Agronomics Limited

Annual Report and Financial Statements

for the year ended 30 June 2021

Registration number: Isle of Man 006874V

Agronomics Limited

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Corporate information

Company's website	www.agronomics.im
Registered Agent & Office	Greystone Trust Company Limited 18 Athol Street Douglas Isle of Man, IM1 1JA
Nominated Adviser	Beaumont Cornish Limited Building 3, 566 Chiswick High Road London W4 5YA
Joint Brokers	Cenkos Securities PLC 6, 7, 8 Tokenhouse Yard London, EC2R 7AS Peterhouse Capital Limited 80 Cheapside EC2V 6EE
Registrar	Link Asset Services (Isle of Man) Limited Clinch's House Lord Street Douglas, Isle of Man, IM1 1JD
Auditors	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man, IM1 1LA
Legal Advisers	*As to Isle of Man Law* Long & Humphrey The Old Courthouse Athol Street Douglas Isle of Man, IM1 1LD
Legal Advisers	*As to English Law* Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London, EC2A 2EW
Depositary	Link Asset Services (Isle of Man) Limited Clinch's House Lord Street Douglas Isle of Man, IM1 1JD
Administrator	Burnbrae Limited 4th Floor, Viking House Nelson Street Douglas Isle of Man, IM1 2AH

Chairman's statement

I am pleased to present the Annual Report for Agronomics Limited ("Agronomics" or the "Company") for the year ended 30 June 2021.

Since the adoption of the new investing policy in April 2019, Agronomics has enjoyed rapid expansion, largely due to the establishment of a strong and diverse portfolio within the field of cellular agriculture. In addition, there are also merging tailwinds of changing consumer perceptions and the necessity for identifying sustainable technology solutions to mitigate climate change.

The urgent need to address critical issues such as climate change has never been more apparent, with 16 of the 17 hottest years occurring in the 21st century, and notably intense wildfires in Siberia, Turkey and California all in the past year. We have witnessed deadly heat waves in Canada and horrific floods in parts of Germany, China and Nepal.

In the year of COP26, the eyes of the world are on global leaders to find solutions to the climate crisis, yet the role of conventional agriculture has not taken centre stage. Notably, intensive animal agriculture is now estimated to account for 18% of global greenhouse gas emissions, with another 12% generated by deforestation in favour of crops grown, in creating the need to accelerate the development of technologies to reduce this, cellular agriculture offers one viable methodology. The Agronomics portfolio is now comprehensive, covering all major protein categories including beef, pork, chicken, finfish, egg proteins, dairy proteins, crustaceans as well as materials such as leather and cotton.

2021 continued to see lives upturned by the impact of the ongoing COVID-19 pandemic. It is no coincidence that this virus is zoonotic in nature, with 75% of all new pathogens originating in animals. Intensively farmed animals not only provide the perfect breeding ground for new and devastating pandemics, but they are also the recipients of 80% of the global supply of antibiotics - driving the continued rise of antibiotic resistance. If we continue on our path of animal dependence, future pandemics will be inevitable, and should it be bacterial in origin as opposed to viral, the loss of human life could make COVID-19 seem minor in comparison.

The time is now to decouple our planet's obsession with the cruel, intensive farming of animals, and begin building a sustainable food system that will be capable of meeting the global population's ever-growing demand for protein, without causing irreversible damage to the natural environment in the process.

Our current investment portfolio shows considerable promise for future growth given the scale of opportunity to invest in the nascent alternative foods sector, and the Board will continue to seek new opportunities in line with its Investing Policy.

Approach to Risk and Corporate Governance

"The Company's general risk appetite is a moderate, balanced one that allows it to maintain appropriate growth, profitability and scalability, whilst ensuring full corporate compliance."

The Group's primary risk drivers include: -

Strategic, Reputational, Credit, Operational, Market, Liquidity, Foreign Exchange, Capital and Funding, Compliance and Conduct.

Our risk appetite has been classified under an "impact" matrix defined as Zero, Low, Medium and High. Appropriate steps are underway to ensure the prudential control monitoring of risks to the Company and a suitable committee and reporting structure, under the Chairmanship of the Chairman, will be formed to undertake this essential requirement. Further details of the Corporate Governance Statement, including the role and responsibilities of the Chairman and an explanation as to how the QCA Code has been applied, will be found on pages 7 to 10 of this report.

At the General Meeting of the Company on 16 April 2019, shareholders adopted the following new Investing Policy:

"The Company will invest in opportunities within the Life Sciences sector, concentrating on, but not being limited to, environmentally friendly alternatives to the traditional production of meat and plant-based nutrition sources ("Clean Food"). The Company will focus on investments that provide scalable and commercially viable opportunities."

Further details of the new Investing Policy can be on the Company's website at www.agronomics.im.

In line with the new Investing Policy, a number of significant investments were made, which are discussed below.

Chairman's statement (continued)

Investment Review

During the year, the Company completed a number of acquisitions and a number of investments had positive revaluations, as detailed below.

On 1 September 2020, the Company participated in the Series A financing of **Solar Foods Oy ("Solar Foods")**, investing €3.0 million for 1,127 Series A Preferred Shares. Solar Foods was founded in 2018 by a team of scientists at VTT Research Centre, Finland, including CEO Dr Pasi Vainikka and CTO Dr Juha-Pekka Pitkänen. Solar Foods develops a sustainable protein called Solein® a microorganism that grows utilising airborne carbon dioxide and hydrogen via the electrolysis of water. The protein is natural and has already been shown to have a high level of versatility in existing foods including meat-free burgers, yoghurts and granola bars. This overall offers a promising solution to disconnect global food production from animal-based agriculture.

On 25 September 2020, Agronomics committed a total of US$ 4.1 million (approximately £3.2 million) to the Series B financing of **Mosa Meat B.V.'s ("Mosa Meat")**, with the payments being made over two equal tranches. Tranche 1 was paid fully during September 2020, with tranche 2 being due before June 2022 at the earliest. The total number of shares to be issued is dependent on the timing of Mosa Meat achieving certain operational milestones in relation to the production of pre-defined quantities of cultivated meat (produced in a bioreactor) which is demonstrated to be nutritionally comparable to conventional meat. The amount due under tranche 2 has been recognised as a commitment in the balance sheet.

On 29 September 2020, **Shiok Meats Pte. Ltd. ("Shiok Meats")** completed a US$ 12.6 million Series A financing led by Aqua-Spark Cooperatieve UA ("Aqua-Spark"), based in the Netherlands. The initial convertible loan note investment, plus accrued interest, converted into Series A shares, at a 28% uplift to book value and equates to an internal rate of return of 31.8%.

On 15 October 2020, **LIVEKINDLY Collective ("LIVEKINDLY")** completed a US$ 135 million financing through convertible securities. On 30 March 2021, the LIVEKINDLY completed a US$ 335 million Series B raise, inclusive of the US$ 135 million convertible loan note raised and announced in October 2020. Following this, the Company recognised an unrealised gain of US$ 2.55 million and an IRR of 73%. The Series B round was led by The Rise Fund and joined by Rabo Corporate Investments, S2G Ventures as well as other existing and mission-aligned investors.

On 19 November 2020, the Company purchased a US$ 5 million Convertible Promissory Note ("CPN") from **BlueNalu Inc ("BlueNalu")**, an existing portfolio company focused on cell-based seafood products. Agronomics currently holds 192,005 shares of BlueNalu, comprised of 43,357 Seed Preferred Shares and 148,648 Series A Preferred Shares, with a book value, excluding the CPN investment, of £2,602,456. Assuming the CPN is subscribed in full and a Qualified Financing occurs at a price equal to the agreed valuation cap of the CPN, Agronomics will have an approximate equity interest of 5.85% of issued shares following conversion and would value Agronomics' position at approximately £13.4 million. BlueNalu closed the debt financing in January 2021, raising US$ 60 million.

On 9 December 2020, Agronomics completed a subscription of US$ 50,000 in the form of a Simple Agreement for Future Equity ("SAFE") in **CellX Limited ("CellX")**. CellX is a China-based cellular agriculture company, focussing on cell-based pork and seafood products initially. CellX was founded in 2020, with the intention of showcasing its first prototypes in 2021. On 28 May 2021, CellX completed its Seed Funding Round, resulting in the SAFE investment held by the Company converting into 230,681 preferred shares, leading to a 500% uplift in to the US$50,000 investment.

On 16 December 2020, Agronomics completed a US$ 2.0 million investment in the form of a Simple Agreement for Future Equity ("SAFE") in **SuperMeat the Essence of Meat ("SuperMeat")**. SuperMeat's initial focus is on cultivated chicken products, and unveiled its sustainable restaurant experience, The Chicken, in Tel Aviv Israel, earlier this year, where individuals are invited to taste SuperMeat's cultivated chicken. The SAFE will convert at a price per share reflecting the lower of the valuation cap or at a 25 percent discount to the share price of SuperMeat's next equity round. We expect that upon conversion of the SAFE at the completion of SuperMeat's next equity fundraise and, assuming a pre-money valuation of US$ 150 million, Agronomics will hold approximately 2.22% of SuperMeat's fully diluted share capital.

On 18 February 2021, Agronomics completed a further €2 million investment in **Meatable B.V. ("Meatable")** for 1,197 Series A preferred shares, bringing the total amount invested in Meatable to €5 million. The Company now holds 4,752 preferred shares, representing a fully diluted equity interest of 5.7%. Following the investment, Agronomics has recognised an unrealised gain of €2.95 million, and an IRR of 95%. This Series A round closed in March 2021, with Meatable raising US$ 47 million from leading life science and food investors including Section 32, DSM Venturing, Dr. Rick Klausner and Dr. Jeffrey Leiden, as well as participation from existing investors. On 13 May 2021, the Company completed a secondary purchase of 117 shares in Meatable, increasing its stake to 5.84% on a fully diluted basis.

Chairman's statement (continued)

On 25 February 2021, the Company announced a US$ 0.5 million convertible loan note ("CLN") investment in **VitroLabs Inc**, an existing portfolio company focused on producing genuine leather hides from cultivating cells, without the need to slaughter animals.

On 8 April 2021, **Solar Foods Oy** received a €10 million capital loan from the Finnish Climate Fund, in order to build a new demonstration facility in Finland.

On 21 April 2021, **Legendairy Foods GmbH** completed its rebranding to **Formo** as a consumer-facing brand, at the forefront of the future of cultivated dairy. Formo is the leading European player in the precision fermentation space, focusing on animal-free dairy products.

On 24 June 2021, Agronomics sold its entire holding in **Insilico Medicine, Inc**, for total proceeds of US$ 0.670 million, representing an IRR 54%. Insilico Medicine was a legacy portfolio holding, acquired between June 2017 and July 2018.

Financial Review

The Company recorded a net operating profit of £9,743,418 for the year (2020: £551,173), prior to accounting for the Shellbay fee due. Taking into account a fee of £7,394,360 (2020: Nil) due to Shellbay and an irrecoverable VAT charge on Shellbay fees of £1,478,872 (2020: Nil), the Company incurred a net profit after taxation of £1,019,841 (2020: £611,731). Our investment income, including net unrealised gains, reflected a gain of £10,669,991 (2020: £656,377). Following the amendments to the Shellbay Investments Limited ("Shellbay") fee agreement, a fee of £7,394,360 was recognised at year end. The calculation of the fee payable to Shellbay based on this agreement, is detailed in Note 2 to these accounts and is calculated as 15% of the increase in the Company's audited Net Assets pre-fee deduction for the period 1 July 2020 to 30 June 2021. For the year to 30 June 2021, this figure is £8,215,956. Shellbay has elected to take its full fee in shares and, as a gesture of goodwill, has also agreed to contribute £821,595 towards the irrecoverable VAT potentially due on this fee.

The fair value of our invested assets increased substantially to £38,770,676 (2020: £16,740,656), and cash and equivalents stood at £62,436,497 (2020: £2,789,097). Our total assets stood at £101,652,840 (2020: £19,547,961). Total liabilities stood at £1,623,024 (2020: £131,083). As a result, the net asset value per share at 30 June 2021 was 12.51 pence (2020: 5.85 pence).

Financing activity

During the year, the Company completed two successful and over-subscribed funding rounds, raising total gross proceeds of £75.6 million, issuing 467,989,722 new ordinary shares, and receiving net proceeds of £72.2 million. Funds totalling £11.9 million have been deployed in acquiring investments in line with the Company's investing policy.

Strategy and Outlook

Our current investment portfolio shows considerable promise for future growth given the scale of opportunity to invest in the nascent alternative foods sector, and the Board will continue to seek new opportunities in line with its Investing Policy.

Richard Reed

Non-Executive Chairman

15 December 2021

Agronomics Limited

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 2021.

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 modern foods, 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 20 and 22.

The Company recorded a net operating profit of £9,743,418 for the year (2020: £551,173), prior to accounting for any consulting fee due. Taking into account a consulting fee of £7,394,360 (2020: Nil) and an irrecoverable VAT charge on the consulting fee of £1,478,872 (2020: Nil), the Company achieved a net profit after taxation of £1,019,841 (2020: £611,731).

Dividend

The Directors do not propose the payment of a dividend (2020: £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:

Jim Mellon	Executive	
Denham Eke	Executive Finance Director	
Anderson Whamond	Non-Executive	Resigned 31 July 2020
Richard Reed	Independent Non-Executive Chairman	
David Giampaolo	Independent Non-Executive	

Directors' interests

As at 30 June 2021, 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 2021	30 June 2020
Jim Mellon[1]	**113,426,242**	65,092,909
Denham Eke[2]	**-**	-
Anderson Whamond	**-**	-
Richard Reed	**3,818,181**	3,818,181
David Giampaolo	**2,000,000**	2,000,000

[1] Galloway Limited, a company where Jim Mellon is considered to be the ultimate beneficial owner, holds 113,426,242 Ordinary shares.
[2] Denham Eke is Managing Director of Galloway Limited.

Directors' report (continued)

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 2021 representing 3% or more of the issued share capital of the Company:

	Number of ordinary shares	**Percentage of total issued capital**
Jim Mellon (1)	113,426,242	14.19%
HSBC Global Custody Nominee (UK)	74,286,653	9.30%
Hargreaves Landsdown (Nominees)	60,128,212	7.53%
Aurora Nominees	39,249,980	4.91%
Interactive Investor Services	32,398,681	4.06%
Nortrust Nominees Limited	30,538,794	3.82%
Pershing Nominees Limited	27,709,076	3.47%
Chase Nominees Limited	25,830,800	3.23%

Note:

(1) Jim Mellon's shareholding consists of 113,426,242 shares held by Galloway Limited. Galloway Limited is a company where Jim Mellon is considered to be the ultimate beneficial owner. Denham Eke is a director of Galloway Limited.

Auditors

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

On behalf of the Board

Denham Eke
Director
15 December 2021

18 Athol Street
Douglas
Isle of Man
IM1 1JA
British Isles

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 4.

The Company’s strategy and business model and amendments thereto are developed by the Chairman and his 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.

The Company operates in an inherently high-risk sector and this is reflected in the principal risks and uncertainties.

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 Chairman 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 Chairman 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 of 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.

Corporate Governance Statement (continued)

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

The Company's Board currently comprises three Non-executive Directors and one Executive Director.

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 Anderson Whamond (resigned on 31 July 2020), 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.

However, following the resignation of Anderson Whamond, the Board are reviewing a number of potential replacements and hope to make a further announcement in due course.

Non-executive Directors receive their fees in the form of a basic cash emolument. The Executive Director does not receive a salary. 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 Director 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 Chairman, 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.

Corporate Governance Statement (continued)

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 Chairman

The Chairman 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 Chairman 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 Chairman 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. Following the resignation of Anderson Whamond on 31 July 2020, Richard Reed chairs the ARCC, David Giampaolo chairs the Remuneration Committee and the Nominations Committee is comprised of the whole board.

Company Audit, Risk and Compliance Committee

The Company Audit, Risk and Compliance Committee (the "ARCC") 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. It is chaired by David Giampaolo 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.

Corporate Governance Statement (continued)

Nomination Committee

The Nomination Committee is comprised of the whole Board. It is chaired by the Chairman 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	15/16	2/2	-	-
David Giampaolo	15/16	2/2	-	-
Jim Mellon	15/16	-	-	-
Denham Eke	16/16	2/2	-	-

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 15 December 2021 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

Following the resignation of Anderson Whamond on 31 July 2020, the Committee comprises of one Non-Executive Director, being Richard Reed 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.

2021 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 2021 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 £38,114,174;
    - 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. Disclosures are included in note 1.

Richard Reed
Chairman ARCC
15 December 2021

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 employees in the competitive local and wider markets;
- employees are offered a competitive remuneration package to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contribution to the success of the Company;
- 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.

The Executive Finance Director does not currently receive any fees for his services. However, based on the Company's performance and cash flow position, the Executive Finance Director may be eligible to participate in an annual bonus scheme. Bonus payments are not pensionable.

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 Director provides for a notice period of six months.

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 biopharma organisations.

Report of the Remuneration Committee (continued)

The Procedure for Determining Remuneration

The Remuneration Committee, comprising two Non-executive Directors, is responsible for setting the remuneration of the Executive Director and is chaired by Richard Reed. Committee members do not take part in discussions concerning their own remuneration. The basic Non-executive Director fee is set by the Chairman. The Chairman 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:

	2021 £	2020 £
Emoluments - salaries, bonuses and taxable benefits	**-**	-
- fees	**24,167**	30,000
	24,167	30,000

Directors' Emoluments

	Fees £	Bonus £	Termination payments £	Benefits £	**2021 Total £**	2020 Total £
Executive - salary						
Denham Eke	—	—	—	—	—	—
Non-executive - fees						
Jim Mellon*	—	—	—	—	—	—
Anderson Whamond**	833	—	—	—	833	10,000
Richard Reed	11,667	—	—	—	11,667	10,000
David Giampaolo	11,667	—	—	—	11,667	10,000
Aggregate emoluments	**24,167**	**—**	**—**	**—**	**24,167**	30,000

* Any 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, with the first reporting period being from 1 July 2020 to 30 June 2021, and annually thereafter (please see Note 2 to the Accounts).
** Resigned 31 July 2020

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

David Giampaolo
Chairman of Remuneration Committee
15 December 2021

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 adopted by the European Union (IFRSs as adopted by the EU), 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 as adopted by the EU;
- 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 2021, the statements of 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 2021 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU; 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 FRC Ethical Standards, 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 2020):

	The risk	***Our response***
Valuation of unquoted investments (including investment in subsidiary and other unquoted investments held) (2021: £38,114,174, 2020: £16,237,975) Refer to note 1(b) (use of estimates and judgement), 1(d) (accounting policy for financial instruments) and note 8 (fair value of financial instruments) and the Audit, Risk and Compliance Report.	**Subjective valuation** The Company's investment in subsidiary is stated at fair value of £38,054,470 (2020: Nil). 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 £59,704 (2020: £16,237,975). 37% (2020: 83.1%) 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. The preparation of the fair value estimate for the	*Our audit procedures included:* ***Internal Controls:*** Documenting and assessing the design and implementation of the investment valuation processes and controls. ***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. ***Use of KPMG Specialists:*** Involving valuation specialists to challenge management assumptions used to support the fair value prices. ***Challenging managements' assumptions and inputs:***

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, which requires special audit consideration because of the likelihood and potential magnitude of misstatements to the valuation of the financial instruments.

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.

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.

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.

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.

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

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

Materiality for the financial statements as a whole was set at £800,000, determined with reference to a benchmark of total assets of £101,652,840, of which it represents approximately 0.8% (2020: 1.0%).

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% (2020: 65%) of materiality for the financial statements as a whole, which equates to £520,000. 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 £40,000, 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 thefinancial 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

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

- 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
- assessing significant accounting estimates for bias.

Further detail in respect of valuation of unquoted investments is set out in the key audit matter section of this report.

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.

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

Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 14, 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

15 December 2021

Agronomics Limited

Statement of comprehensive income
for the year ended 30 June 2021

	Notes	2021 £	2020 £
Income			
Net income from financial instruments at fair value through profit and loss	*3*	**10,669,991**	1,277,366
		10,669,991	1,277,366
Operating expenses			
Directors' fees	*2*	**(24,167)**	(30,000)
Other operating costs	*4*	**(795,131)**	(691,534)
Foreign exchange losses		**(107,275)**	(4,659)
Profit from operating activities	*5*	**9,743,418**	551,173
Other costs			
Consulting fee	*2*	**(7,394,360)**	-
Irrecoverable VAT	*2*	**(1,478,872)**	-
Profit after consulting fee		**870,186**	551,173
Interest received		**149,655**	60,558
Profit before taxation		**1,019,841**	611,731
Taxation	*1(h)*	**-**	-
Profit for the year		**1,019,841**	611,731
Other comprehensive income		**-**	-
Total comprehensive profit for the year		**1,019,841**	611,731
Basic profit per share (pence)	*11*	**0.22**	0.66
Diluted profit per share (pence)	*11*	**0.13**	0.66

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

The notes on pages 24 to 38 form an integral part of these financial statements.

Statement of financial position
as at 30 June 2021

	Notes	**2021** **£**	2020 £
Current assets			
Financial assets at fair value through profit or loss	*7,8*	**38,770,676**	16,740,656
Trade and other receivables		**445,667**	18,208
Cash and cash equivalents		**62,436,497**	2,789,097
Total assets		**101,652,840**	19,547,961
Equity and liabilities			
Capital and reserves			
Share capital	*6*	**799**	331
Share premium	*6*	**91,278,407**	19,080,138
Share reserve	*6*	**7,394,360**	-
Accumulated earnings		**1,356,250**	336,409
		100,029,816	19,416,878
Current liabilities			
Trade and other payables	*9*	**1,623,024**	131,083
Total liabilities		**1,623,024**	131,083
Total equity and liabilities		**101,652,840**	19,547,961

The notes on pages 24 to 38 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 15 December 2021 and were signed on their behalf by:

Denham Eke
Director

Agronomics Limited

Statement of changes in equity
for the year ended 30 June 2021

	Notes	Share Capital £	Share Premium £	Accumulated (Deficit)/Earnings £	Total £
Balance at 30 June 2019	6	23	1,890,142	(275,322)	1,614,843
Total comprehensive profit for the year		-	-	611,731	611,731
Capitalised share issue costs		-	(498,413)	-	(498,413)
Shares issued during the year	6	308	17,688,409	-	17,688,717
Balance at 30 June 2020	6	331	19,080,138	336,409	19,416,878

	Notes	Share Capital £	Share Premium £	Share Reserve £	Accumulated Earnings £	Total £
Balance at 30 June 2020	6	**331**	**19,080,138**	**-**	**336,409**	**19,416,878**
Total comprehensive profit for the year		**-**	**-**	**-**	**1,019,841**	**1,019,841**
Capitalised share issue costs		**-**	**(3,451,025)**	**-**	**-**	**(3,451,025)**
Shares issued during the year	6	**468**	**75,649,294**	**-**	**-**	**75,649,762**
Recognition of share reserve	6	**-**	**-**	**7,394,360**	**-**	**7,394,360**
Balance at 30 June 2021	6	**799**	**91,278,407**	**7,394,360**	**1,356,250**	**100,029,816**

The notes on pages 24 to 38 form an integral part of these financial statements.

Agronomics Limited

Statement of cash flows
for the year ended 30 June 2021

	Notes	**2021 £**	2020 £
Cash flows from operating activities			
Operating profit for the year		**1,019,841**	611,731
Purchase of investments	*8*	**(11,839,007)**	(14,152,777)
Proceeds from sale of investments	*8*	**628,632**	-
Non-cash interest income		**(149,655)**	(60,557)
Realised and unrealised gains on investments	*3*	**(10,669,991)**	(1,277,366)
Consulting fee to be settled in shares	*2*	**7,394,360**	-
Operating outflows before changes in working capital		**(13,615,820)**	(14,878,969)
Change in trade and other receivables		**(427,457)**	(6,012)
Change in trade and other payables	*9*	**1,687,123**	65,822
Share issue costs settled in shares		**187,000**	-
Net cash used in operating activities		**(12,169,154)**	(14,819,159)
Cash flows from financing activities			
Proceeds from issue of shares		**73,367,580**	17,447,558
Proceeds from loan	*10*	**1,900,000**	-
Share issue commissions paid		**(3,451,026)**	(257,254)
Net cash from financing activities		**71,816,554**	17,190,304
Increase in cash and cash equivalents		**59,647,400**	2,371,145
Cash and cash equivalents at beginning of year		**2,789,097**	417,952
Cash and cash equivalents at the end of year		**62,436,497**	2,789,097

The notes on pages 24 to 38 form an integral part of these financial statements.

1 Accounting policies

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 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") and its interpretations as adopted by the European Union.

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, as adopted by the EU, 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 2021.

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.

Notes (continued)
(forming an integral part of the financial statements for the year ended 30 June 2021)

1 Accounting policies (continued)

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.

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. 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.

Notes (continued)
(forming an integral part of the financial statements for the year ended 30 June 2021)

1 Accounting policies (continued)

d) Financial instruments (continued)

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.

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.

Notes (continued)
(forming an integral part of the financial statements for the year ended 30 June 2021)

1 Accounting policies (continued)

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 retranslated into functional currency at the rate of exchange ruling at the reporting date. All differences are taken to the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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)**
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS3)	1 January 2022
Classification of Liabilities as Current or Non-Current (Amendments to IAS1)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimates (Amendments to IAS8)	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 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.

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.

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.

Notes (continued)
(forming an integral part of the financial statements for the year ended 30 June 2021)

2 Directors' and consulting fees

The fees of Directors who served during the year ended 30 June 2021 were as follows:

	2021	2020
	£	£
Anderson Whamond (resigned 31 July 2020)	**833**	10,000
Richard Reed	**11,667**	10,000
David Giampaolo	**11,667**	10,000
	24,167	30,000

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

On 6 May 2011, Shellbay Investments Limited ("Shellbay") entered into a Letter of Appointment with the Company to provide the services of Jim Mellon as Non-Executive Chairman of the Company. 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.

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 first reporting period will be taken in shares to the equivalent value of the fee (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 2021).

During the year, a fee of £7,394,360 was accrued for and recorded in profit and loss (2020: Nil), with Shellbay having elected to take its full fee in shares (Note 6). The Shellbay fee is calculated as follows:

Net asset value at 1 July 2020	£19,416,878
Total issued shares at 1 July 2020	331,616,661
Net asset value per share at 1 July 2020	5.85 pence
Net asset value at 30 June 2021 (pre Shellbay fee)	£101,550,011
Total issued shares at 30 June 2021	799,606,383
Net asset value per share at 30 June 2021	12.70 pence
Increase in net asset value per share	6.85 pence
Increase in net asset value subject to Shellbay fee	£54,773,037
15% Shellbay fee based on Net Asset Value per share increase	**£8,215,956**
VAT at 20%	£1,643,191
50% waiver on VAT granted by Shellbay	£821,596
Shellbay fee due	**£7,394,360**

Notes (continued)
(forming an integral part of the financial statements for the year ended 30 June 2021)

2 Directors' and consulting fees (continued)

Due to Shellbay being registered outside the UK and Isle of Man VAT area, the recognition of the consulting fee has resulted in a potential irrecoverable VAT charge of £1,478,872 being charged to profit and loss, with a corresponding VAT payable on the balance sheet. Should the Company subsequently become registered for VAT and be successful in reclaiming all or part of the VAT associated with the consulting fee, then Agronomics undertakes to add an ex-gratia amount to the next annual bill from Shellbay, equal to the pro rata part of the waived fee relative to amount of VAT on the fee subsequently recovered by the Company See 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:

	2021	2020
	£	£
Net realised gains on sale of investments	**260,104**	-
	260,104	-
Net unrealised gain on investments	**10,409,886**	1,277,366
Net realised gain on investments	**260,105**	-
	10,669,991	1,277,366

For the year ended 30 June 2020, £620,989 of foreign exchange gains previously included within 'Foreign exchange (losses)/gains' in the Statement of Comprehensive Income have been reclassified and included within 'Net income from financial instruments at fair value through profit or loss' in the comparative 2020 figures in order to align the presentation with the current year. The reclassified amount relates to the foreign currency movement on investments held at fair value through profit or loss. There is no impact from this reclassification on net assets or the net result for that period.

4 Other operating costs

	2021	2020
	£	£
Auditors' fees	**37,797**	56,307
Bank charges	**1,158**	930
Insurance	**7,748**	7,134
Professional fees	**639,706**	552,306
Sundry expenses	**108,722**	74,857
	795,131	691,534

The Company has no employees.

5 Profit/(loss) from operating activities

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

	2021	2020
	£	£
Auditors' fees	**37,797**	56,307
Directors' fees	**24,167**	30,000

Notes (continued)
(forming an integral part of the financial statements for the year ended 30 June 2021)

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.

	2021	2020
	£	£
Authorised		
2,000,000,000 Ordinary shares of £0.000001	**2,000**	2,000

	No. of Shares	**Share Capital**	**Share Premium**	**Share Reserve**
		£	**£**	**£**
Issued				
Balance at 30 June 2019	23,195,558	23	1,890,142	-
Issued during the year	308,421,103	308	17,688,409	-
Share issue costs capitalised	-	-	(498,413)	-
Balance at 30 June 2020	**331,616,661**	**331**	**19,080,138**	**-**
Issued during the year	**467,989,722**	**468**	**75,649,294**	**-**
Share issue costs capitalised	**-**	**-**	**(3,451,025)**	**-**
Recognition of share reserve	**-**	**-**	**-**	**7,394,360**
Balance at 30 June 2021	**799,606,383**	**799**	**91,278,407**	**7,394,360**

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 2021 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 fundraise 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 fundraise. 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 2021 have a dilutive effect on basic earnings per share. Refer to Note 11.

Consulting fee due to Shellbay
As discussed in note 2, a consulting fee due to Shellbay of £7,394,360 has been recognised. Shellbay has elected to take its full fee in shares. The shares will be issued at a price equal to the mid-price on the last day of the relevant Qualifying Period, being 30 June 2021. As a result, 30,492,206 new ordinary shares will be issued to Shellbay in full settlement of the consulting fee. A Share Reserve has been recognised relating to the 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 the year the Company established a new wholly owned subsidiary entity, Agronomics Investment Holdings Limited ("the Subsidiary" or "AIHL"), which now holds the majority of the portfolio of unquoted investments previously held directly by the Company. 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.

	2021	2020
	£	£
Quoted	**656,502**	502,681
Unquoted	**59,704**	16,237,975
Investment in subsidiary	**38,054,470**	-
	38,770,676	16,740,656

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

	2021	2020
	£	£
Equities	**28,349,567**	13,779,460
Convertible loan notes and SAFEs*	**10,421,109**	2,961,196
	38,770,676	16,740,656

* 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 regarding the valuation of investments.

On 24 September 2020, the Subsidiary acquired an investment in Mosa Meats B.V. ("Mosa Meat"). The investment was split into two tranches (Tranche I and Tranche II), with the first close of Tranche I occurring 24 September, while Tranche II can be called at any time after 31 March 2022. Agronomics has committed a total of US$ 4.1 million (approximately £3.2million), split into US$ 2.05 million for Tranche I and US$ 2.05 million for Tranche II. The total number of shares to be issued is subject to upward revision (as tabled below), dependent on the timing of Mosa Meat achieving certain operational milestones in relation to the production of pre-defined quantities of cultivated meat, which is demonstrated to be nutritionally comparable to conventional meat.

Date Milestone is Achieved	**Agronomics Series B Preferred Shares**
Before 30 June 2022	11,184
Q3 2022	11,374
Q4 2022	11,578
Q1 2023	11,799
Q2 2023	12,038

Notes (continued)
(forming an integral part of the financial statements for the year ended 30 June 2021)

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 and cash balances, 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 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. The funds are available on demand.

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

	Carrying amount 2021 £	Carrying amount 2020 £
Cash and cash equivalents	**62,436,497**	2,789,097
Trade and other receivables	**378,591**	-
	62,815,088	2,789,097

All of cash and cash equivalent 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 £3,877,068 (2020: £1,674,066). Taking into account the Shellbay consulting fee, the increase/decrease in equity and profit would be £4,458,628 (2020: no consulting fee accrual recognised).

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.

Notes (continued)
(forming an integral part of the financial statements for the year ended 30 June 2021)

8 Financial instruments (continued)
Financial Risk Management (continued)

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

30 June 2021

	Less than 1 month £	1-3 months £	3 months to 1 year £	1-5 years £	Over 5 years £	No stated maturity £	**Total**
Financial liabilities							
Trade and other payables	**1,623,024**	**-**	**-**	**-**	**-**	**-**	**1,623,024**
	1,623,024	**-**	**-**	**-**	**-**	**-**	**1,623,024**

30 June 2020

	Less than 1 month £	1-3 months £	3 months to 1 year £	1-5 years £	Over 5 years £	No stated maturity £	Total
Financial liabilities							
Trade and other payables	131,083	-	-	-	-	-	131,083
	131,083	-	-	-	-	-	131,083

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 2021, 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 2021

	Financial assets at fair value through profit and loss £	**Cash at bank £**	**Total by currency £**
USD	**20,651,131**	**2,425,345**	**23,076,476**
CAD	**1,203**	**-**	**1,203**
NZD	**252,589**	**-**	**252,589**
EUR	**17,642,270**	**-**	**17,642,270**
	38,547,193	**2,425,345**	**40,972,538**

Notes (continued)
(forming an integral part of the financial statements for the year ended 30 June 2021)

8 Financial instruments (continued)
Financial Risk Management (continued)
Foreign currency risk (continued)

GBP equivalents as at 30 June 2020

	Financial assets at fair value through profit and loss	**Cash at bank**	**Total by currency**
	£	**£**	**£**
HKD	118,511	-	118,511
USD	12,092,482	4,149	12,096,631
CAD	307	-	307
NZD	249,663	-	249,663
EUR	4,265,015	36,315	4,301,330
	16,725,978	40,464	16,766,442

The following significant exchange rates applied during the year:

	Average rate for active year 2021	Average rate for active year 2020
HKD	**-**	9.82545
USD	**1.34806**	1.26051
CAD	**-**	1.69122
NZD	**-**	1.98190
EUR	**1.12876**	1.13972

	Year-end rate 2021	Year-end rate 2020
HKD	**-**	9.55293
USD	**1.38310**	1.23261
CAD	**1.71450**	1.68144
NZD	**1.97950**	2.00270
EUR	**1.16670**	1.11494

Sensitivity analysis

A 5% percent strengthening of Sterling against the relevant currencies above at 30 June 2021 and 30 June 2020 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.

2021	**Equity and Profit or loss**
	£
USD	**(2,287,272)**
CAD	**(57)**
NZD	**(12,028)**
EUR	**(2,507,507)**

8 Financial instruments (continued)
Financial Risk Management (continued)
Sensitivity analysis (continued)

2020	**Equity and Profit or loss**
	£
HKD	(5,643)
USD	(562,519)
CAD	(15)
NZD	(11,889)
EUR	(363,724)

A 5% percent weakening of Sterling against the relevant currencies above at 30 June 2021 and 30 June 2020 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.

Notes (continued)
(forming an integral part of the financial statements for the year ended 30 June 2021)

8 Financial instruments (continued)
Financial Risk Management (continued)
Fair value of financial instruments (continued)
Fair value hierarchy measurement at 30 June 2021

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	**656,502**	**644,324**	**-**	**12,178**
Unquoted	**59,704**	**-**	**-**	**59,704**
Investment in subsidiary	**38,054,470**	**-**	**-**	**38,054,470**
	38,770,676	**644,324**	**-**	**38,126,352**

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 2020	**16,237,975**
Transfer from Level 1 to Level 3	**10,974**
Purchases	**11,839,007**
Disposals	**(136,187)**
Unrealised foreign currency loss	**(1,953,413)**
Unrealised fair value gain	**11,978,341**
Accrued interest on loan note investments	**149,655**
Closing balance at 30 June 2021	**38,126,352**

Fair value hierarchy measurement at 30 June 2020

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	502,681	502,681	-	-
Unquoted	16,237,975	-	-	16,237,975
	16,740,656	502,681	-	16,237,975

Reconciliation of Level 3 investments:

Opening balance at 1 July 2019	343,832
Purchases	14,152,777
Transfer from Level 1 to Level 3	4,011
Unrealised fair value gain	1,055,808
Unrealised FX gain	620,989
Accrued interest on loan note investments	60,558
Closing balance at 30 June 2020	16,237,975

Notes (continued)
(forming an integral part of the financial statements for the year ended 30 June 2021)

8 Financial instruments (continued)
Fair value of financial instruments (continued)

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 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 2021 and 30 June 2020 is consistent.

9 Trade and other payables

	2021	2020
	£	£
Provision for audit fee	**37,797**	47,700
Other provisions	**2,203**	30,000
Trade creditors	**104,152**	53,383
Provision for irrecoverable VAT (note 2)	**1,478,872**	-
	1,623,024	131,083

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 £36,000 (2020: £36,000) of which £68 was outstanding as at the year-end (2020: £3,047).

Under an updated agreement dated May 2021, Shellbay Investments Limited, a Company related to both Jim Mellon and Denham Eke, provide the services of Jim Mellon as Non-Executive Chairman of the Company (see note 2). The charge for services provided in the year was £7,394,360 (2020: £Nil), with Shellbay electing to take its full fee in shares. A VAT charge liability and irrecoverable VAT expense of £1,478,872 has been recognised as a result of the Shellbay fee. Refer to Note 2 and 11.

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

On 1 July 2020, the Company entered into a bridging-loan facility ("Galloway Loan") with Galloway Limited, a related party wholly owned by Jim Mellon. The facility allows the Company to draw-down up to £1.9 million, at a nil interest rate. During September 2020, the Company fully utilised this facility in order to acquire investments.

Notes (continued)
(forming an integral part of the financial statements for the year ended 30 June 2021)

10 Related party transactions (continued)

On 26 October 2020, the Company completed an equity fundraise of £10 million, issuing and allotting 166,666,667 new ordinary shares. As part of the subscription, the Galloway Loan was settled in full by issuing new ordinary shares to Galloway Limited.

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"). James Mellon and Denham Eke are Directors of MFG and Denham Eke a Director of Edgewater.

The premium payable on the policy was £7,748 (2020: £7,134), of which £nil was outstanding as at the year-end (2020: £nil).

11 Basic and diluted earnings per share

The calculation of basic earnings per share of the Company is based on the profit for the year of £1,019,841 (2020: £611,731) and the weighted average number of shares of 468,460,964 (2020: 92,152,415) in issue during the year.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares such as warrants and options. The calculation of diluted earnings per share of the Company is based on the profit for the year of £1,019,841 (2020: £611,731) and the diluted weighted average number of shares of 796,650,444 (2020: 92,152,415) in issue during the year.

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

On 2 December 2021, the Company announced that it had successfully raised gross funds of approximately £25.5 million through a placing of 92,254,805 Units at a placing price of 23 pence per share to existing and new institutional investors. Each Unit comprised one New Ordinary Share and one warrant to subscribe for a new Ordinary Share, exercisable at 30 pence each and with an exercise period of two years from the Grant Date. Furthermore, in order to provide shareholders with an opportunity to participate in the proposed issue of new Ordinary Shares and warrants, the Company provided all Qualifying Shareholders with the opportunity to subscribe for an aggregate of up to 28,558,897 Open Offer Units, to raise up to approximately £6.6 million (before expenses), on the basis of One Open Offer Unit for every 28 Existing Ordinary Shares held on the Record Date, at 23 pence per Ordinary Share. Each Open Offer Unit comprises one new Ordinary Share and one warrant. The fundraise is expected to complete by the end of December 2021, with funds being received by the Company during January 2022.

Other than above, no subsequent events have occurred that require disclosure.