

A leading global company in cellular agriculture

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Total Assets

£170m

As at 30 June 2023

Number of New Investee Companies

3

one in dairy precision fermentation, one in fermentation derived hydrogen, and one in a synthetic biology company

Expanded portfolio to

24

companies

Led

4

funding rounds

Made

2

follow on investments

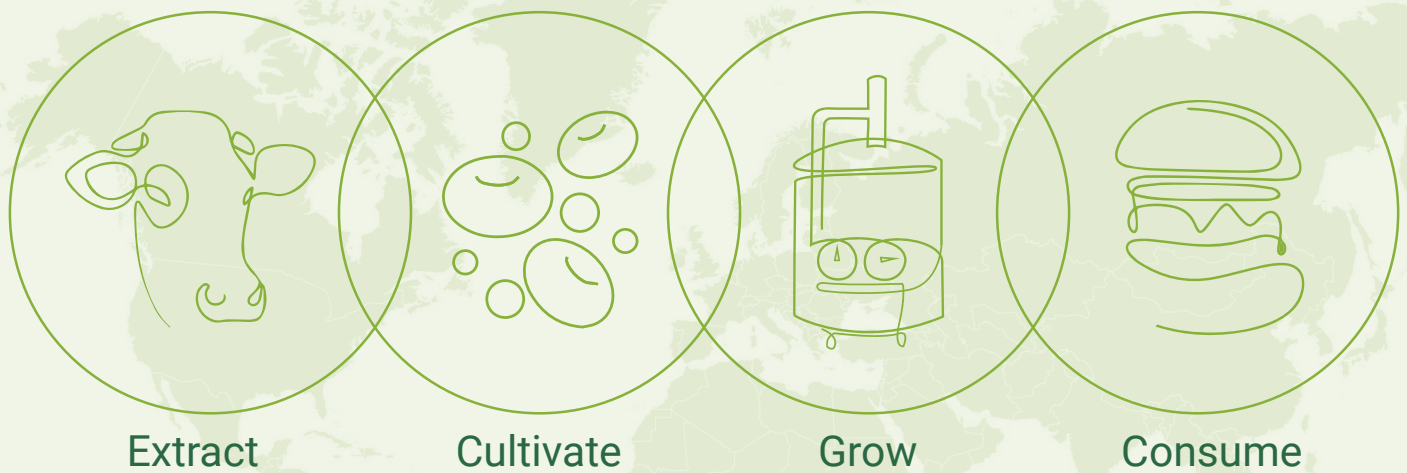
Continued focus on the field of cellular agriculture, building the world's most comprehensive portfolio in this rapidly advancing field

Agronomics Limited is the leading listed company in cellular agriculture

The Company has established a portfolio of 20+ venture stage companies in this rapidly advancing sector. It seeks to secure stakes in companies owning technologies with defensible intellectual property that offer new ways of producing food and materials with a focus on products historically derived from animals. These technologies offer solutions to improve the world's food security, enhance sustainability, as well as address human health issues, animal welfare, and environmental damage.

Cellular Agriculture is the production of agriculture products directly from cells, as opposed to raising an animal for slaughter, or growing crops. This encompasses cell culture to produce cultivated meat and materials, and fermentation processes that harness a combination of molecular biology, synthetic biology, tissue engineering and biotechnology to massively simplify production methods in a sustainable manner.

Over the coming decades, the source of the world's food supply traditionally derived from conventional agriculture is going to change dramatically. We have already witnessed the first wave of this shift with the consumer adoption of plant-based alternative proteins but today, we are on the cusp of an even bigger wave of change.



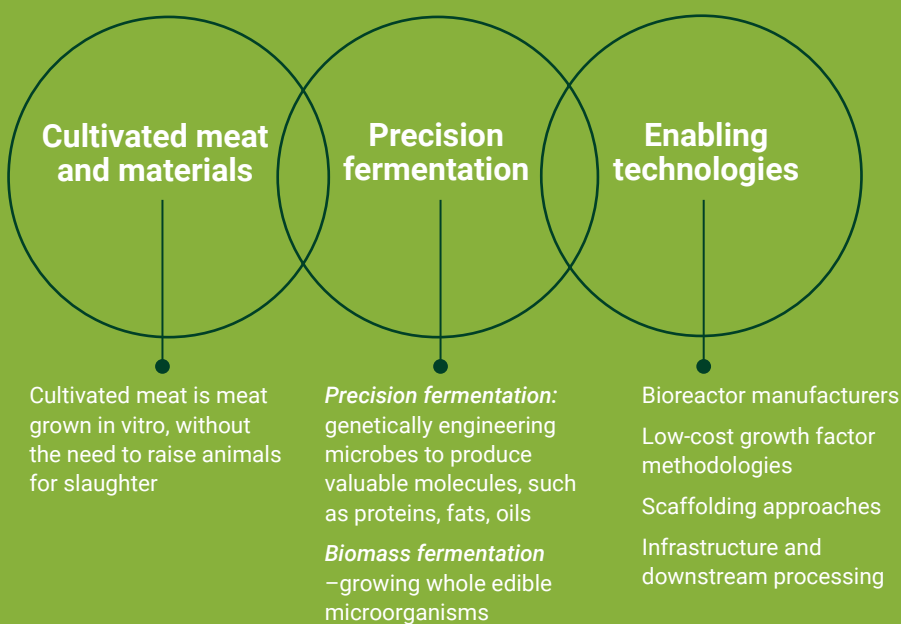
Our global market

Cellular agriculture is the direct production of agricultural products from cells

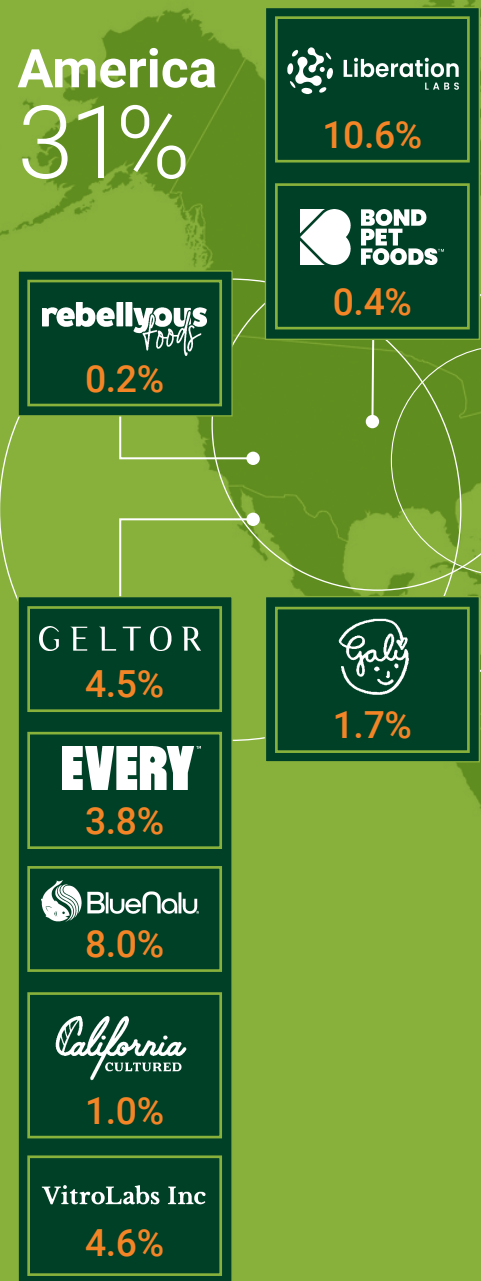
- First-mover advantage and strong performance track record – Agronomics first investment in the sector was made in 2018
- Technological and commercial milestones within the portfolio are being achieved, de-risking the diversified portfolio
- Confluence of major trends in sustainability, decarbonisation, the need for food security and simplicity of supply chains are driving the sectorial growth

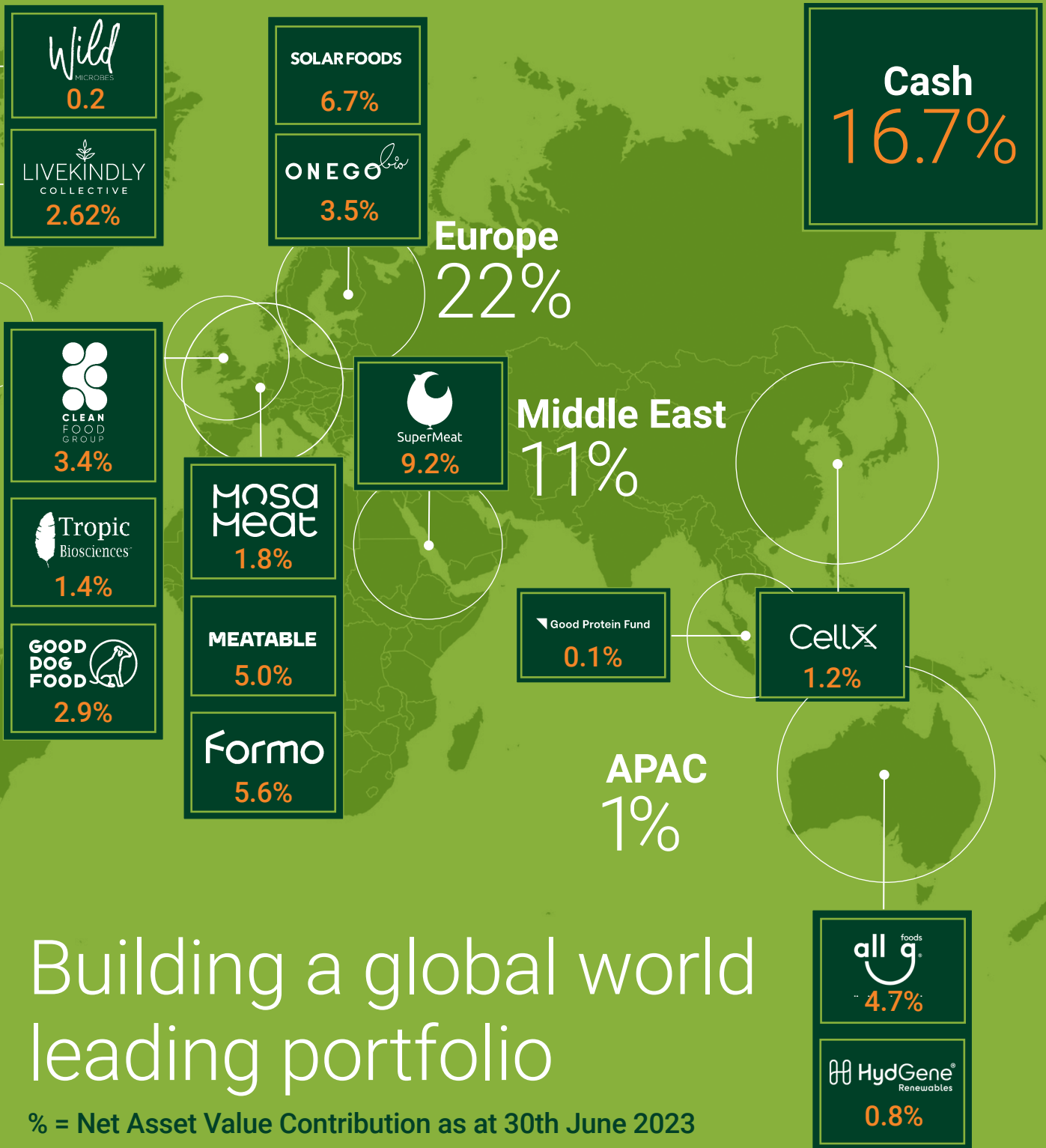
Agronomics has exposure to leading cellular agriculture companies across the globe

Agronomics concentrates on three areas of expertise:



America
31%





Building a global world leading portfolio

% = Net Asset Value Contribution as at 30th June 2023

Chairman's statement



I am pleased to present the Annual Report for Agronomics Limited ("Agronomics" or the "Company") for the year ended 30 June 2023.

This financial year, Agronomics has maintained its strong cash position to ensure reserves to support existing portfolio companies where we have high levels of conviction. However, we have also participated in select new deals where we see companies making strong investment and commercial progress across the sector. We recognise the challenging market conditions and whilst this reflects the wider macroeconomic environment, we maintain our optimism for the cellular agriculture field. The technologies into which we have invested have the potential to revolutionise the production of key food products such as proteins, fats, eggs, coffee, cocoa and meat, and have wider applications to the materials and energy industries.

We are in an era where investment opportunities should offer a positive impact on society, in addition to providing attractive risk-adjusted returns. Cellular agriculture technologies have the potential to achieve that by contributing to the decarbonisation of the world's key production systems while being a critical technology to support food security. These technologies include cell culture - harnessing stem cells to produce meat, without the slaughter of the animal; and precision fermentation - utilising microbes as cell factories to produce targeted valuable ingredients, such as dairy and egg proteins. All of these technologies only have validity if the products can achieve parity with their conventional counterparts, not only in terms of price but also sensory profile and convenience.

We have seen successful progress across the portfolio this year. Post period end cultivated seafood producer BlueNalu, of which we own 5.12%, signed an MoU with NEOM, entering a strategic partnership to progress the commercialisation, marketing, and distribution of its cell-cultured seafood products. The NEOM Investment Fund also led Blue Nalu's \$35m Series B round with a US \$20 million investment. These developments exemplify the demand for cellular agriculture as food insecurity continues to rise across the globe, and climate change and the fragility of supply chains persist.

In a world retreating from globalisation, there is an increasing need for localised and secure supply chains. As the financial firm Boston Consulting Group reported, "As highlighted by the recent pandemic, and the ongoing conflict in Europe, as well as natural disasters around the world, the vulnerability of global supply chains has only risen over time". This ties into the US' announcement of the National Biotechnology and Biomanufacturing Initiative in September 2022, to focus on expanding domestic biomanufacturing and fostering local innovation.

Therefore, within the year, we have focused resources on supporting the launch of our precision fermentation contract manufacturer, Liberation Labs to provide capacity for industrial-scale production. As key backers of this business, alongside the leading experts in facility design and execution, Mark Warner and Etan Bendheim, we have committed to driving this business forward. In this period, Liberation Labs made significant progress, including selecting its first site in Richmond, Indiana, US, for its 600,000 litre capacity commercial plant.

Liberation Labs broke ground during the summer, and the build is on track to be completed in Q1 2025 when it will host its first precision fermentation customers. There continues to be a lack of fermentation capacity as the new wave of applications of biomanufacturing enters commercialisation. Today there are approximately 61 million litres of operating bioreactor capacity worldwide, and according to projections from Boston Consulting Group, 15 megatonnes of animal protein will be produced via microbes by 2030 which will require 100x the current capacity. Liberation Labs has a clear leadership position in the expansion of this capacity, yet is adding only 1% capacity as legacy facilities, particularly in Europe, approach the end of their economic life. Liberation Labs is the only contract manufacturer dedicated to building fit-for-purpose industrial-scale precision fermentation plants and Agronomics currently owns 37.4% of Liberation Labs.

During the financial year, we expanded our precision fermentation exposure, recognising the addition of Hydgene to the portfolio, leveraging microbes to convert biomass waste into hydrogen and ammonia. We led the Series A of All G Foods, which is focused on producing high-value lactoferrin and casein dairy proteins from microbes. Both of these companies are based in Australia, highlighting the increased geographic diversification of the portfolio. We further participated in the Seed round of Wild Microbes, focused on expanding the library of host organisms that can be used in precision fermentation, our second investment in the 'enabling technology' category for the sector.

This financial year also saw the first regulatory approvals for cultivated meat in the US with the ground-breaking achievements of Upside Foods and Good Meat as the first companies to receive approval under the joint regulatory framework of the US FDA and USDA.

Both of these companies gained approval for cultivated chicken and have been serving their products in restaurants. We see these approvals as the first of several expected in 2024. Within our portfolio, we continue to believe our companies have the best technologies to achieve optimal productivity and favourable unit economics and become category leaders for the respective products. This is showcased by our support for Meatable, and why we led their EUR 30 million Series B funding round. This investment is expected to enable Meatable to leverage its unique access to the opti-ox™ technology, allowing for an efficient bioprocess as it looks to commercialise its pork and beef products in a capital-efficient manner. Within the portfolio, Solar Foods received its first novel food regulatory approval in Singapore for the commercialisation of its protein Solein, grown using carbon dioxide and electricity.

We maintain our expectation that regulatory approvals for our portfolio companies will continue in 2024 in key jurisdictions such as the US and Singapore.

Agronomics has cash and deposits as at 30 June 2023 of £28.1 million, following its successful fundraises during 2021, and it has maintained a healthy balance sheet to pursue follow-on opportunities within the portfolio as well as continue to target new and unique deals within the field of cellular agriculture.

The portfolio continues to show great robustness in the market downturn, as shown by the number of portfolio company funding rounds that continue to be achieved with price uplifts. We have to address the nature of venture capital, and the likelihood of sector consolidation in the near term, as category leaders are identified. We continue to believe we hold a number of these in our portfolio, with companies suitably adjusting their cash burns and runways to survive the market downturn.

Both cell culturing and precision fermentation technologies only have mass market validity if companies can prove the technologies can become cheap enough to compete, on a unit economic, taste, and nutrition basis, with conventional proteins or ingredients. We have high conviction that our portfolio companies have the toolset and technologies to scale their products to mass markets at prices competitive to conventional agriculture.

Details regarding principal risks and uncertainties that apply to the Company can be found in Note 8.

Investment Review

During the financial year, Agronomics made several investments in new and existing portfolio companies. In the first half it led three funding rounds including the Series A round of All G Foods, the Seed round of UK-based fermentation company Clean Food Group, and the Seed round of contract manufacturer Liberation Labs.

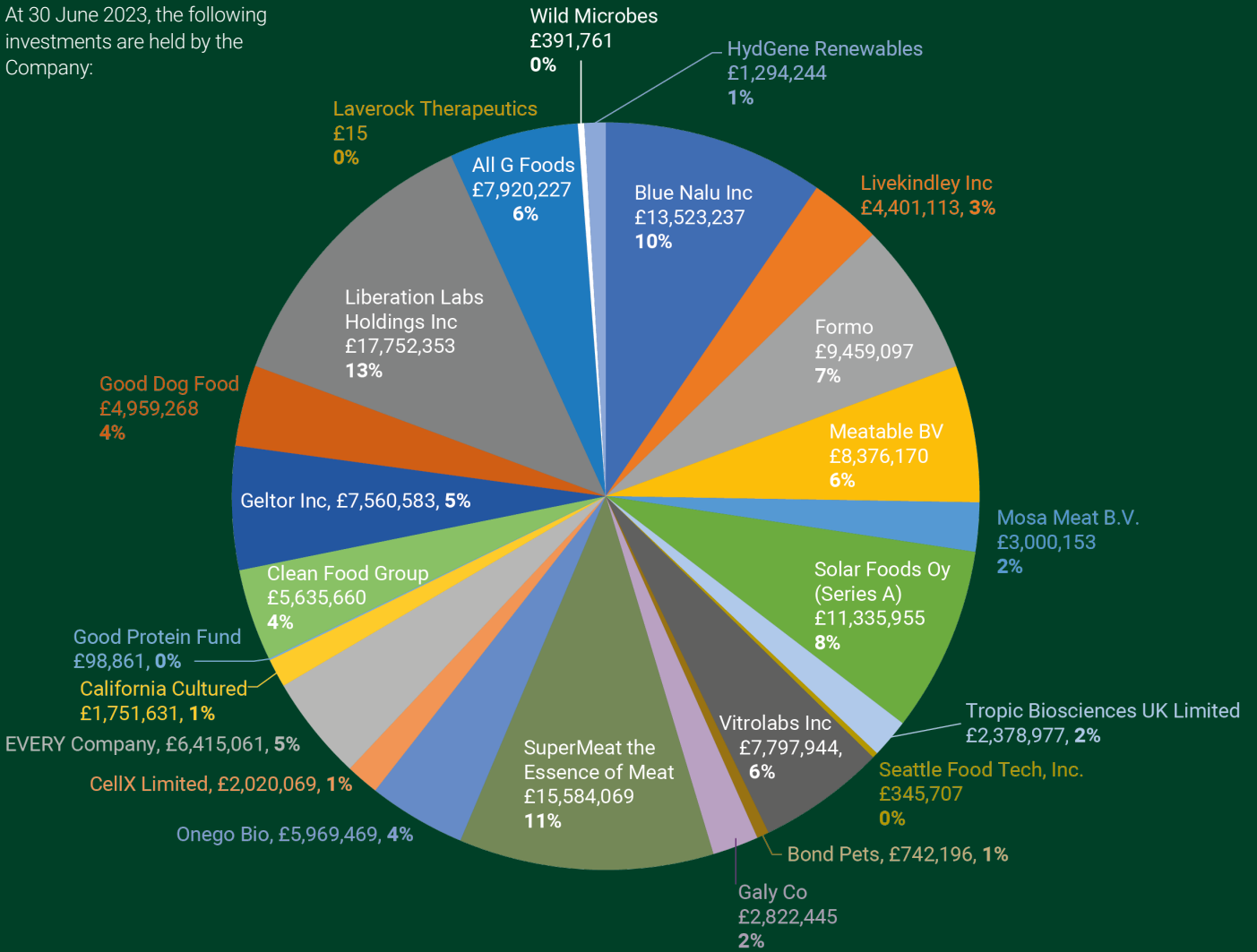
In the second half of the financial year, Agronomics led HydGene's AUD 6 million Seed financing round with an AUD 2.5 million investment, to engineer microorganisms for hydrogen production. The Company also participated in the Wild Microbes US\$ 3.3 million pre-seed financing round, with a US\$ 500k investment, to identify novel microbial strains for use as cell factories to produce valuable molecules. Post 30 June 2023 year end, Agronomics successfully led the US\$ 30 million Series B financing round of existing portfolio company Meatable, harnessing cell culture to produce cultivated beef and pork with its unique opti-ox™ technology.

The full commentary on the activities for the financial year can be found below.

On 1 August 2022, Agronomics led portfolio company Clean Food Group Limited's (**Clean Food Group**) seed financing round with a £577,500 investment subscribing for 5,775,000 additional Ordinary Shares bringing Agronomics equity stake to 35.03% and an aggregate value of £3,807,500. This follows Agronomics' first subscription of £323,000 for 32,300,000 shares of the company in March 2022. Clean Food Group acquired the intellectual property for a technology platform that produces bio-equivalent palm oil using microbial fermentation from the University of Bath. Clean Food Group subsequently secured a two-year collaboration to scale the technology and support launching their palm oil product to market.

On 4 August 2022, Agronomics announced it led All G Food Holding Pty Ltd's (**All G Foods**) AUD 25 million Series A Round with an AUD 15 million investment, subscribing for 2,803,214 Series A Preferred Shares. All G Foods is a precision fermentation company based in Australia focusing on the production of sustainable dairy products and proteins. Agronomics identified All G Foods as having leading precision fermentation dairy expertise, most notably in its focus on casein micelle formation which is critical for the full functionality of dairy products and has posed a noticeable challenge for the sector globally. Following the close of this round, Agronomics owns 9.35% of the company on a fully diluted basis.

At 30 June 2023, the following investments are held by the Company:



On 20 October 2022, Agronomics announced a US\$ 7 million investment into Liberation Labs Holdings Inc (**Liberation Labs**) in the form of an unconditional subscription agreement. The investment was made in two tranches, the first of which took place on 20 October 2022 and the second half in December 2022. Liberation Labs was founded to address the critical shortage in precision fermentation capacity for the production of proteins in food through the construction of its first 600,000-litre launch facility in Richmond Indiana. The proceeds from this funding round were used primarily to finalise its site selection, complete pre-construction engineering, order long-lead equipment, and continue to build out its team. Agronomics made its first investment in Liberation Labs's Founding round in June 2022 in which it invested US\$ 627,000 which is now carried at a 24.23x uplift. Agronomics' whole position is now carried at an aggregate value of US\$ 22.4 million with an unrealised gain of \$14.8 million.

On 23 February 2023, Agronomics announced a \$500k investment in the form of a Simple Agreement for Future Equity ("**SAFE**") in Wild Microbes Company's (Wild Microbes) US\$ 3.3 million pre-seed financing. The company has proprietary technology that allows it to genetically engineer novel microbial strains for use as host organisms to produce proteins and other valuable molecules. Since the beginning of microbial engineering, the industry has been choosing host cells from the same small handful of established and proven microorganisms. Wild Microbes intends to create a catalogue mapping out the qualities and characteristics of superior microorganisms which can significantly improve the efficiency and productivity of host-cells. By identifying superior organisms, yields can be increased which will bring down production costs, thus helping precision fermentation companies to reach positive unit economics. The SAFE will convert into preferred shares in a future qualified financing after which Agronomics will own approximately 3.60% of the company on a fully diluted basis.

On 15 June 2023, Agronomics announced a AUD 2.5 million investment in HydGene Renewables Pty Ltd's (HydGene), AUD 6 million seed round for a 12.5% equity stake in the company. HydGene engineers microorganisms to act as a proprietary biocatalyst for the production of green hydrogen. The catalyst (produced via fermentation) enables the conversion of waste biomass into gases such as hydrogen and ammonia. With the majority of hydrogen currently being derived from fossil fuels, HydGene's biocatalyst technology provides a unique decentralised solution that reduces infrastructure requirements and costs. If derived from a cost-effective, sustainable source, hydrogen could become a mainstream supply of energy and could constitute 18% of the global energy supply, becoming a \$2.5 trillion global market by 2050.

Financial Review

The Company recorded a net operating profit of £25,746,348 for the year (2022: £12,920,927) prior to accounting for the fee due to Shellbay Investments Limited ("Shellbay"). Taking into account a fee of £3,372,672 (2022: £4,562,548) due to Shellbay, the Company recorded a net profit after taxation of £22,373,676 (2022: £8,358,379). Our investment income, including net unrealised gains, reflected a gain of £29,703,324 (2022: £6,423,869). Unrealised foreign exchange losses of £3,364,673 (2022: gains of £6,513,031) have been recognised in profit and loss.

The carrying amount of invested assets is £141,773,297 (2022: £94,813,088), an increase of 49%, and cash and equivalents and bank deposits stood at £28,093,984 (2022: £51,482,501). Our total assets stood at £170,203,091 (2022: £146,398,248). Total liabilities stood at £1,946,093 (2022: £2,485,346), which includes the cash portion of the Shellbay fee due of £1,686,336. As a result, the net asset value per share at 30 June 2023 was 16.94 pence (2022: 14.85 pence), an increase of 14%.

Financing activity

During the year, the Company received warrant exercise notices and issued a total of 947,405 Ordinary Shares, for cash proceeds of £284,060.

Strategy and Outlook

Our current investment portfolio shows considerable promise for future growth given the scale of opportunity to invest in the cellular agriculture sector, and the Board will continue to seek new opportunities in line with its Investing Policy, details of which can be found on the Company website - <https://agronomics.im/investors/>.

Jim Mellon

Executive Chairperson

21 December 2023

Directors' report

The Directors of Agronomics Limited (the "Company") take pleasure in presenting the Directors' report and financial statements for the year ended 30 June 2023.

Principal activity

Agronomics Limited is a Company domiciled in the Isle of Man. The Company's strategy is to create value for Shareholders through investing in companies that operate in the nascent industry of cellular agriculture, which are environmentally friendly alternatives to the traditional production of meat and plant-based sources.

Further details of the investing policy can be found on the Company's website at www.agronomics.im.

Results and transfer to reserves

The results and transfers to reserves for the year are set out on pages 21 and 23.

The Company recorded a net operating profit of £25,746,348 for the year (2022: £12,920,927) prior to accounting for the fee due to Shellbay Investments Limited ("Shellbay"). Taking into account a fee of £3,372,672 (2022: £4,562,548) due to Shellbay, the Company recorded a net profit after taxation of £22,373,676 (2022: £8,358,379).

The net asset value per share at 30 June 2023 was 16.94 pence (2022: 14.85 pence).

Dividend

The Directors do not propose the payment of a dividend (2022: £nil).

Policy and practice on payment of creditors

It is the policy of the Company to agree appropriate terms and conditions for its transactions with suppliers by means of standard written terms to individually negotiated contracts. The Company seeks to ensure that payments are always made in accordance with these terms and conditions.

Financial risks

Details relating to the financial risk management are set out in note 8 to the financial statements.

Directors

The Directors who served during the year and to date were:

James Mellon	Executive Chairperson (appointed as Chairperson on 14 December 2023)
Denham Eke	Executive Finance Director
Richard Reed	Independent Non-Executive (resigned as Chairperson on 14 December 2023)
David Giampaolo	Independent Non-Executive
Marisa Drew	Independent Non-Executive

Directors' interests

As at 30 June 2023, the interests of the Directors and their families (as such term is defined in the AIM Rules for Companies) in the share capital of the Company are as follows:

	Ordinary shares	
	30 June 2023	30 June 2022
James Mellon ¹	154,553,366	149,145,611
Denham Eke ²	739,390	213,445
Richard Reed	6,354,412	6,354,412
David Giampaolo	2,434,783	2,434,783

¹ Galloway Limited, a company where Jim Mellon is considered to be the ultimate beneficial owner, holds 139,448,641 shares and 12,722,764 are held by Shellbay Investments Limited, companies which are both indirectly wholly owned by Jim Mellon, and 2,381,961 Ordinary Shares are held directly by Mr Mellon.

² Denham Eke is Managing Director of Galloway Limited.

Significant shareholdings

Except for the interests disclosed in this note, the Directors are not aware of any holding of ordinary shares as at 30 June 2023 representing 3% or more of the issued share capital of the Company:

	Number of ordinary shares	Percentage of total issued capital
James Mellon ¹	154,553,366	15.56%
Nutraco Nominees Limited	41,366,455	4.16%
Hargreaves Lansdown (Nominees)	40,579,646	4.09%
Chase Nominees Limited	39,239,575	3.95%
HSBC Global Custody Nominee (UK)	35,000,000	3.52%

¹ Galloway Limited, a company where Jim Mellon is considered to be the ultimate beneficial owner, holds 139,448,641 shares and 12,722,764 are held by Shellbay Investments Limited, companies which are both indirectly wholly owned by Jim Mellon, and 2,381,961 ordinary shares are held directly by Mr Mellon.

Auditors

KPMG Audit LLC, being eligible, have expressed their willingness to continue in office.

On behalf of the Board

Denham Eke

Finance Director

21 December 2023

1st Floor, Viking House
St Paul's Square
Ramsey, Isle of Man
IM8 1GB

Corporate Governance Statement

Corporate Governance Report

The Board of Agronomics (the "Board") is committed to best practice in corporate governance throughout the Company (the "Company"). The Directors have agreed to comply with the provisions of the Quoted Companies Alliance ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (2018) to the extent which is appropriate to its nature and scale of operations. This report illustrates how the Company complies with those principles.

QCA Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

The strategy and business operations of the Company are set out in the Chairman's Statement on pages 2 to 5.

The Company's strategy and business model and amendments thereto are developed by the Chairperson and their senior management team and approved by the Board. The management team is responsible for implementing the strategy and managing the business at an operational level.

The Company's overall strategic objective is to develop a profitable and sustainable platform for investing in the nascent industry of modern foods which are environmentally friendly alternatives to the traditional production of meat and plant-based sources of nutrition.

In executing the Company's strategy and operational plans, management will typically confront a range of day-to-day challenges associated with these key risks and uncertainties and will seek to deploy the identified mitigation steps to manage these risks as they manifest themselves.

QCA Principle 2: Seek to understand and meet shareholder needs and expectations

The Company via the Chairperson seeks to maintain a regular dialogue with both existing and potential new shareholders in order to communicate the Company's strategy and progress and to understand the needs and expectations of shareholders.

Beyond the Annual General Meeting, the Chairperson and, where appropriate, other members of the senior management team or Board will meet with investors and analysts to provide them with updates on the Company's business and to obtain feedback regarding the market's expectations of the Company.

The Company's investor relations activities encompass dialogue with both institutional and private investors. From time to time, the Company attends private investor events, providing an opportunity for those investors to meet with representatives from the Company in a more informal setting.

QCA Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Company is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholders. These include the Company's advisors, suppliers, and investee companies. The Company's operations and working methodologies take account of the need to balance the needs of all these stakeholders while maintaining focus on the Board's primary responsibility to promote the success of the Company for the benefit of its members as a whole. The Company endeavours to take account of feedback received from stakeholders, and where appropriate, ensures any amendments are consistent with the Company's longer-term strategy.

The Company takes due account of any impact that its activities may have on the environment and seeks to minimise this impact wherever possible.

QCA Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. Internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Company Audit, Risk and Compliance Committee, the effectiveness of these internal controls is reviewed annually.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Company's results, compared with the budget, are reported to the Board on a monthly basis.

The Company maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Company. The insured values and type of cover are comprehensively reviewed on a periodic basis.

The senior management team meets at least monthly to consider new risks and opportunities presented to the Company, making recommendations to the Board and/or Company Audit, Risk and Compliance Committee as appropriate.

QCA Principle 5: Maintain the board as a well-functioning, balanced team led by the chair

The Company's Board currently comprises two Non-executive Directors and two Executive Directors.

All of the Directors are subject to election by shareholders at the first Annual General Meeting after their appointment to the Board and will continue to seek re-election at least once every three years.

The Board is responsible to the shareholders for the proper management of the Company and intends to meet at least four times a year to set the overall direction and strategy of the Company, to review operational and financial performance and to advise on management appointments. All key operational decisions are subject to Board approval.

Richard Reed, David Giampaolo and Marisa Drew, all Non-executive Directors, are considered to be independent. The QCA Code suggests that a board should have at least two independent Non-executive Directors. The Board considers that the current composition and structure of the Board of Directors is appropriate to maintain effective oversight of the Company's activities for the time being.

Non-executive Directors receive their fees in the form of a basic cash emolument. The current remuneration structure for the Board's Executive and Non-executive Directors is deemed to be proportionate.

QCA Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills, and capabilities

The Board considers that the Executive Directors and Non-executive Directors are of sufficient competence and calibre to add strength and objectivity to its activities and bring considerable experience in the operational and financial development of the Company.

The Directors' biographies are detailed on the Company's website www.agronomics.im.

The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Company.

The Chairperson, in conjunction with the Finance Director, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Company, its operational environment and to the Directors' responsibilities as members of the Board. During the course of the year, Directors received updates from the Finance Director and various external advisers on a number of corporate governance matters.

Directors' service contracts or appointment letters make provision for a Director to seek professional advice in furtherance of his or her duties and responsibilities, normally via the Company Secretary.

QCA Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Internal evaluation of the Board, the Committees and individual Directors is undertaken on an annual basis in the form of peer appraisal and discussions to determine their effectiveness and performance as well as the Directors' continued independence.

The results and recommendations that come out of the appraisals for the Directors shall identify the key corporate and financial targets that are relevant to each Director and their personal targets in terms of career development and training. Progress against previous targets is also assessed where relevant.

QCA Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Company's operations. With the Company being a vehicle for holding investment, it has no employees and limited capacity to effect changes in culture in companies it is affiliated with. However, the Board will strive to ensure that the Company's in which it has an interest in, act in an ethical manner.

The Board ensures that all portfolio companies have policies in place to comply with applicable governance laws and regulations, such as anti-bribery and modern-day slavery.

The Board has a zero-tolerance approach to breaches of these laws and regulations. The Board promotes ethical behaviour throughout the portfolio, through directions to the Company's investment advisors in relation to the ethical management of the portfolio.

QCA Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Role of the Board

The Board is collectively responsible for the long-term success of the organisation. Its principal function is to determine the strategy and policies of the Company within an effective control framework which enables risk to be assessed and managed.

The Board ensures that the necessary financial and human resources are in place for the Company to meet its objectives and that business and management performance is reviewed. Furthermore, the Board ensures that the Company operates within its constitution, relevant legislation and regulation and that proper accounting records and effective systems of business control are established, maintained, documented, and audited.

There are at least four formal Board meetings each year. All Board members have the benefit, at the Company's expense, of liability insurance in respect of their responsibilities as Directors and have access to independent legal or other professional advice if required. The Board has a formal schedule of matters which are reserved for its consideration, and it has established three committees to consider specific issues in greater detail, being the Company Audit, Risk and Compliance, Remuneration and Nomination Committees. The Terms of Reference for each of these Committees are published on the Company's website.

The Chairperson

The Chairperson is responsible for leading the Board, ensuring its effectiveness in all aspects of its role, promoting a culture of openness of debate, and communicating with the Company's members on behalf of the Board. The Chairperson sets the direction of the Board and promotes a culture of openness and debate by facilitating the effective contribution of Non-executive Directors and ensuring constructive relations between Executive and Non-executive Directors. The Chairperson also ensures that Directors receive accurate, timely and clear information. In doing so, this fosters a positive corporate governance culture throughout the Company.

The Chief Executive Officer

At present, the Company does not have a Chief Executive Officer. Instead, the responsibility for managing the Company's business and operations within the parameters set by the Board is held by the Finance Director.

Non-executive Directors

The Non-executive Directors are responsible for bringing independent judgement to the discussions held by the Board, using their breadth of experience and understanding of the business. Their key responsibilities are to constructively challenge and contribute to strategic proposals, and to monitor performance, resources, and standards of conduct, compliance and control, whilst providing support to executive management in developing the Company.

The Board has established a Company Audit, Risk and Compliance Committee ("ARCC"), a Remuneration Committee and a Nominations Committee with formally delegated duties and responsibilities. Richard Reed chairs the ARCC, Jim Mellon chairs the Remuneration Committee, and the Nominations Committee is chaired by Richard Reed and comprised of the whole board.

Company Audit, Risk and Compliance Committee

The Company Audit, Risk and Compliance Committee meets at least two times each year is chaired by Richard Reed. The external auditors attend by invitation. Its role is to be responsible for reviewing the integrity of the financial statements and the balance of information disclosed in the accompanying Directors' Report, to review the effectiveness of internal controls and risk management systems and recommend to the Board (for approval by the members) the appointment or re-appointment of the external auditor. The ARCC reviews and monitors the external auditor's objectivity, competence, effectiveness and independence, ensuring that if it or its associates are invited to undertake non-audit work it will not compromise auditor objectivity and independence.

Further information can be found within the Company Audit, Risk and Compliance Report contained within this Annual Report.

Remuneration Committee

The Remuneration Committee intends to meet at least once a year and comprises of two Non-executive Directors and one Executive Director. It is chaired by Jim Mellon and is responsible for determining the remuneration of the Executive Director, the Company Secretary and other members of the management. Committee members do not take part in discussions concerning their own remuneration.

Further information can be found within the Remuneration Report contained within this Annual Report.

Nomination Committee

The Nomination Committee is comprised of the whole Board. It is chaired by the Chairperson of the Board and is responsible for making recommendations to the Board on matters relating to the composition of the Board, including Executive and Non-executive Director succession planning, the appointment of new Directors and the election and re-election of Directors. The Nomination Committee only meets as matters arise.

Appointments to the Board

The principal purpose of the Nomination Committee is to undertake the assessment of the balance of skills, experience, independence and knowledge on the Board against the requirements of the business, with a view to determining whether any shortages exist. Having completed the assessment, the Committee makes recommendations to the Board accordingly. Appointments to the Board are made on merit, with due regard to the benefits of diversity. Within this context, the paramount objective is the selection of the best candidate, irrespective of background, and it is the view of the Board that establishing quotas or targets for the diversity of the Board is not appropriate.

All Director appointments must be approved by the Company's Nominated Adviser, as required under the AIM Rules, before they are appointed to the Board.

Prior to appointment, Non-executive Directors are required to demonstrate that they are able to allocate sufficient time to undertake their duties.

Re-election

The Company's Rules require that all Directors are submitted for election at the AGM following their first appointment to the Board. Thereafter all directors will submit themselves for re-election at least once every three years, irrespective of performance.

Board and committee attendance

The number of formal scheduled Board and committee meetings held and attended by Directors during the year was as follows: -

	Board	ARCC	Nomination	Remuneration
Richard Reed	19/19	2/2	1/1	1/1
David Giampaolo	19/19	2/2	1/1	0/1
James Mellon	19/19	—	1/1	1/1
Denham Eke	19/19	2/2	1/1	—
Marisa Drew ¹	6/19	—	—	—

¹ joined the Board on 23 February 2023.

QCA Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company places a high priority on regular communications with its various stakeholders and aims to ensure that all communications concerning the Company's activities are clear, fair, and accurate. The Company's website is regularly updated, and users can register to be alerted when announcements or details of presentations and events are posted onto the website.

Notices of General Meetings of the Company can be found here: <https://agronomics.im/latest-news/>.

The results of voting on all resolutions in general meetings are posted to the Company's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders.

Approval

This report was approved by the Board of Directors on 21 December 2023 and signed on its behalf by:

Denham Eke

Finance Director

Audit, Risk and Compliance Committee Report

The Directors ensure the Company complies with the provisions of the Quoted Companies Alliance (“QCA”) Corporate Governance Code for Small and Mid-Size Quoted Companies (2018) to the extent which is appropriate to its nature and scale of operations.

This report illustrates how the Company complies with those principles in relation to its Audit, Risk and Compliance Committee (the “ARCC”).

Membership

The Committee comprises of two Non-Executive Directors, being Richard Reed and David Giampaolo, and one Executive Director, being Denham Eke. The composition of the Committee has been reviewed during the year and the Board is satisfied that the Committee members have the relevant financial experience and the expertise to resource and fulfil its responsibilities effectively, including those relating to risk and controls.

Meetings

The Committee meets two times a year, including the review of the interim and full year results. Other Directors and representatives from the external auditors attend by invitation.

Duties

The Committee carries out the duties below for the Company, as appropriate:

- Monitors the integrity of the financial statements of the Company, including annual and half-yearly reports, interim management statements, and any other formal announcement relating to financial performance, reviewing significant financial reporting issues and judgements which they contain.
- Reviews and challenges the consistency of the information presented within the financial statements, compliance with stock exchange or other legal requirements, accounting policies and the methods used to account for significant or unusual transactions.
- Keeps under review the effectiveness of the Company's internal controls and risk management systems.

- KPMG Audit LLC was appointed as auditor in 2011 and the ARCC will oversee the relationship with them including meetings when considered appropriate to discuss their remit and review the findings and any issues with the annual audit. It will also review their terms of appointment and plans to meet them once a year independent of management and will consider and make recommendations to the Board, to be put to the Company for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor. There are no contractual restrictions in place in respect of the auditor choice.
- The Committee is governed by a Terms of Reference and a copy of this is available on the Company's website.

2023 Annual Report

During the year, ARCC confirms that it has received sufficient, reliable and timely information from management and the external auditors to enable it to fulfil its responsibilities.

The Committee has satisfied itself that there are no relationships between the auditor and the Company which could adversely affect the auditor's independence and objectivity.

All internal control and risk issues that have been brought to the attention of ARCC by the external auditors have been considered and the Committee confirms that it is satisfied that management has addressed the issues or has plans to do so.

The Company has a number of policies and procedures in place as part of its internal controls and these are subject to continuous review and as a minimum are reviewed by ARCC on an annual basis.

ARCC has reviewed and discussed together with management and the external auditor the Company's financial statements for the year ended 30 June 2023 and reports from the external auditor on the planning for and outcome of their reviews and audit. The key accounting issues and judgements considered relating to the Company's financial statements and disclosures were as follows:

- Valuation of unquoted investments £141,595,967;
- Going concern – ARCC reviewed the going concern position of the Company, taking into account the 12-month cash flow forecasts. ARCC is satisfied that preparing the financial statements on a going concern basis is appropriate.

Richard Reed

Chairperson ARCC

21 December 2023

Report of the Remuneration Committee

As an Isle of Man registered company there is no requirement to produce a Directors' Remuneration Report. However, the Board follows best practice and therefore has prepared such a report.

The Directors have agreed to comply with the provisions of the Quoted Companies Alliance ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (2018) to the extent which is appropriate to its nature and scale of operations.

This report illustrates how the Company complies with those principles in relation to directors' remuneration.

The Level and Components of Non-Executive Directors Remuneration

The Remuneration Policy reflects the Company's business strategy and objectives as well as sustained and long-term value creation for shareholders. In addition, the policy aims to be fair and provide equality of opportunity, ensuring that:

- the Company is able to attract, develop and retain high-performing and motivated people in the competitive local and wider markets;
- The Company offers a competitive remuneration package to encourage enhanced performance and rewards individual contributions to the success of the Company, in a fair and responsible manner;
- it reflects the Company's culture and values; and
- there is full transparency of the Remuneration Policy.

In line with the Board's approach, which reflects that adopted within other comparable organisations, the Remuneration Policy provides for the reward of the Non-Executive Directors through fees and other benefits.

Non-Executive Directors Emoluments

The remuneration for the Non-Executive Directors reflects their responsibilities. It comprises fees and may include eligibility to participate in an annual bonus scheme, private healthcare and share option incentives, when any of these are considered appropriate.

Annual bonus scheme payments are not pensionable and are not contracted.

Non-executive Directors' Remuneration

Non-executive Directors do not receive any benefits other than their fees and travelling expenses for which they are reimbursed. The level of fees payable to Non-executive Directors is assessed using benchmarks from a group of comparable organisations.

Executive Directors Remuneration

Executive Directors do not receive any benefits other than their fees and travelling expenses for which they are reimbursed. The level of fees payable to Executive Directors is assessed using benchmarks from a group of comparable organisations.

The Committee believes that share ownership by executives strengthens the link between their personal interests and those of shareholders. Options will be granted to executives periodically at the discretion of the Remuneration Committee. The grant of share options is not subject to fixed performance criteria. This is deemed to be appropriate as it allows the Committee to consider the performance of the executives and the contribution of the individual executives and, as with annual bonus payments, illustrates the relative importance placed on performance-related remuneration.

Except when required by statute, the Company does not intend to contribute to the personal pension plans of Directors in the forthcoming year.

Executive Directors' Contractual Terms

The service contract of the Executive Directors provides for a notice period of six months.

The Procedure for Determining Remuneration

The Remuneration Committee, comprising two Non-executive Directors and one Executive Director, is responsible for setting the remuneration of the Executive Directors and is chaired by Jim Mellon. Committee members do not take part in discussions concerning their own remuneration. The basic Non-executive Director fee is set by the Chairperson. The Chairperson of the Committee reports at the Board meeting following a Committee meeting.

It is the view of the Committee that Directors' remuneration awarded across the Company for the year has been in accordance with the Company's stated Remuneration Policy and, on behalf of the Committee I recommend that you endorse this report. An analysis of Directors' emoluments is as follows:

	2023 £	2022 £
Emoluments - salaries, bonuses, and taxable benefits	—	—
- fees	117,709	85,000
	117,709	85,000

Directors' Emoluments

	Fees £	Bonus £	Termination payments £	Benefits £	2023 Total £	2022 Total £
Executive - salary						
Denham Eke ²	—	—	—	—	—	—
James Mellon ¹	30,000	—	—	—	30,000	15,000
Non-executive - fees						
Richard Reed	40,000	—	—	—	40,000	40,000
David Giampaolo	30,000	—	—	—	30,000	30,000
Marisa Drew	17,709	—	—	—	17,709	—
Aggregate emoluments	117,709	—	—	—	117,709	85,000

¹ In addition to director fees, further emoluments are subject to an agreement with Shellbay Investments Limited ("Shellbay"), whereby Shellbay shall be entitled to an annual fee equal to the value of 15% of any increase between the Company's net asset value ("NAV") on a per issued share basis at the start of a reporting period and 30 June each year during the term of the New Shellbay Agreement (please see Note 2 to the Accounts).

² Denham Eke was appointed as a Director on 30 May 2012 and currently receives no remuneration for providing his services (refer note 10).

Approval

The report was approved by the Board of directors and signed on behalf of the Board.

Jim Mellon

Chairperson of Remuneration Committee

21 December 2023

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as applicable to an Isle of Man company and applicable law.

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 Company and of its profit or loss for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Isle of Man Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect 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 Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Independent Auditors, KPMG Audit LLC, to the members of Agronomics Limited

Our opinion is unmodified

We have audited the financial statements of Agronomics Limited (the "Company"), which comprise the statement of financial position as at 30 June 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been properly 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2022):

The risk	Our response
<p>Valuation of unquoted investments (including investment in subsidiary and other unquoted investments held)</p> <p>2023: £141,773,297 (2022 £94,813,088)</p> <p>Refer to Page 12 for Audit, Risk and Compliance Committee Report, note 1(b) (use of estimates and judgement), 1(d) (accounting policy for financial instruments) and note 8 (fair value of financial instruments) disclosures</p>	<p>Subjective Valuation:</p> <p>The Company's investment in subsidiary is stated at fair value of £134,178,896 (2022: £87,766,747). The underlying portfolio of investments held by the subsidiary comprises the entirety of its net assets. The Company also holds unquoted investments directly amounting to £7,417,071 (2022: £6,795,650).</p> <p>83% (2022: 60%) of the Company's total assets (by value) are held in investments where no quoted market price is available. Unquoted investments held directly by the Company, and indirectly through the underlying portfolio in its subsidiary, are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as comparison with prices of recent orderly transactions, where available, requires the use of significant judgments and subjective assumptions.</p> <p>The preparation of the fair value estimate for the unquoted investments and related disclosures is a significant area of our audit given that it represents a significant portion of the Company's total assets and involves the use of significant judgments and subjective assumptions.</p> <p>The effect of these matters is that as part of our risk assessment, we determined that the valuation of unquoted investments has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount.</p> <p>Our audit procedures included:</p> <p>Internal Controls: Assessing the design and implementation of the investment valuation processes and controls.</p> <p>Test of Detail: Auditing the accounts of the subsidiary as part of the audit of the Company, including assessing the accounting policies adopted by the subsidiary to ensure these are consistent with the Company's accounting policies. In particular, ensuring that the portfolio of investments held by the subsidiary is stated at fair value and ensuring net asset value of the subsidiary represents fair value.</p> <p>Use of KPMG Specialists: Involving our own valuation specialists to challenge management assumptions used to support the fair value prices.</p> <p>Challenging managements' assumptions and inputs: Challenging the directors on key judgments affecting investee company valuations, such as the achievement of key milestones or potential dilution impacts of recent transactions. Our work included consideration of events which occurred subsequent to the year end up until the date of this report.</p> <p>Assessing observable inputs: Where a recent transaction has been used as a basis to value a holding, we obtained an understanding of the circumstances surrounding the transaction such as whether it was considered to be on an arms-length basis and suitable as an input into a valuation.</p> <p>Methodology choice: In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected.</p> <p>Assessing disclosures: Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the significant inherent uncertainty associated with valuing such investments.</p>

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £1,260,000 (2022: £1,200,000), determined with reference to a benchmark of total assets of £164 million, of which it represents approximately 0.8% (2022: 0.8%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 65% (2022: 65%) of materiality for the financial statements as a whole, which equates to £819,000 (2022: £780,000). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £63,000 (2022: £60,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period were:

- Availability of capital to meet operating costs and other financial commitments; and
- The recoverability of financial assets subject to credit risk;

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 1(b) to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in the notes to the financial statements to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as valuation of unquoted investments. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- those set out in the valuation of unquoted investments key audit matter.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on 17, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members, as a body

This report is made solely to the Company's members, as a body, in accordance with section 80(C) 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.

KPMG Audit LLC

Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM1 1LA

22 December 2023

Statement of comprehensive income

for the year ended 30 June 2023

	Note	2023 £	2022 £
Income			
Net income from financial instruments at fair value through profit and loss	3	29,703,324	6,423,869
		29,703,324	6,423,869
Operating expenses			
Directors' fees	2	(117,709)	(85,000)
Other operating costs	4	(1,648,101)	(1,753,868)
Foreign exchange (losses)/gains		(3,364,673)	6,513,031
Profit from operating activities	5	24,572,841	11,098,032
Other costs			
Consulting fee	2	(3,372,672)	(4,562,548)
Recoverable / (Irrecoverable) VAT		–	1,478,872
Profit after consulting fee		21,200,169	8,014,356
Interest received		1,173,507	344,023
Profit before taxation		22,373,676	8,358,379
Taxation	1(h)	–	–
Profit for the year		22,373,676	8,358,379
Other comprehensive income		–	–
Total comprehensive profit for the year		22,373,676	8,358,379
Basic profit per share (pence)	11	2.27	0.95
Diluted profit per share (pence)	11	2.20	0.91

The Directors consider that the Company's activities are continuing.

The notes on pages 25 to 39 form an integral part of these financial statements.

Statement of financial position

as at 30 June 2023

	Note	2023 £	2022 £
Assets			
Financial assets at fair value through profit or loss	7,8	141,773,297	94,813,088
Bank deposits		10,000,000	20,024,175
Trade and other receivables		335,810	102,659
Cash and cash equivalents		18,093,984	31,458,326
Total assets		170,203,091	146,398,248
Equity and liabilities			
Capital and reserves			
Share capital	6	992	968
Share premium	6	134,481,365	129,855,667
Share reserve	6	1,686,336	4,341,639
Accumulated earnings		32,088,305	9,714,629
		168,256,998	143,912,903
Liabilities			
Trade and other payables	9	1,946,093	2,485,345
Total liabilities		1,946,093	2,485,345
Total equity and liabilities		170,203,091	146,398,248

The notes on pages 25 to 39 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 21 December 2023 and were signed on their behalf by:

Denham Eke
Finance Director

Statement of changes in equity

for the year ended 30 June 2023

	Note	Share capital £	Share premium £	Share reserve £	Accumulated earnings £	Total £
Balance at 30 June 2021	6	799	91,278,407	7,394,360	1,356,250	100,029,816
<i>Total comprehensive profit for the year</i>						
Profit for the year		—	—	—	8,358,379	8,358,379
<i>Transactions with owners of the company</i>						
Shares issued during the year	6	169	39,439,051	(7,394,360)	—	32,044,860
Capitalised share issue costs	6	—	(861,791)	—	—	(861,791)
Recognition of share reserve	6	—	—	4,341,639	—	4,341,639
Balance at 30 June 2022	6	968	129,855,667	4,341,639	9,714,629	143,912,903
	Note	Share capital £	Share premium £	Share reserve £	Accumulated earnings £	Total £
Balance at 30 June 2022	6	968	129,855,667	4,341,639	9,714,629	143,912,903
<i>Total comprehensive profit for the year</i>						
Profit for the year		—	—	—	22,373,676	22,373,676
<i>Transactions with owners of the company</i>						
Shares issued during the year	6	24	4,625,698	(4,341,639)	—	284,083
Recognition of share reserve	6	—	—	1,686,336	—	1,686,336
Balance at 30 June 2023	6	992	134,481,365	1,686,336	32,088,305	168,256,998

The notes on pages 25 to 39 form an integral part of these financial statements.

Statement of cash flows

for the year ended 30 June 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Operating profit for the year		22,373,676	8,358,379
Purchase of investments	8	(19,542,137)	(42,032,410)
Proceeds from sale of investments	8	–	696,456
Interest income		(1,173,507)	(341,329)
Realised and unrealised gains on investments	3	(29,703,324)	(12,362,604)
Unrealised foreign exchange losses on investments	8	2,729,121	–
Consulting fee to be settled in shares	2	1,686,336	2,281,274
Operating outflows before changes in working capital		(23,629,835)	(43,400,234)
Change in trade and other receivables		(233,152)	318,395
Change in trade and other payables	9	(539,252)	873,841
Net cash used in operating activities		(24,402,239)	(42,207,998)
Cash flows from financing activities			
Proceeds from issue of shares		284,082	32,057,951
Share issue commissions paid		–	(861,791)
Cash interest received		729,639	57,842
Net cash from financing activities		1,013,721	31,254,002
Cash flows from investing activities			
Bank deposits not considered cash and cash equivalents (net movement)		10,024,176	(20,024,175)
Net cash from investing activities		10,024,176	(20,024,175)
Decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year		31,458,326	62,436,497
Cash and cash equivalents at the end of year		18,093,984	31,458,326

The notes on pages 25 to 39 form an integral part of these financial statements.

Notes to the financial statements

(forming an integral part of the financial statements for the year ended 30 June 2023)

1 Accounting policies

Agromomics Limited is a Company domiciled in the Isle of Man. The Company's strategy is to create value for Shareholders through investing in companies that operate in the nascent industry of modern foods, which are environmentally friendly alternatives to the traditional production of meat and plant-based sources.

The principal accounting policies are set out below.

a) **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). There has been no material impact on the financial statements of new standards/interpretations that have come into effect during the current year.

b) **Basis of preparation**

The financial statements are prepared under the historical cost convention except where assets and liabilities are required to be stated at their fair value.

Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the Directors in the application of IFRS, that have a significant impact on the financial statements and estimates with a significant risk of material adjustment in the next financial year relate to valuation of financial assets at fair value through profit or loss. The determination of fair values for financial assets for which there is no observable market price requires judgment as to the selection of valuation techniques as described in accounting policy 1(d). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement and estimation depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The portfolio companies are all in the start-up/development stage and in the biotechnology and biopharmaceutical sector. By their nature, such companies are difficult to value, as they have little or no track record regarding sales and margins and may be subject to continued funding being available in order to continue in operation. The eventual outcome may differ materially from the value estimate. See also note 8 in respect of the valuation of financial instruments.

Going concern

The financial statements have been prepared on a going concern basis, taking into consideration the level of cash and liquid investments held by the Company. The Directors have a reasonable expectation that the Company will have adequate resources for its continuing existence and projected activities for the foreseeable future, and for these reasons, continue to adopt the going concern basis in preparing the financial statements for the year ended 30 June 2023.

Functional and presentation currency

These financial statements are presented in Pound Sterling (£) which is the Company's functional currency and rounded to the nearest pound.

c) **Net income from financial instruments at fair value through profit and loss**

Any realised and unrealised gains and losses on investments are presented within 'net income from financial instruments at fair value through profit or loss'.

Interest income earned during the period, is accrued on a time apportionment basis, by reference to the principal outstanding and the effective rate applicable.

Dividend income is recognised when a security held goes ex-dividend. Dividends are shown as net cash received, after the deduction of withholding taxes.

d) **Financial instruments**

Recognition and initial measurement

The Company recognises financial assets and financial liabilities at fair value through profit and loss ("FVTPL") on the trade date, which is the date on which the Company becomes party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

1 Accounting policies (continued)

Classification

On initial recognition, the Company classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest ("SPPI").

All other financial assets of the Company are measured at FVTPL.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Company considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the company's continuing recognition of the assets.

The Company has determined that it has two business models.

Held-to-collect business model: this includes cash and cash equivalents and bank deposits. These financial assets are held to collect contractual cash flow.

Other business model: this includes debt securities, equity investments both quoted and unquoted. These financial assets are managed and their performance is evaluated, on a fair value basis.

Fair value measurement principles

The fair value of investment holdings of listed investments is based on their quoted market prices at the reporting date on a recognised exchange or in the case of non-exchange traded instruments, sourced from a reputable counterparty, without any deduction for estimated future selling costs. Financial assets are priced at their closing bid prices, while financial liabilities are priced at their closing offer prices.

Company assets may, at any time include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under securities laws.

If a quoted market price is not available on a recognised stock exchange, or a market is not sufficiently active for the market price to be considered reliable, or if a price is not available from a reputable counterparty, fair value of the financial instruments may be estimated by the Directors using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The Company recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change occurred.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Company were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

Impairment

The Company recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

1 Accounting policies (continued)

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value.

Trade and other receivables

Trade and other receivables originated by the Company are initially recognised at fair value and subsequently stated at amortised cost less impairment losses.

Trade and other payables

Trade and other payables are initially recognised at fair value less directly attributable transaction costs. Subsequently they are measured at amortised cost using the effective interest method.

e) Share capital and share premium

Ordinary shares are classified as equity. The ordinary shares of the Company have a par value of £0.000001 each. Excess proceeds received for the issue of shares has been credited to share premium. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

f) Foreign currencies

Transactions in foreign currencies are translated into the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign exchange currency are translated into the functional currency at the exchange rate when the fair

value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss and presented as foreign exchange gains / (losses).

g) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year, and have not been applied in preparing these historical financial statements:

New/revised International Accounting Standards / International Financial Reporting Standards ("IAS/IFRS")	EU Effective date (accounting periods commencing on or after)
Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2024
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IFRS 17	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Deferred Tax related Asset and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendments to IFRS 10 and IAS 28)	1 January 2023

The Directors do not expect the adoption of the standards and interpretations to have a material impact on the financial statements in the period of initial application. There are no other standards, amendments or interpretations to existing standards that are not yet effective, that would have a material impact on the Company's reported results.

There has been no material impact on the Company's financial statements of new standards or interpretations that have come into effect during the current reporting period.

1 Accounting policies (continued)

h) Taxation

The Company is subject to income tax at a rate of 0% in the Isle of Man, and accordingly, no tax has been provided for in these financial statements.

The Company may be subject to withholding taxes in relation to income from investments, or investment realisation proceeds or gains, and such amounts will be accounted for as incurred.

i) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business,

being investing in companies that operate in the nascent industry of modern foods, which are environmentally friendly alternatives to the traditional production of meat and plant-based sources. Information presented to the Board of Directors for the purpose of decision making is based on this single segment and in accordance with IFRS.

j) Investment entity

The Company is an investment entity and measures investments in its subsidiaries at FVTPL. In determining whether the Company meets the definition of an investment entity, management considered the Company structure as a whole. In particular, when assessing the existence of investment exit strategies and whether the Company or its subsidiary has more than one investment, management took into consideration the fact that the subsidiary was formed in order to hold investments on behalf of the Company. Management concluded that the Company and the subsidiary each meet the definition of an investment entity. Consequently, management concluded that the Company should not consolidate the subsidiary.

k) Comparative information

Where appropriate, figures in the comparative financial year have been reclassified in order to present them in a manner consistent with the current financial period.

2 Directors' and consulting fees

The fees of Directors who served during the year ended 30 June 2023 were as follows:

	2023 £	2022 £
Richard Reed	40,000	40,000
David Giampaolo	30,000	30,000
James Mellon	30,000	15,000
Marisa Drew	17,709	—
	117,709	85,000

Denham Eke was appointed as a Director on 30 May 2012 and currently receives no remuneration for providing his services (refer note 10).

On 6 May 2011, Shellbay Investments Limited ("Shellbay") entered into a Letter of Appointment with the Company to provide certain services to Agronomics. In May 2021, following shareholder feedback and in consultation with the Company's advisers, the terms of this agreement were altered, on the basis that from May 2021 new arrangements would be put in place to (i) ensure the terms of Shellbay's appointment were consistent with market standard terms for commensurate services; (ii) provide greater transparency and corporate governance regarding the role of Shellbay; and (iii) establish a remuneration structure fully aligned with shareholders, and acceptable to existing and future investors. The effective date for the updated agreement is 01 July 2020.

Under the updated terms, Shellbay will provide certain services to Agronomics, including:

- Reviewing prospective asset purchases;
- Procuring and coordinating due diligence in relation to any target approved by the Company;
- Providing appropriate information to the Board in relation to any proposed acquisition or disposal opportunity;
- Providing transaction support services as requested by the Company;
- Assisting in operating, developing and commercialising any intellectual property and/or assets of the Company (including by way of joint venture, licensing agreement or other partnership);
- Developing new markets and/or territories for assets and/or intellectual property owned by the Company (including by way of manufacturing, distribution and/or branding partnerships);
- Supplying the Board with regular reports on the progress of companies and intellectual property where the Company has an interest (including any financings);
- Assisting with recruitment of management teams and operational supply chain partners for relevant products and intellectual property; and
- The services of Jim Mellon as Executive Director of the Company.

2 Directors' and consulting fees (continued)

Shellbay shall be entitled to an annual fee equal to the value of 15% of any increase between the Company's net asset value ("NAV") on a per issued share basis at the start of a reporting period and 30 June ("Closing NAV Date") each year during the term of the New Shellbay Agreement, with the first reporting period being from 1 July 2020 to 30 June 2021, and annually thereafter. The opening and closing NAV for each period will be based on the audited financial statements of the Company for the relevant financial year, with the opening NAV for each reporting period being the higher of (i) 5.86 pence per share (the highest annual audited NAV per share since the Company adopted its current investment policy and reported NAV per share in September 2019)), and (ii) the highest NAV per share reported at a Closing Date for the previous reporting periods during the term of the agreement (establishing a rolling high-watermark for Shellbay to qualify for such fee). Any increase in NAV per share will then be applied to the total issued share capital at the end of the relevant period for the purposes of determining the 15% fee. Any change in NAV per share that arises from funds raised at a premium or discount to the existing NAV per share will therefore be considered for the purposes of calculating Shellbay's fee by reference to the annual audited accounts (for clarity being an increase in respect of a premium and a decrease in respect of a discount).

At the election of the Company, the Shellbay fee shall be payable either in whole or in part by the issue of new shares at a price equal to the mid-price on the last day of the relevant Qualifying Period (being the Company's accounting year

From 1 July to 30 June) or grant of nil price warrants over shares; or in cash; or (with the agreement of Shellbay), in cash-equivalents (such as shares), and other assets held by the Company.

Shellbay has agreed with the Company that any fee due for the current reporting period will be settled 50% in cash and 50% in shares (with shares issued at the mid-market price of Ordinary Shares at close of markets on the last day of the Qualifying Period, being 30 June 2023).

During the year, a fee of £3,372,672 (30 June 2022: £4,562,548) was accrued for and recorded in profit and loss. The Shellbay fee is calculated as follows:

Audited net asset value at 30 June 2022 (post Shellbay fee)	£143,912,903
Audited total issued shares at 30 June 2022	969,269,715
Audited net asset value per share at 30 June 2022	14.85 pence
Net asset value at 30 June 2023 (pre Shellbay fee)	£169,943,336
Total issued shares at 30 June 2023	993,152,034
Net asset value per share at 30 June 2023	17.11 pence
Increase in net asset value per share	2.26 pence
Increase in net asset value subject to Shellbay fee	£22,484,488
15% Shellbay fee based on Net Asset Value per share increase	£3,372,672

At the election of Agronomics, the Shellbay fee will be equally settled by issuing Agronomics shares and cash. Refer to note 6 and note 9.

3 Net gain/(loss) from financial instruments at fair value through profit and loss

Derived from financial assets held mandatorily at fair value through profit or loss at initial recognition:

	2023 £	2022 £
Realised gains on sale of investments	—	440,322
Unrealised gains on investments	33,585,510	9,655,460
Unrealised losses on investments	(3,882,186)	(3,671,913)
Net unrealised gains on investments	29,703,324	5,983,547
Net income from financial instruments at fair value through profit and loss	29,703,324	6,423,869

4 Other operating costs

	2023 £	2022 £
Auditors' fees	62,000	81,149
Marketing	148,286	141,083
Professional fees	542,719	1,031,973
Sundry expenses	895,096	499,663
	1,648,101	1,753,868

The Company has no employees.

5 Profit/(loss) from operating activities

Profit/(loss) from operating activities is stated after charging:

	2023 £	2022 £
Auditors' fees	62,000	81,149
Directors' fees	117,709	85,000

6 Share capital, share premium and share reserve

Each share in the Company confers upon the shareholder:

- the right to one vote at a meeting of the shareholders or on any resolution of shareholders;
- the right to an equal share in any dividend paid by the Company, and
- the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

The Company may by resolution of Directors redeem, purchase or otherwise acquire all or any of the shares in the Company subject to regulations set out in the Company's Articles of Association.

	2023 £	2022 £
<i>Authorised</i>		
2,000,000,000 Ordinary shares of £0.000001	2,000	2,000

	No. of Shares	Share Capital £	Share Premium £	Share Reserve £
<i>Issued</i>				
Balance at 30 June 2021	799,606,383	799	91,278,407	7,394,360
Issued during the year for cash	139,171,126	139	32,044,721	—
Issued during the year to settle share reserve	30,492,206	30	7,394,330	(7,394,360)
Recognition of share reserve	—	—	—	4,341,639
Share issue costs capitalised	—	—	(861,791)	—
Balance at 30 June 2022	969,269,715	968	129,855,667	4,341,639
Issued during the year for cash	947,405	1	284,059	—
Issued during the year to settle share reserve	22,934,914	23	4,341,639	(4,341,639)
Recognition of share reserve	—	—	—	1,686,336
Balance at 30 June 2023	993,152,034	992	134,481,365	1,686,336

Capital management

The Company manages its capital to maximise the return to shareholders through the optimisation of equity. The capital structure of the Company as at 30 June 2023 consists of equity attributable to equity holders of the Company, comprising issued capital, share premium and accumulated earnings as disclosed.

The Company manages its capital structure and makes adjustments to it in light of economic conditions and the strategy approved by shareholders. To maintain or adjust the capital structure, the Company may make dividend payments to shareholders, return capital to shareholders or issue new shares and release the share premium account. No changes were made in the objectives, policies or processes during the year under review.

Warrants

As part of the fundraising completed during June 2021, the Company issued warrants attached to the fundraising shares on a 1-for-1 basis, and as such, 297,727,274 warrants were issued to investors who participated in the fundraising. The warrants are exercisable quarterly over a period of two years, at a price of 28.5 pence per warrant. The warrants in issue at 30 June 2023 have no dilutive effect on basic earnings per share as the exercise price exceeds the quoted share price.

As part of the fundraising completed during December 2021, the Company issued warrants attached to the fundraising shares on a 1-for-1 basis, and as such, 138,368,193 warrants were issued to investors who participated in the fundraising. The warrants are exercisable quarterly over a period of two years, at a price of 30 pence per warrant. The warrants in issue at 30 June 2023 have no dilutive effect on basic earnings per share as the exercise price exceeds the quoted share price.

6 Share capital, share premium and share reserve (continued)

Reconciliation of warrants in issue

	2023 Number	2022 Number
Balance at 1 July	435,292,534	297,727,274
Issued during the year	—	138,368,193
Exercised during the year	(947,405)	(802,933)
Balance at 30 June	434,345,129	435,292,534

Consulting fee due to Shellbay

As discussed in note 2, a consulting fee due to Shellbay of £3,372,672 has been recognised (2022: £4,562,548). Shellbay has agreed with the Company that any fee due for the current reporting period will be settled 50% in cash and 50% in shares (with shares issued at the mid-market price of Ordinary Shares at close of markets on the last day of the Qualifying Period, being 30 June 2023). As a result, 16,253,847 new ordinary shares (2022: 14,257,963 new ordinary shares) will be issued to Shellbay at a price of 10.375 pence per share. A Share Reserve has been recognised relating to these shares to be issued. The shares to be issued to Shellbay have a dilutive effect on basic earnings per share. Refer to Note 11.

7 Financial assets at fair value through profit or loss

During 2020, the Company established a wholly owned subsidiary entity, Agronomics Investment Holdings Limited ("the Subsidiary" or "AIHL"), which holds the majority of the portfolio of unquoted investments. Unquoted investments were transferred by the Company into AIHL at their respective carrying amounts. The investment in subsidiary is stated at fair value through profit or loss in accordance with the IFRS 10 Investment Entity Consolidation Exception. The fair value of the investment in subsidiary is based on the year-end net asset value of the subsidiary. Additions and disposals regarding the investment in subsidiary are recognised on trade date.

	2023 £	2022 £
Quoted	177,330	250,691
Unquoted	7,417,071	6,795,650
Investment in subsidiary	134,178,896	87,766,747
	141,773,297	94,813,088

The composition of the investments held, both directly and indirectly through the Subsidiary in the underlying portfolio, is as follows:

	2023 £	2022 £
Equities	132,664,299	84,942,939
Convertible loan notes and SAFEs ¹	9,108,998	9,870,149
	141,773,297	94,813,088

¹ A SAFE is a Simple Agreement for Future Equity. SAFE Agreements have similar characteristics to Convertible Loans and are designed to provide an early investor with an "edge" ahead of a larger planned funding. The edge is typically conversion of funds advanced for new equity at a discount to the subsequent raise.

These financial instruments were mandatorily held as at fair value through profit or loss on initial recognition. See note 8 - Fair value of financial instruments section - regarding the valuation of investments.

8 Financial instruments

Financial Risk Management

The Company has risk management policies that systematically view the risks that could prevent it from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic and business planning. The Directors have identified each risk and are responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

The Company's principal financial instruments consist of investments, cash, receivables and payables arising from its operations and activities. The main risks arising from the Company's financial instruments and the policies for managing each of these risks are summarised below.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its obligations. The Company's credit risk is primarily attributable to receivables, cash balances, and bank deposits, and convertible loan investments, with the maximum exposure being the reported balance in the statement of financial position. The Company has a nominal level of debtors and as such the Company believes that the credit risk to these is minimal. The Company holds available cash and bank deposits with licensed banks and financial institutions. The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. Cash balances are available on demand, with bank deposits having varying maturities up to 6 months. Convertible loan investments held inherently carry a higher credit risk, due to the early-stage nature of relevant investee company.

8 Financial instruments (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount 2023 £	Carrying amount 2022 £
Bank deposits	10,000,000	20,024,175
Cash and cash equivalents	18,093,984	31,458,326
Trade and other receivables	335,810	56,268
Convertible loan investments	7,357,367	6,735,946
	35,787,161	58,274,715

All of cash and cash equivalent and cash deposit balances are held in A+ credit rated financial institutions. The Company considers that ECL exposures have low credit risk based on the external credit ratings of the financial institutions.

Market price risk

Market price risk is the risk that the market price will fluctuate due to macro-economic issues such as changes in market factors specific to that security, market interest rates and foreign exchange rates.

The Company is exposed to significant market price risks as financial instruments recognised directly by the Company and indirectly by the Subsidiary are linked to market price volatility.

A 10% increase/decrease in market value of investments held by the Company and its subsidiary would increase/decrease equity and profit by £13,575,948 (2022: £9,481,309).

Liquidity risk

The Company is exposed to liquidity risk to the extent that it holds investments that it may not be able to sell quickly at close to fair value.

The risk is managed by the Company by means of cash flow planning to ensure that future cash requirements are anticipated and, where financial instruments have to be sold to meet these requirements, the process is carried out in a controlled manner intended to minimise the liquidity risk involved.

The residual undiscounted contractual maturities of financial liabilities and financial assets are as follows:

	Less than 1 month £	1-3 months £	3 months to 1 year £	1-5 years £	Over 5 years £	No stated maturity £	Total
30 June 2023							
Financial liabilities							
Trade and other payables	202,269	—	1,686,336	—	—	—	1,888,605
30 June 2022							
Trade and other payables	204,071	—	2,281,274	—	—	—	2,485,345
30 June 2023							
Financial assets							
Financial assets at fair value through profit or loss	—	—	—	—	—	134,415,930	134,415,930
Bank deposits	—	10,000,000	—	—	—	—	10,000,000
Cash and cash equivalents	18,093,984	—	—	—	—	—	18,093,984
Trade and other receivables	335,810	—	—	—	—	—	335,810
Convertible loan investments	—	—	7,357,367	—	—	—	7,357,367
	18,429,794	10,000,000	7,357,367	—	—	134,415,930	170,203,091
30 June 2022							
Financial assets at fair value through profit or loss	—	—	—	—	—	88,077,142	88,077,142
Bank deposits	10,024,175	—	10,000,000	—	—	—	20,024,175
Cash and cash equivalents	23,458,326	8,000,000	—	—	—	—	31,458,326
Trade and other receivables	56,268	—	—	—	—	—	56,268
Convertible loan investments	—	—	—	6,735,946	—	—	6,735,946
	33,538,769	8,000,000	10,000,000	6,735,946	—	88,077,142	146,351,857

8 Financial instruments (continued)

Interest rate risk

A significant share of the Company's assets is comprised of cash held at banks. As a result, the Company is subject to risk due to fluctuations in the prevailing level of market interest rates. However, income earned from bank interest is not considered material to the Company's performance or financial position.

The Company holds investments in convertible loan notes ("CLN"), which attract interest income. The rates of interest are fixed for each CLN investment held, which results in a reduced interest rate risk.

Fair values of financial assets and liabilities

At 30 June 2023, the carrying amounts of cash resources, trade and other receivables, and trade and other payables approximate fair value due to their short-term maturities.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to financial assets and liabilities held directly itself and indirectly via its subsidiary that are denominated in a number of currencies. The Investment in Subsidiary is held in Sterling. The analysis below reflects the underlying currency exposure in the Subsidiary's portfolio.

GBP equivalents as at 30 June 2023	Financial assets at fair value through profit and loss £	Cash at bank £	Total by currency £
USD	83,763,337	2,775,217	86,538,554
EUR	38,140,843	—	38,140,843
AUD	9,214,471	2,057	9,216,528
	131,118,651	2,777,274	133,895,925

GBP equivalents as at 30 June 2022	Financial assets at fair value through profit and loss £	Cash at bank £	Total by currency £
USD	65,031,554	81,983	65,113,537
EUR	28,898,815	—	28,898,815
	93,930,369	81,983	94,012,352

The following significant exchange rates applied during the year:

	Average rate for active year 2023	Average rate for active year 2022
USD	1.20600	1.33208
EUR	1.14918	1.18085
AUD	1.79225	—

	Year-end rate 2023	Year-end rate 2022
USD	1.26281	1.21780
EUR	1.16525	1.16170
AUD	1.88122	—

8 Financial instruments (continued)

Sensitivity analysis

A 10% percent strengthening of Sterling against the relevant currencies above at 30 June 2023, and 10% at 30 June 2022, would have decreased equity and profit for the year by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity and Profit or loss £
2023	
USD	8,653,855
EUR	3,814,084
AUD	921,653
<hr/>	
	Equity and Profit or loss £
2022	
USD	6,511,354
EUR	2,889,882

A 10% percent weakening of Sterling against the relevant currencies above at 30 June 2023, and 10% at 30 June 2022, would have the equal but opposite effect on the basis that all other variables, in particular interest rates, remain constant.

Fair value of financial instruments

The fair values of financial assets and financial liabilities that are traded in an active market are based on quoted market prices. For all other financial instruments, the Company and its subsidiary determine fair values using other valuation techniques in compliance with IFRS9: Financial Instruments, IFRS13: Fair Value Measurement, and based on the International Private Equity and Venture Capital Valuation Guidelines ("IPEV").

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Various valuation techniques may be applied in determining the fair value of investments held as Level 3 in the fair value hierarchy. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy measurement at 30 June 2023

Investments in securities at fair value:

	Total	Quoted prices In active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable Inputs (Level 3)
Investments				
Quoted	177,330	177,330	–	–
Unquoted	7,417,071	–	–	7,417,071
Investment in subsidiary	134,178,896	–	–	134,178,896
	141,773,297	177,330	–	141,595,967

The investment in subsidiary held by the Company is classified as level 3 in the fair value hierarchy – being based on the net asset value of the Subsidiary. All the underlying investments held by the Subsidiary are classed as level 3 investments.

8 Financial instruments (continued)

Reconciliation of Level 3 investments:

Opening balance at 1 July 2022	94,562,397
Purchases	19,542,137
Unrealised foreign currency loss	(2,729,121)
Unrealised fair value gain	33,556,823
Unrealised fair value loss	(3,780,138)
Accrued interest on loan note investments	443,869
Closing balance at 30 June 2023	141,595,967

Fair value hierarchy measurement at 30 June 2022

Investments in securities at fair value:

	Total	Quoted prices in active mar- kets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable Inputs (Level 3)
Investments				
Quoted	250,691	250,691	—	—
Unquoted	6,795,650	—	—	6,795,650
Investment in subsidiary	87,766,747			87,766,747
	94,813,088	250,691	—	94,562,397

The investment in subsidiary held by the Company is classified as level 3 in the fair value hierarchy – being based on the net asset value of the Subsidiary. All the underlying listed equity investments held by the Subsidiary are classed as level 3 investments

Reconciliation of Level 3 investments:

Opening balance at 1 July 2021	38,126,352
Purchases	44,092,779
Disposals	(256,133)
Unrealised foreign currency gain	5,940,553
Unrealised fair value gain	9,655,460
Unrealised fair value loss	(3,280,099)
Accrued interest on loan note investments	283,485
Closing balance at 30 June 2022	94,562,397

Valuation technique

In the absence of observable prices or suitable unobservable model inputs being available and, given level 3 portfolio companies are in the start-up/development stage and in the biotechnology/ biopharmaceutical sector, the Board believes that a recent share transaction cost represents the best available estimate of fair value. The price of a recent investment valuation technique, calibrated using both financial and technological milestones, is commonly used in a seed, start-up or early-stage situations. Where applicable, the Company's Level 3 investments are valued at the price of each funding round of the respective companies entered into with their shareholders, adjusted where necessary should the Directors deem any adjustment is needed in order to determine the fair value. The fair value of the relevant investee may also be adjusted based on its performance against predetermined milestones. The Directors deem all investments to be held at fair value. The price of a recent transaction is deemed most appropriate for the Company's and Subsidiary's unquoted investments. Although the Board believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. The Board continues to monitor the performance of the investee entities and the underlying information available in order to assess whether the valuation technique adopted and the fair value hierarchy remain appropriate.

No reasonably possible alternative assumptions

IFRS 13 requires disclosure, by class of financial instrument, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. However, where fair value is determined with reference to the price of a recent transaction in the equity shares of the unquoted company, such a sensitivity analysis is not relevant. As such the Directors consider there are no reasonably possible alternative assumptions in respect of the level 3 investments held at year end.

The valuation approach adopted for the years ended 30 June 2023 and 30 June 2022 is consistent.

9 Trade and other payables

	2023 £	2022 £
Provision for audit fee	57,488	55,000
Trade creditors	202,269	149,071
Provision for Shellbay fee (note 2)	1,686,336	2,281,274
	1,946,093	2,485,345

As disclosed in Note 2, the Shellbay fee recognised during the year will be settled partly in cash totalling £1,686,336 (2022: £2,281,274).

10 Related party transactions

Under an agreement dated 1 December 2011, Burnbrae Limited, a Company for which Jim Mellon is the ultimate beneficial owner and Denham Eke is a Director, provide certain services, principally accounting and administration, to the Company. This agreement may be terminated by either party on three months' notice. The charge for services provided in the year in accordance with the contract was £30,000 (2022: £31,500) of which £3,000 was outstanding as at the year-end (2022: £3,000).

Under an updated agreement dated May 2021, Shellbay Investments Limited, a Company related to both Jim Mellon and Denham Eke, provides certain services to the Company (see note 2). The charge for services provided in the year was £3,372,672 (2022: £4,562,548), with the Company opting to settle the fee 50/50 in cash and Agronomics shares.

In accordance with the published investing policy, Jim Mellon holds personal interests both directly and indirectly in the following investee companies: AgeX Therapeutics Inc, Endurance RP, Portage Biotech Inc, SalvaRX Group PLC, Cytox Limited, Simply Foods Inc, Shiok Meats Pte. Ltd, Good Dog Food Ltd and Bond Pets LLC.

Edgewater Associates Limited ("Edgewater")

During the year, Directors and Officers insurance was obtained through Edgewater, which is a 100% subsidiary of Manx Financial Group ("MFG"). Jim Mellon and Denham Eke are Directors of MFG and Denham Eke is a Director of Edgewater.

The annual policy premium was £42,000 (2022: £19,500), and £nil was outstanding as at year-end (2022: £nil).

11 Basic and diluted earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares, on the assumed conversion of all dilutive share options.

	2023 £	2022 £
Profit for the year	22,373,676	8,358,379
	No.	No.
Weighted average number of ordinary shares in issue	984,863,129	877,490,411
Dilutive effect of shares to be issued (Note 6)	32,507,695	37,192,877
Diluted number of ordinary shares	1,017,370,824	914,683,288
Basic earnings per share (pence)	2.27	0.95
Diluted earnings per share (pence)	2.20	0.91

12 The Subsidiary

The Company has one wholly owned subsidiary entity, Agronomics Investment Holdings Limited, which is incorporated in the British Virgin Islands. The Subsidiary was incorporated on 8 July 2020 under the provisions of the BVI Business Companies Act, 2004, as a limited liability company. The principal activity of the Subsidiary is holding investments on behalf of the Company.

13 Subsequent events

Post yearend, the Company received warrant exercise notices and issued a total of 2,210 Ordinary Shares, for cash proceeds of £659.

On 22 September 2023, the Company announced that it will execute an on-market Share buyback programme for an aggregate amount of up to £3 million. The term of the buyback programme shall be 6 months, commencing on 2 October 2023. To date, no buybacks have been executed as the Company remains in a closed period under AIM rules.

Corporate information

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www.agronomics.im

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