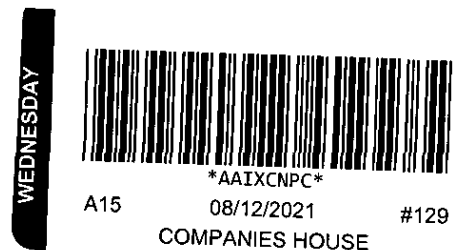


Registration number: 12315541

LGC Science Group Holdings Limited  
(formerly Loire UK Midco 3 Limited)

Report and financial statements

For the period from incorporation to 31 March 2021



# LGC Science Group Holdings Limited

## Key Highlights

### Science for a Safer World

We are a leading global life science tools company, providing mission-critical components and solutions into high growth application areas across the human healthcare and applied market segments.

Our 175+ 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 develop deep relationships with customers, industry partners and the global scientific community.

Our high quality product portfolio is comprised of mission-critical tools for genomic analysis and for quality assurance applications, which are typically embedded and recurring within our customers' products and workflows and are valued for their performance, quality and range.

Our tools play a key role in customer workflows from discovery applications through to commercial manufacture, enabling our customers to: bring new diagnostics and therapies to market; progress research and development; optimise food production; and continuously monitor and enhance the quality of our food, environment and consumer products.

### Key highlights

	Period ended 31 March 2021 <sup>1</sup>	Period ended 31 March 2021 <sup>2</sup>	Year ended 31 March 2020 <sup>3</sup>
Revenue:	£660 million	£692 million	£492 million
Adjusted EBITDA:	£263.8 million	£275.6 million	£158.1 million
Number of employees (31 March)	3,944		3,435
Revenues by region:			
EMEA/APAC:	£326 million	£342 million	£260 million
Americas:	£334 million	£350 million	£232 million

<sup>1</sup> amounts presented are for the period from incorporation (14 November 2019) to 31 March 2021 (the Group did not trade prior to the acquisition of Figaro Capital & Co. S.C.A. on 21 April 2020)

<sup>2</sup> amounts presented are as had the acquisition of Figaro Capital & Co. S.C.A. occurred on 1 April 2020 (1 April being the beginning of the Company's financial year), which provides a pro forma view of revenue and Adjusted EBITDA which allows comparison to the fiscal year ended 31 March 2020 (under LGC's previous ownership)

<sup>3</sup> amounts presented are for the comparable year under LGC's previous ownership

### Our science in action

#### COVID-19 response

We are involved in many aspects of the global COVID-19 pandemic response, from supporting global measurement standardisation efforts to providing the chemistry that goes into the testing kits, quality control materials to support safe and reliable diagnostic testing, and specialist support for the development of vaccines and medicines to treat the disease. Through our technological innovations we have driven a step-change in PCR testing capacity by utilising our high throughput and ultra-high throughput testing workflows, including through deployments in the UK and USA.

#### Molecular and clinical diagnostics

- Our quality control solutions enable safe and reliable diagnosis of diseases such as cancers, diabetes and heart conditions to improve patient outcomes.
- We provide a range of detection solutions for emergent and endemic viruses including SARS-CoV-2 (COVID-19), seasonal influenza, H1N1 (swine flu), Zika and Ebola.
- Our diverse portfolio of oligonucleotides, from research and development grade to invitro diagnostics (IVD) grade, enable the rapid development and commercialisation of new IVD testing kits. They are used by the top 10 global molecular diagnostics companies targeting viruses such as SARS-COV-2, Human Papilloma Virus (HPV) and Human Immunodeficiency Virus (HIV).
- Our ctDNA reference standards help assay developers and clinical laboratories assure the sensitivity of liquid biopsy assays. This means patients can get better cancer care with non-invasive diagnostic and monitoring tests.
- We work with the world's leading immuno-oncology experts to create tumour mutational burden (TMB) reference standards to help standardise TMB testing so that patients can access cutting-edge cancer immunotherapies.

# LGC Science Group Holdings Limited

## Key Highlights (continued)

### Pharma and biotech

- We provide components used in the development of novel siRNA therapies. We also perform analysis to determine the safety and efficacy of novel mRNA therapies, which will protect the health of the patients and advance preclinical development of this therapeutic method.
- Our synthetic cannabinoid derivatives are used by drug development, medical and biochemical research companies to discover new cannabis-based treatments for a variety of illnesses, and our growing cannabis-related range of standards helps ensure consumer protection from heavy metals and other contaminants in this novel marketplace.
- We support the pharmaceutical industry in producing better, safer medicines, by providing high quality reference standards used for qualitative and quantitative testing of active pharmaceutical ingredients, excipients and impurities in medication.

### Applied Markets e.g. food, environment, agricultural biotechnology, industrial

- Our genomic technologies support the development of drought-resistant crops and high quality and sustainable food.
- Our multi-analyte pesticide calibration materials allow laboratories and regulators to test for hundreds of chemicals at once, keeping drinking water and food safe from harmful pesticide residues.
- Our international plant-based standard inspires the confidence of consumers, provides credibility in this rapidly growing market and supports food manufacturers to ensure their products are authentic and safe to consume.
- We provide consumers of commercial supplement products with the knowledge that the products they are buying have been tested and do not contain substances that are banned in sport.

### Government and research

- Through our UK National Measurement Laboratory activities, we are leading metrology studies to determine methods for rapid detection of sepsis, supporting faster diagnosis and potentially saving lives.
- Through our UK Government Chemist activities, we are working with regulators and food producers to improve the science of allergen risk assessment, ultimately improving quality of life for allergen sufferers.

### Key investments

- We continued to support our employees during the pandemic. For example, we offered 10 days extra paid leave to employees who required support with emergency care.
- Employees' wellbeing remains a key focus: we offered mental wellbeing webinars to all employees during the year. In addition, Headspace® was made available to employees from January 2021 and the organisation took part in the Virgin Pulse Global Health and Wellbeing challenge, which launched in February 2021.
- We continue to invest in our employees, through a number of tools, including personal and professional development, supported by our bi-annual performance and global talent review processes. We have invested in an internal research programme to understand barriers to progression for women and launched bespoke first line and senior management development programmes.
- We have initiated a major investment programme to further strengthen our nucleic acid therapeutics offering, with significant investment in increased capacity expansion at our Kulmbach facility in Germany.
- We are investing in new and improved facilities in Greater Toronto, Canada, including expanding capacity to support our analytical standards offering, which is primarily used in the pharmaceutical sector in the pre-clinical phase of drug development.
- We continue to invest in capacity and scalability in our oligonucleotide manufacturing facilities in both the US and Denmark to meet increasing demand for cGMP oligos from our customers in their IVD applications.
- We have invested in capability and added further capacity for Controlled Pore Glass (CPG) manufacture at our facilities in Steinach, Germany and Petaluma, CA, US.
- We have invested in a new next generation sequencing (NGS) service laboratory and have expanded our enzyme manufacturing capacity at our facility at Middleton, WI, US.
- We continue to invest in our digital commercial operation, enhancing our customer's experience through our eCommerce platforms and associated digital channels.

# LGC Science Group Holdings Limited

## Key Highlights (continued)

- We have increased investment in digital platforms, such as Safefood 360°, to provide tools that support our customers' digital transformations.
- We continue to optimise and evolve our IT infrastructure and invest in cloud-based solutions, such as Microsoft 365, to securely support the needs of the organisation, with a focus on improving collaboration and productivity.

### Four acquisitions in the reporting period

- In July 2020, we acquired The Native Antigen Company (TNAC), providing a comprehensive portfolio of native and recombinant infectious disease antigens and related products including pathogen receptors, virus-like particles and antibodies for use in immunoassay applications, vaccine development and quality control solutions.
- In December 2020, we acquired Safefood 360°, the leading food safety and supplier management solutions platform. Safefood 360° supports compliance with major food safety and supplier management requirements globally and offers users the opportunity to manage quality-reporting, workflow, documentation and audit requirements effectively and efficiently, as well as driving continuous improvement in operations.
- In January 2021, we acquired Technopath Clinical Diagnostics, a global leader in the development and manufacture of quality control (QC) solutions and software which independently assess the accuracy of clinical laboratory equipment. The acquisition complements our wide breadth of existing manufacturing capabilities across calibration verification materials, molecular diagnostics and serology controls, clinical genomics reference materials and viral antigens.
- In March 2021, we acquired Paragon Scientific, a leading manufacturer of reference materials for applied markets, including the petroleum and petrochemical sectors.

### Update since the end of the reporting period

In August 2021, we acquired the remaining 50% interest in Technopath Northwell Health North America LLC.

On 8 September 2021, we announced the appointment of Euan O'Sullivan as Chief Executive Officer (CEO) of the organisation with immediate effect. Euan succeeded Tim Robinson CBE, who has become Chairman of LGC having served as CEO since May 2013.

# LGC Science Group Holdings Limited

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## Registered Office

LGC  
Queens Road  
Teddington  
Middlesex  
TW11 0LY

## Independent Auditors

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

# 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 period ended 31 March 2021. The Company was incorporated on 14 November 2019 as Loire UK Midco 3 Limited. On 21 July 2021, the Company changed its name to LGC Science Group Holdings Limited.

On 21 April 2020, a subsidiary undertaking of the Company acquired Figaro Capital & Co. S.C.A., the ultimate parent company and previous owner of the trading entities of LGC. Prior to this date, the Company did not trade.

The consolidated financial statements on pages 28 to 79 are prepared in accordance with International Financial Reporting Standards ("IFRS"), in conformity with the requirements of the Companies Act 2006 and as issued by the International Accounting Standards Board (IASB).

### Principal activity

LGC is a leading global life science tools company, providing mission-critical components and solutions into high growth application areas across the human healthcare and applied market segments. Its 175+ years of scientific heritage, combined with a track record of innovation and value-enhancing acquisitions, has enabled the Group to build its product portfolio and expertise, and develop deep relationships with customers, industry partners and the global scientific community.

LGC's high quality product portfolio is comprised of mission-critical tools for genomic analysis and for quality assurance applications, which are typically embedded and recurring within its customers' products and workflows and are valued for their performance, quality and range. The Group's tools play a key role in customer workflows from discovery applications through to commercial manufacture and enable its customers to: bring new diagnostics and therapies to market; progress research and development; optimise food production; and continuously monitor and enhance the quality of food, the environment and consumer products.

### Core purpose and core values

LGC's core purpose of Science for a Safer World and its core values of passion, curiosity, integrity, brilliance and respect, drive its culture.

LGC is passionately committed to go beyond the ordinary, in collaboration with its employees, its customers and with absolute quality.

**Passion:** LGC's employees are passionate about everything they do. Their passion translates into their ambition to make the world a safer place. LGC expects its employees to strive to continuously push boundaries, challenge norms and come to work with an infectious energy to do their best every day.

**Curiosity:** LGC's employees constantly look forward to what's next: their curiosity for today's discoveries makes tomorrow's innovations possible. LGC expects its employees to share their knowledge and expertise with each other and challenge the status quo. The Group anticipates its employees will discover creative and innovative solutions that will enable its customers and LGC to grow and evolve.

**Integrity:** A commitment to high ethical standards has been at the heart of LGC since it started testing the integrity of products in 1842. Today, integrity is embedded throughout its business: the Group develops and delivers solutions that match its commitments. The Group demonstrates transparency and openness in all actions. LGC's employees are expected to trust the people they work with to do the right thing, to behave ethically at all times and to take accountability for their actions.

# LGC Science Group Holdings Limited

## Group strategic report (continued)

**Brilliance:** LGC's employees strive to be the very best in everything they say and do. They exceed customers' expectations through innovation and pioneering science. They set the bar high for success and keep raising that bar. LGC expects its employees to achieve more by working together collaboratively and to meet customers' needs with agility, adaptability and speed.

**Respect:** The Group respects gender, age, nationality, religion and individuality, its diversity is its strength. It appreciates the skills, knowledge and strength of employees and teams, and respect its customers and its environment at large.

### Business model and strategy

LGC operates via the Standards and Genomics divisions. Each division provides mission-critical solutions in life sciences tools and technology across growing end markets.

- Its Genomics offering has been built around core capabilities which are integral to a wide range of genomics applications:
  - **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.*
- Its Standards offering has been built around core capabilities which are integral to a wide range of quality assurance applications:
  - **Quality control materials** for use by clinical and molecular diagnostics customers to support assay development and commercialisation, as well as the delivery of consistently accurate measurements in clinical laboratories, while proficiency testing schemes provide a framework for regular, independent assessment of laboratory performance;
  - **Reference materials and analytical standards** for pharmaceutical and applied market segments to enable 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 drug products;
  - **Supply chain assurance solutions** for customers in the food, beverage and consumer safety market segments to support consistent quality criteria through the supply chain, including management system standards used by food manufacturing sites, proficiency testing schemes, consumer facing endorsement marks and provision of digital supply chain management solutions.

The Group addresses markets which are underpinned by sustainable growth drivers such as a growing and ageing population; increasing regulation; rise of the middle class; globalisation and standardisation; a desire for better quality of life; and the coming of age of personalised medicine.

Its strategy leverages its exceptional team, core capabilities, existing portfolio of high quality tools and selected investments in higher growth segments to drive sustainable long-term growth.

1. Leverage its reputation, scientific capability and product range to extend its leadership positions;
2. Broaden exposure to the highest growth application areas, such as advanced therapeutics and diagnostics for human health;
3. Focused operational investments in key capabilities and customer geographies;
4. Use deep customer insights to continuously develop new components and solutions;
5. Focus on high value-add manufacturing, operating discipline and the targeted deployment of technology; and
6. Continue delivery of successful and value accretive acquisitions.

# LGC Science Group Holdings Limited

## Group strategic report (continued)

### Strategic priorities

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

**LGC's employees** set the Group apart from our competition. Their in-depth knowledge and expertise across a breadth of scientific areas enable LGC's business to provide high calibre solutions to its customers. LGC encourages its employees to set the bar high and it is through their infectious energy to do their best every day that the Group constantly challenge today's science to create tomorrow's innovations.

Employee communication and consultation is encouraged at all levels of the business. The provision of information and consultation between Directors (and under their direction, management) and employees is facilitated through structured quarterly communication, town halls, LGC's intranet and various consultative committees across the Group. LGC conducts an employee engagement survey on an annual basis. The 2021 survey recorded a 78% response rate (2020\*: 75%). Its engagement rate was 4.2 (out of 5) in 2021 (2020\*: 4.0).

Over the past 12 months, LGC has reviewed its approach to responsible business, to ensure it is focusing on the environmental, social and governance (ESG) topics which matter most to its continued commercial success, that will strengthen its stakeholder relationships, fulfil its role in wider society and drive shareholder value. Please see LGC's ESG report 2021 available on its website for further information.

**LGC's customers:** The Group works closely with its customers, to ensure it delivers quality products and services. Most of its innovations are born from co-operating with customers and understanding their issues.

**LGC's suppliers:** LGC conducts business and seeks to build relationships with suppliers who share its core values. The Group expects to work with suppliers that act with honesty and integrity in all business interactions and work to improve standards. The Group ensures quality, assurance of supply, compliance and innovation are factored in as it sources products and services from third parties, to ensure it effectively and efficiently supports its customers and delivers on its core purpose and strategic objectives. Please see its ESG report 2021 available on its website for further information.

**LGC's operating model:** The Group's operating model fosters an agile and responsive organisation, with clear communication and lean and effective processes. Its Office of Science and Innovation works with experts in key scientific domains to share knowledge and foster innovation across the organisation.

\* 2020 results refer to the annual survey conducted under LGC's previous ownership

### Ownership

At the balance sheet date, LGC's ultimate parent company is LGC Science Corporation S.à r.l. (formerly Loire Topco S.à r.l.), an entity incorporated under the laws of 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. The 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, that 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 period, the Group has continued to invest organically and pursue its strategy of making highly targeted acquisitions to continue to develop leadership positions in sustainably growing market segments.

The Group performed well in the period to 31 March 2021 with revenue of £659.8 million and Adjusted EBITDA of £263.8 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 loss was £18.1 million. Net cash flow from operating activities was £88.1 million.

As described earlier, the Group did not trade before 21 April 2020, the date of the acquisition of Figaro Capital & Co. S.C.A., the previous owner of the LGC trading entities. Consequently, the revenue and Adjusted EBITDA noted above relates to the 11 month and 10 day period to 31 March 2021. LGC's KPIs for the period reported along with KPIs had the acquisition occurred on 1 April 2020 (1 April being the beginning of the Company's financial year), and KPIs for the comparable year under LGC's previous ownership are as follows:

£million	Period ended 31 March 2021 <sup>1</sup>	Period ended 31 March 2021 <sup>2</sup>	Year ended 31 March 2020 <sup>3</sup>
Revenue	659.8	692.0	491.8
Adjusted EBITDA	263.8	275.6	158.1
Operating (loss)/profit	(18.1)	(10.0)	26.5
Net cash flows from operating activities	88.1	96.4	85.8

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

£million	Period ended 31 March 2021 <sup>1</sup>	Period ended 31 March 2021 <sup>2</sup>	Year ended 31 March 2020 <sup>3</sup>
Adjusted EBITDA	263.8	275.6	158.1
Depreciation and amortisation	(113.1)	(119.8)	(65.1)
Material, unusual or non-recurring items	(161.9)	(164.3)	(66.2)
Unrealised foreign exchange net loss	(6.9)	(1.5)	(0.3)
Operating (loss)/profit	(18.1)	(10.0)	26.5

<sup>1</sup> amounts presented are for the period from incorporation (14 November 2019) to 31 March 2021 (the Group did not trade prior to the acquisition of Figaro Capital & Co. S.C.A. on 21 April 2020)

<sup>2</sup> amounts presented are as had the acquisition of Figaro Capital & Co. S.C.A. occurred on 1 April 2020 (1 April being the beginning of the Company's financial year), which provides a pro forma view of revenue and Adjusted EBITDA which allows comparison to the fiscal year ended 31 March 2020 (under LGC's previous ownership)

<sup>3</sup> amounts presented are for the comparable year under LGC's previous ownership

#### KPI - Revenue

Revenue progression is a key metric aligned to LGC's overall aim to deliver long term sustainable growth.

Revenue performance in the period was ahead of management expectations, with strong progression across geographies. Of note was continued good growth in North America, China and Europe, reflecting progression in all end markets.

In North America, revenue performance was driven through organic performance of the business and strong performance of recent acquisitions. Strong European growth reflects the core underlying performance of the Group and also the very positive performance of the businesses acquired by LGC in Europe throughout 2016 and 2017. Axolabs GmbH in particular continues to perform strongly again.

# LGC Science Group Holdings Limited

## Group strategic report (continued)

LGC has continued to make strategic acquisitions in existing and adjacent customer market segments to supplement organic growth, solidify current market presence and expand into new areas. In the last three years, LGC has made the following acquisitions:

Company	Location	Principal activity
BioAutomation Corporation <sup>1</sup>	Irving, TC, USA	A designer, developer, manufacturer and supplier of synthesisers for pharmaceutical, biotech, scientific research and development and academic applications globally.
Berry & Associates, Inc. <sup>1</sup>	Dexter, MI, USA	A premier supplier of specialty oligo reagents to the pharmaceutical, clinical diagnostics and academic research sectors as well as to oligonucleotide synthesis companies and contract manufacturing organisations.
SeraCare Life Sciences, Inc. <sup>1</sup>	Gaithersburg, MD, USA	A manufacturer and leading partner to global in-vitro diagnostics manufacturers and clinical laboratories.
M.B.H. Analytical Limited <sup>1</sup>	Barnet, UK	A leading manufacturer of metal alloy reference materials.
Toronto Research Chemicals, Inc. <sup>1</sup>	Toronto, Canada	A leading manufacturer and supplier of synthetic organic biochemicals.
C/D/N Isotopes, Inc. <sup>1</sup>	Montreal, Canada	A leading manufacturer and supplier of deuterium-labelled compounds.
The Native Antigen Company Limited	Kidlington, UK	A leading supplier of high quality infectious disease antigens and antibodies.
Innovapeak Limited (trading as SafeFood 360°)	Dublin, Ireland	A cloud-based food safety, quality and compliance management software provider for food and retail companies.
Technopath Clinical Diagnostics Limited	Tipperary, Ireland	A leading IVD manufacturer of independent quality controls for immunoassay and clinical chemistry analysers.
Paragon Scientific Limited	Prenton, UK	A leading manufacturer of reference materials for applied market segments including petroleum and petrochemical sectors.

<sup>1</sup> Acquisition made under previous ownership

### KPI - Adjusted EBITDA

Adjusted EBITDA is one of LGC's key internal performance metrics which is monitored by both management and our main stakeholders and capital providers as a measure of recurring, underlying profit performance. Adjusted EBITDA of £263.8 million represents a margin of 40.0% which was ahead of management 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. You should not therefore consider it as an alternative to profit for the period 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 by management and other stakeholders of LGC's recurring profit performance. Typically these material, unusual and non-recurring items include: transaction-related costs which include 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.

# LGC Science Group Holdings Limited

## Group strategic report (continued)

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

Strong financial capital management is critical to the delivery of LGC's strategy. The capital structure of LGC is managed and controlled by LGC's senior management, working closely with the Group's 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.

LGC maintains sufficient cash to fund day-to-day operating requirements. At 31 March 2021, LGC had £81.5 million of cash and cash equivalents on its Consolidated statement of financial position.

In common with many other with private equity backed businesses, LGC's capital structure includes a proportion of debt. Together with equity funding and reserves of £2,170.1 million, LGC has long-term loans and borrowings of £1,120.1 million at 31 March 2021, a ratio of equity and reserves to long-term debt of 1.9.

At 31 March 2021, the Group's long-term bank loans and borrowings comprised:

	Interest	Maturity	£million
USD denominated loans	LIBOR +3.00%-3.50%	April 2027	611.5
EUR denominated loan	EURIBOR +2.75%-3.25%	April 2027	434.4
EUR denominated borrowing	EURIBOR +2.25%-3.25%	October 2026	92.0
less: unamortised issuance costs			(17.8)
			<b>1,120.1</b>

LGC's loans and borrowings are secured on the assets of the Company and certain subsidiary undertakings.

The purpose of these loans and borrowings was to fund the acquisition of Figaro Capital & Co. S.C.A. on 21 April 2020 and repay its existing loans and borrowings, to fund the subsequent acquisitions in the period since and to provide sufficient operational funds to support management with the execution of LGC's strategy. The total committed and undrawn Group facilities under the Senior Facilities Agreement at 31 March 2021 were £173.0 million.

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

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

LGC's cash generation was also strong, with positive net cash flow from operating activities in the period of £88.1 million. This represents net cash flows from operating activities after the material and non-recurring costs detailed in note 6. Management monitors this metric when deciding strategic priorities for future periods.

### **Other key performance indicators**

#### **- Employee engagement**

LGC's employees are the key to its success and feedback is hugely important in helping to ensure the Group provides a positive and supportive working environment for all its employees. Each year the Group seeks feedback from employees over a range of areas in an employee engagement survey. In 2021, it achieved a 78% response rate (2020\*: 75%) so management can be confident that the views expressed are representative of the workforce as a whole. LGC benchmarks the whole Group against other organisations. It also breaks down the survey to each location and division/team level to ensure it puts in place targeted, follow-up actions. The engagement rate was 4.2 (out of 5) in 2021 (2020\*: 4.0).

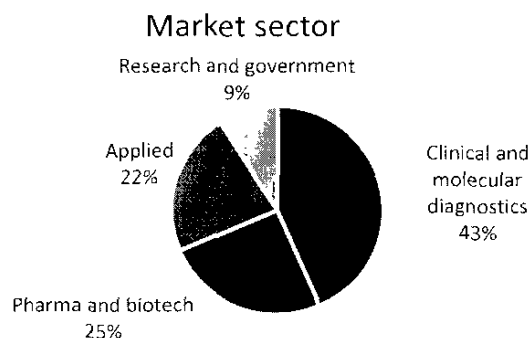
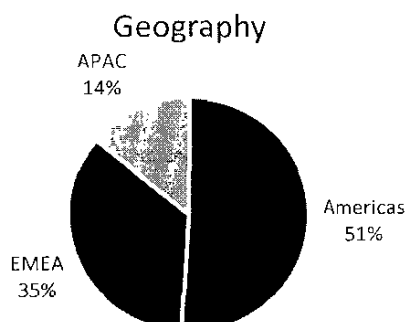
\* 2020 results refer to the annual survey conducted under LGC's previous ownership

# LGC Science Group Holdings Limited

## Group strategic report (continued)

### - Sector and Geography

In addition to the main financial key performance indicators, management review revenue metrics regarding end market sector, end market geography and growth in those key markets, as a measure of performance against strategy.



### Financial risks

LGC's operations expose it 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.

LGC's treasury policies seek to minimise financial risks and to ensure sufficient liquidity for the Group's operations and strategic plans. Accordingly, LGC has in place a financial risk management programme that seeks to limit the adverse effects on the financial performance of LGC that could arise, including 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. Where LGC does use financial instruments, these are mainly to manage the 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 LGC's finance department.

### Financial risk

#### Risk approach

#### Capital

LGC managed its capital to ensure that the business is able to continue as a going concern whilst 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

LGC is exposed to foreign currency risk as a consequence of both trading with foreign companies and owning subsidiaries located in other countries. The Group earns a significant proportion of its profit in currencies other than GBP. 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. The Group does not hedge this risk, so its reported profit/loss is sensitive to the strength of Sterling, particularly against the US Dollar and Euro.

LGC has significant investments in overseas operations in the USA and the EU, with further investments worldwide. As a result, the Group's 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.

# LGC Science Group Holdings Limited

## Group strategic report (continued)

### Financial risk **Risk approach**

LGC also has 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.

### Interest rate cash flow

During the period ended 31 March 2021 all of the Group's bank debt was at floating interest rates (3 month LIBOR / EURIBOR). LGC monitors the trends in interest rates and regularly consults with investors and advisors regarding interest rates. LGC has opted to take out interest rate caps for portions of its USD and EUR bank loans. LGC holds fluctuating cash balances that earn interest at market rates.

### Credit

Credit risk is defined as the risk that a counterparty will default on its contractual obligations resulting in financial loss to LGC. 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. LGC has 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. LGC's principal financial assets are bank balances, cash, trade and other receivables.

### Liquidity

LGC actively maintains a mixture of long-term and short-term debt finance and cash deposits that are designed to ensure LGC has sufficient available funds for operations, expansion and planned acquisitions. There are no liquidity covenants associated with the Group's banking facilities. The Group has a strong cash flow and the funds generated by operating companies are co-ordinated centrally and managed regionally, based on geographic location, to ensure the appropriate balance between treasury control and operational agility.

### **Investment**

In the period to 31 March 2021, we continued to invest in our businesses, in new technology and in new opportunities. Overall capital expenditure for the period was £46.3 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, CPG manufacturing and enzyme manufacturing across our facilities in the USA, Germany and Denmark, as well as eCommerce investments.

### **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.

LGC's Enterprise Risk Management (ERM) is central to the achievement of our strategic priorities. It is managed across our business through a number of formal and informal processes. These risk management processes sit within our overall governance framework, which 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, which is based upon the process set out in ISO 31000:2018 Risk Management, Principles and Guidelines. We also consider organisational resilience as a key part of risk management and work in accordance with the principles of BS 65000:2014. The ERM team provides an independent risk-based audit function, with clear reporting lines to the General Counsel and Chief Financial Officer.

# LGC Science Group Holdings Limited

## Group strategic report (continued)

The Group Risk Committee has overall responsibility for operational risk management and meets regularly to review the risk environment and risk mitigations. The Committee is chaired by the Chief Financial Officer and comprises senior members of Management including the Chief Digital and Information Officer, General Counsel, Head of ERM and representatives from each of the trading divisions.

The principal risks facing the Group include:

Risk	Risk approach
COVID-19	<p>The COVID-19 pandemic has affected and is likely to continue to affect LGC's business, financial condition and results of operations, as well as the business or operations of third parties with whom it conducts business.</p> <p>Overall, LGC has a broad (in terms of customers served) and deep (in terms of products provided) exposure to the public health response to the COVID-19 pandemic. It has supported the public health response to the ongoing COVID-19 pandemic in a variety of different ways, including as a supplier of mission-critical components to support the development and commercialisation of diagnostic tests, and as a provider of high and ultra-high throughput PCR testing technologies to public health systems and laboratory testing groups.</p> <p>Operationally, COVID-19 resulted in some changes in terms of working patterns, with a number of employees working remotely, and some facilities operating revised shift patterns. LGC's facilities have generally remained open and operating at normal/above normal output levels. The Group continues to monitor the situation carefully, with a number of central and regional oversight teams regularly reviewing the evolving situation and adapting business protocols appropriately.</p>
Macroeconomic, market and competitor	<p>LGC's leadership positions, global reach and exposure to a number of end market sectors which are driven by long term macro drivers, minimise the impact of macroeconomic shocks on the Group. We operate globally in a number of countries and markets where competition and innovation can be high. We regularly monitor market trends and competitor developments. We invest in research and development, new production capabilities, laboratory instrumentation, new technologies and improving general business infrastructure to maintain our leading position in these markets.</p> <p>In some areas, LGC has longer term contracts, some with Government 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 otherwise of testing or research programmes. Overall, customer concentration is low with the 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 sanctions, and tax and other corporate regulations governing LGC's activities. We are aware of the importance of identifying and complying with all applicable legislation and regulation affecting our business activities globally.</p> <p>Legal and regulatory developments are actively monitored by LGC's risk committee and by our ERM, Tax, Legal and Company Secretarial departments, in conjunction with our advisors, to ensure that new and existing laws and regulations are identified, understood and complied with.</p>

# LGC Science Group Holdings Limited

## Group strategic report (continued)

Risk	Risk approach
Employee recruitment and retention	<p>The Group's ability to deliver its strategy depends on having the right talent. The loss of key talent, or the failure to attract sufficient talent could have a serious impact on its ability to deliver its strategy.</p> <p>To ensure that we are able to recruit and retain the right people and develop them with the right skills, we have strong recruitment practices in place, provide regular learning and development opportunities in order to enhance the professional ability of all employees and operate a talent management process.</p>
IT resilience	<p>Technology underpins the Group's ability to deliver its strategy. Cybersecurity, platform performance and infrastructure resilience are of significant importance. In addition to financial investment, our senior technology and enterprise risk leaders regularly assess risk, policy and best practice to ensure IT operational resilience.</p>

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

LGC's success, and its financial performance, is dependent on the Group's ability to continue offering customers a broad range of components and solutions, and on its ability to continue serving as a trusted, long-term partner to a large and diversified customer base.

As a provider of life science tools, the Group's performance has benefited from certain macro trends, which have allowed LGC to maintain robust, long-term growth. These trends include:

- A growing and ageing global population and, within this, a growing, affluent middle class with increasingly high expectations of the healthcare they receive, guarantees of the food they consume and monitoring of the environment in which they live, which has led to increased global spending within the human healthcare and applied market segments;
- Market participants, from multinational IVDs, pharmaceutical and food companies to early stage biotechnology companies, operating in increasingly highly regulated environments in which they are routinely measured against both established and constantly evolving governmental and industry standards, which has driven demand for the Group's products and solutions; and
- Life science innovators developing new technologies, or new applications for established technologies, which drive human progress and continuously create new markets for life science practitioners and the tools they use, which has resulted in continued heightened demand for the Group's products and solutions.

From a geographic perspective, this growth will come from expanding presence within all regions but in particular North America, where LGC continues to develop its standards and genomics presence, and in Asia, where there is a particular demand for its products and services due to the macroeconomic growth drivers in that region.

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

LGC has made, and intend to continue to make, targeted investments across a number of high growth applications areas such as advanced therapeutics and diagnostics for human health. Its success is dependent on its ability to manage and execute on these projects.

LGC's current major capital expenditure projects include:

- Strengthening its nucleic acid therapeutics capabilities further;
- Consolidating its existing locations in the greater Toronto area and expanding capacity to support its analytical standards offering, which is primarily used in the pharmaceutical segment in the pre-clinical phase of drug development; and
- Expanding its existing cGMP oligo manufacturing capabilities in US and Denmark to support its IVD customers and meet increasing demand for cGMP oligos for IVD applications.

# LGC Science Group Holdings Limited

## Group strategic report (continued)

### **Environment, Social and Governance (ESG)**

As part of its core purpose of Science for a Safer World, LGC is committed to address the ESG topics which matter most to its commercial success, its stakeholders and its responsibility to wider society. Over the past 12 months, the Group undertook an assessment to identify the full range of ESG topics relevant to LGC. This included engaging its Executive Leadership Team and senior leaders and reviewing the priorities of its colleagues, customers, industry and investors.

Through this process, 23 topics that matter most to its business, its stakeholders and contribution to society were identified. These ranged from reducing LGC's environmental impact on site through renewable energy, plastic recycling; supporting diversity, inclusion & belonging; engaging with its local community and fundraising for its corporate charity partners; to ensuring the Groups does business in a responsible and ethical manner.

To embed ESG across the organisation, LGC has established an ESG department and produces an annual ESG report, which utilises the Global Reporting Initiative (GRI) Standards, an internationally recognised best practice framework for ESG reporting. The governance of ESG is overseen by the ESG Policy Committee, which includes representatives from the Executive Leadership Team.

Please see LGC's ESG report 2021 available on its website for further information.

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

Overall, LGC has continued to build on its excellent quality, health, safety and environmental record during the past year. Its Enterprise Risk Management (ERM), divisional QHSE teams and global SHE groups have continued to ensure significant focus in this area across the business. The ERM team provide group policy on Quality, Health & Safety and Environment.

LGC's quality performance was underlined by a number of successful regulatory and customer audits. The Group continues to strive to comply with all environmental legislative requirements in the territories in which it operates and to maintain a programme of continuous improvement in all QHSE areas.

The Group is committed to operating its business in accordance with the Health and Safety laws and regulations of the countries in which it operates and adopting the accepted best practices of comparable organisations. The Head of ERM, in conjunction with the ERM team and divisional safety representatives, is responsible for setting the strategy and monitoring and reporting upon the performance across LGC.

The Group is committed to the continuous improvement of its environmental performance and it aims to operate its Environmental Management System (EMS) aligned with ISO 14001 principles. The EMS provides the framework for setting and reviewing environmental objectives and targets.

The Head of ERM, in conjunction with the ERM team and divisional QHSE team representatives, is responsible for setting the environmental strategy and monitoring environmental compliance and performance.

LGC is also committed to the prevention of pollution and to reducing the environmental impact of its business operations in order to protect the health and safety of its employees, surrounding communities and ecosystems. The control of energy and materials consumption, along with the responsible management of its waste, is key to the Group's efforts to improve environmental performance and reduce its carbon footprint. Please see LGC's ESG report 2021 available on its website for further information.



# LGC Science Group Holdings Limited

## Group strategic report (continued)

### Employees and Gender Diversity

The number of employees on 31 March 2021 was 3,944 (2020\*: 3,435).

\* 2020 refers to the number of employees under LGC's previous ownership

LGC is committed to creating an employment environment that attracts, retains and motivates the best employees. Throughout LGC, emphasis is placed on personal development to meet both today's needs and those of the future. Employee communication and consultation is encouraged at all levels of the business. The provision of information and consultation between management and employees is facilitated through structured quarterly communication, town halls, the intranet and various consultative committees across LGC.

A requirement of the Companies Act 2006 is that the company should assess and comment on any pertinent information regarding human rights issues in this report. Given the nature of our business, LGC does not believe it is necessary to include such information.

The Group is also required to publish its gender pay gap in the UK, which is available on its website.

It is LGC's policy to provide equal opportunities for all employees and applicants on the basis of objective criteria and personal abilities 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.

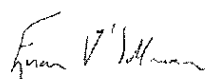
LGC also gives full and fair consideration to disabled persons applying for employment, having regard to their particular aptitudes and abilities, as well as the continuing employment and appropriate training of employees who become disabled.

The table below shows the gender diversity within the Group on 1 June 2021 and 1 June 2020.

	June 2021		June 2020	
	Male %	Female %	Male %	Female %
Executive Leadership Team	90	10	80	20
Senior Managers	80.6	19.4	84.3	15.7
Other employees	45.5	51.7	46.2	53.4

Senior managers comprise the members of the Executive Leadership Team and the LGC Leadership Team.

The Group strategic report, as set out on pages 5 to 16 has been approved by the Board.



**Euan O'Sullivan**

President and Chief Executive Officer

19 November 2021

# LGC Science Group Holdings Limited

## Corporate governance report

The Board of Directors of the Company during the period comprised:

Michal Lange (appointed 14 November 2019, resigned 21 April 2020)  
Matthew Norton (appointed 14 November 2019, resigned 21 April 2020)  
Simon Parsons (appointed 21 April 2020)  
Timothy Robinson (appointed 21 April 2020)

Since the end of the reporting period, on 17 September 2021, Timothy Robinson resigned from the Board of the Company and Euan O'Sullivan was appointed on the same date.

The Company is a subsidiary undertaking of LGC Science Corporation Limited (previously Loire UK Holdco 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.

The LGC Science Corporation Limited Board consists of senior LGC executive directors, specifically: the Chairman, the President and Chief Executive Officer (CEO), the Chief Financial Officer (CFO), and the Chief Scientific Officer (CSO), 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 the appropriate business and functional support required to discharge their responsibilities and to facilitate an appropriate level of information to allow constructive challenge and debate at Board level.

The current Board of Directors and Company Secretary of LGC Science Corporation Limited are:

**Tim Robinson CBE,**  
*Chairman of the Board*  
*(previously Chief*  
*Executive Officer up until*  
*8 September 2021)*

Tim joined LGC in May 2013 as Chief Executive Officer. In September 2021 he stepped down from that role and was appointed Chairman of the Board.

Tim has followed an international career in the technology and science sectors, spanning engineering, commercial and corporate leadership. Following a decade with IBM in Asia and Europe, Tim held senior executive positions in Silicon Graphics (SGI) and Thales, prior to being CEO for Xfinity, the privatised Office of the Paymaster General, and subsequently to Talaris (ex De La Rue). Tim is a Non-Executive Director of the UK Home Office. He has also been a Non-Executive Board Member of The UK Government Department for International Development, UK Trade & Investment, a Member of the Association of Oxfam, serving on their Audit Committee, and a Non-Executive Director of Camelot Group.

Tim was awarded a CBE in the 2020 New Year Honours list for his advisory role in a personal capacity to the UK Government.

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

Euan was appointed President and Chief Executive Officer in September 2021.

After joining LGC in 2007 as a Non-Executive Director, Euan served as Corporate Development Director from July 2010 before being appointed Managing Director of the Standards division in 2012. In 2017, Euan joined LGC's Board as an Executive Director, before being appointed as Chief Operating Officer (COO) in June 2020 and President & COO in January 2021.

Euan joined LGC from UK mid-market private equity house LGV Capital, where he was an Investment Director. Prior to LGC, Euan worked as a consultant in Accenture's business strategy practice and within the M&A division of Close Brothers Corporate Finance. Euan is a graduate of University College, Oxford.

# LGC Science Group Holdings Limited

## Corporate governance report (continued)

**Simon Parsons,**  
*Chief Financial Officer*

Simon was appointed Chief Financial Officer of LGC on 4 October 2010. He joined LGC after working as CFO in two private equity investments owned by Apax Partners and Balderton Capital. Prior to that, Simon held a number of General Manager and Finance Director positions in the UK and Italy with Celesio AG, a leading European wholesale and retail pharmaceuticals business. He qualified with Ernst & Young in 1993 where he worked in the UK and US practices.

**Derek Craston,**  
*Chief Scientific Officer*

Derek Craston joined the LGC Board on 1 February 2012 as LGC's Chief Scientific Officer. He continues with his existing role leading LGC's National Measurement Laboratories and Axolabs business units.

Derek's responsibilities as CSO include leading the scientific effort of the company, coordinating science development across the business and developing our scientific partnerships for research, discovery and innovation. Derek was Government Chemist from June 2008 to May 2018.

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

Tish joined the Board 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 Diagnostics & Testing team as well as Vice President of Global Custom Products business focused on oligonucleotides and peptides.

Prior to joining Sigma-Aldrich, Tish was with Applied Biosystems from 1999-2005 and served as Director, R&D Proteomics & Small Molecule Division with a focus in Mass Spectrometry. Tish has enjoyed a career directing multidisciplinary product development in the life science and pharmaceutical markets and has 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 Ph.D. in Organic Chemistry from The Pennsylvania State University, State College, Pennsylvania, USA.

**James Davis,**  
*Non Executive Director*

James Davis joined Astorg in 2019 and is a member of the investment team.

Prior to this, James 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.

**Judy C. Lewent,**  
*Non Executive Director*

Judy joined the Board in July 2021 and was appointed as Chair of the Audit Committee. Prior to joining the Board, Judy served as the Chief Financial Officer at Merck & Co. from 1990 until her retirement in 2007, where she was responsible for worldwide financial, corporate development and licensing matters, as well as strategic planning. Judy also served as president at Human Health Asia from January 2003 until July 2005.

Judy currently is a director of Motorola Solutions and until May 2021, was a director of GlaxoSmithKline PLC and Thermo Fisher Scientific, Inc. She also served on the Boards of Directors of Dell and Quaker Oats. She is a trustee of the Rockefeller Family Trust, is a life member of the Massachusetts Institute of Technology Corporation and a member of the American Academy of Arts & Sciences.

Judy earned a bachelor's degree from Goucher College and a master's degree from the MIT Sloan School of Management.

**François de Mitry,**  
*Non Executive Director*

François de Mitry joined Astorg in 2012 and is a member of the Investment team.

He has been involved in a number of transactions including MEGADYNE, LINXENS, IQ-EQ, FLOWBIRD, AUDIOTONIX and ANAQUA.

Prior to this, François was with Intermediate Capital Group PLC from 1997. He was appointed Managing Director in 2005, then became progressively 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.

He began his career at the M&A division of HSBC in London.

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

# LGC Science Group Holdings Limited

## Corporate governance report (continued)

**Matthew Norton,**  
*Non Executive Director*

Matthew is a member of Cinven's 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 an MSc in Physics.

He joined Cinven in 2010.

**Supraj Rajagopalan,**  
*Non Executive Director*

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

Previously, he 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.

He joined Cinven in 2004.

**Dr Nicolas Roelofs,**  
*Non Executive Director*

Nicolas joined the Board 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 from 2009 to 2013. He also served as the Vice President and General Manager of the Life Sciences division from 2006 to 2009.

Prior to joining Agilent Technologies Inc., Nicolas was with Bio-Rad Laboratories, Inc. from 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 from 2001 to 2005 saw him serve as Senior Vice President of marketing, sales and business development for the first two years and as Chief Operating Officer for the last two years.

Professionally, Nicolas is a Global 50 Member and also a part of the Malaysian Biotechnology International Advisory Panel. He has also served on the Advisory Board of Chemical & Engineering News for the American Chemical Society Magazine. Nicolas completed his M.S. in Organic Chemistry from Iowa State University and has a PhD in Organic Chemistry from the University of Nevada, Reno.

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

Sebastian is a 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 BA 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. He has a wealth of experience spanning executive roles in a number of companies, including GE, The Service Master Company and most recently Coty Inc. Greer has operated across a number of different geographies and cultures, in the Americas, Europe and Asia Pacific. Greer 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.

### Board meetings and committees

Scheduled Board meetings of LGC Science Corporation Limited were held after the company began trading on 21 April 2021 for each of 10 months of the period from April 2020 to 31 March 2021 with papers supplied for the other 2 months. The LGC Science Corporation Limited Board was also convened from time to time when specific matters arising required Board discussion or approval.

At each Board meeting, the CEO provided an update on LGC's key activities and the CFO provided an update on LGC's financial performance.

# LGC Science Group Holdings Limited

## Corporate governance report (continued)

In addition to the routine reports, the Board considered a range of matters during the period including, amongst other items:

- 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 approved;
- People – the Board have an annual review of Group talent, development and succession planning with periodic updates. The Board also reviewed the output and actions arising from the employee survey;
- Technology – progress updates on the development of LGC's ERP and ecommerce systems, and other significant investments in technology, facilities and scientific equipment were provided by senior operational and science and technology employees;
- ERM and quality, health, safety and the environment (QHSE) – LGC's approach to ERM and QHSE matters and performance against that strategy were discussed; and
- Disputes and litigation – updates on any material disputes faced by LGC were provided by the General Counsel.

The CEO and other members of the Board provide regular updates to employees both face to face, by email and via recorded videos and the intranet. These updates provide a summary of LGC's strategy and performance, together with details of the challenges and opportunities faced by LGC. These events are designed to update employees 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.

### **Audit Committee**

The current chair of the Audit Committee is Judy Lewent and the committee includes one Astorg-appointed director, one Cinven-appointed director, one non-executive director and the CFO. The CEO attends all meetings. An ADIA-appointed director attends 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 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 judgmental 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 held twice per year and at other times as needed.

### **Remuneration Committee**

During the period, the members of the Remuneration Committee included one Astorg-appointed director, one Cinven-appointed director and the CEO. An ADIA-appointed director attends meetings as an observer but is 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 Remuneration 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.

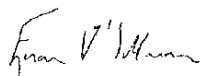
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# LGC Science Group Holdings Limited

## Corporate governance report (continued)

The Remuneration Committee discharges its responsibilities through its meetings, which are 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  
19 November 2021

# LGC Science Group Holdings Limited

## Directors' report

The Directors present their report and financial statements for the period ended 31 March 2021.

### Directors

The Directors of the Company who served during the year, and those appointed after the end of the financial year, are set out on page 17 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 16.

### 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 for the foreseeable future.

The Group loan facilities to 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 5 years from the reporting date.

The Directors note that the Group has access to a Revolving Credit Facility (RCF) of £265 million, of which £173 million was undrawn at the reporting date. No covenant tests apply to any of the Group's debt during the going concern period except if the RCF is more than 40% drawn. The Directors believe that this is highly unlikely to occur in the going concern period of at least 12 months from the date of signing these financial statements.

Whilst acknowledging the inherent risk in any plan, the Directors are concluding that, having considered the factors set out above, it is appropriate to prepare the financial statements on a going concern basis.

### Research and development activities

In the period ended 31 March 2021, significant research and development 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 period.

### Financial instruments

Details of financial instruments are provided in the Group strategic report on page 10.

### 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.

# LGC Science Group Holdings Limited

## Directors' report (continued)

### 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. LGC currently measures and tracks monthly energy usage relating to operations in the UK and Europe, and over the next year, aims to expand its systems for the monthly measurement of energy usage to recent acquisitions and LGC's sites in North America.

LGC's 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 LGC's UK sites, 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 (where LGC is responsible for purchasing electricity) is from certified renewable sources:

	Year ended 31 March 2021 <sup>1</sup>	Year ended 31 March 2020 <sup>2</sup>
	mWh	mWh
Combustion of gas and fuel for transport	8,434	7,998
Purchased electricity <sup>3</sup>	9,110	9,203
Total energy consumption	17,544	17,201

<sup>1</sup> amounts presented are for the year ended 31 March 2021, ie. as had the acquisition of Figaro Capital & Co. S.C.A. occurred on 1 April 2020 (1 April being the beginning of the Company's financial year)

<sup>2</sup> amounts presented are for the comparable year under LGC's previous ownership

<sup>3</sup> includes allowance for transmission and distribution

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

	tCO <sub>2</sub> e	tCO <sub>2</sub> e
Location based method:		
- emissions	3,867	4,045
- carbon intensity (tCO <sub>2</sub> e / 1,000 sq. ft.)	17.75	18.57
Market based method:		
- emissions	1,560	2,936
- carbon intensity (tCO <sub>2</sub> e / 1,000 sq. ft.)	7.16	13.48

Measures taken by LGC to reduce energy consumption include investment in energy efficient equipment such as low flow fume hoods, high efficiency air condition units and improved energy use across our 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.

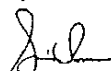
### Reappointment of auditors

The auditors are deemed to be re-appointed in accordance with the provision of s487 of the Companies Act 2006.

### Dividends

The Directors do not recommend an interim dividend or final dividend.

By order of the Board



**Simon Parsons**

Director and Chief Financial Officer

19 November 2021



# LGC Science Group Holdings Limited

## Directors' responsibilities 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 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 consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 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 of the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006 have been followed for the consolidated financial statements, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable United Kingdom Accounting Standards have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will 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.

# 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 for the period ended 31 March 2021 which comprise the Consolidated Statement of Profit & Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cashflows and the related notes 1 to 33, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied in accordance with section 408 of the Companies Act 2006 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 parent company's affairs as at 31 March 2021 and of its group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included

- In conjunction with our walkthrough of the group's financial close process, we had discussions with management before the year end to confirm our understanding of management's going concern assessment processes well as the review controls in place on the going concern model and management's Board memoranda and compared cash on hand, and forecast cash generation to forecast liability settlement to assess liquidity risk.
- We performed our own independent analysis of events and factors that we would expect to be considered by management prior to inspecting its going concern analysis, in order to determine if there were any scenarios or factors not included.
- We obtained management's going concern assessment, including the cash flow forecasts and covenant calculations for the going concern period through to 31 March 2023. As well as a base case forecast, the group has modelled a number of adverse scenarios in its cash flow forecasts and covenant calculations in order to assess the impact of these adverse scenarios on the liquidity of the group.
- We audited the reasonableness of all the key assumptions included in each scenario for the cash flow forecasts and covenant calculations and we considered the impact of Covid-19 included in each forecasted scenarios through reconciliation to the budget approved by the Board and comparison with recent actuals, as well as their consistency with other areas of the audit including impairment assessment.
- We inspected management's stress testing in order to identify what events or conditions could lead to the group exhausting all liquidity or breaching the financial covenants during the going concern period. We considered the likelihood of those events or conditions arising and the possible mitigating actions that management could take in such a scenario. We also verified credit facilities available to the group and considered repayments required of these facilities in the going concern period assessed.
- We read the group's going concern disclosures included in the annual report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

# LGC Science Group Holdings Limited

## Independent auditor's report

### to the members of LGC Science Group Holdings Limited (continued)

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 company's ability to continue as a going concern for a period to 31 March 2023.

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 company'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.

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 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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 company or to cease operations, or have no realistic alternative but to do so.

# LGC Science Group Holdings Limited

## Independent auditor's report

to the members of LGC Science Group Holdings Limited (continued)

### 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*

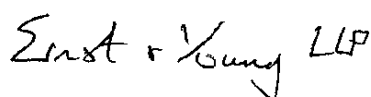
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not 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.

- 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 reporting framework (United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" and the Companies Act 2006, GDPR and the relevant tax compliance regulations in the United Kingdom.
- We understood how LGC Science Group Holdings Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance. We corroborated 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.



**Philip Young (Senior statutory auditor)**

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

19 November 2021

# LGC Science Group Holdings Limited

## Consolidated statement of profit or loss

for the period from 14 November 2019 to 31 March 2021

	Notes	£000
<b>Continuing operations:</b>		
<b>Revenue</b>	5	<b>659,775</b>
Cost of sales		(318,736)
<b>Gross profit</b>		<b>341,039</b>
Selling, general and administrative expenses		(359,145)
<b>Operating loss</b>	6, 7	<b>(18,106)</b>
Finance income	10	748
Finance costs	11	(61,822)
Share of loss of joint venture		(176)
<b>Loss before tax</b>		<b>(79,356)</b>
Taxation	12	(14,755)
<b>Loss for the period</b>		<b>(94,111)</b>
<b>Attributable to:</b>		
Equity holders of the Company		(94,111)

# LGC Science Group Holdings Limited

## Consolidated statement of comprehensive income

for the period from 14 November 2019 to 31 March 2021

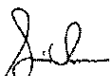
	Notes	£000
<b>Loss for the period</b>		<b>(94,111)</b>
<b>Other comprehensive loss</b>		
Items that may be reclassified subsequently to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations net of hedges of net investment		(63,315)
Net change on cash flow hedges	18(c)	(1,707)
Tax on items that may be reclassified subsequently to profit or loss	12(a)	251
		<u>(64,771)</u>
Items that will not be reclassified subsequently to profit or loss in subsequent periods:		
Actuarial net gains on defined benefit pension schemes	26(a)	549
Tax on items that will not be reclassified subsequently to profit or loss	12(a)	(112)
		<u>437</u>
<b>Other comprehensive loss for the period, net of tax</b>		<b>(64,334)</b>
<b>Total comprehensive loss for the period, net of tax</b>		<b><u>(158,445)</u></b>
<b>Attributable to:</b>		
Equity holders of the Company		<u>(158,445)</u>

# LGC Science Group Holdings Limited

## Consolidated statement of financial position

at 31 March 2021

	Notes	£000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	13	144,888
Goodwill	14	1,743,580
Intangible assets	15	1,481,957
Right-of-use assets	25	38,840
Long-term receivables	16	3,783
Retirement benefit asset	26(a)	3,406
Other financial assets	18(a)	1,572
Investment in joint venture		1,800
		<u>3,419,826</u>
<b>Current assets</b>		
Inventories	19	186,001
Trade, other receivables and other current assets	20	119,101
Current tax assets		5,315
Other financial assets	18(a)	12,595
Cash and cash equivalents	21	81,479
		<u>404,491</u>
<b>Total assets</b>		<u><b>3,824,317</b></u>
<b>Equity and liabilities</b>		
Issued share capital	22(a)	-
Share premium	22(b)	2,316,840
Other capital reserves		11,662
Translation reserve		(63,315)
Hedging reserve		(1,707)
Accumulated deficit		(93,423)
<b>Total equity</b>		<u>2,170,057</u>
<b>Non-current liabilities</b>		
Loans and borrowings	18(b)	1,156,474
Retirement benefit obligations	26(a)	1,401
Deferred tax liabilities	12(c)	299,939
Provisions	23	13,763
Long-term payables	29(b)	7,931
Other financial liabilities	18(b)	8
		<u>1,479,516</u>
<b>Current liabilities</b>		
Trade and other payables	24	158,472
Current tax liabilities		8,056
Other financial liabilities	18(b)	934
Loans and borrowings	18(b)	7,282
		<u>174,744</u>
<b>Total liabilities</b>		<u><b>1,654,260</b></u>
<b>Total equity and liabilities</b>		<u><b>3,824,317</b></u>



**Simon Parsons**  
Director

19 November 2021

# LGC Science Group Holdings Limited

## Company statement of financial position

at 31 March 2021

	Notes	£000
<b>Assets</b>		
<b>Non-current assets</b>		
Investments	17	2,316,850
<b>Current assets</b>		
Loans and borrowings	18(a)	12,590
<b>Total assets</b>		<b>2,329,440</b>
<b>Equity and liabilities</b>		
Issued share capital	22(a)	-
Share premium	22(b)	2,316,840
Retained earnings		560
<b>Total equity</b>		<b>2,317,400</b>
<b>Current liabilities</b>		
Loans and borrowings	18(b)	12,040
<b>Total liabilities</b>		<b>12,040</b>
<b>Total equity and liabilities</b>		<b>2,329,440</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 profit after tax for the parent company during the period is £560,000.



**Simon Parsons**  
Director

19 November 2021



# LGC Science Group Holdings Limited

## Consolidated statement of changes in equity

for the period from 14 November 2019 to 31 March 2021

£000	Issued share capital	Share premium	Other capital reserves	Translation reserve	Hedging reserve	Accum- ulated deficit	Total
As at incorporation (14 November 2019)	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(94,111)	(94,111)
Other comprehensive loss	-	-	-	(63,315)	(1,707)	688	(64,334)
Total comprehensive loss	-	-	-	(63,315)	(1,707)	(93,423)	(158,445)
Acquisition of Figaro Capital & Co. S.C.A. (note 29(a))	-	-	402	-	-	-	402
Share-based payments (note 27)	-	-	11,260	-	-	-	11,260
Issue of share capital (note 22)	-	2,316,840	-	-	-	-	2,316,840
At 31 March 2021	-	2,316,840	11,662	(63,315)	(1,707)	(93,423)	2,170,057

# LGC Science Group Holdings Limited

## Company statement of changes in equity

for the period from 14 November 2019 to 31 March 2021

£000	Issued share capital	Share premium	Retained earnings	Total
As at incorporation (14 November 2019)	-	-	-	-
Profit for the period	-	-	560	560
Total comprehensive income	-	-	560	560
Issue of share capital (note 22)	-	2,316,840	-	2,316,840
At 31 March 2021	-	2,316,840	560	2,317,400

# LGC Science Group Holdings Limited

## Consolidated statement of cash flows

for the period from 14 November 2019 to 31 March 2021

	Notes	£000
<b>Operating activities</b>		
Loss for the period		(94,111)
Adjustments to reconcile loss for the period to net cash flows:		
Depreciation	7	29,685
Amortisation	7	83,394
Equity-settled share-based payments	27	11,260
Net loss on disposal of property, plant and equipment		772
Finance income	10	(748)
Finance costs	11	61,022
Share of loss of joint venture		176
Tax	12	14,755
Foreign exchange net gain		(8,048)
Movement in provisions	23	(1,809)
Contribution to defined benefit pension scheme	26(a)	(700)
Working capital adjustments:		
Decrease in inventories		36,147
Increase in trade, other receivables and other current assets		(23,824)
Increase in trade and other payables		18,384
Operating cash flows (before income tax)		127,155
Net income tax paid		(39,041)
<b>Net cash flows from operating activities</b>		<b>88,114</b>
<b>Investing activities</b>		
Interest received		102
Loans advanced		(14,550)
Purchase of property, plant and equipment		(33,047)
Proceeds from sale of property, plant and equipment		522
Purchase of intangible assets	15	(13,267)
Acquisition of Figaro Capital & Co. S.C.A. (net of cash acquired)	29(a)	(1,009,165)
Settlement of foreign exchange forward contracts on acquisition of Figaro Capital & Co. S.C.A.	11	(14,099)
Acquisitions of other businesses (net of cash acquired)	29(b)	(139,378)
Purchase of non-controlling interests	(29a)	(128,011)
Purchase of investments		(1,124)
<b>Net cash flows used in investing activities</b>		<b>(1,352,017)</b>
<b>Financing activities</b>		
Proceeds from issue of share capital	22(a)	2,316,840
Interest paid		(39,901)
Settlement of interest cap and interest rate swap		(3,517)
Premium paid on interest rate caps		(1,705)
Repayment of loans and borrowings	18(f)	(2,199,803)
Proceeds from loans and borrowings	18(f)	1,288,943
Loans from related party	18(f)	3,057
Principal element of lease liabilities paid	18(f)	(6,733)
Interest element of lease liabilities paid	18(f)	(3,131)
<b>Net cash flows provided by financing activities</b>		<b>1,354,050</b>
Net increase in cash and cash equivalents		90,147
Net foreign exchange difference		(8,668)
<b>Cash and cash equivalents at end of period</b>	21	<b>81,479</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.

On 21 April 2020, a subsidiary undertaking of the Company acquired Figaro Capital & Co. S.C.A., the ultimate parent company and previous owner of the trading entities of LGC. Prior to this date, the Company did not trade.

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 2021 and for the period from 14 November 2019 to 31 March 2021 were authorised for issue in accordance with a resolution of the Directors and the Board on 19 November 2021.

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 International Financial Reporting Standards ("IFRS"), in conformity with the requirements of the Companies Act 2006 and as issued by the International Accounting Standards Board (IASB). As this is the first period of account for the Group there are no comparative figures disclosed.

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 2021.

LGC Science Group Holdings Limited  
Registered in England and Wales  
Company Number 10000000

# 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 which include the potential impacts of COVID-19. These show that the Group should be able to operate within the limits of its available resources.

Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and have considered the period to March 2023 in their assessment.

#### (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 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 (note 29 (b)) 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.

#### 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 Standards 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 capitalized 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.

#### 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 aging 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 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 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.

##### 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 amendments are not expected to have a material impact on the results or financial position of the Group.

##### 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 amendments are not expected to have a material impact on the results or financial position of the Group.

##### 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 amendments are not expected to have a material impact on the results or financial position of the Group.

##### Amendment to IFRS 16 'Leases': Covid-19 related rent concessions

In May 2020, the IASB issued amendments to IFRS 16 'Leases' to introduce a practical expedient which permits a lessee to elect not to assess whether a COVID-19-related concession in respect of rent due for periods to 30 June 2021 is a lease modification. The amendment is applicable for annual reporting periods beginning on or after 1 June 2020 and earlier application is permitted. The amendment is not expected to have a significant impact on the Group's consolidated financial statements.

##### Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases': Interest Rate Benchmark Reform Phase 2

In August 2020, the IASB issued amendments to a number of standards to address issues that arise from implementation of the interest rate benchmark reforms, including the replacement of one benchmark with an alternative one. A practical expedient is provided such that the change to contractual cash flows for financial assets and liabilities (including lease liabilities) is accounted for prospectively by revising the effective interest rate. In addition, hedge accounting will not be discontinued solely because of the IBOR reform. The amendment is applicable for annual reporting periods beginning on or after 1 January 2021. The amendments are not expected to have a material impact on the results or financial position of the Group.

##### Amendment to IFRS 16 'Leases': Covid-19 related rent concessions

In March 2021, the IASB extended by one year the application of the practical expedient in IFRS 16 'Leases'. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related concession in respect of rent due for periods to 30 June 2022 is a lease modification. The amendment is applicable for annual reporting periods beginning on or after 1 April 2021 and earlier application is permitted. The amendment is not expected to have a significant impact on the Group's consolidated financial statements.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 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. The Group expects to file combined state income tax returns prospectively, and intends to file amended combined state income tax returns for historic periods. 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 2021.

##### 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.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

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

#### Estimates and assumptions (continued)

##### Assessment of impairment of goodwill and other non-current assets (continued)

At 31 March 2021, for the purposes of the goodwill impairment test, the recoverable amounts of the Genomics division and the Standards 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:

- The expected future cash flows for the fiscal year 2022 through 2031. 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 when preparing the financial statements and excluded the estimated cash flows that might arise from future any possible 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.
- 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 for the Genomics division and 2.9 percent for the Standards division. The long-term margins were set considering historical margins, the margins incorporated into the purchase price allocation for the acquisition of Figaro Capital & Co. S.C.A., 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 9.0 percent for the Genomics division to 8.0 percent for the Standards division.

The recoverable amounts estimated as described above were determined to be in excess of the carrying amount for the Standards division and the Genomics division to which goodwill was allocated. Management believes that no reasonably possible change in any of the key assumptions would result in the carrying value of Genomics division and the Standards division to exceed its recoverable amount. As such, there were no impairment charges recognised for goodwill for the period to 31 March 2021. In addition, there were no impairment charges recognised for other non-current assets for the period to 31 March 2021.

##### 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 £141.0 million. Of the potential deferred tax asset of £28.9 million, £16.9 million has not been recognised as the recognition criteria of IAS 12 'Income Taxes' have not been met. Further, £12.7 million of net deferred tax assets on temporary differences have also not been recognised as the recognition criteria of IAS 12 'Income Taxes' have not been met. The Group has accelerated capital allowances of approximately £27.9 million. The related deferred tax asset of £3.9 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.

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.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

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

#### Estimates and assumptions (continued)

##### Retirement benefits - defined benefit pension schemes (continued)

The principal actuarial assumptions used to determine the present values of the scheme liabilities were: discount rate 2.20%; future pension increases 3.25%; deferred pension revaluation 2.70%; projected life expectancy from the age of retirement of 65 years old – currently aged 45: male 23.6 years, female 24.8 years and currently aged 65: male 21.9 years, female 23.6 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
Adjustment to discount rate:	0.1% increase	(2,479)
	0.1% decrease	2,540
Adjustment to rate of inflation:	0.1% increase	1,748
	0.1% decrease	(1,853)
Rate of mortality of life expectancy of pensioners:	1 year increase	(3,265)
	1 year decrease	3,674

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 0.1% 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, and by segment is as follows:

£000	Period to 31 March 2021			
	Genomics	Standards	Corporate	Total
Reference Materials and Analytical Standards	-	136,057	-	136,057
Oligonucleotides	209,627	-	-	209,627
Clinical Diagnostics	-	118,778	-	118,778
PCR Components and Solutions	78,486	-	-	78,486
Supply Chain Assurance	-	47,443	-	47,443
National Laboratories and Science	-	29,664	-	29,664
Drug Development Services	17,206	-	-	17,206
NGS Components and Solutions	17,681	-	-	17,681
Other	2,426	-	2,407	4,833
	<b>325,426</b>	<b>331,942</b>	<b>2,407</b>	<b>659,775</b>

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

£000	Period to 31 March 2021			
	Genomics	Standards	Corporate	Total
Revenue recognised at point in time	309,344	299,889	-	609,233
Revenue recognised over time	16,082	32,053	2,407	50,542
	<b>325,426</b>	<b>331,942</b>	<b>2,407</b>	<b>659,775</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.

#### (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.

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.



# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 5. Revenue (continued)

#### (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 profit/loss for the year excluding taxation, share of profit/loss of joint venture, finance costs, finance income, depreciation and amortisation, inventory fair value uplifts, costs in relation to acquisitions, disposals, transactions and financing activities ("transaction related costs"), share-based payments expense, restructuring costs and unrealised foreign exchange gains and 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 loss for the period:

£000	Period to 31 March 2021
<b>Adjusted EBITDA</b>	<b>263,774</b>
Depreciation and amortisation	(113,079)
Transaction-related costs <sup>1</sup>	(86,243)
Inventory fair value uplifts <sup>2</sup>	(62,346)
Share-based payments expense <sup>3</sup>	(12,122)
Restructuring costs <sup>4</sup>	(1,200)
Unrealised foreign exchange net loss <sup>5</sup>	(6,890)
<b>Operating loss</b>	<b>(18,106)</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, as well as transaction fees incurred in connection with the acquisition of Figaro Capital & Co. S.C.A. on 21 April 2020. 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 recognized 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 reorganizations 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.

<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 unrealized are non-cash.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 7. Operating loss

Operating loss is stated after charging:

£000	Period to 31 March 2021
Cost of inventories sold	144,086
Depreciation	
- property, plant and equipment (note 13)	21,356
- right-of-use asset (note 25)	8,329
Amortisation (note 15)	83,394
Fees payable to the statutory audit firm	
- fees payable for audit of the consolidated financial statements	1,548
- fees payable for other assurance services	730
Research and development costs	26,983
Expenses relating to leases of low-value assets	25
Net loss on disposal of property, plant and equipment	772
Foreign exchange net loss	5,808

Research and development costs includes £4,725,000 for period to 31 March 2021 which is also included within cost of inventories sold above, and £11,108,000 for the period to 31 March 2021 which is also included in staff costs (note 8).

### 8. Staff costs

The aggregate payroll costs incurred during the period were:

£000	Period to 31 March 2021
Wages and salaries	190,006
Social security costs	19,611
Pension costs	7,112
	216,729
Share-based payments expense (note 27)	12,122
	228,851

### Employee numbers

The average number of employees during the period was 2,577.

The average number of employees during the period following the acquisition of Figaro Capital & Co. S.C.A. on 21 April 2020 was 3,668.

### 9. Directors' remuneration

Directors' remuneration for the period amounted to £1,326,000 which included £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 £746,000 which included £1,000 of contributions to pension schemes.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 10. Finance income

£000	Period to 31 March 2021
Interest income on bank deposits	102
Interest on loans receivable	482
Net interest on retirement benefit schemes	164
	<b>748</b>

### 11. Finance costs

£000	Period to 31 March 2021
Interest on loans and borrowings	(40,408)
Amortisation of loans and borrowings issuance costs	(2,955)
Interest on lease liabilities	(3,131)
Loss on forward contracts	(14,099)
Other finance costs	(1,229)
	<b>(61,822)</b>

Loss on forward contracts relates to contracts taken out to hedge the foreign currency risk relating to the acquisition of Figaro Capital & Co. S.C.A. (note 29(a)).

### 12. Taxation

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

The major components of the income tax charge were:

£000	Period to 31 March 2021
<b>Consolidated statement of profit or loss</b>	
Current tax:	
Current income tax charge	38,123
Adjustments in respect of current income tax of previous years	(271)
	<b>37,852</b>
Deferred tax:	
Relating to origination and reversal of temporary differences	(24,261)
Adjustments in respect of previous years	(184)
Change in rates	1,348
	<b>(23,097)</b>
	<b>14,755</b>

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 12. Taxation (continued)

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

£000	Period to 31 March 2021
<b>Consolidated statement of other comprehensive income</b>	
Deferred tax related to items recognised in other comprehensive income during the period:	
Cash flow hedges	(251)
Employee defined benefit plans	112
	<b>(139)</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 19.1% is set out below:

£000	Period to 31 March 2021
<b>Loss before taxation</b>	<b>(79,356)</b>
Expected tax credit at weighted average standard tax rate:	(15,189)
Effects of:	
Expenses not deductible for tax purposes	13,370
Adjustments with respect to previous years	(455)
Higher foreign tax rates on overseas earnings	9,860
Movement in unrecognised deferred taxes	16,330
Effect of 'patent box' benefit	(117)
Group relief surrendered	(11,375)
Rate change adjustment	1,379
Non-taxable foreign exchange gains	952
<b>Total tax charge for the period</b>	<b>14,755</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. The Group expects to file combined state income tax returns prospectively, and intends to file amended combined state income tax returns for historic periods. 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	As of 31 March 2021
<b>Consolidated statement of financial position</b>	
Intangible assets	(318,055)
Research and development costs	(2,510)
Goodwill	(2,765)
Inventory	(1,183)
Revaluation of land and buildings	(1,868)
Defined benefit pension scheme	(647)
Interest accrued/deferred	180
Provisions not deductible for income tax	1,033
Accrued bonuses, compensation, sick pay and vacation expense	3,678
Depreciation in excess of capital allowances	3,869
Losses	11,966
Other timing differences	6,363
<b>Net deferred tax liability</b>	<b>(299,939)</b>

Recorded in the consolidated statement of financial position as follows:

<i>Deferred tax liabilities</i>	<u>(299,939)</u>
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#### Reconciliation of net deferred tax liability

£000

<b>At 14 November 2019</b>	-
Tax income during the period recognised in the statement of profit or loss	23,097
Other transfers	1,281
Tax income during the period recognised in other comprehensive income	139
Deferred tax arising on acquisition of Figaro Capital & Co. S.C.A. (note 29(a))	(325,971)
Deferred tax arising on other acquisitions (note 29(b))	(13,684)
Foreign exchange translation	15,199
<b>At 31 March 2021</b>	<b>(299,939)</b>

The Group has tax losses carried forward of £141.0 million. Deferred tax assets of £12.0 million have been recognised against future taxable profit in accordance with IAS 12 'Income Taxes', of which £1.9 million offsets the deferred tax liability on future capital gains on land and buildings. Deferred tax assets of £16.9 million have not been recognised as the recognition criteria of IAS 12 'Income Taxes' have not been met.

Further, £12.7 million of net deferred tax assets on other temporary differences have also 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 £27.9 million. The related deferred tax asset of £3.9 million has been recognised in accordance with IAS 12 'Income Taxes'.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 12. Taxation (continued)

#### (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 £107.6 million.

At the Spring Budget 2020, the UK Government announced measures to set the corporation tax main rate at 19% for the financial year beginning 1 April 2020. At the time, this maintained the rate at 19%, rather than reducing it to 17% from 1 April 2020 as had been previously announced.

At the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, had it been substantively enacted by the balance sheet date, the increase in the net deferred tax liability would have been £23.1 million.

### 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 14 November 2019</b>	-	-	-	-	-	-
Acquisition of Figaro Capital & Co. S.C.A. (note 29(a))	48,424	17,533	6,864	45,902	15,210	133,933
Other acquisitions (note 29(b))	2,746	516	1,331	596	110	5,299
Additions	200	6,700	1,602	18,296	6,329	33,127
Disposals	-	-	(9)	(735)	(666)	(1,410)
Foreign exchange translation	(1,111)	(826)	(224)	(2,303)	(516)	(4,980)
<b>At 31 March 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>
<b>Depreciation:</b>						
<b>At 14 November 2019</b>	-	-	-	-	-	-
Charge for the period	1,040	2,362	1,043	10,458	6,453	21,356
Disposals	-	-	-	(107)	(9)	(116)
Foreign exchange translation	(32)	(43)	111	(201)	6	(159)
<b>At 31 March 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>
<b>Net book value:</b>						
<b>At 31 March 2021</b>	<b>49,251</b>	<b>21,604</b>	<b>8,410</b>	<b>51,606</b>	<b>14,017</b>	<b>144,888</b>

The carrying value of the element of land included in the net book value of freehold land and buildings at 31 March 2021 is £20.3 million.

The net loss on the disposals of property, plant and equipment amounted to £772,000 for the period to 31 March 2021.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 14. Goodwill

Cost and carrying amount:

	£000
<b>At 14 November 2019</b>	-
Acquisition of Figaro Capital & Co. S.C.A. (note 29(a))	1,740,549
Other acquisitions (note 29(b))	59,966
Foreign exchange translation	(56,935)
<b>At 31 March 2021</b>	<b>1,743,580</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:

£000	As of 31 March 2021
Genomics	525,552
Standards	1,218,028
	<b>1,743,580</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 2021, for the purposes of the goodwill impairment test, the recoverable amounts of the Genomics division and the Standards 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:

- The expected future cash flows for the fiscal year 2022 through 2031. 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 when preparing the financial statements and excluded the estimated cash flows that might arise from future any possible 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.
- 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 for the Genomics division and 2.9 percent for the Standards division. The long-term margins were set considering historical margins, the margins incorporated into the purchase price allocation for the acquisition of Figaro Capital & Co. S.C.A., 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 9.0 percent for the Genomics division to 8.0 percent for the Standards division.

The recoverable amounts estimated as described above were determined to be in excess of the carrying amount for the Standards division and the Genomics division to which goodwill was allocated. Management believes that no reasonably possible change in any of the key assumptions would result in the carrying value of Genomics division and the Standards division to exceed its recoverable amount. As such, there were no impairment charges recognised for goodwill for the period to 31 March 2021.

# 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 14 November 2019</b>	-	-	-	-	-
Acquisition of Figaro Capital & Co. S.C.A. (note 29(a))	703,911	317,700	488,811	11,175	1,521,597
Other acquisitions (note 29(b))	78,806	2,921	22,159	48	103,934
Additions	-	-	6,966	6,301	13,267
Disposals	-	-	-	(497)	(497)
Foreign exchange translation	(36,587)	(3,406)	(35,133)	(346)	(75,472)
<b>At 31 March 2021</b>	<b>746,130</b>	<b>317,215</b>	<b>482,803</b>	<b>16,681</b>	<b>1,562,829</b>
<b>Amortisation:</b>					
<b>At 14 November 2019</b>	-	-	-	-	-
Charge for the period	40,040	8,840	31,904	2,610	83,394
Disposals	-	-	-	(202)	(202)
Foreign exchange translation	(1,100)	(59)	(1,116)	(45)	(2,320)
<b>At 31 March 2021</b>	<b>38,940</b>	<b>8,781</b>	<b>30,788</b>	<b>2,363</b>	<b>80,872</b>
<b>Net book value:</b>					
<b>At 31 March 2021</b>	<b>707,190</b>	<b>308,434</b>	<b>452,015</b>	<b>14,318</b>	<b>1,481,957</b>

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

### 16. Long-term receivables

£000	As of 31 March 2021
Trade receivables	703
Loan receivable from joint venture	1,120
Loan receivable from employee benefit trust	1,960
	<b>3,783</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 32).



# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 17. Investments

#### Company

	£000
At 14 November 2019	-
Additions	2,316,850
<b>At 31 March 2021</b>	<b>2,316,850</b>

Additions relate to the Company subscribing for 100% of the ordinary share capital in newly incorporated subsidiaries as follows:

- Loire UK Bidco Limited for total consideration of £1,362,376,940;
- Loire US, LLC for total consideration of £1;
- Loire Finco Luxembourg S.à r.l. for total consideration of £54,031;
- Loire US Holdco 1, Inc. for total consideration of £564,716,277 and
- Loire US Holdco 2, Inc. for total consideration of £389,703,226.

Details of the investments, including those indirectly held, in which the Group holds 20% or more of the nominal value are disclosed in note 33.

### 18. Financial instruments

#### (a) Financial assets

##### Group

##### Financial assets

	At 31 March 2021	
	Carrying value	Fair value
£000		
<b>Financial assets at amortised cost</b>		
Long-term receivables and trade, other receivables and other current assets*	103,244	103,244
<b>Other financial assets at amortised cost</b>		
Loan to immediate parent company	12,590	12,590
<b>Other financial assets at fair value</b>		
Non-listed equity securities	1,087	1,087
Interest rate caps	490	490
<b>Total other financial assets</b>	<b>14,167</b>	<b>14,167</b>
<b>Total financial assets**</b>	<b>117,411</b>	<b>117,411</b>
<b>Current</b>	<b>112,056</b>	
<b>Non-current</b>	<b>5,355</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 loan to immediate parent company bears interest at 8% per annum and is repayable on demand.

The non-listed equity securities relate to a non-controlling interest investment in Iridia 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.

#### 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.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 18. Financial instruments (continued)

#### (b) Financial liabilities

##### Group

##### Financial liabilities - loans and borrowings

			As of 31 March 2021
	Interest rate	Maturity	£000
<b>Non-current liabilities</b>			
\$595,000,000 bank loan	LIBOR +3.00% - 3.50%	April 2027	428,027
\$255,000,000 bank loan	LIBOR +3.00% - 3.50%	April 2027	183,440
€510,000,000 bank loan	EURIBOR +2.75% - 3.25%	April 2027	434,449
€108,000,000 bank borrowing	EURIBOR +2.25% - 3.25%	October 2026	92,001
Unamortised issuance costs			(17,865)
Bank loans and borrowings			1,120,052
Lease liabilities	3.1-11.7%	up to 2035	33,567
Loan from parent company	nil	July 2022	2,855
			<b>1,156,474</b>
<b>Current liabilities</b>			
Lease liabilities	3.1-11.7%	up to 2035	7,282
<b>Total loans and borrowings</b>			<b>1,163,756</b>

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 at 31 March 2021 were £172,999,000. 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. It is anticipated that the elimination of the LIBOR benchmark will result in the rate of interest in respect of LIBOR-linked borrowings under the Senior Facilities Agreement being determined with reference to applicable compounded risk-free rate (for example, SONIA in the case of GBP-denominated drawings, and SOFR in the case of USD-denominated drawings).

Additionally, in April 2020, in connection with the acquisition of Figaro Capital & Co. S.C.A. (note 29), the Group entered into a bilateral committed £10 million operating facility ("Operating Facility") that is subject to review and renewal every September. Amounts undrawn under the Operating Facility at 31 March 2021 were £3,892,000.

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

The loan from the parent company is due to Company's immediate parent company, Loire UK Midco 2 Limited, and is interest free and repayable in July 2022.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 18. Financial instruments (continued)

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

##### Other financial liabilities

£000	As of 31 March 2021
Other financial liabilities at fair value	
Derivatives designated as hedging instruments	
Interest rate caps	942
Other financial liabilities at amortised cost, other than loans and borrowings	
Trade and other payables*	150,780
<b>Total other financial liabilities</b>	<b>151,722</b>
<b>Current</b>	<b>151,714</b>
<b>Non-current</b>	<b>8</b>

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

#### Company

##### Financial liabilities - loans and borrowings

	Interest rate	Maturity	£000
<b>Current liabilities</b>			
Loans from Group companies	3.6% – 8%	December 2021	12,040
<b>Total loans and borrowings</b>			<b>12,040</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.

#### (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 comprised an interest rate swap and interest rate caps.

##### Interest rate swap

The interest rate swap was designated as a cash flow hedge to hedge interest payments in relation to US dollar denominated bank loans. The notional amount was \$275,000,000 at a fixed rate 2.01% with a floor of 0.00% and the derivative was settled in May 2020, ahead of its contractual maturity in December 2020. This cash flow hedge was effective.

##### 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 excluding April 2023, and subsequently with a strike of 1.25% up to and including April 2024. These hedges were effective.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 18. Financial instruments (continued)

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

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

	Period to 31 March 2021
£000	
Fair value loss	(1,749)
Amounts recycled to profit or loss	42
<b>Net change recognised in statement of comprehensive income</b>	<b>(1,707)</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 were no outstanding foreign exchange forward contracts at 31 March 2021.

The Group used a cap in relation to Euro denominated bank loans with a notional amount of €350,000,000 with a strike of 0.50%. The derivative was settled in June 2020, ahead of its contractual maturity in December 2021.

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 2021		
£000	Level 1	Level 2	Level 3
<b>Assets</b>			
Cash and cash equivalents	81,479	-	-
Non-listed equity securities	-	1,087	-
Interest rate caps	-	490	-
<b>Liabilities</b>			
Interest rate caps	-	942	-

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.

There were no transfers between fair value hierarchies during the period to 31 March 2021.

#### (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 £17,865,000.

#### (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.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 18. Financial instruments (continued)

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

##### 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 2021 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 2021. 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.

##### 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 31 March 2021 after the impact of hedge accounting, with all other variables held constant:

	Period to 31 March 2021			
	Increase in basis points	Increase in loss before tax £000	Decrease in basis points	Decrease in loss before tax £000
US dollar	+50	(3,663)	-50	1,423
Euro	+50	-	-50	-
Sterling	+50	(33)	-50	5

##### 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:

Period to 31 March 2021						
	Change in rate*	(Increase)/ decrease 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%	(598)	-	-5%	982	-
Euro	+5%	7	(23)	-5%	10	26

\* +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

£000	At 31 March 2021		
	Maximum exposure	Provision for impairment	Carrying value
Cash and cash equivalents	81,479	-	81,479
Trade, other receivables and other current assets*	104,495	(1,251)	103,244
	<b>185,974</b>	<b>(1,251)</b>	<b>184,723</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.

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
At 14 November 2019	-
Movement during the period	(1,251)
At 31 March 2021	<b>(1,251)</b>

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 18. Financial instruments (continued)

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

##### 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 2021			
	Within 1 year	Between 1 and 5 years	>5 years	Total
Trade and other payables*	150,780	-	-	150,780
Bank loans and borrowings	134,544	166,397	1,051,465	1,352,406
Loan from parent company	2,855	-	-	2,855
Derivatives – interest rate caps	961	2,003	-	2,964
Lease liabilities	9,819	25,695	19,267	54,781

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

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

£000	Bank loans and borrowings	Loan from parent	CPECs and PPECs	Long-term loan notes	Derivative liability	Lease liabilities	Total
<b>At 14 November 2019</b>	-	-	-	-	-	-	-
Acquisition of Figaro Capital & Co. S.C.A. (note 29(a))	1,127,686	-	949,853	6,940	3,521	39,448	2,127,448
Other acquisitions (note 29(b))	23,102	-	-	-	-	-	23,102
Cash flows (proceeds)	1,288,943	3,057	-	-	-	-	1,292,000
Cash flows (repayments)	(1,242,986)	-	(949,853)	(6,964)	(4,010)	(9,864)	(2,213,677)
Recognised within finance costs*	2,955	-	-	24	489	3,131	6,599
New leases and lease modifications	-	-	-	-	-	10,014	10,014
Change in fair value	-	-	-	-	1,229	-	1,229
Foreign exchange translation	(79,648)	(202)	-	-	(287)	(1,880)	(82,017)
<b>At 31 March 2021</b>	<b>1,120,052</b>	<b>2,855</b>	<b>-</b>	<b>-</b>	<b>942</b>	<b>40,849</b>	<b>1,164,698</b>

\* finance costs in respect of:

- bank loans and borrowings relates to the amortisation of issuance costs; and
- long-term loan notes relates to unpaid interest, which is repayable at the maturity, or redemption if earlier, of the respective instruments.

#### (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.

## 19. Inventories

The write-down in the carrying value of inventories to net realisable value, net of reversals during the period to 31 March 2021 was £15,925,000.

	As of 31 March 2021
<b>£000</b>	
Trade receivables	97,789
Provision for impairment	(1,251)
<b>Net trade receivables</b>	<b>96,538</b>
Other receivables	2,923
Prepayments	11,624
Accrued income	8,016
	<b>119,101</b>

Trade receivables above include amounts that are past due at 31 March 2021 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.

	As of
£000	31 March 2021
Not due	72,963
Past due	
1 to 30 days	18,790
31 to 60 days	3,192
61 to 90 days	2,361
>90 days	483
	24,826
<b>Trade receivables</b>	<b>97,789</b>



# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 21. Cash and cash equivalents

£000	At 31 March 2021
Cash at bank	80,085
Short-term deposits	1,394
	<b>81,479</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

At 31 March 2021 authorised shares comprise:

	Number	£
Authorised, issued and fully paid Ordinary shares of £0.01 each	4,001	40
	Number	£
At incorporation (14 November 2019)	1	-
Issued during the period	4,000	40
<b>At 31 March 2021</b>	<b>4,001</b>	<b>40</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.

#### (b) Share premium

At 31 March 2021 share premium comprises:

	£000
At incorporation (14 November 2019)	-
On shares issued during the period	2,316,840
<b>At 31 March 2021</b>	<b>2,316,840</b>

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 23. Provisions for liabilities and charges

£000	Legal proceedings and disputes	Dilapidations	Other	Total
<b>At 14 November 2019</b>	-	-	-	-
Acquisition of Figaro Capital & Co. S.C.A. (note 29(a))	1,881	13,722	785	16,388
Other acquisitions	-	131	-	131
Charge for the period	-	-	7	7
Utilised	(1,743)	-	(66)	(1,809)
Foreign exchange translation	(90)	(796)	(68)	(954)
<b>At 31 March 2021</b>	<b>48</b>	<b>13,057</b>	<b>658</b>	<b>13,763</b>

A provision for legal proceedings is recognised when it was deemed probable that the proceedings would result in an outflow of resources. As the ultimate outcome of pending litigation was uncertain, the timing of cash outflows for the legal proceedings and disputes provision was also uncertain.

The provisions for dilapidations at 31 March 2021 were assumed as part of the acquisition of Figaro Capital & Co. S.C.A. on 21 April 2020, and was recognised at fair value on the date of the acquisition. The timing of cash outflows for the provisions for dilapidations is primarily expected within a period through to 31 March 2034.

### 24. Trade and other payables

£000	As of 31 March 2021
Trade payables	32,368
Accruals	56,784
Deferred income and payments on account	60,130
Social security and other taxes	7,692
Share-based payments	833
Other payables	665
	<b>158,472</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).

### 25. Leases

#### Rental property

The Group leases offices, laboratory spaces and warehouses around the world. At 31 March 2021, the Group held 63 rental property leases, for various terms with a typical length between 5 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, typically in the US, 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.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 25. Leases (continued)

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

£000	At 31 March 2021	
	Net book value	Of which: accumulated depreciation
Rental properties	37,183	6,700
Data communication services	481	1,096
Other leases	1,176	621
	<b>38,840</b>	<b>8,417</b>

Additions to right-of-use assets during the period to 31 March 2021 were £9,887,000.

Total cash outflows in respect of leases for the period to 31 March 2021 were £9,864,000.

### 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 2018 and the benefit structure has not changed since that assessment. Based on the actuarial deficit at 30 June 2018, the previous owners of the UK companies agreed to make a £1,500,000 deficit funding payment, which was made during the year ended 31 March 2020 and up to £700,000 for each of the three subsequent years, dependent on scheme performance, of which £700,000 was made by the Group during the period to 31 March 2021. The expected contributions to the plan for the next year are £700,000.

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.

# 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)

##### Scheme net surplus

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

£000	As of 31 March 2021
Fair value of scheme assets	112,449
Present value of scheme liabilities	(109,043)
<b>Net surplus</b>	<b>3,406</b>
Classified as:	
Non-current assets - retirement benefit asset	3,406

The Group has reviewed the net surplus as it relates to IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements', and concluded that it is not necessary to make any adjustments to the asset recognition.

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

£000	Scheme assets	Scheme liabilities	Net surplus
<b>At 14 November 2019</b>	-	-	-
Acquisition of Figaro Capital & Co. S.C.A. (note 29(a))	109,781	(107,827)	1,954
Net interest income	2,238	(2,074)	164
Return on scheme assets, excluding amounts included in interest income	1,346	-	1,346
Remeasurement net losses	-	(758)	(758)
Employer contributions	700	-	700
Benefits paid	(1,616)	1,616	-
<b>At 31 March 2021</b>	<b>112,449</b>	<b>(109,043)</b>	<b>3,406</b>

The major categories of scheme assets were as follows:

£000	As of 31 March 2021
Debt instruments	83,211
Equity instruments	15,728
Cash and cash equivalents	7,268
Real estate funds	3,642
Other investments	2,600
	<b>112,449</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	Period to 31 March 2021
Net interest income	164

# 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)

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

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

£000	Period to 31 March 2021
Relating to scheme liabilities:	
Actuarial losses arising from changes in financial assumptions	(3,097)
Actuarial gains arising from changes in demographic assumptions	1,120
Actuarial gains arising from experience adjustments	1,219
	(758)
Relating to scheme assets:	
Return on scheme assets, excluding amounts included in interest income	1,346
	<b>588</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.

#### Actuarial assumptions

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

%	As of 31 March 2021
Discount rate	2.20
Future pension increases	3.25
Deferred pension revaluation	2.70

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

	At 31 March 2021	
Years	currently aged 45	currently aged 65
Male	23.6	21.9
Female	24.8	23.6

# 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)

##### 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:

£000		As of 31 March 2021 Increase/ (decrease) in scheme liabilities
Adjustment to discount rate:	0.1% increase	(2,479)
	0.1% decrease	2,540
Adjustment to rate of inflation:	0.1% increase	1,748
	0.1% decrease	(1,853)
Rate of mortality of life expectancy of pensioners:	1 year increase	(3,265)
	1 year decrease	3,674

The weighted average duration of the defined benefit scheme obligation is around 22 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.

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

£000	As of 31 March 2021
Present value of pension liabilities, net of pension assets	1,401
Classified as:	
Non-current liabilities – retirement benefit obligation	1,401

Remeasurement gains/losses recognised in the statement of comprehensive income across the German schemes were a £39,000 loss for the period to 31 March 2021.

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 1.00% at 31 March 2021.

##### (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 £6,630,000 for the period to 31 March 2021.

At 31 March 2021, contributions of £567,000 were outstanding.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 27. Share-based payments

#### (a) Group plans

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

On 25 September 2020, a long-term incentive plan ("LTIP") was established whereby certain eligible employees of the Group would be granted LTIP 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 32) which are held by an employee benefits trust. The employee benefits trust is outside of the Group and is therefore not consolidated. The LTIP 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.

The Group has a constructive obligation to settle the obligations in cash and the LTIP is accounted for as a cash-settled plan. The fair value is measured initially and at each reporting date up to and including the settlement date, with any changes in fair value recognised as an employee benefits expense within operating profit. The fair value is determined using a Monte Carlo simulation model. The carrying amount of the liability relating to the LTIP at 31 March 2021 was £833,000. None of the LTIP awards had vested at 31 March 2021.

##### 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 32). 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	(0.6) – (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 the period to 31 March 2021, 4,583,286 Class O-SW shares with a weighted average fair value per share of €5.28 were subscribed.

At 31 March 2021, a total of 4,141,883 Class O-SW shares were subscribed for and outstanding for under the MSPP, after forfeitures of awards during the period to 31 March 2021.

##### Replacement awards issued in a business combination

In line with the guidance in IFRS 2 'Share-based Payment' and IFRS 3 'Business Combinations', included within consideration transferred for the acquisition of Figaro Capital & Co. S.C.A. is a portion of the fair value of the MSPP awards in the equity of the ultimate parent company in the amount of £402,000.

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

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

£000	Period to 31 March 2021
Expense arising from cash-settled share-based payment transactions	862
Expense arising from equity-settled share-based payment transactions	11,260
	<b>12,122</b>

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 28. Commitments and guarantees

#### Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £7,731,000 at 31 March 2021 for the Group and relate to the purchase of plant, property and equipment.

#### Pension commitments

Following the most recent full funding actuarial assessment of the UK defined benefit scheme, the Group agreed to make deficit funding payments of up to £700,000 in each of the next two years, the amount dependent on scheme performance (note 26).

#### Guarantees

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

### 29. Business combinations

#### (a) Acquisition of Figaro Capital & Co. S.C.A.

On 21 April 2020, the Company acquired Figaro Capital & Co. S.C.A. for consideration of £1,076,658,000.

Identifiable intangible assets acquired include customer relationships, brands and technologies, and their fair values were 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 research chemicals market as well as complementing existing production processes and commercial channels.

From the date of acquisition (21 April 2020), Figaro Capital & Co. S.C.A. contributed £659.8 million of revenue and £19.3 million of loss before tax on ordinary activities of the Group.

	£000
<b>Assets and liabilities acquired</b>	
Trade, other receivables and other current assets	108,719
Other financial assets	69,045
Inventory	213,209
Property, plant and equipment	133,933
Right of use assets	38,942
Identifiable intangible assets	1,521,597
Loans and borrowings	(2,123,927)
Other financial liabilities	(299,438)
Deferred tax net liabilities	(325,971)
Total identifiable net liabilities at fair value	(663,891)
Goodwill	1,740,549
	<b>1,076,658</b>
 Total consideration transferred	 1,076,658
Less: additional consideration for share-based payments (note 27)	(402)
Total cash consideration	1,076,256
Less: cash and cash equivalent balances acquired	(67,091)
Net cash outflow arising on acquisition	<b>1,009,165</b>



# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 29. Business combinations (continued)

Included within Other financial liabilities above were £128,011,000 of liabilities in relation to the acquisition of non-controlling interests of Biomed Pharmaceutical Limited and Synfine Research Limited, and BRC Trading Limited respectively. Completion of these acquisitions occurred immediately following the acquisition of Figaro Capital & Co. S.C.A. on 21 April 2020.

#### Pro forma financial information

If the acquisition of Figaro Capital & Co. S.C.A. that occurred on 21 April 2020, had taken place on the first day of the financial year (1 April 2020), revenue would have been £692.0 million and loss before tax would have been £79.0 million.

#### (b) Other acquisitions during the period

The fair value of net assets acquired for acquisitions completed during the period from 21 April 2020 to 31 March 2021 after the acquisition of Figaro Capital & Co. S.C.A were as follows:

£000	The Native Antigen Company Limited	Innovapeak Limited	Technopath Clinical Diagnostics Holdings Limited	Paragon Scientific Limited	Total
<b>Assets and liabilities acquired</b>					
Trade, other receivables and other current assets	3,518	532	3,445	1,312	8,807
Other financial assets	2,757	603	3,669	1,507	8,536
Investment in joint venture	-	-	2,059	-	2,059
Inventory	2,480	-	12,590	657	15,727
Property, plant and equipment	627	10	4,117	545	5,299
Identifiable intangible assets	4,116	6,403	88,717	4,698	103,934
Loans and borrowings	-	-	(23,102)	-	(23,102)
Other financial liabilities	(2,034)	(3,000)	(5,426)	(1,018)	(11,478)
Deferred tax liabilities	(1,083)	(705)	(10,983)	(913)	(13,684)
Total identifiable net assets at fair value	10,381	3,843	75,086	6,788	96,098
Goodwill	7,045	7,822	37,173	7,926	59,966
	<b>17,426</b>	<b>11,665</b>	<b>112,259</b>	<b>14,714</b>	<b>156,064</b>
Total consideration	17,426	11,665	112,259	14,714	156,064
Less: deferred contingent consideration	-	-	(8,150)	-	(8,150)
Total cash consideration	17,426	11,665	104,109	14,714	147,914
Less: cash and cash equivalents acquired	(2,757)	(603)	(3,669)	(1,507)	(8,536)
Net cash outflow arising on acquisition	<b>14,669</b>	<b>11,062</b>	<b>100,440</b>	<b>13,207</b>	<b>139,378</b>

#### The Native Antigen Company Limited

On 8 July 2020, the Group acquired 100% of the ordinary capital of The Native Antigen Company Limited, one of the world's leading suppliers of high quality infectious disease antigens and antibodies, based in Oxford, UK.

Identifiable intangible assets acquired include the brand and customer relationships, and their fair values were 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 viral antigens 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 £480,000 and are recognised in the statement of profit or loss within selling, general and administrative expenses.

From the date of acquisition, The Native Antigen Company Limited contributed £5.6 million of revenue and £0.4 million of loss before tax on ordinary activities of the Group.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 29. Business combinations (continued)

#### (b) Other acquisitions during the period (continued)

##### **Innovapeak Limited**

On 17 December 2020, the Group acquired Innovapeak Limited, a cloud-based food safety, quality and compliance management software provider for food and retail companies, based in Dublin, Ireland. The business trades under the name SafeFood360.

Identifiable intangible assets acquired include the brand and customer relationships, and their fair values were 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 food safety 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 £706,000 and are recognised in the statement of profit or loss within selling, general and administrative expenses.

From the date of acquisition, Innovapeak Limited contributed £0.8 million of revenue and £0.2 million of loss before tax on ordinary activities of the Group.

##### **Technopath Clinical Diagnostics Holdings Limited**

On 26 January 2021, the Group acquired Technopath Clinical Diagnostics Holdings Limited, a global leader in the development and manufacture of quality control solutions for clinical laboratories, based in Tipperary, Ireland.

Identifiable intangible assets acquired include the brand, customer relationships and technologies, and their fair values were 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 new customers. Acquisition-related costs, which predominantly related to due diligence and advisory services, prior to the business combination amounted to £1,029,000 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 €9,135,000 (£8,150,000 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 of certain new products made within the acquired entity's financial year ending 31 August 2023. As it is not certain that such sales will materialise, 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 2021 was €9,310,000 (£7,931,000).

From the date of acquisition, Technopath Clinical Diagnostics Holdings Limited contributed £6.9 million of revenue and £3.3 million of loss before tax on ordinary activities of the Group.

##### **Paragon Scientific Limited**

On 2 March 2021, the Group acquired Paragon Scientific Limited, a leading manufacturer of reference materials for applied markets including the petroleum and petrochemical sectors, based in Birkenhead, UK.

Identifiable intangible assets acquired include customer relationships, and their 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 reference materials and standards 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 £308,000 and are recognised in the statement of profit or loss within selling, general and administrative expenses.

From the date of acquisition, Paragon Scientific Limited contributed £0.3 million of revenue and £0.1 million of profit before tax on ordinary activities of the Group.

#### **Pro forma financial information**

If all acquisitions that occurred during the period from 21 April 2020 to 31 March 2021, including the acquisition of Figaro Capital & Co. S.C.A., had taken place on the first day of the financial year (1 April 2020), revenue would have been £717.2 million and loss before tax would have been £96.4 million.

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 30. Related parties

#### (a) Ultimate controlling parties

The ultimate parent company, LGC Science Corporation S.à r.l. (note 32) 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

During the period to 31 March 2021, the Group entered into transactions with Astorg and Cinven, the majority shareholders, as follows:

	£000
Monitoring fees	142
Transaction fees*	30,924
Payables closing balance	81

\* in April 2020, in connection with the closing of the acquisition of Figaro Capital & Co. S.C.A, the Group entered into a transaction fee agreement with Astorg and Cinven, and pursuant to the agreement, the Group paid €17.7 million to each of Astorg and Cinven upon closing

During the period to 31 March 2021, the Group entered into transactions with other companies owned by Astorg and Cinven as follows:

	£000
Sale of goods and services	1,401
Purchase of goods and services	80
Trade receivables closing balance	190
Trade payables closing balance	4

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 31. Events after the balance sheet date

On 21 April 2021, the Group raised incremental term facilities under the Senior Facilities Agreement pursuant to an additional facility notice (the "Additional Facility Notice") in connection with, among other purposes, the repayment of an outstanding loan of €108 million under the Revolving Facility. The Additional Facility Notice includes term loan facility tranches in the amounts equal to \$300 million and €330 million that expires on 21 April 2027.

On 31 August 2021, the Group acquired the remaining 50% interest in Technopath Northwell Health North America LLC, which was historically accounted for as a joint venture, for \$10,000,000 (approximately £7,266,000). Included in the consideration is \$2,574,000 (approximately £1,870,000) for the acquisition of the outstanding equity interest and \$7,426,000 (approximately £5,396,000) for the settlement of outstanding loans and borrowings due to the third parties of the joint venture.

On 6 October 2021, the Group received majority consent required to replace the existing LIBOR risk free rate with the Sterling Over Night Index Average (SONIA) for GBP-denominated borrowings under the Senior Facilities Agreement. Accordingly, from 1 January 2022, the rate of interest for GBP-denominated borrowings under the Senior Facilities Agreement will be linked to SONIA.

### 32. 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)

### 33. Details of the investments of the Group

At 31 March 2021, 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
Analytical Reference Materials International Corporation	United States	(1)
Analytical Solution LLC	United States	(2)
Aquacheck Limited†	United Kingdom	(3)
Axolabs Berlin GmbH	Germany	(4)
Axolabs GmbH	Germany	(5)
Berry & Associates, Inc.	United States	(6)
BioAutomation Corporation	United States	(7)
Biosearch Technologies, Inc.	United States	(8)
Brand Reputation Compliance Limited†	United Kingdom	(3)
BRC Global Standards (Americas) Corporation	United States	(2)
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 Sports 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 Biosearch GmbH	Germany	(4)
LGC Biosearch Technologies A/S	Denmark	(16)
LGC Canada Real Estate Limited	Canada	(9)
LGC Coleshill Limited†	United Kingdom	(3)
LGC Genomics GmbH	Germany	(4)
LGC Genomics Holding GmbH	Germany	(4)
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 Genomics Limited	United Kingdom	(3)

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

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

Subsidiary	Country	Registered office/ Principal place of business
LGC Genomics LLC	United States	(2)
LGC Genomics US Holdings, Inc.	United States	(2)
LGC GmbH	Germany	(17)
LGC Group Holdings Limited	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	(2)
LGC Proficiency Testing, Inc.	United States	(2)
LGC Rhone, Inc.	United States	(2)
LGC SA BBOS Trust	South Africa	(14)
LGC SA ESOP Trust	South Africa	(14)
LGC Scheme Pension Trustee Limited	United Kingdom	(3)
LGC Science (Nanjing) Co. Limited	China	(18)
LGC Science (Shanghai) Co. Limited	China	(19)
LGC Science and Standards (India) Private Limited	India	(20)
LGC Science Group (Singapore) Pte Limited	Singapore	(21)
LGC Science Group Limited	United Kingdom	(3)
LGC Science Holdings Limited	United Kingdom	(3)
LGC Science Investments Limited	United Kingdom	(3)
LGC Science Ireland Limited	Ireland	(15)
LGC Science Limited†	United Kingdom	(3)
LGC Science, Inc.	United States	(22)
LGC Standards (South Africa) (Proprietary) Limited	South Africa	(14)
LGC Standards Assessoria Técnica Comercial do Brasil Ltda	Brazil	(23)
LGC Standards GmbH	Germany	(12)
LGC Standards S.L.	Spain	(24)
LGC Standards S.à r.l.	France	(25)
LGC Standards S.p.A.o.o	Poland	(26)
LGC Standards S.r.l.	Italy	(27)
LGC Standards, Inc.	United States	(28)
LGC US Service Company, Inc.	United States	(29)
LGC Whirlwind Limited†	United Kingdom	(3)
Link Technologies Limited†	United Kingdom	(30)
Loire Finco Luxembourg S.à r.l.*	Luxembourg	(31)
Loire UK Bidco Limited*	United Kingdom	(3)
Loire US Holdco 1, Inc.*	United States	(29)
Loire US Holdco 2, Inc.*	United States	(29)
Loire US LLC*	United States	(29)
Lucigen Corporation	United States	(32)
M.B.H. Analytical Limited	United Kingdom	(3)
Maine Standards Company LLC	United States	(33)
Organic Standard Solutions International LLC	United States	(34)

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

### 33. 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	(35)
Promochem Limited†	United Kingdom	(3)
Quality Management Holdings Limited†	United Kingdom	(3)
Quality Management Limited†	United Kingdom	(3)
Safefood 360, Inc.	United States	(36)
SeraCare Life Sciences, Inc.	United States	(37)
Synfine Research Limited	Canada	(38)
Technopath Clinical Diagnostics Holdings Limited	Ireland	(39)
Technopath Clinical Diagnostics USA, Inc.	United States	(40)
Techno-Path Manufacturing Limited	Ireland	(41)
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	(42)
University Diagnostics Limited†	United Kingdom	(3)
VHG Labs, Inc.	United States	(43)

\* 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.

The following table details unconsolidated investments in which the Group holds 20% or more of the nominal value of any class of share capital:

Joint venture (percentage of shares owned)	Country	Registered office
Technopath Northwell Health North America LLC (50%)	United States	(44)

#### 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
- Elwy 2 Limited
- Elwy 3 Limited
- HFL Sports Science Limited
- LGC (North West) Limited
- LGC (Teddington) Limited
- LGC Genomics Limited
- LGC Group Holdings Limited
- LGC Investments Limited
- LGC (Holdings) Limited
- LGC Scheme Pension Trustee Limited
- LGC Science Group Limited
- LGC Science Holdings Limited
- LGC Science Investments Limited
- Loire UK Bidco Limited
- Paragon Scientific Limited
- Teddington 2 Limited
- Teddington 3 Limited
- The Native Antigen Company Limited

# LGC Science Group Holdings Limited

## Notes to the financial statements (continued)

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

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

- (1) National Registered Agents, Inc., 1021 Main Street, Suite 1150, Houston, TX 77002, United States
- (2) National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, DE 19904, United States
- (3) LGC, Queens Road, Teddington, TW11 0LY, United Kingdom
- (4) Ostenstraße 25, 12459, Berlin, Germany
- (5) Fritz-Hornschuh-Straße 9, 95326, Kulmbach, Germany
- (6) National Registered Agents, Inc., 40600 Ann Arbor Road East, Suite 101, Plymouth, MI 48170-4675, United States
- (7) National Registered Agents, Inc., 701 South Carson Street, Suite 200, Carson City, Nevada, NV 89701, United States
- (8) National Registered Agents, Inc., 818 W Seventh Street, Suite 930, Los Angeles, CA 90017, United States
- (9) 333 Bay Street, Suite 2400, Toronto, Ontario, M5H 2T6, Canada
- (10) 88 Leacock Street, Pointe Claire, Québec, H9R 1H1, Canada
- (11) 3600 Minnesota Street, Alexandria, MN 56308, 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) Voldbjergvej 16, 1. th., 8240, Risskov, Denmark
- (17) Louis-Pasteur-Str. 30, 14943, Luckenwalde, Germany
- (18) 5F, Block A5, Hongfeng Science Park, Nanjing Economic and Technological Development Zone, Nanjing, China
- (19) Room 413, No. 38, YingLun Road, Shanghai Free Trade Zone, Shanghai, China
- (20) 206, Plot No. H-2, Apra North X Plaza, Netaji Subash Place, Delhi North West, Delhi, 110034, India
- (21) 50 Raffles Place, #32-01 Singapore Land Tower, Singapore, 048623, Singapore
- (22) Northwest Registered Agent Service, Inc., 1521 Concord Pike, Suite 303, Wilmington, DE 19803, United States
- (23) Avenida Salmao 663, Sala 62, Bairro Parque Residencial Aquarius, Sao Jose, 12246-260, Brazil
- (24) Salvador Espriu 59, 2, 08005, Barcelona, Spain
- (25) 6 rue Alfred Kastler, 67120 Molsheim, France
- (26) Ul. Ogródowa 27/29, Kielpin, 05-092, Lomianki, Poland
- (27) Via Tintoretto n. 5, 20145 Milano, Italy
- (28) National Registered Agents, Inc., 155 Federal Street, Suite 700, Boston, MA 02110, United States
- (29) The Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801, United States
- (30) 3 Mallard Way, Strathclyde Business Park, Bellshill, Lanarkshire, Scotland, ML4 3BF
- (31) 4, rue Albert Borschette, L-1246, Luxembourg
- (32) National Registered Agents, Inc., 301 South Bedford Street, Suite 1, Madison, WI 53703, United States
- (33) 221 US Route 1, Cumberland Foreside, ME 04110, United States
- (34) National Registered Agents, Inc., 2 Office Park Court, Columbia, SC 29223, United States
- (35) 2 New Road, Suite 126, Aston DE 19014, United States
- (36) 100 Park Avenue, 16<sup>th</sup> Floor, New York City, NY 10017, United States
- (37) 37 Birch Street, Milford, MA 01757, United States
- (38) 2 Brisbane Road, North York, Ontario, M3J 2J8, Canada
- (39) Technopath Life Sciences Park, Fort Henry, Ballina, Co. Tipperary, Ireland
- (40) 850 New Burton Road, Suite 201, Dover, DE 19904, United States
- (41) Fort Henry Business Park, Ballina, Co. Tipperary, Ireland
- (42) 20 Martin Ross Ave, North York, Ontario, M3J 2K8, Canada
- (43) Sulloway & Hollis, 9 Capitol Street, Concord, NH 03301, United States
- (44) 2000 Marcus Avenue, New Hyde Park, New York, 11042, United States