of profit or loss.

The results of non-Sterling operations are translated into Sterling at average exchange rates during the period. Assets and liabilities, including related goodwill and fair value adjustments, are translated at the closing rate of exchange at the balance sheet date. Exchange differences are recognised in other comprehensive income.

On the disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### Current and deferred income tax

Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised directly in other comprehensive income or equity.

Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operate and generates taxable income.

Current tax includes amounts provided in respect of uncertain tax positions where the Group expects that, upon examination of the uncertainty by a tax authority, it is more likely than not that an economic inflow or outflow will occur. Changes in facts and circumstances underlying these positions are reassessed at the date of each statement of financial position, and the uncertain tax positions are remeasured as required to reflect current information.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses, if any. Cost includes the original purchase price of the asset and attributable costs incurred in its acquisition and installation, less any government grants given in respect of the asset. The gain or loss on disposal of an asset is determined by comparing the sales proceeds with the carrying amount and is recognised in the statement of profit or loss.

Depreciation is charged to write off the cost, less residual value, of each asset over its expected useful life using the straight-line method, over the following periods:

Freehold buildings	39-50 years
Leasehold improvements	5-20 years
Building plant	5-33 years
Scientific equipment	5-13 years
Other equipment	3-5 years

Residual values and useful lives are reviewed on an ongoing basis and adjusted, if appropriate, at each financial year end. Freehold land, and assets under construction are not depreciated.

Enhancements and replacements are capitalised as additions to property, plant and equipment only when it is probable that future economic benefits associated with them will flow to the Group and the cost of the item can be measured reliably. Ongoing regular maintenance costs related to property, plant and equipment are recognised as incurred.

Depreciation expense is recorded within selling, general and administrative expenses or cost of inventory based on the use of the asset.

#### Goodwill

Goodwill arises on business combinations and is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed). After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Goodwill is tested annually at 31 March for impairment (or more frequently if events or changes in circumstances indicate a potential impairment).

For the purposes of impairment testing, goodwill is allocated to the cash generating units (CGUs) that are expected to benefit from the business combination. Goodwill has been allocated to the Group's reportable operating segments (i.e. the Genomics division and the Quality Assurance division). The allocation was determined based on the manner in which the Group manages its operations and to which goodwill would be naturally associated. This allocation also represents the lowest level within the Group at which goodwill is monitored for internal management purposes.



# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### Intangible assets

Intangible assets mainly comprise customer relationships, brands and technologies. Technologies comprise both technologies acquired through a business combination and internally developed technologies. Other intangible assets mainly comprise capitalised IT costs and patents.

Internally developed technologies are capitalised if and only if the Group can demonstrate that:

- the project is technically feasible;
- the future economic benefits exceed the costs; and
- there is an intention to complete the project, there are resources available to do so, and there is an intention to use or sell the asset.

All intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to write off the cost of each asset over its expected useful life using the straight-line method, over the following periods:

Customer relationships	12-34 years
Brands	19-43 years
Technologies	10-18 years
Other intangible assets	3-20 years

Intangible asset amortisation expense is recorded within cost of sales or selling, general and administrative expenses based on the use of the asset.

#### Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment at each reporting date or when events or changes in circumstances indicate the carrying value may not be recoverable. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises raw materials, direct labour and attributable overheads, including depreciation of property, plant and equipment where appropriate. Cost is generally determined using the first-in, first-out method. Provision is made for slow-moving and obsolete inventories where appropriate.

All inventories are classified as current as it is expected that they will be used in the Group's operating cycle, regardless of whether this is expected to be within 12 months of the balance sheet date.

#### Leases – the Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the commencement of a lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for remeasurement of lease liabilities resulting from a change in future lease payments arising from a change in an index or a rate, or a change in the assessment of whether the purchase, extension or termination options will be exercised. Depreciation is charged to write off the cost of each asset evenly over the shorter of the lease term and the assets expected useful life. The initial measurement of the lease liability is the present value of minimum lease payments over the lease term with the incremental borrowing rate used where the implicit rate in the lease is not available. Administrative fees and costs of services such as maintenance are recognised in the statement of profit or loss.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and which do not contain a purchase option. The Group also applies the low-value asset recognition exemption to leases of assets with a value below £5,000. Lease payments on short-term leases and low-value asset leases are recognised as expense on a straight-line basis over the lease term.

After the commencement date, lease liabilities increase reflecting interest on the lease liability and reduce as lease payments are made.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### Financial assets

Financial assets include cash and cash equivalents, trade and other receivables, equity securities and derivative financial instruments.

#### *Trade and other receivables*

Trade and other receivables are recorded at cost and held to collect contractual cash flows. Trade and other receivables are carried at original invoice amount, less allowances for impairments. They are measured at amortised cost.

The allowance for impairments is based on the Group's expected credit losses. The Group applies the IFRS 9 'Financial Instruments' simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade and other receivables. To measure expected credit losses, trade and other receivables have been reviewed based on past-due ageing profile and historical collection experience adjusted for forward looking factors such as macroeconomic and sector specific conditions. Allowances are also made at customer level based on past trading experience with that customer, its financial strength and any historical defaults.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and call deposits, which are measured at amortised cost, and other short-term highly liquid investments with maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, which are measured at fair value through profit or loss.

#### Financial liabilities

Financial liabilities include trade and other payables, loans and borrowings, lease liabilities and derivative financial instruments.

#### *Trade and other payables*

Trade and other payables are recorded at cost which equates to their fair value.

#### *Loans and borrowings*

After initial recognition, loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium and transaction costs with the difference to the initial amount recognised in the statement of profit or loss.

#### *Derivative financial instruments and hedge accounting*

The Group uses derivative financial instruments, such as interest rate swaps, interest rate caps and forward contracts to hedge its interest rate risks and foreign exchange risks.

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at fair value at each balance sheet date. For derivatives not designated as a hedging instrument, the change in fair value is recognised as a gain or loss, as appropriate, in the statement of profit or loss.

At the inception of a hedge relationship, the Group designates and documents the relationship to which it wishes to apply hedge accounting. The documentation includes identification of the hedging instrument, the hedged item, its effectiveness, the nature of the risk being hedged and the risk management objective and strategy for undertaking the hedge. Effectiveness is tested at each balance sheet date.

The Group designates certain interest rate swaps and interest rate caps as cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, whilst any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Hedges of a net investment in a foreign operation are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in the statement of other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss. The Group uses loans and borrowings as hedges of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### Retirement benefits

##### **Defined benefit pension schemes**

The Group's principal scheme is the scheme operated in the UK. This was closed to new members during 2002 and closed to future accrual of benefits from 1 April 2014. The cost of providing benefits under the scheme is determined using the projected unit method. The scheme's obligation is determined by discounting estimated future cash flows using interest rates of high-quality corporate bonds, which management consider to be those with a least an 'AA' rating or above, that are denominated in 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 scheme's assets are recorded at fair value at the balance sheet date. Actuarial gains and losses and changes in actuarial assumptions are recognised in other comprehensive income in the year to which they relate.

A surplus is only recognised at the balance sheet date where the Group has an unconditional right to any surplus when all members have left the scheme or the full scheme liabilities have been settled.

##### **Defined contribution schemes**

Contributions to defined contribution schemes are recognised as expenses when they are due. The Group has no further payment obligations once the contributions have been paid.

#### Share-based payments

The Group operates two share-based payment plans under which eligible employees receive remuneration for services in the form of share-based payments. Under one of the plans eligible employees subscribe for shares (equity-settled transactions) and under the other employees are granted share appreciation rights which are settled in cash (cash-settled transactions).

##### **Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the subscription date using an appropriate valuation model (note 27). The cost is recognised as an employee benefits expense within operating profit, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimates of the number of equity instruments that will ultimately vest. Service and non-market performance conditions are not taken into account when determining the subscription date fair value, but the likelihood of the conditions being met is assessed as part of the Group's best estimates of the number of equity instruments that will ultimately vest. There are no market performance conditions. No expense is recognised for shares that do not ultimately vest because non-market performance and/or service conditions have not been met.

##### **Cash-settled transactions**

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised as an employee benefits expense within operating profit. The fair value is recognised over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using an appropriate valuation model (note 27). The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 3. New and amended standards and interpretations

#### New and amended standards and interpretations effective for these consolidated financial statements

Several amendments and interpretations apply for the first time in the fiscal year 2023, as described below, do not have an impact on the consolidated financial statements of the Group.

##### Amendments to IAS 16 'Property, Plant and Equipment'

In May 2020, the IASB issued amendments to IAS 16 'Property, Plant and Equipment' which prohibit from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be operated in the manner intended. Instead the proceeds from selling such items and the cost of producing those items is recognised in profit or loss. The amendments are applicable for annual reporting periods beginning on or after 1 January 2022. The Group adopted the amendment to IAS 16 with the date of initial application of 1 April 2022. This amendment had no material impact on the consolidated financial statements of the Group, nor is there expected to be any future material impact.

##### Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'

In May 2020, the IASB issued amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' which specify that in relation to onerous contracts, the cost of fulfilling a contract comprises the costs that relate directly to the contract, and such costs can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are applicable for annual reporting periods beginning on or after 1 January 2022. The Group adopted the amendment to IAS 37 with the date of initial application of 1 April 2022. This amendment had no material impact on the consolidated financial statements of the Group, nor is there expected to be any future material impact.

##### Annual improvements cycle 2018-2020

In May 2020, the IASB issued amendments to a number of standards including IFRS 9 'Financial Instruments' which clarified which fees an entity includes when it applies the '10 per cent test' in assessing whether to derecognise a financial liability, and IFRS 16 'Leases' which removes from the example the illustration of the reimbursement of leasehold improvements by the lessor to resolve any potential confusion regarding the treatment of lease incentives. The amendments are applicable for annual reporting periods beginning on or after 1 January 2022. The Group adopted the Annual improvements cycle 2018-2020 with the date of initial application of 1 April 2022. This amendment had no material impact on the consolidated financial statements of the Group, nor is there expected to be any future material impact.

#### New and amended standards and interpretations issued, but not yet effective

The standards and interpretations that are issued, but not yet effective up to the date of the issuance of the Group's consolidated financial statements are described below. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

##### IFRS 17 'Insurance Contracts'

In May 2017, the IASB issued IFRS 17 'Insurance Contracts', a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 'Insurance Contracts' that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The amendments are not expected to have a material impact on the results or financial position of the Group.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 3. New and amended standards and interpretations (continued)

#### New and amended standards and interpretations issued, but not yet effective (continued)

##### Amendments to IAS 1 'Presentation of Financial Statements'

In February 2021 the IASB issued amendments to IAS 1 that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendment requires preparers to disclose "material accounting policy information" replacing "significant accounting policies" in the previously issued standard. The amendments are applicable for annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to lead to a change in the disclosures made in the Group financial statements.

##### Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'

In February 2021 the IASB issued amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendments are applicable for annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the results or financial position of the Group.

##### Amendments to IAS 12 'Income Taxes'

In May 2021 the IASB issued amendments to IAS 12 'Income Taxes'. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are applicable for annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the results or financial position of the Group.

### 4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the end of the reporting period and the amounts reported for revenues and expenses during the year. The key sources of judgment and estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities in future periods are discussed below.

#### Judgements

In the process of applying accounting policies of the Group, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

##### Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

During the period from 21 April 2020 through 31 March 2021, the Group reviewed the relationships between its United States based subsidiaries to determine whether certain subsidiaries should be filing combined ("unitary") state income tax returns rather than separate state returns. The Group's income tax position reflects the conclusion that a unitary relationship has existed between certain subsidiaries since prior to 31 March 2019. As a result of this determination the Group used an expected value method to estimate the net current tax liability. The relevant state tax authorities could challenge the Group's unitary determination, which could result in additional state income tax liabilities in excess of those provided at 31 March 2023.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 4. Significant accounting judgements, estimates and assumptions (continued)

#### Leases

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Judgement is applied in evaluating whether it is reasonably certain whether or not these options will be exercised, having considered all relevant facts and circumstances which create an economic incentive to exercise.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### Assessment of impairment of goodwill and other non-current assets

The Group tests goodwill annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment, in accordance with the requirements of IAS 36 'Impairment of Assets'. Other non-current assets are tested for impairment if events or changes in circumstances indicate a potential impairment. Goodwill is allocated to the cash generating units (CGUs) that are expected to benefit from the business combination.

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of the fair value less costs of disposal and its value in use. The recoverable amount is determined for the individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of the CGU to which the asset belongs. The value in use calculation requires the use of a number of assumptions and estimates in relation to future cash flows of the CGU, including terminal value growth rate, and an appropriate discount rate to apply to the cash flows.

At 31 March 2023, for the purposes of the goodwill impairment test, the recoverable amounts of the Genomics division and the Quality Assurance division were determined based on a value-in-use calculation. In determining the value-in-use, the following assumptions, representing management's best estimate for the period under consideration:

- Management's plan, which included expected future cash flows for the fiscal year 2024 through to 2026, has been approved by the Directors. These expected cash flows reflected the current expectations regarding economic conditions and market trends. These cash flows related to the divisions in their current condition at the reporting date and excluded the estimated cash flows that might arise from any possible future restructuring plans, acquisitions or other structural changes. Key assumptions used in estimating the future cash flows were those related to revenue growth, EBITDA margins, and expected conditions regarding market trends for the divisions over the period considered.
- These cash flows were extended through to fiscal year 2033, at a declining growth rate until the long-term growth rate for the respective divisions were achieved. The Group operates in certain market segments which are currently lacking penetration from disruptive competition, and which, in management's view, would require significant time and investment for competitors to enter, supporting a higher rate of forecasted medium-term growth. Considering these factors, the Group's trading experience in these market segments and the growth rates in the management plan through to fiscal year 2026, management concluded it was appropriate to extend the projection period to fiscal year 2033 to reflect their medium-term growth expectations for those markets.
- The expected future cash flows included a normalised terminal period to estimate the future result beyond the time period explicitly considered which incorporated a long-term growth rate assumption of 3.0 percent (2022: 3.0 percent) for the Genomics division and 2.9 percent (2022: 2.9 percent) for the Quality Assurance division. The long-term margins were set considering historical margins, the margins incorporated into the purchase price allocation for the acquisition of Figaro Capital, and other market data.
- Post-tax cash flows were discounted using a post-tax discount rate which reflects the current market assessment of the time value of money for the period being considered, and the risks specific to those cash flows under consideration. The post-tax Weighted Average Cost of Capital applied ranged from 10 percent (2022: 9.25 percent) for the Genomics division to 9 percent (2022: 8.5 percent) for the Quality Assurance division.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 4. Significant accounting judgements, estimates and assumptions (continued)

#### Estimates and assumptions (continued)

The recoverable amounts estimated as described above were determined to be in excess of the carrying amount for the Genomics division and the Quality Assurance division to which goodwill was allocated, and thus there were no impairment charges recognised for goodwill for the fiscal year 2023. Impairment losses on intangible assets are detailed in note 15 and there were no impairment charges recognised for any other non-current assets for fiscal year 2023.

The Directors performed sensitivity analysis on the estimates of recoverable amounts and found that the excess of recoverable amount over the carrying amount of the Quality Assurance CGU would be reduced to nil as a result of a reasonably possible change in the key assumptions noted below. The Directors do not consider that the relevant change in these assumptions would have a consequential effect on other key assumptions.

Key assumptions used in estimating the future cash flows for the Quality Assurance CGU were as follows

Assumption	2023	2022
Discount rate	9.0%	8.5%
Long term EBITDA margin	36.5%	38.3%
Long term growth rate	2.9%	2.9%
Long term maintenance capital expenditure*	2.0%	2.0%

The recoverable amount of the Quality Assurance CGU exceeds its carrying amount by £106,817,000. If the following changes were made to the key assumptions, the carrying amount and recoverable amount would be equal.

Sensitivity	Change to assumption
Discount rate	Increase from 9.0% to 9.3%
Long term EBITDA margin	Decrease from 36.5% to 34.4%
Long term growth rate	Decrease from 2.9% to 2.5%
Long term maintenance capital expenditure*	Increase from 2.0% to 3.6%

\*Expressed as a percentage of revenue

The Group constantly monitors the latest legislation in relation to climate related matters. At the current time, no legislation has been passed that will impact the Group. The Group will adjust the key assumptions used in value-in-use calculations and sensitivity analysis should a change be required.

#### Deferred tax assets

The Group has accumulated significant unutilised tax losses. A deferred tax asset in respect of these losses can only be recognised when it is probable that future taxable profits and gains will arise to utilise the losses, and judgement is required in making those assessments. Future taxable profits and gains are based on the Group's latest forecasts, and any changes in these could have a significant impact on the Group's profit or loss for the year.

The Group has tax losses carried forward of approximately £154.0 million (2022: £142.9 million). Deferred tax assets on losses of £78.5 million (2022: £77.5 million) have not been recognised as the recognition criteria of IAS 12 'Income Taxes' have not been met. The group also has £31.0 million (2022: £33.9 million) of temporary differences on which deferred tax assets have not been recognised as the recognition criteria of IAS 12 'Income Taxes' have not been met. The Group has depreciation in excess of capital allowances of approximately £1.2 million (2022: £26.0 million). The related deferred tax asset of £0.2 million (2022: £6.7 million) has been recognised in accordance with IAS 12 'Income Taxes'. Further details regarding taxes are provided in note 12.

#### Retirement benefits - defined benefit pension schemes

The cost of defined benefit pension schemes and the present value of the pension obligation are determined using actuarial valuations. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Significant differences in actual experience or significant changes in key assumptions could affect the retirement benefit asset/obligations and the net interest expense.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 4. Significant accounting judgements, estimates and assumptions (continued)

#### Estimates and assumptions (continued)

In determining the discount rate, management considers the interest rates of corporate bonds with at least an 'AA' rating or above and having terms to maturity approximating to the terms of the related pension obligation to be appropriate. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

The principal actuarial assumptions used to determine the present values of the scheme liabilities were: discount rate 4.80% (2022: 2.80%); future pension increases 2.95% (2022: 3.55%); deferred pension revaluation 2.70% (2022: 3.10%); projected life expectancy from the age of retirement of 65 years old – currently aged 45: male 23.6 years (2022: 24.1 years), female 25.6 years (2022: 25.0 years) and currently aged 65: male 22.3 years (2022: 22.4 years), female 24.1 years (2022: 23.8 years). A sensitivity analysis for the principal assumptions used in current period to measure scheme liabilities is as follows, noting that each sensitivity is considered in isolation:

£000		Increase/ (decrease) in liabilities	
		At 31 March 2023	At 31 March 2022
Adjustment to discount rate:	0.50% increase	(5,565)	(9,642)
	0.50% decrease	6,267	11,069
Adjustment to rate of inflation:	0.25% increase	2,155	4,045
	0.25% decrease	(1,991)	(4,002)
Rate of mortality of life expectancy of pensioners:	1 year increase	(2,032)	(3,814)
	1 year decrease	2,021	3,874

Further details regarding pension obligations are provided in note 26.

#### Leases

Estimation is required in assessing the interest rate at which the lease liability is discounted, in particular where the incremental borrowing rate is used. A treasury approach is taken to calculate the incremental borrowing rate. The present value of the lease payment is determined using the discount rate representing the risk free rate applicable for the currency of the lease contract and for similar term, adjusted by the average credit spread of entities with similar credit rating to that of the Group, as observed in the period in which the lease contract commences or is modified. Differences to those estimates could have a significant impact on the Group's profit or loss for the year. Further details are provided in note 25.

#### Share-based payments

The fair value of the equity-settled plans on the respective subscription dates were determined using a Monte Carlo simulation model, which takes into account the enterprise fair value of the Group as well as assumptions regarding the expected volatility of the underlying shares (which ranged from 27.6% to 31.0%), based on comparable listed peer companies of the Group, and a risk-free rate (which ranged from (0.5%) to (0.8%)), based on the yields of government and treasury bonds with similar vesting terms of the equity-settled awards. Our enterprise fair value was based on either market-based transactions relating to the Group or estimated future cash flows which incorporated the estimated terminal value growth rate, discounted using a rate reflecting the current market assessment of the time-value of money and specific risks associated to the Group. In line with the requirements of IFRS 2 'Share-based Payment', the fair value determined on the subscription date is not adjusted for any future changes in the fair value of the awards. Further details are provided in note 27.



# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 5. Revenue

#### (a) Disaggregated revenue information

The disaggregation of revenue by type of goods or service is as follows

	Fiscal year 2023	Fiscal year 2022
<b>£000</b>		
Oligonucleotides	195,639	197,437
Clinical Diagnostics	179,659	152,647
Reference Materials and Analytical Standards	145,459	146,874
PCR Components and Solutions	131,681	114,829
Supply Chain Assurance	69,478	59,643
National Laboratories and Science	36,722	34,699
NGS Components and Solutions	23,151	16,549
Drug Development Services	7,269	23,670
Other	519	1,970
<b>Total revenue</b>	<b>789,577</b>	<b>748,318</b>

The disaggregation of revenue by when the performance obligation is satisfied, is as follows:

	Fiscal year 2023	Fiscal year 2022
<b>£000</b>		
Revenue recognised at point in time	681,545	657,866
Revenue recognised over time	108,032	90,452
<b>Total revenue</b>	<b>789,577</b>	<b>748,318</b>

#### (b) Contract balances

The timing of revenue recognition, invoicing and cash collections gives rise to trade receivables, contract assets and contract liabilities. Contract assets are classified as accrued income and included within trade, other receivables and other current assets on the statement of financial position, and contract liabilities are classified as deferred income and payments on account and included in trade and other payables on the statement of financial position.

Contract assets relate to revenue earned from ongoing services. As such, the balances vary and depend on the number of ongoing services at the end of the year.

Contract liabilities relate to where payments are received, or invoices raised, in advance of the performance obligation being satisfied, and the revenue is deferred to a later period. This is typical for supply chain assurance and national laboratories and science. Revenue recognised in fiscal year 2023 included amounts within contract liabilities at the beginning of the year of £56.4m (2022: £60.1m), predominantly related to services. There was no revenue recognised in any of the periods presented from performance obligations satisfied or partially satisfied in previous periods.

#### (c) Performance obligations

For reference materials and analytical standards, clinical diagnostics, and product sales in relation to the majority of oligonucleotides, PCR components and solutions, NGS components and solutions and supply chain assurance, the performance obligation is satisfied at a point in time when either the customer takes control of the product, typically on delivery or when the customer receives the report.

For national laboratories and science, drug development services, and services in relation to oligonucleotides, PCR components and solutions, NGS components and solutions and supply chain assurance, where the contract relates to a provision of a report, the performance obligation is satisfied at a point in time when the completed report is issued to the customer. Where the performance obligation is satisfied over time, revenue is accordingly recognised over time dependent on the nature of the contract, and can be based on the labour hours expended, cost incurred, time elapsed, milestones, or units produced or delivered.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 5. Revenue (continued)

Payment is typically due within 30 to 90 days of invoicing. Refunds are limited and typically made only for faulty goods. Typically, stand alone selling prices are directly observable.

#### (d) Transaction price allocated to remaining performance obligations

The Group has not disclosed information about the aggregate amount of transaction price allocated to unsatisfied performance obligations because the contracts have original expected durations of one year or less, or revenue is recognised in the amount to which the Group has a right to invoice. There is no consideration not included in the transaction price.

### 6. Adjusted EBITDA - alternative performance measure

Adjusted EBITDA is one of the Group's key performance indicators and is monitored by management, investors, lenders and other stakeholders as a measure of recurring, comparable, underlying performance. Adjusted EBITDA provides a meaningful comparison of how the Group's performance is managed and measured on a day-to-day basis by key stakeholders.

Adjusted EBITDA is defined as operating profit/loss excluding depreciation and amortisation, material, unusual or non-recurring items and the impact of unrealised foreign exchange gains or losses. Adjusted EBITDA is not a measure of performance under IFRS and should not be considered as an alternative to operating profit/loss for the period or other financial measures determined in accordance with IFRS. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation.

The following table provides a reconciliation of Adjusted EBITDA to operating profit for the period

£000	Fiscal year 2023	Fiscal year 2022
<b>Adjusted EBITDA</b>	<b>272,120</b>	<b>278,897</b>
Depreciation and amortisation	(152,393)	(134,496)
Impairment of intangible assets	(38,575)	-
Material, unusual or non-recurring items		
Transaction-related costs <sup>1</sup>	(14,300)	(32,066)
Inventory fair value uplifts <sup>2</sup>	(10,366)	(20,212)
Share-based payments credit/(expense) <sup>3</sup>	4,183	(2,722)
Restructuring costs <sup>4</sup>	(12,847)	(2,544)
Unrealised foreign exchange net loss <sup>5</sup>	(6,589)	(3,788)
<b>Operating profit / (loss)</b>	<b>41,233</b>	<b>83,069</b>

<sup>1</sup> Transaction-related costs include transaction and integration costs in relation to business acquisitions, business disposals, transactions and financing activities. Transaction costs are those directly attributable to the transaction including advisory services, such as legal, finance and tax, and fees. Integration costs are those incurred following the acquisition, covering activities such as bringing the acquired business onto our systems and relocating or consolidating sites. These costs are recorded within selling, general and administrative expenses.

<sup>2</sup> Business combination accounting principles require the Group to measure inventory at fair value as of the date of acquisition. To derive the fair value of the inventory as of the date of acquisition an amount is added to the carrying value of inventory acquired ("uplift"). The uplift is recognised within cost of sales when the acquired inventory is sold, but does not reflect a cash cost associated with the sale of that inventory.

<sup>3</sup> Share-based payments expenses are recorded within employee benefits expense.

<sup>4</sup> Restructuring costs relate to material and/or fundamental reorganisations of the Group or its segments. These costs, which would typically and predominantly include employee severance costs and advisory fees, are predominantly recorded within selling, general and administrative expenses. Restructuring costs also include amounts incurred relating to the construction of new sites for the group, typically this would include employee costs and directly attributable professional fees.

<sup>5</sup> Foreign exchange gains and losses arise on foreign currency transaction exposures on businesses' operations in currencies other than their own functional currency. These costs are predominantly recorded within selling, general and administrative expenses and those gains and losses which are unrealised are non-cash.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 7. Operating profit

Operating profit is stated after charging

£000	Fiscal year 2023	Fiscal year 2022
Cost of inventories sold	113,595	97,661
Depreciation		
- property, plant and equipment (note 13)	32,586	26,026
- right-of-use asset (note 25)	12,856	9,612
Amortisation (note 15)	106,951	98,858
Fees payable to the statutory audit firm		
- fees payable for audit of the consolidated financial statements	2,973	2,508
- fees payable for other assurance services	426	330
Research and development costs	29,161	33,826
Expenses relating to leases of low-value assets	45	77
Net loss on disposal of property, plant and equipment	54	104
Foreign exchange net loss	6,589	3,788

Research and development costs includes £5,126,000 (2022: £5,543,000) which is also included within cost of inventories sold above, and £12,084,000 (2022: £15,579,000) which is also included in staff costs (note 8).

### 8. Staff costs

The aggregate payroll costs incurred during the period were:

£000	Fiscal year 2023	Fiscal year 2022
Wages and salaries	246,197	241,209
Social security costs	25,796	22,579
Pension costs	8,653	9,358
Total payroll costs	280,646	273,146
Share-based payments (credit)/ expense (note 27)	(4,183)	2,722
<b>Total staff costs</b>	<b>276,463</b>	<b>275,868</b>

#### Employee numbers

The average number of employees during fiscal year 2023 was 4,117 (2022: 4,138).

### 9. Directors' remuneration

Directors' remuneration for the period amounted to £1,390,000 (2022: £1,208,000) which included £2,000 (2022: £1,000) of contributions to pension schemes. Two directors are members of the company defined contribution pension scheme. Directors are paid by a subsidiary company of the Group.

The highest paid director received £755,000 (2022: £499,000) which included £1,000 (2022: £1,000) of contributions to pension schemes.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 10. Finance income

£000	Fiscal year 2023	Fiscal year 2022
Interest income on bank deposits	861	115
Change in fair value of assets and liabilities (note 24)	2,577	5,717
Interest on loans receivable	1,932	920
Net interest on retirement benefit schemes	249	75
<b>Total finance income</b>	<b>5,619</b>	<b>6,827</b>

### 11. Finance costs

£000	Fiscal year 2023	Fiscal year 2022
Interest on loans and borrowings	(71,310)	(55,231)
Amortisation of loans and borrowings issuance costs	(3,762)	(3,509)
Change in fair value of assets and liabilities	-	(1,231)
Interest on lease liabilities	(6,564)	(3,521)
Other finance costs	(4,624)	(2,561)
<b>Total finance costs</b>	<b>(86,260)</b>	<b>(66,053)</b>

### 12. Taxation

#### (a) Analysis of charge in the period

The major components of the income tax charge were:

£000	Fiscal year 2023	Fiscal year 2022
<b>Consolidated statement of profit or loss</b>		
Current tax:		
Current income tax charge	35,028	37,339
Adjustments in respect of current income tax of previous years	4,149	1,864
	39,177	39,203
Deferred tax:		
Relating to origination and reversal of temporary differences	(42,786)	(36,001)
Adjustments in respect of previous years	8,535	(4,635)
Change in rates	(1,325)	9,713
	(35,576)	(30,923)
<b>Total tax charge through profit or loss</b>	<b>3,601</b>	<b>8,280</b>

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 12. Taxation (continued)

#### (a) Analysis of charge in the period (continued)

£000	Fiscal year 2023	Fiscal year 2022
<b>Consolidated statement of other comprehensive income</b>		
Deferred tax related to items recognised in other comprehensive income during the period:		
Cash flow hedges	1,376	3,987
Employee defined benefit plans	(1,850)	1,029
<b>Total tax effect through other comprehensive income</b>	<b>(474)</b>	<b>5,016</b>

#### (b) Factors affecting tax charge for the period

The Group's principal operations are geographically dispersed and therefore the appropriate standard rate of tax is the average of the standard tax rates in the countries of operation, weighted by the amount of profit or loss before tax. The reconciliation of the expected total tax charge was based on this weighted average standard tax rate of 19.9% (2022: 19.2%) is set out below:

£000	Fiscal year 2023	Fiscal year 2022
<b>(Loss)/profit before taxation</b>	<b>(10,221)</b>	<b>25,478</b>
Expected tax charge/(credit) at weighted average standard tax rate:	(2,037)	4,894
Effects of		
Expenses not deductible for tax purposes / non-taxable income	1,823	4,870
Disposal of Drug Development Solutions	(7,603)	-
Adjustments with respect to previous years	9,952	(2,771)
Higher foreign tax rates on overseas earnings	(1,391)	3,887
Other overseas tax adjustments	4,659	2,961
Movement in unrecognised deferred taxes	152	(3,777)
Effect of 'patent box' benefit	(101)	(87)
Group relief surrendered	(63)	(9,392)
Rate change adjustment	(1,516)	9,713
Non-taxable foreign exchange gains	(274)	(2,018)
<b>Total tax charge for the period</b>	<b>3,601</b>	<b>8,280</b>

#### Determination of US tax relationships

The Group reviewed the relationships between its United States based subsidiaries to determine whether certain subsidiaries should be filing combined ("unitary") state income tax returns rather than separate state returns. The Group's income tax position reflects the conclusion that a unitary relationship has existed between certain subsidiaries since prior to 31 March 2019. As a result of this determination the Group used an expected value method to estimate the net current tax liability. The relevant state tax authorities could challenge the Group's unitary determination, which could result in additional state income tax liabilities in excess of those provided

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 12. Taxation (continued)

#### (c) Deferred tax

Deferred tax relates to the following

£000	At 31 March	
	2023	2022
<b>Consolidated statement of financial position</b>		
Intangible assets	(306,759)	(326,203)
Research and development costs	3,858	(2,703)
Goodwill	(7,046)	(4,706)
Inventory	12,846	4,344
Revaluation of land and buildings	(2,300)	(2,459)
Defined benefit pension scheme	242	(2,221)
Interest accrued/deferred	10,093	18,819
Provisions not deductible for income tax	986	1,064
Accrued bonuses, compensation, sick pay and vacation expense	2,965	3,349
Depreciation in excess of capital allowances	228	6,682
Losses	17,954	16,204
Other timing differences	10,736	7,421
<b>Net deferred tax liability</b>	<b>(256,197)</b>	<b>(280,409)</b>

Recorded in the consolidated statement of financial position as follows:

Deferred tax liabilities	(256,197)	(280,409)
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#### Reconciliation of net deferred tax liability

£000	
<b>At 1 April 2021</b>	<b>(299,939)</b>
Tax income during the period recognised in the statement of profit or loss	30,923
Other transfers	1,218
Tax income during the period recognised in other comprehensive income	(5,016)
Deferred tax arising on acquisitions (note 29(b))	(368)
Foreign exchange translation	(7,227)
<b>At 31 March 2022</b>	<b>(280,409)</b>
Tax income during the period recognised in the statement of profit or loss	35,576
Other transfers	584
Tax expense during the period recognised in other comprehensive income	474
Deferred tax arising on acquisitions (note 29(a))	(1,761)
Foreign exchange translation	(10,661)
<b>At 31 March 2023</b>	<b>(256,197)</b>

A prior year adjustment of £8.5m to opening deferred tax at 31 March 2022 was recognised in fiscal year 2023. The main driver for the prior year adjustment is a movement of £12.2m deferred tax asset relating to interest expenses restricted by the UK Corporate Interest Restriction legislation. This is comprised of £22.8m due to changed allocation of interest disallowances to a related company outside the group, offset by £10.6m relating to changed tax treatment of debt issuance costs of £38m incurred in fiscal year 2021 further to external tax advice received. The remaining prior year movement of £3.7m comprises various items, primarily in relation to the UK and US.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 12. Taxation (continued)

#### (c) Deferred tax (continued)

The Group has tax losses carried forward of £154.0 million (2022: £142.9 million). Deferred tax assets of £18.0 million (2022: £16.2 million) have been recognised against future taxable temporary differences in accordance with IAS 12 'Income Taxes', of which £2.3 million (2022: £2.5 million) offsets the deferred tax liability on future capital gains on land and buildings. Deferred tax assets on losses of £78.5 million (2022: £77.5 million) have not been recognised as the recognition criteria of IAS 12 'Income Taxes' have not been met.

The group also has £31.0 million (2022: £33.9 million) of temporary differences on which deferred tax assets have not been recognised as the recognition criteria of IAS 12 'Income Taxes' have not been met.

The Group has depreciation in excess of capital allowances of approximately £1.2 million at 31 March 2023 (2022: £26.0 million). The related deferred tax asset of £0.2 million at 31 March 2023 (2022: £6.7 million) has been recognised in accordance with IAS 12 'Income Taxes'.

#### (d) Factors that may affect future tax charges

The deferred tax on temporary differences and tax losses was calculated at the rate applicable to the year in which the temporary differences and tax losses are expected to reverse.

No deferred tax liability is provided in respect of any future remittance of earnings of foreign subsidiaries where the Group is able to control the remittance of earnings and it is probable that such earnings will not be remitted in the foreseeable future, or where no liability would arise on the remittance. The aggregate amount of temporary differences in respect of unremitted earnings for which deferred tax liabilities have not been recognised is £376.5 million (2022: £236.6 million).

The UK Government Finance Bill 2021/22 increased the UK corporation tax rate to 25% for the financial year beginning 1 April 2023. This measure was substantively enacted on 24 May 2021. The overall effect of the change resulted in an additional deferred tax expense for the year ended 31 March 2023 of £0.3 million (2022: £17.3 million).

The Organisation for Economic Co-operation and Development's (OECD) international framework on Base Erosion Profit Shifting (BEPS) has developed a two-pillar approach to address tax avoidance and ensure coherence of international tax rules. New rules around BEPS Pillar 2 were substantively enacted in the UK in June 2023 and are coming into force for accounting periods beginning on or after 31 December 2023 and the group is actively managing and assessing the tax and administrative impact this will have on future periods.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 13. Property, plant and equipment

£000	Freehold land and buildings	Leasehold improve- ments	Building plant	Scientific equipment	Other equipment	Total
<b>Cost:</b>						
<b>At 1 April 2021</b>	<b>50,259</b>	<b>23,923</b>	<b>9,564</b>	<b>61,756</b>	<b>20,467</b>	<b>165,969</b>
Acquisitions (note 29(b))	-	-	120	-	-	120
Additions	634	11,749	10,443	18,074	8,797	49,697
Disposals	-	(25)	(31)	(182)	(22)	(260)
Foreign exchange translation	1,011	904	340	1,621	450	4,326
<b>At 31 March 2022</b>	<b>51,904</b>	<b>36,551</b>	<b>20,436</b>	<b>81,269</b>	<b>29,692</b>	<b>219,852</b>
Acquisitions (note 29(a))	-	105	-	157	10	272
Additions	1,916	17,261	25,531	17,683	7,457	69,848
Disposals	(348)	(2,386)	(663)	(6,349)	(972)	(10,718)
Foreign exchange translation	701	1,220	(794)	2,215	1,007	4,349
<b>At 31 March 2023</b>	<b>54,173</b>	<b>52,751</b>	<b>44,510</b>	<b>94,975</b>	<b>37,194</b>	<b>283,603</b>
<b>Depreciation:</b>						
<b>At 1 April 2021</b>	<b>1,008</b>	<b>2,319</b>	<b>1,154</b>	<b>10,150</b>	<b>6,450</b>	<b>21,081</b>
Charge for the period	1,072	3,382	1,527	13,587	6,458	26,026
Disposals	-	(2)	(3)	(80)	(22)	(107)
Foreign exchange translation	40	175	34	325	175	749
<b>At 31 March 2022</b>	<b>2,120</b>	<b>5,874</b>	<b>2,712</b>	<b>23,982</b>	<b>13,061</b>	<b>47,749</b>
Charge for the period	1,231	6,515	1,307	16,354	7,179	32,586
Disposals	(160)	(616)	(158)	(3,625)	(445)	(5,004)
Foreign exchange translation	47	628	67	(119)	218	841
<b>At 31 March 2023</b>	<b>3,238</b>	<b>12,401</b>	<b>3,928</b>	<b>36,592</b>	<b>20,013</b>	<b>76,172</b>
<b>Net book value:</b>						
<b>At 31 March 2022</b>	<b>49,784</b>	<b>30,677</b>	<b>17,724</b>	<b>57,287</b>	<b>16,631</b>	<b>172,103</b>
<b>At 31 March 2023</b>	<b>50,935</b>	<b>40,350</b>	<b>40,582</b>	<b>58,383</b>	<b>17,181</b>	<b>207,431</b>

The carrying value of the element of land included in the net book value of freehold land and buildings is £20,602,000 (2022: £20,568,000)

The net loss on the disposals of property, plant and equipment amounted to £54,000 (2022: £104,000).

Assets under construction at 31 March 2023 totalled £32,500,000 (2022: £13,617,000)



# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 14. Goodwill

Cost and carrying amount:

	£000
<b>At 1 April 2021</b>	<b>1,743,580</b>
Acquisitions (note 29(b))	6,296
Foreign exchange translation	31,865
<b>At 31 March 2022</b>	<b>1,781,741</b>
Acquisitions (note 29(a))	10,420
Disposals (note 30)	(24,301)
Foreign exchange translation	44,704
<b>At 31 March 2023</b>	<b>1,812,564</b>

Goodwill arising on a business combination is allocated at the acquisition date to the CGUs that are expected to benefit from that business combination. Goodwill is not amortised, and is tested annually for impairment. Goodwill is allocated to each CGU as follows:

	At 31 March	
£000	2023	2022
Genomics	571,390	534,915
Quality Assurance	1,241,174	1,246,826
<b>Total goodwill</b>	<b>1,812,564</b>	<b>1,781,741</b>

Impairment exists when the carrying value of an asset CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation requires the use of a number of assumptions and estimates in relation to future cash flows of the CGU, including terminal value growth rate, and an appropriate discount rate to apply to the cash flows.

At 31 March 2023, for the purposes of the goodwill impairment test, the recoverable amounts of the Genomics division and the Quality Assurance division were determined based on a value-in-use calculation. In determining the value-in-use, the following assumptions, representing management's best estimate for the period under consideration:

- Management's plan, which included expected future cash flows for the fiscal year 2024 through to 2026, has been approved by the Directors. These expected cash flows reflected the current expectations regarding economic conditions and market trends. These cash flows related to the divisions in their current condition at the reporting date and excluded the estimated cash flows that might arise from any possible future restructuring plans, acquisitions or other structural changes. Key assumptions used in estimating the future cash flows were those related to revenue growth, EBITDA margins, and expected conditions regarding market trends for the divisions over the period considered.
- These cash flows were extended through to fiscal year 2033, at a declining growth rate until the long-term growth rate for the respective divisions were achieved. The Group operates in certain market segments which are currently lacking penetration from disruptive competition, and which, in management's view, would require significant time and investment for competitors to enter, supporting a higher rate of forecasted medium-term growth. Considering these factors, the Group's trading experience in these market segments and the growth rates in the management plan through to fiscal year 2026, management concluded it was appropriate to extend the projection period to fiscal year 2033 to reflect their medium-term growth expectations for those markets.
- The expected future cash flows included a normalised terminal period to estimate the future result beyond the time period explicitly considered which incorporated a long-term growth rate assumption of 3.0 percent (2022: 3.0 percent) for the Genomics division and 2.9 percent (2022: 2.9 percent) for the Quality Assurance division. The long-term margins were set considering historical margins, the margins incorporated into the purchase price allocation for the acquisition of Figaro Capital and other market data.
- Post-tax cash flows were discounted using a post-tax discount rate which reflects the current market assessment of the time value of money for the period being considered and the risks specific to those cash flows under consideration. The post-tax Weighted Average Cost of Capital applied ranged from 10 percent (2022: 9.25 percent) for the Genomics division to 9 percent (2022: 8.5 percent) for the Quality Assurance division.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 14. Goodwill (continued)

The recoverable amounts estimated as described above were determined to be in excess of the carrying amount for the Genomics division and the Quality Assurance division to which goodwill was allocated, and thus there were no impairment charges recognised for goodwill for the fiscal year 2023. Impairment losses on intangible assets are detailed in note 15 and there were no impairment charges recognised for any other non-current assets for fiscal year 2023.

The Directors performed sensitivity analysis on the estimates of recoverable amounts and found that the excess of recoverable amount over the carrying amount of the Quality Assurance CGU would be reduced to nil as a result of a reasonably possible change in the key assumptions noted below. The Directors do not consider that the relevant change in these assumptions would have a consequential effect on other key assumptions.

Key assumptions used in estimating the future cash flows for the Quality Assurance CGU were as follows:

Assumption	2023	2022
Discount rate	9.0%	8.5%
Long term EBITDA margin	36.5%	38.3%
Long term growth rate	2.9%	2.9%
Long term maintenance capital expenditure*	2.0%	2.0%

The recoverable amount of the Quality Assurance CGU exceeds its carrying amount by £106,817,000. If the following changes were made to the key assumptions, the carrying amount and recoverable amount would be equal.

Sensitivity	Change to assumption
Discount rate	Increase from 9.0% to 9.3%
Long term EBITDA margin	Decrease from 36.5% to 34.4%
Long term growth rate	Decrease from 2.9% to 2.5%
Long term maintenance capital expenditure*	Increase from 2.0% to 3.6%

\*Expressed as a percentage of revenue

The Group constantly monitors the latest legislation in relation to climate related matters. At the current time, no legislation has been passed that will impact the Group. The Group will adjust the key assumptions used in value-in-use calculations and sensitivity analysis should a change be required.

Management believes that no reasonably possible change in any of the key assumptions would result in the carrying value of the Genomics division to exceed its recoverable amount.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 15. Intangible assets

£000	Customer relationships	Brands	Technologies	Other intangible assets	Total
<b>Cost:</b>					
<b>At 1 April 2021</b>	<b>746,130</b>	<b>317,215</b>	<b>482,803</b>	<b>16,681</b>	<b>1,562,829</b>
Acquisitions (note 29(b))	3,571	-	-	-	3,571
Additions	-	-	8,065	8,790	16,855
Disposals	-	-	(37)	(44)	(81)
Foreign exchange translation	19,952	1,458	14,862	215	36,487
<b>At 31 March 2022</b>	<b>769,653</b>	<b>318,673</b>	<b>505,693</b>	<b>25,642</b>	<b>1,619,661</b>
Acquisitions (note 29(a))	5,064	235	6,152	-	11,451
Additions	-	-	6,852	13,858	20,710
Disposals	-	-	(263)	(853)	(1,116)
Foreign exchange translation	25,284	2,379	23,867	306	51,836
<b>At 31 March 2023</b>	<b>800,001</b>	<b>321,287</b>	<b>542,301</b>	<b>38,953</b>	<b>1,702,542</b>
<b>Amortisation:</b>					
<b>At 1 April 2021</b>	<b>38,940</b>	<b>8,781</b>	<b>30,788</b>	<b>2,363</b>	<b>80,872</b>
Charge for the period	47,769	9,789	36,361	4,939	98,858
Disposals	-	-	(20)	(17)	(37)
Foreign exchange translation	2,009	92	1,601	51	3,753
<b>At 31 March 2022</b>	<b>88,718</b>	<b>18,662</b>	<b>68,730</b>	<b>7,336</b>	<b>183,446</b>
Charge for the period	51,130	9,934	35,752	10,135	106,951
Impairment	38,575	-	-	-	38,575
Disposals	-	-	(70)	(539)	(609)
Foreign exchange translation	1,585	145	2,615	5	4,350
<b>At 31 March 2023</b>	<b>180,008</b>	<b>28,741</b>	<b>107,027</b>	<b>16,937</b>	<b>332,713</b>
<b>Net book value:</b>					
<b>At 31 March 2022</b>	<b>680,935</b>	<b>300,011</b>	<b>436,963</b>	<b>18,306</b>	<b>1,436,215</b>
<b>At 31 March 2023</b>	<b>619,993</b>	<b>292,546</b>	<b>435,274</b>	<b>22,016</b>	<b>1,369,829</b>

Intangible asset amortisation expense is recorded within cost of sales or selling general and administrative expenses based on the use of the asset.

During the year an impairment loss relating to certain customer relationship intangible assets has been recognised. These customer relationships were recognised in April 2020 on the acquisition of Figaro Capital & Co. S.C.A and relate to the excess earnings expected to be earned from groups of customers. The impairment review was undertaken due to the underperformance of the business unit that these assets relate too. Management prepared a discounted cashflow analysis to calculate the value in use of these assets. As the recoverable amount was lower than the carrying value an impairment of £38,575,000 was recognised.

### 16. Long-term receivables

£000	At 31 March	
	2023	2022
Trade receivables	121	492
Loan receivable from employee benefit trust	8,103	5,983
<b>Total long-term receivables</b>	<b>8,224</b>	<b>6,475</b>

The employee benefit trust is controlled by LGC Science Corporation Limited, an intermediate parent company of the Group and a subsidiary of the Company's ultimate parent company, LGC Science Corporation S à r l (note 33). See note 31 for further detail.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 17. Investments

#### Company

	£000
At 1 April 2021	2,316,850
Additions	2,804
<b>At 31 March 2022 and 31 March 2023</b>	<b>2,319,714</b>

Additions in fiscal year 2022, relate to the Company subscribing for additional share capital in subsidiaries as follows

- Loire US Holdco 1, Inc. for total consideration of £2,863,861

Details of the investments, including those indirectly held in which the Group holds 20% or more of the nominal value are disclosed in note 34.

### 18. Financial instruments

#### (a) Financial assets

##### Group

##### Financial assets

	At 31 March			
	2023		2022	
	Carrying value	Fair value	Carrying value	Fair value
<b>£000</b>				
<b>Financial assets at amortised cost</b>				
Long-term receivables and trade, other receivables and other current assets*	112,351	112,351	116,843	116,843
<b>Other financial assets at amortised cost</b>				
Loans to related parties	38,921	38,921	34,172	34,172
<b>Other financial assets at fair value</b>				
Non-listed equity securities	1,212	1,212	1,139	1,139
Interest rate caps	36,878	36,878	20,697	20,697
Convertible loan	1,000	1,000	-	-
<b>Total other financial assets</b>	78,011	78,011	56,008	56,008
<b>Total financial assets**</b>	<b>190,362</b>	<b>190,362</b>	<b>172,851</b>	<b>172,851</b>
<b>Current</b>	<b>177,946</b>		<b>150,301</b>	
<b>Non-current</b>	<b>12,416</b>		<b>22,550</b>	

\* trade, other receivables and other current assets above are stated excluding prepayments and accrued income.

\*\* total financial assets stated above excludes cash at bank and short-term deposits

The loans to related parties bears interest at rates that vary between 0% and 8% per annum and are repayable on demand. No estimated credit loss has been recognised given the likelihood of default is considered remote.

The non-listed equity securities relate to a non-controlling interest investment in India Inc., a life sciences data storage company, which was acquired in November 2020 for \$1,500,000, and was classified as fair value through other comprehensive income.

The convertible loan was issued during fiscal year 2023 and has a three year term. After an interest free period of 6 months, the loan bears interest at 8% per annum. The option to convert the debt to equity is at the option of LGC. At present LGC has no intention to exercise the option. The convertible loan is a hybrid financial instrument and has been classed as fair value through profit or loss.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 18. Financial instruments (continued)

#### Company

Other financial assets comprises a loan to the Company's immediate parent company, Loire UK Midco 2 Limited, and bears interest at 8% per annum and is repayable on demand.

#### (b) Financial liabilities

##### Group

##### Financial liabilities - loans and borrowings

			At 31 March	
	Interest rate	Maturity	2023	2022
Non-current liabilities				
\$595,000,000 bank loan	USD LIBOR +3.00% - 3.50%	April 2027	467,523	444,038
\$255,000,000 bank loan	USD LIBOR +3.00% - 3.50%	April 2027	200,367	190,302
\$300,000,000 bank loan	USD LIBOR +3.50% - 3.75%	April 2027	237,503	225,572
€510,000,000 bank loan	EURIBOR +2.75% - 3.25%	April 2027	449,537	430,962
€330,000,000 bank loan	EURIBOR +3.25% - 3.75%	April 2027	290,877	278,858
€5,000,000 bank borrowing	EURIBOR +2.25% - 3.25%	October 2026	-	4,225
£3,000,000 bank borrowing	SONIA +2.25% - 3.25%	October 2026	-	3,000
Unamortised issuance costs			(14,843)	(17,763)
Bank loans and borrowings			1,630,964	1,559,194
Lease liabilities	2.8 – 13.7%	up to 2052	88,387	56,524
Total non-current liabilities			1,719,351	1,615,718
Current liabilities				
Lease liabilities	2.8 - 13.7%	up to 2052	8,450	7,368
Total loans and borrowings			1,727,801	1,623,086

Bank loans and borrowings: Bank facilities are provided under a Senior Facilities Agreement with a committed £265,000,000 multicurrency revolving credit facility. Amounts undrawn on committed facilities under the Senior Facilities Agreement were £265,000,000 (2022: £257,775,000). The US dollar bank loans are amortising with 0.25% of the aggregate outstanding amount borrowed repayable at the end of each quarter commencing 30 September 2020.

The Senior Facilities Agreement includes a mechanism to agree and implement amendments to the Senior Facilities Agreement to replace existing screen rates (including LIBOR) in certain circumstances, including the cessation of such rate. From 1 January 2022, GBP LIBOR was replaced with SONIA ("Sterling Over Night Index Average"). An agreement was reached to replace USD LIBOR with Term SOFR ("Secured Overnight Financing Rate") on 14 November 2022 effective 30 June 2023. Reference to EURIBOR will remain unchanged.

In April 2020, the Group entered into a bilateral committed £10 million operating facility ("Operating Facility") that is subject to review and renewal every September. The facility was increased to £20 million in May 2021. Amounts undrawn under the Operating Facility were £9,963,000 (2022: £12,882,000). Amounts drawn under the Operating Facility are used to secure bank guarantees and letters of credit so have not resulted in cash being drawn down.

Loans and borrowings under the Senior Facilities Agreement and the Operating Facility are secured on the assets of certain subsidiary undertakings

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 18. Financial instruments (continued)

#### (b) Financial liabilities (continued)

##### Other financial liabilities

£000	At 31 March	
	2023	2022
<b>Other financial liabilities at fair value</b>		
<b>Derivatives designated as hedging instruments</b>		
Foreign exchange forward contracts	-	2
<b>Other financial liabilities at amortised cost, other than loans and borrowings</b>		
Trade and other payables*	154,678	160,429
<b>Total other financial liabilities</b>	<b>154,678</b>	<b>160,431</b>
<b>Current</b>	<b>154,678</b>	<b>160,431</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>

\* trade and other payables above are stated excluding social security and other taxes and deferred consideration.

#### Company

##### Financial liabilities - loans and borrowings

£000	Interest rate	Maturity	At 31 March	
			2023	2022
<b>Current liabilities</b>				
Loans from Group companies	3.6% – 8%	On demand	14,360	13,063
<b>Total loans and borrowings</b>			<b>14,360</b>	<b>13,063</b>

The Company received short term loans from Group companies during the period. The interest rates are based on a Group intercompany agreement that dictates the interest rates applied to intercompany loans and are repayable on demand

#### (c) Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. For derivatives designated as hedging instruments, there is an economic relationship between the hedged item and the derivative as the terms match the terms of the highly probable forecast transaction. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk is identical to hedged risk components. Hedging ineffectiveness can arise from different interest rate curves applied to the hedged item and hedging instrument, and differences in timing of cash flows of the hedged item and hedging instrument.

##### Derivatives designated as hedging instruments

Derivatives designated as hedging instruments comprise interest rate caps.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 18. Financial instruments (continued)

#### (c) Hedging activities and derivatives (continued)

##### Derivatives designated as hedging instruments (continued)

###### Interest rate caps

The interest rate caps, each of which is designated as a cash flow hedge to hedge interest payments in relation to foreign currency denominated bank loans, comprised:

- caps in relation to Euro denominated bank loans with a notional amount of €460,000,000 with a strike 0.00% up to and including April 2024. These hedges were effective.
- caps in relation to US dollar denominated bank loans with a notional amount of \$765,000,000 with a strike 0.75% up to and including April 2023, and subsequently with a strike of 1.25% up to and including April 2024. These hedges were effective.

The fair value of the interest rate caps are valued using valuation techniques which employ the use forward rate curves

The net change in the fair value of derivatives designated as hedging instruments, and which were effective were as follows:

	Fiscal year 2023	Fiscal year 2022
£000		
Fair value gain	14,968	20,905
Amounts recycled to profit or loss	306	303
<b>Net change recognised in statement of comprehensive income</b>	<b>15,274</b>	<b>21,208</b>

##### Derivatives not designated as hedging instruments

Derivatives not designated as hedging instruments comprise foreign exchange forward contracts

The Group uses foreign exchange forward contracts to manage its foreign exchange transaction exposures. These contracts are generally for periods up to 12 months and are not designated as hedging instruments. Changes in the fair value of these contracts are recorded in the statement of profit or loss. There is a £nil liability relating to outstanding foreign exchange forward contracts at 31 March 2023 (2022: £2,000).

The carrying values of financial assets and liabilities held at fair value, as analysed by the levels of the fair value hierarchy, were:

	At 31 March					
	2023			2022		
£000	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Cash and cash equivalents	131,442	-	-	84,488	-	-
Non-listed equity securities	-	-	1,212	-	-	1,139
Interest rate caps	-	36,878	-	-	20,697	-
Convertible loan	-	-	1,000	-	-	-
<b>Liabilities</b>						
Foreign exchange forward contracts	-	-	-	-	2	-

The fair values of interest rate caps, foreign exchange forward contracts and interest rate swaps were derived from third party bank proprietary models based upon recognised financial principles and reasonable estimates about relevant future market conditions and may reflect certain other financial factors

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 18. Financial instruments (continued)

#### (c) Hedging activities and derivatives (continued)

##### Derivatives not designated as hedging instruments (continued)

The following table provides a reconciliation of the changes in assets and liabilities held at fair value through other comprehensive income and categorized within level 3:

	£000
At 1 April 2022	1,139
Foreign exchange translation	73
<b>At 31 March 2023</b>	<b>1,212</b>

During the fiscal year 2022 the investment in India was transferred from a level 2 fair value hierarchy to a level 3 fair value hierarchy, as a result of insufficient information to readily determine the fair value of the investment.

#### (d) Fair values

The fair value of each of the Group's financial instruments approximates to their carrying value with the exception of certain loans and borrowings. Carrying values of bank loans and borrowings are presented net of unamortised issuance costs of £14,843,000 (2022: £17,763,000)

#### (e) Financial instruments risk management objectives and policies

The Group is exposed to market risk (including interest rate and foreign currency risk), credit risk and liquidity risk

The Group has in place a financial risk management programme that seeks to limit the adverse effects on the financial performance of the Group that could arise, including monitoring levels of debt finance and related finance costs. Cash flow and leverage in respect of the Group's banking facilities are reported monthly to the Company's intermediate parent company.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Key market risks affecting the Group including interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings and deposits

The sensitivity analyses in the following sections relate to the position at 31 March 2023 and have been prepared on the basis that the amount of loans and borrowings, the ratio of fixed to floating interest rates on loans and borrowings, and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations at 31 March 2023. The analyses exclude the movements in market variables on the carrying values of retirement benefit schemes, provisions and the non-financial assets and liabilities of foreign operations



# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 18. Financial instruments (continued)

#### (e) Financial instruments risk management objectives and policies (continued)

##### Interest rate risk

Throughout the year, all of the Group's bank debt was at floating interest rates. The Group monitors the trends in interest rates and regularly consults with investors and advisors regarding interest rates. The Group had previously opted to fix interest rates on a portion of the US dollar denominated bank borrowings and cap interest rates on a portion of the Euro denominated bank borrowings, and from May 2020 the Group opted to cap interest rates on a portion of each of the US dollar and Euro denominated borrowings. The Group's cash balances earn interest at fluctuating market rates.

The following table demonstrates the sensitivity of the Group's profit or loss before tax to a reasonably possible change in interest rates on the portion of loans and borrowings affected at the reporting date after the impact of hedge accounting, with all other variables held constant:

Fiscal year 2023				
	Increase in basis points	Increase in loss before tax £000	Decrease in basis points	Decrease in loss before tax £000
US dollar	+50	(1,620)	-50	1,635
Euro	+50	(1,101)	-50	864
Sterling	+50	(1)	-50	1

Fiscal year 2022				
	Increase in basis points	Decrease in profit before tax £000	Decrease in basis points	Increase in profit before tax £000
US dollar	+50	(2,979)	-50	642
Euro	+50	-	-50	-
Sterling	+50	(19)	-50	6

##### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to the risk of changes in foreign exchange rates arising from various currency exposures, primarily with respect to Euro and US dollar. Foreign exchange risk arises primarily from foreign acquisitions, foreign operations, trade payables and trade receivables and loans and borrowings held in foreign currencies, recognised assets and liabilities and net investments in foreign operations.

This risk is partially mitigated by internally generated cash flows in a similar mix of currencies. Net risk of exposure to operations in foreign currencies is managed by the purchase of foreign exchange forward contracts.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 18. Financial instruments (continued)

#### (e) Financial instruments risk management objectives and policies (continued)

##### Foreign currency risk (continued)

The following table demonstrates the sensitivity of the Group's profit or loss before tax and pre-tax equity respectively, to a reasonably possible change in foreign exchange rates with all other variables held constant:

Fiscal year 2023						
	Change in rate*	Increase in loss before tax £000	Effect on pre-tax equity £000	Change in rate*	Decrease in loss before tax £000	Effect on pre-tax equity £000
US dollar	+5%	(495)	-	-5%	545	-
Euro	+5%	(251)	(641)	-5%	277	709

Fiscal year 2022						
	Change in rate*	(Decrease)/increase in profit before tax £000	Effect on pre-tax equity £000	Change in rate*	(Decrease)/increase in profit before tax £000	Effect on pre-tax equity £000
US dollar	+5%	(160)	-	-5%	175	-
Euro	+5%	27	(220)	-5%	(29)	243

\* +5% is a strengthening of Sterling relative to the foreign currency and -5% is a weakening of Sterling relative to the foreign currency

##### Credit risk and impairment

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments

##### Cash and receivables credit risk exposure and management

At 31 March						
£000	2023			2022		
	Maximum exposure	Estimated credit loss	Carrying value	Maximum exposure	Estimated credit loss	Carrying value
Cash and cash equivalents	131,442	-	131,442	84,488	-	84,488
Trade, other receivables and other current assets*	114,183	(1,832)	112,351	118,591	(1,748)	116,843
	<b>245,625</b>	<b>(1,832)</b>	<b>243,793</b>	<b>203,079</b>	<b>(1,748)</b>	<b>201,331</b>

\* trade, other receivables and other current assets above are stated excluding prepayments, accrued income and social security and other taxes

The majority of the Group's trade receivables are due from large national or multinational companies, or are government backed where the risk of default is considered low and there is limited customer concentration. Outstanding customer receivables are regularly monitored and any contracts with major customers are generally covered by letters of credit or other forms of credit insurance. Individual credit limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 18. Financial instruments (continued)

#### (e) Financial instruments risk management objectives and policies (continued)

##### Cash and receivables credit risk exposure and management (continued)

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department and the credit risk on liquid funds and derivative financial instruments is considered limited because the counterparties are banks and financial institutions with high credit ratings assigned by international credit-rating agencies.

##### Allowances for impairment of trade receivables by credit losses

	£000
<b>At 1 April 2021</b>	<b>(1,251)</b>
Movement during the period	(497)
<b>At 31 March 2022</b>	<b>(1,748)</b>
Movement during the period	(84)
<b>At 31 March 2023</b>	<b>(1,832)</b>

##### Liquidity risk

The Group monitors liquidity on an ongoing basis. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of a variety of borrowing instruments. The Group assessed the concentration of risk and concluded it to be low.

The table below summarises the maturity profile of the Group's other financial liabilities based on contractual undiscounted payments:

£000	At 31 March 2023			Total
	Within 1 year	Between 1 and 5 years	>5 years	
Trade and other payables*	154,678	-	-	154,678
Bank loans and borrowings	141,097	2,035,794	-	2,176,891
Lease liabilities	14,722	46,583	115,622	176,927

\* trade and other payables above are stated excluding social security and other taxes and deferred consideration.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 18. Financial instruments (continued)

#### (f) Changes in liabilities arising from financing activities

£000	Bank loans and borrowings	Loan from parent	Derivative liability	Lease liabilities	Total
<b>At 1 April 2021</b>	<b>1,120,052</b>	<b>2,855</b>	<b>942</b>	<b>40,849</b>	<b>1,164,698</b>
Other acquisitions (note 29(a))	5,395	-	-	116	5,511
Cash flows (proceeds)	531,644	-	-	-	531,644
Cash flows (repayments)	(131,140)	(2,864)	(970)	(11,376)	(146,350)
Recognised within finance costs*	3,509	-	-	3,521	7,030
New leases and lease modifications	-	-	-	20,843	20,843
Foreign exchange translation	29,734	9	30	939	30,712
<b>At 31 March 2022</b>	<b>1,559,194</b>	<b>-</b>	<b>2</b>	<b>63,892</b>	<b>1,623,088</b>
Cash flows (repayments)	(16,536)	-	-	(15,089)	(31,625)
Recognised within finance costs*	3,762	-	(2)	6,564	10,324
New leases and lease modifications	-	-	-	40,758	40,758
Foreign exchange translation	84,544	-	-	712	85,256
<b>At 31 March 2023</b>	<b>1,630,964</b>	<b>-</b>	<b>-</b>	<b>96,837</b>	<b>1,727,801</b>

finance costs in respect of:

- bank loans and borrowings relates to the amortisation of issuance costs, and
- interest on lease liabilities relates to the unwind of the discounted liability over the course of the lease

#### (g) Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital structure to support its business and maximise shareholder value. In order to achieve this business objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the bank borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings during the year.

The Group monitors capital using a leverage ratio, which is net debt divided by pro forma adjusted EBITDA. Pro forma adjusted EBITDA comprises Adjusted EBITDA (note 6) including a pro forma adjustment for the pre-acquisition period for businesses acquired during the year.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 19. Inventories

£000	At 31 March	
	2023	2022
Raw materials and consumables	70,619	60,244
Work in progress	23,863	21,732
Finished goods	114,242	109,313
<b>Total inventories</b>	<b>208,724</b>	<b>191,289</b>

The write-down in the carrying value of inventories to net realisable value, net of reversals was £12,210,000 (2022: £19,017,000).

Included with the inventories total above are £107,819,000 (2022: £57,764,000) of inventories that are expected to be recovered more than twelve months after the reporting period.

### 20. Trade, other receivables and other current assets

£000	At 31 March	
	2023	2022
Trade receivables	100,339	106,321
Provision for estimated credit loss	(1,832)	(1,748)
<b>Net trade receivables</b>	<b>98,507</b>	<b>104,573</b>
Other receivables	5,620	5,795
Prepayments	12,191	18,528
Accrued income	6,757	11,380
<b>Total trade, other receivables and other current assets</b>	<b>123,075</b>	<b>140,276</b>

The fair value of those trade, other receivables and other current assets classified as financial instruments and the Group's exposure to credit and market risks, including impairments for credit losses in relation to those is disclosed in the financial instruments note (note 18).

No estimated credit loss has been recognised on other receivables given the likelihood of default is considered remote.

Trade receivables above include amounts that are past due at the reporting date and which a provision for impairment has not been recognised as the amounts are considered recoverable and there has not been a significant change in credit quality.

£000	At 31 March	
	2023	2022
<b>Not due</b>	<b>70,290</b>	<b>76,782</b>
<b>Past due</b>		
1 to 30 days	17,287	18,641
31 to 60 days	5,477	5,584
61 to 90 days	1,694	3,410
>90 days	5,591	1,904
	30,049	29,539
<b>Trade receivables</b>	<b>100,339</b>	<b>106,321</b>

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 21. Cash and cash equivalents

£000	At 31 March	
	2023	2022
Cash at bank	130,929	83,893
Short-term deposits	513	595
<b>Total cash and cash equivalents</b>	<b>131,442</b>	<b>84,488</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are placed for varying periods of typically between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

### 22. Issued share capital and share premium

#### Group and Company

#### (a) Ordinary shares – authorised, issued and fully paid

Authorised shares comprise:

	Number	£
Authorised, issued and fully paid Ordinary shares of £0.01 each	<b>5,001</b>	<b>50</b>
	<b>Number</b>	<b>£</b>
At 1 April 2021	<b>4,001</b>	<b>40</b>
Issued during the period	1,000	10
<b>At 31 March 2022 and 31 March 2023</b>	<b>5,001</b>	<b>50</b>

Each ordinary share carries one vote and carries rights in respect of distributions by the Company and on the sale of the ordinary shares

On 16 December 2021 the company issued 1,000 shares for total consideration of £2,864,000. The excess over nominal value was credited to the share premium account.

#### (b) Share premium

Share premium comprises:

	£000
At 1 April 2021	<b>2,316,840</b>
Share premium reduction	(2,316,840)
On shares issued during the period	2,864
<b>At 31 March 2022 and 31 March 2023</b>	<b>2,864</b>

On 8 April 2021, the Company undertook a capital reduction and cancelled and extinguished its entire share premium account of £2,316,840,000 and credited that amount to retained earnings.

#### (c) Dividends

During the fiscal year 2022 the group and company declared and paid the following dividends:

Date	£000
30 April 2021	404,070
29 December 2021	424
<b>Total dividends</b>	<b>404,494</b>

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 23. Provisions for liabilities and charges

£000	Dilapidations	Restructuring	Total
<b>At 31 March 2022</b>	<b>16,085</b>	-	<b>16,085</b>
Additions	2,038	-	2,038
Charge for the period	3,071	1,250	4,321
Foreign exchange translation	502	-	502
<b>At 31 March 2023</b>	<b>21,696</b>	<b>1,250</b>	<b>22,946</b>

Dilapidations are recognised where there is a present obligation to repair and restore leased properties to their pre-occupancy state at the end of the lease term. The provision is based on best estimates for individual properties, or specific agreements with the landlord where relevant. The timing of cash outflows for the provisions for dilapidations is primarily expected within a period through to 31 July 2052. Additions during the year relate to new property leases, the value recognised is also included in the cost of the relevant right of use asset (note 25).

Restructuring provisions relate to the Horizon programme, a multi-year programme of activities including a new strategic partnership with Tata Consulting Services across Finance, HR and IT. The timing of cash outflows for the provision is expected within the next twelve months.

### 24. Trade and other payables

£000	At 31 March	
	2023	2022
Trade payables	37,443	37,904
Accruals	67,276	59,800
Deferred income and payments on account	46,485	56,362
Social security and other taxes	1,791	6,072
Share-based payments	2,915	4,798
Deferred consideration payable	5,670	-
Other payables	559	1,565
<b>Total current</b>	<b>162,139</b>	<b>166,501</b>
Deferred consideration payable	1,072	2,096
<b>Total non-current</b>	<b>1,072</b>	<b>2,096</b>

The fair value of those trade and other payables classified as financial instruments and the Group's exposure to market and liquidity risks, including maturity analysis, in relation to those trade and other payables is disclosed in the financial instruments note (note 18).

Deferred consideration payable is measured at estimated fair value. For Lipomed, a business acquired during the year ended 31 March 2023, deferred consideration is CHF 1,200,000 (£1,072,000). For Rapid Genomics LLC, a business acquired during the year ended 31 March 2023, the carrying value of the deferred consideration at 31 March 2023 was \$7,020,000 (£5,670,000) and comprises a contingent element (note 29(a)) and an amount linked to continued employment. The movement in the fair value of the contingent element of \$490,000 (£405,000) was recognised as credit to the profit and loss account within Finance Income.

Deferred consideration in respect of Technopath Clinical Diagnostics Holdings Limited, a business acquired during the year ended 31 March 2021 was also measured at estimated fair value. The measurement period for the deferred consideration finishes on 31 August 2023. The minimum amount payable is €nil whilst the maximum amount payable is approximately €30 million. The carrying value of the deferred consideration at 31 March 2022 was €2,480,000 (£2,096,000). During the year ended 31 March 2023 the fair value of the deferred contingent consideration was reassessed and then reduced to €nil (£nil). The movement in the fair value of €2,480,000 (£2,172,000) was recognised as credit to the profit and loss account within Finance Income.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 25. Leases

#### Rental property

The Group leases offices, laboratory spaces and warehouses around the world. At 31 March 2023, the Group held 68 rental property leases, for various terms with a typical length between 4 and 10 years. Some rental property leases feature extension options, typically of 5 years, for which the Group has included the extended lease term for the purposes of applying IFRS 16 'Leases', where the Group considered it was reasonably certain that the option will be exercised. A small number of the rental property leases are indexed annually in line with a local index.

#### Data communications

The Group holds a contract for provision of data communication services, in which an asset has been identified for 'last-mile' access to the relevant network and which has therefore been recognised as a right-of-use asset. The Group has taken a practical expedient to not separate non lease components from lease components, accounting for both as lease components.

The right-of-use assets amounts included within non-current assets and the related cumulative depreciation were as follows:

	At 31 March			
	2023		2022	
	Net book value	Of which: accumulated depreciation	Net book value	Of which: accumulated depreciation
£000				
Rental properties	90,337	23,275	59,776	13,594
Data communication services	391	3,498	521	2,330
Other leases	777	929	871	964
<b>Total</b>	<b>91,505</b>	<b>27,702</b>	<b>61,168</b>	<b>16,888</b>

Additions to right-of-use assets were £42,594,000 (2022: £31,068,000).

Total cash outflows in respect of leases were £15,089,000 (2022: £11,376,000).

### 26. Retirement benefit schemes

The Group operates schemes in the UK and other countries, including both defined benefit and defined contribution schemes.

#### (a) Defined benefit pension schemes

##### (i) UK scheme

The Group's UK defined benefit scheme is the LGC Staff Pension Scheme, which is a funded final salary defined benefit scheme providing pensions and death benefits to members. The scheme was closed to new members in 2002, and closed to future accrual of benefits from 1 April 2014, which reduces future volatility risk and helps align pension benefits more consistently across all of the Group's employees.

The scheme is governed by a trustee board, which is independent of the Group, which has a large degree of control over the operation, funding and investment strategy of the scheme. The Group work with the trustees to ensure the scheme has an appropriate funding strategy that meets legislative and regulatory requirements. The assets of the scheme are held in a trustee fund which requires contributions to be made to a separately administered fund. Any shortfall of assets relative to funding target is financed over an appropriate period of time taking account of the contribution level that is reasonably affordable to the sponsoring employer. The most recently completed full funding actuarial assessment was as of 30 June 2021 and the benefit structure has not changed since that assessment. After the balance sheet date, the Group agreed to make deficit funding payments totalling £1,000,000 in equal instalments of £250,000 in each of the next four years. The expected contribution to the plan in the next fiscal year is £250,000.



# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 26. Retirement benefit schemes (continued)

A significant proportion of the scheme's assets are invested in equities and property whereas the scheme's liabilities are dependent on the yield on long-dated corporate bonds. The valuations of these asset classes can move in opposite directions causing the net pension surplus/obligation on the statement of financial position to improve or deteriorate rapidly. The statement of financial position volatility has been mitigated to an extent by moving investment from equities into multi-asset credit investment and bonds, together with the use of a Liability Driven Investment ("LDI") strategy. Since the scheme's liability is adjusted to the consumer price index, the scheme is exposed to the UK's inflation rate and interest rate risks and the liability is further exposed to changes in the life expectancy for pensioners.

#### (a) Defined benefit pension schemes (continued)

##### (i) UK scheme (continued)

##### Scheme net surplus

The net amount recognised in the statement of financial position was as follows:

£000	At 31 March	
	2023	2022
Fair value of scheme assets	73,078	113,083
Present value of scheme liabilities	(74,046)	(104,185)
<b>Net (deficit)/ surplus</b>	<b>(968)</b>	<b>8,898</b>
Classified as:		
Non-current (liabilities)/ assets - retirement benefit (liability)/ asset	(968)	8,898

The changes in the defined benefit liabilities and fair value of scheme assets were:

£000	Scheme assets	Scheme liabilities	Net surplus
<b>At 1 April 2021</b>	<b>112,449</b>	<b>(109,043)</b>	<b>3,406</b>
Net interest income/ (expense)	2,456	(2,381)	75
Return on scheme assets, excluding amounts included in interest income	(153)	-	(153)
Remeasurement net losses	-	5,570	5,570
Benefits paid	(1,669)	1,669	-
<b>At 31 March 2022</b>	<b>113,083</b>	<b>(104,185)</b>	<b>8,898</b>
Net interest income/ (expense)	3,142	(2,893)	249
Return on scheme assets, excluding amounts included in interest income	(41,395)	-	-
Remeasurement net losses	-	31,280	(31,280)
Benefits paid	(1,752)	1,752	-
<b>At 31 March 2023</b>	<b>73,078</b>	<b>(74,046)</b>	<b>(968)</b>

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 26. Retirement benefit schemes (continued)

#### (a) Defined benefit pension schemes (continued)

##### (i) UK scheme (continued)

The major categories of scheme assets were as follows.

£000	At 31 March	
	2023	2022
Debt instruments	53,907	84,254
Equity instruments	7,376	15,962
Cash and cash equivalents	10,868	11,288
Other investments	927	1,579
<b>Total scheme assets</b>	<b>73,078</b>	<b>113,083</b>

Asset valuations are based on quoted market prices in an active market and investment profile of the assets, with the exception of cash and cash equivalents. The pension scheme has not invested in any of the Group's own financial instruments or in properties or other assets used by the Group. Other investments comprise liability driven investment products.

#### Amounts recognised in the statement of profit or loss

Net pension income recognised in the statement of profit or loss was as follows:

£000	Fiscal year 2023	Fiscal year 2022
Net interest income	249	75

#### Amounts recognised in the statement of comprehensive income

Remeasurement gains and losses recognised in the statement of comprehensive income were as follows:

£000	Fiscal year 2023	Fiscal year 2022
Relating to scheme liabilities:		
Actuarial gains arising from changes in financial assumptions	37,679	6,208
Actuarial gains/(losses) arising from changes in demographic assumptions	1,969	(2,330)
Actuarial (losses)/gains arising from experience adjustments	(8,368)	1,692
	31,280	5,570
Relating to scheme assets:		
Loss on scheme assets, excluding amounts included in interest income	(41,395)	(153)
<b>Total amounts recognised in the statement of comprehensive income</b>	<b>(10,115)</b>	<b>5,417</b>

Actuarial gains and losses arise when assumptions made about the future benefits or investment returns are not realised in practice and/or when assumptions are revised at the end of the year. Actuarial gains or losses are recognised immediately within other comprehensive income.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 26. Retirement benefit schemes (continued)

#### (a) Defined benefit pension schemes (continued)

##### (i) UK scheme (continued)

#### Actuarial assumptions

The principal actuarial assumptions used to determine the present value of the scheme liabilities at the period end were as follows:

	At 31 March	
	2023	2022
%		
Discount rate	4.80	2.80
Future pension increases	2.95	3.55
Deferred pension revaluation	2.70	3.10

The projected life expectancy assumed from the age of retirement of 65 years old was as follows:

Years	At 31 March			
	2023		2022	
	currently aged 45	currently aged 65	currently aged 45	currently aged 65
Male	23.6	22.3	24.1	22.4
Female	25.6	24.1	25.0	23.8

#### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is as follows, noting that each sensitivity is considered in isolation:

		At 31 March	
		2023	2022
		Increase/ (decrease) in scheme liabilities	Increase/ (decrease) in scheme liabilities
£000			
Adjustment to discount rate:	0.50% increase	(5,565)	(9,642)
	0.50% decrease	6,267	11,069
Adjustment to rate of inflation:	0.25% increase	2,155	4,045
	0.25% decrease	(1,991)	(4,002)
Rate of mortality of life expectancy of pensioners:	1 year increase	(2,032)	(3,814)
	1 year decrease	2,021	3,874

The weighted average duration of the defined benefit scheme obligation is around 18 years.

##### (ii) German schemes

The Group's subsidiaries in Germany operate defined benefit pension schemes for certain employees and the pension assets are administered locally. The pensions have been re-measured in accordance with IAS 19 'Employee Benefits'. Actuarial gains and losses excluding net interest costs are recognised in the statement of financial position with a corresponding debit or credit to retained earnings within other comprehensive income in the year in which they occur.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 26. Retirement benefit schemes (continued)

#### (a) Defined benefit pension schemes (continued)

##### (ii) German schemes (continued)

The amounts recognised in the statement of financial position were as follows:

£000	At 31 March	
	2023	2022
Present value of pension liabilities, net of pension assets	1,136	1,362
Classified as:		
Non-current liabilities -- retirement benefit obligation	1,136	1,362

Remeasurement gains/losses recognised in the statement of comprehensive income across the German schemes were a £264,000 gain (2022: £114,000 gain).

The retirement benefit obligation in the statement of financial position comprises the total scheme liabilities, based on actuarial reports, which applied a discount rate of 4% (2022: 1.94%).

#### (b) Defined contribution pension scheme

The Group operate a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge for the period represents contributions payable by the Group to the schemes and amounted to £8,656,000 (2022: £8,464,000).

Contributions of £679,000 were outstanding at 31 March 2023 (2022: £710,000).

### 27. Share-based payments

#### (a) Group plans

##### Long-Term Incentive Plan ("LTIP")

The Group operates three long-term incentive plans which have different vesting criteria. The LTIPs are as follows:

On 25 September 2020, LTIP Plan A was established whereby certain eligible employees of the Group would be granted LTIP Plan A units tied to the value of a number of Class O-SW shares in the ultimate parent, LGC Science Corporation S.à r.l. (note 33) which are held by an employee benefits trust. The employee benefits trust is outside of the Group and is therefore not consolidated. LTIP Plan A vests fully on the earlier of (i) an initial public offering, or (ii) a change of control, or (iii) a winding up event. There are no other performance conditions. In addition, to the performance condition, the eligible employee must maintain employment through the date of the execution of any of the performance conditions.

During the fiscal year 2022, LTIP Plan B was established whereby eligible employees would be granted LTIP Plan B units. Each LTIP B unit is tied to the value of one Class O-SW share in the ultimate parent, LGC Science Corporation S.à r.l. (note 33) which are held by an employee benefits trust. LTIP Plan B vests fully on the earlier of (i) an initial public offering, or (ii) a change of control, or (iii) a winding up event. There are no other performance conditions. In addition to these performance conditions, the eligible employee must maintain employment through the date of the execution of any of the performance conditions.

During the fiscal year 2022, LTIP Plan C was established whereby eligible employees would be granted LTIP Plan C units. Each LTIP C unit is tied to the value of one Class O-SW share in the ultimate parent, LGC Science Corporation S.à r.l. (note 33) which are held by an employee benefits trust. LTIP Plan C vests fully on the earlier of (i) a change of control or (ii) a winding up event. There are no other performance conditions. In addition to these performance conditions, the eligible employee must maintain employment through the date of the execution of any of the performance conditions.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 27. Share-based payments (continued)

#### (a) Group plans (continued)

The Group has a constructive obligation to settle these obligations in cash and the LTIPs are accounted for as cash-settled plans. The fair values are measured initially and at each reporting date up to and including the settlement date, with any changes in fair value recognised as employee benefits expense within operating profit. The fair values are determined using Monte Carlo simulation models. The carrying amount of the liability relating to these LTIPs were £2,915,000 (2022: £4,798,000). None of LTIP awards had vested during the year (nil to the end of fiscal year to 31 March 2022).

#### Management Stock Purchase Plan ("MSPP")

Management have subscribed for a number of Class O-SW shares in the ultimate parent, LGC Science Corporation S à r l (note 33). The shares are subject to certain agreed upon leaver provisions and vest on the earlier of (i) an initial public offering, or (ii) a change of control, or (iii) a winding up event. There are no other performance conditions and no other service conditions. The fair value of the shares is estimated at subscription date using a Monte Carlo simulation model, taking into account the terms and conditions on which the shares were subscribed and recognised in employee benefits expense, using the following assumptions:

	%
Expected volatility	27.6 – 31.0
Dividend yield	nil
Risk-free interest rate	(0.5) – (0.8)

There are no cash settlement alternatives and the Group does not have a past practice of cash settlement of these shares. The Group accounts for the MSPP as an equity-settled plan. The Group recognises a credit to other capital reserves in relation to this scheme as the shares are in the equity of the ultimate parent company.

In fiscal year 2023, there were no subscriptions of Class O-SW shares (2022: 3,531 Class O-SW shares with a weighted average fair value per share of €18.10).

At 31 March 2023, a total of 2,613,948 Class O-SW shares (2022: 3,066,042) were subscribed for and outstanding for under the MSPP, after forfeitures of awards.

#### (b) Share-based payment expense

The expense recognised for employee services received during the periods were as follows:

£000	Fiscal year 2023	Fiscal year 2022
(Credit)/expense arising from cash-settled share-based payment transactions	(2,088)	3,975
Credit arising from equity-settled share-based payment transactions	(2,095)	(1,253)
<b>Total share-based payment expense</b>	<b>(4,183)</b>	<b>2,722</b>

### 28. Commitments and guarantees

#### Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £76,976,000 (2022: £57,312,000) for the Group and relate primarily to the purchase of plant, property and equipment.

#### Pension commitments

The Group has agreed to make contributions of £250,000 in each of the next four years (note 26) to the UK defined benefit scheme.

#### Guarantees

The Company and other subsidiaries have provided guarantees and granted security to support the syndicated bank loan and borrowing arrangements of the Group.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 29. Business combinations

#### (a) Acquisitions during fiscal year 2023

The fair value of net assets acquired for acquisitions completed during fiscal year 2023 were as follows:

£000	Rapid Genomics LLC
<b>Assets and liabilities acquired</b>	
Trade, other receivables and other current assets	152
Inventory	336
Cash	1,360
Property, plant and equipment	167
Identifiable intangible assets	6,204
Other financial liabilities	(1,369)
Net deferred tax liabilities	(1,327)
Total identifiable net liabilities at fair value	5,583
Goodwill	6,294
<b>Total assets and liabilities acquired</b>	<b>11,877</b>
Total consideration	11,877
Less: deferred contingent consideration	(4,185)
Total cash consideration	7,692
Less: cash and cash equivalents acquired	(1,360)
<b>Net cash outflow arising on acquisition</b>	<b>6,332</b>

On 1 April 2022, the Group acquired 100% of the ordinary share capital of Rapid Genomics LLC, a provider of mid-to-high-density Next-Generation Sequencing (NGS) kits and services for genotyping in the agri-genomics market, based in Florida, USA

Identifiable intangible assets acquired consisted of customer relationships and intellectual property and the fair value was determined in accordance with IFRS 3 'Business Combinations'. The goodwill arising on the acquisition of the business represents the premium the Group paid for the growth expected in the agri-genomics market as well as the existing workforce and relationships with customers.

Acquisition-related costs, which predominantly related to due diligence and advisory services prior to the business combination amounted to £564,000 and are recognised in the statement of profit or loss within selling, general and administrative expenses.

Deferred contingent consideration payable has been recognised at its estimated fair value of \$5,510,000 (£4,185,000 as at the date of the acquisition). The actual amount payable will be calculated in accordance with the Sale and Purchase Agreement and is predominantly driven by the value of sales that exceed agreed targets in the two years following acquisition. As it is not certain that such sales will materialise, the minimum amount payable is \$nil whilst the maximum amount payable is \$6 million. The carrying value of the deferred consideration as of 31 March 2023 was \$7,020,000 (£5,670,000)

From the date of acquisition, Rapid Genomics LLC contributed £3,845,000 revenue and £77,000 of profit before tax on ordinary activities of the Group

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 29. Business combinations (continued)

£000	Lipomed
<b>Assets and liabilities acquired</b>	
Trade, other receivables and other current assets	601
Inventory	3,903
Property, plant and equipment	105
Identifiable intangible assets	5,187
Other financial liabilities	(8)
Deferred tax liabilities	(434)
Total identifiable net liabilities at fair value	9,354
Goodwill	4,126
<b>Total assets and liabilities acquired</b>	<b>13,480</b>
Total consideration	13,480
Less: deferred consideration	(1,078)
<b>Net cash outflow arising on acquisition</b>	<b>12,402</b>

On 16 March 2023, the Group acquired the reference materials business of Lipomed AG, which encompassed 100% of the ordinary share capital of Lipomed, Inc and an asset purchase in Switzerland. The Lipomed business acquired is a manufacturer and supplier of analytical reference standards with ISO/IEC 17025 accreditations for testing and ISO 17034 accreditation for production of reference materials with manufacturing operations in Switzerland and a sales and distribution base in Cambridge, MA, USA

Identifiable intangible assets acquired consisted of the brand, customer relationships and intellectual property and the fair value was determined in accordance with IFRS 3 'Business Combinations'. The Group has also recognised a fair value uplift to inventory as part of the acquisition. The goodwill arising on the acquisition of the business represents the premium the Group paid for the growth expected in the reference materials and standards market as well as the relationships with customers. At this stage these are provisional amounts in accordance with the measurement period under IFRS 3.

Acquisition-related costs, which predominantly related to due diligence and advisory services, prior to the business combination amounted to £347,000 and are recognised in the statement of profit or loss within selling, general and administrative expenses.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 29. Business combinations (continued)

#### (b) Acquisitions during fiscal year 2022

The fair value of net assets acquired for acquisitions completed during fiscal year 2022 were as follows:

£000	Technopath Northwell Health
<b>Assets and liabilities acquired</b>	
Trade, other receivables and other current assets	939
Other financial assets	379
Investment in joint venture	-
Deferred tax asset	1,233
Inventory	2,054
Property, plant and equipment	120
Identifiable intangible assets	3,571
Loans and borrowings	(5,511)
Other financial liabilities	(3,739)
Deferred tax liabilities	(1,601)
Total identifiable net liabilities at fair value	(2,555)
Goodwill	6,296
<b>Total assets and liabilities acquired</b>	<b>3,741</b>
Total consideration	3,741
Less: fair value of existing 50% equity stake	(1,870)
Total cash consideration	1,871
Less: cash and cash equivalents acquired	(379)
<b>Net cash outflow arising on acquisition</b>	<b>1,492</b>

#### Technopath Northwell Health

On 31 August 2021, the Group acquired the 50% equity of Technopath Northwell North America LLC which it did not already own to increase its ownership to 100%. A gain of £2,035,000 was recognised, representing the difference between the fair value and the carrying value of the previous equity investment. Technopath Northwell North America LLC, is the North America distributor of the Group's Technopath quality control products, and was previously accounted for as a 50% Joint Venture since the acquisition of Technopath Clinical Diagnostics Holdings Limited in January 2021.

Identifiable intangible assets acquired consisted of customer relationships, and the fair value was determined in accordance with IFRS 3 'Business Combinations'. The goodwill arising on the acquisition of the business represents the premium the Group paid for the growth expected in the clinical diagnostics market as well as the existing workforce and relationships with customers.

Acquisition-related costs, which predominantly related to due diligence and advisory services, prior to the business combination amounted to £92,000 and are recognised in the statement of profit or loss within selling, general and administrative expenses.

From the date of acquisition, Technopath Northwell North America LLC contributed £2.5 million of revenue and £0.8 million of loss before tax on ordinary activities of the Group. If the acquisition had taken place on the first day of the prior financial year (1 April 2021), consolidated revenue would have been £750.0 million and profit before tax would have been £24.5 million.



# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 30. Disposals

On 13 July 2022 the Group disposed of its Drug Development Solutions (DDS) Business to Alliance Buyer Inc for net consideration of £59,570,000. The disposal has not been treated as a discontinued operation as it does represent a separate major line of business or represent the Group withdrawing from a geographical area of operations. The gain on disposal of DDS was £28,814,000, this is inclusive of £24,301,000 of goodwill disposed of as part of the transaction (note 14). Other assets and liabilities in the disposal group included property, plant and equipment, right of use assets and liabilities, inventory and trade and other payables.

On 28 February 2023 the Group disposed of LGC Science (Nanjing) for net consideration of £1,097,000. The disposal has not been treated as a discontinued operation as it does represent a separate major line of business or represent the Group withdrawing from a geographical area of operations. The gain on disposal was £373,000, this is inclusive of a £55,000 cumulative translation adjustment that was transferred to the profit and loss account from the translation reserve on the sale of the subsidiary. Other assets and liabilities in the disposal group included property, plant and equipment, right of use assets and liabilities, inventory and trade and other payables.

### 31. Related parties

#### (a) Ultimate controlling parties

The ultimate parent company, LGC Science Corporation S.à r.l. (note 33) was established through investment funds managed by Astorg Asset Management S.à r.l., an independent private equity group ("Astorg"), and investment funds managed by Cinven (the "Seventh Cinven Fund"). Subsequently, each of Astorg and the Seventh Cinven Fund sold part of their interests in the Company, to Luxinva S.A., a wholly owned subsidiary of the Abu Dhabi Investment Authority ("ADIA").

Astorg VII (GP) S.à r.l. is the General Partner of Astorg VII SLP and Astorg VII Co-Invest LGC SLP (the "Partnerships"). Astorg Asset Management S.à r.l. is the alternative investment fund manager and manager of the Partnerships. The Partnerships through their interest in Loire TF S.à r.l. are the ultimate shareholders of approximately 38.8% of the Company.

Cinven Capital Management (VII) General Partner Limited is the Managing General Partner of Cinven Capital Management (VII) Limited Partnership Incorporated, who in turn is the Managing General Partner of the Seventh Cinven Fund. The Seventh Cinven Fund through its interest in Cinloire Luxembourg S.à r.l. is the ultimate shareholder of approximately 38.8% of the Company.

#### (b) Transactions with Astorg and Cinven, the majority shareholders of the Company and companies owned by Astorg and Cinven during the period

The Group entered into transactions with Astorg and Cinven, the majority shareholders, as follows:

	Fiscal year 2023	Fiscal year 2022
£000		
Monitoring fees	150	150
Payables closing balance	38	38

The Group entered into transactions with other companies owned by Astorg and Cinven as follows:

	Fiscal year 2023	Fiscal year 2023
£000		
Sale of goods and services	942	796
Purchase of goods and services	190	126
Trade receivables closing balance	167	180
Trade payables closing balance	47	7

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 31. Related parties (continued)

#### (c) Loans to related parties

The group has provided loans to an employee benefit trust. The employee benefit trust is controlled by LGC Science Corporation Limited, an intermediate parent company of the Group and a subsidiary of the Company's ultimate parent company, LGC Science Corporation S.à r.l. (note 33). The loans were to provide funding for the employee benefit trust to purchase shares in the ultimate parent company, LGC Science Corporation S.à r.l. The loans are interest free and repayment is not expected for more than one year. At year end the loan balance was £8,103,000 (2022: £5,983,000).

The group has loans outstanding to other related parties controlled by the mutual parent company, LGC Science Corporation S.à r.l. These loans are discussed in note 18(a) for loans receivable and note 18(b) for loans payable.

### 32. Events after the balance sheet date

On 19 July 2023, the Group acquired Kova International, Inc, a leading developer and manufacturer of in vitro urinalysis and toxicology quality control products for clinical laboratories. Consideration was \$25,000,000 on a cash and debt free basis. The accounting for the acquisition is still ongoing therefore business combination disclosures have not been included.

### 33. Immediate and ultimate controlling party

The immediate parent undertaking is Loire UK Midco 2 Limited, a company incorporated in England and Wales. The ultimate parent undertaking is LGC Science Corporation S.à r.l. a company incorporated in the Grand Duchy of Luxembourg.

LGC Science Corporation S.à r.l. was established through investment funds managed by Astorg Asset Management S.à r.l., an independent private equity group ("Astorg"), and investment funds managed by Cinven (the "Seventh Cinven Fund"). Subsequently and prior to 31 March 2021, each of Astorg and the Seventh Cinven Fund sold part of their interests in LGC Science Corporation S.à r.l. to Luxinva S.A., a wholly owned subsidiary of the Abu Dhabi Investment Authority ("ADIA").

Astorg VII (GP) S.à r.l. is the General Partner of Astorg VII SLP and Astorg VII Co-Invest LGC SLP (the "Partnerships"). Astorg Asset Management S.à r.l. is the alternative investment fund manager and manager of the Partnerships. The Partnerships through their interest in Loire TF S.à r.l., are the ultimate shareholders of 38.8% of LGC Science Corporation S.à r.l.

Cinven Capital Management (VII) General Partner Limited is the Managing General Partner of Cinven Capital Management (VII) Limited Partnership Incorporated, who in turn is the Managing General Partner of the Seventh Cinven Fund. The Seventh Cinven Fund through its interest in Cinloire Luxembourg S.à r.l. is the ultimate shareholder of 38.8% of LGC Science Corporation S.à r.l.

Silver Holdings S.A., a direct subsidiary of the Abu Dhabi Investment Authority (an independent public investment institution owned by the Emirate of Abu Dhabi), is the sole shareholder of Luxinva S.A. Luxinva S.A. owns 19.4% of LGC Science Corporation S.à r.l.

No individual investor or entity ultimately has more than a 10% interest in Loire TF S.à r.l., and Cinloire Luxembourg S.à r.l.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 34. Details of the investments of the Group

At 31 March 2023 details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows. The equity share capital of these entities is wholly owned (100%) by the Group unless otherwise stated. The country of incorporation matches the country in which the registered office/principal place of business is located.

Subsidiary	Country	Registered office/ Principal place of business
American Proficiency Institute, Inc.	United States	(1)
Analytical Reference Materials International Corporation	United States	(2)
API Group LLC	United States	(1)
Aquacheck Limited†	United Kingdom	(3)
Axolabs Berlin GmbH	Germany	(4)
Axolabs GmbH	Germany	(5)
Berry & Associates, LLC	United States	(1)
BioAutomation Corporation	United States	(6)
Biosearch Technologies, Inc.	United States	(7)
Brand Reputation Compliance Limited	United Kingdom	(3)
BRC Global Standards (Americas) Corporation	United States	(8)
BRC GS America, Inc.	Canada	(9)
BRC Trading Limited	United Kingdom	(3)
C/D/N Isotopes, Inc.	Canada	(10)
Cardiff Bioanalytical Services Limited†	United Kingdom	(3)
Douglas Scientific LLC	United States	(11)
Dr Ehrenstorfer GmbH	Germany	(12)
Elwy 1 Limited	Cayman Islands	(13)
Elwy 2 Limited†	United Kingdom	(3)
Elwy 3 Limited	United Kingdom	(3)
Focus Forensic Telecommunications Limited†	United Kingdom	(3)
Forensic Alliance Limited†	United Kingdom	(3)
HFL Sport Science Limited†	United Kingdom	(3)
Industrial Analytical (Proprietary) Limited	South Africa	(14)
Innovapeak Limited	Ireland	(15)
KBiosciences Limited‡	United Kingdom	(3)
LGC (Holdings) Limited	United Kingdom	(3)
LGC (North West) Limited†	United Kingdom	(3)
LGC (Teddington) Limited	United Kingdom	(3)
LGC Beteiligungs GmbH	Germany	(12)
LGC Bio Senate Limited†	United Kingdom	(3)
LGC Bioresearch Limited†	United Kingdom	(3)
LGC Bioresearch GmbH	Germany	(4)
LGC Bioresearch Technologies A/S	Denmark	(16)
LGC Canada Real Estate Limited	Canada	(9)
LGC Clinical Diagnostics, Inc.	United States	(8)
LGC Coleshill Limited†	United Kingdom	(3)
LGC Genomics GmbH	Germany	(4)
LGC Genomics Holding GmbH	Germany	(4)
LGC Genomics Limited	United Kingdom	(3)
LGC Genomics LLC	United States	(8)
LGC Genomics US Holdings, Inc.	United States	(8)

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 34. Details of the investments of the Group (continued)

Subsidiary	Country	Registered office/ Principal place of business
LGC Germany Holdings 1 GmbH	Germany	(4)
LGC Germany Holdings 2 GmbH	Germany	(4)
LGC Germany Holdings 3 GmbH	Germany	(4)
LGC Germany Holdings 4 GmbH	Germany	(4)
LGC GmbH	Germany	(17)
LGC Group Holdings Limited <sup>2</sup>	United Kingdom	(3)
LGC Holdings GmbH	Germany	(4)
LGC Investments GmbH	Germany	(12)
LGC Investments Limited	United Kingdom	(3)
LGC Labor GmbH	Germany	(12)
LGC Limited	United Kingdom	(3)
LGC North America, Inc.	United States	(8)
LGC Proficiency Testing, Inc.	United States	(8)
LGC SA BBOS Trust	South Africa	(14)
LGC SA ESOP Trust	South Africa	(14)
LGC Scheme Pension Trustee Limited	United Kingdom	(3)
LGC Science (Shanghai) Ltd	China	(18)
LGC Science and Standards (India) Private Limited	India	(19)
LGC Science Group (Singapore) Pte Limited	Singapore	(20)
LGC Science Group Limited <sup>1</sup>	United Kingdom	(3)
LGC Science Holdings Limited	United Kingdom	(3)
LGC Science Investments Limited <sup>1</sup>	United Kingdom	(3)
LGC Science Ireland Limited	Ireland	(15)
LGC Science Limited <sup>1</sup>	United Kingdom	(3)
LGC Science, Inc.	United States	(8)
LGC Standards (South Africa) (Pty) Ltd	South Africa	(14)
LGC Standards Assessoria Técnica Comercial do Brasil Ltda	Brazil	(21)
LGC Standards GmbH	Germany	(12)
LGC Standards S.à r.l.	France	(22)
LGC Standards S.L.	Spain	(23)
LGC Standards S.p. Z.o.o	Poland	(24)
LGC Standards S.r.l.	Italy	(25)
LGC Standards, Inc.	United States	(26)
LGC US Service Company, Inc.	United States	(8)
LGC Whirlwind Limited	United Kingdom	(3)
Link Technologies Limited <sup>1</sup>	United Kingdom	(27)
Lipomed, Inc.	United States	(26)
Loire Finco Luxembourg S.à r.l.*	Luxembourg	(28)
Loire UK Bidco Limited <sup>1</sup>	United Kingdom	(3)
Loire US Holdco 1, Inc.*	United States	(8)
Loire US Holdco 2, Inc.*	United States	(8)
Loire US LLC*	United States	(8)
Lucigen Corporation	United States	(29)
Organic Standard Solutions International LLC	United States	(30)

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 34. Details of the investments of the Group (continued)

Subsidiary	Country	Registered office/ Principal place of business
Paragon Scientific Limited	United Kingdom	(3)
Prime Synthesis, Inc	United States	(31)
Promochem Limited†	United Kingdom	(3)
Quality Management Holdings Limited†	United Kingdom	(3)
Quality Management Limited†	United Kingdom	(3)
Rapid Genomics LLC	United States	(32)
SafeFood 360, Inc	United States	(8)
Synfine Research Limited	Canada	(33)
Technopath Clinical Diagnostics Holdings Limited	Ireland	(34)
Techno-Path Manufacturing Limited	Ireland	(35)
Teddington 2 Limited†	United Kingdom	(3)
Teddington 3 Limited	United Kingdom	(3)
The Native Antigen Company Limited	United Kingdom	(3)
Thistle Laboratory Services (Proprietary) Limited	South Africa	(14)
Toronto Research Chemicals Inc	Canada	(33)
University Diagnostics Limited†	United Kingdom	(3)
UTR, LLC	United States	(1)
VHG Labs, Inc.	United States	(36)

† directly held by the Company

† companies exempt from the requirement of the Companies Act 2006 relating to the preparation of accounts under section 394A of the Act.

#### Statutory instrument exemption

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Act:

- Brand Reputation Compliance Limited
- BRC Trading Limited
- Elwy 3 Limited
- LGC (Holdings) Limited
- LGC (Teddington) Limited
- LGC Genomics Limited
- LGC Investments Limited
- LGC Scheme Pension Trustee Limited
- LGC Science Holdings Limited
- LGC Science Investments Limited
- LGC Whirlwind Limited
- Loire UK Bidco Limited
- Paragon Scientific Limited
- Teddington 3 Limited
- The Native Antigen Company Limited

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 34. Details of the investments of the Group (continued)

#### Key to registered office/principal place of business

- (1) Corporation Service Company, 3410 Belle Chase Way Ste 600 Lansing Michigan 48911, United States
- (2) Corporation Service Company, 211 E 7th Street Suite 620 Austin TX 78701-3218, United States
- (3) 1 GC, Queens Road, Teddington England TW11 0LY United Kingdom
- (4) Ostenstraße 25, TGS Haus 8 12459, Berlin, Germany
- (5) Fritz-Hornschuh-Straße 9, 95326, Kulmbach, Germany
- (6) Corporation Service Company, 112 North Curry Street, Carson City NV 89703, United States
- (7) Corporation Service Company, 2710 Gateway Oaks Drive Suite 150N Sacramento CA 95833 3505, United States
- (8) Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States
- (9) 333 Bay Street, Suite 2400 Toronto, Ontario M5H 2T6 Canada
- (10) 88 Leacock Street, Pointe Claire, Québec H9R 1H1 Canada
- (11) Corporation Service Company, 2345 Rice Street Suite 230 Roseville MN 55113, United States
- (12) Mercatorstraße 51, 46485 Wesel, Germany
- (13) Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
- (14) 48 Monte Carlo Crescent, Kyalami Business Park, Kyalami, Gauteng, 1684, South Africa
- (15) 6<sup>th</sup> Floor, 2 Grand Canal Square, Dublin 2, Dublin, Ireland
- (16) Sønderskovvej 5, 8520 Lystrup, Denmark
- (17) Louis-Pasteur-Str. 30, 14943, Luckenwalde, Germany
- (18) Room 413, No. 38, YingLun Road, Shanghai Free Trade Zone, Shanghai, China
- (19) 206, Plot No. H-2, Apra North X Plaza, Netaji Subash Place, Delhi North West, Delhi, 110034, India
- (20) 1 Harbourfront Avenue Keppel Bay Tower #14-07, Singapore, 098632, Singapore
- (21) Room 602, 6th Floor, Edifício Colinas Green Tower, Av. S São João, Jardim das Colinas, Brazil
- (22) 6 rue Alfred Kastler, 67120 Molsheim, France
- (23) Salvador Espriu 59, 2, 08005, Barcelona, Spain
- (24) Ul. Ogródowa 27/29, Kielpin, 05-092, Lomianki, Poland
- (25) Via Tintoretto n. 5, 20145 Milano, Italy
- (26) Corporation Service Company, 84 State Street, Boston MA 02109, United States
- (27) 3 Mallard Way, Strathclyde Business Park, Bellshill, Lanarkshire, Scotland ML4 3BF, United Kingdom
- (28) 4, rue Albert Borschette, L-1246, Luxembourg
- (29) Corporation Service Company, 33 East Main Street, Suite 610 Madison WI 53703, United States
- (30) Corporation Service Company, 508 Meeting Street, West Columbia SC 29169, United States
- (31) Corporation Service Company, 2595 Interstate Drive Suite 103, Harrisburg PA 17110, United States
- (32) Corporation Service Company, 1201 Hays Street, Tallahassee FL 32301, United States
- (33) 20 Martin Ross Ave, North York, Ontario, M3J 2K8, Canada
- (34) Technopath Life Sciences Park, Fort Henry, Ballina, Co. Tipperary, Ireland
- (35) Fort Henry Business Park, Ballina, Co. Tipperary, Ireland
- (36) Corporation Service Company, 10 Ferry Street Suite 313, Concord NH 03301, United States